

KOBELCO

“ KOBELCO ESG DAY ”

ESG Initiatives

September 27, 2023
Kobe Steel, Ltd.

Today's presentation covers the following topics of ESG.



- 1) Current status of initiatives for CO₂ reduction



- 1) Implementation of Human Resources Strategy
- 2) Safety and health
- 3) Health and productivity management
- 4) Quality (Trust Improvement Project)
- 5) Social contribution



E

(Environment)

1) Current status of initiatives for CO₂ reduction

Reduction of CO₂ emissions in production processes

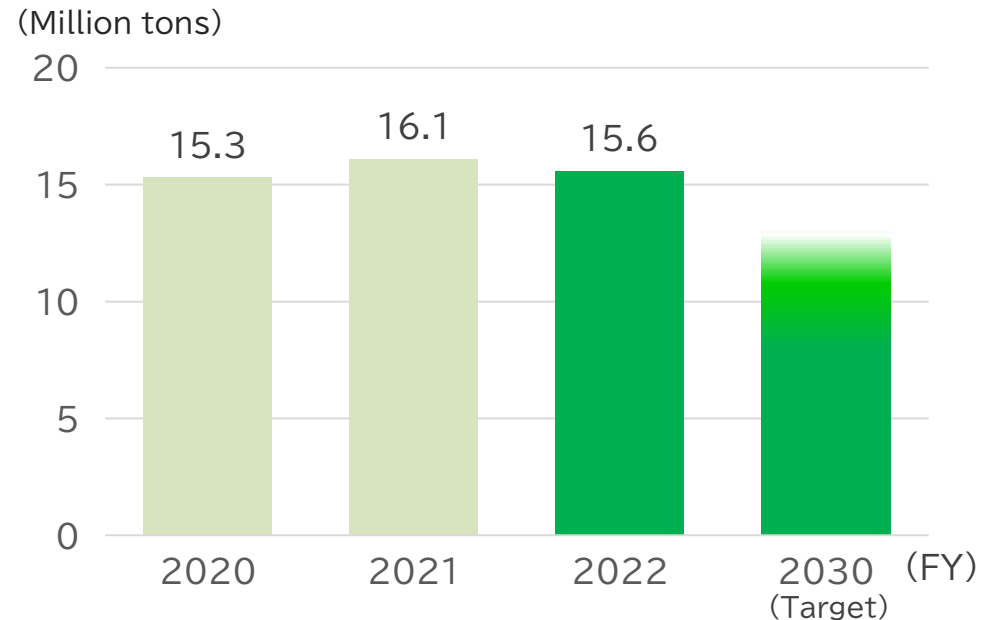
*1 Total of Scope 1 and Scope 2

2050 Vision	2030 Target
Take on the challenge of achieving carbon neutrality	Reduction of CO ₂ emissions in the production processes of the Group 30 to 40% reduction (from fiscal 2013 levels)*1

- Our Group's CO₂ emissions in fiscal 2022 decreased due to a decrease in production volume compared to the previous fiscal year. The reduction amount was 15.6 million tons, **20% lower than fiscal 2013 levels.**
- For the ironmaking process, we conducted a demonstration test and verified that CO₂ emissions can be reduced by around 20% by charging a large quantity of HBI (direct reduced iron) manufactured with the MIDREX® Process.

CO₂ Emissions from Energy Use*2

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



*2 The above graph does not include CO₂ emissions from the electric power sold in the electric power business, whose CO₂ emissions are calculated in accordance with the calculation methods specified by the reporting system based on the Act on Promotion of Global Warming Countermeasures. In the electric power business, we are making bold efforts such as using biomass technology to improve the efficiency of energy use of the entire region and studying the use of external innovative technologies that use ammonia and other substances.

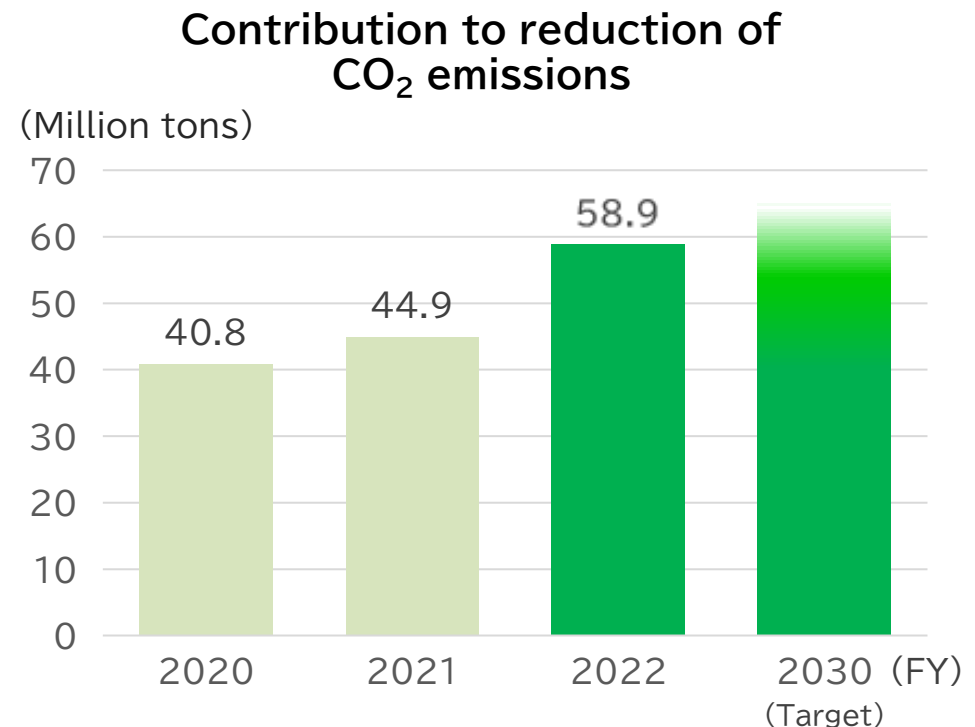
Current Status of Initiatives for CO₂ Reduction

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

2050 Vision	2030 Target
Contribution of 100 million tons or more in CO ₂ emission reduction	Contribution of 61 million tons or more in CO ₂ emission reduction

- Our Group's contribution to reduction of CO₂ emissions through our technologies, products, and services in fiscal 2021, as approved by the CO₂ Reduction Promotion Subcommittee, is **estimated to be 58.9 million tons.**

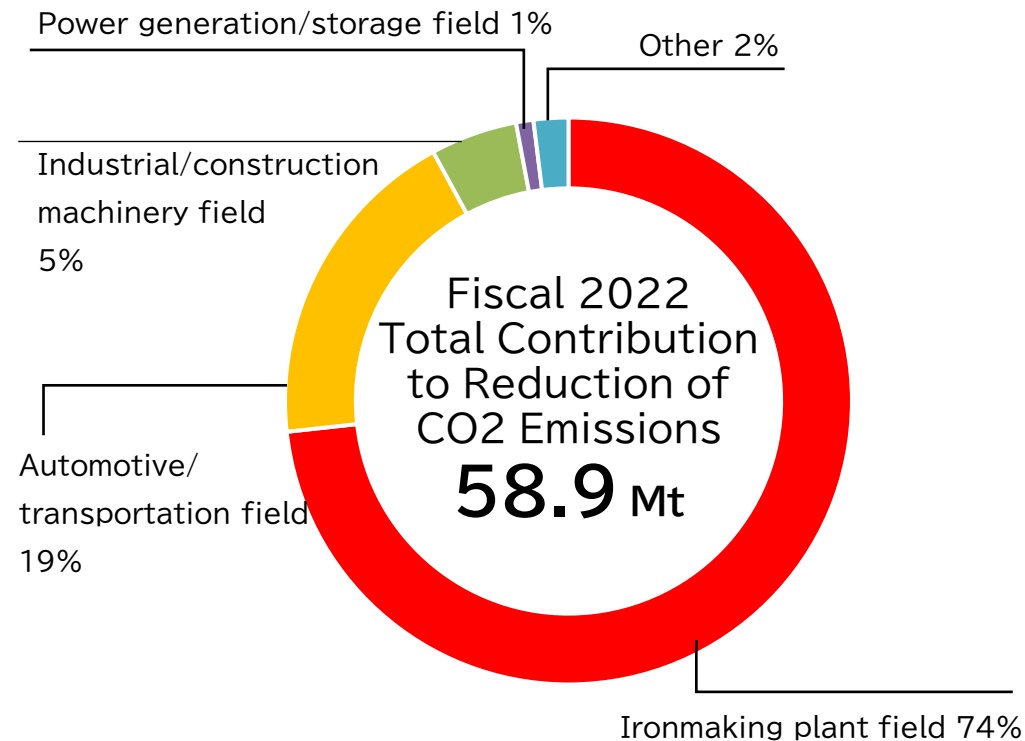
A list of the products contributing to CO₂ reduction and their contribution are given on the following page.



★ To ensure fairness and objectivity, calculation of the contribution to CO₂ reduction was carried out under the guidance of Kiyotaka Tahara, 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).

Current Status of Initiatives for CO₂ Reduction

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

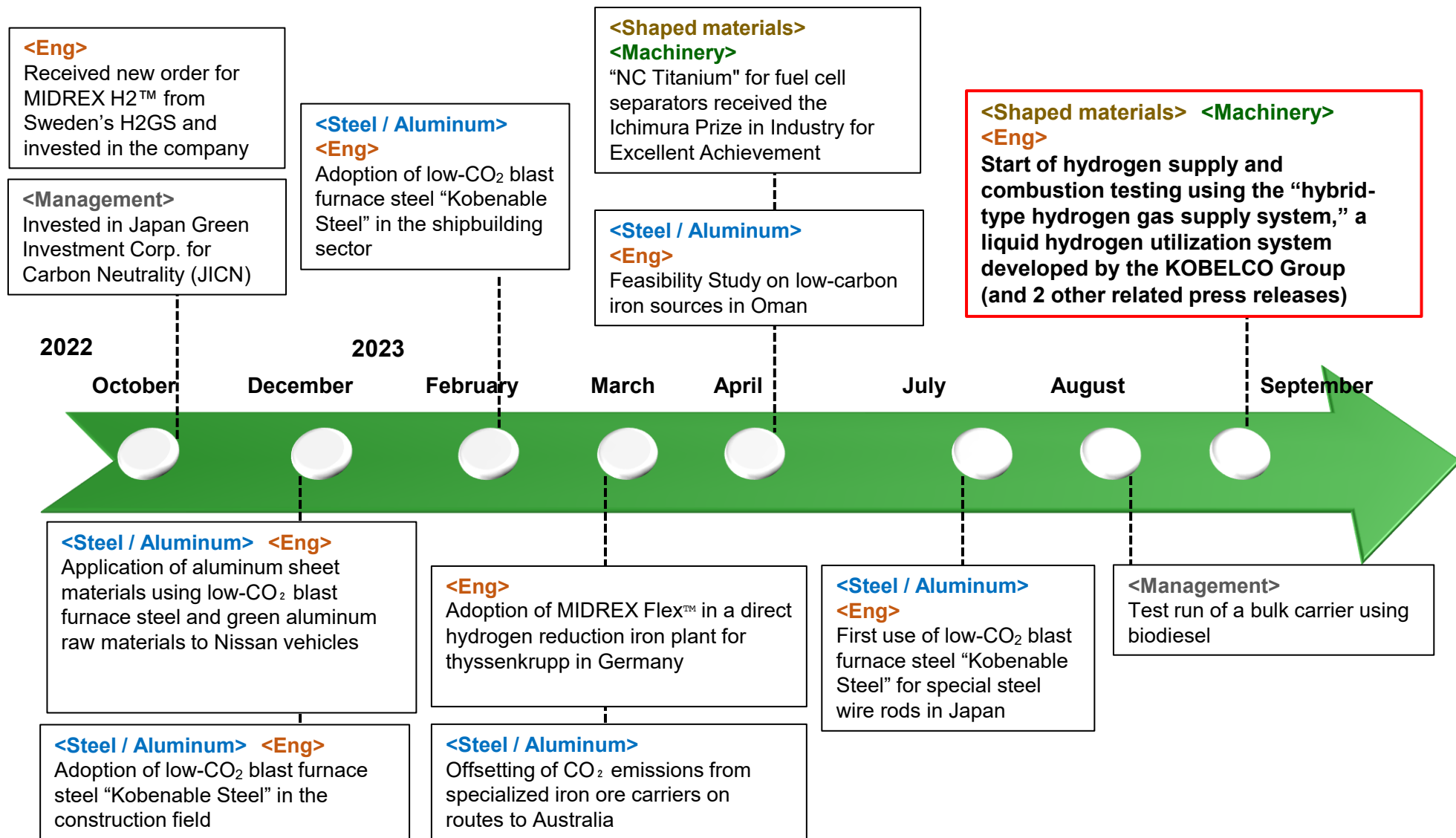


Note: For details on the technologies, products, and services to be included in future calculations, please refer to the Integrated Report.

Technologies, products, and services		Contribution to reduction (10,000 tons/year)
Ironmaking plant	MIDREX® Process	4,341
Automotive/transportation	Ultra-high-tensile strength steel for automobiles	922
	Wire rods for suspension springs	27
	Wire rods for automotive valve springs	80
	High-tensile strength steel for ships	25
	Aluminum materials for automobiles	31
	Aluminum materials for rolling stock	7
Industrial/construction machinery	Heat pumps, standard compressors, SteamStar, binary generators, Eco-Centri	258
	Fuel-efficient construction machinery	48
Power generation/storage field	Wood biomass power generation, waste-to energy (WtE)	20
Other	Blast furnace cement, wire rods and steel bars with no need for heat treatment process	132

Status of CO₂ Reduction Initiatives

Public announcements relating to carbon neutrality in the past year



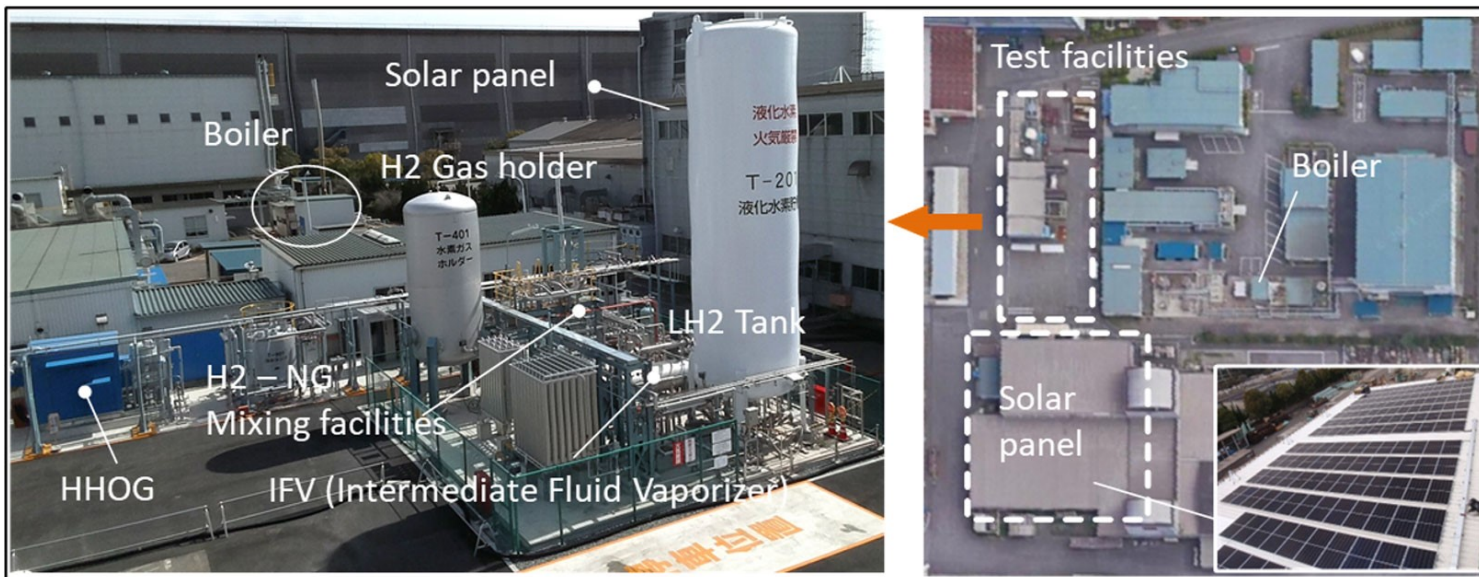
Hybrid-type hydrogen gas supply system

Machinery

Engineering

Shaped materials

- The “Hybrid-type Hydrogen Gas Supply System Demonstration Facility” constructed at the Takasago Works **began operations sequentially from March 2023 as scheduled, and hydrogen co-firing in the test boiler has started.**



Exterior view of hybrid-type hydrogen gas supply system demonstration facility

*Please refer to the September 14 press release for details.

Kobelco Group to start hydrogen supply/combustion tests with hybrid-type hydrogen gas supply system

NEDO entrusts Kobe Steel with technology development to improve the efficiency and performance of the hydrogen fuel supply system in a hydrogen CGS regional model as part of the Technology Development Project for Creating a Hydrogen Society

NEDO entrusts Kobe Steel with demonstration of hydrogen utilization in combustion industrial furnaces for decarbonization of factories that mainly consume energy as heat, as part of the Technology Development Project for Creating a Hydrogen Society



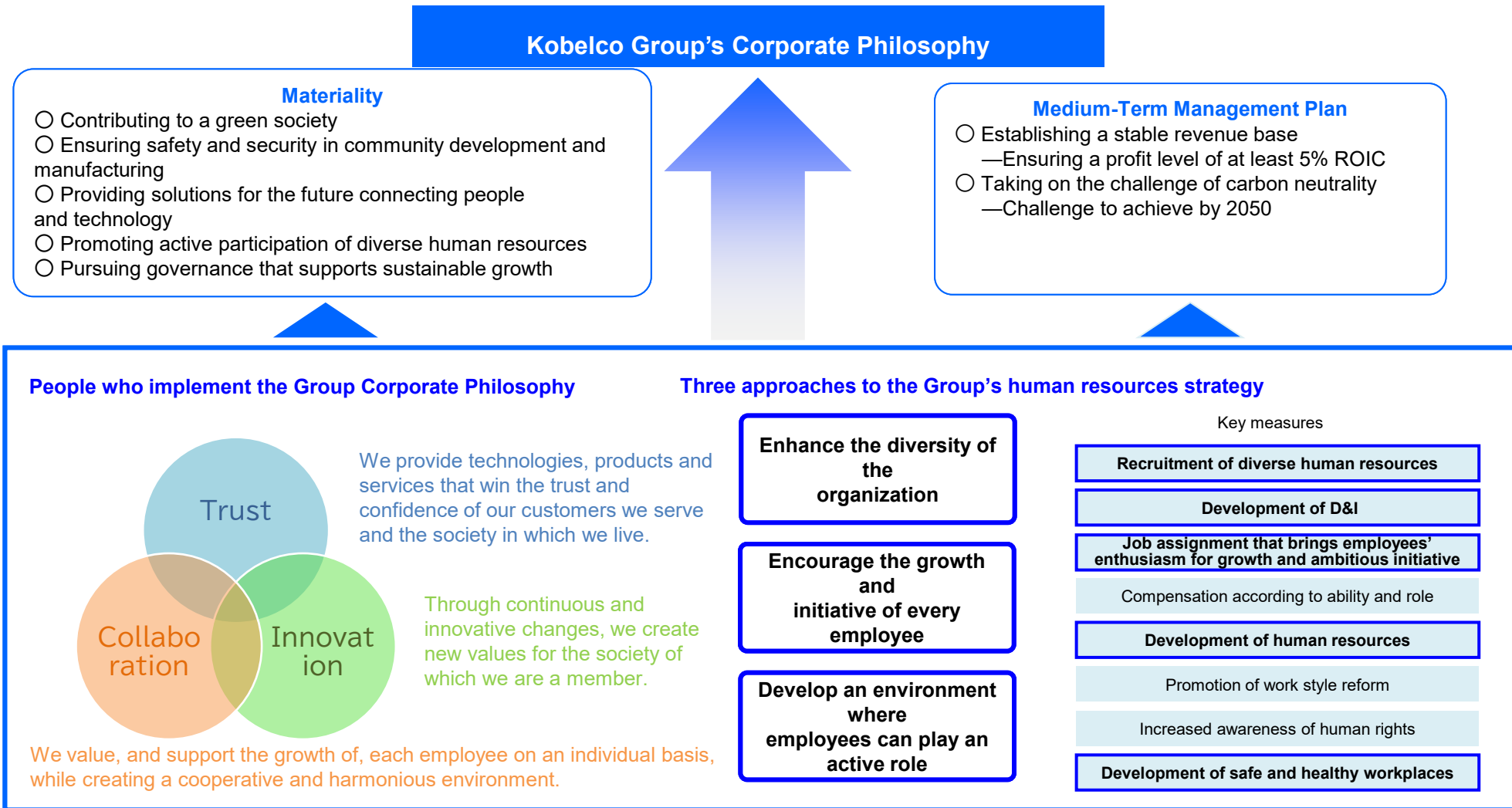
S

(Social)

- 1) Implementation of Human Resources Strategy
- 2) Safety and health
- 3) Health and productivity management
- 4) Quality (Trust Improvement Project)
- 5) Social contribution

Implementation of Human Resources Strategy

- The Kobelco Group believes that in order to fulfill its social responsibilities as a corporate group and create new value, it is important to develop human resources who understand and implement the Group Corporate Philosophy. As a corporate group that operates in a wide range of business fields, we value our 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 an environment in which our people can perform at their full potential



Recruiting diverse human resources

- We aim to actively recruit people who identify with the group's corporate philosophy and business activities, and who are eager to play an active role in the KOBELCO Group.

Graduate recruitment

- Through roundtable discussions, plant tours, internships, and other events, **we provide opportunities for prospective employees to experience the appeal of our “people” to the fullest extent possible**, and we are conducting recruiting activities accordingly.
- Starting this year, we have **created a new corporate commercial** to make the Group more approachable, especially to the young people who will lead the next generation. Going forward, we will **conduct recruitment activities in coordination with this commercial**.

Indicator	Target	2020 results	2021 results	2022 results
Percentage of women in new graduate hires	FY 2023: a. Career-track administrative positions: 50% or more b. Career-track technical positions: 15% or more c. General technical positions: 15% or more	a. 34% b. 16% c. 9%	a. 35% b. 6% c. 8%	a. 48% b. 10% c. 8%

<Commercial key visual>



- ➔ We have set the percentage of women among new graduate hires as an indicator and target, and are participating in seminars for female students and reaching out to feeder schools, but are falling short of our target.

Recruiting diverse human resources

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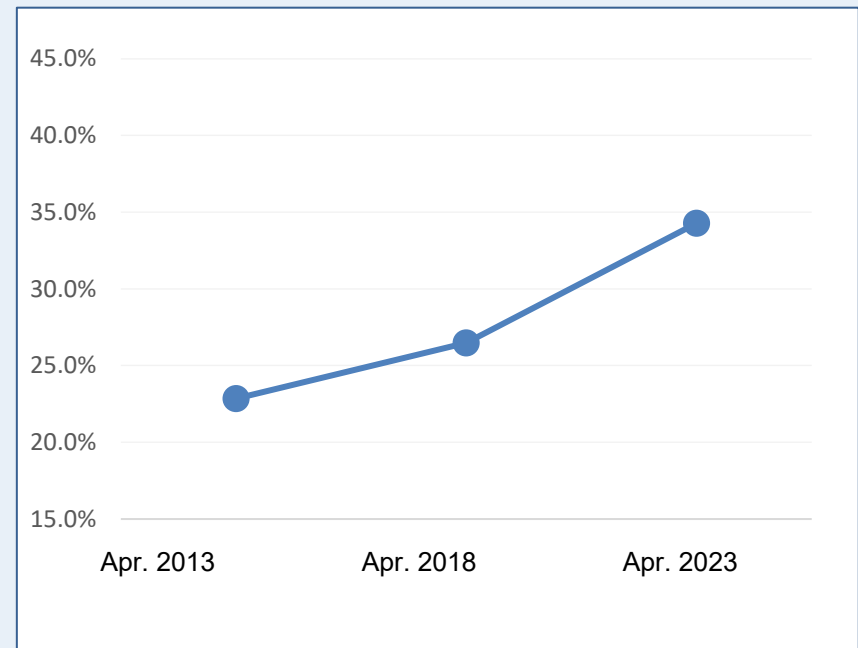
Mid-career recruitment

- We recognize the importance of incorporating outside knowledge and diverse values in promoting further strengthening of our organizations, and have been **committed to mid-career recruitment for more than 10 years**.
- ➔ The percentage of mid-career hires among our workforce has increased over the years, **and currently exceeds 30%**.
- In addition, we are developing new recruitment methods, such as **our new “Referral Recruitment” program**, in which employees can refer people they know who wish to be selected by the company.

<Features of our referral recruitment program>

Introduced “MyRefer,” a dedicated application, for the purpose of receiving timely referrals of required personnel.

<Mid-career hires as a percentage of total employees>



Promoting diversity and inclusion (D&I)

- Our Group has formulated the Basic Policy on D&I and is strengthening the development of D&I in order to realize a work environment where diverse human resources can play an active role.

■ Goal: Creating a work environment where diverse human resources can all play an active role

- Each employee achieves self-improvement by demonstrating his or her own individuality and strengths.
- “KOBELCO One Team” takes on challenges and creates new value from diverse ideas and experiences.

■ Basic policies

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 human resources.

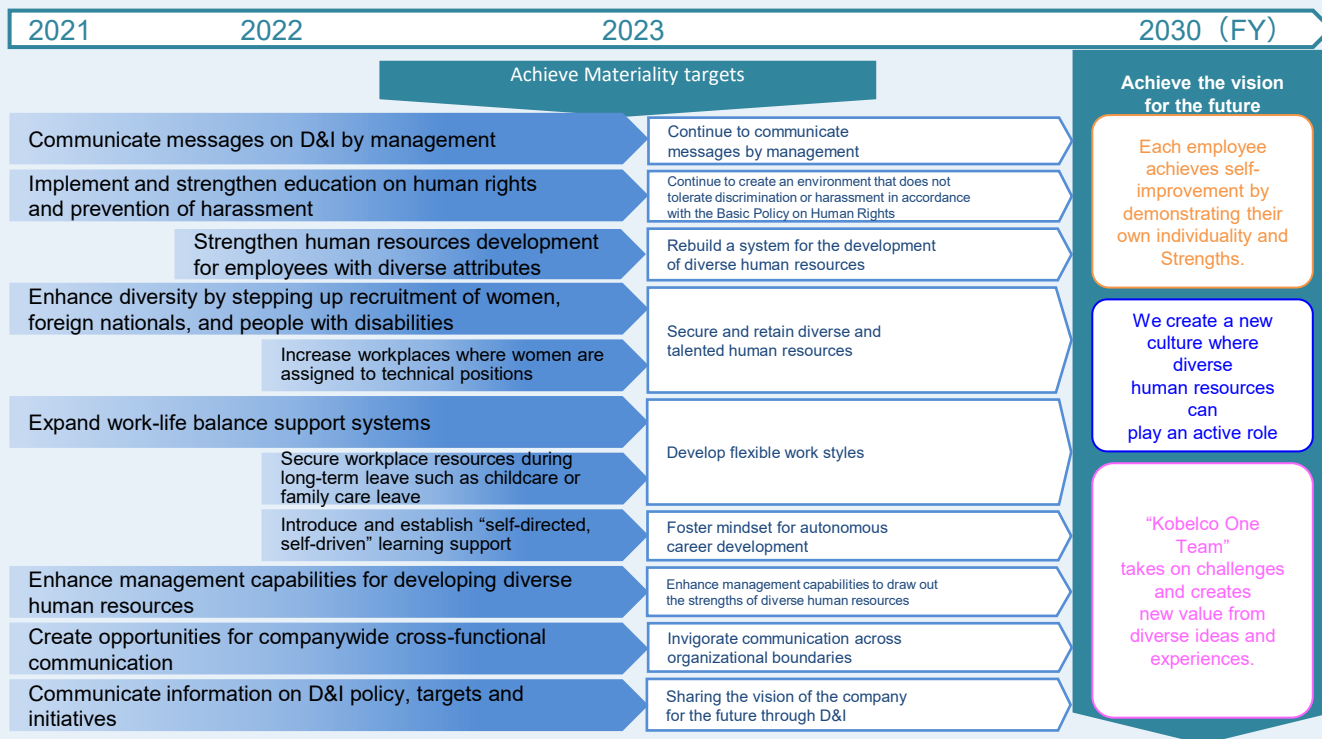
Promote a variety of working styles

- Create a workplace environment where employees can work comfortably regardless of their job type, restrictions in work style, or life stages.
- Improve management to 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 standpoints and ways of thinking.
- Create a corporate culture where employees can take on challenges without fear of failure.

■ D&I Development Roadmap We are working to achieve our vision for the future



Promoting diversity and inclusion (D&I)

Examples of specific initiatives

Diversity Network

- The Diversity Network (DNW) is a group of employees who have come together on a voluntary basis to improve D&I activities in the workplace.
- Discussions were held on each topic and suggestions for improvement were made to the executive team.

<Themes for FY2022 activities>

- To raise internal awareness of D&I
- Active participation of women leaders
- To create a workplace where it is easy to communicate
- Provide back-up for everyone to play an active role
- Active participation of employees with disabilities
- Active participation of foreign employees
- Active participation of technical administrative staff
- Active participation of technical staff

➔ Based on a proposal from the DNW, an accessibility map has been posted on the Company website (Kobe Head Office)



Support for balancing work and childcare/nursing care

- We are promoting initiatives to help employees balance work and childcare/nursing care, such as promoting the use of childcare leave and holding briefings on individual systems.
- ➔ “**KOBELCO Life Support Leave**” was newly established this fiscal year.

<KOBELCO Life Support Leave overview>

Reasons for taking leave	Illness, nursing/caregiving, school closure, volunteer work, childcare, medical treatment (including fertility treatment), bone marrow donation, relearning, etc.
System outline	<ul style="list-style-type: none"> ■ Five days of paid leave granted in April of each year ■ Up to 60 days can be stored up ■ Childcare leave can be taken in half-day units; other leave can be taken in one-day units

Improving engagement

- In order to enhance corporate value, it is important to ensure all employees are actively demonstrating their abilities under the Group Corporate Philosophy. Our Group conducts its own employee awareness surveys annually to get an objective measure of changes in employee awareness, including the degree to which they have committed to the Group Corporate Philosophy. Based on the results, we are working to improve their engagement.

Instilling of the Group Corporate Philosophy

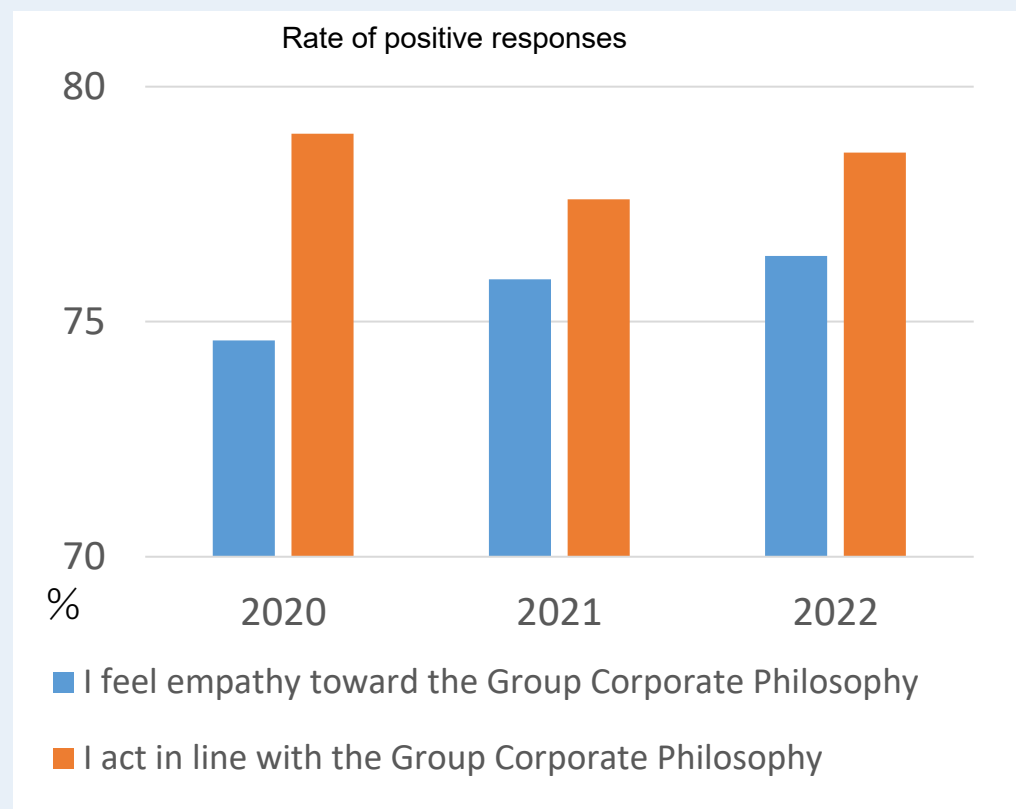
- The Group Corporate Philosophy sets forth KOBELCO's View of the Future and KOBELCO's Mission. We believe that increasing the number of highly engaged employees who embrace our philosophy and act toward its realization will lead to enhanced corporate value. Therefore, our Company regularly measures to what extent we have instilled the Group Corporate Philosophy as a KPI.

Initiatives for improving engagement

- We are continuously working to promote the Group Corporate Philosophy through various activities, which include holding the Dialogue Platforms, an annual forum for dialogue between executives and employees and Declaration of Pledges by Senior Management, which is also disseminated annually.

<Main initiatives>

- Organizing dialogue activities and “talking sessions” between senior management and employees
- “Declaration of Management’s Commitment” issued
- Promote various measures for D&I and activities to reform work styles



Placement that leads to growth and a spirit of taking on challenges

- From the perspective of revitalizing the organization, developing employees, and encouraging autonomous career development, we promote the placement of the right person in the right position beyond the boundaries of business fields and job types.
- In addition to company-led placement, we have established a career self-development system that allows employees to apply to the department of their choice in order to provide opportunities for employees to autonomously develop careers, learn, and grow

Career self-development system (internal recruitment system)

Calls for applications for specific position (internal recruitment)

Departments recruit personnel internally

Calls for applications for specific position Plus One (internal recruitment with a concurrent post)

Departments recruit personnel internally
Employees engage in the work of the recruiting department while belonging to their current department

Self-driven application for a division of choice

Employees apply to transfer to a desired organization or division of their own motiv

Response to diversifying values of work styles

- Employees have come to have diversified values about work styles and in particular, there has been a change in their attitudes toward relocation. Against this background, we are implementing measures to reduce the reluctance employees feel about relocation and the burden it places on them, and are working to create an environment where employees can work with greater peace of mind.

Measures to reduce the frequency of relocation

- D Formulation of guidelines on requirements for reducing the frequency of relocation
- Permission for long-distance commuting

Measures to reduce the burden placed on relocating employees

- Expansion of financial assistance for relocation (unaccompanied transfer allowance, etc.)
- Expansion of conditions under which telework is Permitted

Human resources development (Kobe Steel)

- With the aim of making our employees proud of their work and feel that their work is worthwhile, we are working to develop human resources by establishing priority issues for each position and job category in the Company's employee system.

Company-wide Skills Development Policy (excerpt)

As a growth goal for employees, we expect career-track employees to acquire high levels of expertise and take on organizational management in a wide range of business areas through job rotation as part of their career development, while general employees are expected to become experts in their specific business areas.

Kobe Steel's employee system (management, career-track, general)

Staff system		Definition
Position	Category	
Management		Mainly managerial and professional positions and similar duties
Career-track		A group that is expected to play an active role in planning, research, study, coordination, negotiation, etc. based on systematic knowledge and broad experience in a wide range of organizations and business areas, and to work toward their own development
General	Technical	A group that is expected to play an active role in operations based on practical knowledge, skills, and experience in specific organizations and business areas, as well as in on-site leadership of these operations, and to work toward their own development
	Technical administrative	In principle, those engaged in fabrication and processing, equipment operation, maintenance and servicing, transportation, inspection and analysis, and service in on-site management organizations
		Those engaged in various administrative tasks and other duties in areas of professional practice

Human resources development (Kobe Steel)

- With the aim of making our employees proud of their work and feel that their work is worthwhile, we are working to develop human resources by establishing priority issues for each position and job category in the Company's employee system.

Selective training

Selective training for **general managers** (12 days, GLOBIS program) and **deputy general managers** (12 days, original program with outside lecturers)

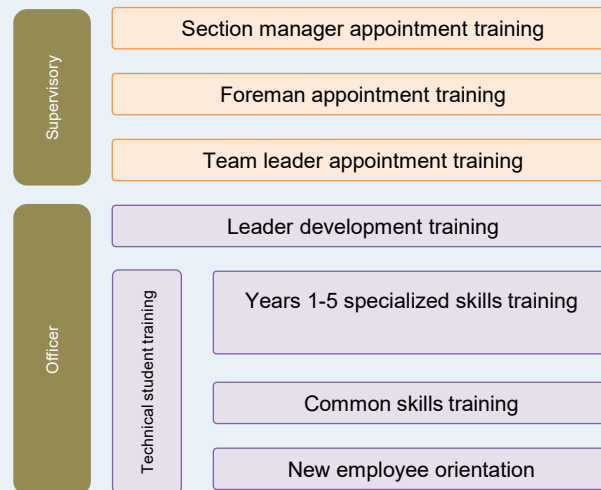
Level-specific training

Please refer to the Supplementary Materials for a detailed outline of level-specific training for each type of position.

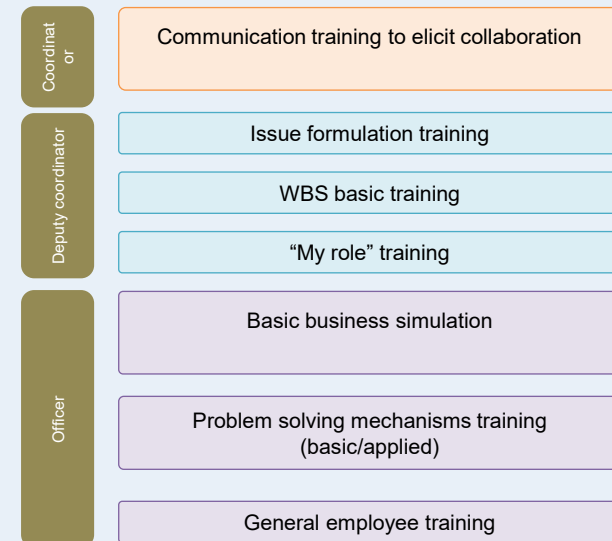
Career-track/Management



General (technical)



General (technical administrative)



Key issues

Improve problem solving and issue formulation skills of young to mid-level employees and the management abilities of managers, with the goal of cultivating skills and mindsets for business management

Improve basic knowledge of safety, environment, quality, etc., management, communication, etc., with a focus on managers and supervisors, who play a key role in the workplace

As leaders in the practical aspects of the workplace, proactively work to improve operations, increase operational efficiency, and provide guidance and training for the next generation of employees

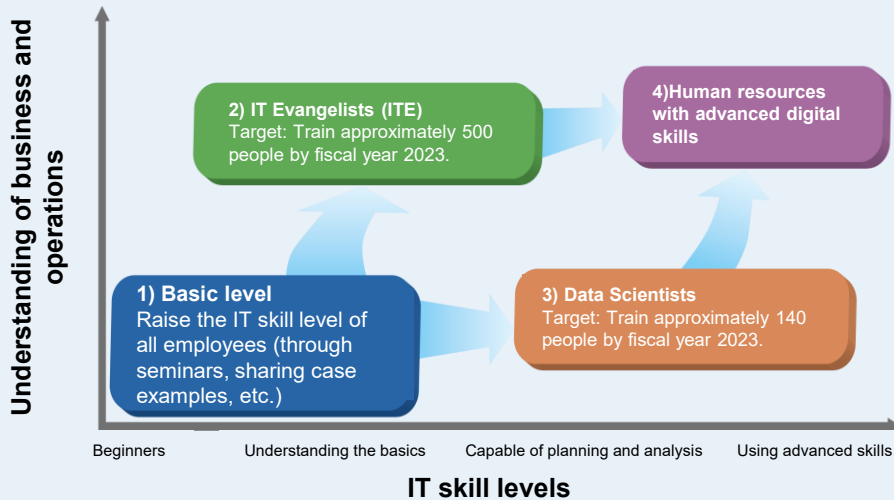
Human resources development (Group)

- We are working on human resources development to promote the Group's DX Strategy and KOBELCO TQM activities.

DX human resources development

- We are working to develop **“IT evangelists”** who will lead the way in improving business operations through the use of digital technology.
- In addition, we are working to train **data scientists** to produce new knowledge by using statistical methods and analytical techniques on data accumulated through digitization.

Illustration of DX human resource development



KOBELCO TQM human resources development

- We are engaged in **“TQM method training”** and **level-specific (management) training** so that all employees can participate in continuous improvement.

Illustration of TQM human resources development system

Level	Management training	TQM method training
Upper management	Executive TQM training	
Management	Management training (Office manager/Group manager)	Training plans for each business division
Career-track General		QC KENTEI Grade 1
		QC KENTEI Grade 2
		QC KENTEI Grade 3
TQM basic training and basic certification		

Human resources development (global)

- We hold the “KOBELCO GLOBAL SESSION” so that outstanding national staff members who support our business in overseas offices can play an active role for long periods of time.

Goal of the KOBELCO GLOBAL SESSION

- To foster awareness and increase motivation as a member of the KOBELCO Group.
- To develop a deeper understanding of the KOBELCO Group’s philosophy, management policies, and expected future roles.
- To offer training in Japan in areas that are difficult to provide training for locally.

KGS overview

- Held annually since FY 2011. (suspended from FY 2020–2022 due to COVID-19)
- In FY 2023, it is scheduled to be held from October 24 to 27, with 20 participants from 9 countries.

<KGS 2019>



Content and schedule

Day 1	A.M.	<ul style="list-style-type: none"> Talk by General Manager of Personnel and Labor Affairs Self-introductions from participants
	P.M.	<ul style="list-style-type: none"> Overview of the Group Talks from various head office divisions
Day 2	All day	<ul style="list-style-type: none"> Global leader training Reception (party) with executives from head office in Japan
Day 3	A.M.	<ul style="list-style-type: none"> Tour of Kobe Corporate Research Laboratories
	P.M.	<ul style="list-style-type: none"> Tour of Kakogawa Works
Day 4	All day	<ul style="list-style-type: none"> Observation tour of Kansai Area.

Human resources development (global)

- We have established the Group Quality-Assurance Leaders Conference and the China Production Technology Exchange Forum to provide opportunities for the development and exchange of quality-assurance and manufacturing personnel at overseas sites, and we also support these activities from Japan.

Overseas Group Quality-Assurance Leaders Conference

- Convenes regional leaders in areas related to quality assurance from China, Southeast Asia/India, Europe/Middle East, and North America
- Demonstrates action plans, shares good practices, and conducts group discussions and other activities for quality assurance

China Production Technology Exchange Forum

- The parent company operates a forum for exchange between engineers from production sites in China, with participation from Japan
- Study sessions for common issues and presentations of case studies of improvements are held. Awards are also given for outstanding activities



Safety and Health

- In accordance with the KOBELCO Group's basic principle that “occupational safety and health are fundamental to our business operations and take priority over all business activities,” we aim to realize safe and secure workplaces based on our strong belief that **no one should suffer injury** in any operations related to our business activities.

FY 2022 summary

Summary: 13 cases of lost-time injuries occurred, including at contractors

- Lost time injury frequency rate: 0.24 (Target of 0.10 not achieved)
- Fatal accidents: 0

- Implemented initiatives to **prevent falls and entanglements**, with the aim of achieving zero fatalities
- Continued to address the Takasago fatality that occurred in FY 2021

Lost time injury frequency rate



Future initiatives

Thoroughly strengthen prevention efforts to achieve zero fatalities

- ◆ **Strengthen efforts to prevent accidents involving falls and entanglements, the two major factors related to major and serious accidents, and continue measures to prevent fatal accidents of the kind that occurred in FY 2021.**

- ◆ **Foster a culture and climate of safety with the aim of increasing safety awareness among workers**
 - **Foster a culture and climate of safety**
 - **Safety education** aimed at making each employee aware of the safety code of conduct from the “Core Values of KOBELCO” (e.g., rollout of e.g., deployment of Safety Cards)
 - Improve participation of all workers in safety and health activities and raise awareness
 - **Strengthen human resources development**
 - **Provide safety and health education for people in various positions (level-specific training, site entry training, construction worker safety training, etc.)**

- ◆ **Strengthen establishment of safe work environments that do not rely on human awareness**
 - **Establish safe working environments**
 - **Conduct comprehensive risk assessments** based on the occupational safety and health management system (OSHMS), **systematically establish work environments that shift the focus** from “safety relying on people” to “machine safety,” and provide machine safety training.

Examples of initiatives: Deployment of "Safety Cards"

- In line with the safety code of conduct from the "Core Values of KOBELCO," we are fostering a culture and climate of safety by using "Safety Cards" as an activity to raise safety awareness and mutual attention with the participation of all employees.

Safety Code of Conduct from "Core Values of KOBELCO"

- I will abide by workplace rules. I will be someone who my colleagues and my family can trust.
- I will value each and every one of my colleagues and practice mutual attention.
- I will continue working to improve the equipment and systems in our workplaces, aiming to go one step further for safety and security.

Safety Card

Front



Back

The back side of the Safety Card includes the KOBELCO logo and the text "Kobe Steel, Ltd. 「安全人間」Card". It contains two large empty boxes for personal safety declarations and a section for the employee's name and affiliation.

KOBELCO **Kobe Steel, Ltd.**
「安全人間」Card

▼私の安全宣言(個人目標)

▼私の指差呼称(重点)ポイント

所属: _____ 氏名: _____

Example of initiatives

All-KOBELCO Group initiatives

Conduct on-site safety and health assessments and patrols for Group companies, etc.

Kobe Steel conducts safety audits and patrols of Group companies, construction contract sites, etc., and works together with affiliated companies to improve the level of safety management throughout the Group.

- ◆ Confirm compliance with relevant laws and regulations and provide corrective guidance
- ◆ Confirm compliance with operational and safety rules based on guidelines and provide guidance accordingly
- ◆ Confirm the availability of opportunities for workers to share information and exchange opinions, and their implementation status



Auditing the status of safety management and legal compliance at Group Company construction contract sites and providing support for improvement

Implement machine safety training and measures

Intrinsic equipment safety measures and improvements for entanglement risks

In order to prevent serious accidents caused by moving objects, such as entanglements, which account for 60% of all accidents, we have shifted our focus from “safety that relies on people” to “machine safety,” and have been implementing the following measures throughout the company since FY2023, with the aim of creating a safer and more secure work environment.

- ◆ Establish site rules and regulations and provide machine safety training
- ◆ Careful examination of applicable equipment aimed at improvement of existing installations and formulation/implementation of improvement plans
- ◆ Ensure that machine safety is applied to new equipment without omission



Welding division machine safety at Ibaraki Plant
(Promote installation of safety fences, etc. with an interlocking function on moving parts)

- In accordance with the KOBELCO Group's basic principle that “**occupational safety and health are fundamental to our business operations and take priority over all business activities**,” we have been working for many years to **develop people and workplaces, allowing employees to work vigorously in good physical and mental health** based on the concepts of “prevention,” “early detection,” and “early response.”

Efforts aimed at prevention, early detection, and early response

- Introduction of health promotion app
- Efforts to reduce physical inactivity through health classes and exercise videos, etc.

Mental health activities

- Establishment of a consultation system through **consultation offices**
- Creating a comfortable work environment by **improving work engagement**
- Development of educational video aimed at **improving sleep**

Physical health activities

Expansion of health checkups

- Provision of **full health checkups**
- More extensive **cancer screenings**

- ★ In recognition of our efforts, in 2023 we were selected for the fourth time, the first time in six years, as a “**Health & Productivity Stock**.” We were also recognized for the fourth time, the first time in two years, as an “**Outstanding Health and Productivity Management Organization (White 500)**.”



Examples of specific initiatives

Mental health

- Since the 1980s, we have established (“ask me anything” sessions staffed by industrial counselors, etc.
- Based on the results of stress checks, we conduct thorough follow-up for workplace improvement led by industrial physicians, thereby **improving work engagement** and promoting comfortable workplaces
- As part of efforts to prevent mental health problems, we have developed a **sleep education video** to provide employees with accurate information and raise awareness of the need for better sleep



Watching the sleep education video

Expansion of health checkups

- Since 2011, we have been providing **full health checkups** for employees when they reach the age of 50. From 2023, in order to further promote health management in consideration of raising the age of mandatory retirement, **employees who reach 60 years of age and their spouses** are added to the program, making it a health promotion system that includes families
- Since 2010, we have been introducing endoscopic examinations and blood tests to improve accuracy and reduce the physical burden on examinees relative to barium gastric examinations, and also **enhanced our cancer screening services**, such as H. pylori testing (including H. pylori eradication)



Endoscopic examination vehicle

Physical health

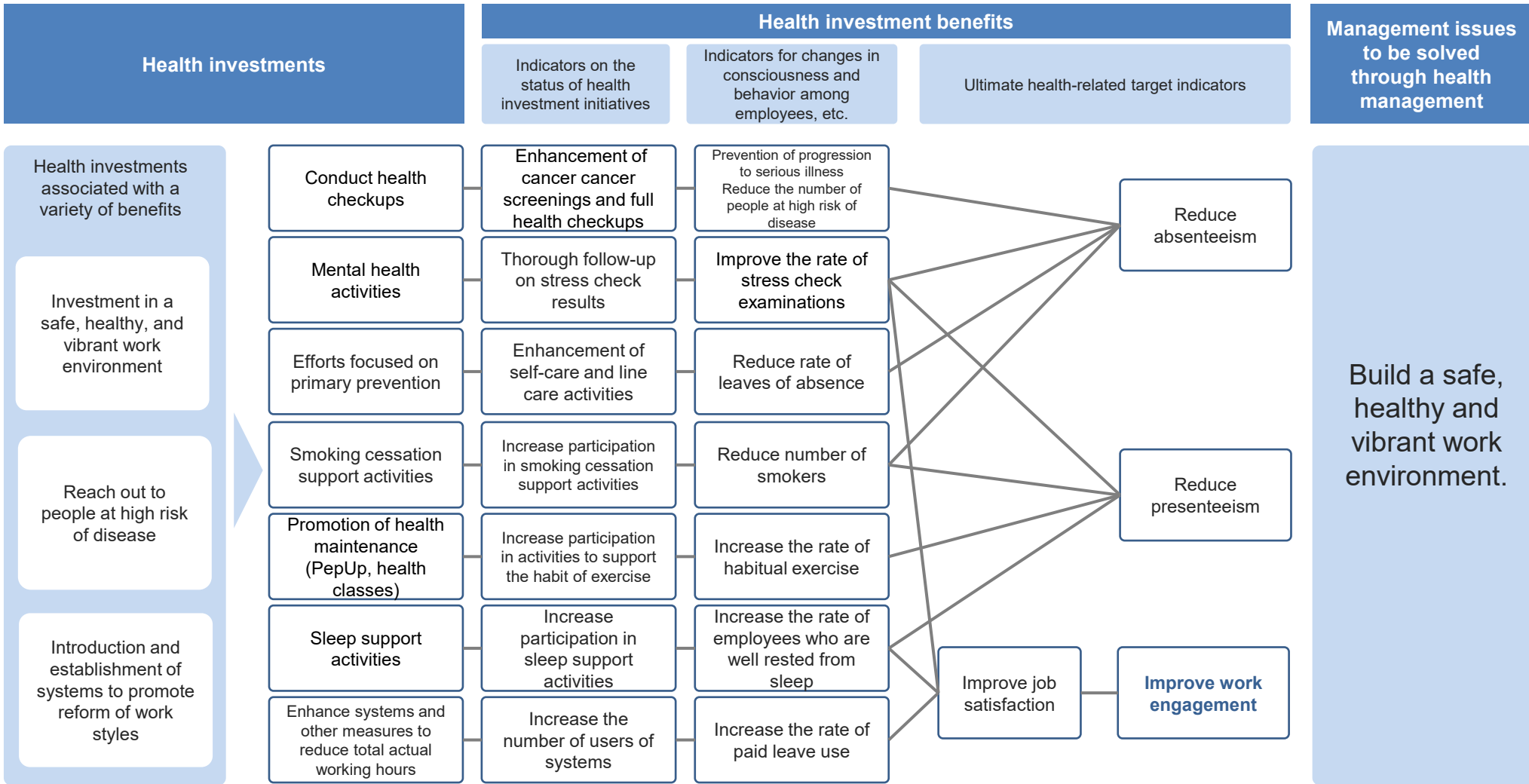
- Introduced the **“Pep Up” health promotion application** in FY 2021. Currently, about 86% of employees have registered for the app, which is being rolled out as an initiative to raise health awareness and promote the habit of physical exercise
- Efforts to reduce physical inactivity include health classes and posting videos on the intranet on stretching, back pain prevention, and other topics



Health class

Health Management

- Based on the **Strategic Map** below, we will work to build a safe, healthy and vibrant work environment.



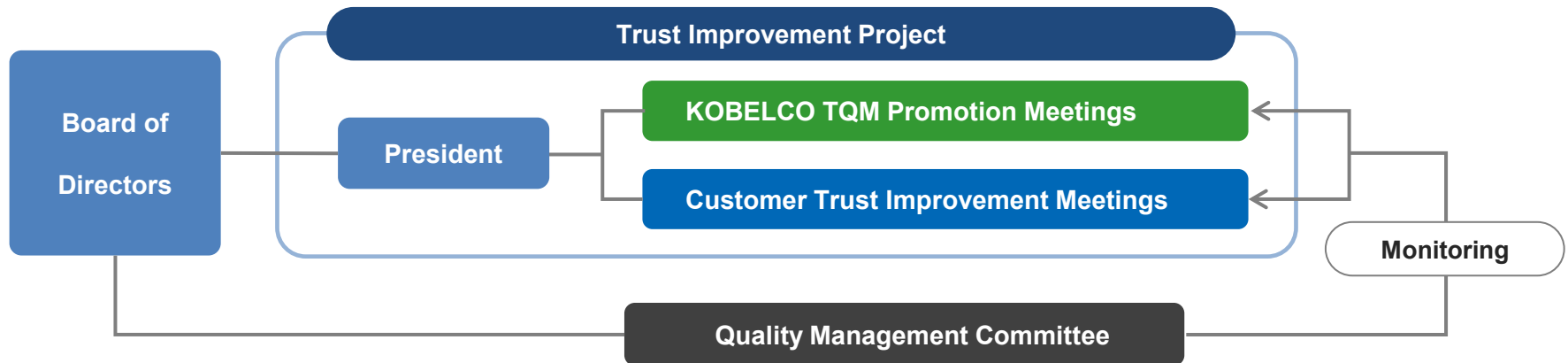
Quality (Trust Improvement Project)

- KOBELCO Group has been working on measures to prevent recurrence of quality incidents since FY 2018 and has now completed the activities that were initially planned. Since FY 2020, we have been working on **KOBELCO TQM** (Total Quality Management) activities, aiming not only to prevent lessons learned being forgotten but also to provide “**quality that is trusted and appreciated**” by all our customers.
- In order to promote TQM activities throughout the Group, we have been undertaking activities as the “**Trust Improvement Project**” since FY 2021.

■ What is TQM (Total Quality Management)?

- Activities in which all members participate in accomplishing tasks to contribute to customers and society
- Three activity elements: policy management, day-to-day management, small group activities

Trust Improvement Project Structure

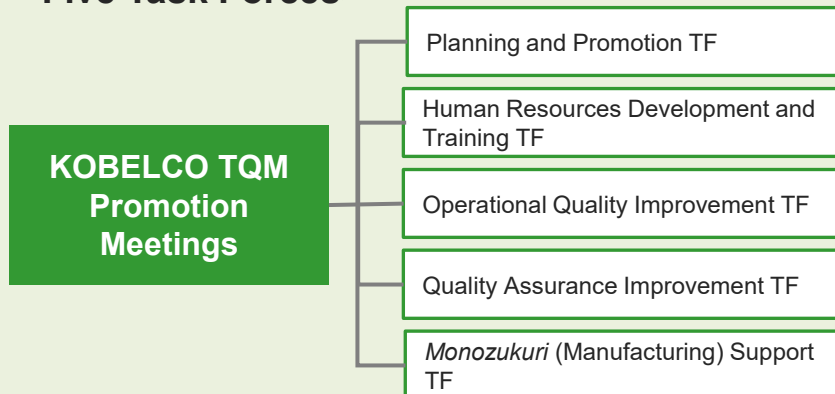


From “quality to be trusted” to “quality to be appreciated”

KOBELCO TQM Promotion Meetings

- We believe that the growth of people and organizations is essential for providing “**quality to be appreciated,**” and we are focusing on strengthening **middle management and small group improvement activities.**
- In order to provide “**quality to be trusted,**” we continue to strengthen our quality assurance system.

<Five Task Forces>



Customer Trust Improvement Meetings

- We are working to achieve and maintain a state in which our customers appreciate that “**Kobe Steel has changed,**” and our **employees themselves feel the same.**
- In terms of measures to accomplish this, we are working with related departments to **share information on customers and conduct satisfaction surveys.**

- ★ We are also working on the sharing of information about customers as one of our DX strategies (Customer Experience DX).

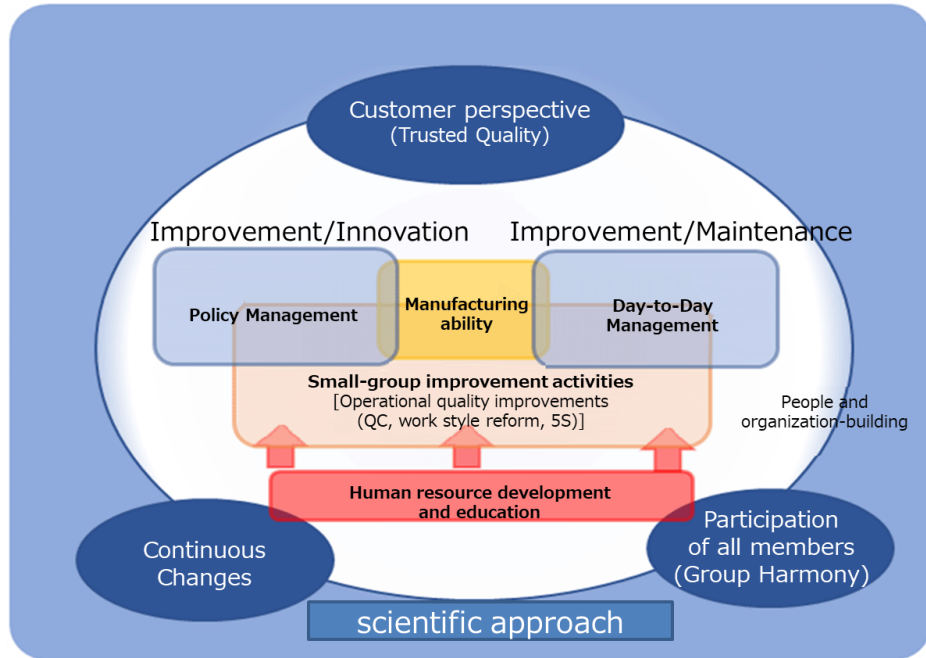
<Customer Experience DX initiatives>

- Improve the value of the customer experience by building an information sharing database centered on customers across businesses
- Strengthen marketing activities through the use of digital technology for customer contact points

For the growth of people and organizations

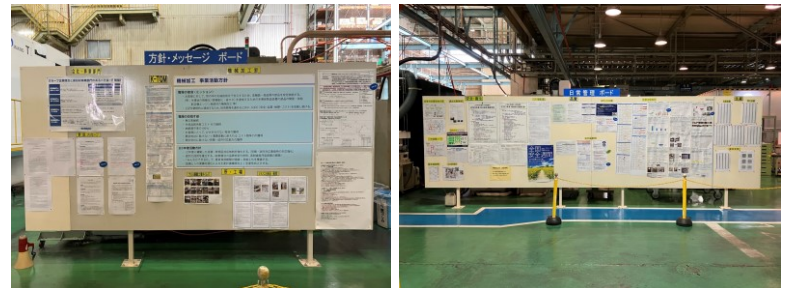
KOBELCO TQM Action Principles

- ① Customer perspective (quality to be trusted), participation of all members (group harmony), and continuous kaizen (reform)
- ② Focus on training that supports the basic TQM activity elements of policy management, day-to-day management, and small group improvement activities



Strengthening of middle management

- ① **Development of middle management**
We have developed a “**KOBELCO Management Guide**” and are incorporating it into **level-specific training** for employees, as well as establishing a program for practical application.
- ② **Dialogue with middle management**
In dialogue between the executive officer responsible for TQM promotion and the office/group managers, the executive officer listens to **concerns about management**, provides examples based on their own experience, and **monitors the status of implementation**.
- ③ **Improved floor management**
Improvements were made by **posting information** relating to “policy management” and “day-to-day management” at manufacturing sites and **engaging in communication on a daily basis**.



For the growth of people and organizations

Strengthening of small group improvement activities

- ① **KOBELCO Group Convention on QC Circles**
Our QC circle activities have a history of more than 50 years. The KOBELCO Group Convention on QC Circles is held as a forum for **presentations of outstanding group-wide activities**, and awards are presented.



- ② **Energization of QC Circle activities**
We are working to improve the level of QC Circle activities by **inviting external judges** to internal review meetings and presentations at the KOBELCO QC Circle Competition and other events, and by **enhancing training for leaders**.

Communication of information to employees

- ① **Communicating “our thoughts”**
We are working to **prevent lessons learned being forgotten** by compiling and distributing comments from employees who have visited the “place of promise.”
- ② **Communicating information on “KOBELCO products in society”**
We summarize and communicate how the Group's products are used in society **so that employees can be proud of their work**.



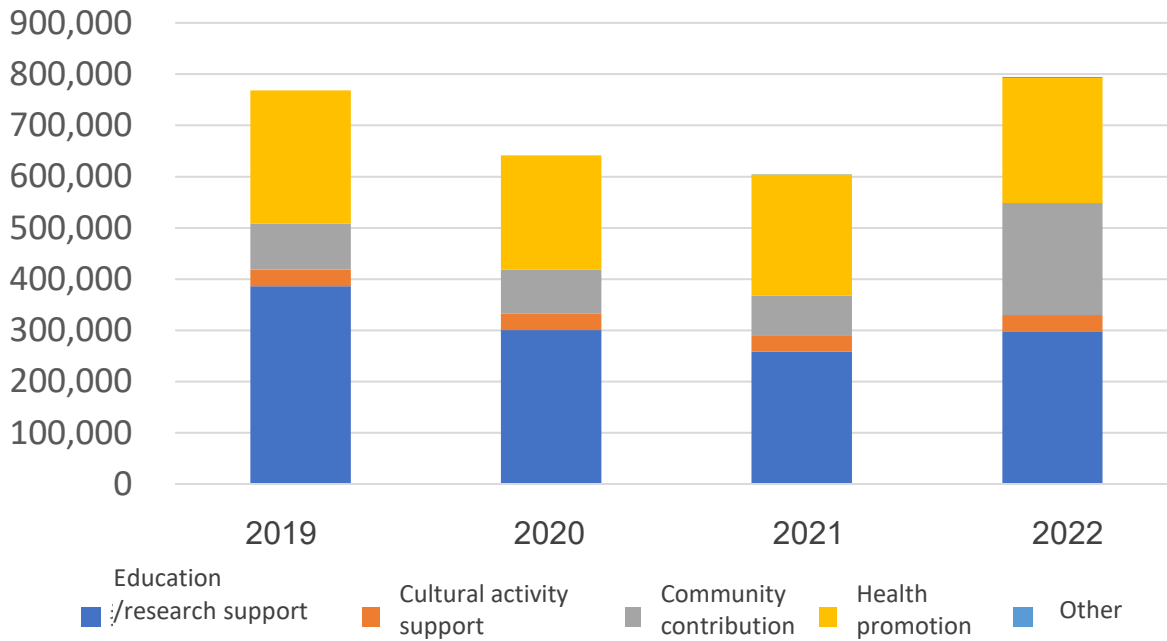
Evaluation by the Quality Management Committee

“The level has improved considerably compared to when it first started. It would be even better if there was an awareness of the connection from the higher-level policies to the activities, what the challenges are, and how management should be changed.”

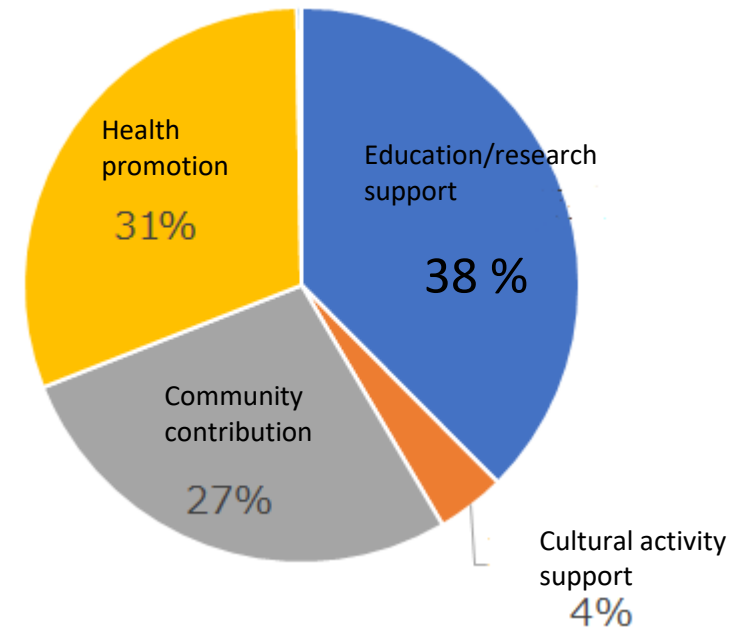
Social Contribution Activities

- The KOBELCO Group has long been involved in a variety of activities, including support for the development of children and young people. In FY 2022, we spent about 790 million yen on social contribution activities, including donations through UNICEF and to local governments where our business sites are located.

KOBELCO Group Social Contribution Activities Expenses (thousand yen)



Social Contribution Activities Expenses Breakdown (FY 2022)



Support for education and research

- We undertake the following activities, among others, to support the development of children and young people who will lead the next generation.

■ Nadahama Science Square

- Since FY 2004, we have been operating a hands-on museum in Nada Ward, Kobe, where visitors can play, learn, and experience the excitement of science and technology through the themes of “power generation,” “steelmaking,” “energy,” and “the environment.”
- Through video and hands-on exhibits, the four themes are introduced in an easy-to-understand way.



■ KOBELCO Forest Fairy Tale Prize

- Since FY 2013, we have been accepting stories on the topic of “forests” from elementary, junior high, and high school students across Japan, aiming to foster a sense of care for the forests that provide all kinds of natural blessings among the children who will lead the next generation.
- The gold award-winning entries are illustrated by picture book authors and the books are donated to schools and libraries under the jurisdiction of the sponsoring municipality.



■ KOBELCO CUP, High School Rugby

- Since FY 2005, we have been supporting high school students through the KOBELCO CUP, a national summer high school joint team rugby tournament, and the National High School Rugby Tournament.
- Over the years, many players with experience in the KOBELCO CUP have gone on to represent Japan in various age groups in both the men's and women's national teams, and the event has played an important role in strengthening Japanese rugby and developing players.



Contributions to local communities

- We contribute to revitalizing communities by providing support to local children.

■ KOBELCO Community Contribution Fund

- In FY 2006, we established the “KOBELCO Community Contribution Fund” to provide support for children.
- In FY 2022, it donated approximately 5.6 million yen to various facilities and organizations.

■ KOBELCO World Children Support Program

- This program was established in FY 2021 to provide support to children around the world who are in need as a result of natural disasters such as earthquakes and volcanic eruptions.
- In FY 2022, we donated 5 million yen to the Japan Committee for UNICEF’s Natural Disaster Emergency Fund to provide relief for the Turkey/Syria earthquakes.

Health promotion

- We help improve the health of everyone in the community.

■ Nadahama Garden Baden

- We have been operating a health spa facility in Nada Ward, Kobe since FY 2002.
- Energy from the power plant is used as a heat source and for air-conditioning the building.
- In the event of a disaster, the pool water can be used for fire prevention and extinguishing as well as for domestic use, thereby contributing to disaster prevention in the local community.



Support for cultural activities

- We also provide support for the arts and culture sector.

■ Hyogo Performing Arts Center

- Through naming rights for the Main Hall of the Hyogo Performing Arts Center, the prefecture’s premier arts and culture facility, we support the center’s activities to promote arts and culture.



Sustainability Initiatives (Main examples)

TCFD



SDGs



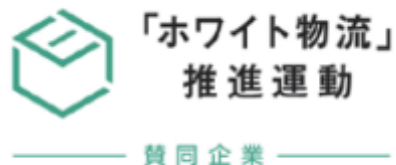
UN Global Compact



GX LEAGUE



White Logistics Movement



Declaration of Partnership Building



Challenge Initiatives for 30% of Executives to be Women by 2030



Male Leaders Coalition for Empowerment of Women



External Evaluations (As of August 2023)

FTSE4Good
Index Series



FTSE4Good

FTSE Blossom
Japan Index



FTSE Blossom
Japan

FTSE Blossom Japan
Sector Relative Index



FTSE Blossom
Japan Sector
Relative Index

S&P/JPX
Carbon Efficient Index



MSCI Japan
ESG Select Leaders Index

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

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MSCI Japan Empowering
Women Index (WIN)

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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CDP



Platinum Kurumin



PRIDE Index



2023 White 500 Health and
Productivity Management
Organization



2023
健康経営優良法人
Health and productivity
ホワイト500

2023 Health & Productivity
Stock Selection Program



2023
健康経営銘柄
Health and Productivity

Integrated Report and ESG Databook

The FY 2023 Integrated Report and ESG Databook were published on September 8.
Please visit our website to view them.

Integrated Report



ESG Databook



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

<h2>KOBELCO's View of the Future</h2>	<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>
<h2>KOBELCO's Mission</h2>	<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>
<h2>Core Values of KOBELCO</h2>	<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.
<h2>Six Pledges of KOBELCO</h2>	<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

Cautionary Statement

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

KOBELCO

Supplementary Materials

FY 2022 Results for Materiality Indicators/Targets (1)

KOBELCO Group Materiality		Indicators and targets		
		Indicators	Targets	Actual (FY 2022)
Contributing to a green society	Climate change measures	(1) Reduction of CO ₂ emissions in production processes	2030: Down 30–40% (compared to FY 2013 levels) 2050: Taking on the challenge of realizing carbon neutrality	Down 20%
		(2) Contribution to reduction of CO ₂ emissions through technologies, products, and services	2030: 61 million tons (including at least 45 million tons through MIDREX® Process) 2050: 100 million tons or more	58.91 million tons
		(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	—
	Resource recycling measures	(4) Water recycling rate	Maintain at 95% or higher	96.2%
		(5) By-product recycling rate	Recycling of three main items FY 2025: 99%	99.2%
Ensuring safety and security in community development and manufacturing	Supplying energy focused on S+3E	—	—	—
	Providing materials and machinery that meet needs	(6) Percentages of target products in the product mix	FY2025: Percentage of wire rods/bars and high-tensile strength steel in steel products: 52%	44%
	Improving safety and productivity		—	—

FY 2022 Results for Materiality Indicators/Targets (2)

KOBELCO Group Materiality		Indicators and targets		
		Indicator	Target	Actual (FY 2022)
Providing solutions for the future connecting people and technology	Reforms in manufacturing and operations through digital transformation (DX)	(7) Hours of office work streamlined by digitization	FY 2023: 125,000 hours/year FY 2025: 250,000 hours/year	122,000 hours/year
		(8) Progress rates of reconstruction of existing systems (Progress rate of the existing system reconstruction plan, excluding mainframe systems, planned at the time of formulating the Medium-Term Management Plan (FY2021–2023))	FY 2025: 100%	40.3%
		(9) Number of DX personnel trained	a. FY 2023: Approx. 500 b. FY 2023: Approx. 140 a. IT evangelists (DX personnel who utilize IT to plan and implement business reforms in their own divisions) b. Data scientists (DX personnel capable of advanced data analysis)	a. 278 b. 137 (cumulative)
	Integration and innovation of diverse intellectual assets	(10) New business creation	FY 2025: Multiple task forces (TFs) to move toward creating new businesses FY2030: Multiple TFs to launch new businesses (Annual target earnings: 1 billion yen or more per business)	1 business
		(11) Number of employees with PhDs	—	170

FY 2022 Results for Materiality Indicators/Targets (3)

KOBELCO Group Materiality		Indicators and targets		
		Indicator	Target	Actual (FY 2022)
Promoting active participation of diverse human resources	Diversity and Inclusion (D&I)	(12) Percentage of women in new graduate hires	FY 2023: a. Career-track administrative: 50% or more b. Career-track technical 15% or more c. General technical: 15% or more	a. 48% b. 10% c. 8%
		(13) Percentage of female managers	Double the percentage from FY 2020 (2.7%)	3.0%
		(14) Employment rate of people with disabilities	2.3% (statutory employment rate)	2.64%
		(15) Number of non-Japanese employees	—	74
	Work style reforms	(16) Percentage of male employees taking special leave for childcare	FY 2023: 100%	88.0%
		(17) Turnover of employees with less than 10 years of service	Less than 15%	20.0%
		(18) Overtime hours	—	16.5h (per month /employee)
		(19) Number of annual paid leave days taken	15 (per year/employee)	17.0 days
		(20) Total hours worked	Under 2,000 hours/year	2,050h
	Human resource development	(21) Continuation of employee awareness survey	—	Ongoing
		(22) Improving and expanding employee training	— a. Total hours trained (across all employees) b. Average hours of training per employee	a. 408,216h b. 35.9h


FY 2022 Results for Materiality Indicators/Targets (4)

KOBELCO Group Materiality		Indicators and targets		
		Indicator	Target	Actual (FY 2022)
Pursuing governance that supports sustainable growth	Compliance and risk management	(23) Number of internal reporting (whistleblowing) cases	—	111
	Human rights	(24) Participation rate in employee training	Implementation of Group-wide human rights training	79.9% (E-learning participation rate at Kobe Steel)
	Safety and health	(25) Lost time injury frequency rate	0.10 or less	0.24
		(26) Improving and expanding health and safety training	—	1,820
	Quality assurance	(27) Percentage of sites certified under the Quality Guidelines in internal quality audits	70% of internal quality audit target locations in FY 2023	47%
		(28) Automation rate of testing and inspection equipment as defined by the Company	—	—
		(29) Continuation of customer satisfaction survey	—	Ongoing
	Corporate governance	(30) Improving the effectiveness of the Board of Directors	—	Ongoing

Human resources development (level-specific training for management and career-track employees)

- We are conducting training to improve the problem solving and issue formulation skills of young to mid-level employees and the management abilities of managers, with the goal of cultivating the skills and mindsets for business management.

Level-specific training

Management	Group manager training	Acquire knowledge and insight to develop businesses with a broad perspective that transcends organizational boundaries.
	Office manager/Group manager Management training	Systematically learn the structures of organizational management.
	Newly appointed manager training	Learn the basics of laws and regulations related to human resources and labor, including labor management and labor-management relations.
Career-track	Newly appointed supervisor training	Understand compliance, D&I and other initiatives and reflect on how to act as a mid-level employee.
	Issue formulation training (Prior to promotion to supervisor)	Details given on right 
	New employee training	Includes mindset as a working member of society, morals and manners, corporate philosophy, company history, introduction to businesses and products, tour, etc.

■ Purpose:

Cultivate perspectives, thinking and practical skills to formulate and resolve issues on one's own in terms of analyzing the business environment, taking stock of one's own work, and setting goals in accordance with higher-level policies.

■ Duration: 3 days

■ Training outline:

- For preliminary study, prepare an issue formulation sheet with the help of a supervisor and senior staff.
- During the training, perform issue formation through coaching by instructors and supervisors
- Present the results of the training and use the feedback to enhance the content and develop a deeper understanding.



*Participation in various compliance and TQM training programs for all employees

*Independent self-directed education using video materials began in FY 2022.

Human resources development (level-specific training for general (technical) employees)

- Focusing on the development of managers and supervisors, who play a key role in the workplace, training is provided to build a better workplace environment through educational programs specializing in management and communication, as well as basic knowledge of safety, the environment, quality, etc.

Level-specific training

Site supervisory	Section manager appointment training	Strengthen management awareness as a top on-site leader, and to improve risk management and reform planning capabilities on the ground. (Total: 5 days+)	
	Foreman appointment training	Details given on right	
	Team leader appointment training	Strengthen on-site improvement and management skills as a team leader. (Total: 5 days+)	
Officer	Leader development training	Strengthen and raise the standard of leadership among near-future workplace leadership candidates. (Total: 3 days+)	
	Technical student training	Years 1-5 specialized skills training	Practical training and classroom lectures are conducted for the acquisition of national skills certifications in each of the seven categories, including maintenance and repair, welding, and assembly. (approx. 40-60 days)
		Common skills training	Conducted for basic electricity, machine elements, health and safety (hands-on, etc.), PC (QC), crane, sling, forklift training, etc. (approx. 20 days)
		New employee orientation	Includes mindset as a working member of society, morals and manners, corporate philosophy, company history, introduction to businesses and products, tour, etc. (Total: 7 days+)

■ Purpose:
To improve skills in "Leadership," "Labor Management," "Health and Safety/Mental Health," and "Compliance" in order to strengthen management and subordinate development capabilities in the workplace.

■ Duration: (Total: 10 days+)

■ Training outline:

- Through distance learning, participants learn how to think about and implement quality control, which is the basis of on-site work, as well as how to use QC methods to solve problems and perform practical applications.
- Conducted in a group format, the program aims for participants to become the "keystone" of workplace leadership and to acquire the ability to improve the efficiency of workplace operations
- Based on the abilities and knowledge they have acquired, participants write an essay on their convictions as a manager and the immediate challenges they face.




*Participation in various compliance and TQM training programs for all employees

Human resources development

(level-specific training for general (technical administrative) employees)

- The training is designed to deepen participants' expertise as leaders in the workplace and to help them understand the relationship between their own work and the organization, as well as to improve their work, increase operational efficiency, and proactively guide and develop their successors.

Level-specific training

Coordinator	Communication training to elicit collaboration	Recognize the role of workplace leaders and involve others to ensure smooth performance of work and workplace development.
	Issue formulation training	Participants learn the processes necessary to fulfill their roles and develop an action plan to achieve their goals.
Deputy coordinator	WBS basic training	Details given on right. 
	"My role" training	Participants will reconsider their own roles in a changing organizational environment and reflect on their own practices.
	Teaching/Coaching Training	Participants acquire appropriate teaching skills (teaching and coaching) appropriate to a given situation.
Officer	Basic business simulation	Participants gain an understanding of the relationship between departmental goals and policies and their own roles through a simulated experience of company activities.
	Problem solving mechanisms training (basic/applied)	Participants learn logical thinking and practical problem solving techniques and how to apply them to their work.
	General employee training	Participants will reaffirm the awareness and knowledge that they need as Kobe Steel employees, including compliance and environmental management.

■ Purpose:

For participants to become familiar with their own work, learn how to proactively involve others in planning to improve and visualize their work, and apply things they have noticed in their workplaces.

■ Duration: 2 days

■ Training outline:

- Through lectures, participants will learn the basics of WBS and acquire techniques to plan and visualize work.
- Through exchanges of opinions with other participants and opportunities to present their ideas, participants will address how to make improvements in their own work and refine their own improvement plans.
- As a post-program assignment, participants will use the skills and knowledge they have acquired to prepare and implement proposals for improving operations in their own workplaces, involving supervisors.

*Participation in various compliance and TQM training programs for all employees

*Independent self-directed education using video materials began in FY 2022.

Our Group's business locations around the world

Global Locations

