

ESG Data Book 2025

KOBELCO



Editorial Policy

The Kobelco Group has published Kobelco Group ESG Data Book 2025 to share our basic policy regarding the environment, society, and governance (ESG) and foster understanding of our initiatives and related data. This data book was designed to improve searchability and convenience, and contains all necessary information, based upon the GRI Standards, a set of international reporting guidelines, and the evaluation items of major ESG rating agencies.

Kobelco Group Integrated Report 2025 contains information on our medium- to long-term growth strategy (value creation story) and specific initiatives we employ to achieve this strategy. Please use our integrated report for a point of reference alongside this data book.

Period covered	Covers fiscal 2024 (from April 1, 2024 to March 31, 2025). Please note that this data book may refer to fiscal years before and after the period when necessary.
Scope of reporting	In principle, this data book covers the activities of Kobe Steel, Ltd. and its Group companies in Japan and overseas.
Guidelines referenced	<ul style="list-style-type: none"> ● Sustainability Reporting Standards of the Global Reporting Initiative (GRI) ● ISO 26000 (Guidance on social responsibility) ● International Integrated Reporting Framework (IFRS Foundation) ● Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry (METI)

Kobelco Group’s Information Scheme

The Group disseminates diverse information using various tools in order to communicate with stakeholders. In addition to the information contained in this data book, we provide a variety of information in the Integrated Report and on our corporate website. We will continue to actively disclose information so that stakeholders can gain a better understanding of the Kobelco Group.

(A blue dot (●) means relevant information provided)

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

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Group Corporate Philosophy

Group Corporate Philosophy Created by Group Employees Working Together

The Kobelco Group Corporate Philosophy was established in 2020. Following the quality-related misconduct that was made public in 2017, we launched a project to formulate our corporate philosophy by revisiting who we are and what we aspire to achieve, in order to transform our once closed-off corporate culture. In its formulation process, we placed importance on taking a bottom-up approach. Through Dialogue Platforms and other forms of discussions at each workplace, we created opportunities for not only management and selected members but also for all members of the Group to give considerable thought about our mission. Integrating the thoughts of all, the Group Corporate Philosophy was completed over a period of about one year.

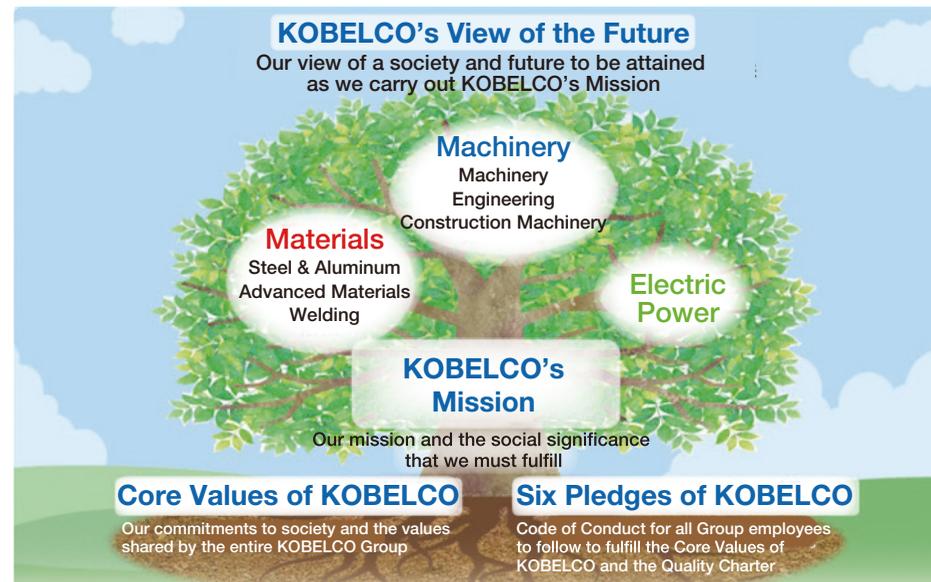
The Group Corporate Philosophy comprises four elements: KOBELCO's View of the Future and KOBELCO's Mission, along with the Core Values of KOBELCO and the Six Pledges of KOBELCO, which present our values to be shared and code of conduct.

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

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

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

KOBELCO's View of the Future	<p>Our view of a society and future to be attained as we carry out KOBELCO's Mission</p> <p>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.</p>
KOBELCO's Mission	<p>Our mission and the social significance of the KOBELCO Group that we must fulfill</p> <p>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.</p>
Core Values of KOBELCO	<p>The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group</p> <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	<p>Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter</p> <ol style="list-style-type: none"> 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



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Framework for Sustainability Management

Promotion of Sustainability Management Based on the Group Corporate Philosophy

The Kobelco Group promotes sustainability management based on the Group Corporate Philosophy by addressing key management issues that are classified into two categories: a business foundation area that underpins business activities, and a value creation area that drives business growth.

We will pursue sustainable growth and the medium- to long-term enhancement of our corporate value to realize a world envisioned in KOBELCO's View of the Future as we carry out KOBELCO's Mission.

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.

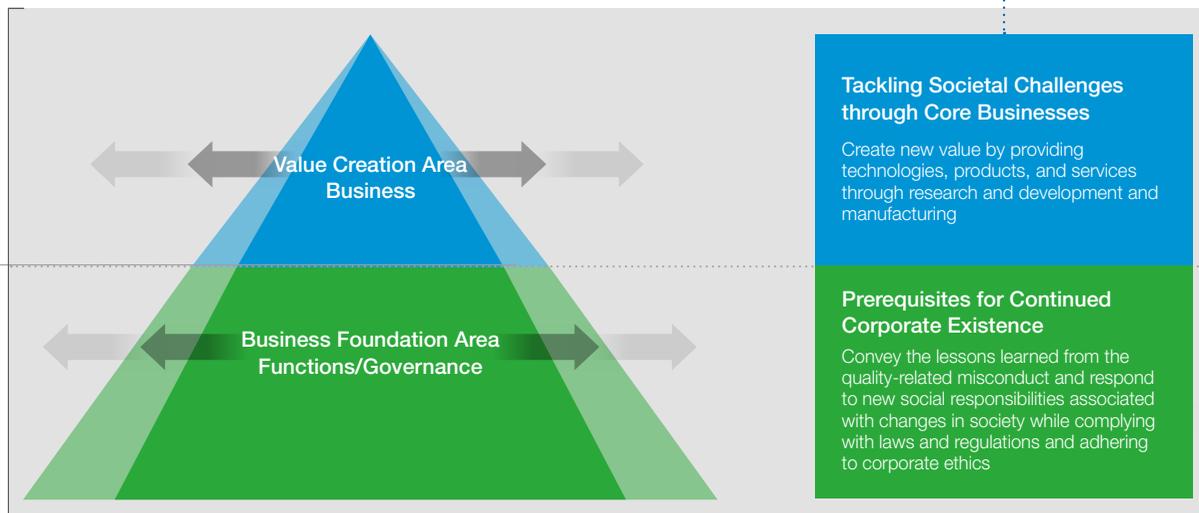
KOBELCO's Mission

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



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.

Our technologies, products, and services are not only for those who live in the present, but also for future generations.
KOBELCO sees a sustainable, beautiful, and flourishing world in the future, with safety and security in people's lives. Such a future will give rise to value that creates new conveniences and comfort and help people fulfill their hopes and dreams.

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.

KOBELCO's assets and strengths lie in the various talents of each employee as well as in its diverse technologies that support our broad range of businesses. We have cultivated these advantages in an effort to meet the needs of the times.
We continue to take on the challenge of transcending organizational boundaries and conventional thinking to solve increasingly complex issues, while supporting the foundations of society.

Promotion Tools



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Message from the Chair of the Sustainability Management Committee



Hajime Nagara

Executive Vice President and Representative Director
Chair of the Sustainability Management Committee

Promotion of Sustainability Management in the Kobelco Group

In recent years, the significance of corporate sustainability activities has increased. In this context, it is important for companies to pursue sustainable growth by tackling the issues our society faces through their business activities. As the world confronts various societal challenges, enhancing corporate sustainability will contribute to the sustainability of society as a whole.

Our Group has organized its approach to sustainability management into a framework for sustainability management. Under this framework, we are working to further enhance corporate value by fulfilling our corporate social responsibilities and providing solutions to the needs of society through the provision of enhanced technologies, products, and services.

Our Group's sustainability management is driven by the Sustainability Management Committee, an auxiliary body to the Executive Council. The committee leads the implementation of the management cycle for key issues, ensuring that activities run effectively through subcommittees focused on specific areas of importance.

In fiscal 2024, the Company newly established Sustainability Management Meetings, consisting of all directors, as a forum to share understanding and exchange opinions on our Group's major sustainability activities with executives and business divisions on a broad and regular basis, strengthening the Board of Directors' monitoring function.

Materiality of the Kobelco Group (Key Issues)

In 2021, based on the Group Corporate Philosophy, we identified five items of materiality (key issues) that our Group should address to achieve sustainable growth and become a corporate group that is indispensable to society by providing solutions to the needs of society and promoting value creation over the medium to long term. Through this, we have reaffirmed the Group's view of the future and mission. Additionally, we have set specific indicators and targets for each materiality item, and the Sustainability Management Committee monitors the progress. We regularly assess these indicators and targets in light of changes in the environment surrounding our business activities. In fiscal 2024, we reviewed them as part of developing the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026).

Our Group operates a wide range of businesses with production and sales bases around the world, which enhances the diversity of our workforce. We are committed to developing diversity and inclusion, respecting each other's personality, individuality, and diverse qualities, and creating a work environment where individual employees can work actively while performing to the best of their abilities. We believe that this commitment will enable us to address societal challenges and create new value.

We have created this ESG data book to provide information to our stakeholders on our ESG initiatives in a more comprehensive form. We sincerely hope that this fosters a deeper understanding of the Group.

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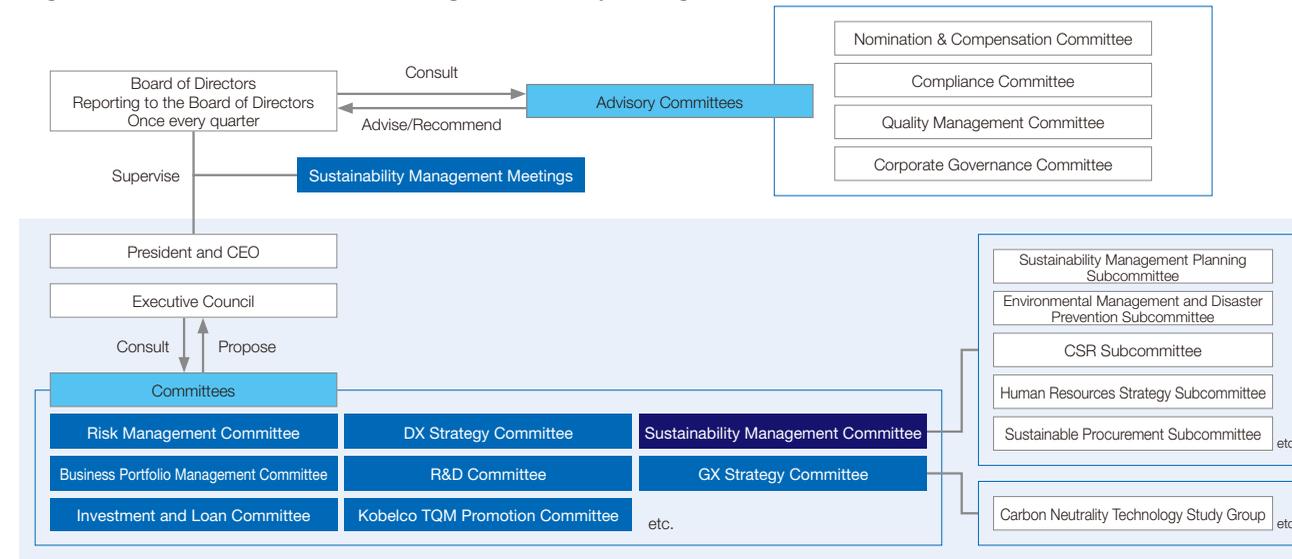
Framework for Promoting Sustainability Management

With a firm resolve to achieve sustainable growth by providing solutions to the needs of society through our business activities, the Kobelco Group is working to further enhance corporate value by fulfilling its corporate social responsibilities and addressing societal challenges through the provision of enhanced technologies, products, and services.

Our Group's sustainability management is promoted by the Sustainability Management Committee and various other committees that serve as auxiliary bodies to the Executive Council. In fiscal 2025, we reviewed the structure of the subcommittees under the Sustainability Management Committee and established a new Sustainability Management Planning Subcommittee to further advance sustainability management. Additionally, we set up a new Sustainable Procurement Subcommittee, which undertakes procurement-related activities that were previously handled by the CSR Subcommittee, to further enhance our supply chain initiatives.

In fiscal 2024, we strengthened the Board of Directors' monitoring function by forming the Sustainability Management Meetings, comprised of all directors, as a forum to share understanding and exchange opinions on our Group's major sustainability activities with executives, including those from business divisions, on a regular basis.

Organization and Structure for Promoting Sustainability Management



Materiality-Oriented Sustainability Management Initiatives

In 2021, our Group identified five items of materiality (key issues) that we address over the medium to long term. We have set indicators and targets for each materiality item in order to take more concrete steps toward achieving what we aim for. The progress is monitored by the Sustainability Management Committee.

The indicators and targets set for materiality, as well as their progress, are reported and discussed at the Sustainability Management Meetings to promote our Group's sustainability management.

Sustainability Management Committee

Chair (responsible officer): Hajime Nagara, Executive Vice President and Representative Director

Reporting to the Board of Directors: Once every quarter

Meetings: Once every quarter

Functions:

- Identify sustainability-related issues
- Create the schedule for sustainability promotion activities
- Advise on the Group's Medium-Term Management Plan
- Monitor and advise on sustainability promotion activities
- Announce information on the initiatives that the Company supports and promote relevant activities
- Take the necessary actions for external ESG-related evaluations

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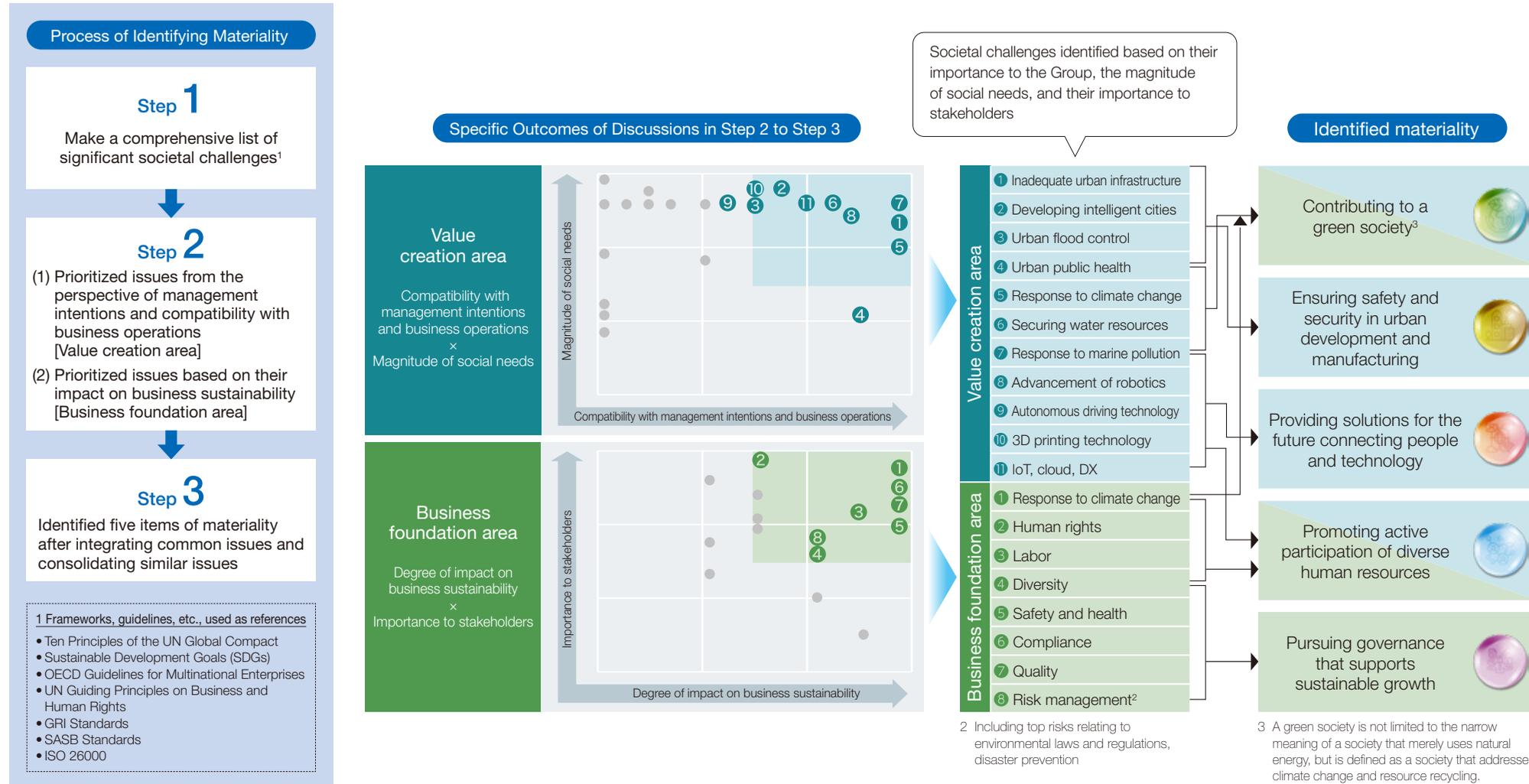
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Materiality and Indicators/Targets

Based on the Group Corporate Philosophy, we identified five items of materiality (key issues) that the Group must address to achieve sustainable growth while ensuring profitability, and become a corporate group indispensable to society by providing solutions to the needs of society and creating new value within a medium- to long-term timeline. The Group will address societal challenges by tackling the five items of materiality and strive to achieve sustainable growth. For each item of materiality, we have set specific indicators and targets to achieve, and are managing their progress.



Materiality-Related Non-Financial KPIs

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2023)	Actual (FY2024)
		Indicators	Targets		
Contributing to a green society 	Response to climate change	(1) Reduction of CO ₂ emissions in production processes	2030: 30%–40% reduction (compared to FY2013) 2050: Taking on the challenge of realizing carbon neutrality	20% reduction	22% reduction
		(2) Contribution to reduction of CO ₂ emissions and net sales of related products	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	61.18 million tons 402.1 billion yen	62.35 million tons 394.5 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	Water recycling rate: 95% or higher	95.9%	96.0%
		(5) Water pollutant (COD, TP) load in restricted areas	Water pollutant load: ● COD: 474 tons/year or less ● Total phosphorus: 23 tons/year or less	COD: 227 tons Total phosphorus: 7 tons	COD: 220 tons Total phosphorus: 7 tons
		(6) Disclosure based on the TNFD recommendations	—	—	Scoping and disclosure of L (Locate) and E (Evaluate) of the LEAP approach
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	Ongoing
	Providing materials and machinery that meet needs	(8) Percentage of eco-friendly products in steel products	FY2024: 22% FY2026: 22% → FY2030: 25%	19%	23%
		(9) Percentage of low-CO ₂ raw materials in aluminum rolled products	FY2024: 86% FY2026: 90% → FY2030: 100%	76%	85%
		(10) Advanced materials: Percentage of environmental products in net sales	FY2024: 29%, FY2025: 29%, FY2026: 32%	30%	31%
		(11) Percentage of orders for environment-related machinery products (decarbonization, LNG, etc.)	FY2024: 23% FY2030: 25%	31%	16% ²
		(12) Total domestic unit sales of ICT construction machinery	FY2024: 400 units or more FY2026: 1,000 units or more	400 units or more	400 units or more
		(13) Percentage of welding solution products in sales	FY2024: 23% FY2026: 25%	22%	24%

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

² Despite the slowdown in the carbon neutrality trend, we are making steady progress in R&D and verification while closely monitoring market conditions.

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Materiality-Related Non-Financial KPIs

Kobelco Group's Materiality		Indicators and Targets		Actual (FY2023)	Actual (FY2024)
		Indicators	Targets		
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 ³ FY2026: Study based on the set targets	— (Before activities)	68%
	Integration and innovation of diverse intellectual assets	(15) Number of ideas for new businesses	Every year: 10 cases/year	— (Before activities)	7 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: 44% Technical: 13%	Administrative: 42% Technical: 8%
		(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: 26.3%	Percentage of women in new hires: 6% Turnover rate: 26.6%
	Creating a work environment where employees can play active roles	(18) Number of female managers	FY2026: 100 female managers	74 people	86 people
		(19) Percentage of male employees taking paternity leave or special leave for childcare	Every year: 100% or higher	167.8%	157.4%
	Encouraging the growth and initiative of every employee	(20) Number of annual paid leave days taken	15 days (per year/employee)	18.0 days	16.8 days
		(21) Instilling the Group Corporate Philosophy	Every year: 80% or higher positive response rate for related questions in the employee awareness survey	77–79%	79–80%
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	76.1%	77.7%
	Human rights	(24) Companies implementing human rights due diligence	Supply chain (SC): Approx. 330 companies ⁴ Group companies: Domestic 83 and Overseas 41 companies ⁴	SC: Completed Domestic: 3 companies Overseas: 18 companies	SC: Completed Domestic: 34 companies Overseas: 29 companies
	Safety and health	(25) Lost time injury frequency rate	Every year: 0.10 or less	0.31	0.27
	Quality assurance	(26) Percentage of business sites certified under the Quality Guidelines	FY2025: 100%	67%	84%
	TQM	(27) Kobelco TQM practical management program completion rate	FY2025: 100% of line managers FY2027: 100% of managers and eligible employees of Group companies	—	78% of line managers (non-consolidated) Program for managers starts in FY2025

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

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

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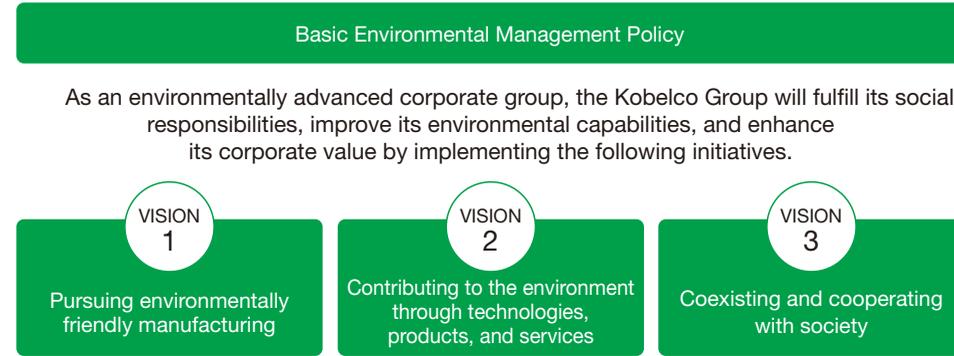
Basic Environmental Management Policy and Structure

Through environmental management based on three Visions, we aim to contribute to a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

Policies

As we strive to realize the world that we envision, we assume the important responsibility of passing on to future generations a healthy global environment in which all forms of life can thrive. To this end, the Kobelco Group has formulated long-term policies, set targets, and is promoting environmental management based on the Kobelco Group's Basic Environmental Management Policy, which consists of three Visions.

The Group has been and will continue to provide solutions to the needs of society, including those related to global environmental issues by leveraging its diversity in its people and technologies with due consideration of the environment in all aspects.



Initiatives for the Environment

Policies Strategies and Targets

Initiatives for Implementation		Long-Term Policies	Targets in the Medium-Term Environmental Management Plan (Fiscal 2024–2026)
VISION 1	Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO ₂ reduction in all business activities 2030 Target: Reduce CO ₂ emissions in production processes by 30–40% (compared to fiscal 2013) 2050 Vision: Taking on the challenge of realizing carbon neutrality	<ul style="list-style-type: none"> Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve 2030 target and 2050 vision
	Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate of 99% (fiscal 2025) (Major by-products: Slag, sludge, and dust)	<ul style="list-style-type: none"> Promote recycling by reducing the amount of waste disposed of to contribute to the achievement of the industry's recycling targets Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products Strive to recycle waste plastics as much as possible (Upper target: Recycling rate of 80%)
	Appropriate management of chemical substances	Reduce hazardous substances in accordance with the Kobelco Group Policy on Controlling Hazardous Chemical Substances	<ul style="list-style-type: none"> Properly manage and reduce or replace chemical substances, and properly comply with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, the Act on Rational Use and Appropriate Management of Fluorocarbons, and new regulations on chemical substances
	Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing environmental impact	<ul style="list-style-type: none"> Continue thorough operational management and facility management in an effort to reduce environmental impact from soot/smoke and water pollution Targets: Water recycling rate: Maintain 95% or higher Groupwide Water pollution load: COD: 474 tons/year and total phosphorus: 23 tons/year
	Thorough risk management	Pursue systematic and deliberate efforts to reduce risks	<ul style="list-style-type: none"> Enhance the autonomous environmental management system (EMS) that includes domestic and overseas business sites, subsidiaries, and subsidiaries
Promoting environmental initiatives with full employee participation	Constantly improve the environmental awareness of all Kobelco Group employees	<ul style="list-style-type: none"> Continue initiatives such as stratified training, e-learning, and environmental training for Group companies Encourage the use of the Kobelco Eco-Life Notebook (household eco-account book), in an effort to increase environmental awareness 	
VISION 2	Contributing to the environment through technologies, products, and services	Create environmentally sustainable products and new businesses with due consideration of the environment in all technological and product development 2030 Target: Contribution to CO ₂ reduction: 78 million tons Net sales of products that contribute to CO ₂ reduction: 550 billion yen 2050 Vision: Contribution to CO ₂ reduction: 100 million tons or more	<ul style="list-style-type: none"> Contribute to the creation of a low-carbon society through the efforts of the entire Kobelco Group by working on issues related to the environment and energy fields, such as weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources
VISION 3	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	<ul style="list-style-type: none"> Promote the Kobelco Green Project, centered on the three key activities of the Kobelco Forest Fairy Tale Prize, forest development, and environmental education outreach at children's centers, in an effort to cooperate and coexist in harmony with local communities
	Disclosure of environmental information	Take active steps to disclose environmental information and improve communication with all stakeholders	<ul style="list-style-type: none"> Continue disclosing information and enhance communication with all stakeholders

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Structure

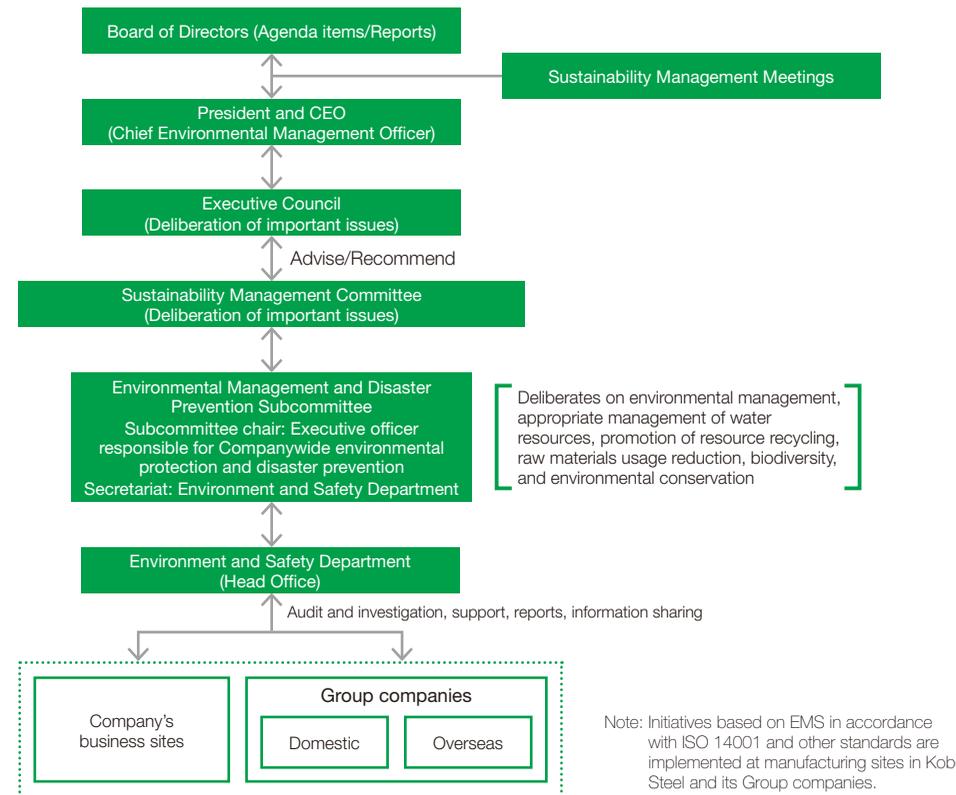
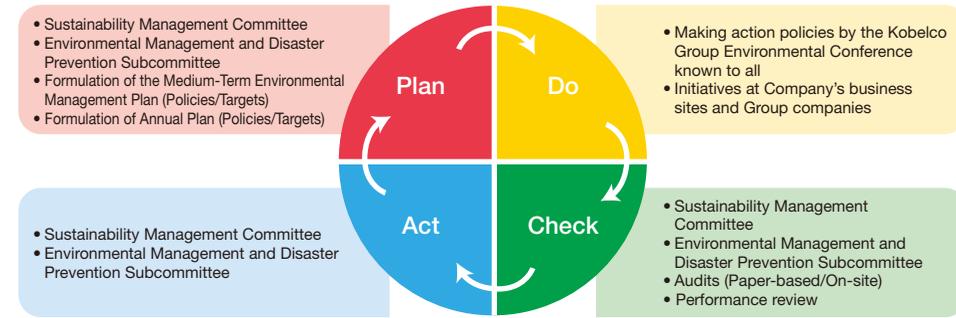
The Kobelco Group's environmental management policies, targets, initiatives, and progress are deliberated at the Environmental Management and Disaster Prevention Subcommittee, which is chaired by the executive officer responsible for Companywide environmental protection and disaster prevention, and whose members consist of managers of the Head Office's administrative departments and the respective business divisions' environmental management departments. At meetings held at least once a year, the subcommittee deliberates, reports, and evaluates policies, execution plans, and the results of efforts concerning initiatives for implementation for each of the three Visions regarding environmental management. Important matters are reported and submitted to the Executive Council after the Sustainability Management Committee, to which the subcommittee reports. The management cycle is implemented with the Sustainability Management Committee at its center, and individual issues related to environmental management are further discussed by the Environmental Management and Disaster Prevention Subcommittee under this committee. Furthermore, the GX Strategy Committee, an auxiliary body to the Executive Council, examines our climate change-related initiatives.

► Climate-Related Governance Structure

Long-term environmental policies and execution plans for achieving medium-term targets are incorporated into the the Medium-Term Environmental Management Plan and annual budgets of each business division.

In order to raise environmental awareness among all employees, we provide a range of environmental education programs, including those aimed at sharing action policies. For example, in Japan, in addition to holding the Kobelco Group Environmental Conference once a year, which is also attended by Group companies, the Company offers e-learning and stratified training programs. In the United States and China, where many of our Group companies are located, we have assigned environmental managers to regional headquarters, in order to thoroughly ensure the promotion of environmental activities in each country and the sharing of the latest information on environmental regulations. For overseas countries other than the above two, the Head Office's Environment and Safety Department provides information and conducts on-site environmental audits to promote environmental management throughout the Group.

Environmental Management Cycle (Yearly)



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Basic Environmental Management Policy and Structure

Medium- to Long-Term Environmental Targets and Initiatives

Strategies and Targets Results

The Kobelco Group is committed to environmentally friendly business practices. We established the Medium-Term Environmental Management Plan for fiscal 2024–2026, which also covers the six initiatives for implementation following the Basic Environmental Management Policy.

Self-assessment ○: Progressing as planned △: Issues remain ×: Plan not achieved

	Initiatives for Implementation	Long-Term Policies	Fiscal 2024 Results	Evaluation	Targets in the Medium-Term Environmental Management Plan (Fiscal 2024–2026)	Initiatives for Fiscal 2025		
VISION 1	Environmentally friendly manufacturing	Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO ₂ reduction in all business activities 2030 Target Reduce CO ₂ emissions in production processes by 30–40% (compared to fiscal 2013) 2050 Vision Taking on the challenge of achieving carbon neutrality	<ul style="list-style-type: none"> Promote energy-saving activities We are promoting initiatives in line with the Roadmap for Carbon Neutrality in the Ironmaking Process and the Roadmap for Carbon Neutrality in the Electric Power Business. Kobelco Power Kobe Inc. participated in the long-term decarbonized power source auction organized by the OCCTO¹ and auctioned off the proposal in April 2024. The company is making steady progress toward starting up 20% ammonia co-firing at its Kobe Power Plant. CO₂ emissions in fiscal 2024 were reduced by 22% compared to fiscal 2013. 	○	<ul style="list-style-type: none"> Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve 2030 target and 2050 vision 	<ul style="list-style-type: none"> Promote energy-saving activities Implement initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process 	▶ See pages 14–26
		Promoting resource recycling	Continue activities aimed at zero landfill waste Target: Recycling rate of 99% (fiscal 2025) (Major by-products: Slag, sludge, and dust) The next target is expected to be formulated in fiscal 2025.	<ul style="list-style-type: none"> The waste treatment plans formulated by each business division are making steady progress. The recycling rate in fiscal 2024 was 96.3%, and 99.4% for major by-products (slag, dust, and sludge), contributing to achieving the targets of the Voluntary Action Program for Environmental Protection of the Japan Iron and Steel Federation (JISF). Implemented proper operations in accordance with the guidelines at Kakogawa Works and Takasago Works; conducted internal audits at all business locations regarding proper treatment of slag 	○	<ul style="list-style-type: none"> Promote recycling by reducing the amount of waste disposed of to contribute to the achievement of the industry's recycling targets Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products Strive to recycle waste plastics as much as possible (Upper target: Recycling rate of 80%) 	<ul style="list-style-type: none"> Work on the 3Rs (Reduce, Reuse, and Recycle) in an effort to achieve the target recycling rate in fiscal 2025 Carry out appropriate disposal in accordance with the Guidelines Related to Management of Iron and Steel Slag Products Strive to recycle waste plastics as much as possible 	▶ See pages 35–37
		Appropriate management of chemical substances	Reduce hazardous substances in accordance with the Kobelco Group Policy on Controlling Hazardous Chemical Substances	<ul style="list-style-type: none"> Waste with high concentrations of PCBs was treated appropriately. A plan was formulated for the disposal of machinery containing low concentrations of PCBs, including those units still in use, and treatment is carried out based on this plan. Through audits and other means, it was verified that action is being taken under the revised Act on Rational Use and Appropriate Management of Fluorocarbons. 	○	<ul style="list-style-type: none"> Properly manage and reduce or replace chemical substances, and properly comply with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, the Act on Rational Use and Appropriate Management of Fluorocarbons, and new regulations on chemical substances 	<ul style="list-style-type: none"> Dispose of waste with low concentration of PCBs following the disposal plan formulated. Fully comply with new regulations on chemical substances 	▶ See page 39
		Reducing environmental impact	Ensure thorough voluntary controls and make continuous efforts toward reducing environmental impact	<ul style="list-style-type: none"> Continued thorough management of soot/smoke and wastewater Soot/smoke emissions (steelworks influence value) of Kakogawa Works exceeded our voluntary target value 3.0 tons/km² in July 2024 Achieved a water recycling rate of 96% Achieved water pollution load of COD of 220 tons/year and of total phosphorus of 7 tons/year 	△	<ul style="list-style-type: none"> Continue thorough operational management and facility management in an effort to reduce environmental impact from soot/smoke and water pollution Targets: Water recycling rate: Maintain 95% or higher Groupwide Water pollution load: COD of 474 tons/year and total phosphorus of 23 tons/year	<ul style="list-style-type: none"> Continue thorough operational management and facility management in an effort to reduce environmental impacts, such as reducing the amount of soot/smoke and water pollution, and increasing the water recycling rate Regarding the amount of dustfall at Kakogawa Works, we plan to increase the dust collection capacity in the BF raw material pre-processing area as a permanent measure so that we can consistently achieve our target even under recent weather conditions as determined by data analysis. Additionally, until permanent measures are completed, efforts will be made to achieve the target by making maximum use of existing dust collectors. 	▶ See pages 32–34 ▶ See pages 38–40
VISION 2	Contributing to the environment through technologies, products, and services	Thorough risk management	Pursue systematic and deliberate efforts to reduce risks	<ul style="list-style-type: none"> Conducted a paper-based environmental audit for all business sites of Group companies, including non-production sites in Japan. For 12 production sites, the head offices conducted on-site audits and checked the management status. For overseas Group companies, the Head Office and local regional headquarters conducted on-site audits of 13 business sites in the United States, China, the Netherlands, Thailand, and Singapore. 	○	<ul style="list-style-type: none"> Enhance the autonomous EMS that includes domestic and overseas business sites, subsidiaries, and subsidiaries 	<ul style="list-style-type: none"> Hold interviews and meetings with domestic business locations with a comparatively low environmental risk (sales offices, maintenance facilities, etc.), which have not been subject to on-site environmental audits so far, to identify risks and improve the level of environmental management, as well as check the status by conducting on-site environmental audits Carry out on-site environmental audits of Group companies in China to improve the level of environmental management at each company 	▶ See pages 27–28
		Promoting environmental initiatives with full employee participation	Constantly improve the environmental awareness of all Kobelco Group employees	<ul style="list-style-type: none"> Increased employees' environmental awareness and knowledge through the Kobelco Group Environmental Conference, stratified training, and e-learning As part of our all-hands-on-deck CO₂ reduction project, the Kobelco Eco-Life Notebook system was updated and participation was encouraged, with approximately 1,000 employees taking part. 	○	<ul style="list-style-type: none"> Continue initiatives such as stratified training, e-learning, and environmental training for Group companies, and encourage the use of the Kobelco Eco-Life Notebook (household eco-account book), in an effort to increase environmental awareness 	<ul style="list-style-type: none"> Continue initiatives such as stratified training and environmental training for Group companies to raise awareness of the environment. Additionally, work to enhance the content of the Kobelco Eco-Life Notebook, increase participation, and raise environmental awareness in the home. 	▶ See page 29
		Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	<ul style="list-style-type: none"> Contribution to CO₂ emissions reductions in fiscal 2024: 62.35 million tons In addition to the low-CO₂ blast furnace (BF) steel product Kobenable[®] Steel, we have also launched the low-CO₂ aluminum product Kobenable[®] Aluminum. The MIDREX H2TM process, a hydrogen direct reduction ironmaking process developed by Kobe Steel and our wholly owned subsidiary, Midrex Technologies, Inc., was adopted as the main process for the steelworks facilities that Blast Green Steel AS is planning to build in Ingå, Finland.² 	○	<ul style="list-style-type: none"> Contribute to the creation of a low-carbon society through the efforts of the entire Kobelco Group by working on issues related to the environment and energy fields, such as weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources 	<ul style="list-style-type: none"> Promote efforts to achieve our CO₂ reduction contribution target through further sales expansion of technologies, products, and services that contribute to CO₂ reduction and the technological development such as multi-materials 	▶ See pages 22–23
VISION 3	Disclosure of environmental information	Coexisting and cooperating with society	Promote coexistence and cooperation with local communities from an environmental perspective	<ul style="list-style-type: none"> With backing from all municipalities in which our 11 domestic business sites are located, we solicited stories for the 12th Kobelco Forest Fairy Tale Prize and received 637 submissions. Carried out forest development activities twice in spring and fall at two locations, and held environmental education outreach classes at three children's centers. 	○	<ul style="list-style-type: none"> Promote the Kobelco Green Project, centered on the three key activities of the Kobelco Forest Fairy Tale Prize, forest development, and environmental education outreach at children's centers, in an effort to cooperate and coexist in harmony with local communities 	<ul style="list-style-type: none"> Continue to promote the Kobelco Green Project (consisting of the Kobelco Forest Fairy Tale Prize, forest development activities, and environmental education outreach at children's centers) to better coexist and cooperate with local communities 	▶ See page 46
		Disclosure of environmental information	Take active steps to disclose environmental information and improve communication with all stakeholders	<ul style="list-style-type: none"> Continued to disclose environmental information via our integrated report, ESG data book, corporate website, public monitors, and other measures. Also, we set up booths at various exhibitions and introduced the Kobelco Group's environmental technologies and products. 	○	<ul style="list-style-type: none"> Continue disclosing information and enhance communication with all stakeholders 	<ul style="list-style-type: none"> Continue disclosing information and enhance communication with all stakeholders 	▶ See page 30

1 An organization established for the purpose of promoting cross-regional operation of the electric power business by monitoring the electricity supply and demand situation related to the electric power businesses run by electric power companies and by promoting the securing of the supply capacity necessary for a stable supply of electricity.
2 MIDREX H2TM used in the steelworks adopts 100% hydrogen as a reducing agent, making it possible to produce reduced iron with almost zero CO₂ emissions. This is the second case of adoption following the first in 2022.

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Climate-Related Disclosures Based on TCFD Recommendations

In December 2020, Kobe Steel announced that it supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and decided to join the TCFD Consortium, an organization of TCFD supporter organizations in Japan.



Basic Concept

Policies

Taking on the challenge of realizing carbon neutrality by 2050 is one of the key issues under the Kobelco Group Medium-Term Management Plan (Fiscal 2024–2026). We are working to achieve a 30–40% reduction of CO₂ emissions by 2030 (compared to fiscal 2013).

Going forward, the Kobelco Group will continue to pursue reduction of CO₂ emissions in order to contribute to the realization of a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives, as envisioned in KOBELCO's View of the Future.

Climate-Related Governance

We have established the GX Strategy Committee (chaired by a director, executive officer) that specializes in dealing with issues related to the risks and opportunities associated with climate change, as an auxiliary body to the Executive Council. The committee, tasked with conducting strategic reviews of climate change, examines and implements Companywide activities to address the risks and opportunities of climate change.

Addressing climate-related issues require knowledge from a wide range of perspectives, including business, management, legal affairs, and technological development. Therefore, the GX Strategy Committee is composed of directors and executive officers from the Head Office, as well as executive officers from business divisions, including the head of the Steel & Aluminum Business and the head of the Electric Power Business.

The activities of the GX Strategy Committee and its study outcomes are reported to the Board of Directors quarterly for supervision and guidance from the Board of Directors. In this manner, we have a system where the Board of Directors has direct governance over risks related to climate change. In addition, the Sustainability Management Meetings considers carbon neutrality to be one of the key themes of discussion. As such, the monitoring of the status is enhanced by regularly sharing a wide range of updates and exchanging opinions with the executive team, including executives from business divisions.

Climate-Related Governance Structure



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Climate-Related Strategy

The Kobelco Group analyzes the medium- to long-term risks and opportunities associated with climate change considering various guidelines, including the social scenarios presented by the International Energy Agency (IEA); the long-term visions formulated and announced by the Japan Iron and Steel Federation (JISF), the Japan Aluminium Association, and other industry organizations; and the energy policy of Japan. Based on the analysis results, we evaluate the appropriateness of our Group's activities.

Climate-Related Risks

As exemplified by the introduction of carbon pricing schemes, environmental regulations on climate change are becoming stricter and may have significant impact on our Group's business performance and financial position. In addition, given the increasing severity of damage from floods and typhoons, it is anticipated that the increase of natural disasters due to climate change may cause declines in production volumes and disruptions of supply chains.

Climate-Related Opportunities

There is an increasing demand for low-CO₂ products and services, as global awareness of climate change-related issues continues to rise. In this trend, demand for our Group's low-CO₂ options, such as automotive weight-reduction materials/parts and the MIDREX® Process, is expected to increase over the medium to long term.

Climate-Related Risks and Opportunities over the Short to Medium and Long Term

	Risks		Opportunities	
	Short to medium term (until FY2030)	Long term (until FY2050)	Short to medium term (until FY2030)	Long term (until FY2050)
Policy and legal systems	Higher costs due to regulatory tightening		Increased demand for technologies, products, and services that contribute to CO ₂ reduction (automotive weight reduction, MIDREX® Process, etc.)	
Market and technology transitions	Rising capital investments, R&D expenses, and operating costs associated with low-carbon technologies			
Reputation	Deterioration of corporate reputation due to insufficient or delayed information disclosure		Differentiation from other companies by establishing a reputation as a front-runner in combating climate change	
	Reduction of production volumes and disruptions of supply chains due to increases in floods, typhoons, and other natural disasters		Increase in demand for products due to increased public and capital investments for disaster prevention	
Physical risks (disasters, etc.)	Rising sea levels and storm surges, leading to damage with higher restoration expenses and lower production rates at coastal factories			

■ High risk
 ■ Low risk
 ■ Large opportunity
 ■ Small opportunity

Response to Risks and Opportunities in Research and Development

■ Reduction of CO₂ Emissions in Production Processes

Kobe Steel is collaborating with other steelmakers in the development projects that are promoted by the New Energy and Industrial Technology Development Organization (NEDO) (see below) in a bid to further reduce CO₂ emissions in the ironmaking process and to realize practical application of these developments. One of these projects is the Hydrogen Utilization Project in Iron and Steelmaking Processes, which was selected as a project under the Green Innovation Fund established by METI. We are promoting efforts aimed at realizing carbon neutrality by 2050.

Project Name	Participating Companies	Technologies Being Developed
Green Innovation Fund project / Project for hydrogen utilization in the ironmaking process	Nippon Steel Corporation JFE Steel Corporation Kobe Steel The Japan Research and Development Center for Metals	<ul style="list-style-type: none"> Development of hydrogen reduction and low-carbon technologies using BF Development of impurity removal technology for electric arc furnaces (EAF) using direct reduced iron (DRI) (technology for controlling the concentration of impurities in a large-scale test EAF at the same level as the BF method)

■ Contribution to Reduction of CO₂ Emissions through Technologies, Products, and Services

Our current lineup of products that help reduce CO₂ emissions includes automotive weight-reduction materials/parts and heat pumps. We will continue developing technologies to further contribute to CO₂ reduction with these solutions. We are also striving to develop new technologies, products, and services that help reduce CO₂ emissions, including development aimed at maintaining and strengthening the competitiveness of MIDREX-H₂™ (100% hydrogen-based direct reduction) and the demonstration test of hydrogen utilization systems.

- ▶ H2 Green Steel contracts with Midrex and Paul Wurth for the world's first commercial 100% hydrogen DRI plant, and Kobe Steel partners with H2 Green Steel for equity investment
- ▶ MIDREX Flex™ direct reduction plant selected by thyssenkrupp Steel
- ▶ Midrex and Primetals to supply MIDREX H2 Plant for Blastr Green Steel
- ▶ MIDREX Flex™ orders for DRI plants from Germany's Dillinger and ROGESA
- ▶ MIDREX Flex™ order for DRI plant from TOSYALI SULB of Libya

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Impacts on Business, Strategy, and Finance

According to the Greenhouse Gas Emissions Calculation and Reporting System, Kobe Steel is one of the largest emitters of greenhouse gases in Japan. Our Company pays the carbon tax, Tax for Climate Change Mitigation (289 yen per ton of CO₂ emissions from the use of coal, oil, LPG, and LNG), and in the future, if the carbon tax is increased or new taxes are imposed with the introduction of carbon pricing, it is expected to have a significant impact on our business. Accordingly, we are constantly monitoring these trends. If regulations or taxes are imposed on CO₂ and other emissions in the future, our Group's business activities, particularly those related to steel, will be restricted, which may have an impact on our Group's business performance with a decrease in sales, an increase in costs, etc.

The Kobelco Group has been promoting energy conservation efforts as a measure to mitigate the impact of carbon pricing. The Group invested approximately 2.03 billion yen in energy conservation capital investments in fiscal 2024.

An example of investment in fiscal 2024 is the conversion of compressors to inverter types at the Moka Works. For other initiatives, please refer to "Examples of Energy-Saving and CO₂ Reduction Initiatives in the Kobelco Group (Fiscal 2024)" on page 25.

In addition, our Group is engaged in the development of various technologies related to the reduction of CO₂ emissions in production processes and contribution to reduction of CO₂ emissions through technologies, products, and services in order to contribute to the reduction of CO₂ emissions by society as a whole. In fiscal 2024, we spent approximately 8.08 billion yen on research and development related to climate change.

► Environmental Management: Environmental Accounting

Scenario Analysis

We carried out short- to medium-term (2030) and long-term (2050) scenario analyses in order to identify future climate-related risks and opportunities for the planning and formulation of strategies.

Our scenario analysis is based on the IEA's 2°C scenario (SDS: Sustainable Development Scenario) and 1.5°C scenario (Net Zero by 2050) as well as the 4°C scenario presented by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report. For our analyses and evaluations, we also refer to long-term visions published by industry organizations to which we belong, such as JISF and the Japan Aluminium Association. For the electric power business, which is closely related to Japan's energy policy, we conduct scenario analysis based on the energy policy of the national government. We also regularly review our analysis and evaluation of risks and opportunities based on changes in the business environment.

Impact on Business

Since more than 90% of the Group's CO₂ emissions originate from the steelmaking process, medium- to long-term trends in the steel industry will have the greatest impact on the Group's business. According to the JISF Long-Term Vision for Climate Change Mitigation—A Challenge towards Zero-Carbon Steel, there is a certain correlation between economic growth and the amount of steel stock per capita, and the total amount of steel stock increases as the population increases. Therefore, the demand for steel is expected to continue to increase along with the world's economic growth and population growth.

Steel production can be broadly divided into two categories: (1) production with natural resources, such as iron ore that is mainly used in combination with blast furnaces (BF) and direct reduced iron (DRI), and (2) production with reused scrap, which is often used in electric arc furnaces (EAF). According to JISF predictions, the reuse of scrap is expected to increase significantly due to the increase in the total amount of steel stock. On the other hand, demand for steel cannot be met by reused scrap alone. Accordingly, production using natural resources (iron ore) will continue to require the same level of production as at present.

Amid growing interest in the response to climate change and the disclosure of relevant information, the importance of CO₂ reduction efforts in the steel industry is expected to continue increasing. For this reason, we anticipate that our stakeholders, including national and local governments, investors, and customers, will pay greater attention to our efforts to reduce CO₂ emissions from our own facilities and expand the sale of our low-CO₂ options.

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Risks and Opportunities

One of our Group's core businesses is the manufacture and sale of steel products, which falls under the industry category of energy-intensive basic materials. Our Group's CO₂ emissions from energy use in fiscal 2024 totaled 15.0 million tons (total of Scope 1 and Scope 2), which ranks high even in Japan's manufacturing industry. Accordingly, we recognize that the trends of future national climate change policies, laws, and regulations, including carbon pricing, are transition risks that may have a significant impact on our business operations.

In May 2021, the Group announced in its Medium-Term Management Plan (Fiscal 2021–2023) that it will take on the challenge of realizing carbon neutrality by 2050 and aim to increase corporate value through this transition. Our Group has set the 2030 target and the 2050 vision from two angles: (1) reducing CO₂ emissions in the Group's own production processes, and (2) contributing to the reduction of CO₂ emissions through the Group's distinctive technologies, products, and services.

Regarding the reduction of CO₂ emissions in our own production processes, we will promote CO₂ reduction initiatives and mitigate risks by formulating roadmaps for carbon neutrality in the ironmaking processes and in the electric power business. On the other hand, regarding the contribution to the reduction of CO₂ emissions through the Group's distinctive technologies, products, and services, we will make the most of opportunities.

As for physical risks, the Japan Meteorological Agency and various research institutes have reported that, as global warming progresses, the amount of precipitation tends to rise due to the increase of water vapor in the atmosphere, and damage caused by heavy rain and typhoons tends to become more severe. The risk of production halts and supply chain disruptions stemming from severe typhoons and heavy rains in recent years is also becoming more and more evident. Our Company recognizes that further intensification of typhoons, floods, and other natural disasters caused by climate change poses a risk that could have a significant impact on its operations and lead to suspension of production activities.

In terms of Companywide risk management, our Group has defined "climate-related regulations" and "natural disaster preparation and recovery" as Top Risks that are expected to have a particularly severe impact when an event occurs, and is working to strengthen its risk management.

On the other hand, business opportunities may arise, as demand for low-CO₂ products and services increase along with growing international interest in climate-related issues. This is expected to lead to an increase in demand for our Group's products that contribute to the reduction of CO₂ emissions, such as automotive weight-reduction materials/parts and the MIDREX® Process, over the medium to long term.

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■ Scenario Analysis Results

Scenario/ Important Factors	Social Changes	Impacts (Oppoutunity/Risk)		Strategies for Opportunities and Measures Against Risks	Financial Impacts	
					Description	Monetary Impacts
1.5°C / 2°C scenario	Shift to low-carbon materials	Decreasing demand for BF steel products	Risk	Development of CO ₂ reduction technologies <ul style="list-style-type: none"> • Obtaining energy savings through AI-powered furnace heat management • Utilizing DRI and biomass • Increase in the volume of scrap use 	Increased purchasing cost of cold iron sources	Major
		Increasing demand for EAF steel products	Risk	Study of process transition <ul style="list-style-type: none"> • Studying the shift of production facilities from carbon intensive BF to low-CO₂ DRI or EAF without sticking to the conventional two BF unit system 	GX-related investment	Major
		Decarbonization of aluminum materials	Risk	Procurement of green aluminum material <ul style="list-style-type: none"> • Expanding procurement of green aluminum produced using renewable energy 	Increased procurement cost of ingot	Moderate
		Increasing demand for low-CO ₂ materials	Opportunity	Study of low-CO ₂ BF steel products <ul style="list-style-type: none"> • Low-CO₂ blast furnace steel product Kobenable® Steel was newly developed with proprietary CO₂ reduction technology Study of low-CO ₂ aluminum products <ul style="list-style-type: none"> • Announcement of the low-CO₂ aluminum product Kobenable® Aluminum, produced from green aluminum material 	Increased sales volume	Major
		Increasing demand for ironmaking processes that contribute to decarbonization	Opportunity	Supply of cold iron source production process <ul style="list-style-type: none"> • Capturing growing demand for the MIDREX® Process, etc. 	Increased sales volume	Major
	Stricter regulations on fossil fuel use	Higher costs due to carbon pricing	Risk	Utilization of ammonia <ul style="list-style-type: none"> • Decarbonization of thermal power generation through ammonia co-firing • Successful bidding in the Decarbonization Power Resource Auction • Building of ammonia supply chain 	GX-related investment	Major
	Transition to non-fossil energy	Increasing demand for hydrogen, etc.	Opportunity	Sales expansion of hydrogen production equipment <ul style="list-style-type: none"> • Carrying out new projects, such as the hybrid-type hydrogen gas supply system, low-CO₂ iron metallics project, etc. Expanding existing businesses <ul style="list-style-type: none"> • Promoting sales of compressors and vaporizers • Strengthening sales of environmental options, such as digestion gas power generation using sewage sludge and food waste and chemical recycling of waste plastics 	Increased sales volume	Major
	Economic growth and electrification	Increasing electricity demand driven by AI and data centers	Opportunity	Stable power supply <ul style="list-style-type: none"> • Stable operation of thermal power plants ensures a steady supply of electricity by mitigating the output fluctuations caused by renewable energy sources 	Increased sales volume	Moderate
Advancements in EVs	Increasing need for weight reduction	Opportunity	Development of lightweight materials <ul style="list-style-type: none"> • Increasing high-tensile strength steel production capacity • Developing lightweight materials (including aluminum) 	Increased sales volume	Minor	
4°C scenario	Intensifying weather disasters due to rising temperatures	Supply chain disruptions due to flooding	Risk	Increasing the number of suppliers and ensuring a constant stock of raw materials	Decreased sales volume	Major
		Flooding and storm surge damage at production bases	Risk	Implementing physical measures against floods and storm surges, and continued BCP improvement	Decreased sales volume	Minor

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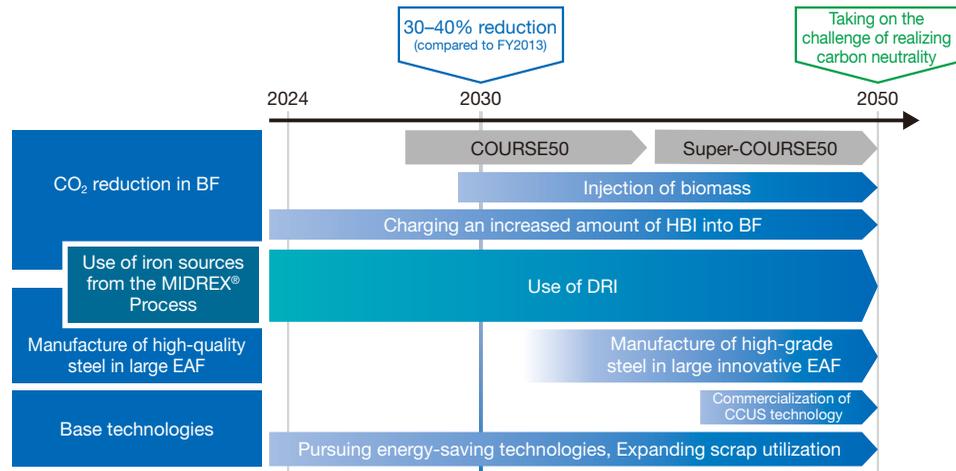
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Kobelco Group's Targets and Vision

	2030 Target	2050 Vision
Reduction of CO ₂ emissions in production processes	30–40% (compared to fiscal 2013) ¹	Taking on the challenge of realizing carbon neutrality
Contribution to reduction of CO ₂ emissions through technologies, products, and services ²	78 million tons (Net sales: ¥550 billion)	100 million tons or more

1 Most of the reduction targets are associated with iron and steel making processes.
 2 Our Group contributes to the reduction of CO₂ emissions in various areas of society through its distinctive technologies, products, and services.

Roadmap for Reducing CO₂ Emissions in the Ironmaking Process

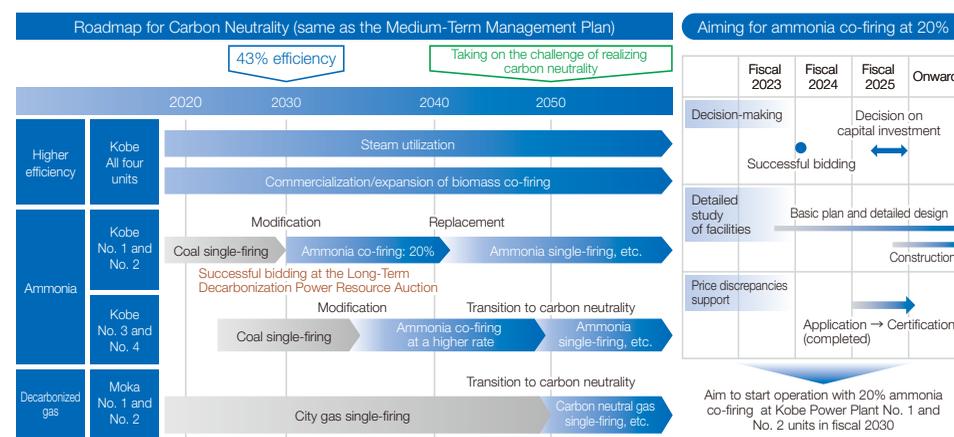


CO ₂ reduction measures & elements		Reduction effects
Implemented	Upstream process consolidation, energy savings, etc.	Approx. 15%
Production volume	Compared to FY2013 (depending on the business environment)	Approx. 5%
Multi-track approach	Increased use of steel scrap	Selection of appropriate reduction measures based on market trends (Expected scale of investments) ¥10–20 billion
	Charging an increased amount of HBI into BF	
	Use of biomass in BF	
	Use of renewable energy	
	Other additional energy savings, etc.	

30–40% reduction (compared to fiscal 2013)

Note: The reduction target is the combined total of Scope 1 and Scope 2 emissions. The target encompasses Kobe Steel and its major subsidiaries, which together account for approximately 95% of the Group's CO₂ emissions.

Roadmap for Reducing CO₂ Emissions in the Electric Power Business



Climate-Related Risk Management

In regard to climate-related risks, we have identified (1) transition risks (policies and regulations) and (2) physical risks (preparations for and recovery from natural disasters) as Top Risks, which are risks that may have a material impact on the Group and its stakeholders and require a Groupwide response. We are working to strengthen risk management by appointing Risk Owners to each risk category.

► Risk Management: Basic Policy and Management Structure

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Climate-Related Metrics and Targets

Metrics

The Kobelco Group sets specific metrics for CO₂ reduction activities, such as reduction of CO₂ emissions in production processes (Metric A) and contribution to reduction of CO₂ emissions through technologies, products, and services (Metric B), and sets and manages targets for each.

Kobe Steel positions these two metrics as non-financial key performance indicators (KPIs) and manages them. Non-financial KPIs including CO₂ reduction are discussed annually at the Executive Council as important items in the budget, and then they are discussed and approved by the Board of Directors.

Energy Consumption

■ Energy Consumption

The star (★) symbol indicates items that have received third-party assurance.

	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Energy consumption	PJ	187	185	180★
Consolidated net sales	Millions of yen	2,472,508	2,543,142	2,550,031
Energy intensity (per consolidated net sales)	GJ / Millions of yen	75	73	70
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	6.7	6.4	6.4
Energy intensity (per product)	GJ / t-product	27.9	28.8	28.0

Calculation method

- Calculations made based on Keidanren Carbon Neutrality Action Plan. However, figures for Kobelco Power Kobe Inc., Kobelco Power Kobe No. 2 Inc., and Kobelco Power Moka Inc. (the three subsidiaries of the Electric Power Business) are calculated based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy.
- Energy consumption does not include energy consumption associated with the generation of electricity sold externally by the three subsidiaries of the Electric Power Business and the Steelworks of Kobe Steel (181 PJ).

Boundary

- Kobe Steel, 18 domestic consolidated subsidiaries, and 13 overseas consolidated subsidiaries
- Japan: April 1 to March 31
- Overseas: January 1 to December 31

Calorific conversion factors

- Agency for Natural Resources and Energy, "List of Standard Calorific Value and Carbon Emission Factor for Fossil Fuel Energy Sources" (Comprehensive Energy Statistics) (revised on March 14, 2025)
- However, the three subsidiaries of the Electric Power Business apply the Act on Rationalization of Energy Use and Shift to Non-fossil Energy.

■ Use of Electricity from Renewable Energy

	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Use of electricity from renewable energy	MWh	—	16,762	27,864

Greenhouse Gas Emissions (Scope 1, 2, and 3)

■ Energy-derived CO₂ Emissions (Scope 1 and 2)

The star (★) symbol indicates items that have received third-party assurance.

	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Scope 1				
Emissions from the use of our own fuel (direct emissions)	Million t-CO ₂	14.7	14.7	14.2★
Scope 2				
Emissions associated with the use of electricity, heat, and steam supplied by other companies (indirect emissions)	Million t-CO ₂	0.8	0.9	0.8★
Scope 1+2*				
Consolidated net sales	Millions of yen	2,472,508	2,543,142	2,555,031
Energy-derived CO ₂ emission intensity (per consolidated net sales)	t-CO ₂ / Millions of yen	6.3	6.1	5.9
Products (crude steel, aluminum rolled products, copper rolled products)	Million t	6.7	6.4	6.4
Energy-derived CO ₂ emission intensity (per product)	t-CO ₂ / t-product	2.3	2.4	2.3

Calculation method

- Calculations made based on Keidanren Carbon Neutrality Action Plan. In addition, figures for Kobelco Power Kobe Inc., Kobelco Power Kobe No. 2 Inc., and Kobelco Power Moka Inc. (the three subsidiaries of the Electric Power Business) are calculated based on the Act on Promotion of Global Warming Countermeasures.
- Scope 1 and Scope 1+2 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 (14.0 million t-CO₂).
- GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Boundary

- Kobe Steel, 18 domestic consolidated subsidiaries, and 13 overseas consolidated subsidiaries
- Japan: April 1 to March 31
- Overseas: January 1 to December 31

CO₂ emission factors

- Fuels: Carbon emissions factor in National Greenhouse Gas Inventory Report of JAPAN (NIR) 2023 x CO₂ conversion factor (44/12)
- Electricity: For Japan, the adjusted emission factors for each electricity supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters)—FY2023 results—are applied. For overseas, emission factors based on IEA Emissions Factors 2024 are applied.
- However, the three subsidiaries of the Electric Power Business Unit apply the Greenhouse Gas Emissions Calculation and Reporting Manual for both fuels and electricity. Electricity: The adjusted emission factors for each electricity supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters)—FY2023 results—are applied. City gas: The adjusted emission factors for each city gas supplier based on the Greenhouse Gas Emissions Calculation and Reporting Manual (for calculating the greenhouse gas emissions of specified emitters)—FY2023 results—are applied.

* The totals may not match as a result of rounding.

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■ Breakdown of Greenhouse Gas Emissions (Unit: Thousand t-CO₂)

Category	Fiscal 2022	Fiscal 2023	Fiscal 2024
Energy-derived CO ₂ emissions (Scope 1)	14,687	14,731	14,230
Non-energy-derived CO ₂ emissions	887	835	859
Methane (CH ₄)	12	16	16
Nitrous oxide (N ₂ O)	27	58	55
Hydrofluorocarbons (HFC)	—	—	—
Perfluorocarbons (PFC)	—	—	—
Sulfur hexafluoride (SF ₆)	16	23	22
Nitrogen trifluoride (NF ₃)	—	—	—
Total* for non-energy-derived CO ₂ emissions and greenhouse gases other than CO ₂	942	931	953

Calculation method for non-energy-derived CO₂ emissions and greenhouse gases other than CO₂

- Calculated based on the Act on Promotion of Global Warming Countermeasures.
- Boundary is Kobe Steel, 4 consolidated subsidiaries in Japan, which are subject to reporting under the Act on Promotion of Global Warming Countermeasures. April 1 to March 31 of each fiscal year
- * The totals may not match as a result of rounding.

■ Other Indirect Emissions in the Supply Chain (Scope 3) (Unit: Thousand t-CO₂)

The star (★) symbol indicates items that have received third-party assurance.

Category ²	Fiscal 2022	Fiscal 2023	Fiscal 2024	Calculation Method
1 Purchased goods and services	5,811	5,124	4,986★	The Company's usage of main raw materials (iron ore, coking coal, purchased coke, aluminum, copper, and titanium) multiplied by CO ₂ emission factors
2 Capital goods	144	209	209	Capital investment cost multiplied by CO ₂ emission factors
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	338	388	336	Annual consumption of electricity, steam, fuel, etc., multiplied by CO ₂ emission factors
4 Upstream transportation and distribution	225	191	200	Calculated using the calculation method for energy-derived CO ₂ emissions related to freight transportation by shippers as stipulated in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy
5 Waste generated in operations	30	29	29	The amount of waste for each type multiplied by CO ₂ emission factors
6 Business travel	1	2	2	Number of employees multiplied by CO ₂ emission factors
7 Employee commuting	5	5	5	Number of employees multiplied by CO ₂ emission factors
10 Processing of sold products	2,563	2,482	2,461	Calculated by multiplying the production volume of main steel products by CO ₂ emission factors associated with processing each type of steel product
11 Use of sold products	17,696	18,480	17,547	Lifetime emissions for the main machinery products sold by Kobe Steel (energy used during use: electricity) are calculated based on units sold, expected average life, average power consumption, and CO ₂ emission factors for electricity.
12 End-of-life treatment of sold products	60	57	57	Calculated by multiplying CO ₂ emission factors by the production volume of crude steel, aluminum, and copper products
Total ¹	26,873	26,967	25,834	

Calculation method

- Calculated based on Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry).
- GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Boundary

Kobe Steel, April 1 to March 31 of each fiscal year

Source of CO₂ emission factors

- Categories 1, 3, and 10: "LCI database AIST-IDEA Ver.3.5 Standard Edition IPCC2021 without LULUCF AR6" Research Laboratory for IDEA, RISS, AIST
- Categories 2, 5, 6, 7, and 12: "Database of Emissions Unit Values for Calculation of Greenhouse Gas Emissions, etc. (Ver. 3.5), by Organizations Throughout the Supply Chain"
- Category 11: National average in Japan for "emission factors by electric utility" (published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry)

Notes: 1. The totals may not match as a result of rounding.

2. Category 8 is contained in Scope 1 and 2. Categories 9, 13, 14, and 15 are not applicable.

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Targets and Results on Risk and Opportunity

In May 2021, the Group announced in its Medium-Term Management Plan (Fiscal 2021–2023) that it will take on the challenge of realizing carbon neutrality by 2050 and aim to increase corporate value through this transition. Our Group has set the 2030 target and 2050 vision from two angles: (1) reducing CO₂ emissions in the Group’s own production processes, and (2) contributing to the reduction of CO₂ emissions through the Group’s distinctive technologies, products, and services.

■ Metric A: Reduction of CO₂ Emissions in Production Processes

- 2050 Vision: Taking on the challenge of realizing carbon neutrality
- 2030 Target: Reducing CO₂ emissions in production processes by 30–40%^{1,2} (compared to fiscal 2013) (target initiated in fiscal 2019)

Results: CO₂ emissions in fiscal 2024 were nearly identical to the previous fiscal year. As a result, there was a 22% reduction^{1,2} compared to fiscal 2013.

¹ Total for Scope 1 and 2

² The boundary of the reduction target is Kobe Steel and its major subsidiaries. This covers approximately 95% of the entire Group’s CO₂ emissions based on fiscal 2024 results.
CO₂ emissions in covered range: 18.4 million tons in fiscal 2013 and 14.3 million tons in fiscal 2024

Initiative: In the wake of the oil crisis, which spanned from the 1970s to the 1990s, Japan’s steel industry moved to utilize energy more effectively by installing waste heat recovery systems and conserving energy while switching to continuous process flows and streamlined processes. From the 1990s, the steel industry took steps to effectively use waste materials, focused on upgrading waste heat recovery systems and increasing the efficiency of equipment. In recent years, industry players have introduced highly efficient gas turbine power plants.

Our Group has also maintained a consistent approach in advancing various energy conservation and CO₂ reduction measures through proactive capital investments. For example, we installed highly efficient gas turbine power generation facilities that use gas from blast furnaces at Kakogawa Works over the period of fiscal 2009–2014, resulting in a substantial reduction of CO₂ emissions.

In the ironmaking process, we have completed a technical test and verified CO₂ emissions in the blast furnace process can be reduced by approximately 25% by charging a large quantity of DRI in the form of hot briquetted iron (HBI) manufactured with the MIDREX® Process into the blast furnace. To achieve our 2030 target, we will work to reduce CO₂ emissions through the HBI charging technology, as well as the use of biomass and renewable energy. In addition, we will accelerate the study of optimal production systems including the use of EAFs as we move toward our 2050 vision to achieve carbon neutrality.

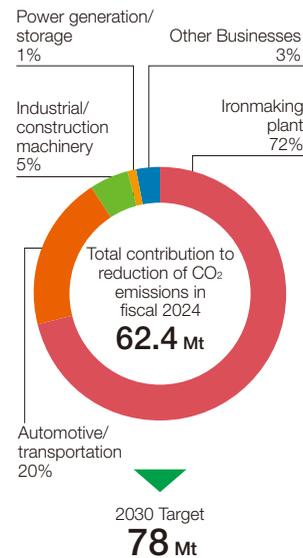
■ Metric B: Contribution to Reduction of CO₂ Emissions through Technologies, Products, and Services

The Kobelco Group has a variety of technologies, products, and services that contribute to CO₂ reduction. By expanding sales of these, we will contribute to the reduction of CO₂ during use.

- 2050 Vision: Contribution to CO₂ reduction: 100 million tons or more
- 2030 Target: Contribution to CO₂ reduction: 78 million tons, Net sales of related products: 550 billion yen

Results: The Group’s contribution to reduction of CO₂ emissions through its technologies, products, and services in fiscal 2024 was 62.4 million tons, as approved by the GX Strategy Committee. Net sales of related products was 394.5 billion yen.

Total Contribution to Reduction of CO₂ Emissions



Technologies, Products, and Services		Contribution to Reduction (10,000 tons/year)	CO ₂ Reduction Concept
Ironmaking plant	MIDREX® Process	4,490	Direct reduction ironmaking process with low CO ₂ emissions
Automotive/transportation	Ultra-high-tensile strength steel for automobiles, welding consumables for ultra-high-tensile strength steel	1,066	Improvements in fuel economy by using high-strength, lightweight materials for automobiles and transportation equipment
	Wire rods for suspension springs	31	
	Wire rods for automotive valve springs	91	
	High-tensile strength steel for ships	22	
	Aluminum materials for automobiles	34	
Industrial/construction machinery	Aluminum materials for rolling stock	8	Benefit of weight reduction in reducing power consumption
	Heat pumps, standard compressors, SteamStar, Eco-Centri	252	Energy conservation by achieving higher efficiency and utilizing unused energy
Industrial/construction machinery	Fuel-efficient construction machinery	55	Improvements in fuel economy by using fuel-efficient construction machinery
	Power generation/storage	Wood biomass power generation, waste-to-energy (WtE)	24
Other Businesses	Blast furnace cement wire rods and steel bars with no need for heat treatment process	162	Energy-reduction effect in customers’ manufacturing process through the use of recycled raw materials and products with no need for heat treatment process

Note: The calculation uses some of the data from “IDEA Ver. 3.3, AIST.”

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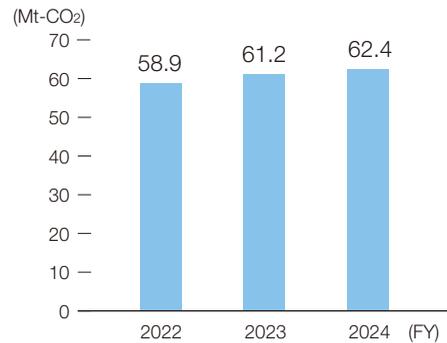
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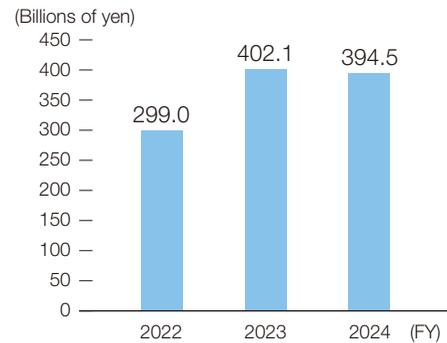
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Contribution to Reduction of CO₂ Emissions by Year



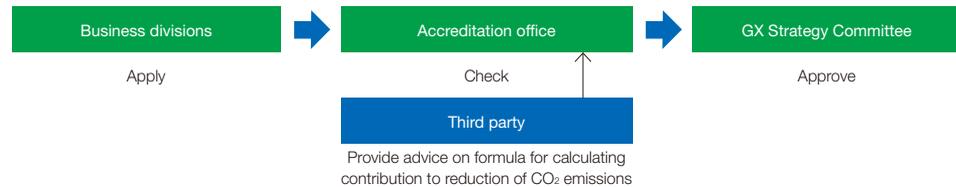
Net Sales of Related Products



Initiative: Regarding the contributions to reduction of CO₂ emissions through technologies, products, and services, the Group has an internal accreditation system in place. For the formulas used in accreditations, 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).

Note: Calculation method for the MIDREX process's contribution to reduction of emissions The calculation was made by comparing the CO₂ emissions from the steel products manufactured with the MIDREX® process in the Middle East, where the process is most widely used, with the CO₂ emissions from the steel products manufactured in Asia and exported to the Middle East.

Accreditation Flow



Progress of Qualitative and Quantitative Targets for Metric A and Metric B (Including 2030 Targets)

Initiatives for Implementation	Long-Term Policies	Medium-Term Targets	Fiscal 2024 Results Self-Assessment ○: Progressing as planned △: Issues remain x: Plan not achieved
Measures against global warming	Contribute to preventing global warming by promoting energy conservation and CO ₂ reduction in all business activities 2030 Target Reduce CO ₂ emissions in production processes by 30–40% (compared to fiscal 2013) 2050 Vision Taking on the challenge of achieving carbon neutrality	Promote medium- to long-term technological development based on the roadmap and continue working on energy conservation initiatives, in order to achieve the 2030 target and 2050 vision	Implemented initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process Fiscal 2024 results 22% reduction (compared to fiscal 2013)
Contributing to the environment through technologies, products, and services	Create environmentally sustainable products and new businesses with due consideration of the environment in all technological and product development 2030 Target Contribution to CO ₂ reduction: 78 million tons Net sales of related products: 550 billion yen 2050 Vision Contribution to CO ₂ reduction: 100 million tons or more	Contribute to the creation of a low-carbon society through the efforts of the entire Kobelco Group by working on issues related to the environment and energy fields, such as the weight reduction of transportation vehicles, the creation of a hydrogen-based society, and the diversification of power sources	Fiscal 2024 results Total contribution to reduction of CO ₂ emissions: 62.35 million tons Net sales of related products: 394.5 billion yen

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Other Main Technologies, Products, and Services that Contribute to CO₂ Reductions

Technologies, Products, and Services	CO ₂ Reduction Concept
Automotive/ transportation	Fuel-cell bipolar plates materials, titanium for aircraft components
Hydrogen utilization	High-purity Hydrogen Oxygen Generator (HHOG)
Power generation storage	Conversion of sludge to fuel and its utilization at coal-fired thermal power plants (planned)

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Climate-Related Organizations to Which We Belong

As a member of the Global CCS Institute and the Carbon Recycling Fund Institute, we actively acquire the latest information on Carbon Capture, Utilization, and Storage (CCUS) technology and work on technological development and research on CO₂ separation, capture, recycling, and sequestration for future practical use.

Climate-Related Organizations to Which We Belong	Description
Global CCS Institute	The Global CCS Institute is an international think tank whose mission is to accelerate the deployment of Carbon Capture and Storage (CCS), a vital technology to tackle climate change and deliver climate neutrality. The institute is headquartered in Melbourne, Australia, with offices in Tokyo, Washington, D.C., Brussels, Beijing, and London. ▶ Global CCS Institute
Carbon Recycling Fund Institute	The Carbon Recycling Fund Institute aims to address the global warming issue and improve energy access throughout the world. The institute promotes innovation in carbon recycling by public relations and sponsoring research and development in the field. ▶ Carbon Recycling Fund Institute

Industry Groups	2030 Industry Targets for Reducing CO ₂ Emissions from Production Processes in the Carbon Neutrality Action Plan
The Japan Iron and Steel Federation	30% reduction compared to fiscal 2013
Japan Aluminium Association	31% reduction compared to fiscal 2013
Japan Copper and Brass Association	33% reduction compared to fiscal 2013
The Japan Society of Industrial Machinery Manufacturers	38% reduction compared to fiscal 2013
Japan Construction Equipment Manufacturers Association	8% reduction compared to the three-year average result of fiscal 2020 to fiscal 2022 (energy intensity)

In addition, each of the following industry groups to which the Kobelco Group belongs have formulated actions plans for carbon neutrality. Our Group will contribute to the achievement of the targets set out in the action plans of each industry group to which we belong by pursuing energy savings and CO₂ reduction in production processes.

Policies and Commitments to Ensure Consistency with the Initiatives of Industry Associations

In order to respond to climate change in a consistent manner, the Group has established a governance system centered on the GX Strategy Committee, an auxiliary body to the Executive Council.

The GX Strategy Committee informs and educates employees about our Group Corporate Philosophy, climate change policies, and various initiatives to ensure that employees fully understand our corporate policies concerning these matters.

We collect information not only on the policies set by the Japanese government but also on industry targets and initiatives related to our business, as well as trends in regulations in the countries where we conduct business. Such information is shared with internal stakeholders, including directors and management.

When the Kobelco Group engages in any activities that may influence the national government, local governments, industry associations, etc., all members of the Group shall report such activities to the GX Strategy Committee in advance. The committee shall confirm whether such activities are consistent with the Group Corporate Philosophy and climate change policies. The committee shall report such activities to the Executive Council and the Board of Directors for oversight in accordance with the importance of such activities.

In addition, if the efforts of industry associations/groups are not in line with the Group Corporate Philosophy or climate change policies, Kobe Steel shall put forward its opinions to industry associations/groups and work to ensure that their initiatives are consistent with its policies.

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Initiatives to Save Energy and Reduce CO₂ Emissions

At each business site, we are promoting energy conservation and reduction of CO₂ emissions.

Examples of Energy-Saving and CO₂ Reduction Initiatives in the Kobelco Group (Fiscal 2024)

Production Facility / Company Name	Location	Examples of Initiatives
Kakogawa Works, Kobe Steel, Ltd.	Kakogawa, Hyogo Prefecture	Improved insulation of heating furnace combustion air piping
Kobe Wire Rod & Bar Plant, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Energy savings through operational improvements
Moka Works, Kobe Steel, Ltd.	Moka, Tochigi Prefecture	Switched compressors to inverters
		Switched fans to inverter type
Chofu Works, Kobe Steel, Ltd.	Shimonoseki, Yamaguchi Prefecture	Switched a portion of ceiling lighting to LED lighting
Daian Works, Kobe Steel, Ltd.	Inabe, Mie Prefecture	Switched a portion of plant lighting to LED lighting
Fujisawa Plant, Kobe Steel, Ltd.	Fujisawa, Kanagawa Prefecture	Switched a portion of plant lighting to LED lighting
Ibaraki Plant, Kobe Steel, Ltd.	Ibaraki, Osaka Prefecture	Switched a portion of plant lighting to LED lighting
Saijo Plant, Kobe Steel, Ltd.	Higashiroshima, Hiroshima Prefecture	Updated drying furnace due to aging
Fukuchiyama Plant, Kobe Steel, Ltd.	Fukuchiyama, Kyoto Prefecture	Switched a portion of plant lighting to LED lighting
		Switched blower to inverter type
Takasago Works, Kobe Steel, Ltd.	Takasago, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Updated to high-efficiency transformers
Kobe Corporate Research Laboratories, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Updated HVAC to energy-efficient type
Amagasaki Works, Kobelco Wire Company, Ltd.	Amagasaki, Hyogo Prefecture	Updated to more energy-efficient V-belt
		Updated HVAC to energy-efficient type
		Updated high-efficiency transformers
Rope Plant, Onoe district, Kobelco Wire Company, Ltd.	Kakogawa, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Installing heat-shielding sheets on the heating furnace
		Switched electric motors to inverters
Rope Plant, Nishikinohama district, Kobelco Wire Company, Ltd.	Kaizuka, Osaka Prefecture	Switched a portion of ceiling lighting to LED lighting
Toyama Works, Nippon Koshuha Steel Co., Ltd.	Imizu, Toyama Prefecture	Optimized electricity use
Koshuha-Foundry Co., Ltd.	Hachinohe, Aomori Prefecture	Switched dust collectors to inverter type
Hanshin Yosetsu Kizai Co., Ltd.	Okayama, Okayama Prefecture	Reduced fuel consumption through furnace improvements
Shinko Aluminum Wire Co., Ltd.	Sakai, Osaka Prefecture	Improved efficiency by reviewing compressor number control
		Improved insulation performance by repairing the furnace roof
		Updated HVAC to energy-efficient type

Production Facility / Company Name	Location	Examples of Initiatives
Kobelco Leadmikk Co., Ltd.	Kitakyushu, Fukuoka Prefecture	Updated HVAC to energy-efficient type
Shinko Industrial Co., Ltd.	Kurayoshi, Tottori Prefecture	Switched a portion of lighting to LED lighting
		Switched dust collectors to inverter type
		Switched to high-efficiency compressor
Harima Plant, Kobelco Compressors Corporation	Harima Town, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Updated to high-efficiency transformers
Harima Plant, Kobelco Eco-Solutions Co., Ltd.	Harima Town, Hyogo Prefecture	Switched a portion of plant lighting to LED lighting
		Updated ceiling fan to high-efficiency type
		Consolidated substation facilities
Kobelco Power Kobe Inc.	Kobe, Hyogo Prefecture	Reduced fan power by cleaning the fan, etc.
		Reduced coal consumption by optimizing steam supply methods
Kobelco Power Kobe No. 2 Inc.	Kobe, Hyogo Prefecture	Reduced fan power by cleaning the fan, etc.
		Conserved electricity by changing the charging settings of the electrostatic precipitator
Hiroshima Factory, Kobelco Construction Machinery Co., Ltd.	Hiroshima, Hiroshima Prefecture	Switched a portion of lighting to LED lighting
Ogaki Factory, Kobelco Construction Machinery Co., Ltd.	Ogaki, Gifu Prefecture	Switched a portion of lighting to LED lighting
Okubo Factory, Kobelco Construction Machinery Co., Ltd.	Akashi, Hyogo Prefecture	Improved efficiency through complete renewal of the painting line
Kobelco Spring Wire (Foshan) Co., Ltd. (KSW)	China	Updated cooling water and chemical pumps to high-efficiency type
Kobelco Millcon Steel Co., Ltd.	Thailand	Improved insulation performance by repairing the furnace roof
Kobelco Precision Technology Sdn. Bhd.	Malaysia	Installed solar panels on the rooftop
		Switched to high-efficiency compressor
Kobelco MIG Wire (Thailand) Co., Ltd. (KMWT)	Thailand	Switched chillers to inverter type
		Switched to high-efficiency compressor
Thai Kobelco Welding Co., Ltd.	Thailand	Switched air conditioning to inverter type
Kobelco Construction Machinery (China) Co., Ltd.	China	Updated to high-efficiency electric motors
		Switched to high-efficiency compressor
Kobelco Construction Machinery Southeast Asia Co., Ltd.	Thailand	Switched office air conditioning to inverter type
		Switched a portion of lighting to LED lighting

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Kobelco Group Initiatives for Introducing Renewable Energy

Production Facility / Company Name	Location	Type of Renewable Energy
Kobe Head Office, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Electricity (company-owned solar)
Takasago Works, Kobe Steel, Ltd.	Takasago, Hyogo Prefecture	Electricity (company-owned solar)
Kobe Corporate Research Laboratories*, Kobe Steel, Ltd.	Kobe, Hyogo Prefecture	Electricity (on-site power purchase agreement (PPA))
Hiroshima Factory, Kobelco Construction Machinery Co., Ltd.	Hiroshima, Hiroshima Prefecture	Electricity (100% renewable PPA)
Okubo Factory, Kobelco Construction Machinery Co., Ltd.	Akashi, Hyogo Prefecture	Electricity (company-owned solar)
Kobelco Power Kobe Inc.	Kobe, Hyogo Prefecture	Electricity (company-owned solar)
Harima Plant, Kobelco Eco-Solutions Co., Ltd.	Kakogawa, Hyogo Prefecture	Electricity (100% renewable PPA)
Nippon Koshuha Steel Co., Ltd.	Imizu, Toyama Prefecture	Electricity (renewable PPA)
Kobelco Millcon Steel Co., Ltd. (KMS)	Thailand	Electricity (on-site PPA)
Singapore Kobelco Pte. Ltd. (SKPL)	Singapore	Electricity (on-site PPA)
Kobelco Precision Technology Sdn. Bhd. (KPTEC)*	Malaysia	Electricity (onsite PPA and renewable PPA)
Kobelco Aluminum Products & Extrusions Inc. (KPEX)*	United States	Electricity (renewable PPA)
Kobe Special Steel Wire Products (Pinghu) Co., Ltd. (KSP)	China	Electricity (on-site PPA)
Kobe Wire Products (Foshan) Co., Ltd. (KWPF)	China	Electricity (on-site PPA)
Kobelco Welding of Europe B.V. (KWE)	The Netherlands	Electricity (100% renewable PPA)
		Gas (100% renewable PPA)
Kobe Welding of Qingdao Co., Ltd. (KWQ)	China	Electricity (on-site PPA)
Kobelco Industrial Machinery India Pvt. Ltd. (KIMI)	India	Electricity (company-owned solar)
Kobelco Construction Equipment India Pvt. Ltd. (KCEI)	India	Electricity (company-owned solar)

* Business locations that have introduced or expanded renewable energy since fiscal 2024.

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Management Structure

Structure

See below for details about our management structure.

▶ [Basic Environmental Management Policy and Structure: Environmental Management Structure](#)

Thorough Risk Management

Basic Concept

Policies

The Kobelco Group 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 Group continues to ensure thorough compliance with laws and regulations and reinforces environmental management.

Targets

Strategies and Targets

The Kobelco Group set the following two targets in the Medium-Term Environmental Management Plan (Fiscal 2024–2026):

- Enhance the autonomous environmental management system (EMS) that includes domestic business sites, subsidiaries, and subsubsidiaries, while continuing to conduct on-site environmental audits by the Head Office
- For overseas Group companies, promote the same level of environmental management as in Japan and improve risk management through activities such as on-site environmental inspections

Results

Results

Environmental Audits at Business Locations of Kobe Steel and Domestic Group Companies

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

On-site environmental audits have been conducted regularly at 11 business locations of Kobe Steel and 27 business locations of 19 domestic Group companies with high environmental risks (as of March 31, 2025). 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 personnel in charge.

We implement on-site environmental audits regularly once every three to five years at overseas Group companies. 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 as well as to reduce risks.

A total of 29 overseas Group companies are subject to on-site environmental audits: six in the United States, nine in China, 13 in Asia excluding China, and one in Europe (as of March 31, 2025). During on-site environmental audits, we grasp the actual state of environmental management and identify problem areas locally on-site, based on which necessary corrective measures are undertaken.

As for results in fiscal 2024, we conducted paper-based environmental audits of all the Group's business sites, including non-production sites in Japan, and the head offices conducted on-site environmental audits at 12 production sites to confirm the status of environmental management. For overseas Group companies, the Head Office conducted on-site environmental audits of 14 business locations in the United States, China, Singapore, Thailand, and the Netherlands.

Results of Environmental Audits in Fiscal 2024

- Paper-based audits: 11 business locations of Kobe Steel and 270 business locations of 80 domestic Group companies
- On-site environmental audits: Three business locations of Kobe Steel, eight business locations at nine domestic Group companies, and 14 overseas Group companies



On-site environmental audit (Daian Works)

Status of Compliance (Fiscal 2024)

At Kobe Steel's business sites and domestic Group companies, there were two cases of air quality exceeding the legal limit and one case of water quality exceeding the legal limit. In both cases, we discovered the problem ourselves, promptly reported it to the relevant authorities, and took action. No fines or punishments were imposed.

In fiscal 2024, certain overseas Group companies exceeded the regulation values for wastewater, but no fines or penalties were levied.

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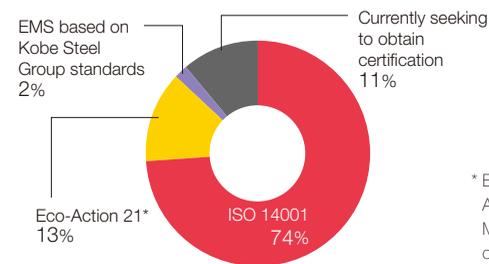
Environmental Management

Major Initiatives

Strengthening Environmental Management (Promoting an EMS)

The Kobelco Group employs EMS based on ISO 14001 and reinforces environmental management through a plan-do-check-act (PDCA) cycle. Kobe Steel, Ltd. has obtained certification at all 11 business locations (an integrated certification for Fujisawa Office, Ibaraki Plant, Saijo Plant, and Fukuchiyama Plant) and the Engineering Business. The percentage of locations that have obtained certification for EMS at 47 main production sites is 87%.

Results



* Environmental Activity Evaluation Program (Eco-Action 21): A certification and registration program formulated by the Ministry of the Environment, for more accessible EMS based on ISO 14001.

► Environmental Data

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.



Training on handling materials in response to the scenario of an oil leak (Kobelco Construction Machinery Co., Ltd.)

Strengthening Environmental Management at Overseas Group Companies

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

In the United States and China, where many Group production sites are located, regional headquarters for the 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.

Assessment of Environmental Risks in Investment Projects

The Kobelco Group established systems for each business location to check compliance with applicable environmental laws and regulations as well as environmental risks associated with investment projects. In addition, we employed an environmental checklist system through which the head offices double-check 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 check whether or not effective measures are in place for preventing leaks in cases when storage tanks are located near drainage channels.

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Environmental Management

Promoting Environmental Initiatives with Full Employee Participation

Basic Concept

Policies

We will work to improve environmental awareness through Eco-Office activities to create an energy-efficient and comfortable work environment and to sustain environmental education/learning to enable all employees to take action for the environment.

Targets

Strategies and Targets

The Kobelco Group's targets in the Medium-Term Environmental Management Plan (Fiscal 2024–2026) involve raising environmental awareness by continuing measures such as stratified training, e-learning, and environmental training for Group companies, as well as encouraging the use of the Kobelco Eco-Life Notebook.

Results

Results

In fiscal 2024, we increased employees' environmental awareness and knowledge through the Kobelco Group Environmental Conference, stratified training, and e-learning. Also, we promoted environmental awareness among employees in their home lives through the Kobelco Eco-Life Notebook.

Kobelco Group Environmental Conference

The Kobelco Group Environmental Conference is held every year for the purposes of sharing environmental information and promoting cross-divisional environmental initiatives. In fiscal 2024, participants shared information on climate change-related trends, reviewed examples of beneficial activities at each business site to reduce environmental impact and risks, and confirmed the details of revisions to laws and regulations.



Kobelco Group Environmental Conference (Held in a hybrid format, with in-person venue and online participation)

Environmental Training and Study

Since fiscal 2006, we have continually incorporated environmental training and study into our stratified training program for employees in specific positions at respective business locations. Additionally, we provide e-learning programs regularly via the intranet.

In fiscal 2024, we provided stratified education on compliance with environmental laws and regulations, environmental management, and "Taking on the Challenge of Realizing Carbon Neutrality by 2050."

Environmental Training and Study at Overseas Business Locations

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



EHS Meeting in October 2024 (Kobe Steel USA Inc.)

Promoting Environmental Qualifications

In order to strengthen environmental management and raise environmental awareness, we are encouraging employees to acquire environmental qualifications (such as for pollution control managers or qualified persons for energy management).

Employees Acquiring Environmental Qualifications in Fiscal 2024 (Kobe Steel, Ltd.)

Qualification	Number of Qualified Personnel	Qualification	Number of Qualified Personnel
Pollution Control Manager (Air)	292	Pollution Control Manager (Dioxins related)	64
Pollution Control Manager (Water)	237		
Pollution Control Manager (Noise and vibration related)	148	Pollution Control Chief Manager	2
		Qualified Person for Energy Management	261
Pollution Control Manager (Dust)	49	Certified Environmental Measurer	19

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Environmental Management

Disclosure of Environmental Information

Basic Concept

Policies

The Kobelco Group actively discloses environmental information to communicate its environmental management initiatives to stakeholders. At our business locations, we work on environmental communication, including regularly holding dialogue with community members.

Targets

Strategies and Targets

The Kobelco Group set targets in the Medium-Term Environmental Management Plan (Fiscal 2024–2026) to continue initiatives such as the disclosure of information in an effort to communicate with all stakeholders.

Results

Results

In fiscal 2024, we disclosed environmental information via our integrated report, corporate website, public monitors, and other measures. Also, we set up booths at various exhibitions and introduced our Group's environmental technologies and products.

■ Issuing the Integrated Report

We disclose environmental information as important non-financial information.

▶ [Kobelco Group Integrated Report](#)

■ Communication with Local Communities

In order to help people understand our efforts to reduce environmental impacts, we regularly hold briefings for local residents at the Kakogawa Works, Kobe Wire Rod & Bar Plant, and Kobe Power Plant.

Toll-free phone numbers (only available in Japan) have also been set up at Kakogawa Works and the Kobe Wire Rod & Bar Plant to answer environment-related inquiries. We will continue to value the opinions of local community members.

▶ [Toll-free phone numbers for environment-related inquiries \(in Japanese only\)](#)

■ Disclosing Environmental Information via Public Monitors

Kakogawa Works and Kobe Power Plant provide real-time information on the environment, including soot and smoke emissions from the steelworks, through monitors set up in various locations.

Locations of Public Monitors

Kakogawa Works' environmental information	Kakogawa City Hall, Harima Town Office Beppu Community Center, Onoe Community Center
Kobe Power Plant's environmental information	Nadahama Science Square Nadahama Garden Baden

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Environmental Accounting

Basic Concept

Policies

The Kobelco Group is making efforts to reduce its environmental impacts.

We disclose information to better grasp the costs and benefits associated with our environmental conservation activities, and to deepen stakeholder understanding of our efforts.

Environment-Related Investments and Results

Strategies and Targets

We invest in the installation and continual maintenance of environmental equipment and pursue environmental measures on a variety of fronts in order to mitigate environmental impacts.

In fiscal 2024, we invested approximately 1.15 billion yen in facilities to reduce CO₂ emissions and prevent air and water pollution.

In fiscal 2024, we spent a total of approximately 44.1 billion yen.

Moreover, we invested about 29% of total expenses, or roughly 13.0 billion yen, in research and development for technology development, including making automobile weight-reduction proposals that combine the competitiveness of cutting-edge materials such as high-tensile strength steel and aluminum with automotive solution technologies, demonstrating our strengths as a company that operates steel, aluminum, and welding businesses. Of these, we invested approximately 8.1 billion yen as R&D expenses related to climate change.

We will continue to implement measures to reduce environmental impacts.

Breakdown of Capital Investment and Expenses (Kobe Steel, Ltd.)

Results

(Millions of yen)

Item			Fiscal 2022		Fiscal 2023		Fiscal 2024	
			Capital Investment	Expense	Capital Investment	Expense	Capital Investment	Expense
Expenses in business areas	Environmental expenses	Air pollution prevention	620	11,290	120	11,800	210	11,470
		Water pollution prevention	150	5,490	200	5,990	330	5,600
	Resource recycling expenses	Waste recycling/processing, yield improvement	0	12,810	0	10,170	0	11,390
	Climate-related expenses	Energy-saving investment	350	—	190	—	610	—
Management activities expenses	EMS registration/renewal		—	40	—	70	—	80
	Environmental impact monitoring/measuring		—	460	—	320	—	350
	Personnel expenses for environmental measures/organization		—	1,970	—	1,790	—	2,010
R&D expenses	Development of eco products and reduction of environmental impact of manufacturing processes		—	11,640	—	11,970	—	12,880
	Of which, R&D related to climate change		—	6,200	—	7,140	—	8,080
Social activities expenses	Environmental organization support, advertising		—	20	—	20	—	20
Other expenses	Pollution levy		—	350	—	330	—	270
Total			1,120	44,100	510	42,500	1,150	44,100

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Appropriate Management of Water Resources

Basic Concept

Policies

The Kobelco Group's manufacturing sites use large quantities of water for cooling, cleaning, and other purposes, and we recognize that water shortages constitute a risk. There is also the risk of operations being impacted by flood damage, such as torrential rain, which is becoming increasingly severe.

The risk of water shortages and flood damage at our domestic production sites has been found to be low in assessments using Aqueduct, provided by World Resources Institute (WRI). Even so, the Group is working to reduce water consumption and increase the water recycling rate by improving the efficiency of water use and recycling water in production processes in preparation for any eventuality.

Additionally, we recognize that the environment and living organisms in public waters may be impacted by the violation of environmental laws and regulations, ordinances, and agreements pertaining to wastewater. To address wastewater risks, we not only comply with regulations but also strive to reduce the discharge of pollutants into public water areas by cleaning up wastewater from the production process with a treatment system suitable for the characteristics of the wastewater.

Management Structure

Structure

The Environmental Management and Disaster Prevention Subcommittee deliberates, reports, and evaluates policies, action plans, and results of initiatives concerning the appropriate management of our Group's water resources at least once a year. This management cycle is properly implemented. Important matters are reported and submitted to the Executive Council through the Sustainability Management Committee (chaired by the executive vice president and representative director), to which the subcommittee reports.

► Basic Environmental Management Policy and Structure: Environmental Management Structure

Targets

Strategies and Targets

We have set the following targets for water shortage and wastewater risks and are working to address issues for each.

■ Initiatives to Address Water Shortage Risk

Water recycling rate target: Maintain 95% or higher

The Kobelco Group is working to conserve water through such measures as efficient use of water in manufacturing processes and more extensive use of wastewater recycling.

■ Initiatives to Address Wastewater Risk

Water pollution load targets: COD of 474 tons/year or less and total phosphorus of 23 tons/year or less.

For pollution load, which is an indicator of wastewater pollution, we have set targets for chemical oxygen demand (COD) and total phosphorus for business sites in Japan located in areas with water pollution risk, and are working to prevent such contamination.

Results

Results

■ Improvement of Water Recycling Rate and Reduction of Water Pollution Load

At each business location, we are recycling water to use again at the site after purifying wastewater from each production process through coagulation sedimentation, sand filtering, and other means. Additionally, by purifying water with a treatment system suitable for wastewater from the manufacturing process, we are working to promote the use of recycled water and reduce the pollution load of wastewater discharged into public water areas.

In fiscal 2024, the water recycling rate was 96%, thus achieving the target.

Water pollutant load in fiscal 2024 was COD of 220 tons/year and total phosphorus of 7 tons/year, thus achieving the targets.

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Appropriate Management of Water Resources

Water Intake, Discharge, and Recycling Rate Data for the Past Three Years¹ (10,000 m³)

Item	Fiscal 2022	Fiscal 2023	Fiscal 2024
Water withdrawal by source			
Freshwater (tap water and industrial water provided by the waterworks bureau in each area) ²	5,106	5,086	4,978
Groundwater	550	573	514
Seawater for cooling	337,340	396,960	374,300
Water withdrawal total ³	342,996	402,620	379,792
Water discharge total by discharge destination			
Rivers	201	214	200
Seawater	339,894	399,542	376,798
Sewage	67	59	55
Discharge total	340,162	399,815	377,053
Discharge by each treatment method ⁴			
No treatment (including discharge to sewage)	440	436	389
Simple treatment	867	878	862
Standard treatment	20	18	20
Advanced treatment	1,493	1,522	1,479
Freshwater withdrawal and discharge			
Water withdrawal total	5,106	5,086	5,492
Water discharge total	2,822	2,855	2,753
Consumption	2,834	2,805	2,739
Total recycled water	129,129	132,468	131,668
Recycling rate ⁵	Target: 95% or higher	95.8%	95.9%
			96.0%

¹ Aggregates the boundary of 100% of Kobe Steel's production sites. It also includes domestic Group companies of a certain scale or larger (water use of 1,000 thousand m³/year or more).

The amount of wastewater at the target business sites covers more than 99% of the Kobelco Group in Japan.

² The water withdrawal sources for tap water and industrial water are mainly rivers.

³ The sum of the breakdown figures and the total might not match due to rounding of each item.

⁴ Simple treatment: Removing pollutants and floating particles by physical process (e.g., precipitation)

Standard treatment: Decomposes organic matter by biologic treatment

Advanced treatment: Treat suspended particles, colloids and dissolved matter (nutrients, heavy metals, inorganic pollutants, and other pollutants) after simple and standard treatment

⁵ The recycling rate is calculated as: (Total recycled freshwater) / (Total recycled freshwater + Total freshwater withdrawal).

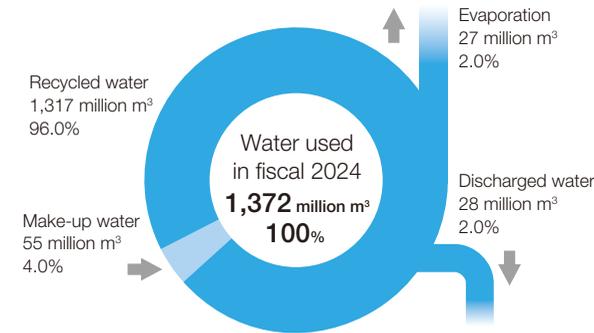
The calculation of total recycled freshwater includes some estimates based on equipment specifications.

Data on Water Pollution Load*

Item	Targets	Fiscal 2022	Fiscal 2023	Fiscal 2024
Water discharge total	—	3,401.62 million m ³	3,998.15 million m ³	3,770.53 million m ³
COD	474 t	213 t	227 t	220 t
Phosphorus	23 t	4 t	7 t	7 t

* All 10 business sites in areas with risks related to total volume regulations are aggregated, and their wastewater accounts for more than 99% of the Group's total (Japan).

Water Recycling Status (Including Domestic Group Companies with Significant Water Use)



Each Kobelco Group business site remains aware of regulatory water quality requirements and evaluates their compliance with these levels. Please see below for water discharge data for each business site, including the results of water quality measurements.

► Environmental Data

■ Development of Water Management Plans in the Group

Of the Kobelco Group's 32 major production sites in Japan, 19 that account for 59% have formulated water management plans, monitor water intake, discharge, and recycling; and are working to properly manage water resources and reduce environmental impact.

■ Initiatives to Reduce Water Usage at Business Sites

At Kakogawa Works, we are promoting the effective use of water resources, such as by monitoring withdrawal and discharge through continuous measurement of flow rates at drains, and by recycling water to use again at the site after purifying wastewater from each production process through coagulation sedimentation, sand filtering, etc. In this way, the water recycling rate reaches approximately 97%.

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Appropriate Management of Water Resources

■ Contributing to a More Vibrant Ocean

While water quality has improved in the Seto Inland Sea (Harima Sea) due to wastewater regulations, the discoloration of seaweed and the decrease in fish catch due to lack of nutrients have become serious issues.

In response to this situation, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea was revised, and in 2022, Hyogo Prefecture formulated its Nutrient Management Plan. Kakogawa Works has been selected as a “nutrient increase action implementer (nitrogen),” and will contribute to the creation of a vibrant ocean by operating in accordance with the plan.

■ Collaboration with External Bodies to Reduce Water Use

In Toyama Prefecture, where Nippon Koshuha Steel Co., Ltd. is located, the amount of water allocated to companies is ensured, but in order to leave enough water for snow clearing, every year the prefecture calls on factories, workplaces, offices, and snow-clearing equipment managers to voluntarily save water from December to February. In order to do its part, Nippon Koshuha Steel is working to reduce its water usage as much as possible.

■ Prevention for Flood Damage and Other Natural Disasters

As the type and severity of a natural disaster can vary by site, each site regularly checks the latest hazard maps provided by local authorities and preventions for the risk accordingly.

■ Evaluation of Water Shortage and Water Stress

Every year, each business site estimates the amount of water it expects to use in the subsequent fiscal year and determines whether the amount of contracted industrial water meets its needs. When a water shortage is anticipated, each business site secures substitute water resources and evaluates how this will affect production.

The Head Office evaluates water stress of the region where the business sites are located with WRI Aqueduct and reports problems (if any) to the necessary directors and officers.

In the WRI Aqueduct assessment for fiscal 2024, none of the Group’s business sites or Group companies in Japan are located in regions of high water stress or above and no production sites posed issues. In addition, we have secured a certain volume of water from the supply sources, and believe that the risk of water withdrawal affecting production is low.

At Kakogawa Works, for example, the risk of water intake affecting production is thought to be low because upstream from the water used is the Gongen Dam (total storage capacity: 11.12 million m³), constructed to ensure a stable supply of industrial water from the Kakogawa River as well as the Kakogawa Weir (total storage capacity: 1.96 million m³) and Heiso Dam (total storage capacity: 9.40 million m³), which were constructed to ensure the flow rate of industrial water.

Assessment of Supply Chain Water Shortages and Water Stress

As well as identifying risks from past cases of flood damage in areas from which we procure raw materials, we analyze water risk in those areas using WRI Aqueduct, and are working to diversify raw materials suppliers based on the results of this risk analysis.

Expenses Associated with Water-Related Risks and Investment to Mitigate Water-Related Risks

Expenses for water pollution prevention projects used for the prevention of abnormal water discharge or inspection/maintenance of water treatment facilities are presented below.

(Millions of yen)

Item	Fiscal 2022		Fiscal 2023		Fiscal 2024	
	Capital Investment	Expense	Capital Investment	Expense	Capital Investment	Expense
Expenses for water pollution prevention	150	5,490	200	5,990	320	5,600

Compliance with Laws and Regulations

In order to comply not only with the regulatory limits stipulated by laws and regulations but also with stricter regulatory limits stipulated by agreements with local governments, we continue to develop management standards and make necessary capital investments. In preparation for emergencies, we have established emergency response procedures and conduct drills regularly.

There was one case in Japan where water quality values exceeded legal standards. The case was discovered by self-inspections and promptly reported to the relevant authorities, with action taken. No fines or punishments were imposed. In fiscal 2024, certain overseas Group companies exceeded the regulation values for wastewater and had leaks of acid from pipes, but no fines or penalties were levied.

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Resource Recycling

Promotion of Resource Recycling (Waste Reduction)

Basic Concept

Policies

To make effective use of limited resources, the Kobelco Group implements measures to control waste. We add value to by-products created during manufacturing processes, develop and introduce new applications for materials, and actively pursue recycling. The Group also reduces paper consumption by reviewing packaging specifications for products to be shipped for the reuse of packaging/shipping supplies, and by actively promoting digitization and IT adoption in documents used for office work across the entire Group. Additionally, we have set recycling targets for the main forms of waste, and are seeking to improve the recycling rate in order to reduce the final disposal amount.

Management Structure

Structure

See below for details about our management structure.

▶ Basic Environmental Management Policy and Structure: Environmental Management Structure

Targets

Strategies and Targets

We actively promote yield improvement and reduction of auxiliary material consumption. We have set the fiscal 2025 target of achieving a recycling rate of 99% for three main by-products (slag, dust, and sludge).

Results

Results

We are working to improve our recycling rate by controlling the amount of by-products produced, promoting recycling, developing new recycling technologies, and increasing added value.

■ Recycling Rate of Three Main By-Products

The recycling rate of major by-products (slag, dust, and sludge) in fiscal 2024 was 99.4%, exceeding the target.

We will continue to work on raising the recycling rate of by-products and reducing landfill disposal amounts in order to achieve these targets.

Recycling Rate of Major By-Products: Slag, Dust, and Sludge (Kobe Steel, Ltd.) (%)

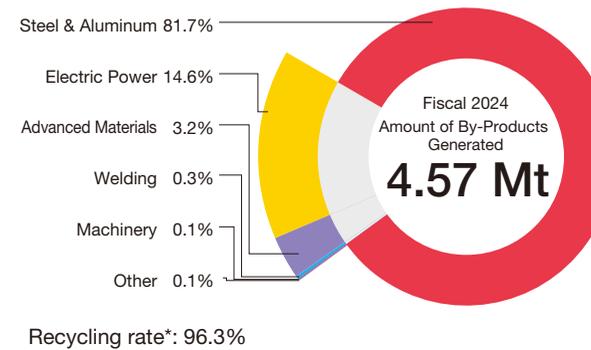
	Targets for Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024
Recycling rate of three main items*	99	99.2	99.1	99.4

* Recycling rate of three main items = (Amount subject to treatment - Amount of landfill disposal) / Amount subject to treatment

■ The Group's Recycling of By-Products

In fiscal 2024, 4.57 million tons of by-product materials were generated by the entire Kobelco Group and the recycling rate was 96.3%.

By-Products Generated (Including Domestic Group Companies in Japan)



* Recycling rate = Amount of recycled resources / Amount subject to treatment

■ Initiatives to Control and Recycle Industrial Waste Containing Plastic Products

Based on the Act on Promotion of Resource Circulation for Plastics, we have set a goal of “strive to recycle target waste as much as possible (target: recycling rate of 80%).” We reduced the emission of used plastic products and industrial waste and outsourced disposal to treatment companies that perform recycling and heat recovery. However, the recycling rate stood at only 77.3% in fiscal 2024. We will continue with our initiatives to control waste generation and recycling.

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Resource Recycling

Amount of By-Products, Recycled Resources, and Landfill Disposal over the Past Three Years (Including Domestic Group Companies)¹

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Amount of by-products generated (t)	4,576,542	4,667,668	4,567,831
Amount of recycled resources (t)	4,411,651	4,336,499	4,400,036
Amount of landfill disposal (t)	124,363	137,448	138,440
Other (volume reduction, t)	40,528	193,721	29,355
By-product recycling rate ²	96%	93%	96%
Amount of specially controlled industrial waste generated (t)	19,597	18,414	18,889
Amount (rate) of specially controlled industrial waste generated (%) ³	0.43%	0.39%	0.41%

¹ The information above covers more than 99% of the waste generated by the Kobelco Group in Japan.

² By-products (total) recycling rate = Amount of recycled resources / Amount subject to treatment

³ Rate = Amount of specially controlled industrial waste generated / Amount of by-products generated

Transportation Amount* of Specially Controlled Industrial Waste Disposed of over the Past Three Years (Including Domestic Group Companies) (t)

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Transportation amount of specially controlled industrial waste	15,333	14,023	14,615

* Amount of specially controlled industrial waste outsourced for treatment

Data on Main Resources Used at Kobe Steel, Ltd. over the Past Three Years (Million t)

Main Raw Materials	Fiscal 2022	Fiscal 2023	Fiscal 2024
Iron ore	9.33	8.97	8.98
Coking coal/coke	4.97	4.71	4.66
Aluminum ingots, copper ingots, etc.	0.46	0.42	0.40
Total	14.75	14.10	14.05

* The totals may not match as a result of rounding.

Major Initiatives

Results

■ Promoting the Recycling of Steel Slag

Of the by-products produced, steel slag, which is produced in large amounts, is recycled more than 99% into construction and other materials, thereby contributing to a recycling-oriented society. Most steel slag products are designated as specified procurement items under the Act on Promoting Green Procurement for public work projects as materials that benefit environmental conservation. Going forward, we will continue to expand the applications of steel slag products that contribute to carbon neutrality and biodiversity.

Application	Details
<p>Cement materials</p> 	<p>Granulated BF slag is pulverized into a fine powder and used as a raw material for cement. This reduces CO₂ emissions generated in the cement manufacturing process because the firing process of clinker is no longer required. The use of BF cement mixed with 45% fine BF slag powder reduces CO₂ emissions per ton of cement by approximately 320 kg.</p>
<p>Roadbed material</p> 	<p>Roadbed material is made by pulverizing/granulating steel slag and ash stone. It has hydraulic properties and provides strong support. The roadbed material can contribute to conservation of the natural environment by being utilized as a substitute for natural resources.</p>
<p>Ground improvement material</p> 	<p>By using steel slag to improve soft soil, it is possible to build stronger ground and contribute to national resilience. In addition, replacing cement solidifiers with steel slag will also lead to a reduction in CO₂ during material manufacturing.</p>
<p>Steel slag artificial stone</p> 	<p>Steel slag artificial stone is a form of artificial stone made by solidifying steel slag with cement. Steel slag is expected to make a contribution to absorb and hold CO₂ by helping to restore marine resources by providing nutrients in the form of iron and other substances contained within the slag to encourage luxuriant seaweed growth. Steel slag is already being used in submerged bank construction work contracted by the City of Kobe.</p>

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Resource Recycling

Major Initiatives in the Business Divisions (Japan)

Business Divisions	Examples of Initiatives to Reduce the Generation of By-Products/Waste and Decrease Landfill Disposal
Steel & Aluminum	Reduction of steel slag generation and development of new applications Development of recycling technologies for dust Recycling of arc furnace ash Reuse of aluminum scrap generated in the plant and at customer locations
Welding	Recycling sorted waste flux into roadbed material Reuse of product packaging materials
Advanced Materials	Reduction of steel slag generation and development of new applications Reuse of aluminum scrap generated in the plant Reuse of wooden pallets Conversion of coreless furnace dust and soot into recyclable materials
Machinery	Reduction of waste wood and waste plastics by reducing the weight of reusable shipping cartons and shock-absorbing materials
Electric Power	Recycling of coal ash and gypsum, which is a by-product of flue gas desulfurization equipment Study on facilities underway to create facilities that utilize sewage sludge fuel

Initiatives at Overseas Group Companies

Company Name	Examples of Initiatives to Reduce the Generation of Waste and Decrease Landfill Disposal
Kobe Special Steel Wire Products (Pinghu) Co., Ltd. (KSP)	Reuse of sulfuric acid
Kobelco Spring Wire (Foshan) Co., Ltd. (KSW)	Reuse of lubricants
Kobelco Automotive Aluminum Rolled Products (China) Co., Ltd.	Reuse of pallets used to transport products
Kobelco Precision Technology Sdn. Bhd. (KPTEC)	Recycling of oil drums
Kobelco Aluminum Products and Extrusions, Inc. (KPEX)	Reuse of caustic soda and aluminum scraps
Thai Kobelco Welding Co., Ltd. (TKW)	Reuse of packaging materials
Kobelco MIG Wire (Thailand) Co., Ltd. (KMWT)	Reuse of packaging materials
Kobe Aluminum Automotive Products (China) Co., Ltd. (KAAP-C)	Reuse of aluminum scraps
Kobe Aluminum Automotive Products, LLC (KAAP)	Reuse of aluminum balls for shot blasting and caustic soda

Initiatives to Control Waste Generation and Recycling in Collaboration with Outside Entities

Initiative	Details
Initiatives to effectively use underutilized energy in local communities: From conversion of sewage sludge to fuel to hydrogen production and supply	<ul style="list-style-type: none"> Kobelco Eco-Solutions Co., Ltd., which has wastewater sludge treatment technology, and the Kobe Power Plant plan to turn wastewater sludge into fuel and use it as wastewater fuel at the power plant. (Using wastewater fuel is an appropriate method for the pulverized coal-fired power generation business.) We plan to use wastewater fuel as a portion of the fuel for generating electric power to produce hydrogen from the green electricity generated using the wastewater sludge fuel, which will be supplied to fuel-cell vehicles (FCVs). This initiative will contribute to the spread of FCVs, reduction of CO₂ emissions in local communities, and improvement in air quality.
Study group for expanding usage of steel slag	<ul style="list-style-type: none"> In a study group established by Hyogo Prefecture (Hyogo Eco-Town Promotion Council), we are conducting research to expand the use of steel slag in industry-government-academia collaboration/cooperation. The Kobelco Group participates as a member of the following research working group. The Construction Method for Disaster Risk Reduction Working Group aims for the practical utilization of a low-cost and effective reinforcement method for old road fill, whose aseismatic performance is decreased. Working toward actual use of fill mixed with steel slag, we are conducting aseismatic reinforcement tests using it. <p>For more information, please see the following:</p> <p>▶ Hyogo Eco-Town Promotion Council (in Japanese only)</p>
Demonstration project on gasification and methanolization of waste plastics	<ul style="list-style-type: none"> Developing Japan's first chemical recycling technology for a wide variety of waste plastics that have traditionally been incinerated or landfilled. This technology will contribute to the recycling of plastic resources, a global issue, and will utilize Kobelco Eco-Solutions Co., Ltd.'s proprietary fluidized bed gasification technology to gasify (thermally decompose) waste plastic and produce methanol from the resulting synthetic gas. Initiative was selected for funding by the Ministry of the Environment's "FY2022 Subsidy for Carbon Dioxide Emission Control Measures Project Costs: Demonstration Project for Construction of Resource Circulation Systems for Plastics and Other Technologies to Support a Decarbonized Society." Together with Daiei Kankyo Co., Ltd., DINS Kansai Co., Ltd., MITSUBISHI GAS CHEMICAL COMPANY, INC., and Mitsubishi Kakoki Kaisha, Ltd., we conducted a demonstration project at Eco-Town in Osaka Prefecture, and have now completed the Ministry of the Environment's demonstration project. Going forward, we will continue to develop this technology to further improve it.
Recycling in the aluminum rolled products business	At Moka Works, we are working to collect and recycle scrap generated during our customers' manufacturing processes. In addition to our existing focus on aluminum can scrap, we are working to make effective use of a variety of aluminum scrap, including fully expanding the collection and recycling of automobile scrap from 2021. In January 2025, we established Kobelco Baosteel Automotive Aluminum Rolled Products Co., Ltd., a joint venture company with Baoshan Iron & Steel and Baowu Aluminum Technology, to integrate continuous heat treatment and finishing processes for aluminum rolled products, and have begun similar recycling initiatives in China.

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Reduction of Environmental Impacts

Reduction of Environmental Impacts

Basic Concept

Policies

As part of its environmental management policies, the Kobelco Group is committed to environmentally friendly manufacturing. We pursue this commitment on a variety of fronts—including improvements to sustainable manufacturing processes, updates to equipment, introduction of efficient state-of-the-art equipment, and introduction of pollution control equipment—to reduce environmental impact from soot and other sources. We will continue to implement these initiatives.

Management Structure

Structure

See below for details about our management structure.

▶ [Basic Environmental Management Policy and Structure: Environmental Management Structure](#)

Air Pollution Measures

Policies

The Kobelco Group is working to control air pollutant emissions by introducing low-NOx combustion facilities along with enforcing appropriate management of exhaust gas treatment facilities and dust collectors.

Targets

Strategies and Targets

The Kobelco Group set the target in the Medium-Term Environmental Management Plan (Fiscal 2024–2026) of reducing environmental impact from soot and smoke, through meticulous operational management and facility management.

Results

Results

We have taken measures to limit sulfur oxide (SOx) emissions during manufacturing processes, such as conserving energy to reduce fuel consumption, using low-sulfur fuels, and switching to city gas, while also implementing exhaust-related measures, such as desulfurization. Likewise, to reduce nitrogen oxide (NOx) emissions, we have implemented low-NOx combustion technology and energy-saving measures.

As for results in fiscal 2024, we continued to control emissions by thoroughly managing soot and smoke. In addition, SOx emissions in fiscal 2024 decreased because maintenance of the desulfurization and denitrification equipment at the sinter plant at Kakogawa Works, which was carried out from fiscal 2022 to 2023, has been completed.

Data on Soot and Smoke Load*

Item	Fiscal 2022	Fiscal 2023	Fiscal 2024
SOx emissions	1,681 kNm ³	1,568 kNm ³	1,025 kNm ³
NOx emissions	4,430 kNm ³	4,307 kNm ³	4,109 kNm ³

* Aggregates the boundary of 100% of Kobe Steel's production sites. It also includes major domestic Group companies whose energy consumption is 1,500 kL/year of heavy oil equivalent.
For business locations that have paid the current portion of the pollution load levy, the aggregation period for SOx emissions is January to December.

Major Initiatives

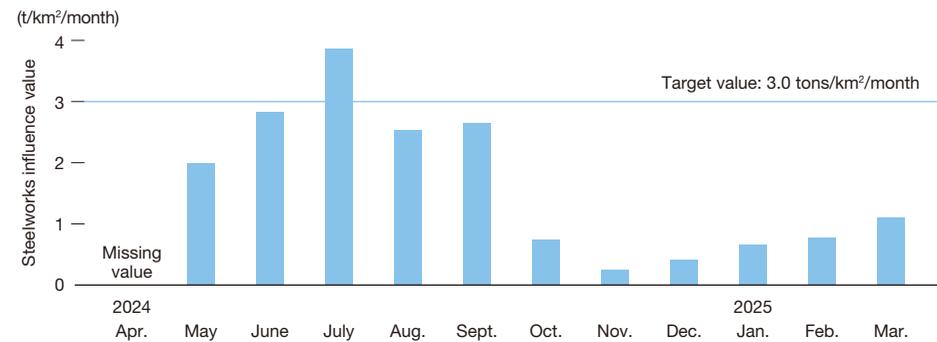
Results

Measures to Counter Dust at Kakogawa Works

At Kakogawa Works, voluntary targets for dustfall in three neighboring locations have been set at 3.0 tons/km²/month or less. In fiscal 2024, the target was exceeded in July. Regarding the operation and equipment status of Kakogawa Works, there were no incidents that would lead to the voluntary target values being exceeded. Although, there was a higher frequency of winds blowing from the south than usual, making it easier for particles to be dispersed outside the steelworks.

We plan to increase the dust collection capacity in the BF raw material pre-processing area as a permanent measure so that we can consistently achieve our target even under recent weather conditions since we have determined the contribution of this area is large based on analysis of big data including meteorological data. Additionally, until permanent measures are completed, efforts will be made to achieve the target by making maximum use of existing dust collectors.

Steelworks Influence Value Related to Dustfall (Kakogawa Shinko Building)



Note: Data for April could not be collected due to hail damage incurred by the measuring equipment.

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Appropriate Management of Chemical Substances

Policies

We established the Kobelco Group Policy on Controlling Hazardous Chemical Substances to ensure the appropriate handling of chemical substances from procurement to manufacturing and quality control.

Kobelco Group Policy on Controlling Hazardous Chemical Substances

We will comply with all domestic laws and regulations related to the handling of chemical substances and implement the following actions:

- Request suppliers to handle chemical substances properly at the time of procurement of raw materials;
- Identify the risks to employees' health caused by chemical substances and ensure a safe working environment;
- Properly manage chemical substances used in processes and reduce their use in order to mitigate environmental impacts; and
- Comply with the laws and regulations of the countries and regions to which products are shipped, and respond appropriately and promptly to customer requests regarding chemical substances contained in products.

In addition to accurately assessing the use, disposal, and transfer of chemical substances covered under the PRTR Law¹ and Chemical Substance Control Law², we engage in activities to limit the use and output of such substances. In addition, waste electrical equipment containing PCB and equipment using fluorocarbons are appropriately stored and managed in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes and the Act on Rational Use and Appropriate Management of Fluorocarbons, respectively.

¹ Law Concerning Pollutant Release and Transfer Register (PRTR): Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

² Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

Targets

Strategies and Targets

The targets of the Kobelco Group's Medium-Term Environmental Management Plan (Fiscal 2024–2026) are to engage in appropriate management, reduction, and substitution activities for chemical substances, as well as to take appropriate measures in compliance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

Results

Results

In terms of our results in fiscal 2024, we thoroughly investigated equipment containing low-concentration PCB currently in use and outsourced processing for some following our disposal plan.

Regarding specified fluorocarbons, we confirmed they are managed appropriately through audits and other means.

With regard to Class 1 Designated Chemical Substances stipulated in the PRTR Law, we are taking appropriate measures such as disseminating information within the Group in light of the fact that these substances have significantly changed due to the revision of laws and regulations.

The annual transfer and release of substances subject to PRTR reporting over the past three years is presented in the table below. Following revisions to the PRTR Law in fiscal 2023, the number of substances subject to reporting after these revisions and the amount of substances transferred outside business sites have increased.

Annual Transfer and Release of Substances Subject to PRTR Reporting over the Past Three Years

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Substances subject to reporting	47	59	59
Air emissions	363 t	398 t	382 t
Releases to public water areas	48 t	79 t	82 t
Drainage	0.5 t	0.6 t	0.6 t
Transfers outside the premises (waste)	543 t	3,008 t	3,248 t

Note: The information above covers 99% of the Kobelco Group's release and transfer of chemical substances in Japan.

Air Emissions of Volatile Organic Compounds (VOCs) and Other Hazardous Substances over the Past Three Years (Including Emissions by Domestic Group Companies) (Unit: t/year)

	Fiscal 2022	Fiscal 2023	Fiscal 2024
VOCs	357	374	379
Other hazardous substances	Lead	0	0
	Manganese and its compounds	0.3	0.3

Notes: 1. Calculated for VOCs relevant to the Kobelco Group, out of those specified as Class 1 Designated Chemical Substances in Appended Table 1 of the Ordinance for Enforcement of the Law Concerning Pollutant Release and Transfer Register.

2. The information above covers 99% of the environmental impact of the Kobelco Group in Japan.

Major Initiatives

Results

Examples of Initiatives to Reduce Chemical Substance Use and Output

Production Facility / Company Name	Location	Activities
Kobelco Wire Company, Ltd.	Izumisano, Osaka Prefecture	Use of degreasing solvent recovery equipment

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Reduction of Environmental Impacts

Kobelco Group Annual Transfer and Release of Hazardous Substances Subject to PRTR Reporting (Aggregation Results for Fiscal 2024)

Unit: kg (mg-TEQ for dioxins)

Control Number ¹	Substance	Release ²	Transfer ³
1	Zinc compounds (water soluble)	590	0
20	2-aminoethanol	0	43
44	Indium and its compounds	0	0
53	Ethylbenzene	42,000	12,000
57	Ethylene glycol monoethyl ether	53	16
74	Para-alkylphenols (limited to those with eight carbon atoms of the alkyl group)	0	0
80	Xylene	60,000	15,000
82	Silver and its compounds (water soluble)	0	16
85	Glutaraldehyde	0	0
87	Chromium and chromium (III) compounds	47	53,000
88	Chromium (VI) compounds	0	1,000
104	Chlorodifluoromethane	2,900	0
132	Cobalt and its compounds	36	1,800
144	Inorganic cyanide compounds (except complex salts and cyanates)	24	1,600
186	Dichloromethane; methylene dichloride	16,000	0
207	2, 6-Di-tert-butyl-4-cresol	0	0
240	Styrene	60	0
243	Dioxins	160	0
262	Tetrachloroethylene	38,000	9,900
270	Terephthalic acid	0	0
272	Copper salts (water soluble, except complex salts)	360	1,100
273	1-dodecanol	0	0
277	Triethylamine	5,100	230
281	Trichloroethylene	2,000	1,500
300	Toluene	130,000	18,000
302	Naphthalene	180	0
308	Nickel	5.4	3,100
309	Nickel compounds	330	35,000
321	Vanadium compounds	17	15,000
333	Hydrazine	13	0
349	Phenol	4	0
374	Hydrogen fluoride and its water-soluble salts	35,000	3,300
384	1-Bromopropane	1,200	0
389	Hexadecyltrimethylammonium chloride	0	0
392	Hexane	1,100	420
400	Benzene	6,100	0
405	Boron compounds	660	250
407	Poly (oxyethylene) alkyl ether (alkyl C=12-15)	3,700	0.39
408	Poly (oxyethylene) alkyl phenyl ether (limited to those with eight carbon atoms of the alkyl group)	38	3,800

Control Number ¹	Substance	Release ²	Transfer ³
410	Poly (oxyethylene) alkyl phenyl ether (limited to those with nine carbon atoms of the alkyl group)	960	0.1
412	Manganese and its compounds	3,500	120,000
438	Methylnaphthalene	410	0
448	Methylenebis (4,1-phenylene) diisocyanate	0	0
453	Molybdenum and its compounds	1,100	12,000
460	Tritolyl phosphate	0	0
581	Salts of alkyl (benzyl) (dimethyl) ammonium (limited to those with 12 to 16 carbon atoms of the alkyl group and mixtures thereof)	2,500	0
594	Ethylene glycol monobutyl ether (also known as Butyl CELLOSOLVE™)	12,000	1,200
595	Ethanediaminetetraacetic acid and its potassium and sodium salts	1,200	0
626	Diethanolamine	17,000	480
627	Diethylene glycol monobutyl ether	5,800	110
667	Silicon carbide	0	2,900,000
668	Lithium carbonate	0	0
691	Trimethylbenzene	55,000	13,000
693	Trimethoxy (3-[oxiran-2-ylmethoxy] propyl) silane	0	220
697	Lead and its compounds	9.3	4,700
708	(1-hydroxyethane-1,1-diyl) diphosphonic acid and its potassium and sodium salts	8,500	0
731	Heptane	2,400	1,700
737	Methyl isobutyl ketone	960	300
746	N-Methyl-2-pyrrolidone	2,500	0

1 The control number is a unique serial number given to each designated chemical substance. As a general rule, it will not be changed even if the Cabinet Order is amended.

2 Total releases to air, public water areas, and soil

3 Total transfers outside the premises and to sewage

Water Pollution Measures

For our water pollution measures, please see here.

► [Appropriate Management of Water Resources](#)

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Biodiversity

In recent years, the need to protect nature has become increasingly important based on the recognition that the destruction of natural environment around the world greatly damages our economic activities.

The Kobelco Group, long recognizing the importance of conserving biodiversity for the continuity of its business activities, carries out business activities linked with nature conservation. As part of our assessment of nature-related risks, we are also gradually disclosing information in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), a framework for the disclosure of nature-related information.

Governance

Structure

Management Structure

The TNFD recommendations call for companies to disclose the governance of the nature-related dependencies, impacts, risks, and opportunities associated with their business activities.

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 (Chair: Executive Vice President and Representative Director).

Since the Kobelco Group engages in a wide range of businesses, including materials, machinery, and electric power, team members are recruited from each business division. The team investigates the relationship between business activities and natural capital, and extensively examines risks and opportunities related to biodiversity. The results of the reviews and activities of the Biodiversity Response Team are reported to the Executive Council through the Sustainability Management Committee. If, as a result of detailed analysis, some significant nature-related risks are found that will impact the the business activities of the Kobelco Group, we will take necessary measures to reduce those risks with the guidance of the executive management team.

In order to secure incentives for the supervisory performance of these executives, we revised our directors' remuneration system in April 2024 and introduced a system in which a portion of remuneration is linked to external evaluations based on our ESG initiatives.

► [Basic Environmental Management Policy and Structure: Environmental Management Structure](#)

Kobelco Biodiversity Guidelines

Policies

Recognizing that conserving the earth's diverse ecosystems is an important theme of our environmental activities, the Group formulated the Kobelco Biodiversity Guidelines in December 2010, under which we are working to conserve and contribute to biodiversity through our business activities.

Recognizing the importance of conserving biodiversity, we will carry out activities 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.

Alliances and Participation in Initiatives

Results

As a member of Keidanren (Japan Business Federation), we endorse the Keidanren Declaration for Biodiversity and Guideline, which were revised in December 2023, and participate in the Keidanren Initiative for Biodiversity Conservation.

We also support the Ministry of the Environment's target of effectively conserving at least 30% of both land and marine areas as healthy ecosystems by 2030 (30by30), and are participating in the 30by30 Alliance for Biodiversity, which promotes efforts to certify areas that have been conserved by the private sector and others.

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Strategy

Strategies and Targets

The TNFD recommendations include identifying nature-related dependencies, impacts, risks, and opportunities and disclosing their impact on the Company's operations, strategy, and financial planning. For this reason, TNFD recommends that companies describe the business activities and priority regions in supply chains. This section summarizes the Kobelco Group's business activities, including supply chains, and their dependencies and impacts on natural capital.

The TNFD recommendations encourage the use of the LEAP approach, including scoping, to advance assessment of nature-related risks. Scoping is the process of narrowing down the key business areas in which the risk assessment will be conducted. LEAP is an acronym for Locate, Evaluate, Assess, and Prepare, indicating the stages of risk assessment.

Overview of Dependencies and Impacts Related to Business Fields and Nature (Scoping)

Since the Kobelco Group's business activities are wide ranging, we used Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE¹), a database recommended by the TNFD, to provide an overview of the impact on nature and the magnitude of dependencies on nature at each stage of raw materials procurement, production, and use in each business field, such as steel, aluminum, and materials, which allowed us to confirm the extent of dependencies and impacts of the industry. However, this ENCORE-based assessment is general and applies to all defined sectors and sub-industry groups, and does not reflect the characteristics of the Group. Therefore, we analyzed the impact on the environment of the Group's direct operations, greenhouse gas emissions, water consumption, waste, and non-greenhouse gas air pollution, as well as in the supply chain (raw materials procurement) of the steel business, which is highly dependent on water resources and has a large business scale.

* A tool that assesses the magnitude of impacts on nature and the extent of dependencies on nature of production processes based on the Global Industry Classification Standards (GICS) jointly developed by the Natural Capital Finance Alliance (NCFA), a network of financial institutions in the field of natural capital, and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), which contains 11 sectors and 157 sub-industries.

High-Level Analysis of the Natural Impacts of Our Operations and Key Supply Chain Locations

Under the TNFD recommendations, we will carry out risk assessments on areas that are important for business activities (material locations) and places that pose a high risk to nature (sensitive locations).

Therefore, we are investigating the presence or absence of nature-related risks at directly operated business locations and mines that are major steel-related supply chains, by using existing tools.

Directly Operated Business Locations

Results

We used IBAT¹ to evaluate the potential impacts that operations of the Kobelco Group's production sites have on regions important to preserving the biodiversity of the surrounding area.

The results confirmed that there are no protected natural areas (including wetlands registered under the Ramsar Convention, UNESCO natural world heritage sites, or sites under IUCN² protected area categories 1 [protected areas] to 3 [natural monument or feature]) within a three-kilometer radius of our production sites.

1 Integrated Biodiversity Assessment Tool: A tool that can access basic data and the latest information on nature conservation

2 International Union for Conservation of Nature

Results of the analysis on water stress-related risk using Aqueduct¹, developed by the World Resources Institute (WRI), found that none of the Group's business sites or Group companies in Japan are located in regions of high water stress or above. We have confirmed that there are overseas Group companies with high water stress or above, but we have confirmed that water consumption is low or that water is recycled.

1 Aqueduct is a tool used to map the magnitude of water risks globally and identify and assess each.

Supply Chain

We used IBAT to assess the possibility that operations at major iron ore and coal mines, among our suppliers of raw materials, could affect important points in biodiversity conservation of the surrounding area. As a result, we confirmed that none of the major mines of suppliers are located inside any area falling under IUCN protected area categories 1 (protected areas) to 3 (natural monument or feature). However, we know that some mines are in close proximity to protected areas.

We have confirmed that the mines in close proximity to these nature conservation areas are working to protect the environment and biodiversity.

In addition, we ask our raw material suppliers to support and cooperate with our initiatives, such as actively addressing global environmental issues including resource depletion, climate change, environmental pollution, and biodiversity, as well as taking into account local environmental issues while ensuring the health and safety of people in the regions concerned.

► Building Responsible Supply Chains

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Management of Risks and Impacts

We have summarized the main nature-related dependencies and impacts of the steel business, which has been given priority for assessment, as well as the associated risks and opportunities, as follows:

Categories of Risks and Opportunities	Stage of Value Chain	Dependencies and Impacts	Details of Risks and Opportunities	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	<ul style="list-style-type: none"> Changing to multiple purchasing lines and holding raw material inventory Implementing physical measures against floods and storm surges, and improving BCP continuously
Physical risks (acute)	Direct operations	Supply of water resources	Water stress at Group companies located in some overseas regions worsens, making it difficult to obtain sufficient water for business continuity and resulting in a decline in operating rates	Assessing the water stress situation and improving water recycling rates according to the level of risk
Transition risks (policies)	Direct operations	Waste and recycling	Response to policies calling for the reuse of recycled resources (circular economy)	Working on horizontal recycling of raw materials
Transition risks (policies)	Upstream	Alteration of terrestrial ecosystems	The expansion of protected areas in line with the 30by30 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	Diversifying raw material suppliers
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	Working on horizontal recycling of raw materials
Transition risks (markets and technologies)	Direct operations/ Downstream	Reducing the impact of resource use over the life cycle	Changes in product demand due to increasing needs for low-greenhouse gas materials	Expanding production of Kobenable® Steel and Kobenable® Aluminum
Opportunities (markets, products and services)	Downstream	Reducing the impact of resource use over the life cycle	Increased demand for products with low greenhouse gas emissions and nature-related certifications	Expanding sales of Kobenable® Steel and Kobenable® Aluminum as well as the MIDREX® Process

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Measurement Indicators and Targets

Strategies and Targets Results

The TNFD has established global core disclosure metrics to manage nature-related dependencies and impacts.

The indicators used to manage nature-related risks and opportunities arising from the Group's business activities related to the global core disclosure metrics are as follows:

Indicators on Dependencies and Impacts

No.	Factors of Nature-Related Changes	Indicators	Measurement Indicators	Targets
C2.1	Pollution / Pollution removal	Wastewater emissions	<ul style="list-style-type: none"> Emissions from business sites Concentration of main pollutants in wastewater 	COD: 474 tons/year Phosphorus: 23 tons/year
C3.0	Resource use / Resource replenishment	Water withdrawals and consumption from water-scarce areas	Water withdrawal and consumption (m ³) Water recycling rate	Water recycling rate: 95% or higher

Indicators on Risks and Opportunities

No.	Category	Measurement Indicators	Results
C7.2	Risks	Details and amounts of significant fines, penalties, and lawsuits incurred in the fiscal year due to negative nature-related impacts	Not applicable
C7.4	Opportunities	Increase in revenue and percentage of revenue from products and services that have a demonstrable positive impact on nature, and an explanation of that impact	Total contribution to reduction of CO ₂ emissions: 62.35 million tons Net sales of related products: 394.5 billion yen

Measures to Mitigate Dependence/Impact on Biodiversity

Measures Against Global Warming

To mitigate impacts on biodiversity, such as changes in ecosystems brought about by climate change, we have created a roadmap for reducing CO₂ in the steelmaking process and electric power business aiming for carbon neutrality by 2050, and are now carrying out activities under this roadmap.

▶ Response to Climate Change

Appropriate Management of Water Resources

To lower our dependence on water resources, we are working to reduce our use of water in production processes by optimizing water use, and by reusing and recycling water. Our goal is to maintain a water recycling rate of at least 95%.

We also set targets for water pollution load including COD and total phosphorus targeting our business sites located in enclosed coastal sea areas with wastewater risks.

▶ Appropriate Management of Water Resources

Controlling Waste Generation and Promoting Recycling

To make effective use of limited resources, we have implemented measures to control waste. Along with these, we are working to add value to by-products created during manufacturing processes, develop and introduce new applications of materials, and actively pursue recycling.

We have set the fiscal 2025 target of achieving a recycling rate of 99% for major by-products (slag, dust, and sludge) resulting from our production activities.

▶ Resource Recycling

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Nature-Related Contributions

Products/Activities that Contribute to Biodiversity

■ Steel Slag

Seaweed beds, which are marine ecosystems, have an important function of improving water quality and providing an area for spawning and breeding fish. Furthermore, in recent years, attention has been focused on the properties of marine algae that easily store CO₂, and there is a growing movement to conserve these areas in order to reduce the volume of the carbon cycle.

Steel slag has earned a favorable reputation from fishery operators, since demonstration testing has shown it to be effective in the restoration of the marine environment, including seaweed flourishing. As a result, iron and steel slag hydrated matrix has been adopted as a material for the construction of submerged breakwaters in the Suma district.

In Osaka Bay, blue carbon ecosystems such as seaweed beds and tidal flats are not connected in the inner part of the bay. For this reason, Osaka Prefecture and Hyogo Prefecture jointly established the Members of the Osaka Bay Blue Carbon Ecosystem Alliance (MOBA) in order to realize the concept of connecting the Osaka Bay coast as a corridor for blue carbon ecosystems. We participate in this initiative as a member and are expanding the possibilities of seaweed bed creation using slag.

Going forward, we will continue to promote the use of steel slag products as materials for marine and port construction, taking advantage of our experience in using these products to improve marine environments.

■ Reducing CO₂ Emissions with the DRI Method

The MIDREX® Process, a proprietary technology of the Kobelco Group, is a technology using direct reduction with natural gas to obtain DRI without melting the raw ore. In combination with an EAF, the MIDREX® Process makes it possible to produce steel with 20% to 40% less CO₂ emissions compared to the conventional BF-converter process, contributing to the reduction of CO₂ emissions in the steel industry. Furthermore, we have developed processes that use hydrogen instead of natural gas (MIDREX Flex™ and MIDREX H2™), which contributes to significant reductions in CO₂ emissions.



Submerged breakwater construction material (filling material: steel slag hydrated matrix)

■ CO₂ Reduction Led by the Engineering Business

The Engineering Business aims to reduce CO₂ emissions mainly in plant design related to public works.

For example, the business generates biogas at sewage treatment plants, replaces fossil fuels by turning sewage into peat, and engages in wood biomass power generation.

■ CO₂ Reduction Led by the Machinery Business

The Machinery Business sells compressors for ship engines that use LNG as fuel, contributing to the reduction of ship CO₂ emissions.

Compressors are said to account for approximately 25% of the electricity used in factories in Japan. By supplying our customers with standard air compressors with world-class energy-saving performance, the business is contributing to the reduction of CO₂ emissions around the world.

■ Contributions to Biodiversity of the Electric Power Business

The Electric Power Business contributes to the reduction of CO₂ emissions and air pollution associated with fuel use on ships by supplying shore power to vessels at anchor.

In addition, the business supplies steam to sake breweries and other neighboring companies in Kobe, contributing to energy conservation and reduction of CO₂ emissions in the local community.

In terms of fuel transportation, it introduced coal bulk carriers with low environmental impact in 2021.

■ Contributions to Biodiversity of the Welding Business

The Welding Business contributes to the realization of a carbon-neutral society by developing automatic welding systems using the KI-700 portable welding robot and specialized welding consumables for LNG fuel tanks and new welding methods for offshore wind power generation.

In addition, from the viewpoint of reducing environmental impact, the business has developed SE Wire, which are non-copper coated solid wires. SE Wire helps reduce environmental impacts by omitting the copper plating process, and also contributes to the improvement of the welding work environment by reducing the amount of spatter and fumes generated during welding.

In addition, it is striving to make effective use of packaging resources, to recover and reuse them by increasing the capacity of wire packaging forms for welding, and to use recycled raw materials for plastic spools.

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■ Contributions to Biodiversity of the Aluminum Business

The Aluminum Business strives to recycle aluminum scrap, using it as a raw material in the manufacturing of aluminum products. In addition, the business is promoting resource conservation by developing technology to extract aluminum from aluminum dross, which is generated as a by-product during manufacturing.

■ Participation in Hyogo Prefecture's Nutrient Management Plan

While water quality has improved in the Seto Inland Sea around Hyogo Prefecture (Harima Sea) due to wastewater regulations, the discoloration of seaweed and the decrease in fish catch have become serious issues. In response to this situation, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea was revised, and in 2022, Hyogo Prefecture formulated its Nutrient Management Plan. Under this plan, Kakogawa Works has been selected as a "nutrient increase action implementer (nitrogen)," and will contribute to the creation of a vibrant ocean by operating in accordance with the plan.

Creating a Biotope in Nadahama Science Square

At Nadahama Science Square (Nada Ward, Kobe City), which is a facility for communication with local residents, we set up a biotope and grow *Sanguisorba tenuifolia*, *Hemerocallis citrina*, and *Vitex rotundifolia*—all of which are rare flora registered in Hyogo Prefecture's Red Data Book for 2020—along with others. We work to preserve biodiversity and regularly hold nature observation events for local children through our association with NPO Rokko Nature Learning and specialists.

We will preserve the biotope and contribute to the maintenance of a rich ecosystem.



Biotope in Nadahama Science Square

Kobelco Green Project

As an environmental and social contribution activity, we promote forest development activities that contribute to the conservation and promotion of biodiversity, as well as the Kobelco Forest Fairy Tale Prize, which nurtures children's love for nature, and environmental education outreach activities at children's centers.



▶ [Forest Fairy Tale Prize Website](#) (in Japanese only)

Since 2011, we have been carrying out forest development activities at two locations (approx. 5.6 ha) in Hyogo Prefecture, led by employee volunteers.

At the Kobelco Forest in Miki City (4.7 ha), we participate in the Corporate Forest Creation Project promoted by Hyogoken Ryokka Suishin Kyokai (Public Interest Incorporated Association) and help with activities at the Hyogo Prefectural Mikiyama Forest Park to create more abundant forests.

Additionally, at the ECOWAY Forest in Kobe's Nada Ward (0.9 ha), we participate in the Ministry of Land, Infrastructure, Transport and Tourism's Rokko Mountain Range Greenbelt Development Project to help prevent landslide disasters, to preserve and nurture diversity in ecosystems and species, and to promote better urban environments and scenic views. These activities are led by the NPO Rokko Nature Learning and specialists. Specific activities include forest thinning, underbrush clearing, and tree planting to develop a forest comprised of trees of various ages and species, which helps to preserve and promote biodiversity.



▶ [Forest Development Activities](#) (in Japanese only)

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We promote environmental management, taking the environment into consideration at every stage of our operations. As part of this approach, the Kobelco Group continuously strives for greater energy efficiency; effective use of by-product gases, waste heat, water, and other resources; and the recycling of by-products.

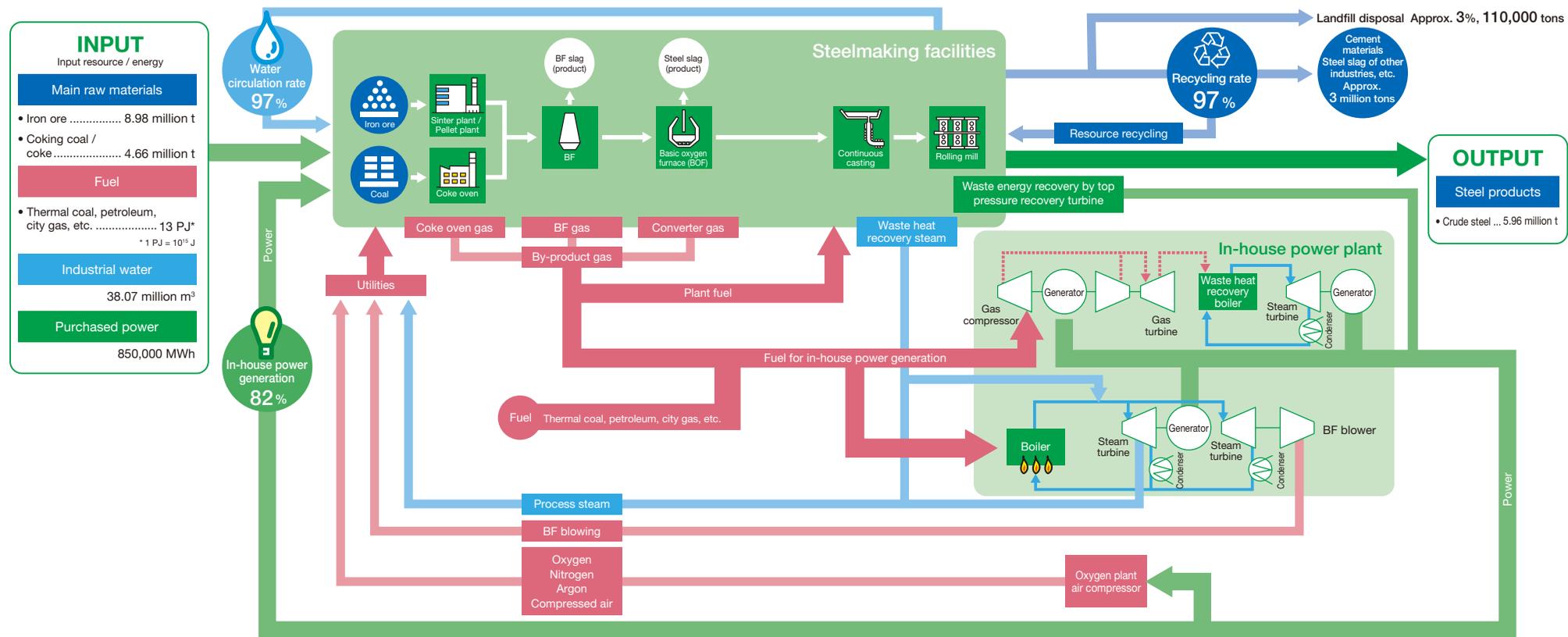
Steel Business

At Kobe Steel, Ltd., 95% of the energy used is consumed by the steel business. In fiscal 2024, this business segment used 8.98 million tons of iron ore; 4.66 million tons of coking coal and coke; 13 PJ¹ of fuels such as coal, oil, and city gas; and 850,000 MWh of purchased power. Nearly all of the by-product gases—including coke oven gas, BF gas, and converter gas—derived

from production processes are effectively reused as fuel for reheating steel or for use in in-house power plants. In addition, by-products produced during production processes, such as iron and steel slag,² dust, and sludge, are also turned to effective use as raw materials in applications such as cement and roadbeds. Together with in-company reuse, 97% of the by-products are recycled in this manner. In the future, Kobe Steel will continue to carry out environmentally friendly manufacturing practices throughout all aspects of its operations, striving for more efficient use of resources and energy and advancing the development of new technologies to that end.

1 1 PJ = 10¹⁵ J

2 Iron slag and steel slag are by-products separated and recovered during iron and steel refining. They are also called BF slag and steelmaking slag.



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Welding Business

Using metal wire rods, hoops, fluxes, soluble glass, and other raw materials, the Welding Business produces welding electrodes and welding wires. In fiscal 2024, the Ibaraki, Saijo, and Fukuchiyama plants used a total of 120,000 tons of raw materials, 45,000 MWh of electricity, and 0.2 PJ of city gas and other fuels to manufacture 110,000 tons of products. This generated 10,000 tons of by-products, of which 97% was successfully recycled.

Resource and Energy Use in the Welding Business (Fiscal 2024)

Input		Output	
Raw materials		Products	
Wire rods, hoops, fluxes, soluble glass, etc.	120,000 tons	Welding rods, welding wires, etc.	110,000 tons
Energy		By-products	
Purchased power	45,000 MWh	Amount produced	10,000 tons
City gas, etc.	0.2 PJ	Recycling rate*	97%

* Recycling rate indicates the rate of waste that is not consigned to landfills of the total amount of waste generated.

Aluminum and Copper Businesses

Using ingots and scrap as raw materials, the Aluminum and Copper businesses produce a variety of aluminum and copper products. In fiscal 2024, the business segments used 400,000 tons of raw materials, 470,000 MWh of electricity, and 3.6 PJ of city gas and other fuels to create 360,000 tons of products.

During melting and casting, 30,000 tons of by-products, such as slag, dust, and wastewater sludge, were produced. However, 89% of these by-products were successfully recycled.

Resource and Energy Use in the Aluminum and Copper Businesses (Fiscal 2024)

Input		Output	
Raw materials		Products	
Aluminum ingots, copper ingots, etc.	400,000 tons	Aluminum and copper products	360,000 tons
Energy		By-products	
Purchased power	470,000 MWh	Amount produced	30,000 tons
City gas, etc.	3.6 PJ	Recycling rate*	89%

* Recycling rate indicates the rate of waste that is not consigned to landfills of the total amount of waste generated.

Data on Main Resources Used at Kobe Steel, Ltd. over the Past Three Years

Main Raw Materials	Unit	Fiscal 2022	Fiscal 2023	Fiscal 2024
Iron ore	10,000 t	933	897	898
Coking coal/coke	10,000 t	497	471	466
Aluminum ingots, copper ingots, etc.	10,000 t	46	42	40
Total	10,000 t	1,475	1,410	1,405

Note: The totals may not match as a result of rounding.

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Human Rights and Labor

Basic Concept

Policies

Recognizing that respect for human rights is a vital corporate social responsibility, the Kobelco Group, as a global business group, fully respects the Universal Declaration of Human Rights, International Bill of Human Rights, and ILO Core Labour Standards for the protection of human rights adopted by the United Nations. In order to clearly demonstrate its commitment to respect human rights, based on the Guiding Principles on Business and Human Rights and other international standards, the Group has established the Kobelco Group Basic Policy on Human Rights.

▶ [KOBELCO Group Basic Policy on Human Rights](#)

Management Structure

Structure

- With the objective of mitigating the risk of human rights violations in all of our business activities, we believe that it is important to face all stakeholders who are affected by human rights issues and understand their issues. Based on the Kobelco Group Basic Policy on Human Rights, we will conduct human rights due diligence that will lead to the avoidance and prevention of human rights violations associated with our business activities, and strive to properly respond to human rights issues related to our business activities while valuing dialogue with relevant stakeholders.
- In the event that a serious problem of human rights violations occurs, a report is submitted to the person responsible for human rights issues, and then the Board of Directors receives a report on the details, discusses them, investigates the facts of the matter, and takes appropriate action.

▶ [Kobelco Group Integrated Report 2025 "Human Rights"](#)

Kobelco Group Initiatives

Strategies and Targets

Results

Activities to Educate and Enlighten Employees on Human Rights Policies and Respect for Human Rights

In its Action Guide for Employees, which has been distributed to all employees, the Kobelco Group sets forth standards of behavior that respect human rights. As well as encouraging each and every employee to act in such a way as to respect human rights, we strive to prevent the occurrence of human rights violations by incorporating education that leads to greater awareness of the Kobelco Group Basic Policy on Human Rights and of human rights, such as by implementing training for new employees and training for those who have been promoted. We will continue to provide all employees, including executives, with the necessary education on respect for human rights on a regular basis.

On the occasion of Human Rights Day in December of every year, we implement initiatives such as the distribution of messages by directors and executive officers and the use of educational posters, clearly stating our attitude of zero tolerance for discrimination or harassment, while instilling human rights awareness more deeply throughout the entire Group both in Japan and overseas, and creating opportunities to reflect on respect for human rights.

Efforts to Eliminate Discrimination

The Kobelco Group ensures a healthy workplace free from harassment and discrimination on the grounds of race, creed, color, religion, nationality, language, ethnicity, sex, sexual orientation, gender identity, marital status, age, physical characteristics, disease, disability, social status, property, and place of origin. We provide equal opportunities for hiring, promotion, treatment, pay raises, and placement without any disadvantages.

Respect for the Rights of Workers

The Kobelco Group complies with the labor laws and practices of the countries and regions in which it operates, and respects the rights of its employees to freedom of association and collective bargaining. We do not engage in discrimination, harassment, retaliation, or any other disadvantageous treatment on the grounds of exercising their right to organize or bargain collectively as workers, such as joining a labor union, requesting collective bargaining, or participating in collective bargaining.

With regard to wages and working hours, we comply with the laws and regulations of the respective countries, regions, and industries, paying wages that are at least the level of the minimum wage, appropriately managing working hours, and observing regulations in upper limits for overtime.

Our Group strives to build sound and positive labor-management relations through sincere dialogue with each and every employee and their representatives. Specifically, meetings of the following labor council and committees are held, with discussions being conducted on management policy, operational conditions, management issues such as production and safety and health, as well as various working conditions and work-life balance. Labor unions and other organizations are also formed at the individual major Group companies.

■ Major Labor-Management Discussions

Central Production Committee (Twice a year)	Discusses matters such as corporate management and production planning, corporate structure, improvement of technology, and improvement of efficiency
Central Labor Council (Once or twice a year)	Discusses such issues as improving working conditions and wages (including negotiations on the living wage advocated by the labor union)
Specialized Committee on Employment (Twice a year)	Discusses the reduction of long working hours, promotion of work style transformation, and support for balancing childcare and nursing, etc.

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Human Rights and Labor

Prohibition of Child Labor and Forced Labor

In the Kobelco Group Basic Policy on Human Rights, it is made clear that child labor and forced labor are prohibited in all countries and regions where our business activities are conducted. In order to raise awareness, we conduct in-house training in accordance with the United Nations Guiding Principles on Business and Human Rights, and we also ask our business partners for their support and cooperation with our initiatives. To prevent child labor, we confirm that the age stated in official documents does not fall under child labor at the time of joining the company. We also implement regular monitoring surveys of Group companies and strive to prevent the occurrence of those problems in the business activities of the Kobelco Group.

Initiatives to Prevent Harassment, and Specific Measures for Dealing with Problems in Which Allegations Have Been Made

In order to create workplace environments in which harassment does not occur, it is clearly stated in the Kobelco Group Basic Policy on Human Rights and in the employment regulations of each company that harassment will not be tolerated. In addition, we implement regular education in the form of e-learning and group training for employees so that each and every individual in the workplace has a proper understanding of harassment and does not turn a blind eye to problems.

In preparation for any occurrence of harassment, we have put in place a system whereby stakeholders both inside and outside the Company can anonymously report or consult. Also, we have set up consultation desks at each business site that can be used by all employees. In the event of a consultation, we will confirm the facts, investigate the case, and explain the results of the investigation to the whistleblower with their consent. We are also reviewing the workplace environment and taking thorough preventive measures. In both cases, the privacy of whistleblowers and persons concerned is ensured.

■ Number of Harassment Consultations

Fiscal 2022	35 cases
Fiscal 2023	42 cases
Fiscal 2024	31 cases

Communication with Stakeholders

The Kobelco Group believes it is important to understand human rights issues from the perspective of stakeholders affected by these issues. Based on the Kobelco Group Basic Policy on Human Rights, we will construct a human rights due diligence system that will lead to the avoidance or prevention of human rights issues associated with our business activities, and strive to appropriately address human rights issues related to our business activities while valuing dialogue with relevant stakeholders.

Efforts to Support Local Communities

The Kobelco Group undertakes activities rooted in the local communities where its business sites are located.

The Group supports employees' volunteer activities and has established a system that allows employees to take days off to participate in such activities.

► [Communities \(Communication with Stakeholders\)](#)

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Safety and Health

Basic Policies and Philosophy

Policies

The Kobelco Group believes that safety and health are fundamental to business operations and take priority over all business activities. Based on this, we comply with relevant laws and regulations and carry out various safety and health activities to create a vibrant workplace where employees can work safely and securely.

Safety Initiatives

Recognizing the importance of not only fulfilling our corporate social responsibilities but also safeguarding employees' lives and health, each of the business sites has steadily established safety management mechanisms compliant with Occupational Health and Safety Management Systems, following our Companywide Health and Safety Management Policy, as well as formulates its own safety and health management policy, targets, and action plans, to promote improvements.

The Environment and Safety Department plays a central role in on-site inspections and audits for all business sites, Group companies, and relevant contractors. The department identifies weaknesses and provides cross-sectional support from the perspectives of personnel, facilities, and management, in an effort to improve the level of safety and health.

These activities include thorough sharing of hazard information and health and safety management rules with workers involved in production activities, including those of contractors.

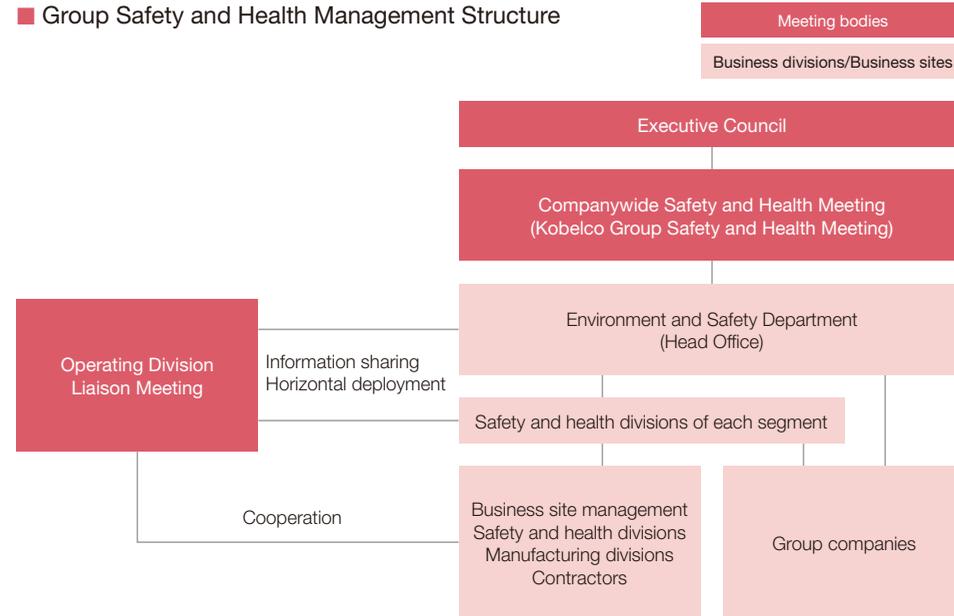
Structure

Structure

At the Kobelco Group, the Companywide overall safety and health controller holds Companywide Safety and Health Meetings (Kobelco Group Safety and Health Meetings) attended by the safety and health controller of each Group company, to decide on policies, targets, issues, and initiatives for improvements related to safety and health activities. In terms of business site management, the Company's safety and health division plays a central role in safety and health activities implemented in cooperation with employees working at manufacturing divisions and contractors, while the Environment and Safety Department is primarily responsible for internal audits (safety and health diagnoses) involving checking and following up on activities and their management status.

At the same time, when an occupational accident occurs, we strive to prevent similar accidents from occurring by rapidly clarifying the cause and taking improvement measures, as well as holding Operating Division Liaison Meetings in cases where horizontal deployment is required.

Group Safety and Health Management Structure



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Safety and Health

Targets for Accident Reduction and Results

Strategies and Targets Results

Targets

- ◇ Accidents leading to death or serious injury (involving three or more people at the same time): Zero
- ◇ Lost time injury frequency rate: 0.10 or less

Achievements Against Targets

■ Results: Previous Number of Lost Time Injuries and Lost Time Injury Frequency Rates (With/Without No Lost Time Injuries)¹

Parentheses indicate the number of fatal accidents.

Fiscal year	Kobe Steel Employees ²		Employees of Contractors ³		Overall Lost time injury frequency rate
	Number of lost time injuries	Injury frequency rate Lost time / No lost time included	Number of lost time injuries	Injury frequency rate Lost time / No lost time included	
2019	7 cases (0 cases)	0.29/0.37	3 cases (0 cases)	0.09/0.17	0.17
2020	8 cases (0 cases)	0.33/0.46	8 cases (0 cases)	0.24/0.33	0.28
2021	7 cases (1 case)	0.29/0.33	5 cases (0 cases)	0.16/0.19	0.22
2022	5 cases (0 cases)	0.21/0.21	8 cases (0 cases)	0.26/0.26	0.24
2023	6 cases (0 cases)	0.25/0.29	10 cases (0 cases)	0.32/0.39	0.31
2024	7 cases (0 cases)	0.28/0.32	8 cases (0 cases)	0.25/0.25	0.27

¹ The lost time injury frequency rates with no lost time injuries included are calculated from the total of lost time injuries and no lost time injuries.

² Employees: All employees of Kobe Steel (including seconded employees and temporary or part-time employees)

³ Employees of contractors: Employees of companies under contract with Kobe Steel (including temporary employees)

Accidents and Occupational Safety Risk Countermeasures

Results

Response to Accidents (Initiatives to Prevent Similar Accidents)

We investigate the causes and take corrective measures as part of our post-event response to accidents involving injuries or fatalities that occur in the Kobelco Group and relevant contractors, and deliver reports to and have discussions with related departments and labor unions at Safety and Health Committee and other meetings. Specifically, we clarify the causes and identify issues

in accidents that have occurred by focusing on the four categories of factors: human factors, mechanical factors, environmental factors, and management factors, and work to prevent recurrences by considering and taking preventive measures from three different perspectives (management, technical, and educational).

We put together the causes and preventive measures into an Accident Investigation Report, which is reflected in the Companywide safety rules, and deploy it to other business sites and Group companies to prevent similar accidents. In the event of an occupational accident, we promptly disclose information to the public in accordance with the Accident Reporting Guidelines of the JISF.

Thorough Measures Against Occupational Safety Risks

In order to address potential occupational safety risks in work and facilities, we regularly conduct risk assessments of new business planning projects as well as existing projects, and work to reduce those risks and enhance inherent safety.

Participation of Workers in Discussions

Results

Oversight by the Board of Directors and the Executive Council

Our Company's Board of Directors and Executive Council oversee and deliberate risk management in safety and health, the progress of accident preparations and accident prevention, implementation status of horizontal deployment, and the progress of various activities set out in the safety and health management policies, under the initiative of the director who oversees Companywide safety and health.

Central Safety and Health Committee

The Central Safety and Health Committee, chaired by the executive officer (chairperson) responsible for Companywide safety and health, is a forum where we have discussions with labor union representatives (representing workers) concerning risk management in safety and health, the progress of accident preparations and accident prevention, implementation status of horizontal deployment, and the progress of various activities set out in the safety and health management policies.

The safety and health management policies, which are deliberated and formulated by the Central Safety and Health Committee, have been implemented at all our business sites. At each business site, the Safety and Health Committee, which is attended by the management, the labor union (full-time personnel), and representatives of each workplace (non-full-time personnel), discusses the details of the policies and the progress of various activities and strives to ensure a safer and healthier workplace environment through dialogue between labor and management.

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Education and Training

Results

Training on Safety and Health

Each business site, including the Head Office, conducts training on safety and health on an ongoing basis.

Safety and health training held by the Head Office includes sessions for new employees between their first and fifth years, newly appointed supervisors, and line managers so that employees can gain knowledge and skills in safety and health.

Eligibility	Number of Trainees (Persons)				
	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
New employees (Years 1–5)	629	223	1,053	863	204
Supervisors	65*	539	711	434	521
Line managers	—*	16	56	70	19

* Not held or only held partially due to the COVID-19 pandemic

Global Health Issues and Pandemic Countermeasures

Results

Currently, there are many countries around the world facing serious situations due to life-threatening health problems such as HIV (AIDS), tuberculosis, and malaria. The Kobelco Group is committed to actively addressing such global health issues.

Safety and Health Management for Employees Transferred Overseas and Those on Business Trips

For our employees transferred overseas, we provide healthcare services and support tailored to respective regions, including health checkups (before departure, during overseas assignment, and after returning to Japan) and immunizations based on local conditions. We regularly exchange information with local contact staff and send industrial physicians to local business sites. In this way, we strive to manage the health of employees posted overseas by providing medical support and information on the local medical environment.

As we expand our business in Thailand, Malaysia, India, Vietnam, and other countries around the world, we are working to appropriately address global health issues such as HIV (AIDS), tuberculosis, and malaria by distributing overseas health management handbooks containing information on immunizations and overseas life (understanding of diseases, precautions on daily life, etc.) to employees and their families who are newly posted overseas.

Furthermore, through a partnership with International SOS, which provides support services for safety and health around the world, we have put in place a system for gathering the latest information on local safety, and for receiving appropriate guidance and assistance in the event of trouble overseas.

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Health and Productivity Management

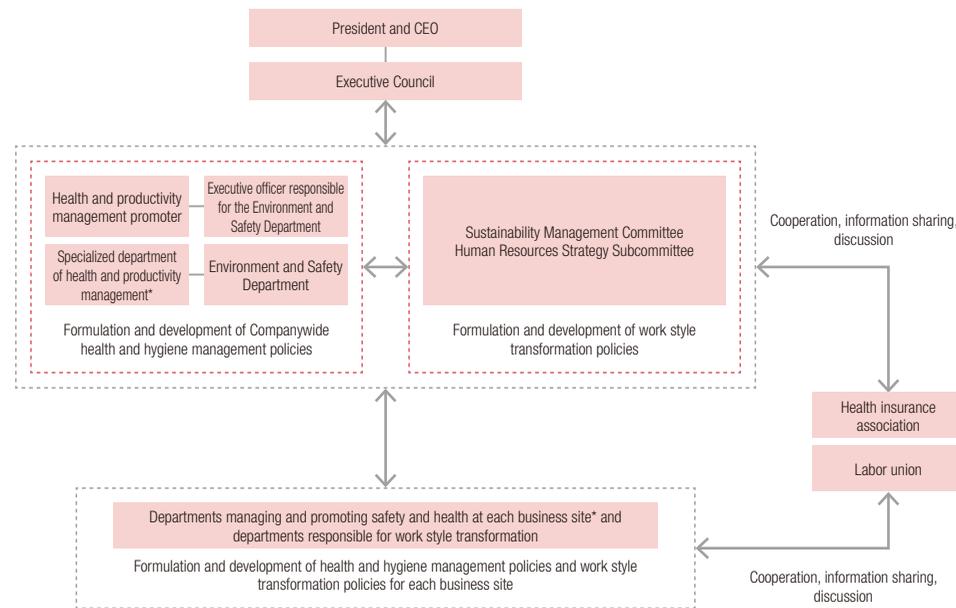
Basic Concept

Policies

Based on the Kobelco Group's basic policies and principles on safety and health, we are working with the goal to develop workplaces and human resources that can work energetically and in good physical and mental health from the perspectives of "prevention" and "early detection/early response."

Management Structure

Structure

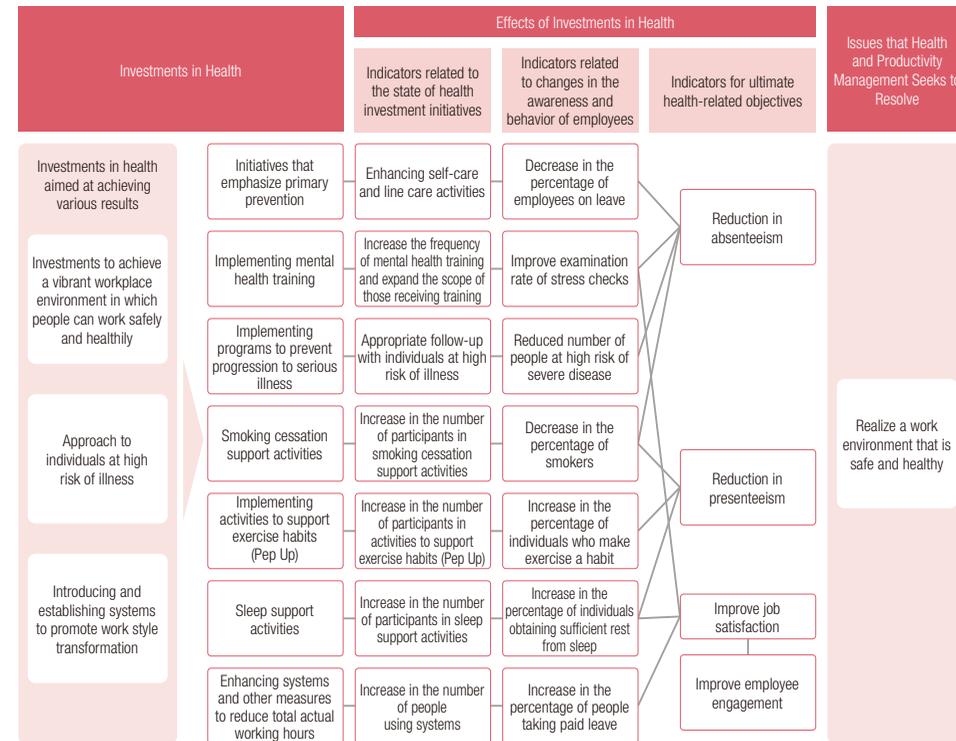


* Placement: Industrial physicians, nurses, industrial counselors, health supervisors, consulting physicians, etc.

Health and Productivity Management Strategy Map

Strategies and Targets

In order to build a vibrant workplace environment in which people can work safely and healthily, the following strategy map is used for the effective promotion of various measures.



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Health and Productivity Management

Main Health and Productivity Management Initiatives

Results

Mental Health

	Details
Primary prevention	<ul style="list-style-type: none"> ■ Self-care <ul style="list-style-type: none"> • Awareness through stress checks • Mental health education ■ Line care <ul style="list-style-type: none"> • Organizational management (daily communication within the organizational structure) • Mental health education ■ Workplace support based on the results of stress checks <ul style="list-style-type: none"> • Assessments classified into quadrants (motivated organization, low-motivation organization, workaholism, burnout) in accordance with the degree of employee engagement and stress, based on the results of stress checks for each department. Particularly for workplaces that come under "burnout," industrial physicians, departments responsible for safety and health, and departments responsible for human resources and labor relations strive to understand the situation and engage in improvements (utilizing outside consultants as needed).
Secondary prevention	<ul style="list-style-type: none"> ■ Individual follow-up based on the results of stress checks <ul style="list-style-type: none"> • Interviews of employees with high stress levels by an industrial physician • Sleep-related questions added to the stress check questionnaire, and industrial physicians check/follow up on applicable individuals • Regular opening of consultation desks ("ask me anything" sessions) staffed by industrial counselors • Support provided by industrial health staff assigned to business sites (industrial physicians, nurses, and industrial counselors)
Tertiary prevention	<ul style="list-style-type: none"> • Support for returning to the workplace provided by industrial health staff assigned to business sites and departments responsible for human resources and labor relations • Support by a consulting psychiatrist

Physical Health (In Cooperation with the Health Insurance Association)

	Details
Primary prevention	<ul style="list-style-type: none"> ■ Initiatives for increasing health literacy <ul style="list-style-type: none"> • Promoting regular exercise using the Pep Up health promotion support app • Implementing regular exercise promotion and sleep improvement campaigns with the themes of "walking" and "good sleep" • As part of our efforts to address lack of exercise, videos of easy stretching and back pain prevention exercises are posted on the corporate intranet. • At some business locations, physical fitness age is assessed by measuring physical fitness (body composition, forward bends, standing on one leg with eyes closed, reflex measurements, etc.). • Support for smoking cessation provided by industrial health staff utilizing nicotine patch treatment (subsidies for health insurance costs available) • Dissemination of educational materials on smoking cessation created in cooperation with the Kobe Steel health insurance association (through posting on the corporate intranet, etc.) • At some business locations, creating an environment to promote smoking cessation by introducing smoking cessation during working hours and non-smoking hours • Creation and deployment of sleep educational videos supervised by consulting psychiatrist (tips for healthy sleep, sleep apnea, and appropriate sleep management for shift workers) ■ Vaccinations <ul style="list-style-type: none"> • Influenza vaccinations (fully covered by the Company for employees and their health insurance dependents) • Vaccinations for employees transferred overseas
Secondary prevention	<ul style="list-style-type: none"> ■ Health checkups and aftercare <ul style="list-style-type: none"> • Health checkups and health guidance pursuant to the Industrial Safety and Health Act • Health checkups and health guidance for employees requiring follow-up observation • Providing checkups at health screening clinics for employees reaching the age of 50 or 60 as well as their spouses • Expanded cancer screening (e.g., gastric cancer checkups: offered every two years for employees 40 years of age and older; implementation of Helicobacter pylori testing) • Initiatives to prevent progression to serious illness for individuals at high risk (selected in accordance with the Company's criteria from among those considered to be high risk due to blood pressure or blood sugar levels)
Tertiary prevention	<ul style="list-style-type: none"> • Support for returning to the workplace provided by industrial health staff assigned to business sites and departments responsible for human resources and labor relations • Support by a consulting psychiatrist • Work-life balance support (expanded leave programs, etc.)

Health-Related Data

Results

Category	Target Value	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2024 Results
Regular health checkup participation rate ¹	100%	100%	100%	100%
Detailed examination participation rate	90.0% or more	93.9%	93.7%	94.0%
Percentage of individuals with the appropriate body weight ²	70.0% or more	64.2%	63.8%	62.8%
Percentage of individuals at high risk of illness	1.2% or less	2.3%	2.3%	2.9%
Percentage of individuals at high risk of illness receiving health guidance	100%	100%	100%	100%
Percentage of individuals registered with Pep Up	90.0% or more	86.4%	87.5%	88.1%
Pep Up activity participation rate	70.0% or more	56.6%	62.2%	56.0%
Percentage of employees taking part in regular exercise	30.0% or more	23.4%	24.1%	30.5%
Smoking rate	25.3% or less	28.3%	27.7%	28.0%
Examination rate of stress checks	95.0% or more	97.0%	97.2%	98.0%
Percentage of individuals experiencing high levels of stress	11.6% ³ or less	8.9%	8.7%	8.8%
Number of individuals obtaining sufficient rest from sleep	70.0% or more	65.6%	62.6%	70.8%
Job satisfaction	—	50.7	50.9	51.6

¹ Excludes individuals on leave or an overseas assignment

² BMI of between 18.5 and 25.0

³ The nationwide average

External Awards and Assessments

Results

We aim to create a healthy work environment with safety and security ensured, where employees can maintain and improve their mental and physical well-being. In recognition of these initiatives, we were recognized as a 2025 Health and Productivity Management Organization (White 500) for the sixth time in total following the same recognition last year.



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Disaster Prevention

Recognizing facility accidents, natural disasters, and violations of disaster prevention laws and regulations as risks that have a material impact on the overall management of the Group, the Kobelco Group is working to address these risks across the Group.

Companywide Disaster Prevention Management Policy

Policies

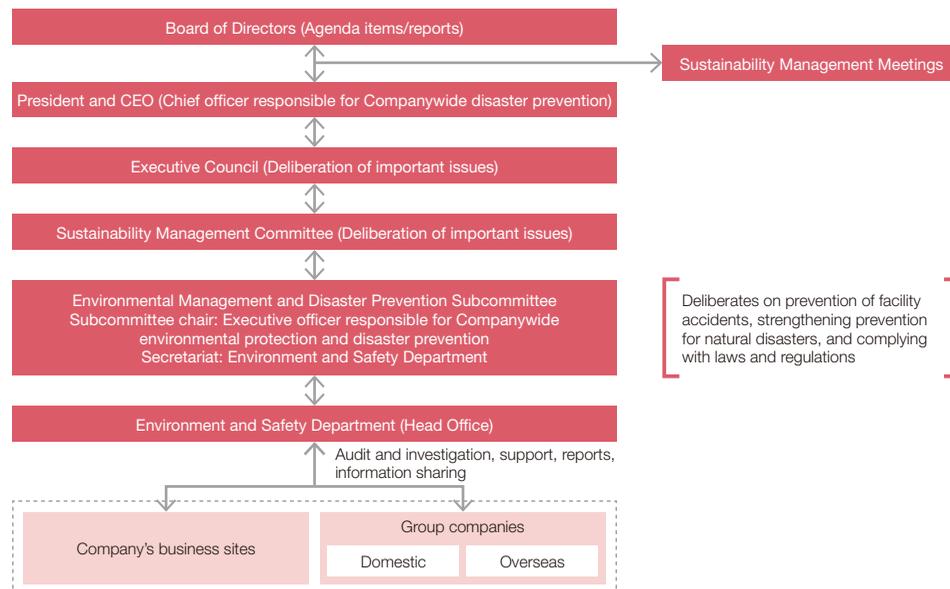
With the basic policies of “Prevention of Facility Accidents,” “Strengthening Prevention for Natural Disasters,” and “Complying with Laws and Regulations,” we are promoting initiatives to respect human life, sustain corporate activities, and deliver peace of mind to local communities.



Management Structure

Structure

In the Companywide risk management structure, the Kobelco Group regards “prevention of facility accidents” and “preparations for and recovery from natural disasters” as Top Risks and “legal compliance” as a Significant Risk. The chief officer responsible for Companywide disaster prevention promotes disaster prevention management activities as a Risk Owner.



Kobelco Group Initiatives

Results

Prevention of Facility Accidents

■ Response to Facility Accident Risk

Recognizing facility accidents (fires and explosions) at production sites as a risk to be addressed across the Group, we make Groupwide efforts to prevent them before they occur. In particular, we conduct inspections and reviews of both tangible and intangible measures for facilities which could have a major impact on customers in case of fire or explosion. In addition, we continue striving to prevent accidents throughout the Kobelco Group by taking measures such as sharing information on accidents both inside and outside the Company, thoroughly preventing recurrence of similar and other accidents, and implementing special initiatives in coordination with voluntary action plans of industry associations.

Strengthening Prevention for Natural Disasters

■ Business Continuity Plan (BCP)

The Kobelco Group formulates, reviews, and makes improvement to its BCP with the following basic policies: (1) Ensuring the lives and safety of employees, and (2) Ensuring the supply of products and services to customers. As one of our ongoing initiatives, we have conducted seismic reinforcement and instituted anti-flood measures according to the geographic conditions of each site, in order to reduce damage from natural disasters such as earthquakes and tsunamis. Going forward, we will maintain, review, and improve our BCP through training.

■ Response to Wind and Flood Damage

To prepare for wind and flood damage, which has become increasingly severe in recent years, the Kobelco Group has been working systematically by checking hazard maps and other information and studying measures against anticipated disaster risks at each business site of our Group.

■ Collecting Information Using the Safety Confirmation System and Damage Information Collection System

In preparation for a major earthquake or other natural disaster, we have introduced and operate a safety confirmation system and a damage information collection system, and are building a system to quickly collect information on damages.

■ Training for the Establishment of a Companywide Disaster Response Headquarters in the Event of a Major Earthquake

In case of extensive damage caused by a major earthquake or other natural disaster, we have a system in place to establish a Companywide disaster response headquarters at our Tokyo and Kobe head offices. In the training for the establishment of the Companywide disaster response headquarters, assuming the scenario of a Nankai Trough earthquake, the chief officer responsible for Companywide disaster prevention and members of the response headquarters participated in the drill, reporting the status of damage at the affected business sites, confirming the situation, and responding to requests for assistance.



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Disaster Prevention

■ Practice Drill for Walking Home From Work (Tokyo Head Office, Kobe Head Office, Osaka Branch Office)

In the event of a major earthquake, there is a possibility that many employees will be unable to return home from work due to damage to railways, traffic restrictions, disruption of public transportation, and impassable sections of roads. In response, we held a practice drill for walking home from work to enable participants to experience the distance to their homes or destinations in the same direction, as well as the feeling of fatigue. The drill also helps participants to obtain important information in the event of a disaster to aid in their walk, such as road conditions, rest areas, convenience stores, and the presence of disaster support stations.



Drill at the Kobe Head Office



Drill at the Tokyo Head Office

■ Kobelco Disaster Prevention Festa

The Group held the 3rd Kobelco Disaster Prevention Festa at the Kobe Head Office to pass on the memories of the Great Hanshin-Awaji Earthquake and maintain and raise awareness of disaster prevention among employees.

Through a disaster prevention lecture and a simulated fire experience (using augmented reality), participants deepened their knowledge and raised their awareness of disaster prevention. Additionally, as part of our social contribution activities, we invited students from a nearby junior high school to attend the disaster prevention lecture.

The Kobelco Group will continue to hold similar initiatives going forward to raise awareness among Group employees and prevent unexpected contingencies.



Presentation on disaster preparedness

Compliance with Disaster Prevention-Related Laws and Regulations

■ Disaster Prevention Inspections

We conduct paper-based inspections and on-site inspections of Kobelco Group facilities in order to verify compliance with disaster prevention laws and regulations and to minimize risks that could potentially lead to accidents.

We will continue to reinforce the disaster prevention management structure throughout the Group.

Contributions to Society in Disaster Prevention

■ Businesses, Products, and Technologies that Contribute to Disaster Prevention

To strengthen preventions for natural disasters, the Kobelco Group is developing businesses, products, and technologies that contribute to society. Our main initiatives are presented below.

Category	Company Name	Description
Power generation business	Kobelco Power Moka Inc.	Our power generation business was selected as a private-sector initiative for building national resilience by the Cabinet Office (2015).
Vehicle-type mobile power station	Shinko Engineering Co., Ltd.	Vehicles equipped with motors and generators, which can move to places where electricity is needed to generate and transmit electricity
High-strength bolt	Shinko Bolt, Ltd.	A product with high strength and tensile force used in steel structure joints of buildings, civil engineering structures, and bridges
Structural analysis	Kobelco Research Institute, Inc.	The company carries out structural analysis of buildings and plants using computer simulation. It can also conduct structural analysis experiments that simulate earthquakes on structures that are close to the real thing.
Construction machinery	Kobelco Construction Machinery Co., Ltd.	Utilized for restoration work during a disaster
Bridge cables	Kobelco Wire Company, Ltd.	A product that prevents bridges from collapsing caused by major positional changes in an earthquake, etc.
Aseismic cable braces	Kobelco Wire Company, Ltd.	A product used for aseismic reinforcement of walls and roofs

■ Disaster Prevention Initiatives Contributing to Local Communities

The Kobelco Group has business sites equipped with a helicopter landing pad for rescue operations during a disaster. Some business sites have also concluded disaster agreements with local governments to provide assistance in case of a disaster in the form of provision of supplies, temporary evacuation shelters, water for firefighting activities, and cleanup supplies for marine pollution in case of an oil spill.

■ Kobelco Group Disaster Prevention Conference

We organize the Kobelco Group Disaster Prevention Conference every year in an effort to share information and strengthen disaster prevention initiatives. We share information on natural disasters and related problems with the aim of reducing disaster risks.



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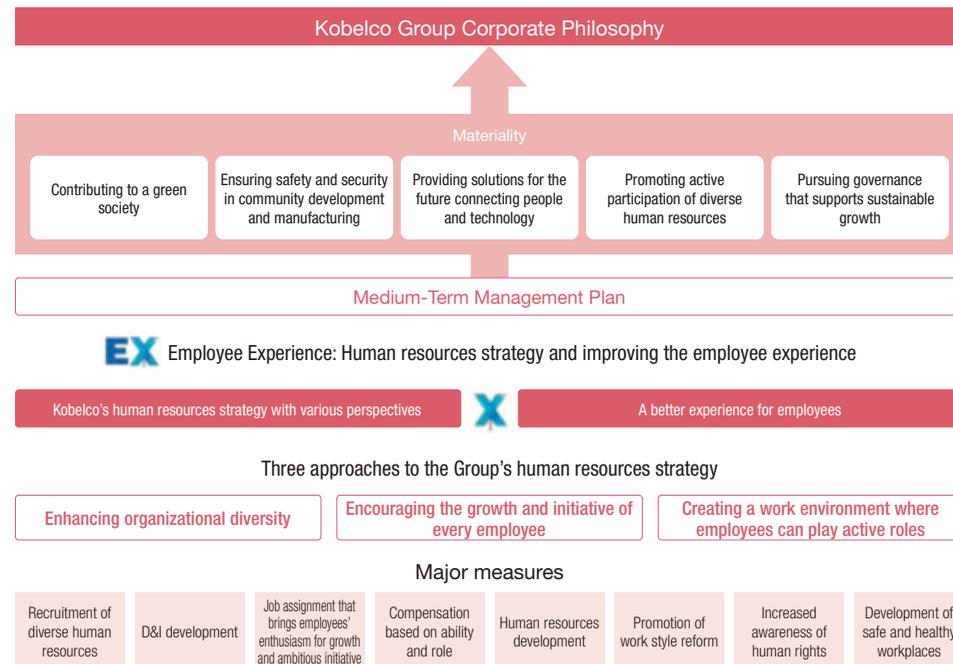
Basic Policy

Policies Strategies and Targets

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 employees who understand and implement the Group Corporate Philosophy.

Our Group operates in a wide range of business fields, and possesses human resources with diverse backgrounds, values, and skills. Amid changes in society and world trends, our bold efforts to contribute to society and realize a world we envision will be a key to further bolstering our strengths. In order to make it happen, we will strive to create a work environment in which our people can perform at their full potential.

Kobelco Group's Human Resources Strategy



Enhancing Organizational Diversity

Diversity and Inclusion (D&I)

Activity Policy

Policies

We have been working to enhance the growth potential of the entire organization by encouraging people with diverse backgrounds and values to make the most of their abilities in the workplace. We believe this will lead to vigorous development of our business. The Kobelco Group has positioned D&I as an important management issue and set forth its vision for the future, basic policy, and KPIs for promotion of D&I, which it is working toward our Medium-Term Management Plan (Fiscal 2024–2026). Our Group will further strengthen its D&I development so that people with diverse backgrounds and values can fully demonstrate their abilities in the workplace.

■ Vision for the Future

Creating a Work Environment Where Diverse Human Resources Can All Play Active Roles

- Each employee achieves self-improvement by demonstrating their own individuality and strengths.
- The “Kobelco One Team” takes on challenges and creates new value from diverse ideas and experiences.

■ Basic Policy

Value the Unique Strength of Individuals

- Accept each other's diverse individuality, and leverage strengths.
- Exchange opinions, deepen mutual understanding, and promote active participation of employees.

Promote the Variety of Work Styles

- Create a workplace environment where employees can work comfortably regardless of their job types, restrictions in work style, or life stages.
- Create a workplace that is highly motivating and fulfilling.

Take on the Challenge of Creating New Value

- Interact with and learn from each other beyond organizational boundaries.
- Respect new ideas that come from different viewpoints and ways of thinking.
- Create a corporate culture where employees can take on challenges without fear of failure.

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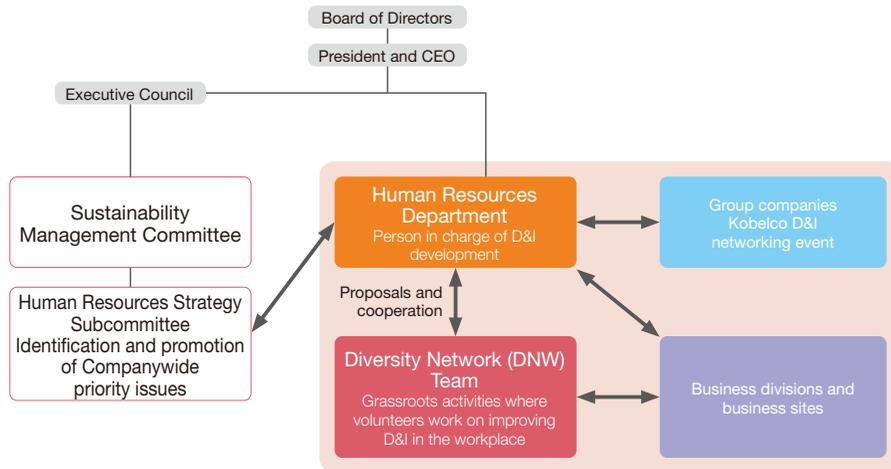
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Organizational Structure for D&I Development

Structure

The Human Resources Department plays a leading role in D&I development activities and cooperates with various projects. We are also advancing D&I development activities mainly through the Human Resources Strategy Subcommittee and Diversity Network Team to strengthen cross-organizational activities.



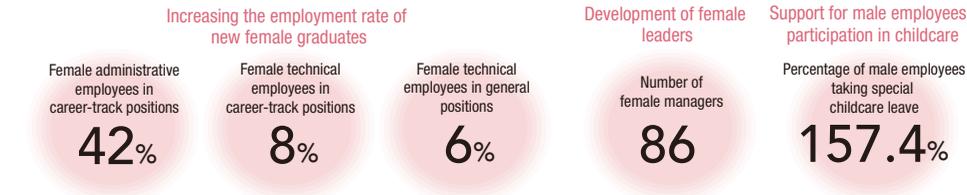
KPIs



Strategies and Targets

Fiscal 2024 Results

Results



External Awards and Assessments

Results

- Received the Best Workplace award, the highest recognition, and the Semi-Grand Prize award at D&I Award
- Received "Platinum Kurumin" certification in recognition of support for child-rearing
- Recognized as Hyogo Kobe Women's Empowerment Business (Mimosa Company)
- Received Gold Award (2021 to 2024) and Rainbow certification (2024) in the PRIDE Index, an index for LGBTQ-related initiatives by companies
- Received "Hyogo work-life balance company" award



▶ Human Resources: Initiative to Support LGBT People

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Initiatives to Promote Understanding of Diversity

Results

■ Diversity Communication Training

Since fiscal 2016, we have been conducting diversity communication training with the aim of improving communication with people of diverse backgrounds. Under the themes of “Improving Awareness of Gender Roles,” “Unconscious Bias,” and “Empathetic Communication,” approximately 1,500 managers and supervisors and other employees who wish to participate take part in the course every year, providing an opportunity to think about how diversity can be utilized in the workplace.

■ D&I Training for Management at Group Companies

In July 2023, under the theme of “Significance and Importance of D&I Management: Leading to Specific Actions,” we conducted training for the management of Group companies to become inclusive leaders in D&I development. A total of 42 employees from nine companies participated, and they committed to working on issues such as active communication, organizational diversity by hiring minorities, and prevention of harassment.

■ Lunchtime Sessions

Since fiscal 2021, we have held online seminars at lunchtime as a forum to learn about the Group’s initiatives and careers of various individuals inside and outside the Company. Since the launch of this initiative in 2021, 36 sessions have taken place. To date, we have welcomed a diverse range of speakers, including officers of the Company, external leaders, men with experience taking childcare leave, employees with disabilities, and people who have battled illness. We have also introduced the Group’s social contribution activities, such as the Kobelco Cup and our booth at Expo 2025 Osaka, Kansai, Japan.

Supporting the Participation of a Diverse Array of Employees in the Workplace

Policies

Strategies and Targets

Results

■ Promoting Women’s Participation in the Workplace

Both the number of female employees and the number of female managers are increasing. In addition to our aim to increase the number of female managers, we are carrying out initiatives to build a vibrant culture that embraces each and every employee, regardless of gender.

■ Percentage of Female Employees

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of female employees (Including Group companies) (%)	14.6	14.9	15.3

■ Recruitment

	Fiscal 2022			Fiscal 2023			Fiscal 2024		
	New Graduates	Mid-Career	Total	New Graduates	Mid-Career	Total	New Graduates	Mid-Career	Total
Men	224	188	412	234	304	538	280	332	612
Women	25	33	58	37	64	101	50	65	115
Total	249	221	470	271	368	639	330	397	727
Proportion of women (%)	10.0	14.9	12.3	13.7	17.4	15.8	15.2	16.4	15.8

■ Workforce

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Men	10,284	10,428	10,687
Women	1,084	1,106	1,208
Total	11,368	11,534	11,895
Proportion of women (%)	9.5	9.6	10.2

■ Average Continuous Years of Service

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Men (Years)	15.4	14.9	15.1
Women (Years)	14.5	13.6	13.5

■ Number of Managers

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Men	2,256	2,302	2,321
Women	65	74	86
Total	2,321	2,376	2,407
Proportion of women (%)	2.8	3.1	3.6

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■ Board of Directors

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Men	11	11	10
Women	2	2	3
Total	13	13	13
Proportion of women (%)	15.4	15.4	23.1

■ Action Plan on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

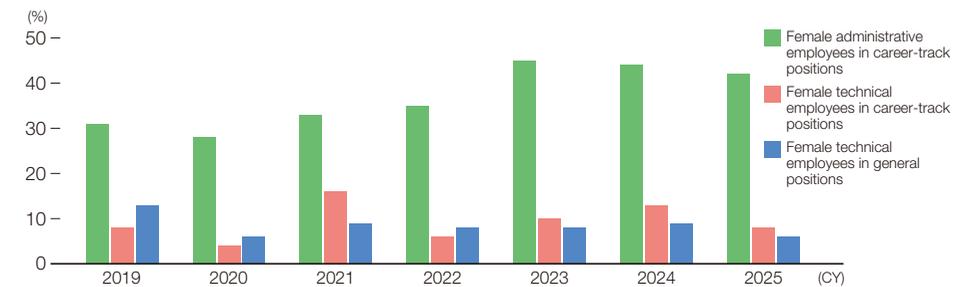
We have formulated our Third Action Plan under the Act on the Promotion of Female Participation and Career Advancement in the Workplace, which aims to realize a society in which women can fully demonstrate their qualities and capabilities.

Target 1	Increase the employment rate of female new graduates to 50% or higher for administrative career-track positions; 15% or higher for technical career-track positions; and 10% or higher for general technical positions
Target 2	Increase the number of female managers to 100 or more by fiscal 2026
Target 3	Increase the percentage of male employees taking childcare leave or special leave for child-rearing to 100%

■ Initiative to Increase the Number of Female New Graduates Hired

Beginning with new hires for fiscal 2022, we have set new targets and are proceeding with initiatives aimed at increasing the number of new graduates hired.

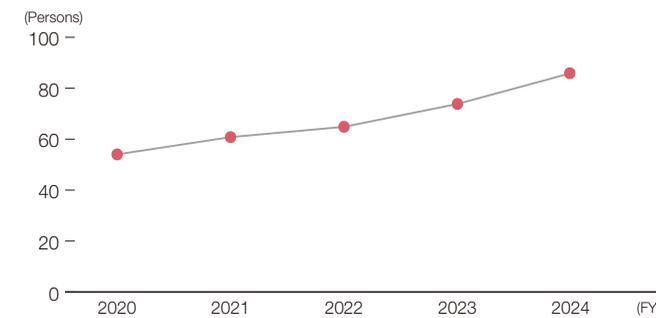
Percentage of Female New Graduates Recruited by Job Types (As of April 1)



■ Increasing the Number of Female Managers

We are working to develop female leaders with the target of increasing the number of female managers to 100 or more by fiscal 2026.

Number of Female Managers



■ Initiatives for Women's Participation in the Workplace

We provide a variety of development opportunities according to the career stage of female employees to support their career development and encourage their growth as leaders. Specifically, we support female employees in gaining career-related awareness and learning by sending them to external training programs for leadership positions, as well as through in-house training programs for mid-level employees and opportunities for networking and consultation with females in leadership positions at other companies.

In addition to these initiatives, in order to clearly demonstrate our policy of promoting women's participation in the workplace, including the appointment of female employees to leadership positions, we have endorsed the Male Leaders Coalition for Empowerment of Women and #HereWeGo203030 (Challenge Initiatives for 30% of Executives to be Women by 2030).



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■ Introduction of Maternity Work Clothes

For safety reasons, the Kobelco Group requires the wearing of standardized work clothing at all manufacturing sites, such as plants. Because the number of women hired is increasing not only in career-track positions but also at manufacturing sites, we have introduced maternity work clothes to help pregnant women to work safely and comfortably.

The fit of the maternity work clothes can be adjusted through the use of buttons and other features around the stomach area of the top garment, while the waist of the pants is made out of knitted material that stretches easily, thus adapting to the changes in body shape that occur with pregnancy. In addition, when women working on sites become pregnant, we work to transfer them to roles that lessen the physical burden.



Results

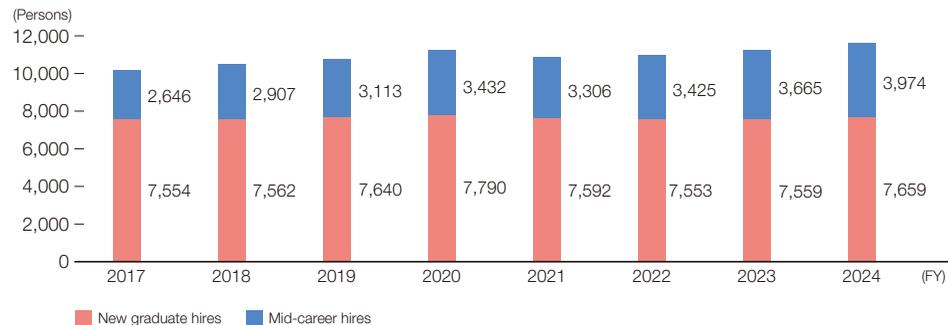
Initiatives for Mid-Career Hires

We actively promote mid-career hiring to secure diverse talent and revitalize the organization. Many employees who were hired mid-career are playing active roles in the Company.

Mid-career hires comprise approximately 30% of the Company's employees. We have been expanding the training system since fiscal 2023 to facilitate onboarding of mid-career hires.

We provide opportunities for mid-career hires to settle in and actively participate in the workplace based on their growth; immediately after joining the Company; after 2–4 months, and after 6–18 months. Such opportunities include introducing the Company's businesses and Groupwide initiatives, lectures on how to adapt to a new organization, panel discussions by senior employees, and internal network building via production site visits.

Number of Employees (Broken Down by New Graduate and Mid-Career Hires)



Initiative to Support Foreign Employees

Results

Employees from overseas are active in a wide range of fields at our Company. Since employees from overseas have various backgrounds, including where they are from, and diverse values, we support each individual so that they can draw out their strengths and play an active role.

■ Providing a Guidebook for Workplaces with Employees from Overseas

We have created and distributed a guidebook that summarizes necessary information and essential knowledge about cultural differences for workplaces that have employees from overseas.

■ Exchange Meetings for Employees from Overseas

With the aim of encouraging employees from overseas to create their own networks, share their respective experiences, and increase enthusiasm for future career formation and long-term employment, we host these meetings at the same time as training sessions for cross-cultural communication.



Networking event

Initiatives for Employees with Disabilities

Results

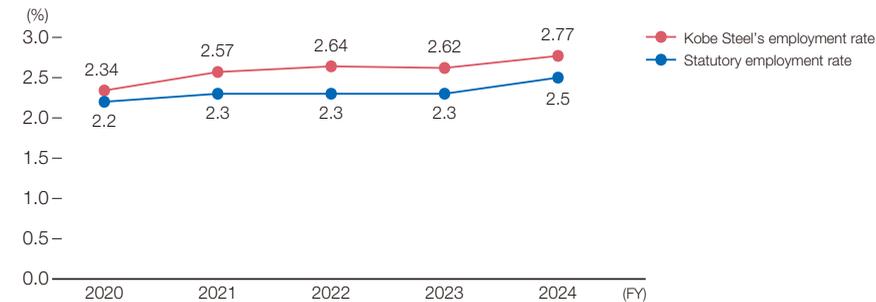
■ Employment of People with Disabilities

We actively promote the hiring of people with disabilities.

Recruitment activities are conducted throughout the year with the aim of having an increased number of employees with disabilities. Our efforts include collaboration with employment service centers (called Hello Work in Japan) and polytechnic schools for those with disabilities, participation in joint job interview events, school visits, and more.

Additionally, we strive to improve the work environment so that each individual can work with peace of mind while fully demonstrating their abilities.

Employment Rate of People with Disabilities



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Initiative to Support LGBT People

Results

We are working to promote greater understanding of the LGBT community.

We provide training to senior management and managers/supervisors and for general employees on LGBT topics. Also, we are improving the environment with better in-house offerings, including the Kobelco Familyship Program, in which LGBT individuals who are unable to legally marry can use the internal family program in the same way as legally married couples. We are also working to increase the number of people who become an Ally¹ through seminars and by distributing stickers with the Kobelco LGBT ALLY logo. In recognition of these initiatives, we received the highest ranking of Gold in the PRIDE Index² for the fourth consecutive year since 2021. In fiscal 2024, we also received Rainbow certification.

In May 2024, we endorsed Business for Marriage Equality (BME)³.

¹ An Ally is a person who acts proactively for LGBT issues as one's own matter.

² An index that evaluates companies/organizations for their initiatives for LGBT and other sexual minorities in the workplace. Established by "work with Pride," a voluntary organization that supports the promotion and establishment of diversity management for sexual minorities.

³ Campaign to visualize companies that support marriage equality (legalization of same-sex marriage)

Kobelco
LGBT ALLY Logo



Gold Award in 2024
PRIDE Index



Rainbow Certification
in 2024 PRIDE Index



Business for
Marriage Equality



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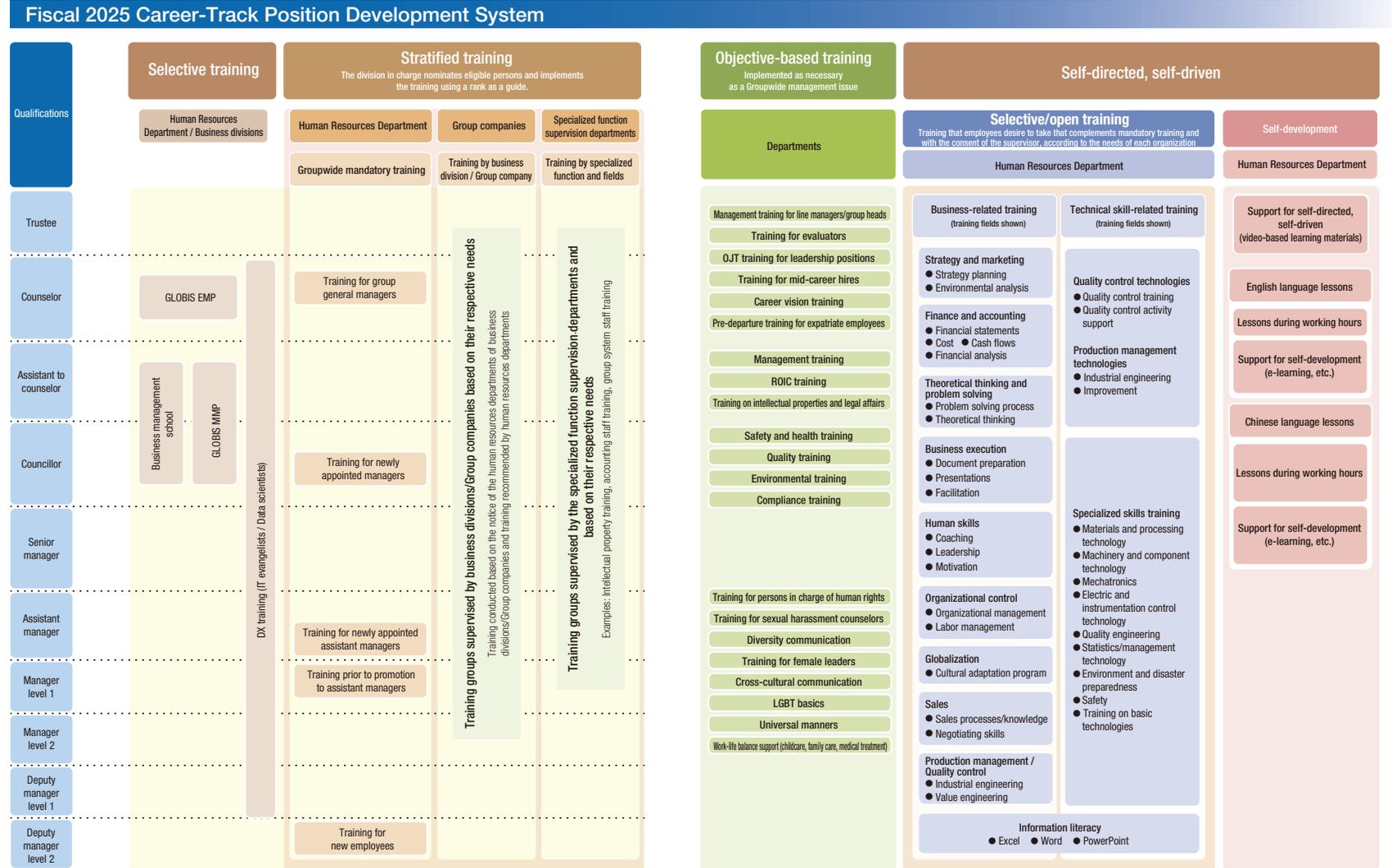
Human Resources

Encourage the Growth and Initiative of Every Employee

Results

Human Resources Development

To maintain and enhance *monozukuri* (manufacturing) capabilities that are the source of our competitiveness, we have established various types of educational programs that are centered on on-the-job training (OJT) and classified by rank and job type.



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Training System for Employees in General Administrative Positions						
Stratified education						
Role category	Name of training	Concept	Training goals	Training content	Duration	Remarks
New manager	Communication training to foster collaboration	Proactive organizational development	<ul style="list-style-type: none"> Recognize one's role as a workplace leader, and involve those around them to contribute to the smooth execution of work and the creation of a good workplace 	<ul style="list-style-type: none"> Developing an organizational perspective and honing the ability to involve those around them and encourage collaboration with a high level of vision and broad perspective 	1 day in the first and second half of the year (2 days total) (Microsoft Teams)	After promotion to manager
Assistant manager	Problem-identification and analysis training	Problem-solving involving the entire workplace	<ul style="list-style-type: none"> Work to achieve specific targets by involving those around them Actively engage with those around them to solve problems and make suggestions 	<ul style="list-style-type: none"> The processes necessary to fulfill their role Setting specific goals for work and clarifying issues that need to be addressed Formulating an action plan to achieve targets 	2 days (group) + half day (Microsoft Teams)	Requirement for promotion to manager
	Basic WBS training (Work planning and visualization)	Business improvement and efficiency	<ul style="list-style-type: none"> Actively encourage those around them to improve operations Be familiar with assigned duties as a mid-level employee and actively address problems in their work 	<ul style="list-style-type: none"> How to visualize procedures and work How to recognize problems at work Utilizing training content to improve business operations 	2 days (Microsoft Teams)	Requirement for promotion to manager
New assistant manager	"My role" training	Reflecting on one's professional life and taking on new roles	<ul style="list-style-type: none"> Be aware of their role in their organization and take action independently Proactively communicate with superiors and other relevant departments to achieve organizational targets Objectively observe their behavioral tendencies to deepen understanding of themselves and the impact of their actions on those around them 	<ul style="list-style-type: none"> Reconsidering roles in a changing organizational environment How to communicate effectively to fulfill their role How to reflect on their own actions 	2 days (Microsoft Teams)	After promotion to assistant manager
	Teaching and coaching training	Effective coaching and training of junior staff	<ul style="list-style-type: none"> Propose improvements to operations that utilize their own expertise and provide coaching and training to junior employees, in order to achieve the targets of the department 	<ul style="list-style-type: none"> Providing appropriate teaching skills (teaching/coaching) according to the situation 	1 day (Microsoft Teams)	After promotion to assistant manager
Staff	BBS training (basic business simulation)	Interactive learning through business management simulation training	<ul style="list-style-type: none"> Have a thorough understanding of the relationship between the department's targets and policies and their own role Proactively disseminate information to those around them and carry out assigned duties swiftly and reliably 	<ul style="list-style-type: none"> Simulation of corporate activities for participants to deepen their understanding of the big picture, division of duties/teamwork, how to get work done, profit mechanisms, and customer thinking How to put what they learned into practice and utilize it in their own workplace 	2 days (group)	For: Chief level 5 and above Requirement for promotion to manager
	Problem solving logic training (advanced)	Problem solving in assigned work	<ul style="list-style-type: none"> Use knowledge and skills to solve business problems and make proposals Fully understand their role and carry out their duties swiftly and reliably 	<ul style="list-style-type: none"> Logical thinking and practical problem-solving techniques and how to apply them to their work How to use problem-solving skills and logical thinking to carry out assigned tasks swiftly and reliably 	2 days (group) + half day (Microsoft Teams)	For: Chief level 5 and above Requirement for promotion to manager
	Training for employees in chief positions*	—	<ul style="list-style-type: none"> Possess the awareness and knowledge of a full-fledged employee of the company 	<ul style="list-style-type: none"> Reaffirming the mindsets and knowledge required of employees regarding compliance, environmental management, etc. * Implemented at each business location. Learning curriculum and duration vary depending on the business site. 	—	For: Chief level 5 and above
	Problem solving logic training (basic)	How to identify and solve problems	<ul style="list-style-type: none"> Have the mindset for identifying problems and making improvements in their work Understand the methods and procedures for solving the problems discovered 	<ul style="list-style-type: none"> Systematic approaches to problem solving (steps to take when solving a problem) 	Video-based learning materials	For: Assistant chief level 1 and above

Elective training

Training designed to enhance business execution skills, which employees may take with the consent of their supervisor, according to the needs of each organization

Name of training
Business standardization <ul style="list-style-type: none"> Work improvement for administrative staff (1 day (on-site)) Creation of manuals for administrative staff (1 day (on-site/online))
Business execution skills <ul style="list-style-type: none"> Time management for administrative staff (1 day (on-site))
Writing and thinking skills <ul style="list-style-type: none"> Logical thinking training (2 days (on-site/online)) Logical writing training (1 day (on-site/online)) Concise business documents for administrative staff (1 day (on-site))
Communication <ul style="list-style-type: none"> Assertive communication for administrative staff (1 day (on-site)) Improving explanation skills for administrative staff (1 day (on-site))
Financial <ul style="list-style-type: none"> Financial basics for administrative staff (1 day (on-site))
Information literacy (PC skills) <ul style="list-style-type: none"> Using Microsoft Word for business documents (1 day (online)) How to create materials accessible to everyone (1 day (online)) Basics of creating visually-pleasing documents (1 day (online)) Basic course on online tools (1 day (online))

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Human Resources

Development of Technical Employees

For the first five years after joining the Company, new employees take part in group training to systematically learn skills and specialized knowledge. Since fiscal 2023, we have been implementing engagement training with the aim of further promoting employee growth, focusing on the fact that the mindset of each individual affects their acquisition of technologies and skills.

In this training, participants experience the importance and fun of teamwork through hands-on manufacturing experiences and deepen their understanding of social contributions through *monozukuri*.



Engagement training

Technical Skills Competitions

Every year, we hold a technical skills competition for second-year technical track employees to measure their proficiency in the skills they have acquired and to confirm the fundamentals of safe work. As the automation of machine tools progresses at manufacturing sites, this competition is an important opportunity to foster awareness of safety and health and enhance employees' ability to execute.



Technical skills competition

Early Development and Systematic Placement of Management Personnel

We draw up succession plans for key positions at the general manager level and above, and conduct cross-field rotations for gaining a wide range of work experience. We also conduct selective training at multiple levels aimed at improving management skills.

Self-Directed, Self-Driven Human Resources Development

In addition to conventional standard/stratified programs, we are promoting learning that is self-directed and self-driven. While employees are encouraged to autonomously build their own careers and learn on their own, the Company will provide growth opportunities for them and support the active participation of diverse human resources.

Results of Skills Development Training over the Past Three Years

Fiscal Year	2022		2023		2024	
Number of Employees (Persons)	11,368		11,534		11,895	
	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)	Total hours for all employees (Hours/year)	Average hours per employee (Hours/person/year)
Learning hours	408,216	35.9	380,056	33.0	525,795	44.2

Human Resources Development Spending in Fiscal 2024

Human resources development spending	2,620 million yen
Human resources development spending per employee	220,000 yen

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Human Resources

Creating a Work Environment Where Employees Can Play Active Roles

Promotion of Rewarding Workplaces

Policies Strategies and Targets

As a measure to secure and retain talent and improve engagement, the Group is working to create a comfortable and fulfilling work environment.

We are also promoting work style reform activities, which include increasing the number of annual paid leave days taken, supporting the balance between work and family life, and freeing up time by improving work efficiency. We are undertaking a variety of initiatives, from the development of systems and tools to the transformation of the corporate culture and mindset, with the aim of creating a work style that allows each and every employee to work with enthusiasm, demonstrate their fullest potential, and continue to create new value.

Improving the Work Environment

We view improving the work environment as an important aspect of human capital. Under our current Medium-Term Management Plan, we plan to invest 45 billion yen in our workplaces over three years. In fiscal 2024, we decided to invest approximately 15 billion yen in updating employee dormitories and company housing, and improving welfare facilities and offices at our business locations, in order to create an environment in which employees can work comfortably.

Promotion of Flexible Work Styles

Results

■ Telework System

We have established a system that allows employees to work without coming to the office, and introduced a telework system so that employees who are balancing childcare or family care or have time constraints can play an active role to the fullest while being conscious of improving productivity. We recommend that employees flexibly choose between coming to the office and teleworking depending on their work characteristics and circumstances.

■ Flextime System

We have introduced a flextime system that allows employees to autonomously decide when to start/ end work and how long they work each day according to their work and life circumstances. In fiscal 2023, we abolished core time and established a system to enable more flexible work styles.

■ Use of Microsoft Teams

We have introduced Microsoft Teams as a tool for promoting online meetings and communication.

■ Encouraging Addressing by Name, Not Title

We encourage employees to call each other by their names in emails and at the workplace. While it is only encouragement, this approach has taken root and led to smoother communications within the Company.

■ Shift to Less Formal Attire

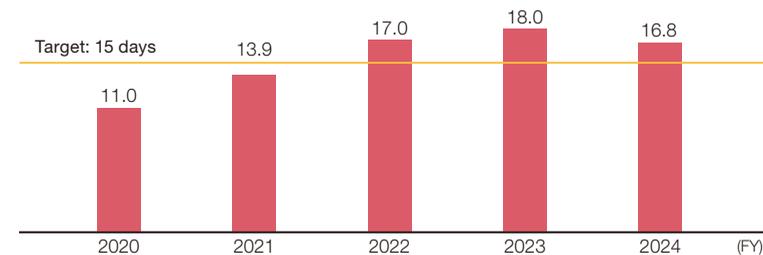
We have introduced the option of less formal attire at the Head Office, branch offices, and sales offices with the aim of fostering fresh and flexible thinking, and a sense of autonomy in a comfortable working style.

Initiatives to Reduce Working Hours

We are making efforts to create a work environment where employees can be healthy both physically and mentally and continue working for the long term. As part of this, we are working to improve operational efficiency through work style reform and reduce working hours. Specifically, in order to increase productivity while enabling employees to work in a well-balanced manner, each division is implementing initiatives that include no work after 7 pm, setting “no overtime days,” and designating days when employees leave work on time.

We have also set a target to have employees take 15 days of annual paid leave per year. Toward this end, we encourage employees to take annual paid leave in a coordinated manner. In recent years, we increased the number of annual paid leave by two days in the spring negotiations of general labor conditions for fiscal 2024, and are working to further enhance the environment to improve employees’ work-life balance.

Number of Days of Paid Leave Taken (Days per Employee per Year)



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Work-Life Balance

Support for Work-Life Balance

Policies Strategies and Targets Results

To help employees achieve work-life balance, we are actively providing information on training and seminars to support balancing childcare, nursing care, and medical treatment, and are working to improve the workplace environment.

Not only for those eligible but also for their supervisors, we post information on how to review internal systems and work styles, as well as on various other services, on the internal D&I promotion website so that employees can access this information at any time.

Childcare Support

We are moving forward with initiatives to support a balance between work and childcare, regardless of gender. Our initiatives in childcare support have gained recognition, and the Company received the “Platinum Kurumin¹” certification as an Outstanding Childcare Support Company (acquired in 2019).

In the past, we have received “Kurumin²” certification twice, in 2012 and 2015. The Platinum Kurumin certification was awarded to our Company for the recognition of our efforts such as promoting work style transformation activities, which increased the rate of employees taking annual paid leave, and encouraging male employees to take the Company’s own special leave for childcare.



1 A special certification awarded to Kurumin-certified companies that have implemented initiatives aiming for a higher standard and fulfilled certain conditions, with the designation of Outstanding Childcare Support Company

2 A certification awarded by the Minister of Health, Labour and Welfare to companies that support childcare based on the Act on Advancement of Measures to Support Raising Next-Generation Children. It is awarded when certain requirements are fulfilled, such as formulating and reporting an action plan and achieving targets.

Usage of Main Childcare Support Systems

Results

Usage of Childcare Support Systems

Percentage of Employees Taking Childcare Leave* and Average Number of Days Taken

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Men	32.0%	42.3%	40.8%
	62 days	72 days	74 days
Female	100.0%	100.0%	100.0%
	487 days	465 days	438 days

* Percentage of employees taking leave for a child born within the fiscal year

Support for Male Participation in Childcare

Strategies and Targets

With the aim of supporting men’s participation in childcare, we are conducting activities to encourage male employees to take childcare leave* with the goal of reaching a 100% rate of male employees taking childcare leave*.

We inform employees who have had a new child about the system by distributing a childcare handbook and other means, and encourage them to proactively take advantage of the childcare leave system and other related systems. We also provide information on childcare-related systems and procedures for obtaining them through the Support for Work-Life Balance page on our website.

As a result of these activities, in recent years more and more male employees are getting involved with childcare, as the number taking childcare leave is increasing and the average number of days taken is also on the rise.

* Kobe Steel’s paid leave to support a balance between work and childcare that can be taken by employees with children under the age of three



Percentage of Employees Taking Special Leave for Childcare

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Percentage of male employees taking special leave for childcare	208.7%	167.8%	157.4%

Note: Calculated based on the percentage of employees taking childcare leave and leave for childcare purposes under the Act on Childcare Leave/Caregiver Leave.

Nursing Care Support

Policies

We have created an environment that supports a balance between work and nursing care. Nursing care leave can be taken for up to three years for making necessary preparations for nursing care at home. We have also established a system for responding to consultations from employees by assigning nursing care counselors at each business site. We create and distribute a handbook to support balancing work and nursing care as part of our active efforts to provide information on nursing care.

Nursing Care Seminar

To help employees begin preparing for providing a loved one with nursing care, we hold seminars to support balancing work and nursing care, and provide them with information about nursing care and tools to communicate with family members who may need nursing care.

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Work-Life Balance

Support for Employees Battling Illness or Undergoing Infertility Treatments

Policies

By reviewing the leave system, we are supporting employees to balance work while battling illness or undergoing fertility treatments.

In addition, we hold various seminars jointly with other companies to provide information and promote understanding of those around them.

Women's Health Seminars

We hold seminars on themes such as symptoms associated with menstruation, menopausal symptoms, and infertility treatment to deepen understanding of the decline in the performance of female employees due to health issues specific to women and the Company's support for helping women to balance work and life. We also hold networking sessions for new female employees on the technical career track where they can hear from senior female employees about communication methods related to women's health issues in a workplace dominated by men.

Other Support for Work-Life Balance

Policies

In order to enable employees to continue working, not only through child-rearing and family care but also through variety of life events, we have established various support programs.

Kobelco Life Support Leave

In order to build a flexible employment system that contributes to the active participation of our diverse workforce, we established the Kobelco Life Support Leave program in fiscal 2023 with the goal of expanding support for employees who are temporarily restricted from working due to reasons such as medical treatment, family care, volunteer activities, or reskilling, in addition to conventional childcare and nursing care support.

■ Overview of Kobelco Life Support Leave Program

Number of days granted annually	5 days/year
Increments of leave	1 day or half-day
Unique feature	Can accumulate up to 60 days
Reasons for taking this leave	Leave can be taken as needed for childcare, nursing care, medical treatment, volunteer activities, reskilling, etc.
Number of employees who took this leave in fiscal 2024 (at least one half-day)	3,339

Career Continuation Leave System

Under this system, employees who are living apart from their spouse due to their spouse having been transferred elsewhere, or for other reasons, may take leave of up to three years in order to resolve this separated state.

With the number of households in which both partners work increasing, there has also been an increase in cases where employees of the Company end up separated from their spouse due to the need to stay in their respective work locations. In light of this situation, this system provides a new option that could be an alternative to a commuter marriage or leaving the Company (to live with their spouse) in the event of an unwanted separation from their spouse due to each person's need to stay in their respective work locations. By doing so, we aim to help employees who have to live separately from their spouse to continue to work, and at the same time, reduce their anxiety about future separation from their spouse.

Reemployment Entry System

For employees who enter this system when they resign due to marriage, childcare, nursing care, or transfer of their spouse, and who subsequently request reemployment at the Company due to a change in circumstances within five years of having resigned, this system matches the candidate with the Company's reemployment needs.

Entering the system at the time of resignation enables employees who had no choice but to resign for childcare or other reasons to select the Company as a destination for reemployment when searching for a place to work.

System Supporting Early Return from Childcare Leave

This system allows employees with a child under one year old who have returned to work after childcare leave to receive a subsidy equal to the difference between the licensed and unlicensed nursery usage fees (a maximum of 50,000 yen for up to a year) when their child has to be placed in an unlicensed nursery in spite of the attempt to enter a licensed nursery.

One major issue when it comes to returning to work from childcare leave is finding a nursery to take care of the child. In many cases, employees wish to leave their children at licensed nurseries, which are less expensive, but it may not be easy to have their children taken care of for the desired period at licensed nurseries as many of them have no vacancies. In this situation, they can have the option of leaving their child at an unlicensed nursery, but the reality is that many choose to extend their leave from the workplace due to the higher childcare fees of unlicensed nurseries. This system aims to reduce these barriers to returning from childcare leave early by providing subsidies.

Making the Various Systems for Supporting Work-Life Balance Known to All

We distribute various handbooks to all employees who have had a baby, or who take nursing care leave.



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Building Responsible Supply Chains

Basic Concept

Strategies and Targets

In order to realize KOBELCO's View of the Future, as a responsible member of the global supply chain, the Kobelco Group actively promotes initiatives to address issues such as human rights and environmental challenges, not only within the Group but also throughout its supply chains.

In accordance with our Basic CSR Procurement Policy for Responsible Supply Chains, we will fulfill our social responsibilities while working to grasp the supply chain issues in the procurement of raw and other materials in order to ensure a stable supply of our products and services.

Basic CSR Procurement Policy

Policies

Our Group has formulated the Basic CSR Procurement Policy, which systematizes its approach and action agenda to build responsible supply chains and shares it with all of its business partners.

(The entire Basic CSR Procurement Policy is available on the Kobelco Group website.)

► Procurement

Approach	Basic Procurement Policy Requests to Our Business Partners	
Response policies	1. Notification of Requests to Our Business Partners to the suppliers of our business partners 2. Solicitation for compliance with Requests to Our Business Partners and support for improvements	3. Information disclosure 4. Cooperation with business partners 5. Cooperation with employees, Group companies, and affiliates

Basic Procurement Policy

Policies

The Kobelco Group's procurement departments will conduct their activities based on the following basic procurement policies.

1. Compliance with laws, regulations, and other social norms

In conducting purchasing operations, we will comply with relevant domestic and overseas laws, social norms, and internal regulations.

The person in charge of procurement will have no private benefit in any business partner.

We will never have any relationship with antisocial forces and organizations that threaten the order and security of civil society and will not respond to illegal or unjust demands.

2. Fair and impartial transactions

Purchasing operations will be conducted based on reasonable standards, in terms of quality, delivery time, and price, and will be open to the public both in Japan and abroad.

3. Coexistence with the global environment through procurement

When conducting purchasing operations, we will pay attention to social conditions and demands, and give due consideration to environmental protection, resource protection, etc.

4. Strengthening of partnerships with business partners

We aim for mutual development by establishing a relationship of trust with our business partners.

5. Management of confidential information

We will strictly manage information and personal information obtained through purchasing operations and use it only for the permitted purposes.

Requests to Our Business Partners

Strategies and Targets

The Kobelco Group requests its business partners to understand and practice the following in order to work together to build responsible supply chains. (For details, please visit our corporate website.)

► Procurement

1. Compliance

Comply with applicable laws and regulations in your country and the countries/regions in which you operate.

2. Human rights and labor

- Prohibited items (forced labor, child labor, inhumane treatment, and discrimination)
- Consideration for working hours, adequate wages and benefits, and freedom of association/ right to collective bargaining

3. Safety and health

Occupational safety, emergency preparedness, occupational accidents and diseases, industrial hygiene, consideration for physically demanding tasks, safety measures for machinery and equipment, safety and health of facilities, safety and health communication, and health care of workers

4. Environment

Obtain environmental permits and reports; reduce energy consumption and greenhouse gas emissions as well as emissions into the atmosphere; ensure management of water, effective use of resources, and waste management; promote control of chemical substances and management of chemical substances contained in products

5. Fair trade and ethics

Anti-corruption, prohibition of giving or receiving unreasonable or improper benefits or facilities, appropriate information disclosure, respect for intellectual property, conduct business fairly, protection of the informant, and prohibition of the use of conflict minerals

6. Quality and safety

Ensuring product safety and establishment and operation of quality management system

7. Information security

Defense against cyberattacks, protection of personal information, and preventing leakage of confidential information

8. Business continuity plan

Business continuity planning and preparation

9. Social contribution

Activities that contribute to the development of international and local communities

Sustainability Management

Environment

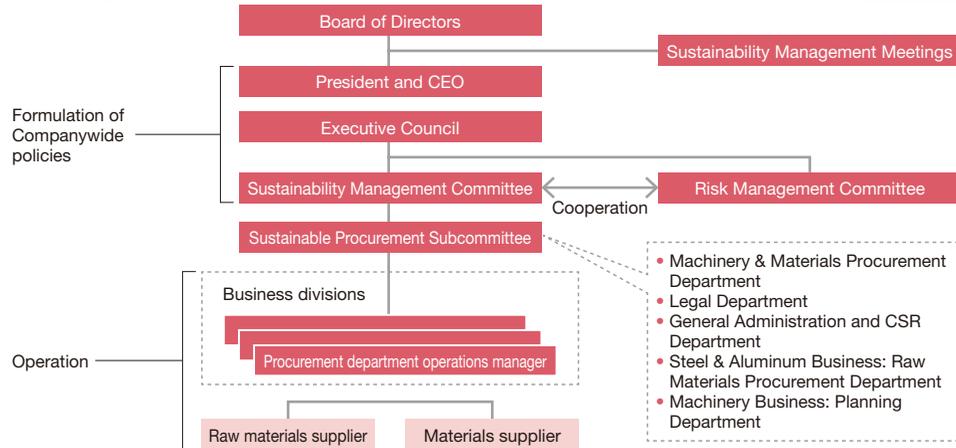
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Building Responsible Supply Chains

Steering System



Response Policies

Policies

- Notification of Requests to Our Business Partners to the suppliers of our business partners**
We also ask our business partners to ensure that their suppliers thoroughly understand and implement the above Requests to Our Business Partners.
- Solicitation for compliance with Requests to Our Business Partners and support for improvements**
 - We confirm the progress of business partners that require improvements while providing support.
 - We may visit business partners in person, including performing third-party audits as needed.
 - If appropriate improvements are not made, we may elect to terminate the business relationship.
- Information disclosure**
We disclose relevant information in a timely and suitable manner.
- Cooperation with business partners**
We share the Basic CSR Procurement Policy with business partners and pursue various avenues of collaboration while striving to understand any issues.
- Cooperation with employees, Group companies, and affiliates**
We continuously raise awareness and organize training with regard to the importance of the environment and human rights in the supply chain and our Basic CSR Procurement Policy.

Requests to Our Business Partners

Results

We carried out the initiatives in the following table with the cooperation of our business partners for building responsible supply chains.

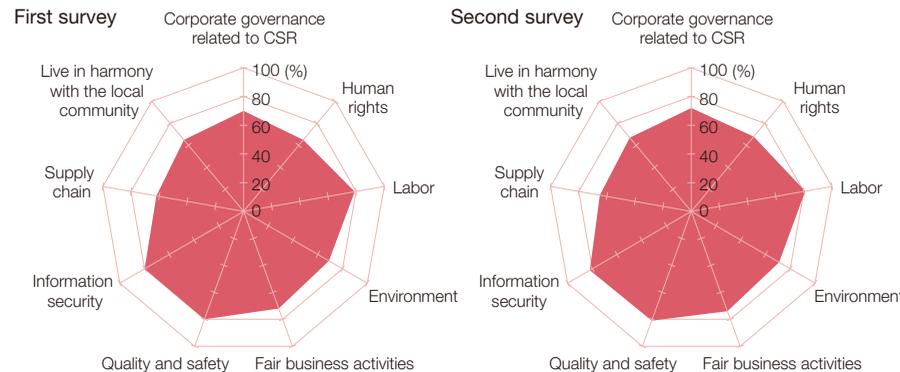
Month and Year	Details
Sept. 2020	Released Basic Procurement Policy and Requests to Our Business Partners
Mar. 2022	Conducted the CSR survey (first time)* on our main business partners
Sept. 2022	Released Basic CSR Procurement Policy
Mar. 2023	Received letters of consent from main business partners who endorse Basic CSR Procurement Policy
Feb. 2024	Conducted the second CSR survey on our main business partners
Feb. 2024	Conducted the first detailed survey on human rights Created a guidebook to support the improvement of human rights issues and distributed it at the same time as the detailed survey on human rights

Surveys of Major Tier 1 Suppliers

We conducted CSR surveys of major tier 1 suppliers in 2022 and 2024.

- Targets: 330 companies (major domestic and international tier 1 suppliers accounting for approximately 70% of the transactional value of raw materials and supplies)
- Survey items: Questions about basic stance, compliance with laws and regulations, internal system management, etc., covering nine items related to CSR
- Survey results: The scores for the human rights category were low in both 2022 (first survey) and 2024 (second survey)*.

Score by Item



Note: Detailed results for the first and second surveys are published on pages 87–88 of ESG Data Book 2022 in Building Responsible Supply Chains and on pages 70–71 of ESG Data Book 2024 in Building Responsible Supply Chains.

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Human Rights and Labor

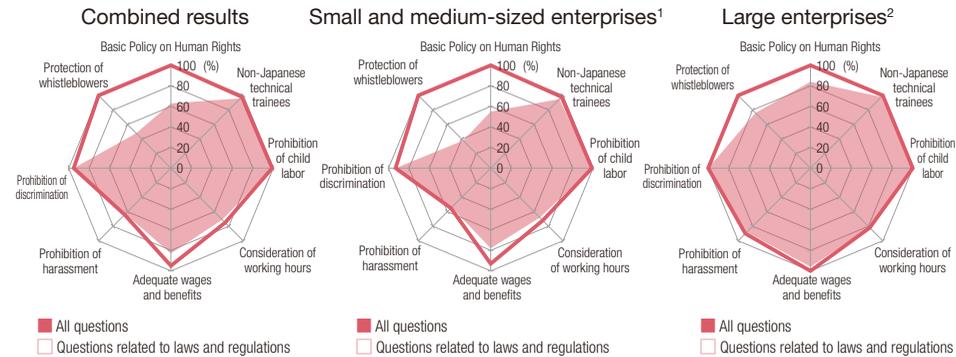
We conducted the first detailed survey on human rights on suppliers who were found to have inadequacies in their internal governance structure in terms of human rights and labor in the first CSR survey conducted in 2022 in order to confirm their compliance with laws and regulations related to human rights and labor.

■ Details of Survey

- Target: 185 companies
- Survey results:
 - In questions about laws and regulations, broken down by area, there was a tendency for small and medium-sized companies in particular to be lacking in efforts to document rules and inform employees about these rules in areas such as respect for working hours and prohibition of harassment. Overall, 54% of respondents provided appropriate answers to all 27 questions.
 - 34% of participants provided appropriate answers to all questions.

■ Results

Ratio of appropriate responses by area



1 Companies with capital of less than 100 million yen are classified as small and medium-sized enterprises.

2 Companies with capital of 100 million yen or more are classified as large enterprises.

■ Support for Our Business Partners

- We provided feedback to our business partners on areas where their responses were insufficient. Using our guidebook to support the improvement of human rights issues (which clearly states the items we would like our business partners to address regarding human rights and labor), we introduced specific examples of responses in each area.
- We will continue to utilize the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) platform to respond appropriately to the opinions we receive. (The supply chain grievance desk can be found on the Kobe Steel website.)

▶ Procurement

Upstream Supply Chain Survey on Conflict Minerals

Results

- After conducting an upstream survey within Kobe Steel in fiscal 2023 and Group companies in fiscal 2024, we confirmed that we do not purchase conflict minerals (tin, tantalum, tungsten, and gold; “3TG”) regulated by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) from areas restricted by the Act.
- In addition to the above, we conducted an upstream survey of Kobe Steel and its Group companies in fiscal 2024 covering cobalt and mica, which pose concerns due to the risk of human rights violations, and found that we do not purchase either mineral from regions deemed as conflict areas or high-risk areas by the OECD.

○: No purchases made from conflict areas or high-risk areas —: No purchases of minerals

Business Mineral	Steel & Aluminum	Advanced Materials	Welding	Machinery	Engineering	Construction Machinery	Electric Power	Head Office
Tin	—	○	—	○	—	—	—	○
Tantalum	○	—	—	—	—	—	—	○
Tungsten	○	○	○	—	—	—	—	○
Gold	—	○	—	○	—	—	—	—
Cobalt	○	○	○	—	—	—	—	○
Mica	—	—	○	—	—	—	—	○

Initiatives Scheduled for Fiscal 2025 and Beyond

Strategies and Targets

We will continue working with our business partners by assessing their situation, promoting initiatives based on the PDCA cycle, and providing support.

Theme	Fiscal 2025	Fiscal 2026 and Beyond
Governance	Implement the third CSR survey	Analyze and evaluate the survey results, and consider and implement necessary measures
Human rights	Conduct the second detailed survey on human rights	Provide in-depth support to business partners found to have room for improvement based on the survey results

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Indicators			Fiscal 2022	Fiscal 2023	Fiscal 2024	
Employees	Consolidated	Consolidated	Persons	38,488	38,050	39,294
	Non-consolidated	Total	Persons	11,368	11,534	11,895
		Male	Persons	10,284	10,428	10,687
		Female	Persons	1,084	1,106	1,208
		Non-Japanese employees	Persons	74	87	10.9
Percentage (number) of female managers	Non-consolidated	%	2.8 (65 persons)	3.1 (74 persons)	3.6 (86 persons)	
Employment rate of people with disabilities ¹	Non-consolidated	%	2.64 (2.3)	2.62 (2.3)	2.77 (2.5)	
Number of employees taking childcare leave ²	Non-consolidated	Male	Persons	142	183	181
		Female	Persons	31	73	35
Percentage of employees returning from childcare leave	Non-consolidated	%	99.4	99.6	100.0	
Number of new graduates employed	Non-consolidated	Male	Persons	224	234	280
		Female	Persons	25	37	50
Turnover of employees with less than 3 years of service ³	Non-consolidated	%	16.2	10.4	2.4	
Turnover of employees with less than 10 years of service (Non-consolidated) ⁴		%	20.0	21.1	22.4	
Number of annual paid leave days taken	Non-consolidated	Days/year per employee	17.0	18.0	16.8	
Overtime hours	Non-consolidated	Hours/month per employee	16.5	16.1	16.5	
Total hours worked	Non-consolidated		2,050.1	2,050.4	2,030.7	

1 Figures in parentheses are the statutory employment rate.

2 The period of the Company's childcare leave is up to three years. The number of employees includes those who continue to be on leave from the previous fiscal year.

3 The figure shows the percentage of those who left the Company with less than three years of continuous service, among the employees who joined during these fiscal years through the regular hiring process. The figures for fiscal 2022 and fiscal 2023 show the percentage of those who left the Company as of the end of fiscal 2024.

4 The figure shows the percentage of those who left the Company with less than 10 years of continuous service, among the employees who joined during these fiscal years through the regular hiring process.

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Basic Stance on Corporate Governance

The Kobelco Group recognizes that corporate value encompasses not only business results and technological capabilities but also the stance on social responsibility to all stakeholders, including shareholders and investors, business partners, members of local communities, and Group employees. We believe that working earnestly to improve all of these factors leads to the enhancement of corporate value.

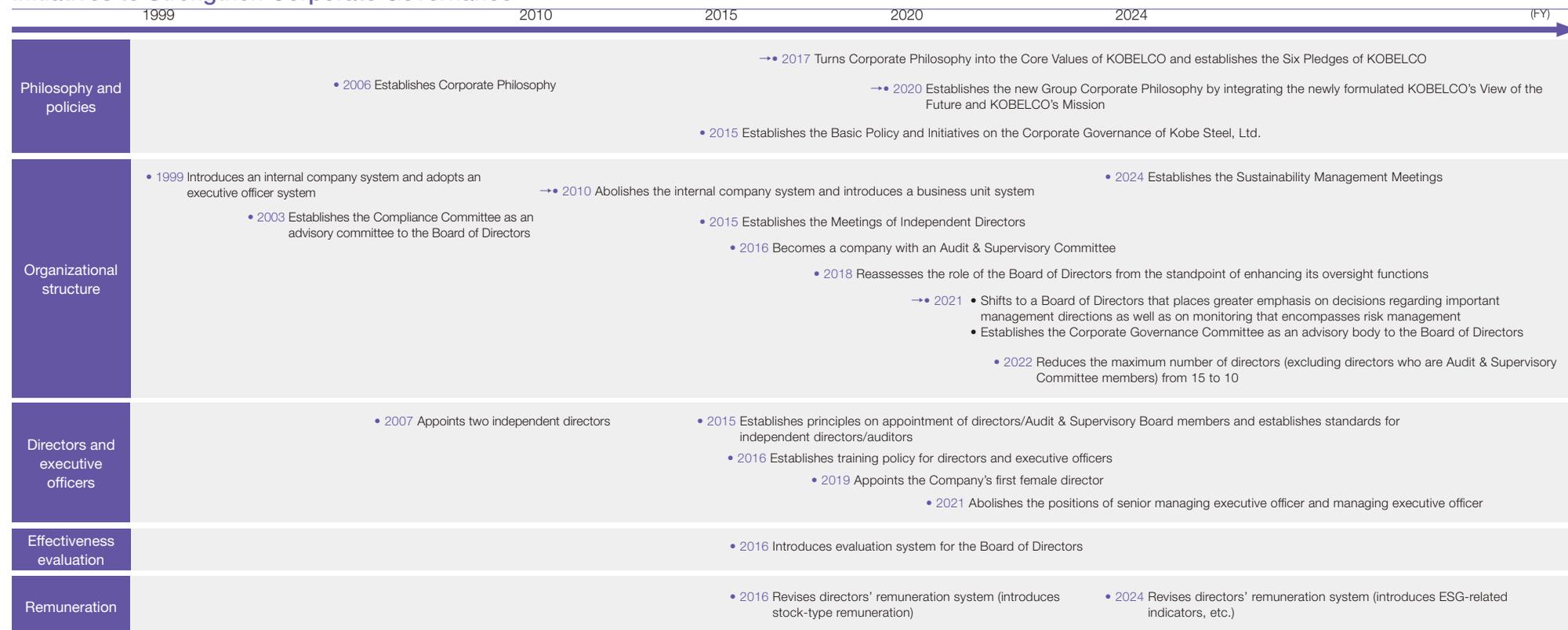
Therefore, corporate governance is not merely a form of the organization, but it is a framework for realizing all the efforts the Group is undertaking. In the development of the framework, we place importance on the following: establishing a system that contributes to

improving corporate value through appropriate risk-taking, collaborating with stakeholders, promoting appropriate dialogue with investors in the capital market, ensuring the rights of and fairness for shareholders, and ensuring transparency.

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

▶ [Basic Policy and Initiatives on the Corporate Governance of Kobe Steel, Ltd.](#)

Initiatives to Strengthen Corporate Governance



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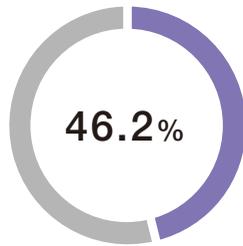
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Corporate Governance

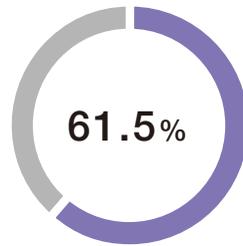
Corporate Governance Highlights

Percentage of independent directors



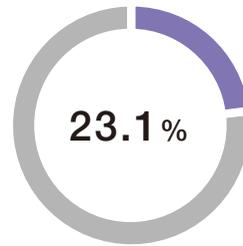
(6 of 13, including directors who are Audit & Supervisory Committee members)

Percentage of non-executive directors



(8 of 13, including directors who are Audit & Supervisory Committee members)

Percentage of female directors



(3 of 13, including directors who are Audit & Supervisory Committee members)



Note: Our Company has registered all six independent directors as independent directors with a financial instruments exchange.

Policy on the Management Structure (Management Structure and the Scope of Delegation in Management)

Our Company believes the source of its corporate value lies in synergies generated by a wide range of segments in different demand fields, business environments, sales channels, and business scales, while recognizing that the pursuit of technological development and innovation, which is the cornerstone of the Company's sustainable growth, cannot be achieved without discussions with manufacturing sections.

Furthermore, the Company believes it is necessary for the Board of Directors to hold active discussions and make appropriate decisions regarding the risk management and the distribution of management resources for a wide range of businesses, and at the same time, to flexibly supervise business execution. In order to achieve this, it is desirable that the Board of Directors have members with a correct understanding of the Company's business execution without completely separating the supervisory and execution functions.

In line with this approach, the Company has adopted an Audit & Supervisory Committee whose members have voting rights on the Board of Directors. Under this governance structure, the Company aims to enable comprehensive audits of its extensive businesses, maintain and strengthen the supervisory function of the Board of Directors, and accelerate decision-making on management, with no clear boundaries that separate the supervisory and execution functions.

In order to improve the effectiveness of monitoring, the Company has established advisory committees, which are responsible for providing appropriate recommendations to the Board of Directors regarding compliance, nomination and compensation, quality management, and corporate governance. In order to improve the effectiveness of business execution, the Company established the Executive Council as a forum where executives, including the president and CEO, discuss important matters. In addition, the Company has set up various committees as auxiliary bodies to the Executive Council in order to oversee and promote important matters related to the entire company, such as sustainability and business portfolio management. The activities of these committees are monitored by the Board of Directors.

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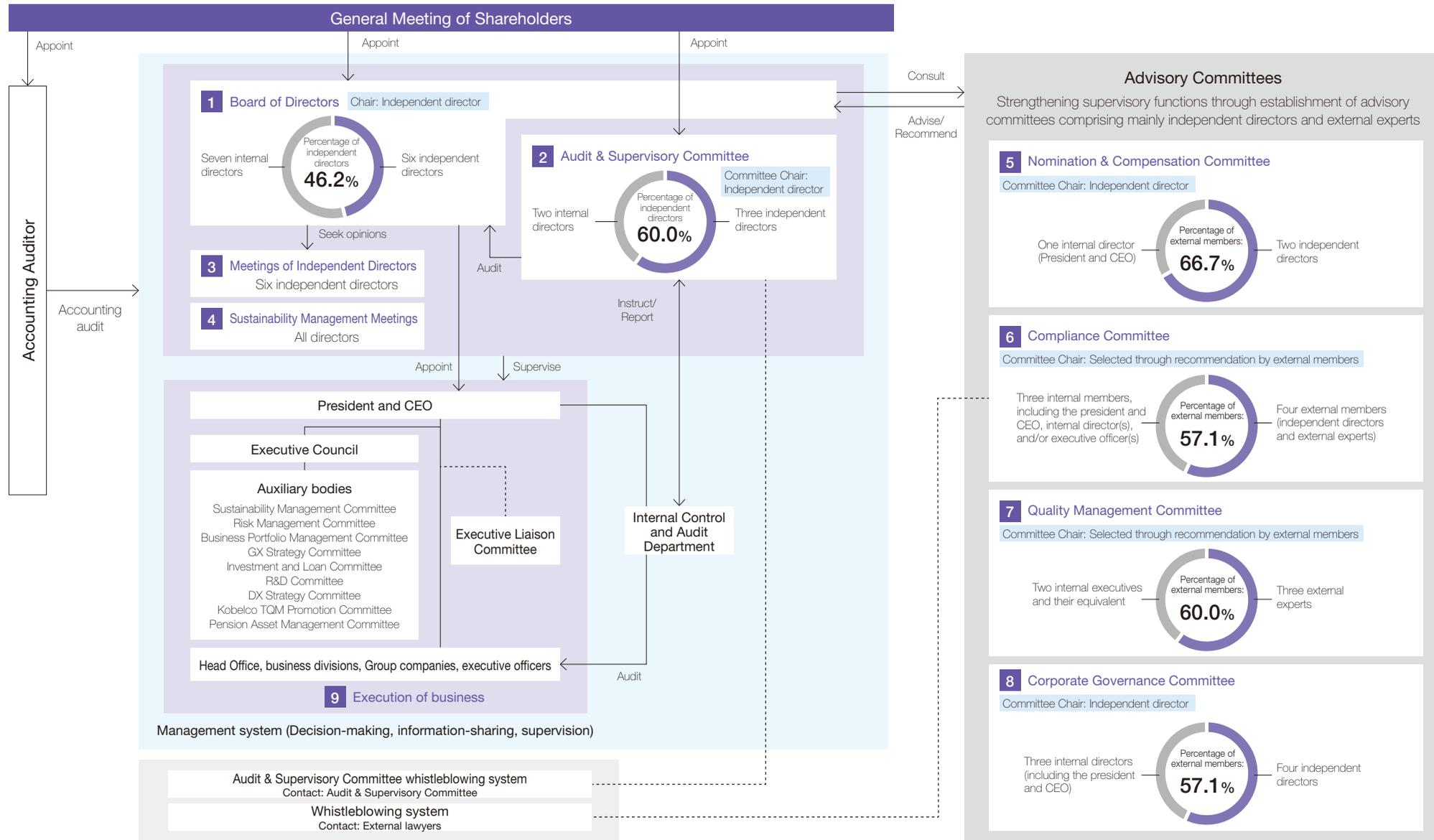
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Our Corporate Governance System



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Corporate Governance

1 Board of Directors

The number of directors (excluding directors who are Audit & Supervisory Committee members) shall be not more than 10 as stipulated under the Articles of Incorporation of the Company.

The Company takes the following measures to ensure that an appropriate number of directors constitutes the Board of Directors to facilitate substantial discussion at meetings of the Board of Directors as well as enhance the auditing function, while considering its diversity. The Company's Board of Directors places emphasis on determining important management directions and monitoring, including risk management. In addition to the president and CEO, directors who oversee the specific functions of Companywide importance shall be appointed as executive directors. In order to further enhance active discussions, appropriate decision-making, and supervision, it is essential to reflect external fair and neutral viewpoints and the viewpoints of stakeholders including minority shareholders. Therefore, in addition to the independent directors who are Audit & Supervisory Committee members, the Company invites several independent directors who are not Audit & Supervisory Committee members to the Board of Directors. The Chair of the Board of Directors is elected from among the independent directors.

Status of Activities in Fiscal 2024

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

2 Audit & Supervisory Committee

In principle, the Audit & Supervisory Committee of Kobe Steel consists of five directors, including two internal directors and three independent directors. This membership is not only in accordance with the rules of Japan's Companies Act on a company with an Audit & Supervisory Committee, which require at least three non-executive directors (the majority of whom shall be independent directors), but also ensures transparency and fairness and facilitates appropriate auditing for the execution of duties by directors responsible for a wide range of business segments. The chair of the Audit & Supervisory Committee is selected from among the independent directors.

Internal directors who are full-time Audit & Supervisory Committee members are responsible for acting as liaisons between the management team and the Audit & Supervisory Committee and for coordinating with the internal audit departments. Independent directors who are Audit & Supervisory Committee members are responsible for providing expert knowledge with respect to auditing and for maintaining fairness. To ensure these roles are fulfilled, the Company appoints independent Audit & Supervisory Committee members from diverse fields, including legal, financial, and industrial circles. In addition, at least one of the Audit & Supervisory Committee members shall have a considerable degree of knowledge on finance and accounting in order to improve the effectiveness of audits.

3 Meetings of Independent Directors

The Company has established the Meetings of Independent Directors to take full advantage of the independent directors' capabilities. The meetings are a platform where the Company shares with independent directors information regarding the Company's execution of business excluding the nomination and compensation of executives.

The Meetings of Independent Directors consist solely of independent directors. Regular meetings are held every quarter and ad-hoc meetings are held when necessary.

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

4 Sustainability Management Meetings

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

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

We also regularly invite external speakers to lead special lectures with the goal of enhancing the appropriate skills and competencies required of directors to oversee strategies established to address sustainability-related risks and opportunities. In addition, the following special lecture was held in fiscal 2024.

Month and Year Held	Theme	External Speaker
December 2024	Climate change and corporations (Domestic and international policies and trends in the capital markets)	Professor Yukari Takamura, Institute for Future Initiatives, The University of Tokyo

5 Nomination & Compensation Committee

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

Matters Examined in Fiscal 2024

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

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6 Compliance Committee

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

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

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

7 Quality Management Committee

The Company has established the Quality Management Committee as an advisory body to the Board of Directors. The committee undertakes continuous monitoring and makes recommendations regarding quality management enhancement activities within the Group, as well as monitors the effectiveness of measures to prevent recurrence of the quality-related misconduct. The membership of the committee consists of two internal executives of the Company or their equivalent and three external experts selected by the Board of Directors who have technical or legal knowledge on quality control. The committee chair is selected through mutual recommendation among the external members.

8 Corporate Governance Committee

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

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

9 Execution of Business

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

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

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

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

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

Knowledge, Experience, and Skills that Are Particularly Expected to Be Demonstrated for the Improvement of the Functions of the Board of Directors (Skills Matrix)

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

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

- The Kobelco Group aims to enhance corporate value over the medium to long term by promoting sustainability management with the Group Corporate Philosophy positioned as the foundation of all business activities.
- In order for the Board of Directors to appropriately determine important management directions and conduct monitoring that encompasses risk management, aimed at enhancing the Kobelco Group's corporate value over the medium to long term, we believe it is necessary to have the Board of Directors consisting of directors who have well-balanced knowledge, experience,

and skills in the following three key areas: (1) Comprehensive skills in overall management, (2) Skills in solving social issues and creating new value, and (3) Skills in further strengthening the business foundation. In particular, we expect independent directors to demonstrate their knowledge, experience, and skills with regard to insights into other industry sectors.

- Items in the key areas have been determined after discussion at the Corporate Governance Committee and the Nomination & Compensation Committee, taking into account the Company's business strategy and business characteristics as well as the business environment and the Company's management plan.

	Name		Gender	Length of Service as Director (Years)	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Committee Meetings	Comprehensive Skills in Overall Management		Skills in Solving Social Issues and Creating New Value			Skills in Further Strengthening the Business Foundation			Insights into Other Industry Sectors		
							Business management and administration	ESG	Sales strategy and marketing	Technical development, intellectual properties, production technologies, and DX	Global business	Finance and accounting	Organization and human resources	Legal and risk management			
Directors	Yoshihiko Katsukawa	Inside	Executive	Male	7	16/16 (100%)	—	●	●		●	●					
	Hajime Nagara	Inside		Male	5	16/16 (100%)	—	●	●			●	●				
	Koichi Sakamoto	Inside		Male	2	16/16 (100%)	—	●	●	●							
	Shinji Miyaoka	Inside		Male	2	16/16 (100%)	—	●		●	●	●					
	Kazuhiko Kimoto	Inside		Male	1	12/12 (100%)	—	●	●	●		●					
	Yumiko Ito	Outside/Independent Officer		Non-executive	Female	6	16/16 (100%)	—		●		●			●	●	
	Shinsuke Kitagawa	Outside/Independent Officer			Male	3	16/16 (100%)	—		●		●			●	●	
	Yoshie Tsukamoto	Outside/Independent Officer			Female	1	12/12 (100%)	—	●		●	●					●
Gunyu Matsumoto	Inside	Male	2		16/16 (100%)	21/21 (100%)	●				●	●					
Yuichiro Goto	Inside	Male	1		12/12 (100%)	14/14 (100%)		●	●	●							
Masaaki Kono	Outside/Independent Officer	Male	5		16/16 (100%)	21/21 (100%)	●	●			●				●		
Kunio Miura	Outside/Independent Officer	Male	5		16/16 (100%)	21/21 (100%)		●					●		●		
Nobuko Sekiguchi	Outside/Independent Officer	Female	3		16/16 (100%)	21/21 (100%)		●			●	●			●		
Directors, Audit & Supervisory Committee Members																	

Notes: 1 This matrix does not present all the knowledge, experience, and skills that each person possesses, but rather maximum four ticks (●) are given for areas that are particularly expected.

2 Since June 19, 2024, when Kazuhiko Kimoto, Yoshie Tsukamoto, and Yuichiro Goto were appointed as directors, the Board of Directors and the Audit & Supervisory Committee have met 12 times and 14 times, respectively.

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Corporate Governance

Initiatives to Ensure the Effectiveness of the Board of Directors

The Company carries out the following initiatives in order to ensure that the Board of Directors fulfills its decision-making and supervisory functions appropriately.

- Every year, the Audit & Supervisory Committee interviews each director to verify the decisions on business execution made by the Board of Directors and the implementation of efficient business execution as stipulated in the basic policy of the internal control system.
- In the operation of the Board of Directors, the Company distributes meeting materials at least three days prior to the date of the meeting as necessary in order to enable active and sufficient deliberations at meetings of the Board of Directors. To this end, the Company will promote the use of electromagnetic means with due consideration for the protection of trade secrets, so that meeting materials can be received regardless of the whereabouts of the directors.
- In addition to meeting materials for the Board of Directors, the Company provides the directors with sufficient information and explanation as necessary, upon the request of directors and others.
- To revitalize and deepen discussions at meetings of the Board of Directors and further enhance the monitoring function for business activities, the Company appoints an independent director as the Chair of the Board of Directors, in principle.
- The Company has established a secretariat for the Board of Directors within the Corporate Planning Department. The Secretariat determines and organizes the annual schedule of meetings of the Board of Directors, alongside agenda items anticipated to the extent possible, in advance of the fiscal year. In addition, the Secretariat coordinates with each department to ensure that the number of deliberation items and the frequency of meetings are appropriate, and that sufficient deliberation time is secured.
- The Board of Directors and the Audit & Supervisory Committee strive to improve the effectiveness of the supervisory function of the Board of Directors by seeking advice from external experts and others at the Company's expense when deemed necessary.
- Through supervision and auditing of the internal control system, the Board of Directors and the Audit & Supervisory Committee ensures the smooth provision of information as requested by each director and Audit & Supervisory Committee member.
- For the verification of the effectiveness of the Board of Directors, the Corporate Governance Committee requests each director to complete a questionnaire every fiscal year and provides a preliminary evaluation of the survey results. Based on this, the Board of Directors discusses and evaluates its effectiveness and identifies issues at its meetings. The questionnaire items are reviewed by the Board of Directors based on the evaluation results of each fiscal year. A summary of evaluation results is disclosed every fiscal year.

Evaluation Results for Fiscal 2024

■ Overview of the Effectiveness Evaluation of the Board of Directors

Evaluators	All 13 directors
Implementation process	Questionnaire survey targeting all directors and individual interviews by the Corporate Governance Committee Note: The Company entrusted a third-party organization to carry out the questionnaire survey.
Evaluation items	1. Structure of the Board of Directors, 2. Agenda of Board of Directors' meetings, 3. Materials for Board of Directors' meetings, 4. Operation of the Board of Directors, 5. Provision of information to directors, 6. Discussions among directors, 7. Monitoring function of the Board of Directors, 8. Mutual evaluation of directors, and 9. Other
Evaluation method	<ul style="list-style-type: none"> • Based on the results of the questionnaire and interviews, the Corporate Governance Committee submits to the Board of Directors the results of the effectiveness evaluation and proposes the future direction for improving the effectiveness. • The Board of Directors reviews the evaluation results and identifies current issues. Based on these, the Board of Directors deliberates future initiatives for improving effectiveness and makes decisions on future measures.

Summary of Evaluation Results

- As a result of the effectiveness evaluation conducted in the previous fiscal year, the Company recognized the need to narrow the themes for discussion at Board of Directors' meetings and to develop a systematic annual plan for agenda items, considering the strengthened Board of Directors' monitoring function.
- Therefore, in fiscal 2024 which was the first year of the Medium-Term Management Plan, the Company set an annual agenda focused on specific themes and organized offline discussion forums. As a result, many participants commented that they gained a deeper understanding of the business environment and relevant issues. This feedback suggests that the Board of Directors' function as a monitoring board has continued to improve, as observed in fiscal 2023.
- The Company believes that the effectiveness of the Board of Directors has been continuously improved based on the effectiveness evaluation results so far. We will continue with these initiatives in fiscal 2025 and strive to make further improvements.
- In fiscal 2025, in particular, given the current external environment, the Company recognizes the need for continuous discussion on important themes for increasing corporate value, and will continue to utilize the Sustainability Management Meetings newly established in fiscal 2024 and offline meetings.

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Future Initiatives for Improving Effectiveness

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

Training and Succession Plan for Directors and Executive Officers

Training for Directors and Executive Officers

In order for directors and executive officers to fulfill their roles and responsibilities, the Company offers the following training programs as opportunities to acquire and appropriately update the necessary knowledge. The Company will support the expenses for training.

- At the time of appointment, directors and executive officers receive sufficient explanation from the relevant departments regarding the Company's business and financial situation, etc. If needed, the Company also provides opportunities for directors and executive officers to acquire knowledge and information through visits to manufacturing sites and other means.
- In particular, for newly appointed directors and executive officers from within the Company, the Company provides opportunities for training on the roles and responsibilities of directors and executive officers, as well as legal affairs and corporate governance.
- The Company holds training sessions several times a year, inviting instructors from inside and outside the Company for the purpose of helping directors and executive officers acquire various knowledge on legal revisions and corporate management, etc., and update it as appropriate.
- The Company holds the Compliance Top Seminar once a year as an opportunity to learn from outside instructors about what is required of top management for compliance.
- In addition, the Company facilitates and encourages directors and executive officers to take external training on management strategy, finance and accounting, and organization, etc., and the Company provides support for it.
- The status of attendance at these training sessions is checked once a year and reported to the Board of Directors.

Views on the Development of Successors to the CEO

The Company recognizes that the development of successors to the CEO is one of the most important issues for its management. The qualities and human resources required to solve the Company's management issues and enhance corporate value are discussed on a continued basis at the Nomination & Compensation Committee, chaired by an independent director and composed of a majority of independent directors.

- The appointment of the CEO is determined by the Board of Directors after deliberations at the Nomination & Compensation Committee taking into account the Company's business environment and the implementation of management plans, etc., which are reported to the Board of Directors.
- In developing successors to the CEO, the Company selects multiple candidates from among directors and executive officers and appoints them to important management roles after discussion at the Nomination & Compensation Committee.
- The Company provides directors and executive officers with training opportunities to acquire the knowledge and qualities necessary for the management of the Company. The Corporate Governance Committee examines the training menu in light of the Company's business environment and other factors and reports to the Board of Directors every fiscal year.
- The training status of each director and executive officer is checked by the Corporate Governance Committee once a year.

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Corporate Governance

Remuneration for Directors, Executive Officers, and the Accounting Auditor

Basic Policy on Remuneration for Directors and Executive Officers

1 Basic Approach to Remuneration for Directors and Executive Officers

1. The system aims to secure talented human resources who can contribute to the Company's sustainable development, and appropriately compensate for such efforts.
2. The system aims to share values widely with stakeholders and promote not only short-term growth but also medium- to long-term growth.
3. In offering the incentive for accomplishing consolidated business result targets, the system must be devised with due consideration of the characteristics of each business so that directors and executive officers can fully carry out their roles.
4. In ensuring the objectivity and transparency of judgments regarding remuneration decisions, the Nomination & Compensation Committee deliberates on the state of the remuneration system and the necessity of its reevaluation.

2 Remuneration Framework

1. Based on the resolution at the Ordinary General Meeting of Shareholders, the Board of Directors establishes the Remuneration Regulations for Directors and Executive Officers, Detailed Rules on Executive Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers, which include the remuneration calculation methods for individual directors and executive officers.
2. Remuneration for the Company's directors and executive officers consists of basic remuneration (fixed compensation) based on the remuneration rank determined according to rank and assigned duties, performance-based compensation consisting of the portion linked to division performance and the portion linked to individual evaluation for each fiscal year, and medium- to long-term incentive compensation based on stock compensation with the aim of sharing interest in corporate value enhancement with shareholders. Taking into consideration their duties, independent directors and directors who are Audit & Supervisory Committee members are not eligible for performance-based compensation and medium- to long-term incentive compensation. The remuneration rank is determined by the president and CEO, taking into account the level of responsibility of the assigned duties, and is reported to the Nomination & Compensation Committee and the Board of Directors.
3. Of performance-based compensation, the standard pay amount for the portion linked to division performance will be set at the level of 40–60% of basic remuneration for each rank and remuneration rank, the amount for the portion linked to individual evaluation will be set at the level of -5% to 5% of basic remuneration for each rank and remuneration rank, and the value of medium- to long-term incentive compensation provided per fiscal year will be set at the level of 25–30% of basic remuneration for each rank and remuneration rank.

4. Limits of remuneration and other benefits based on the resolution at the Ordinary General Meeting of Shareholders are as follows.
 - Remuneration for directors (excluding directors who are Audit & Supervisory Committee members)

The limit of basic remuneration.....Within a total of 460 million yen per fiscal year

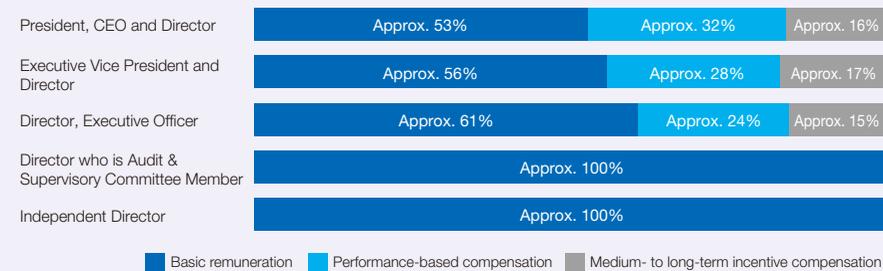
The limit of performance-based compensation.....Within a total of 387 million yen per fiscal year

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

Reference

Composition of Remuneration for Directors and Executive Officers

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



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

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3 Performance-Based Compensation

1. In terms of the portion linked to division performance of performance-based compensation, a performance target will be set based on business management indicators as stated in the Medium-Term Management Plan. Each business division will also set a performance target based on performance management indicators for each business division. The amount to be paid is determined by multiplying the standard pay amount for each rank and remuneration rank by 0–200% according to the accomplishment of the target. The business management indices, which serve as the basis of calculation, are established by the Board of Directors.
2. The portion linked to individual evaluation of performance-based compensation is subject to comprehensive evaluation, including the performance of assigned duties and business unit, the accomplishment of the target, and other aspects. The amount to be paid is determined by multiplying the basic remuneration for each rank and remuneration rank by -5% to 5% according to the evaluation results. Evaluation for executive officers overseeing business divisions and heads of business divisions is determined by the president, and evaluation for other executive officers is determined by the president after primary evaluation by executive officers overseeing business divisions and heads of business divisions. The details of evaluation are reported to the Nomination & Compensation Committee.

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

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

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

Calculation method for the portion linked to division performance of performance-based compensation

$$\text{Performance-based compensation (portion linked to division performance)} = \text{Standard pay amount for each rank and remuneration rank}^1 \times \text{Coefficient based on evaluation indicators}^2$$

- 1 The standard pay amount for each rank and remuneration rank is set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers.
- 2 The coefficient is calculated based on the following formula using the ROIC over the given period as the evaluation indicator. The applicable business division for the portion linked to division performance shall be determined for respective prospective recipients based on their assigned duties. In addition, in the case where the assigned duties to a director are performed in the head office divisions (including the Technical Development Group) or the electric power business division, the said director's performance-based compensation shall not include the portion of compensation linked to division performance and shall be calculated by multiplying the portion linked to Companywide performance by a factor of 1.0 [Portion linked to Companywide performance × 1.0] regardless of the following formula.

$$\text{Coefficient based on evaluation indicators (\%)} = \text{(A) Portion linked to Companywide performance (\%)} \times 0.7 + \text{(B) Portion linked to division performance (\%)} \times 0.3$$

$$\text{(A) Portion linked to Companywide performance (\%)} = \left[\frac{100/3}{\text{Companywide Consolidated ROIC}} \times \text{Companywide Consolidated ROIC} - \frac{2/3}{100} \right] \times 100$$

$$\text{(B) Portion linked to division performance (\%)} = \left[\frac{100/3}{\text{Consolidated ROIC for each business division}} \times \text{Consolidated ROIC for each business division} - \frac{2/3}{100} \right] \times 100$$

3 Decimal points are rounded off in the figures for the portion linked to Companywide performance and the portion linked to division performance. In the event that the value falls below 0%, it will be defined as 0%. In the event that the value goes above 200%, it will be defined as 200%.

4 Medium- to Long-Term Incentive Compensation

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

Note: Since the Company considers the return of profits to shareholders as an important issue for management, it uses profit attributable to owners of parent (hereinafter "profit") as the evaluation indicator. The base value for the calculation is profit of 79.4 billion yen, which reflects the dividend payout ratio as stated in the Company's dividend policy. ESG-related indicators are also used as evaluation indicators as a way of actively promoting solutions to various ESG management issues. Specifically, to comprehensively and objectively evaluate all aspects of our ESG efforts, we use the evaluations of major global ESG rating agencies as indicators. Our benchmark values are a CDP score of A, a FTSE ESG score of 3.9 or higher, and an MSCI ESG rating of AAA.

2. The calculation methods for the base point number for each rank and remuneration rank and coefficients are set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers and the Performance-Based Compensation Regulations for Directors and Executive Officers.
3. As funds for acquisition of shares through the trust, in principle, 1.25 billion yen will be contributed every three years. However, when there are remaining shares of the Company in the trust property as of the last day of the previous trust period, they will be used as funds for the subsequent trust periods, and an amount derived by deducting the amount of the remaining Company shares, etc., from 1.25 billion yen will be contributed.

Calculation method of points to grant medium- to long-term incentive compensation

$$\text{Number of points to be provided} = \text{Base point number for each rank and remuneration rank}^1 \times \text{Coefficient based on evaluation indicators}^2$$

- 1 The base point number for each rank and remuneration rank is set forth in the Detailed Rules on Remuneration Regulations for Directors and Executive Officers.
- 2 The coefficient is determined based on dividends, profit, and performance against ESG-related indicators.

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5 Determination of Remuneration Amount and Timing of Payment

- Basic remuneration will be paid every month from the month of appointment to the position in a monthly amount derived by dividing basic remuneration based on rank and remuneration rank by 12 months. If there is a change to the basic remuneration in the middle of the month due to a change in the assigned tasks and other reasons, the revised remuneration will be paid from the month following the change.
- Of performance-based compensation, the amount for the portion linked to division performance will be determined based on the calculation formula after the end of each fiscal year and paid in a lump sum by the end of the month following the month when the Ordinary General Meeting of Shareholders is convened. The portion linked to individual evaluation will be paid together with the portion linked to division performance in the amount determined based on the calculation formula according to the results of individual evaluation after the end of each fiscal year.
- In terms of medium- to long-term incentive compensation, the number of points will be determined based on the calculation formula after the end of each fiscal year and granted on June 30 each year. Company shares, etc., will be provided every three years on a fixed date during the trust period.

6 Method to Determine Remuneration Standards

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

7 Method to Determine and Examine Remuneration Policy

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

Reference

Base Values and Actual Values for Each Compensation-related Indicator

Compensation Item	Performance-Based Compensation	Medium- to Long-Term Incentive Compensation			
		Portion linked to profit to the term	Portion linked to ESG evaluation		
Indicator	ROIC	Profit attributable to owners of parent	CDP climate change score	FTSE ESG score	MSCI rating
Base values for FY2024	8.0%	¥79.4 billion	A	3.9 or higher	AAA
Actual values for FY2024	6.9%	¥120.1 billion	A-	3.8	AA

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

Activities of the Board of Directors and the Nomination & Compensation Committee during the Most Recent Fiscal Year

The following matters regarding the remuneration for directors and executive officers were discussed and reported to the Board of Directors by the Nomination & Compensation Committee and the resolved by the Board of Directors

Meeting Period	Deliberations and Resolutions
May 2024	Submission of proposal on revision to the maximum amount of remuneration for directors and executive officers to the General Meeting of Shareholders, additional contribution to the BBT, formula for performance-based compensation, and review of the Basic Policy on Remuneration for Directors and Executive Officers
May 2025	Amounts of performance-based compensation and medium- to long-term incentive compensation for fiscal 2024

Remuneration for Directors in Fiscal 2024

Category	Number of payees (Persons)	Amount (Millions of yen)	Breakdown of Total Remuneration (Millions of yen)			Remarks
			Basic remuneration	Performance-based compensation	Medium- to long-term incentive compensation	
Directors excluding Audit & Supervisory Committee members (of which, outside directors)	10 (4)	549 (46)	282 (46)	194 (—)	72 (—)	The number of payees and the amount of payment include one internal director (not an Audit & Supervisory Committee member), one independent director (not an Audit & Supervisory Committee member), and one internal director (an Audit & Supervisory Committee member) who left the positions in fiscal 2024.
Directors, Audit & Supervisory Committee members (of which, outside directors)	6 (3)	116 (49)	116 (49)	— (—)	— (—)	
Total	16	666	398	194	72	

Remuneration for the Accounting Auditor in Fiscal 2024

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

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Strategic Holdings of Shares

Basic Policy on Strategic Holdings of Shares

Our policy on strategic holdings of shares is as follows.

- We will engage in strategic holdings of shares, if it is deemed necessary for alliances and other arrangements that contribute to the growth of our Group, after considering capital efficiency and economic rationality. However, the holdings of these shares will be kept to the minimum amount necessary and efforts will be made to reduce these holdings in stages.
- The holdings of shares shall be subject to the approval of the Board of Directors or the head of the business division in accordance with the internal approval procedures, taking into account the amount of funds required and the purpose of the holdings.
- Since we do not hold shares for pure investment purposes, we do not judge the necessity of holding shares solely based on short-term stock price levels. Each fiscal year, the Board of Directors verifies the amount of shares held and the necessity of holding shares, taking into account changes in the purpose of the holdings and in the business environment, cash flow, etc., and we will sell/transfer shares, or take other measures, as necessary.
- A summary of the verification results is made available on our corporate website every fiscal year.
- In cases where a company that holds shares of Kobe Steel for the purpose of alliances or other reasons expresses an intention to sell or otherwise dispose of those shares, we will not take any action to prevent such sale.

Criteria for Exercising Voting Rights

The Company's criteria for exercising voting rights are as follows.

- We will agree with the proposal by the relevant company, in principle, if its management is deemed consistent with the basic policy and purpose of the holdings, such as forming an alliance with our Company.
- In the following cases, the department in charge will conduct verification and undertake detailed investigations, including interviews with the relevant company.
- Cases in which no unqualified opinion is given by the accounting auditor.
 - A) Cases in which the company has a serious violation of laws or regulations or other misconduct or a significant management problem, and it is deemed that there is a possibility that it may affect the purpose of holdings the shares
 - B) Cases in which it is deemed that there may be significant infringement of the rights of shareholders
- Based on the above basic policy, the department in charge will exercise voting rights after obtaining the approval of the head of the business division, etc., in accordance with the Investment and Loan Management Regulations and the Detailed Regulations for Exercising Voting Rights set forth by the Company.

Verification Results Regarding Strategic Holdings of Shares

In fiscal 2024, the Company reviewed the significance of strategic holdings of shares in listed companies from the perspective of improving capital and asset efficiency. As a result, it was confirmed that, of the 27 stocks that the Company held as of the end of March 2024, some of the shares of two stocks had been sold under the agreement with the counterparties.

In addition, the Company decided to sell all of the shares it holds in one stock in February 2025 with the agreement of the counterparty and completed the sale in April 2025.

The Company has reviewed the necessity of all its strategic holdings of shares in listed companies as of March 31, 2025, except for the one stock for which a decision to sell was reached (26 stocks), at its Board of Directors' meeting. A summary of the verification results is as follows.

Implementation Details

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

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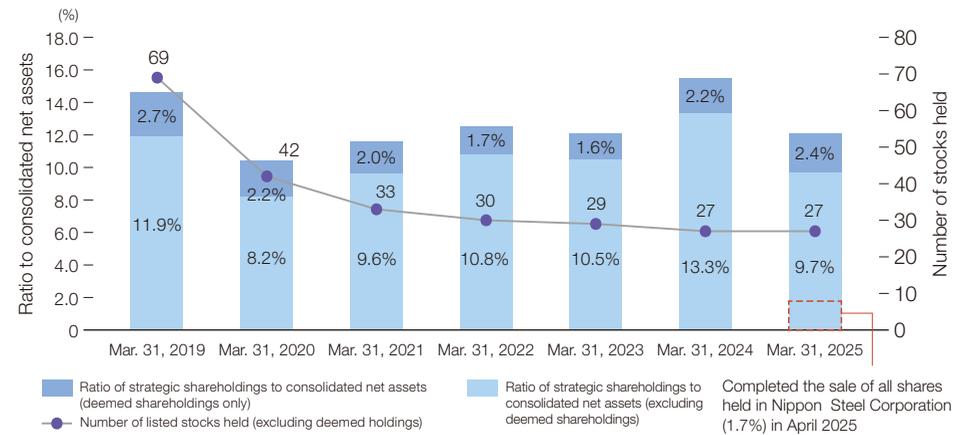
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■ Verification Results

- The Company holds 26 stocks as of March 31, 2025. The holdings of these shares have been judged to be reasonable as they are contributing to strengthening the Company's business foundation and to enhancing the Company's corporate value over the medium to long term, based on the scale and importance of the companies as business partners in terms of volume of transactions, share of transactions, and stable procurement, as well as the relationships as alliance partners.

However, to ensure these holdings are kept to the minimum, the Company will continue to verify the necessity of strategic shareholdings, and we will reduce those holdings that are judged to have diminished significance through sale or other means.

Ratio of Strategic Shareholdings to Consolidated Net Assets and Number of Stocks Held



▶ Strategic Holdings of Shares (in Japanese only)

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Approach to Listed Group Companies

Listed Subsidiaries

In accordance with the Group Company Management Regulations, the Company obliges its Group companies to consult with the supervisory divisions and the Head Office divisions of Kobe Steel and report on important matters when they make important decisions. The Company also requires Group companies to obtain prior approval of its Board of Directors and the president and CEO for the disposal of assets exceeding a certain amount in value in order to ensure the integrated business operation of the Group. However, since listed companies need to maintain a certain level of managerial independence from the Company, the Company takes care not to bind the independent judgment of the management of Group companies.

Our Company pursues the ideal form of capital relations by comprehensively taking into account the various situations of Group companies in terms of the business portfolios, scale, financial strategies for business development, financing, etc., for the overall enhancement of corporate value as a corporate group. From these perspectives, two of our subsidiaries are currently listed: Nippon Koshuha Steel Co., Ltd. and Kobelco Wire Company, Ltd. The Company

will continue to examine how the ideal corporate group should be from the perspective of enhancing corporate value including the corporate governance of the Group.

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

▶ [Notice Concerning Execution of Share Exchange Agreement \(Simplified Share Exchange\) for Making Nippon Koshuha Steel Co., Ltd. a Wholly Owned Subsidiary of Kobe Steel Co., Ltd. and Transfer of Nippon Koshuha Steel Shares by Kobe Steel to Daido Steel Co., Ltd.](#)

Listed Subsidiaries	Benefits of Listing	Uniqueness of Business	Independent Directors
Kobelco Wire Company, Ltd.	<ul style="list-style-type: none"> Heightened employee motivation Highly skilled human resources Flexible fundraising from capital markets 	<ul style="list-style-type: none"> As a secondary wire rod product manufacturer of the Group, the company undertakes the manufacture and sale of pre-cut steel wire, steel wire, stainless steel wire, wire rope, steel wire processed products, etc. It is a core company in the wire rod and bar business, and it has no business restrictions from the parent company and conducts its business activities independently. When doing business with the Company, the terms and conditions of transactions shall be competitive (in price, quality, delivery date, etc.) similar to those for ordinary business transactions. The Company decides on them after comprehensively taking into account the types of projects such as joint technical development, joint ventures, etc. 	<p>The Company has appointed two independent directors from the perspectives of protecting minority shareholders, improving management fairness, and increasing transparency. These two directors have never belonged to the Company or any Group company that has a capital relationship with the Company. The Company exercises its voting rights on proposals for the election of outside directors of Kobelco Wire Company, Ltd. in consideration of its independence from the Company.</p>

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Listed Affiliated Companies

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

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

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

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Compliance

1. Compliance Code and Standards

Policies

Based on the Group Corporate Philosophy, the Kobelco Group has positioned compliance as one of the key components of its business foundation and is working to build organizational structures and implement initiatives. Under the Group Corporate Philosophy, the Kobelco Group is working to implement the Six Pledges of KOBELCO that constitute its specific code of conduct to be practiced by all members of the Group in day-to-day operations in order to fulfill the Core Values of KOBELCO, which are the values that should be shared throughout the Group. Additionally, we have formulated Compliance Regulations that set out basic matters concerning compliance frameworks and its operations.

2. Compliance Structure

Structure

(1) Compliance Committee

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

(2) Kobelco Group's Compliance Program

Under the supervision of the director/executive officer overseeing Companywide compliance and the executive officer responsible for Companywide compliance, the Internal Control and Audit Department of Kobe Steel promotes compliance in coordination with business divisions and Group companies. Compliance activities are implemented in accordance with the Kobelco Group's Compliance Program that consists of the following five elements. By assessing the progress of the compliance activities of the Group and implementing them considering the characteristics of respective businesses and regions, we implement comprehensive and effective compliance activities throughout the Group.



3. Compliance Activities Based on the Compliance Program

Strategies and Targets Structure Results

(1) Commitment and Risk Assessment

■ Commitment

We recognize that in order to thoroughly prevent all forms of misconduct, including violations of competition laws, anti-bribery laws, and security trade control laws, top management needs to show its stance of no tolerance to compliance violations. To this end, we regularly deliver messages on compliance from the president to employees.

■ Risk Assessment

As part of our risk management activities, we regularly analyze and assess compliance risks. In particular, violations of competition laws, anti-bribery laws, and security export control laws are regarded as Top Risks since they may have a material impact on the Group, and we are working to establish a compliance system. The Compliance Committee formulates a plan for compliance-related activities and presents it to the Board of Directors.

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Compliance

(2) Setting Rules and Procedures and Securing Resources

■ Setting Rules and Procedures

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

Regarding the prevention of bribery, we have established policies, regulations, various guidelines, and manuals for each country, to prohibit the provision of money and benefits such as excessive entertainment which may lead to corruption of public officials, and any similar acts that lead to embezzlement or breach of trust among private individuals. We have implemented procedures for preapproval of entertainment expenditures and due diligence of business partners.

■ Securing Resources

We are securing the necessary human, material, and financial resources to implement compliance initiatives at each Group company. We consider that securing the time required for compliance initiatives, such as allocating the time necessary for education, is part of securing resources. In addition, we are working to enhance our compliance promotion system by assigning a person in charge of compliance at Group companies in Japan and overseas.

(3) Training and Communication

■ Training

In order to instill awareness of compliance among all employees, the Group provides training on compliance.

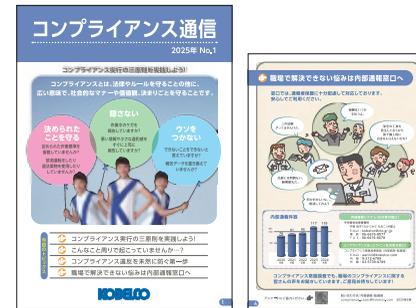
In addition, for specific areas such as compliance with competition laws, prevention of bribery, security trade control, internal whistleblowing systems, etc., we create manuals and conduct necessary training so that they can understand and comply with the rules and procedures associated with their work.

We continuously offer job role-specific training by in-house instructors and e-learning at the Company and its Group companies in Japan and overseas, as well as seminars by external experts.

■ Communication

We disseminate information on amendments to laws and regulations through newsletters and provide manuals on the Company's intranet. We are also making continued efforts to make our whistleblowing systems widely known through the distribution of compliance cards, posters, the intranet, Group newsletters, etc. In addition, we inform all employees to strictly adhere to the three principles of compliance, which are basic behaviors that must be followed: follow established rules, never hide the truth, and never lie.

Compliance News (Published Semiannually) Compliance Card



Action Guide for Employees



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(4) Monitoring and Response to Reports

■ Monitoring

We regularly monitor compliance with competition laws, prevention of bribery, and security trade control, which are positioned as Top Risks. We have gradually introduced the Kobelco Compliance Program at Group companies, and check activities in areas such as compliance systems, competition laws, prevention of bribery, security trade control, etc. Monitoring is carried out at all domestic Group companies and every other year overseas to understand and analyze the implementation status and risks related to the establishment of regulations, compliance with laws and regulations, meeting implementation, and training.

■ Whistleblowing System

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

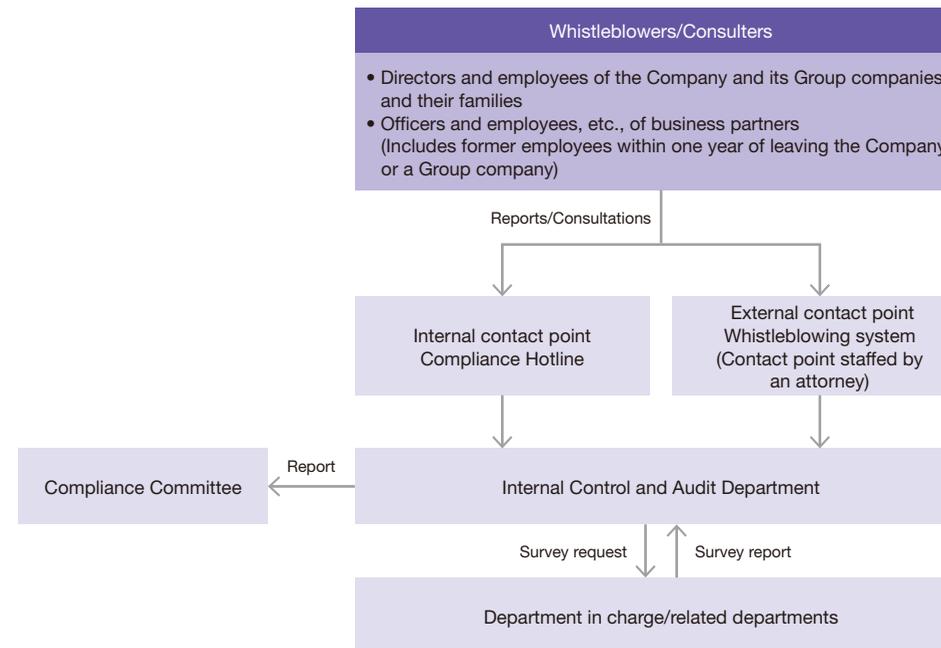
The Company also provides multiple points of contact for internal and external whistleblowers and accepts reports and consultations from external business partners.

We are working to make the system known to all by distributing compliance cards, displaying posters, and sharing internal publications, among other means.

Number of Reported Whistleblowing Cases

	Fiscal 2023	Fiscal 2024
Whistleblowing system	10	21
Compliance Hotline	62	46
Whistleblowing from domestic Group companies	39	40
Whistleblowing from overseas Group companies	6	11
Total	117	118

Whistleblowing System



(5) Review and Improvement

■ Review and Improvement

We conduct compliance awareness surveys among employees and identify latent risks based on the issues identified through monitoring and responding to reports or consultations, as well as according to internal and external trends. Using the results of these efforts, we are constantly reviewing our compliance initiatives. Improvement plans relating to compliance are developed by the Compliance Committee and presented to the Board of Directors.

With regard to specific laws and regulations, we are now reviewing our initiatives based on amendments and trends inside and outside the Company.

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4. Initiatives Related to Individual Laws and Regulations

[Policies](#) [Structure](#) [Results](#)

Prevention of Bribery

Our Anti-Bribery Regulations prohibit offering bribes to public officials or business partners, as well as prohibit the receipt of bribes from business partners. We will take strict disciplinary action if any violations are committed. The Group's policy regarding its anti-bribery initiatives is detailed in the Kobelco Group Anti-Bribery Policy. Additionally, we are a signatory to the United Nations Global Compact, a set of universal principles on human rights, labor, the environment, and anti-corruption advocated by the United Nations.

[▶ Kobelco Group Anti-Bribery Policy](#)

Since the impact of bribery is expected to be particularly serious when an event occurs, we have positioned it as one of the Top Risks for the Group and are implementing Groupwide initiatives. The status of activities is reported to and discussed each fiscal year by the Business Activities Council, which is attended by the heads of business divisions, and these reports are used in the drafting of activity plans for the following fiscal year.

The Group requires prior approval for offering entertainment and gifts to public officials and conducts regular monitoring of the status of such expenditures.

In addition, when appointing business partners (including contractors, agents, consultants, etc.), we require them to make an anti-bribery pledge and carry out other procedures related to appointments, including screening their qualifications.

We provide regular training (including e-learning) on preventing bribery to our employees. We have also created manuals on overseas laws including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, to provide information on the standards for determining whether or not entertainment and gift-giving are acceptable.

No events involving fines, penalties, or out-of-court settlements arose in fiscal 2024 in relation to bribery.

Compliance with Competition Laws

The Company's Competition Law (Anti-Monopoly Act) Compliance Regulations prohibit violations of competition laws. We take strict action if any violations are committed.

Because violations of competition laws are expected to have a particularly serious impact at the time they occur, they are designated a Top Risk for the Kobelco Group, which is working as one to implement initiatives. The status of activities is reported to and discussed each fiscal year by the Business Activities Council, which is attended by the heads of business divisions, and these reports are used in the drafting of activity plans for the following fiscal year.

The content of information exchanged through contact with competitors by sales departments is recorded and reported. The content thus reported is checked by multiple departments, and in cases where the exchange of information is recognized to be problematic, necessary measures are implemented promptly.

In addition to creating and publicizing manuals for employees in relation to compliance with competition laws, we implement regular training (including e-learning). Through interviews and other measures, we work to maintain an accurate understanding of the status of sales department activities.

In addition, the Group is taking appropriate measures to reflect the rising costs incurred by vendors in transaction prices. The specifics of our procurement pricing policy can be found in the Kobelco Group Basic Policy on Pricing Methods.

[▶ Kobelco Group Basic Policy on Pricing Methods \(in Japanese only\)](#)

No events involving fines, penalties, or out-of-court settlements arose in fiscal 2024 in relation to competition laws.

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Risk Management

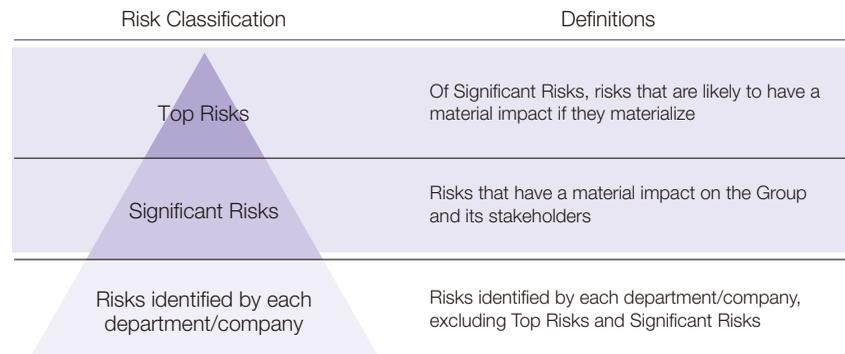
Under the Group Corporate Philosophy, we are taking appropriate measures to address the risk factors that may hinder the Kobelco Group’s sustainable development and enhancement of corporate value, which have been identified by using the international standards—The Committee of Sponsoring Organizations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

Basic Policy

Policies

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

Classification and Definition of Risks



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

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

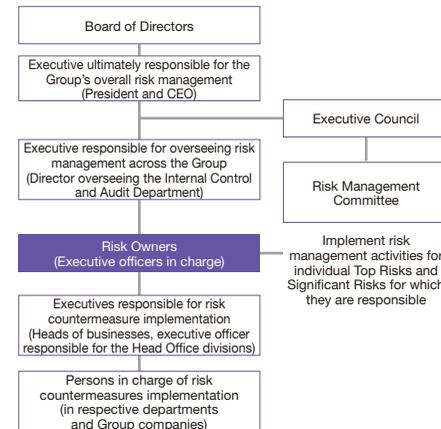
In the event of an urgent and serious risk of loss with respect to risks including Top Risks and Significant Risks, we will appropriately communicate information and make decisions according to internal rules based on the Contact System in Case of Risk Occurrence and take appropriate measures to minimize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

Management Structure

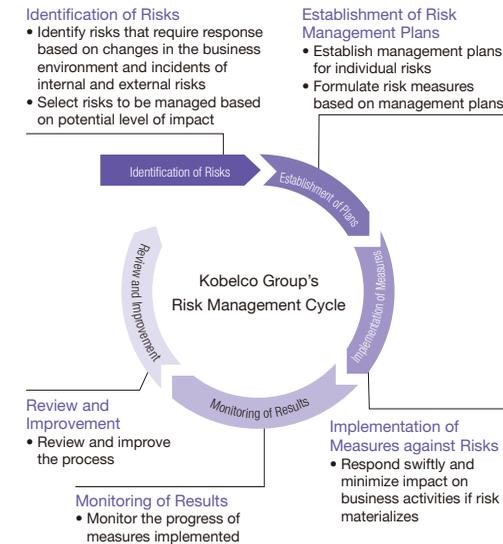
Structure

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

Management Structure



Risk Management Cycle



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Risk Management

Actions for Major Risks

Results

Risks	Actions (Examples)	Results
Environmental regulations	<ul style="list-style-type: none"> Strengthening environmental management (Promoting an environmental management system) Implementing environmental audits (Paper-based audits and on-site audits) Environmental training and learning at overseas and domestic locations 	Actions for Environmental Management Environmental Management on pages 27 to 31 Appropriate Management of Water Resources on pages 32 to 34 Resource Recycling on pages 35 to 37 Reductions of Environmental Impacts on pages 38 to 40 Biodiversity on pages 41 to 46
Safety management	<ul style="list-style-type: none"> Fostering safety personnel who can “check safety and ensure safety before work or action” (Fostering a safety culture) Strengthening safety and health audits and support Promoting machinery safety Safety and health initiatives combined with DX Initiative to establish an occupational safety and health management system Thorough management of hazardous workplaces and entrenchment of good practices 	Actions for Safety and Health and Lost Time Injury Frequency Rate, etc. Safety and Health on pages 52 to 54
Natural disasters, pandemics	<ul style="list-style-type: none"> Maintaining, managing, reviewing, and improving BCPs already formulated at each business location Reviewing measures against storm and flood damage based on information such as the latest hazard maps issued by the government and conducting training Collecting information using the safety confirmation system and damage information collection system Implementing extensive infection controls following our guidelines for dealing with new types of infectious disease 	Initiatives for Disaster Prevention and Safety and Health Disaster Prevention on pages 57 to 58 Safety and Health on pages 52 to 54
Supply chains	<ul style="list-style-type: none"> Released the Basic CSR Procurement Policy containing our Response Policies for building responsible supply chains added to our Basic Procurement Policy and Requests to Our Business Partners, and formulating mechanisms for the PDCA cycle Response Policies <ol style="list-style-type: none"> Request for business partners to comply with Requests to Our Business Partners Request for business partners to notify their suppliers of Requests to Our Business Partners Provision of support for improvements and disclosure of information to business partners Cooperation between Kobelco and business partners Cooperation with employees, Group companies, and affiliates Implementing CSR survey Conducting surveys on the status of compliance with important items (Human rights and conflict minerals) Established grievance desk for suppliers (Joined JaCER) 	Actions for Building Responsible Supply Chains Building Responsible Supply Chains on pages 71 to 73
Quality	<ul style="list-style-type: none"> Monitoring and providing recommendations for strengthening quality management activities, including preventive measures through the Quality Management Committee, a majority of whose members are outside experts Transitioned the Kobelco TQM Promotion Meeting, which was under the Trust Improvement Project, to the Kobelco TQM Promotion Committee as an auxiliary body to the Executive Council to strengthen and promote Kobelco TQM activities throughout the Group Quality audits and Promotion of Conformity to the Kobelco Group Quality Guidelines 	Actions for Quality Quality on pages 97 and 98

With regard to Kobelco Group business risks, matters that could have a material impact on the decisions of investors are described in the Annual Securities Report.

▶ [Annual Securities Report](#) (in Japanese only)

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Quality

Policies

The Kobelco Group is taking proactive steps to enhance its quality management and quality control processes, while continuing to implement measures to prevent the recurrence of quality-related misconduct as a top priority. From the perspective of our customers and business partners, the Kobelco Group aims to achieve quality that is trusted by and brings satisfaction to customers and all stakeholders, while working to instill the Quality Charter, which constitutes a part of the Six Pledges of KOBELCO, among all employees and promoting Kobelco TQM activities.

- 1. Strengthening the infrastructure that can provide “Trusted Quality”
- 2. Strengthening management capabilities to provide “Satisfying Quality”

Quality Charter

The Kobelco Group will comply with all laws and regulations, public standards, and customer specifications, and make continuous efforts to improve quality, with the goal of providing Trusted Quality in our products and services.

Our Initiatives

■ Strengthening the Infrastructure that Can Provide “Trusted Quality”

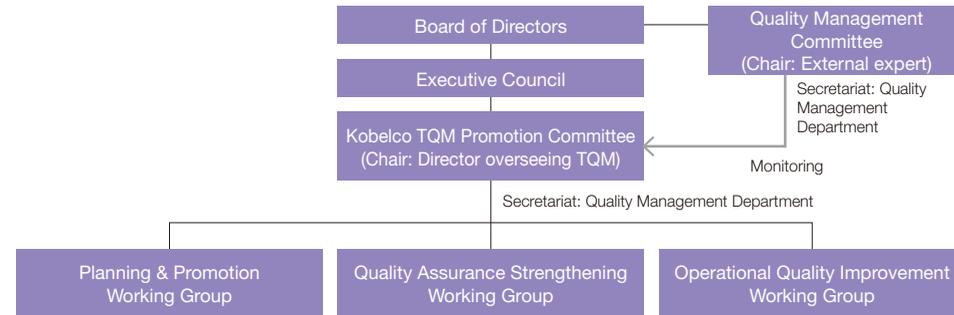
- 1) Prevent fading awareness by sharing and instilling quality compliance case examples and improving communication (Eliminating inappropriate handling of quality data)
- 2) Reduction of critical quality incidents through prevention of recurrence and steady implementation of horizontal development (PDCA and SDCA)
- 3) Enhancing prevention activities through quality KY* by utilizing critical quality incidents and risks at each level

* KY (*kiken yochi*): hazard prediction

■ Strengthening Management Capabilities to Provide “Satisfying Quality”

- 1) Achievement of business challenges/targets (customer satisfaction, ROIC, etc.) through the implementation of policy management/daily management by means of implementing practical management programs and KPI management
- 2) Revitalization of all-hands-on-deck improvement activities to meet the expectations of customers and other stakeholders

Structure



* Total quality management: A method of business management for comprehensive quality control. Kobelco TQM aims to strengthen the management of each business segment while identifying legal compliance issues that serve the needs of customers and society and addressing them with the participation of all employees.

Targets

Medium-Term Quality Targets (Key Goal Indicators)	
1. Percentage of business sites conforming to the Kobelco Group Quality Guidelines	FY2025: 100%
2. Completion of the Kobelco TQM practical management program* Participation of all employees in small-group improvement activities	FY2027: Managers and eligible employees of Group companies 100% FY2026: 100%

* Includes activities equivalent to practical management programs

Quality Management Committee

Members of the Quality Management Committee visit the Group’s business sites approximately once a quarter to check the status of the activities of the business sites and the quality management system, based on which they make recommendations for improvement. They also receive regular reports on the status of Companywide activities, including the Kobelco TQM activities that started in fiscal 2020, through the Kobelco TQM Promotion Committee, which was newly established in fiscal 2024, and make recommendations.

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Quality

Kobelco TQM Promotion Committee

Members of the Kobelco TQM Promotion Committee visit the Group's business sites approximately once a quarter to check and discuss the status and the progress of measures common to business divisions and the entire Company in order to raise the quality level of the Group as a whole.

Working Groups

■ Planning & Promotion Working Group

The Planning & Promotion Working Group is expanding and promoting Kobelco TQM activities throughout the Group in order to provide Satisfying Quality. The working group is making efforts to improve organizational capabilities in order to effectively implement TQM and promote improvement activities on an independent and self-driven basis. Recently, the working group is shifting the phase of improving the management skills of middle management from the acquisition of TQM knowledge to practical use. It is also focusing on strengthening and expanding the knowledge acquisition of TQM among staff.

■ Quality Assurance Strengthening Working Group

In order to strengthen the foundation of Trusted Quality, the Quality Assurance Strengthening Working Group is promoting activities to ensure that the lessons learned are not forgotten, to reduce critical quality incidents, and to advance preventive activities. As of the end of fiscal 2024, the total number of business sites certified as conforming to the Quality Guidelines (starting in fiscal 2021) was 102. The working group is making efforts to complete the conformity certification of the remaining business sites by the end of fiscal 2025. Through the Quality Caravan Team, the working group identifies problems at business sites and continues to improve the soundness of quality data by utilizing DX, IT technology, and other means.

■ Operational Quality Improvement Working Group

The Operational Quality Improvement Working Group aims to achieve sustainable growth at Kobelco by revitalizing QC circle activities and staff improvement activities in small group improvement activities, and by continuing to resolve management issues through the participation of all members. In terms of 5S activities*, we will maintain our efforts to ensure a work environment that is safe and comfortable at all times.

* *Seiri* (sorting), *seiton* (setting-in-order), *seiso* (shining), *seiketsu*, (standardizing), and *shitsuke* (sustaining the discipline)

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Tax Risk

Tax Policy

Policies

Basic Policy

The Kobelco Group recognizes that corporate value includes not only business results and technological capabilities but also its stance on social responsibility to all stakeholders who may be affected by its business activities, such as shareholders and investors, customers, business partners, community members, and employees of the Kobelco Group. We will work to enhance our tax governance and contribute to the development of society by fulfilling our tax obligations.

Compliance with Laws and Regulations

Our Group complies with the tax laws of each country in which it conducts business, international taxation rules, and other regulations, and pays an appropriate amount of taxes for its business activities in an appropriate place of tax payment.

Addressing Tax Risks

Our Company will respond appropriately to tax risks, taking into account their materiality and reasonableness. If it is difficult to make a judgment on the interpretation of tax laws or treatment under tax laws, we will consult with external experts or make prior inquiries to the tax authorities as necessary.

We will verify whether transaction prices between our Company and our overseas Group companies are set appropriately in light of the OECD Transfer Pricing Guidelines, etc., and in cases where it is difficult to make a judgment, we will request confirmation from the relevant countries via the systems for advance pricing arrangements for transfer pricing and other routes, etc.

Tax Planning

Our Company will not carry out tax planning solely for the purpose of reducing tax amounts, such as the use of tax havens, which does not involve actual business. However, in conducting our business, we will pursue economic rationality by, for example, using tax incentives that are applicable within the scope of our business activities, taking into full consideration the intent of the tax laws of each country.

Relationship with Tax Authorities

Our Company will communicate with tax authorities to further strengthen the relationship of trust. We will disclose information in response to requests from tax authorities in a cooperative manner.

Tax Governance

Structure

To appropriately manage tax risks and fairly pay taxes, our Company is working to disseminate information about tax reforms and to provide tax-related education with the aim of enhancing tax governance.

At the Company, we report important tax matters to the director/executive officer overseeing the Finance and Accounting Department, who is responsible for the Company's tax governance, in a timely and appropriate manner, and take necessary measures under the direction of the director/executive officer.

At Group companies, day-to-day tax operations are performed by each company, but they receive support from the Company or from external experts when necessary.

Taxes Paid by Region

Results

Taxes Paid by Region (Consolidated Cash Flow Basis)

	Unit	Fiscal 2023	Fiscal 2024
Japan	Billions of yen	18.9	60.2
	Proportion (%)	75	88
Other regions	Billions of yen	6.2	8.0
	Proportion (%)	25	12
Total	Billions of yen	25.1	68.3

Note: Amount of income taxes paid on a consolidated basis

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Information Security (Cybersecurity)

Basic Policies on Information Security

Policies

The Kobelco Group considers information security risks as one of its significant management risks, and has established basic policies on information security and is promoting information security measures to ensure that we can take an appropriate Groupwide response.

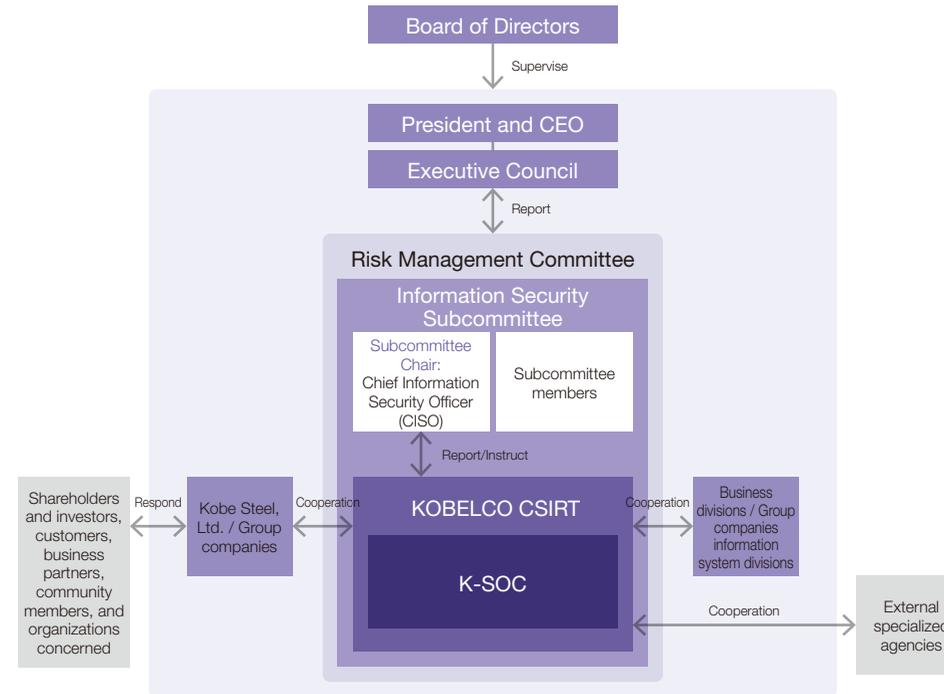
Basic Policies on Information Security

- Building an information security system
- Establishing an information security framework based on the PDCA cycle
- Formulating rules and regulations and standards for information security
- Implementing thorough information security measures

Information Security Promotion System

Structure

Our Group pays the utmost attention to the confidentiality of information, and has established a management system and taken appropriate security measures to prevent unauthorized access and information leaks due to cyberattacks and other incidents. The information security promotion structure, centered on the Information Security Subcommittee, KOBELCO CSIRT / K-SOC, and the respective roles are as follows.



Information Security Subcommittee

The Information Security Subcommittee, chaired by the CISO (director/executive officer), determines the Group's basic policies and key measures on information security.

KOBELCO CSIRT¹ / K-SOC²

At KOBELCO CSIRT, IT and legal departments, as well as information system-related companies, work together to prevent damages from cyberattacks; update or abolish security regulations and standards; plan and implement information security education and training for directors, executive officers, and employees; and respond to incidents and other events.

¹ Computer Security Incident Response Team

² Kobelco Security Operation Center

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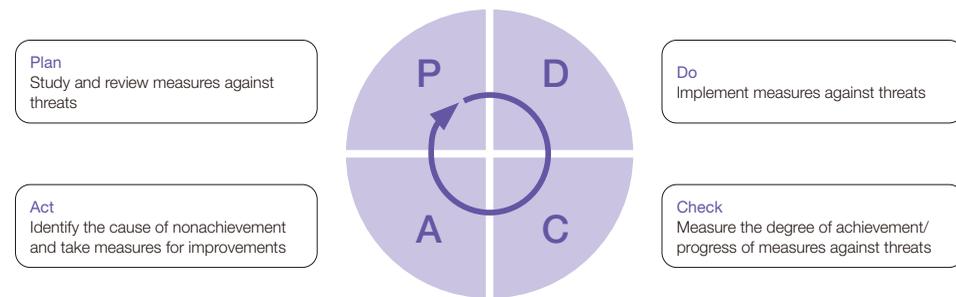
Information Security (Cybersecurity)

Information Security Activity Targets

Strategies and Targets

With the goal of achieving zero serious security incidents*, the Kobelco Group aims to raise the level of security through the PDCA cycle that includes such elements as implementing risk management, determining countermeasures, and auditing results of security activities.

* An information security incident that has a significant impact on businesses or society, such as the stopping of a factory line due to cyberattacks and the leakage of important confidential information

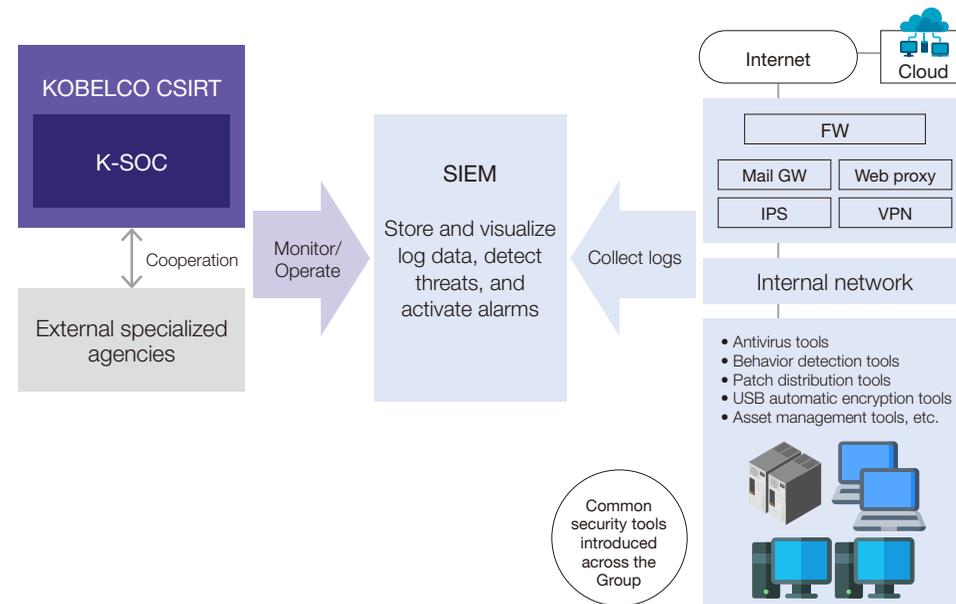


Information Security Initiatives

Results

Security Tools Integration and Monitoring

Braced for cyberattacks, we have integrated security tools for central management of information security throughout the Kobelco Group including domestic and overseas Group companies. This allows us to carry out log monitoring 24 hours a day, 365 days a year, detect malware infections, suspicious behavior, and signs of incidents in the early stages, and take prompt steps from initial response to containment.



Information Security Education and Training

We are working to improve employee awareness and understanding of information security and the ability to respond to threats by regularly conducting information security education through e-learning and targeted email training for directors, executive officers, and employees of the Group.

Information Security Audits

We are working to raise the level of information security management throughout the Group by conducting annual internal audits to check the status of compliance with the Kobelco Group Information Security Standards through annual internal audits and making improvements.

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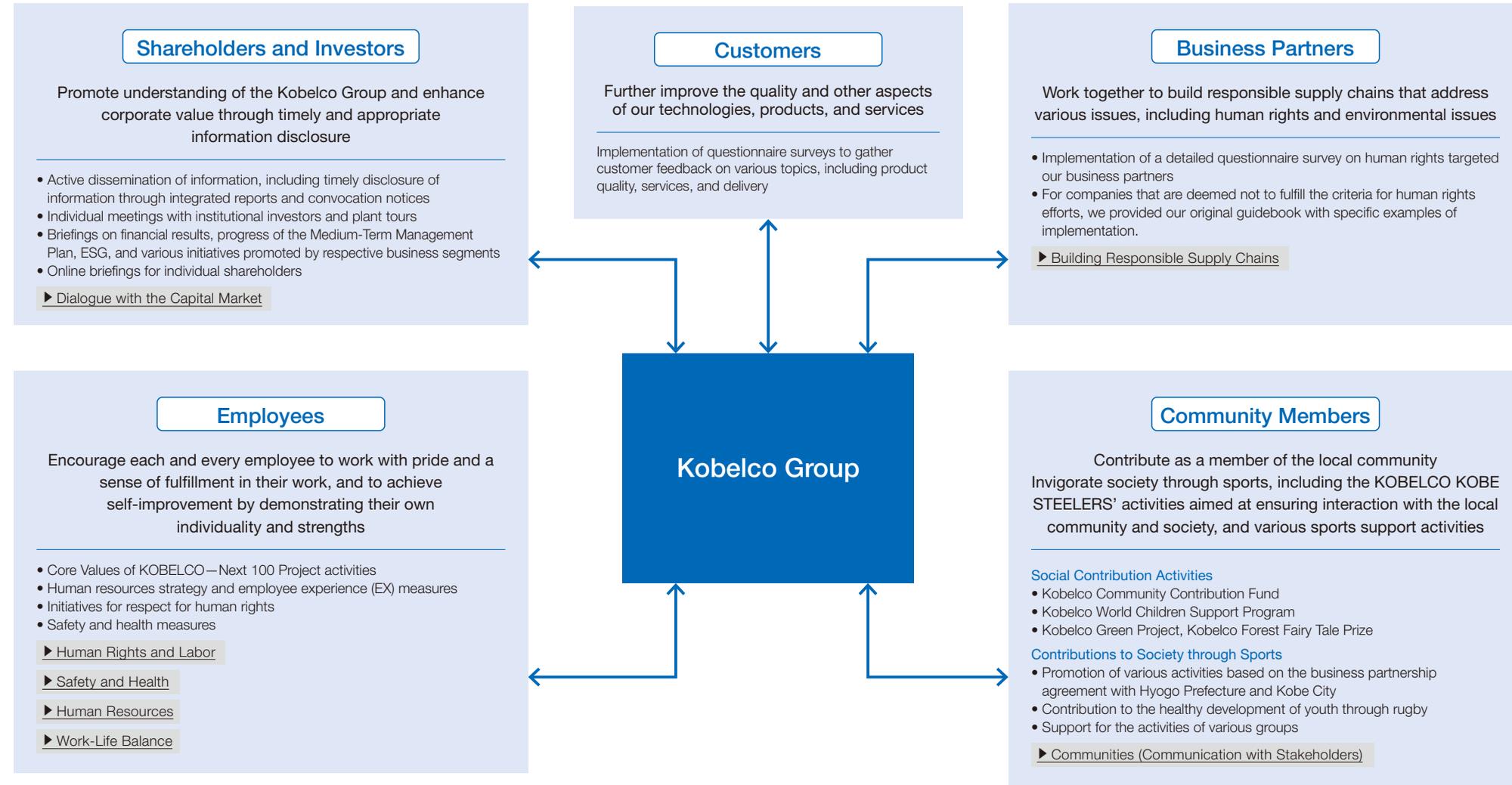
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Communities (Communication with Stakeholders)

The Kobelco Group is committed to proactive communication with its stakeholders. Recognizing that improving management transparency is a top priority, we are promoting timely, appropriate, and extensive information disclosure.

We also carry out various activities to contribute to local communities, such as community interaction, regional development, environmental activities, and contribution to society through sports.

The Kobelco Group's Main Stakeholders



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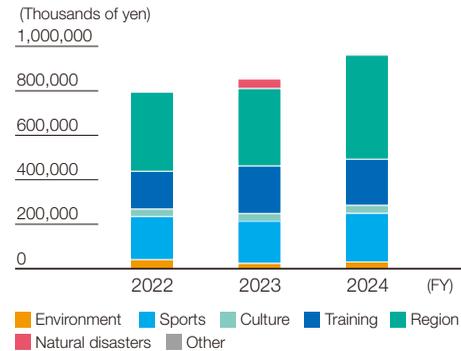
Communities (Communication with Stakeholders)

Social Contribution Activities

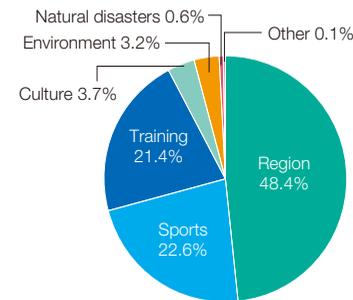
The Kobelco Group carries out various social contribution activities, including support for children through the Kobelco Community Contribution Fund and social contributions through sports. In fiscal 2024, we spent approximately 960 million yen for social contribution activities expenses, such as donations through UNICEF and donations to local governments in areas where our business sites are located.

In fiscal 2024, we made donations to the areas affected by the earthquake that struck off the eastern coast of Taiwan in April and to UNICEF's natural disaster emergency fund. We will continue to engage in social contribution activities while taking into account the future situation.

Kobelco Group's Social Contribution Spending



Breakdown of Social Contribution Activities Expenses (FY2024)



Social Contributions for Communities

Nadahama Garden Baden

Nadahama Garden Baden is a bathing facility that utilizes the energy of the nearby Kobe Power Plant. Local residents use it as a place for health promotion and relaxation.

In addition, in the event of a disaster, the facility can use pool water for fire prevention, fire extinguishing, and daily use, giving consideration to local disaster prevention.



Kobelco Community Contribution Fund

In fiscal 2006, the 100th anniversary of the Company's founding, we established the Kobelco Community Contribution Fund, which carries out support activities for children. In fiscal 2024, the Company and its Group companies donated approximately 5.6 million yen in total to various facilities and organizations. Please visit our corporate website for an overview of the fund's support results and initiatives.

▶ [Kobelco Community Contribution Fund](#)



Social Contributions through Sports

Activities Rooted in the Comprehensive Partnership Agreement with Hyogo Prefecture

On November 9, 2023, we concluded a comprehensive partnership agreement with the KOBELCO KOBE STEELERS and Hyogo Prefecture mainly covering sports promotion and regional revitalization, including the following:

- 1) Promotion of sports through rugby;
- 2) Regional revitalization through collaboration between industry, government, and academia;
- 3) Remembering the lessons of major earthquakes; and
- 4) Disseminating the importance of food by athletes.

Since then, we have carried out such initiatives as inviting children to watch matches and regional revitalization in collaboration with universities in the prefecture.

- The University of Hyogo joined the framework of the comprehensive partnership agreement between Hyogo Prefecture and the KOBELCO KOBE STEELERS, and produced a flyer called *Support Station News* that introduces the Support Station for the KOBELCO KOBE STEELERS from a student's perspective. Students from the university then handed out the flyer at the team's matches.



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Communities (Communication with Stakeholders)

Activities Rooted in the Business Cooperation Agreement with Kobe City

The KOBELCO KOBE STEELERS, whose host town is Kobe City, signed a business collaboration agreement with the city on September 28, 2021, in order to further strengthen collaboration. The agreement aims to:

- 1) Promote sports through rugby and create a legacy for the Rugby World Cup;
- 2) Improve the health of citizens, promote the sound development of young people, and realize a prosperous society;
- 3) Promote regional revitalization; and
- 4) Disseminate the attractiveness of Kobe City both in Japan and overseas.

In fiscal 2022, we conducted projects in cooperation with related departments of the Kobe municipal government.

- Held tag rugby and real rugby classes at 30 elementary schools in Kobe City [Culture and Sports Bureau]
- Conducted a mock voting event with the Kobe City Election Administration Committee [Election Administration Committee]
- Cooperated in PR for the Fire Prevention Campaign/Firefighter Recruitment [Fire Prevention Section/Firefighter Support Section, Fire Bureau]
- Participated in the Sumahama Project to Nurture Children: KOBELCO KOBE STEELERS at Suma Beach [Community Cooperation Section, Suma Ward, Kobe City]



KOBELCO Cup for Spreading and Developing High School Rugby in Japan

In response to the decline in the number of rugby players in recent years due to the declining birthrate and aging population, the KOBELCO CUP is held with the desire to contribute to expanding and revitalizing the sport of rugby in Japan. The KOBELCO Cup, which celebrates its 21st anniversary this year, plays an extremely important role in strengthening Japanese rugby and developing players. This year in particular marks the 15th anniversary of the women's division, which provides an opportunity for female players to play 15-a-side rugby, for which there are few options available for women, to experience the sport.

The KOBELCO KOBE STEELERS sent a total of 17 people, including 15 current players and two staff members, to provide coaching for the participating teams.

The Group is also a special sponsor of the National High School Rugby Tournament, which is held in the Hanazono Rugby Stadium, every year during the year-end and New Year holidays.

As Team KOBELCO, we believe in the power of rugby and will continue to do our utmost to further popularize and develop high school rugby in Japan.



Community Child Watch Activities

Since 2019, we have watched over children walking to elementary schools near the Kobe Head Office.

Support for Various Organizations' Activities through Rugby (Support for Activities of the Hyogo Guide Dogs Association)

The KOBELCO KOBE STEELERS has been supporting the activities of the Hyogo Guide Dogs Association, a social welfare corporation whose mission is to train guide dogs and deepen understanding of the local community about accepting guide dogs, and, since 2020, have cooperated in raising funds to support guide dogs and selling charity goods at match venues. In 2025 as well, many visitors came to the booth to participate in our activities.



Elementary School Graduation Exchange Match

On March 15, 2025, before the match against MIE Honda HEAT in Round 11 of NTT Japan Rugby League One 2024–25, the Harvest Global Presents KOBELCO KOBE STEELERS Elementary School Graduation Exchange Match was held at the Kobe Sports Park Universiade Memorial Stadium Auxiliary Field. This year marks the fourth time the tournament has been held since 2022 based on the desire of Ambassador Daisuke Ohata to “make good final memories of elementary school among all his sixth grade teammates, regardless of whether they are a regular player or not, to wear the team’s uniform and take part in matches without worrying about winning or losing.”



Participation in Activities Marking the 30th Anniversary of the Great Hanshin-Awaji Earthquake

Wanting to support Kobe again on the 30th anniversary of the Great Hanshin-Awaji Earthquake, the players and staff of the KOBELCO KOBE STEELERS volunteered at the 1.17 Gathering for the Great Hanshin-Awaji Earthquake held on January 16 and 17, 2025.

In addition, the 1.17 Memorial Jersey—30 Years Since the Great Hanshin-Awaji Earthquake worn by the players in the NTT Japan Rugby League One 2024–25 Round 5 match against URAYASU D-Rocks held at Noevir Stadium Kobe on January 19, 2025 was sold in a charity auction. The proceeds from the auction, along with a portion of the proceeds from the memorial jerseys sold at the official merchandise store, totaling 1,929,700 yen, were donated to the NPO Hanshin-Awaji Earthquake 1.17 Light of Hope (HANDS).



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Communities (Communication with Stakeholders)

Community Exchange Facility: Nadahama Sports Zone
The Nadahama Sports Zone has tennis courts and artificial turf fields that are open to the public and used by local community members.

For details about the activities of the KOBELCO KOBE STEELERS, please visit the link below.

▶ [KOBELCO KOBE STEELERS](#) (in Japanese only)

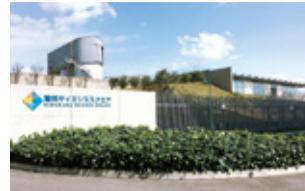


Social Contributions for Education

Nadahama Science Square

Nadahama Science Square connects the four themes of “steelmaking,” “power generation,” “energy,” and “the environment.”

In the exhibition room, visitors can experience the fun and wonder of science and technology while playing, and on weekends, fun events such as experiments are held. In addition, the green space and the biotope in the facility are made available to local residents as places to relax.



Social Contributions for People Affected by Disasters

Supporting Areas Affected by Disasters

The Kobelco Group provides support to people following earthquakes and other natural disasters. After the Noto Peninsula Earthquake occurred in January 2024, we donated 30 million yen through the Japanese Red Cross Society.

Kobelco World Children Support Program

This program was established in fiscal 2021 to support children in need around the world due to natural disasters such as earthquakes and volcanic eruptions, as well as conflicts. In fiscal 2024, we donated 5 million yen to the Japan Committee for UNICEF’s natural disaster emergency relief fund and for support of those affected by earthquake that struck off the eastern coast of Taiwan in April 2024. Going forward, we will continue to make donations every year to support activities carried out by the United Nations and other international organizations.

Social Contributions for Culture

We support the performing arts through the naming rights* of various facilities.

- Hyogo Performing Arts Center (Kobelco Grand Hall)
- Moka Civic Hall (Kobelco Moka Strawberry Hall)
- Hyogo Prefectural Museum of Art (Kobelco Museum Hall)

* Refers to the naming of public facilities by companies, such as theaters and libraries, that are part of a company’s support for cultural promotion activities.



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Communities (Communication with Stakeholders)

Social Contributions for Environmental Protection

Kobelco Green Project

The Kobelco Group aims to coexist and cooperate with society from an environmental perspective as well. Since fiscal 2013, we have been promoting the Kobelco Green Project, an environmental contribution activity that fosters a desire to care for the environment, throughout the Group to conserve and maintain forests that are a sink for CO₂, along with the Kobelco Forest Fairy Tale Prize to foster children's feelings for nature, as well as forest development activities and environmental education outreach to children's centers led by Group employees.

Kobelco Forest Fairy Tale Prize

For the Kobelco Forest Fairy Tale Prize, the Kobelco Group solicits stories about forests from elementary, junior high, and senior high school students across Japan with the aim of helping children, who will lead the next generation, develop a feeling of cherishing the forest that offers various blessings of nature.

The winning stories are transformed into picture books with illustrations by picture book authors, with approximately 2,000 sets having been donated to elementary schools, junior high schools, high schools, special needs schools, and public libraries run by the sponsoring municipality. In fiscal 2024, we received 637 entries, and Ayane Miyazaki's "Forest View Store" won the Gold Prize in the elementary school category, and Naohiro Horiyama's "Little Spirit Living with the Forest" won the Gold Prize in the junior high and high school category. In addition, picture books were presented to government officials in Hyogo Prefecture, Kobe City, and other areas.



12th Gold Prize-winning picture books

Forest Development Activities

We are working to develop forests in Kobe and Miki cities in Hyogo Prefecture.

These forests have been carefully nurtured to produce charcoal, firewood, and other materials necessary for people's lives. We have been engaged in this activity for over a decade in order to foster healthy biodiversity as well as the forests' environmental, disaster prevention, and cultural functions.



Environmental Education Outreach to Children's Centers
Kobe Children's Eco Challenge 21 Club, run by the City of Kobe, offers environmental education outreach to children's centers so that children can develop an interest in the environment and continue to practice environmentally friendly activities.

Since 2011, we have been providing programs to learn about the importance of the environment and electricity, and the convenience of iron under the theme of iron and electricity.



Launched Kobelco's Neo-Haru Action (Social Contribution Activity Website)

We launched a website called Kobelco's Neo-Haru Action to showcase our social contribution activities.

This webpage mainly lists activities that are rooted in the community (neo-haru) and are carried out by Group employees.

▶ [Kobelco's Neo-Haru Action](#) (in Japanese only)



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Participation in Sustainability Initiatives and External Evaluations

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

Participation in Sustainability Initiatives

TCFD	SDGs
 <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	 <p>SUSTAINABLE DEVELOPMENT GOALS</p>
White Logistics Movement	#HereWeGo203030 (Challenge Initiatives for 30% of Executives to be Women by 2030)
 <p>「ホワイト物流」推進運動 賛同企業</p>	 <p>30 Challenge #HereWeGo203030</p>
United Nations Global Compact	Male Leaders Coalition for Empowerment of Women
 <p>WE SUPPORT UN GLOBAL COMPACT</p> <p>Kobe Steel, Ltd. signed the United Nations Global Compact (UNGC) and was registered as a participant company in March 2021.</p> <p>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>行動宣言 働く女性の活躍を加速する 男性リーダーの会</p>
Declaration of Partnership Building	GX League
 <p>パートナーシップ構築宣言</p>	 <p>GX League</p>

External Evaluations

FTSE4Good Index Series	FTSE Blossom Japan Index	FTSE Blossom Japan Sector Relative Index
 <p>FTSE4Good</p>	 <p>FTSE Blossom Japan Index</p>	 <p>FTSE Blossom Japan Sector Relative Index</p>
S&P/JPX Carbon Efficient Index	MSCI Japan Empowering Women (WIN) Select Index	MSCI Japan ESG Select Leaders
 <p>S&P/JPX Carbon Efficient Index</p>	 <p>2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p> <p><small>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.</small></p>	 <p>2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p> <p><small>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.</small></p>
CDP	Platinum Kurumin	PRIDE Index
 <p>CDP</p> <p>Kobe Steel received "A" rating for climate change</p>	 <p>プラチナくみん 3年連続A評価</p>	 <p>work with Pride PRIDE Gold 2024</p>
2025 Outstanding Organization of KENKO Investment for Health (White 500)	DBJ Environmentally Rated Loan Program	Noteworthy DX Company 2025
 <p>2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500</p> <p>Sixth selection</p>	 <p>DBJ 環境格付 2024</p> <p>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."</p>	 <p>Noteworthy DX Companies 2025 Digital Transformation</p>

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Independent Practitioner's Limited Assurance Report

September 24, 2025

To the President,
CEO and Representative Director of Kobe Steel, Ltd.

Shinnosuke Kayumi, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Osaka Office, Japan

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in Kobe Steel, Ltd.'s (the "Company") ESG Data Book 2025 (the "Data Book") for the year ended March 31, 2025 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Data Book. The SMI subject to the assurance engagement is indicated in the Data Book with the symbol "★".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in Calculation method in the Data Book, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at two of the Company's factories which were determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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