



Integrated Report

# JFE GROUP REPORT

2025



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### Publication of JFE GROUP REPORT 2025

Since fiscal 2018, JFE Holdings, Inc. has published an integrated report that combines non-financial information, such as environmental, social, and governance (ESG) initiatives, with financial information including business strategies, with the objective of furthering the understanding of the JFE Group's value creation narratives over the medium to long term among all stakeholders, including shareholders and investors.

In this report, we introduce the key points of JFE Vision 2035, which was established in fiscal 2025 as our aspiration for 2035, and the Eighth Medium-term Business Plan, which is a growth strategy to achieve that vision. We hope this report furthers everyone's understanding of our initiatives on these fronts.

On editing this report, we referred to the IFRS Foundation's International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. Relevant departments worked earnestly together to prepare this report in accordance with the Company's guidelines. Here, we state that the production process and content of this report is fair and just.



**Yoshihisa Kitano**  
Representative Director,  
President and CEO

### Reporting Period

FY2024 (April 1, 2024, to March 31, 2025)

Reports on some activities undertaken outside this period are included.

### Organizations Covered

The holding company JFE Holdings, Inc. and its three operating companies JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation. Additionally, some reports may include the equity-method affiliate Japan Marine United Corporation and Group companies under the operating companies (consolidated subsidiaries and equity-method affiliates).

### Guidelines

- IFRS Foundation: International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation
- GRI: Sustainability Reporting Guidelines GRI Standards
- Financial Stability Board: The final report of the Task Force on Climate-related Financial Disclosures (TCFD)

### Publication Date

November 2025 (Next issue planned for October 2026)

### Disclaimer

All current plans, strategies, and beliefs published in this report that are not historical facts contain forecasts about future performance, which are subject to risks and uncertainties. Actual results may greatly differ from those forecasts due to various factors including future trends in the global and Japanese economies, and in related industries. Accordingly, please note that we do not guarantee the reliability of such forward-looking information.

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## Group Vision and Purpose

### CORPORATE VISION

**Contributing to society with  
the world's most  
innovative technology**

### CORPORATE VALUES

**Challenging Spirit.  
Flexibility.  
Sincerity.**

### PURPOSE

JFE Steel

**Dream for your Future,  
Steel takes you Further.**

JFE Engineering

**Create, Care, Connect  
The Foundations of Life  
Just For the Earth**

### STANDARDS OF CONDUCT

All JFE Group personnel are required to faithfully adhere to the following Standards of Conduct in all corporate activities. These standards embody the JFE Group's Corporate Vision and go hand-in-hand with its Corporate Values.

Senior managers are responsible for communicating these standards to employees of Group companies and their supply chain partners, and creating effective systems and mechanisms to ensure adherence to ethical standards.

Senior managers are also responsible for measures to prevent the recurrence of any violation of these standards. Additionally, they must report violations promptly and accurately to internal and external stakeholders, determine the persons of relevant authority and accountability, and resolve matters rigorously.

1. Provide quality products and services
2. Be open to society
3. Work with communities
4. Globalize
5. Exist harmoniously with the global environment
6. Maintain proper relations with governments and political authorities
7. Maintain crisis readiness
8. Respect human rights
9. Provide rewarding work environments
10. Comply with laws and ordinances

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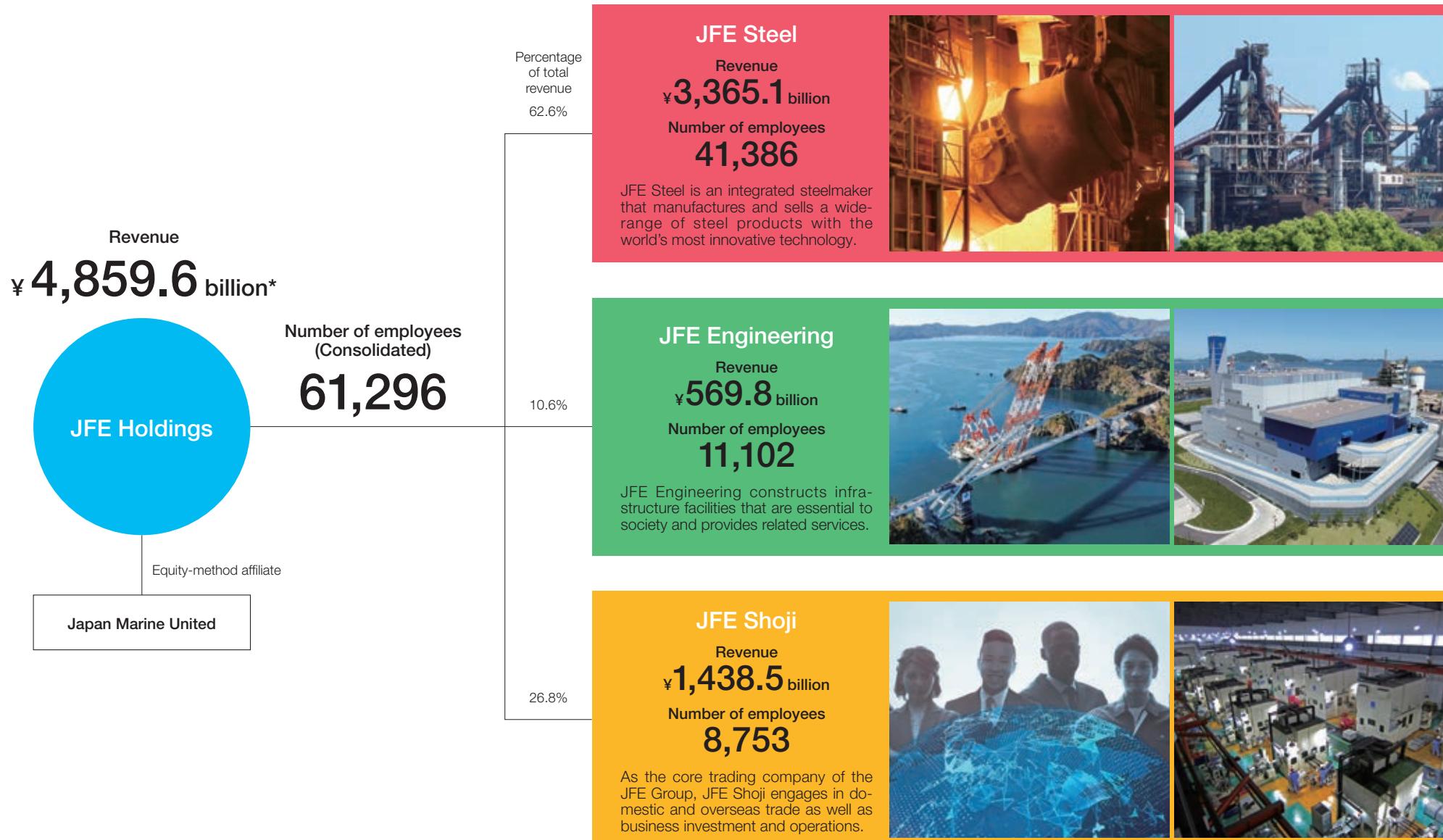
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## The JFE Group's Current Position



\*After eliminations of ¥513.9 billion

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## The JFE Group's Current Position

## Six Types of Capital

**Financial capital**

Build a solid financial foundation and ensure flexibility

- Total equity (IFRS-basis, as of March 31, 2025)

**¥2,586.8 billion**

- D/E ratio (FY2024)

**54.3%**

Initiatives to strengthen our capital

**Natural capital**

Initiatives to reduce environmental impacts

- Reductions in GHG emissions in the steel business (FY2024)

**23%** (compared to FY2013)

- Reductions in GHG emissions in the engineering business (FY2024)

**12 million t-CO<sub>2</sub> per year**

Initiatives to strengthen our capital



p. 32 Eighth Medium-term Business Plan (Environmental Sustainability Initiatives)

p. 63 GX Strategy

**Manufacturing capital**

Build a system to globally supply high-value-added products

- Crude steel production (FY2024)

**Approx. 22 million tonnes**

- Number of Group bases (as of April 2025)

**117 locations in 23 countries and regions**

p. 22 Eighth Medium-term Business Plan (Steel, Engineering, and Trading Businesses)

p. 91 Main Overseas Bases

**Intellectual capital**

Our outstanding technological capabilities, which are the source of our competitiveness

- R&D expenses (FY2024)

**Approx. ¥42.9 billion**

- Number of registered patents (As of April 2025)

**Approx. 30,000****Human capital**

Human resources, the driving force behind corporate growth

- Number of employees (as of March 31, 2025)

**61,296**

- Data scientists in the steel business (FY2024)

**662**

p. 72 Human Resources Strategy

**Social and other related capital**

Build a strong customer base and foster harmony with local communities

- Number of customers (delivery destinations) (FY2024)

**Approx. 24,000**

- Events at manufacturing bases (festivals, etc.) (FY2024)

**Approx. 170,000 attendees**

JFE Group Sustainability Report

<https://www.jfe-holdings.co.jp/en/sustainability/data/>

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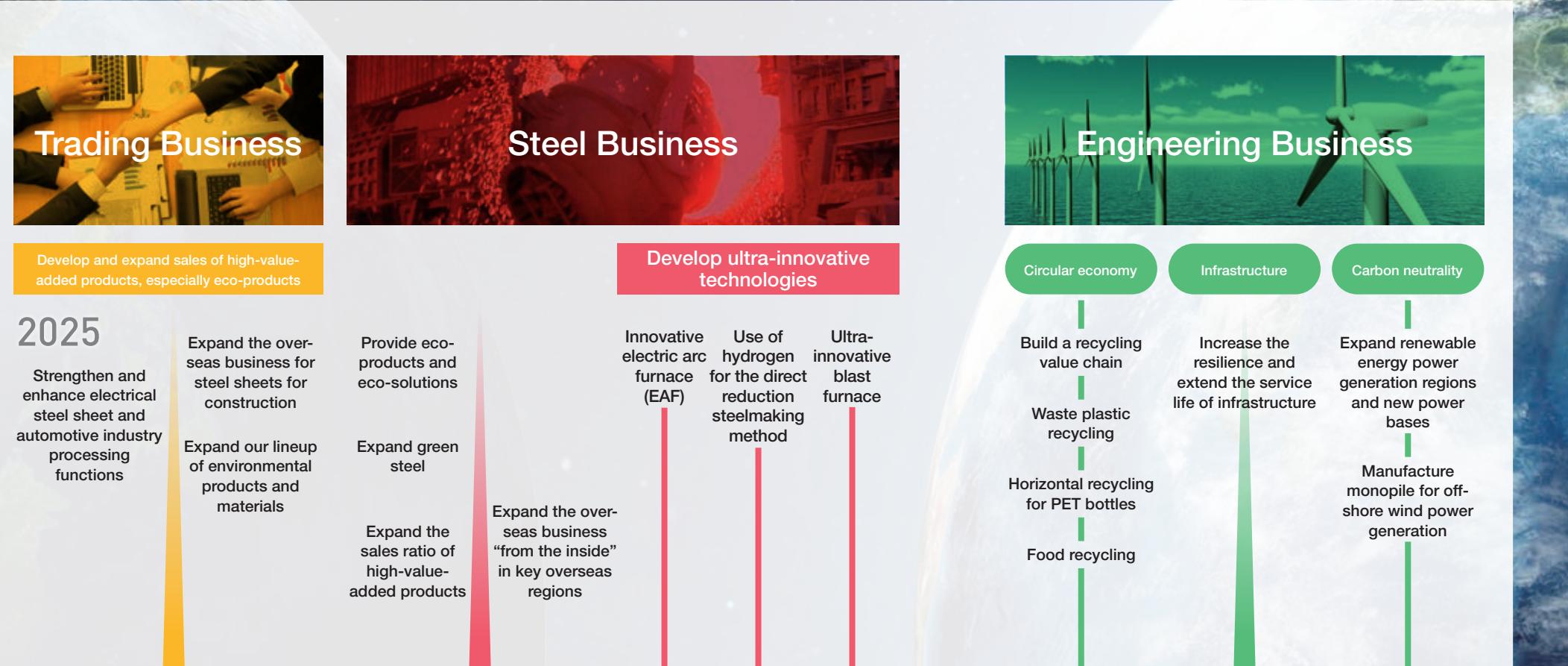
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## Roadmap to Realizing Our Long-term Vision

**As we enter the coming era of carbon neutrality, the Group will work as one to carry out aggressive business investment strategies and enhance corporate value.**



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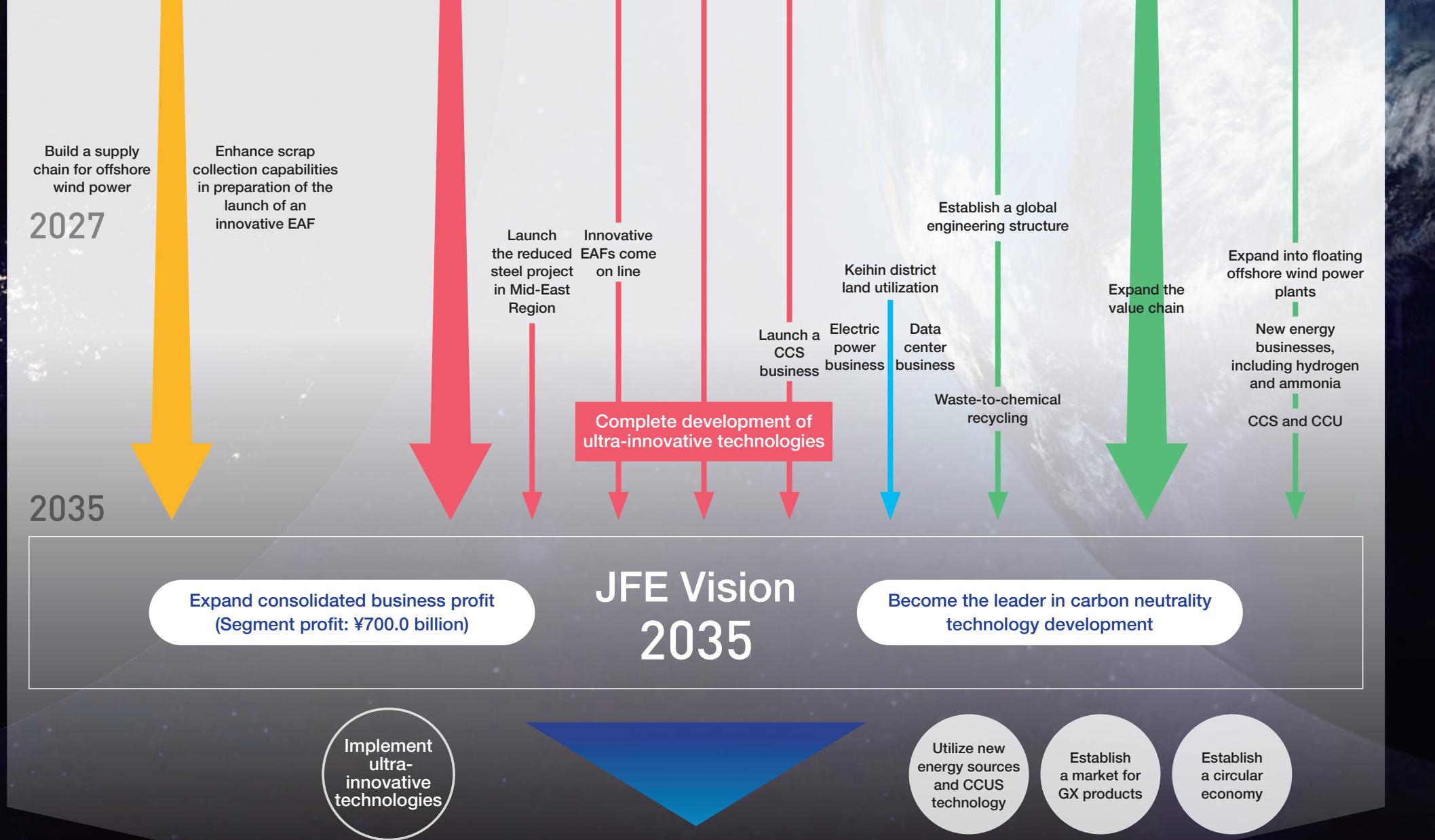
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2050

# Achieve Carbon Neutrality

## Message from the CEO

The JFE Group aims to fulfill its mission of being essential to society's sustainable development and creating safe, comfortable lives for people everywhere.

**Yoshihisa Kitano**

Representative Director,  
President and CEO

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## Message from the CEO

**Think, Speak, and Act on Your Own**

I became president of JFE Holdings in 2024 and last year's JFE Group Report introduced two mottos I cherish: "Think, Speak, and Act on Your Own," and "Set Ambitious Goals." These phrases have been handed down by our forerunners. In the currently challenging business environment, I continue to take these words to heart.

From 2024 to 2025, the Company's business environment grew even more challenging. Japan has been battered by the effects of economic stagnation, diminished global competitiveness across various industries, and lower domestic demand attributable to population decline. Overseas, international market conditions have plummeted due to significant increases in steel exports caused by stagnant domestic demand in China, protectionist trade policies exemplified by U.S. tariffs, and



threats to free trade from the emergence of nationalist movements. These and other such developments exemplify the unprecedented difficulties in Japan and abroad facing the business environment surrounding the JFE Group.

In addition, there is the existential problem of climate change. Each time we witness natural disasters caused by extreme weather events, we can feel the wave of global warming bearing down. Aiming to reduce greenhouse gases (GHG) and achieve carbon neutrality is a formidable challenge that we must surmount to ensure humanity can continue living comfortably on this planet. In particular, it is indisputable that for the steel industry, which emits CO<sub>2</sub> equivalent to 40% of Japan's industries, action on carbon neutrality is an issue of paramount priority.

As the leader of JFE, which is facing an environment beset by these challenges, I must successfully communicate, both internally and externally, our approach to how the Company will grow and the direction the JFE Group should head.

To ensure the Company can grow, even amid unprecedented challenges in the business environment, I think we must build an organization that can transform itself. During rapid economic growth, a company could grow by aggressively working to achieve the same target (increased production), allowing earnings to rise naturally. We cannot count on that kind of an era. Top management must break free from those kinds of previous successes. To build an organization that can transform itself, each employee must be ever mindful of why the Company exists, remain unsatisfied with the status quo, set ambitious goals, think for themselves about what they will do in their role, and take action aimed at transformation while communicating with those around them. Top management must first make the case for this mindset, and officers need to serve as role models. In addition, I believe diversity or, more broadly, DEI is an important approach to carrying out these actions. By embracing diverse, outside-the-box approaches and creating safe,

welcoming spaces to hold discussions, we gained our first insight on transformation and this provides a foothold for the next stage of growth. I feel that our forerunners' phrases—"Think, Speak, and Act on Your Own" and "Set Ambitious Goals"—have grown more important amid this highly challenging business environment.

I want to make JFE a company where employees think about their own businesses, organizations, and individual purposes; envision what they want to be over the long term; set ambitious goals; and strive to achieve them. This sets the stage for how we formulated our Purpose and our long-term vision "JFE Vision 2035."

**Formulating a purpose for each operating company**

In our discussions, some people expressed the opinion that we should begin by clearly defining the purpose for JFE Holdings. Then we realized that each operating company supporting the Group also has its own distinct purpose and that, by incorporating the thoughts of their employees, we could formulate a purpose for each of the operating companies.

JFE Steel's purpose is "Dream for your Future, Steel takes you Further." Yet, the future you will dream of is not obvious. Moreover, the future you dream of may change over the decades. Nevertheless, this purpose represents a commitment to using steelmaking to respond to the future's various stakeholders' dreams, such as carbon-neutrality and a society of abundance, as well as customer expectations and employee prospects.

JFE Engineering's purpose is "Create, Care, Connect. The Foundations of Life – Just For the Earth." The word "connect" includes a concept of the future, and the phrase "just for the

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Earth" is imbued with the commitment to realize a sustainable society for the Earth and humanity. The purpose includes the unshakeable determination to aspire to a safe and secure society, robustly support people's lives, and pass down the Earth to the next generation.

The purpose of JFE Shoji, which bridges people, goods, and functions to create solutions and new functions, is "Steel and More: Bridging Global Progress." The word "bridging" incorporates the company's intention to expand the network it has built up worldwide. This expresses a "bridging" function that is unique to general trading companies and includes "Steel and More" because steel is the core business. However, JFE Shoji handles a wide variety of products, so each employee can substitute the word "steel" with whatever product they handle.

I am confident that the purposes of each of the three operating companies accurately represent their true nature.

## Aiming to remain essential to society

**Striving to transition to a circular economy**

Over the 20th century, the global population increased four times from 1.5 billion to 6.0 billion. In 2023, it rose to 8.0 billion

and some predict it will eventually hit 10.0 billion. Due to this increase, humanity is being pressured by various issues, including those related to resources, food, the environment, and inequality. To maintain comfortable lives, the three Rs are becoming increasingly important, namely: Reduce to minimize use of the Earth's limited resources, Reuse to extend product lives, and Recycle to effectively use materials in a different form. Awareness of these issues has also raised societal awareness of the need to transition to a circular economy.

The JFE Group has long implemented various initiatives aimed at transitioning to a circular economy, which is considered a strength of the Company. Going forward, the three Group companies will continue collaborating to provide their products and technologies to society.

For example, the steel business has a product lineup connected to the Reduce principle, including high-performance electrical sheets, automotive high-tensile sheets, highly corrosion-resistant sheets, and fatigue-resistant sheets. This can reduce the use of new resources by extending the lifecycle of end products and saving energy through high efficiency. In the steelmaking process, we promote a switch to electric arc furnaces and greater use of steel scrap through conventional blast furnace methods. In addition, by developing technologies that can produce high-quality steel with innovative electric arc furnaces, which will

be newly built in Kurashiki, we will broaden the scope of applications for steel scrap and expand the Reuse principle through the transformation of scrap into new products. Expanding the usage of steel scrap helps reduce GHGs by reducing the use of coal. In the engineering business, we promote the Reuse and Recycle principles through businesses that include bottle-to-bottle recycling, plastic recycling, food recycling, and waste-to-energy power generation. The trading business is building a supply chain that will enable these initiatives to spread out across society.

These actions for transitioning to a circular economy form a major framework in the aforementioned JFE Vision 2035 and the Eighth Medium-term Business Plan, which I will go over next. They are crucial when considering the JFE Group's purpose, and I am confident we can continue growing and remain an essential presence by expanding as a business while maintaining financial soundness.

## Aims of the long-term JFE Vision 2035

**Striving for carbon neutrality in 2050**

To date, the JFE Group has unveiled medium-term business plans every three years. This time, however, we also set the JFE Vision 2035 as a long-term target for the next 10 years. The

JFE Steel

JFE Engineering

JFE Shoji

## Purpose

**Dream for your Future,  
Steel takes you Further.**

**Create, Care, Connect  
The Foundations of Life  
Just For the Earth**

**Steel and More:  
Bridging Global Progress**

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impetus behind this was the Company's aim of achieving carbon neutrality by 2050, meaning 2035 would mark a turning point for completing development of carbon neutral technology and then advancing a large-scale process transformation to adopt those technologies.

We recognize that stakeholders may have two major concerns: 1) whether the steel industry can achieve carbon neutrality in terms of technology and funding, and 2) can JFE actually grow sustainably as competition intensifies across the board. Some employees may feel the same uncertainty. In JFE Vision 2035, we laid out the two goals of becoming the leader in carbon neutral technology development and expanding consolidated business profit (segment profit: ¥700 billion). These goals declare that the Company is facing these concerns head-on and will stand resolute to address them.

We have calculated that in order to achieve carbon neutrality in 2050, we will need investment related to GHG reduction totaling ¥1 trillion by fiscal 2035 as well as an additional ¥4 trillion between fiscal 2036 and 2050. To achieve this, we will need to expand business profit and reinforce our financial standing. As a necessary benchmark for these investments, JFE Vision 2035 sets out a target of ¥700 billion for segment profit in fiscal 2035. This was the first time since its founding that the Group has set a profit target not based on a bottom-up approach.

Breaking down that segment profit target of ¥700 billion, we aim to achieve ¥500 billion in the steel business and then ¥100 billion each in the engineering business and the trading business.

It will be challenging to achieve this profit just by extending our existing methods. We need a major transformation, and investment in growth sectors will be indispensable. To succeed, we must approach this from the three perspectives of 1) selecting and concentrating growth businesses, 2) expanding profit in mature businesses, and 3) enhancing asset efficiency.

The first perspective of selecting and concentrating growth businesses is a strategy of proactively investing in domestic and overseas businesses that have competitive advantages. In the steel business, we position the domestic steelmaking business as the mother mill that serves to develop technology and cultivate human resources for the global rollout of high-value-added products, green steel, and carbon neutral processes. After thoroughly streamlining the business to adapt to the demand environment, we aim to continue investing capital to enhance resilience. Utilizing technological capabilities developed in Japan, we will expand business "from the inside" with top-tier partners in advantageous regions and sectors in the overseas business. We will select regions that offer superior business opportunities and then bring businesses into the Group through M&A and other means as we continue expanding our global supply chain. In the engineering business, we will provide advanced, safe, and secure infrastructure and services from the perspective of realizing a circular economy and reducing GHG emissions. To this end, we will promote an industry reorganization to build a solid earnings and technological foundation, establishing a foothold to becoming a top global player.

With the second perspective of expanding profit in mature businesses, we will think about how to expand the profit of businesses that already steadily generate a profit. We will continue enhancing our earnings power, not only through rationalization and cost-cutting measures within the JFE Group, but also through M&A and collaboration with industry peers.

However, any business that is continually in the red or faces harsh conditions in the near term will need to scale back production by shutting down facilities and undergo reorganization or integration with another company. We realize that in some cases we may need to withdraw from a business or divest it.

The third perspective is enhancing asset efficiency. We will identify assets that are not generating profit and then implement

## Our Aspirations for FY2035: JFE Vision 2035

## Become the leader in carbon neutrality (CN) technology development

- Complete development of ultra-innovative process conversion technology
- Provide strong technological capabilities and a diverse eco-product lineup to help conserve the global environment
- Become the main player in the high-quality green steel market

Expand consolidated business profit  
(Segment profit: ¥700 billion)

- Streamlined yet resilient domestic structure based on growth strategies
  - Create technologies and nurture talent that drive our competitive advantage
  - Deepen our shift from quantity to quality, and reorganize and integrate each business
- Growth through the expansion of business in overseas growth regions "from the inside"
  - Collaborate with top-tier partners and pursue M&A

improvement measures. We are engaged in a land utilization business in the Keihin district, which generates profit by utilizing land and buildings left idle after suspending upstream processes, and in a solution business, which earns profit using technologies, capabilities, and know-how we already possess.

We will promote efforts from these perspectives with the aim of steadily achieving our segment profit target of ¥700 billion.

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## The Eighth Medium-term Business Plan Backcasting from JFE Vision 2035

In line with JFE Vision 2035, we formulated the Eighth Medium-term Business Plan as a growth strategy aimed at achieving the vision. In fiscal 2027, the final year of the plan, we set a target for segment profit of ¥365 billion as a waypoint to ¥700 billion in fiscal 2035. This will be a relatively high watermark compared to the fiscal 2024 result of ¥215.5 billion (including elimination and adjustment, but excluding steel inventory valuation differences). Still, we project that we will be able to achieve this by launching projects already approved for growth investment, rebuilding our domestic structure, and expanding profit in the overseas business. Looking at the entire Group, the domestic business will earn robust profit, but profit expansion in growing overseas markets will still account for a third of our profit target. To achieve the ¥700 billion profit target in fiscal 2035, setting a high target for overseas business expansion will be crucial starting with the Eighth Medium-term Business Plan.

The two axes of the Eighth Medium-term Business Plan are rebuilding a streamlined yet resilient structure in Japan and business expansion that includes aggressive investment in overseas growth fields and regions.

Regarding the steel business, we set out to build crude steel output of 30 million tonnes by the end of the Sixth Medium-term Business Plan (fiscal 2020) and have focused on expanding the production capacity of our steelworks in Japan. When formulating the Seventh Medium-term Business Plan, we perceived an obvious change in trends, such as intensifying price competition in commodity products. We thus abandoned our focus on building a 30-million-tonne structure, making a hard turn toward establishing an optimal domestic production structure. Basically, we began to shift focus from quantity to quality and,

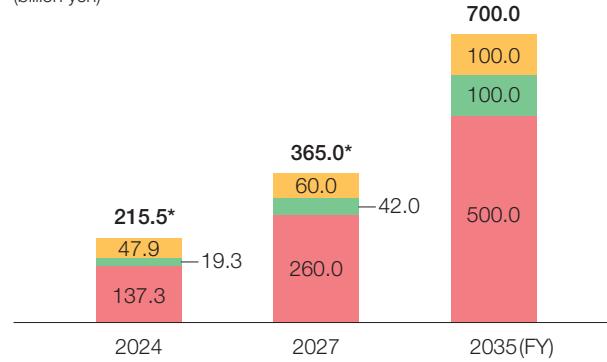
through structural reforms of the East Japan Works, created a structure that can turn a profit by producing just 26 million tonnes of crude steel. However, in fiscal 2024 (the final year of the plan), crude steel output decreased to 21.95 million tonnes as demand fell more than anticipated, and we missed our profit target for the year by a wide margin.

Under the Eighth Medium-term Business Plan, we assumed the continuation of a challenging environment, especially in Japan amid forecasts of shrinking demand due in part to long-term population decline. By the end of the final year of the Eighth Plan (fiscal 2027), we aim to achieve a structure that can turn a profit with just 21 million tonnes, 20% less than the current 26 million tonnes. Specifically, we will suspend operation of one blast furnace at the West Japan Works during the period of the current plan. Then, in the first quarter of fiscal 2028 (when the next medium-term business plan begins), we will suspend operation of another blast furnace to switch over to an innovative electric arc furnace. This transition will advance JFE to an optimal structure comprising five blast furnaces and one innovative electric arc furnace. Although it was a tough decision to suspend manufacturing equipment, because the steel industry is a machinery business, it is crucial to adjust production scale to the demand environment. We must continue our transformation into a streamlined yet resilient structure.

To enhance the resilience of our domestic manufacturing bases, we will need to increase the sales ratio of high-value-added products, for which we achieved remarkable results under the Seventh Medium-term Business Plan. We have developed such high-value-added products as the aforementioned high performance electrical steel sheets as well as large and heavy steel plates for offshore wind power generation. We have also conducted capital investment to expand sales of these products. The effects of this investment will soon emerge under the Eighth Medium-term Business Plan. In addition, in the

### Segment profit (excluding inventory valuation differences, etc. in the steel business)

Steel business   Engineering business   Trading business  
(billion yen)



\*Elimination and adjustment included

automotive sector, there has been a popular trend to replace general steel sheets with high-tensile sheets to achieve lighter weights, and we have worked hard to develop products that have excellent processability while further enhancing their strength. To achieve solid results in the Eighth Medium-term Business Plan, we will identify fields where demand is growing and link these to the development of our supply structure.

Even overseas, which is our growth engine, we will continue expanding profit going forward by promoting growth investment in regions where demand is expected to grow. In India, we have built a relationship with JSW Steel over more than a decade and, under the Seventh Medium-term Business Plan, decided to jointly operate an integrated production and sales business for grain-oriented electrical steel sheets. Electric infrastructure is expected to expand in India going forward, and we will aggressively capture demand for electrical steel sheets used in transformers as part of our "from the inside" business model. In addition, in North America, we are partnering with Nucor to expand our businesses for automotive steel sheets and

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## Message from the CEO

construction materials, which are experiencing solid growth. We have built robust partnerships with these companies, both of which are top players in their respective regions. We are successfully combining the strengths of the partners with the Company's technologies and funding. With each company, we will study various ways to steadily capture growing demand as part of our "from the inside" business model in regions where growth is expected.

Similar to the steel business, during the Seventh Medium-term Business Plan, the engineering business sowed various seeds for growth by investing in strategic projects. Only JFE Engineering is able to mass produce foundational structures (monopiles) for offshore wind power generation in Japan. The Kasaoka Monopile Factory, which came on line in April 2024, is also able to handle ultra-large wind turbines. We expect it to turn a profit under the Eighth Medium-term Business Plan, when a domestic round of project orders begins. In addition, JFE Engineering has strengths in waste-to-energy power plants and the recycling business, overseeing everything from design,

procurement, and construction to management and after-sale services. With waste-to-energy power plants, JFE Engineering aims to expand business overseas, especially in Asia, modeled on our track record in Japan. In addition, as a new outgrowth of the food recycling business, we began expanding the business to six sites across Japan with major dining establishments. Under this business model, food waste from restaurants is collected, fermented, and converted into methane gas, which is then used to generate power that is supplied to stores. After fermentation, the remaining residue can be used as fertilizer. Needs for these businesses are expected to rise in line with the transition to a circular economy.

In the trading business, we do not foresee a large expansion in demand in Japan, so it will be crucial to restructure the current logistics sector to be more resilient. We believe the main axis for growth is overseas expansion. In growing regions and sectors, we will continue rolling out our strategy of investing in businesses on a global basis, including through M&A. During the Seventh Medium-term Business Plan, we acquired two

companies that process steel sheet construction material: CEMCO (based in the U.S.) and STUDCO (based in the U.S. and Australia). Elsewhere, we founded a company in Serbia for processing and selling electrical steel sheets. Under the Eighth Medium-term Business Plan, we will continue proactively expanding new business with a focus on the key markets of North America, Australia, India, and Europe.

With the Keihin land utilization project, which began under the Seventh Medium-term Business Plan, we will promote land development on a scale never seen before in the Tokyo metropolitan area with the aim of increasing its public use and benefit in line with the already announced OHGISHIMA 2050 plan. Under the Eighth Medium-term Business Plan, we will begin upgrading terminals to receive hydrogen deliveries. Over the near term, the JFE Group will consider not just leasing land but also supplying green power from hydrogen-fueled home power generators and starting a data center business using that power. We will also promote a recycling business, including waste plastics, and promote land use for achieving carbon neutrality and a circular economy.

As for the digital transformation (DX) promoted as a major Groupwide measure, we consider the source of our competitive advantages to be our long accumulated operational data and know-how, as well as technologies born from our wide range of business areas. Continuing from the previous medium-term business plan, we will promote a DX-driven business transformation as well as production and operational process innovation. In addition, we will supply the entire manufacturing industry with world-class manufacturing and process technologies cultivated in the steel business as a solutions business. In the engineering business, we expect new changes for growth going forward, such as using AI to provide solutions to the O&M business, which utilizes our know-how to support its operations.



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## Message from the CEO

## Mission of the JFE Group

**Becoming a leader in carbon neutral technological development**

Europe has led low-carbon and decarbonization efforts, but in recent years experienced a series of setbacks as major decarbonization projects were suspended or cancelled due, in part, to uncertainty in policies and soaring energy costs. This has underlined the difficulty, including financial considerations, of realizing a carbon neutral society. Despite this environment, I do not think the overarching trend toward carbon neutrality has changed.

The Japanese government has not changed its position on ensuring the country's industries remain competitive and, in 2025, crafted the GX 2040 Vision to achieve carbon neutrality by 2050. It appears a paradigm shift will occur in the near future, with all products, not just steel, becoming greener. We believe that the Company's continued position as a leader in the development of ultra-innovative technologies and the resulting enhancement of JFE's global presence may help trigger a resurgence in the international competitiveness of Japan's industries, which is currently in decline. Our mission is to work steadfastly to achieve this outcome. Ensuring both environmental and economic viability will be a prerequisite to promoting carbon neutrality, and we have prepared the necessary human resources, technologies, and research facilities. We are confident that these will serve as the basis of growth for the JFE Group.

The JFE Group views this paradigm shift as a chance to take the lead. We will zealously accelerate the development of ultra-innovative technologies for carbon neutrality that ensure both environmental and economic viability as we spearhead the adoption of the developed technologies, connecting them to the production of high-quality steel, which is our strength. We

are stepping on the gas internally to finish developing ultra-innovative technologies by fiscal 2035. Though the hurdles are extremely high, we will overcome them somehow.

During this paradigm shift, it will be pivotal to raise public recognition of the environmental value of green steel. Although green steel has already been adopted in some applications, Japanese society as a whole has not yet begun to fully appreciate its environmental value. The steel industry has taken the initiative to spur government action, and in the previous fiscal year Japan's Ministry of Economy, Trade and Industry established the Green Steel Research Team to Promote GX, which unveiled specific support measures that will be needed going forward.

International standardization is further advancing this effort. With overseas demand for green steel expanding, it is important to make its environmental value an international standard, and

this is an area where Japan should take the lead. The Japan Iron and Steel Federation has already created guidelines for green steel. Based on them, the World Steel Association announced the worldsteel guidelines for GHG chain of custody approaches in the steel industry in 2024. Next, we are promoting revisions of the GHG Protocol and ISO initiatives. Even with these efforts, it will be important for Japan's steel industry to take the lead.

## Targets and strategies to achieve carbon neutrality in Japan's steel industry



Source: Reference material regarding the Basic Policy for the Realization of GX (Japan's Ministry of the Economy, Trade and Industry, February 2023)  
Created by processing the information on this webpage: [https://www.meti.go.jp/english/press/2023/0210\\_003.html](https://www.meti.go.jp/english/press/2023/0210_003.html)

## Sources of Value Creation

**Strategy to Create Value**

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## Message from the CEO

Initiatives for human resources that support the realization of the long-term vision

## Human resources are the driving force of corporate growth

Without the strength of the employees, it would be impossible to achieve either the Eighth Medium-term Business Plan or JFE Vision 2035. To me, it is greatly reassuring that the JFE Group employees are sincere and fully committed to their work.

We are now in the midst of an unprecedented transformation that will see us through the coming era of carbon neutrality. Amidst this, the Company's corporate values remain constant: "Challenging Spirit. Flexibility. Sincerity." Today, however, I believe "Challenging Spirit" has become especially important as we tackle all manner of challenges. At the top of this message, I mentioned that DEI will prove even more pivotal going forward. We face various issues we have never experienced before: issues that do not have easy answers. These issues are proliferating before our eyes. Broader society and the environment surrounding the JFE Group have changed significantly, including the need for carbon neutrality and successful transition to a circular economy. In this environment, the synergistic blending of employees bringing a wide array of perspectives, owing to their diverse backgrounds, has given us the power to move forward. I believe the JFE Group is prepared to blaze a trail toward its vision.

To this end, my critical mission is to ensure the Company offers an attractive workplace where employees can tap their full potential and thrive. I will continue to help create a rewarding workplace through aggressive investments to assure safety and health while supporting the growth of every employee.

## To our stakeholders

## Aiming to enhance corporate value

The Company considers share price a key management indicator, and I must regrettably admit that our valuation on the stock market is low. We must raise it. Currently, the Company's price-to-book (P/B) multiple has dropped well below 1.0 times, and we see this as a major issue.

To enhance stakeholders' valuation of the Company, even amid this challenging business environment, we will steadily address the issues set out in the aforementioned JFE Vision 2035 and the Eighth Medium-term Business Plan. We think this will enhance corporate value by stably realizing a return on equity (ROE) exceeding the cost of equity and increasing the trust placed in us by the markets.

Going forward, all of the employees of the JFE Group will continue working as one to address a wide range of issues while striving to enhance governance and ensure compliance so that the Group can remain essential to society's sustainable development as we work to create safe, comfortable lives for people everywhere.

To our stakeholders, I hope that this report will further your understanding of the path I laid out here—the path we are determined to forge—and get you excited about what the JFE Group has to offer for the future.



## Sources of Value Creation

## Strategy to Create Value

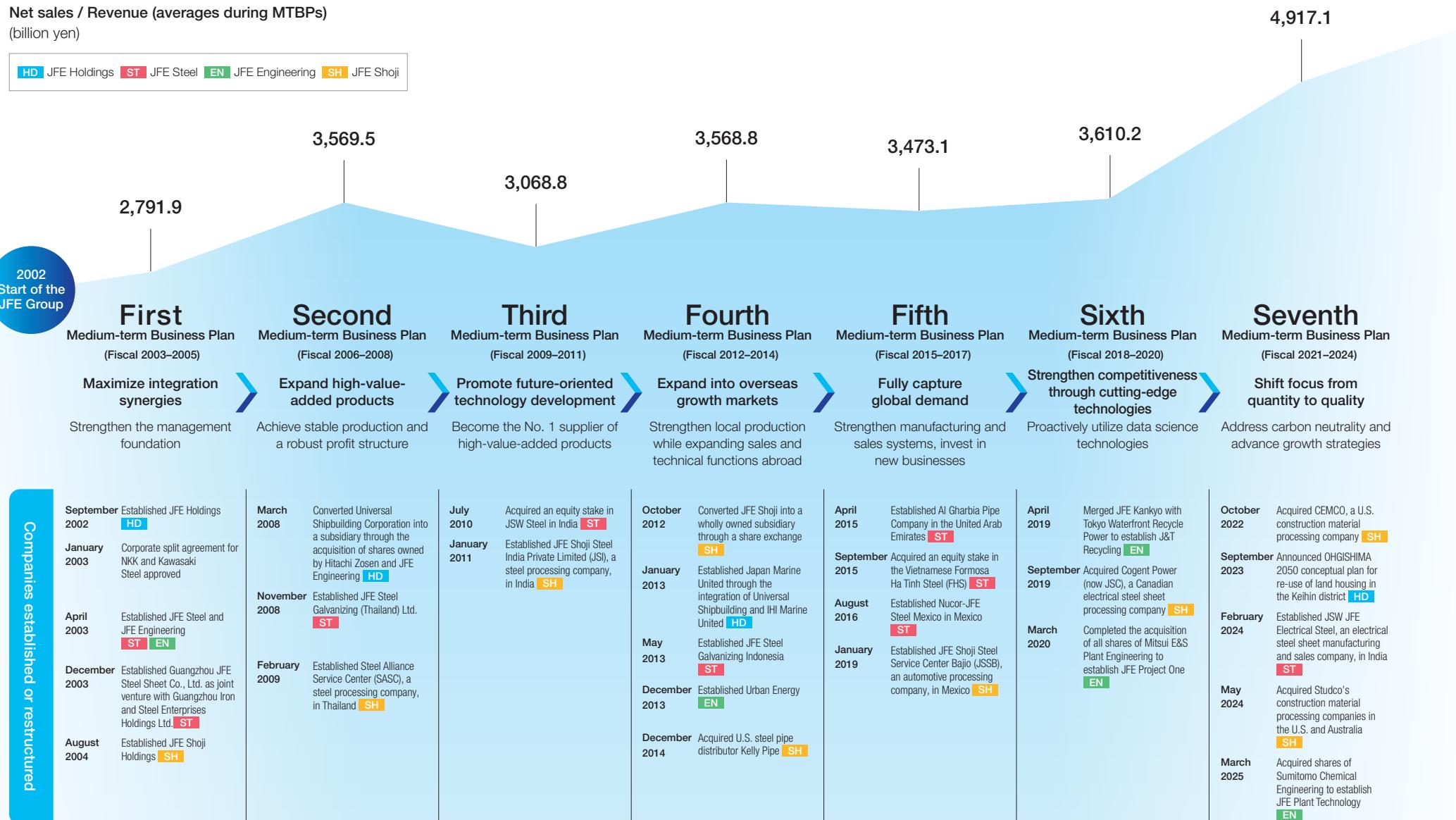
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## Review of Previous Medium-term Business Plans



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## Review of Previous Medium-term Business Plans

Production facilities and DX											
April 2004	Began operation of a new integrated system (phase 1 of administrative systems) <b>ST</b>	March 2006	Began operation of the new integrated system J-Smile <b>ST</b>	February 2010	Began operation of the optimal production and sales planning system J-Flessa <b>ST</b>	December 2014	Began operation of the No. 3 converter furnace at the No. 3 steel mill in the Fukuyama district <b>ST</b>	December 2017	Began operation of a recycled pallet manufacturing plant in western Japan <b>EN</b>	September 2018	Introduced J-mAlster, a fault recovery support system utilizing IBM Japan's IBM Watson, to all production lines <b>ST</b>
June 2004	Suspended operation of the No. 5 blast furnace in the Chiba district <b>ST</b>			September 2011	Commenced operation of an incinerator for earthquake-related waste for Sendai City <b>EN</b>			March 2018	Established the Global Remote Center (GRC), an integrated remote monitoring center for plants <b>EN</b>	November 2019	Introduced data science technologies known as blast furnace cyber-physical systems (CPS) to all blast furnaces <b>ST</b>
								November 2018	Began full-scale operation of the food recycling plant at J Bio Food Recycle <b>EN</b>	November 2019	Initiated J-dscom, a Company-wide system for detecting signs of equipment anomalies <b>ST</b>
								June 2020	Launched the JFE Digital Transformation Center for in-house DX initiatives <b>ST</b>	July 2020	Completed phase I of the capacity expansion of the Kurashiki district's electrical steel sheet production facilities <b>ST</b>
								July 2020	Began offering BRA-ING, a system for fully automated operation of waste incinerators <b>EN</b>	March 2025	Transitioned the Kurashiki district's core systems to open systems <b>ST</b>
ESG (governance structure, climate change, key policies)											
June 2004	Launched JFE College, a training curriculum for young employees <b>ST</b>	June 2007	Added two Outside Directors <b>HD</b>	2011	Began donating desks, chairs, and canned goods to the Ministries of Education in Ghana and Nigeria <b>SH</b>	September 2012	Opened an in-house childcare center in the JR Tsurumi Station building <b>EN</b>	2015	Began to evaluate the effectiveness of the Board of Directors <b>HD</b>	April 2018	Established the JFE Group Basic Policy on Human Rights <b>HD</b>
		June 2007	Shortened the term of Directors from two years to one year <b>HD</b>					October 2015	Established JFE Holdings, Inc. Basic Policy on Corporate Governance <b>HD</b>	May 2019	Endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) <b>HD</b>
								October 2015	Established the Nomination Committee and Remuneration Committee <b>HD</b>	June 2020	Appointed the first woman as an Outside Director of the Company <b>HD</b>
								June 2017	Added the presidents of JFE Engineering and JFE Shoji to the Board of Directors <b>HD</b>	July 2020	Selected for the first time as a constituent of the ESG-focused FTSE4Good Index Series and FTSE Blossom Japan Index <b>HD</b>
								June 2017	Added one Outside Director and one Outside Audit & Supervisory Board Member <b>HD</b>	September 2020	Announced the JFE Group's CO <sub>2</sub> reduction targets <b>HD</b>
										March 2023	Joined the Nyuzen Offshore Wind Farm Project <b>EN</b>
										February 2023	Achieved net zero CO <sub>2</sub> emissions in steel processing at the JFE Shoji Coil Center's Shizuoka Factory <b>SH</b>
										May 2023	Commenced supply of JGreeX™ green steel <b>ST</b>
										April 2024	Introduced climate-change-related indicators in executive remuneration <b>HD</b>



Elementary school students in Ghana



In-house childcare center

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## Message from the CFO

We aim to enhance corporate value through growth investment, action on carbon neutrality, and financial discipline.



**Masashi Terahata**  
Executive Vice President and CFO  
JFE Holdings, Inc.

### Review of the Seventh Medium-term Business Plan

#### Earnings Conditions

In the steel business, during the Seventh Medium-term Business Plan, we worked hard to shift from quantity to quality by, for example, increasing the ratio of high-value-added products to nearly 50% and completing structural reforms through the suspension of upstream processes at the Keihin district. However, in fiscal 2024, the level of profit fell as domestic demand slumped due in part to rising material costs, a labor shortage, and quality and certification issues at auto makers. Additionally, crude steel output overseas declined more than expected amid increasingly severe market disruption from expanded exports of inexpensive Chinese materials. In addition, due to declining coking coal prices and ongoing yen depreciation, we ended far short of our target, recording a loss of around ¥100 billion, including inventory valuation differences.

In the engineering business, although orders received expanded steadily, we were unable to exceed our target over the four-year period. The main factors were our inability to achieve higher profit margins, mainly in the overseas business, and a delay in an offshore wind farm project.

The trading business steadily recorded profit, exceeding its target, due mainly to profit growth driven by overseas M&A activities.

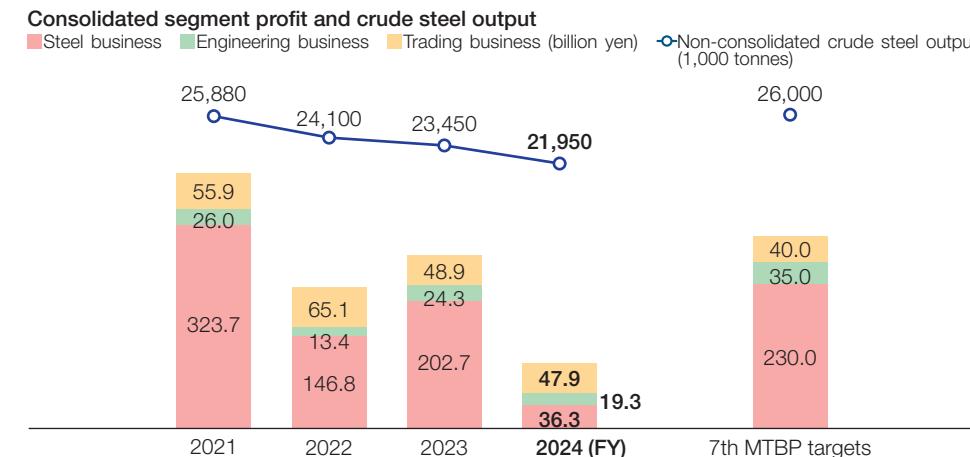
#### Cash Allocation and Main Financial Indicators

In the cumulative four-year period from fiscal 2021 to fiscal 2024, we were able to maintain solid financial discipline. Capital expenditures and other investments for that period totaled ¥1,369.6 billion, largely in line with initial plans. Combined with dividend payments, these expenditures remained below the sum of net profit plus depreciation and amortization.

We also recorded ¥215.8 billion from asset reduction, surpassing our target of ¥200 billion, mainly through the sale of land in the Keihin district. Moreover, in September 2023, we raised funds by issuing new shares and disposing of treasury shares, ensuring a robust financial base and flexibility needed for future GX promotion and investment in growth fields.

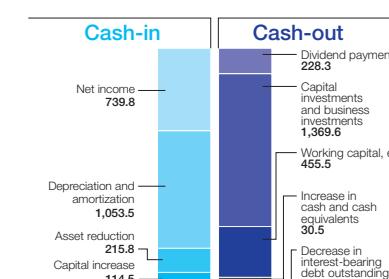
In addition to the effect of the capital increase, there was a modest decrease in interest-bearing debt at the end of fiscal 2020. The D/E ratio decreased to 54.3% by the end of fiscal 2024, well below the target of 70%.

Because profit fell significantly in fiscal 2024, the Debt/EBITDA ratio increased to 4.5 times (the target was around 3 times), and we will need to work hard with a sense of urgency to rapidly recover profitability.



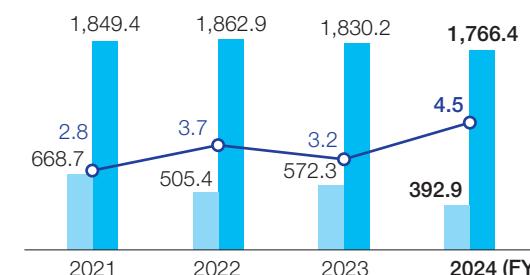
#### Total Consolidated Cash Flow from FY2021 to FY2024

(billion yen)



#### Debt/EBITDA ratio

**EBITDA (billion yen)**  
**Net interest-bearing debt balance (billion yen)**  
**Debt/EBITDA ratio (times)**



#### Sources of Value Creation

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## Message from the CFO

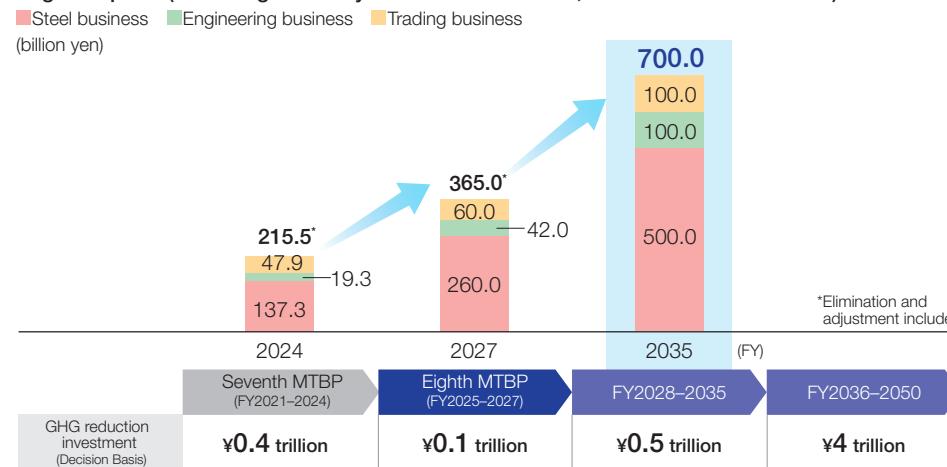
## Profit Targets and Cash Allocation under the Eighth Medium-term Business Plan

## Profit Targets

In the lead up to the Eighth Medium-term Business Plan, to unveil the Group's ambitions, we formulated the JFE Vision 2035, which forecasts the next decade. Taking action on carbon neutrality (CN) is unavoidable for the steel industry, and this may even present a huge business opportunity. We plan to complete the development of ultra-innovative process conversion technology currently under way by the end of fiscal 2035. After that, heading into 2050, we will continue working to promote the adoption of ultra-innovative processes, with investment scale estimated to total ¥4 trillion. To carry out growth investments and shareholder returns while maintaining financial soundness, we will need to attain earnings of around ¥700 billion.

However, the challenging environment currently facing the steel business is expected to persist. In response to the lower demand, during the Eighth Medium-term Business Plan, we will strive to raise earnings power, with the aim of achieving the fiscal 2035 profit target of ¥500 billion. We will rebuild an optimized production structure in Japan, which is well under way; increase the ratio of high-value-added products; and work to expand the overseas business "from the inside." We will secure financial resources in the engineering business through CN endeavors, exemplified by overseas waste to resource (WtR) projects and offshore wind power monopiles, and in the trading business by steadily achieving results through growth investments in key overseas regions and other efforts. We aim to solidify our spot as a CN leader.

## Segment profit (excluding inventory valuation differences, etc. in the steel business)



## Cash Allocation

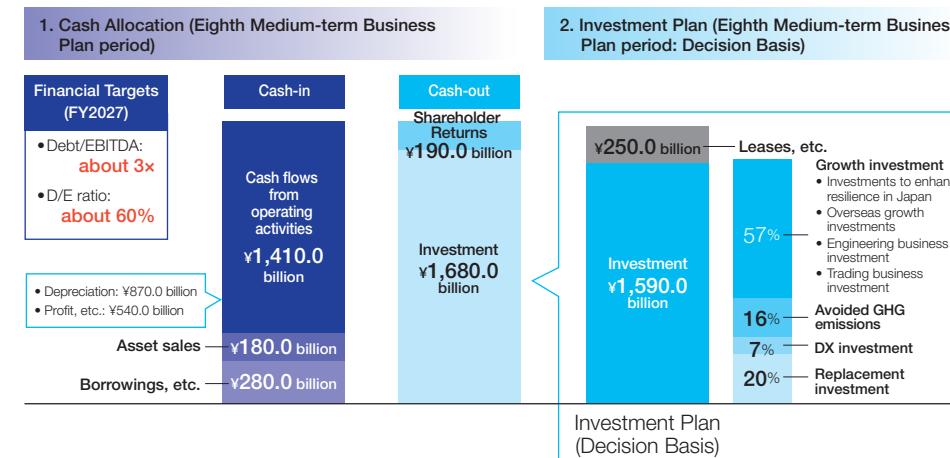
In the three years of the Eighth Medium-term Business Plan, we project investment expenditures will total ¥1,680 billion, exceeding cash flows from operating activities. This will mainly be dedicated to growth investments to enhance profitability with about half overseas and half in Japan. Overseas, these will primarily be strategic investments in expanding markets, and, in Japan, these will be related to rationalization and enhancing resilience, including investments in Group companies. We will continue investing in projects that help steadily expand profit.

As for funds, in addition to cash flows from operating activities, under the Seventh Medium-term Business Plan, we aim to generate ¥180 billion by reviewing businesses and assets with marginal profit contribution, though this may increase interest-bearing debt for a time.

Regarding interest-bearing debt, by the end of fiscal 2024, the D/E ratio improved to 50%. We realize that a temporary increase is acceptable for the sake of growth investments, but we aim to maintain the D/E ratio at about 60% by building up earnings. We originally targeted a ratio of about 70%, but in preparation for the coming widespread adoption of ultra-innovative processes, we need to ensure some leeway and now target about 60% under the current plan.

Furthermore, we will continue to carefully select investment projects to ensure we can still achieve our financial targets if cash flows from operating activities fall below forecasts.

## Cash Allocation and Investment Plan



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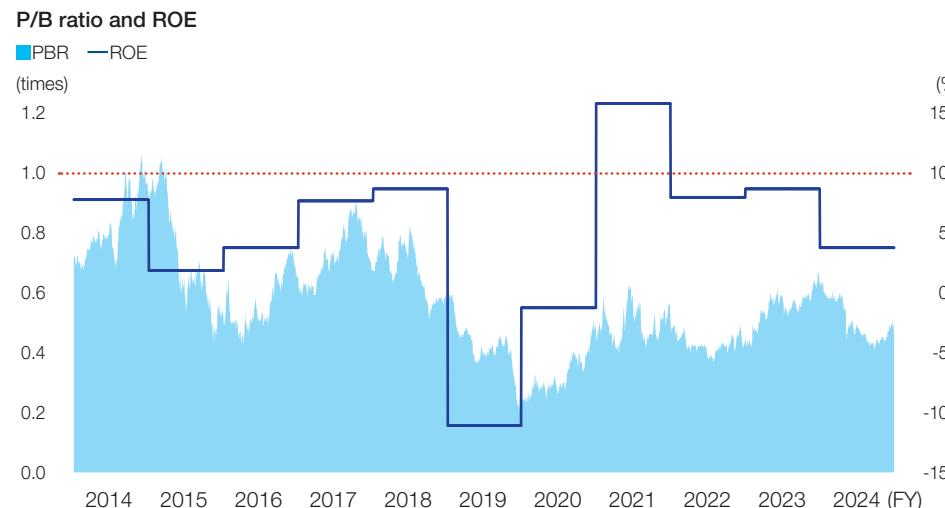
## Data



## Message from the CFO

## Practicing management that is conscious of the cost of equity and share price

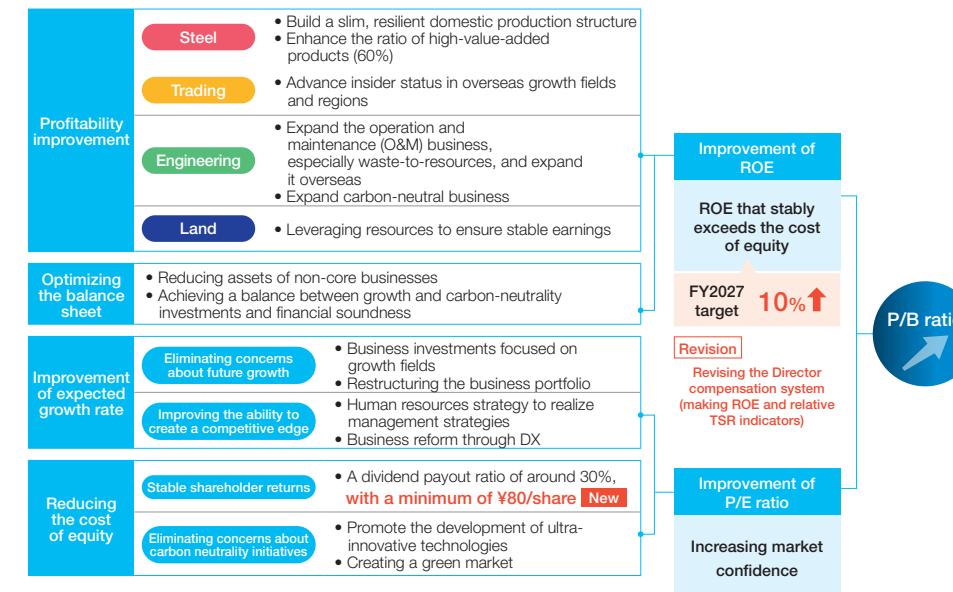
The Company recognizes that it must demonstrate continual growth and medium- to long-term corporate value enhancement to all stakeholders, including investors. The price-to-book (P/B) ratio is one barometer measuring those. We can enhance the P/B ratio by improving return on equity (ROE), the price earnings (P/E) ratio, or both.



For the P/E ratio, we need to lift up the share price to a level in line with net assets and profit. To do that, it will be important to lower the cost of equity and to foster growth expectations. The key will lie in not just stabilizing business results and shareholder returns but also alleviating worries about the future.

Specifically, we will diligently announce progress on our efforts, including rebuilding our domestic production structure to adapt to lower domestic growth, investing funds strategically in overseas growth markets, developing ultra-innovative technologies, and promoting green steel and eco-products to contribute to decarbonization.

Regarding ROE, the only time ROE exceeded our target of 10% over the past decade was in fiscal 2021. To achieve this again, we think it will be important to steadily execute the measures laid out in the current business plan, enhance profitability, and minimize invested capital by, for example, reducing assets in non-core businesses.



$$\text{PBR} \uparrow = \text{ROE} \uparrow \left[ \frac{\text{Net income}}{\text{Equity}} \right] \times \text{PER} \uparrow \left[ \frac{\text{Market capitalization}}{\text{Net income}} \right]$$

$$\text{PER} = \frac{1}{\text{Cost of equity (COE)} \downarrow - \text{Growth rate (g)} \uparrow}$$

$$\text{COE} = \text{Risk-free rate} + \beta \times \text{Market risk premium}$$

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## Message from the CFO

## Initiatives to Enhance Shareholder Returns

Returning profit to shareholders has always been one of our highest management priorities. Our basic policy is to establish sustainable high profitability across the entire Group and proactively provide dividends while investing in growth and improving our financial standing.

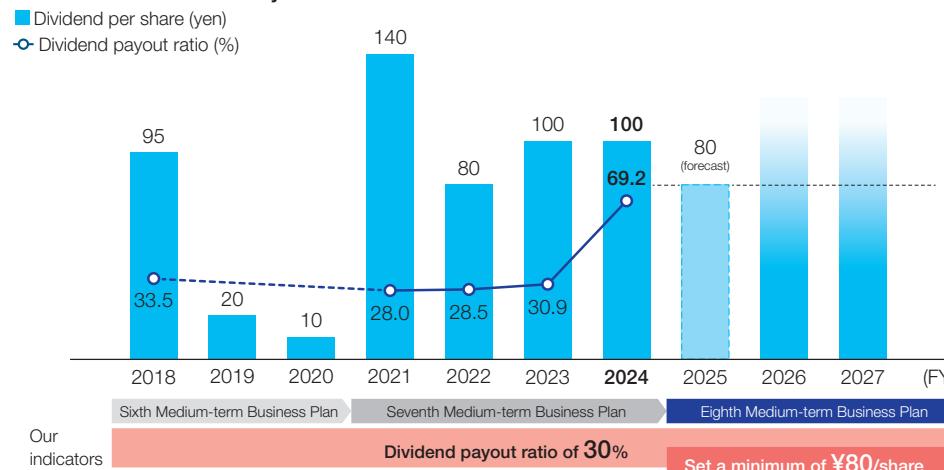
Up to the Seventh Medium-term Business Plan, we targeted a dividend payout ratio (on a consolidated basis) of around 30%, but in consideration of heightened investor interest in dividends and through dialogues with shareholders and investors, we arrived at the conclusion that we need some kind of stable dividend measure.

As a result, under the Eighth Medium-term Business Plan, we decided to set a minimum of ¥80 per share, based on our existing aim of achieving our profit targets and providing a high level of dividends in line with those achievements.

This enables us to ensure a certain level of dividend yield, and we hope our shareholders will continue to hold their shares over the long term.

Regarding the minimum level of dividends, we decided on this by comprehensively assessing the balance of maintaining financial soundness with investments needed for growth strategies and CN promotion. If the likelihood of profit outpacing targets increases, we will consider raising the minimum.

## Shareholder Returns Policy



## Dialogues with Shareholders and Investors

Through our IR activities, we work to disclose information accurately, fairly, and in a timely and appropriate manner as well as strive for active communication.

We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.

Dialogue opportunities	Facilitators	Number of times in FY2024
Financial results briefings	President, executive vice president (director overseeing the Investor Relations and Corporate Communications Department, same below), etc.	4 times
Strategy briefings for specific businesses	Executive officers responsible for the business	1 time
Small meetings with security analysts	President	2 times
Plant tours for security analysts	Investor Relations and Corporate Communications Department	1 time
Interviews with investors (mainly with fund managers and analysts at institutional investors)	President, executive vice president, etc.	Japan: 198 times (71 companies) Overseas: 195 times (94 companies)
Interviews with shareholders (mainly with ESG and voting rights officers at institutional investors)	Executive vice president, etc.	Japan: 41 times (24 companies) Overseas: 20 times (16 companies)
Business site and plant tours (mainly with individual shareholders)	President, executive vice president, etc.	14 times (around 750 people)

Dialogue content	Details
Main themes, matters of interest to shareholders and investors	<ul style="list-style-type: none"> <li>Business results, share price, and P/B ratio</li> <li>Progress under the medium-term business plan, growth strategies, and cash allocation</li> <li>Action on ESG issues, including carbon neutrality, the effectiveness of the Board of Directors, human capital, and human rights</li> </ul>
Feedback for the Board of Directors	<ul style="list-style-type: none"> <li>We strive to share information from the Investor Relations and Corporate Communications Department in a timely manner with relevant internal offices, including business companies, and submit reports to the Board of Directors at least once per year.</li> </ul>
Results of feedback	<p><b>Measures:</b></p> <ul style="list-style-type: none"> <li>Formulated JFE Vision 2035 and the Eighth Medium-term Business Plan</li> <li>Revised the Director compensation system by increasing the ratio of performance-linked remuneration, expanding non-financial indicators for bonuses, and revising stock remuneration calculation indicators that are conscious of the cost of equity and share price</li> </ul> <p><b>Enhancing disclosure</b></p> <ul style="list-style-type: none"> <li>Held strategy briefings for a specific business (the theme for fiscal 2024 was electrical steel sheets)</li> <li>Disclosed financial impacts based on climate change scenario analysis</li> <li>Disclosed policy engagement aimed at realizing carbon neutrality</li> </ul>

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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

### Steel Business

Masayuki Hirose  
President and CEO  
JFE Steel Corporation

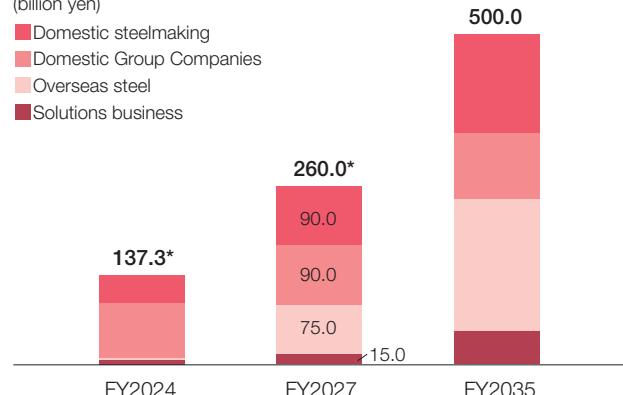
#### Profit targets

In consideration of our long-term vision for the next decade, we target segment profit in the steel business of ¥500 billion by fiscal 2035.

Under the Eighth Medium-term Business Plan, we will work to further strengthen the competitive advantages of the domestic steelmaking business, domestic Group companies, overseas steel business, and solutions business, as shown on the right. Through this effort, we aim to achieve segment profit of ¥260 billion in the steel business in fiscal 2027. In addition, we will steadily work to take action on carbon neutrality, which impacts our competitive advantages and sustainability.

**Segment profit**  
(billion yen)

- Domestic steelmaking
- Domestic Group Companies
- Overseas steel
- Solutions business



\* After eliminations and adjustments, but excluding inventory valuation differences, etc. in the steel business.

#### Long-term vision

- Leading the steel industry as the top runner in carbon neutrality
- Building on a solid domestic business foundation and pursuing fresh growth through bold inroads into overseas markets, and new fields.

Profit target

FY2035 segment profits  
¥500.0 billion

#### Initiatives of the Eighth Medium-term Business Plan

##### ► Domestic steelmaking

This business is the true core of the Group and gives rise to the technological capabilities and human resources that are the source of our competitive advantage. Under our lean, resilient, and optimized production structure, we will increase the ratio of green, high-quality, and high-value-added products and enhance our earnings capabilities. In addition, by expanding our investment in raw material interests, we aim to stabilize raw material procurement as well as profits.



Blast furnaces at the West Japan Works (Fukuyama District)

##### ► Overseas steel business

Leveraging the Company's technologies, products, and human resources, we will expand business "from the inside" with top-tier partners in overseas growth regions, including JSW Steel (India) and Nucor (North America).

##### ► Solutions business

We will continue expanding business by providing the entire manufacturing industry, excluding the steel industry, with solutions that utilize the Company's world-class manufacturing and processing technologies with competitive advantages.

##### ► Domestic Group Companies

The market environment is changing in many ways, such as a gradual decline in demand in Japan, especially in construction and civil engineering fields, as well as rising needs for eco-products and green steel, which help reduce environmental impacts. To flexibly and swiftly address these changes, we aim to strengthen our competitive advantage and reorganize our business, including collaborations between domestic Group companies and other companies. We will also develop growth fields and new businesses.

###### Shaped Steel

We have begun discussions to consider integrated operations that utilize the strengths of JFE Steel, JFE Bars & Shapes, Yamato Kogyo, and Yamato Steel. As a first step for this collaboration, we have begun an initiative to introduce Yamato Steel as the supplier of some of JFE Steel's H-shaped steel products.



H-shaped steel products

###### Construction Steel Sheet

We have begun to seriously consider a strategic alliance between JFE Steel, JFE Galvanizing & Coating, and Yodogawa Steel Works.

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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

## Reorganizing our domestic production structure and businesses

We expect the current challenging conditions to continue, including declining demand in Japan and disruptions in the overseas market caused by expanding exports of inexpensive Chinese materials. We also foresee risks of the environment deteriorating due to accelerating protectionist trends as exemplified by the U.S. tariff policy. Even amid this kind of harsh environment, we will work to reorganize our production structure into a lean and resilient organization to enhance the earnings capabilities of our domestic steelmaking business. We also aim to strengthen our competitive advantage through reorganization that includes collaboration between Group companies and other companies mentioned on the previous page.

## JFE Steel's crude steel production structure

This company will work to slim down its crude steel production capacity from 26 million tonnes with seven blast furnaces to around 21 million tonnes by fiscal 2027 by shutting down some blast furnaces.

In fiscal 2028, we will bring an innovative electric arc furnace (EAF) on line in the Kurashiki district, establishing a production structure with five blast furnaces and one innovative electric arc furnace.

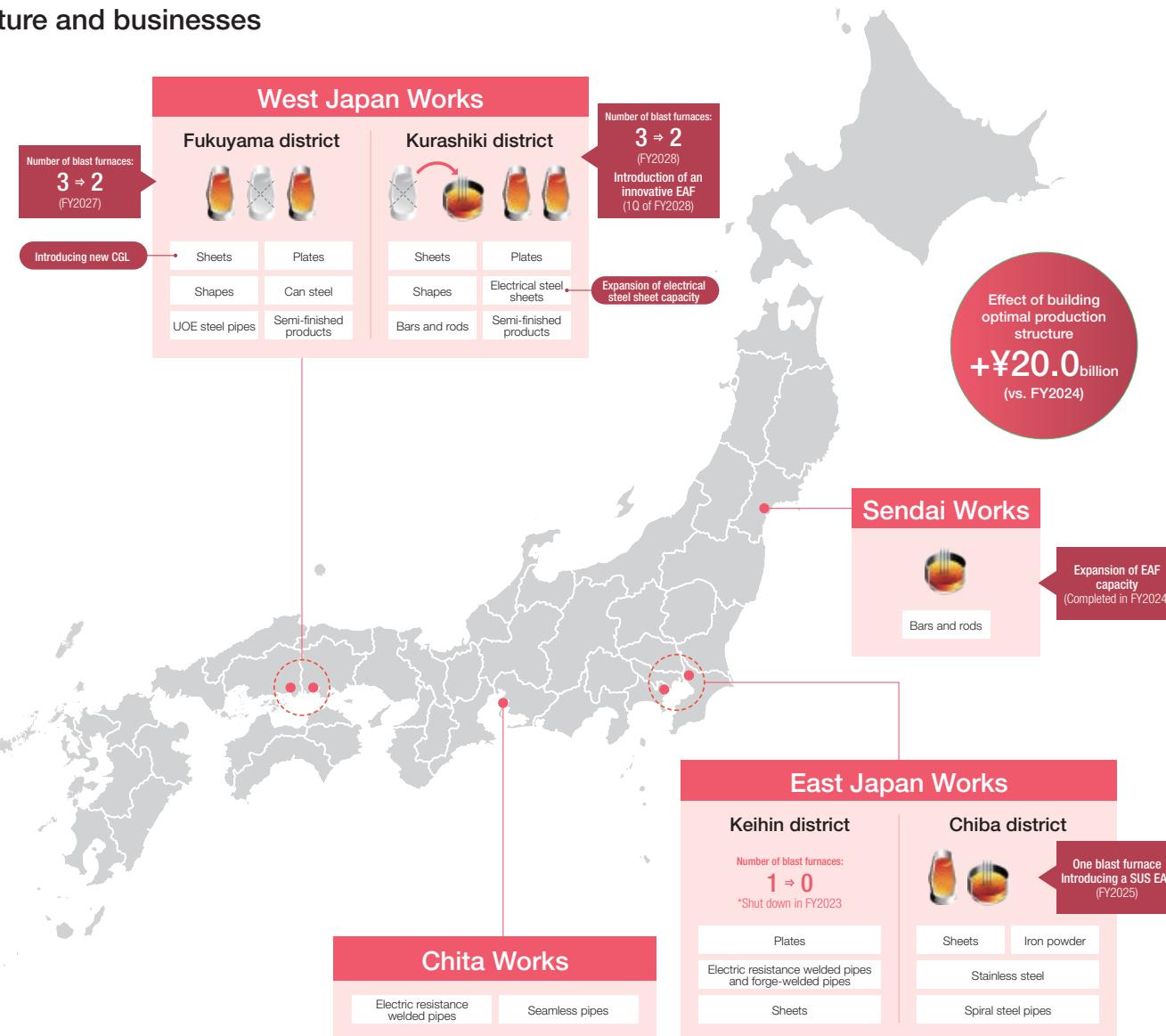
Our main equipment suspension plans are as follows.

## Kurashiki district

- No.3 blast furnace (banking) As of July 2025, with plans to come on line by the time No.2 blast furnace is suspended
- No.2 blast furnace (complete shutdown) Planned for FY2028 due to the shift to an innovative EAF
- Coke oven 1B FY2025
- Coke oven 4AB FY2027

## Fukuyama district

- No.4 blast furnace (complete shutdown) FY2027
- Coke oven 4ABC FY2026 (after No.6 furnace comes on line)
- Bloom continuous casting machine FY2027
- No.4 slab continuous casting machine 9th MTBP period



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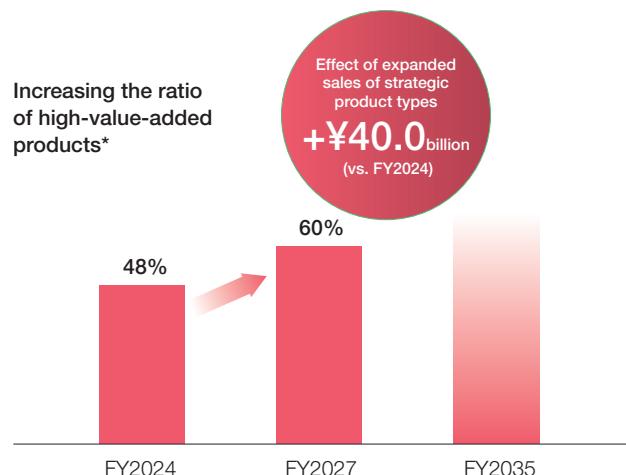
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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

## Strategy for High-Value-Added Products

Regarding the shift from quantity to quality outlined in the Seventh Medium-term Business Plan, the Company maintains a strong technological advantage, and the sales ratio of highly profitable high-value-added products was 48% in fiscal 2024. Under the Eighth Medium-term Business Plan, we plan to reorganize our domestic production structure, reduce sales of exported commodity products, and expand sales of high-value-added products. We aim to raise the sales ratio of high-value-added products to 60% and enhance profit per tonne of product by further expanding sales of such high-value-added products as plates and seamless pipes for new energy, plates for offshore wind power generation, high-strength steel for automobiles, and highly functional electrical steel sheets utilizing the Company's technological capabilities. We expect expanded sales of these high-value-added products will benefit revenue by ¥40 billion annually.

To expand sales of high-value-added and other products, we will continue to establish new domestic manufacturing facilities, for which investment has already been decided by fiscal 2024.



\* High value-added products: Products that have a technological edge, are recognized by customers as having added value, and are more profitable than commodity products (as defined by the Company)

## Large-scale growth investments in Japan

**June 2021: ¥53.0 billion**

**Construction of a new continuous caster at Kurashiki**  
→ **Manufacturing of large and heavy steel plates made possible**

We will establish a manufacturing and supply structure for large and heavy steel plates used in monopiles for huge wind turbines and expand deliveries for overseas offshore wind farms.



Large-size steel plate (offshore wind)

**September 2024: ¥49.0 billion**

**Phase I of the high-grade non-oriented (NO) electrical steel sheet manufacturing capacity expansion at Kurashiki**  
(twice the previous capacity)

**FY2026 Planned: ¥46.0 billion**

**Phase II of the high-grade non-oriented (NO) electrical steel sheet manufacturing capacity expansion at Kurashiki**  
(three times the previous capacity)

At the West Japan Works (Kurashiki district), we expect to complete phase II of the manufacturing capacity expansion for EV motors in fiscal 2026, achieving three times the previous capacity when combined with phase I and further expanding sales.



Electrical steel sheets for motor cores

**1Q of FY2028 Planned: ¥329.4 billion**

**Construction of an innovative EAF at Kurashiki**

We aim to realize a supply structure for high-quality, high-function steel materials, which existing EAFs had been unable to manufacture, and aim to achieve the top share of the green steel market in Japan.



High strength steel sheets for automobiles

**October 2028 Planned: ¥70.0 billion**

**Construction of CGL for manufacturing ultra-high strength steel at Fukuyama**

Vehicle bodies continue to get lighter and more sophisticated in response to vehicle environmental regulations and collision safety standards, which get stricter every year. To meet these needs, the Company established a new continuous galvanizing line (CGL) in the Fukuyama district of West Japan Works and expanded our manufacturing capacity for high-strength steel used in vehicles with good processibility. This will also enable us to meet expanding demand and future needs for higher strength and functionality.

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## Overseas Business Growth Strategies

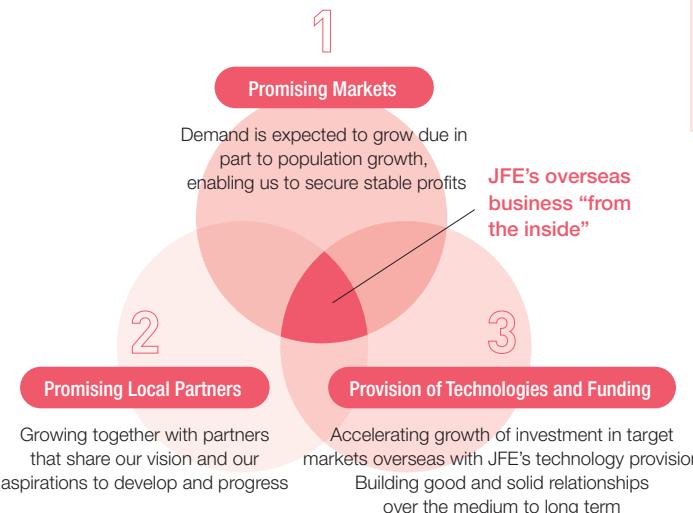
### Three Pillars of JFE's Overseas Strategy

We have established three pillars that drive our overseas business “from the inside” strategy. We believe investment conditions are most favorable when these three points align.

1. **Promising Markets:** Areas where demand is expected to grow, enabling us to secure stable profits
2. **Promising Local Partners:** Partners who share our vision and business sentiment and with whom we can grow in tandem
3. **Provision of Technologies and Funding:** Accelerating growth of investment targets with JFE's technology provision. Building solid relationships over the medium to long term

When choosing partners in overseas markets, we believe it is imperative to seek out respected and promising partners, with whom we can build relationships of trust.

### Three Pillars of JFE's Overseas Strategy



### Eighth Medium-term Business Plan Policies

From the perspective of the three pillars listed to the left, India and North America are our highest priority regions, and we will continue working hard to expand collaboration with JSW Steel (India) and Nucor (North America) as a top priority.

Going forward, in addition to these efforts, we will further expand business “from the inside” with top-class local partners in promising overseas regions aligned with the three pillars of our overseas strategy, thereby capturing growing overseas demand for steel.

#### JFE Steel's overseas expansion

**India**

**Strategic alliance with JSW Steel**

- J2ES<sup>1</sup>: Joint operation of India's first integrated manufacturer and seller of grain-oriented electrical steel sheets (FY2023)
- J2ES Nashik: Joint acquisition of the formerly named tkESI<sup>2</sup> (FY2024)

Since investing in JSW Steel in July 2010, we have strengthened our mutual relationship of trust in part by providing technology for automotive steel sheets. In February 2024, we founded J2ES, a joint venture for grain-oriented electrical steel sheets in India, and began construction of facilities. In January 2025, through J2ES, we completed the joint purchase of tkESI, a grain-oriented electrical steel sheet manufacturing and sales company in India.

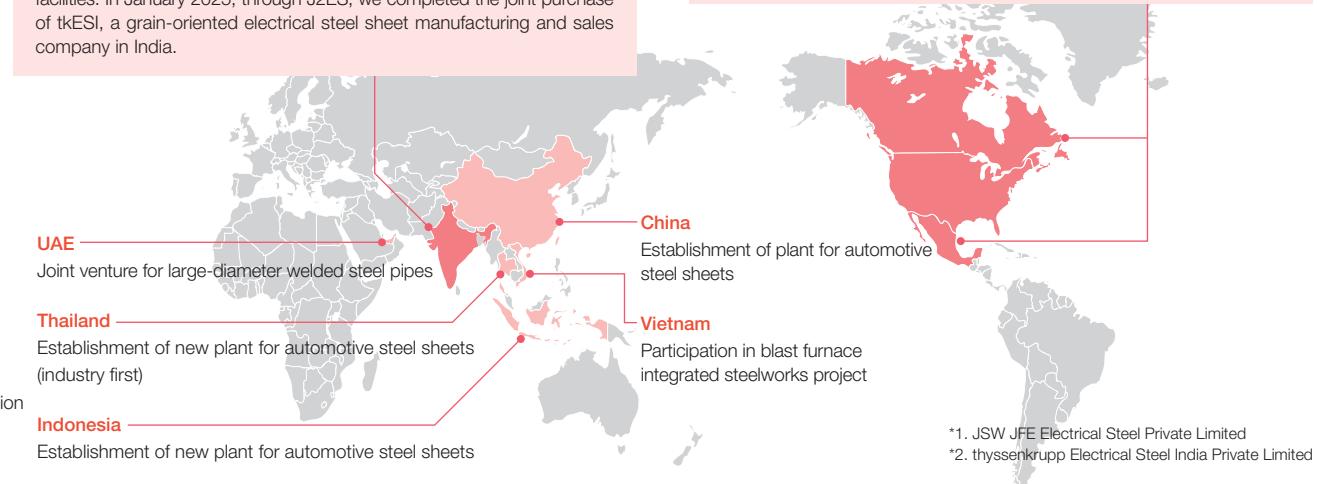
We have set a framework on growth investment for these purposes of ¥400 billion, including investment in raw material interests. Of the ¥260 billion steel segment profit in fiscal 2027, we target ¥75 billion for the overseas business.

To achieve ¥500 billion in steel segment profit by fiscal 2035, we will continue promoting businesses in overseas growth regions “from the inside” through collaboration with partners, M&A, and by other means.

**North America**

- Establishment of new plant for automotive steel sheets with Nucor in Mexico (FY2019)
- Collaboration with Nucor in U.S.-based CSI (FY2021)

Nucor and JFE founded NJSM, a joint venture that manufactures automotive steel sheets in Mexico. In addition, Brazil-based Vale sold its stake in CSI to Nucor in February 2022, creating the first joint venture between JFE and Nucor in the United States, and we decided to invest in a new CGL for construction materials.



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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

## Engineering Business

**Kazuyoshi Fukuda**  
President and CEO  
JFE Engineering Corporation

## Profit targets

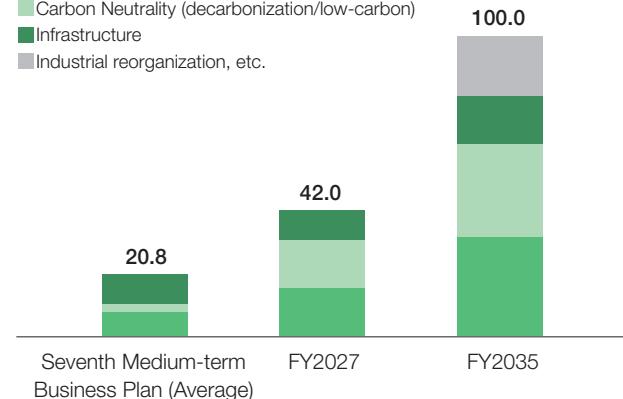
We aim to build a robust financial foundation in order to achieve the ¥100 billion profit target set in our fiscal 2035 long-term vision. In addition, we will actively promote industry reorganization, lead structural reforms to ensure the provision of safe and secure infrastructure services into the future, and strengthen our global competitiveness.

In addition to rapidly realizing the benefits of growth investments in waste to resources (WtR) and carbon neutrality (CN) fields during the Seventh Medium-term Business Plan, we will continue investing in these areas under the Eighth Medium-term Business Plan with the aim of achieving ¥42.0 billion in profit in fiscal 2027.

## Segment profit

(billion yen)

- Waste to Resources
- Carbon Neutrality (decarbonization/low-carbon)
- Infrastructure
- Industrial reorganization, etc.



	Field	Initiatives
Infrastructure	Bridges & Steel Structures	<ul style="list-style-type: none"> <li>• New bridges: Receive orders for large-scale projects from joint ventures with major companies</li> <li>• Bridge renovation: Expand sales of stainless-clad steel bridges and create demand for truss replacement</li> <li>• Steel structures: Focus on piers run by private-sector operators to support carbon neutrality and new energy sources</li> </ul>
	Overseas	<ul style="list-style-type: none"> <li>• Expand into Africa and Central America with official development assistance (ODA) as a foundation</li> <li>• Enter into public-private partnership (PPP) projects related to road infrastructure outside of official development assistance (ODA)</li> </ul>
	Industrial Machinery	<ul style="list-style-type: none"> <li>• Further promote integrated services combining new installations and maintenance</li> <li>• Take on new businesses through the use of 3D printing technology</li> </ul>
Carbon Neutrality	Energy	<p>Shifting our portfolio composition and steadily capture high-profit projects</p> <ul style="list-style-type: none"> <li>• Expanding business in the CN field (such as CCS and ammonia) and the chemical plant field</li> <li>• Strengthen our responsiveness through collaboration with other companies and M&amp;A</li> </ul>
	Electric Power Business	<p>Concentrate resources on our strength in comprehensive service offerings to expand our business scale</p> <ul style="list-style-type: none"> <li>• Maintain and expand the baseload for regional projects and the JFE Group, as we also focus on expanding external private-sector sales</li> <li>• Expand solar power purchase agreements (PPAs), the storage battery business, and energy services</li> </ul>
	Offshore Wind Power	<p>Establish a stable profit structure at the Kasaoka Monopile Factory</p> <ul style="list-style-type: none"> <li>• Steadily capture domestic public bid projects</li> </ul>
Waste to Resources	Domestic WtR	<p>Further strengthen profitability through efficiency</p> <ul style="list-style-type: none"> <li>• Focus on highly profitable large-scale furnaces</li> <li>• Strengthen operations and directly managed maintenance services</li> <li>• Secure business resources through DX</li> </ul>
	Overseas WtR	<p>Steadily create projects in the Asian market</p> <ul style="list-style-type: none"> <li>• Engage in initiatives mainly in Vietnam, the Philippines, Thailand, and developed regions</li> <li>• Create projects through business investment</li> <li>• Establish a global engineering structure centered on India</li> </ul>
	Domestic Recycling	<p>Build a solid earnings base</p> <ul style="list-style-type: none"> <li>• Establish a recycling value chain, including final disposal facilities</li> <li>• Expand the plastic recycling business through PPPs</li> </ul>



**Shintedorigawa Bridge Replacement Project**  
We are constructing a new bridge using stainless-clad steel designed to withstand punishing salt environments for 100 years.



**CO<sub>2</sub> transportation system (onshore facility) at The Kansai Electric Power Co., Inc.'s Maizuru Power Station**  
We provide integrated services from design through construction of world-leading facilities.



**Fukuyama Rose Energy Center**  
By integrating multiple waste treatment facilities in Fukuyama City, the center now boasts one of the highest waste treatment capacities in the Chugoku-Shikoku region.

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## Key measures

 <b>Improving earning capacity</b>	<ul style="list-style-type: none"> <li>For existing businesses in Japan, we will set target profit margins at the time of order receipt and strictly select projects accordingly.</li> <li>For our global operations overall, we aim to solidify profitability by steadily increasing orders. We will promote market creation through business investments in Asia and establish a global engineering system centered on India.</li> <li>After optimizing business processes with a thoroughgoing analysis of operations, we will further enhance productivity through DX-driven automation and increased sophistication.</li> </ul>
 <b>Strategic portfolio reallocation</b>	<ul style="list-style-type: none"> <li>With the goal of maximizing growth opportunities as a corporation, we will strategically allocate management resources, such as talent and capital, to fields with high growth potential. To accomplish this, we will review evaluation indicators, such as profitability and growth potential, and establish a new framework for business portfolio management.</li> </ul>
 <b>Establish a stable profit foundation, e.g. expanding the operation and maintenance (O&amp;M) business</b>	<ul style="list-style-type: none"> <li>We will continue to provide safe and secure infrastructure services while prioritizing strategic investment in areas with expected growth, such as the circular economy and CO<sub>2</sub> reduction, as well as in the operation and maintenance (O&amp;M) business that form our earnings base.</li> <li>For the investment projects approved under the Seventh Medium-term Business Plan, we will strengthen management monitoring and work toward achieving profitability as quickly as possible.</li> </ul>

## Noteworthy projects

This section introduces representative projects in carbon neutrality and the O&M business, which are priority measures under the Eighth Medium-term Business Plan.

### Kasaoka Monopile Factory

Kasaoka City, Okayama Prefecture



JFE Steel  
Steel supply



Monopile (prototype)  
Approx. 10-m diameter, 60-m  
length, and 1,000-t weight

Offshore wind power  
monopile production  
business

- Japan's first monopile\*<sup>2</sup> production factory began operation in April 2024
- Established production technology based on accumulated welding expertise (produced full-scale prototype)
- Secured the domestic project awarded through a bidding round, with full-scale production slated to begin in the second half of FY2025
- Leveraged the comprehensive strengths (synergies) of the JFE Group to contribute to the expansion of renewable energy

\*1 Supply chain management

\*2 Foundation structures for offshore wind power generation facilities

### Waste-to-energy power generation business

Bac Ninh province, Vietnam



- Conducted total project management from business planning through construction and operation of the overseas project
- Incinerates 500 t/day of municipal and industrial waste to generate power (11.6 MW output, estimated annual generation of 91,872 MWh)
- Modeled similar EPC and O&M businesses and promoted deployment to other countries and regions
- Contributed to the realization of a resource-circulating society through thermal recovery

Overseas  
operating  
business

### Kawasaki Super Sorting Center

Kawasaki City, Kanagawa Prefecture



Recycling raw  
materials  
Bales  
PP\*<sup>3</sup> raw materials  
RPM\*<sup>4</sup>

Domestic  
operating  
business

- A hub for advancing the circulation of used plastic resources generated in the Tokyo metropolitan area
- The center handles a wide range of waste through mechanical and chemical recycling, creating raw materials from used plastic according to its recycling properties for multiple municipalities and operators.
- Processing capacity of 60,000 t/year, one of the largest in the Tokyo metropolitan area for both general and industrial waste

\*3 Polypropylene

\*4 Recycled plastics material

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# Trading Business

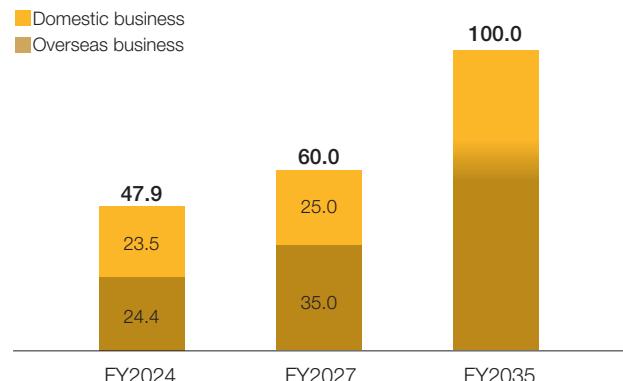
**Yoshifumi Ubagai**  
President and CEO  
JFE Shoji Corporation

## Profit targets

In response to changes in the business environment, the trading business effectively and efficiently engages in trade, business, domestic operations, overseas operations, joint operations in the JFE Group, and JFE Shoji's stand-alone operations. This enables us to fully tap into our function as the core trading company of the JFE Group.

We target segment profit of ¥100 billion in fiscal 2035. In Phase I (the Eighth Medium-term Business Plan), we aim to achieve ¥60 billion in the final year (fiscal 2027) by implementing the three key strategies listed on the right.

### Segment profit (billion yen)



## Initiatives

### 1. Revamp our management foundation

- Review operations and revamp our core systems
 

We will thoroughly revise operational processes and overhaul our core systems, mainly through the Business Process Re-engineering Dept. launched in January 2025. We will invest the resulting resources into growth strategies, added value creation, and new fields.
- Review regulations and decision-making authority
 

By delegating authority to subordinates, we aim to speed up decision-making and become an organization that places emphasis on execution and responsibly takes action.
- Transform our organization and systems
 

We promote organizational reforms to establish a corporate culture of continually taking on challenges and take human resources measures to enhance employee motivation.

### 2. Strengthen our profitability in the domestic market

#### Steel: Build a lean logistics structure

- Amid a shrinking population and market size, we will enhance profitability by focusing on the volume and number of orders, as well as increasing functionality and added value.
- We will reexamine the functions of Group companies and aim to increase efficiency and strengthen functionality with an eye toward reorganization.

#### Raw materials and machinery: Strengthen efforts in the environmental business

- We will strengthen our scrap collection capacity with an eye toward launching innovative electric arc furnaces.
- We will develop a green raw materials business and help solve social issues.

### 3. Promote complete local embedded businesses in overseas markets

- We will promote complete local embedded business by integrating into overseas markets and executing growth investments to expand processing and logistics bases, including through M&A, mainly in North America, Australia, India, and Europe.
- We will strengthen SCM for high-value-added products (including high-performance electrical steel sheets and high-strength automotive steel sheets) aligned with the steel business.



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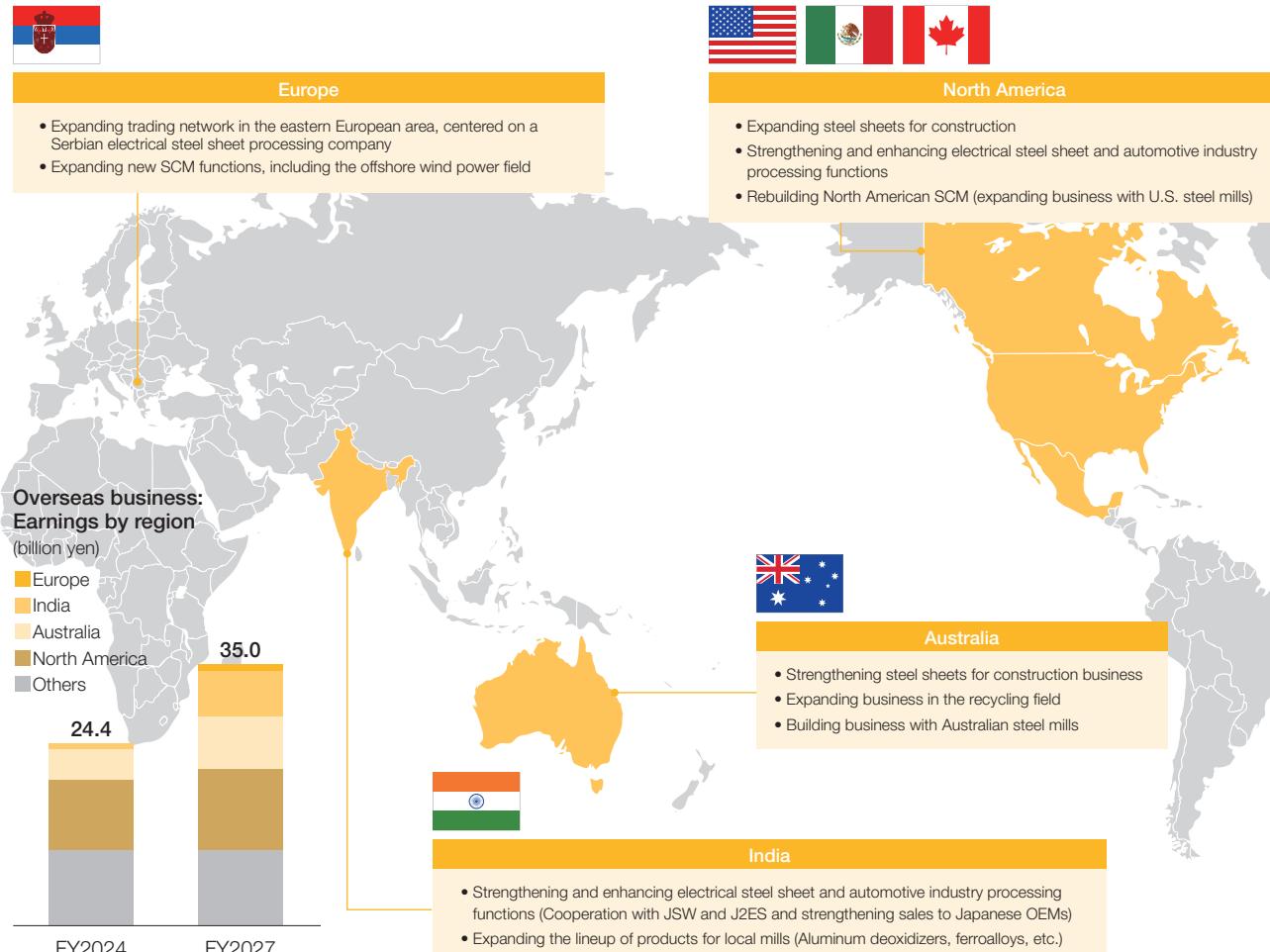
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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

## Key measures

- Execute growth investments totaling **¥85 billion**, mainly in the key regions of North America, Australia, India, and Europe
- Optimally allocate management resources and reorganize our portfolio in line with changes in the business environment



## Noteworthy Projects

► Construction steel sheet business in the United States and Australia



We acquired Studco (Australia, United States) in 2024 following the 2022 acquisition of CEMCO. Studco operates its mainstay steel frame business and door-related business (brand name: EZCONCEPT) and aims to continue capturing demand for construction materials in markets expecting growth.

## ► Raw material business in India



In 2024, we invested in an India-based company that manufactures aluminum deoxidizers for steelmaking and acquired product marketing rights. We began direct trade with an Indian steel mill and are working to expand local trade, including for other product types.

## ► Electrical steel sheet processing business in Serbia



In April 2025, we held the opening ceremony for JSS, which is our first European processing base. We will continue to capture expanding demand for automotive parts in Europe, centering on JSS.

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## Keihin District Land Utilization

### Efforts to advance the OHGISHIMA 2050 plan are progressing smoothly OHGISHIMA 2050: [https://www.jfe-holdings.co.jp/uploads/230907\\_en.pdf](https://www.jfe-holdings.co.jp/uploads/230907_en.pdf)

In promoting the OHGISHIMA 2050 plan, we are working to repurpose the land with high public interest for social benefit, leveraging the potential of the Keihin district land close to the Tokyo metropolitan area.

Leveraging the location of the Keihin district land and the resources of the JFE Group, we are promoting the launch of new businesses as well as business use that supports carbon neutrality and the circular economy. Furthermore, we aim to achieve annual revenue of ¥10.0 billion by fiscal 2035 from the land business (leasing) and business use.



### Our Vision for FY2035

(Area of Keihin district land to be repurposed)

#### The Minami-watarida area

- Development of an industrial hub with research and development functions as its core
- Completion of Phase 1 (6 ha sold in **FY2024**) and start of land utilization for Phase 2 (4 ha)

#### The Ogimachi area

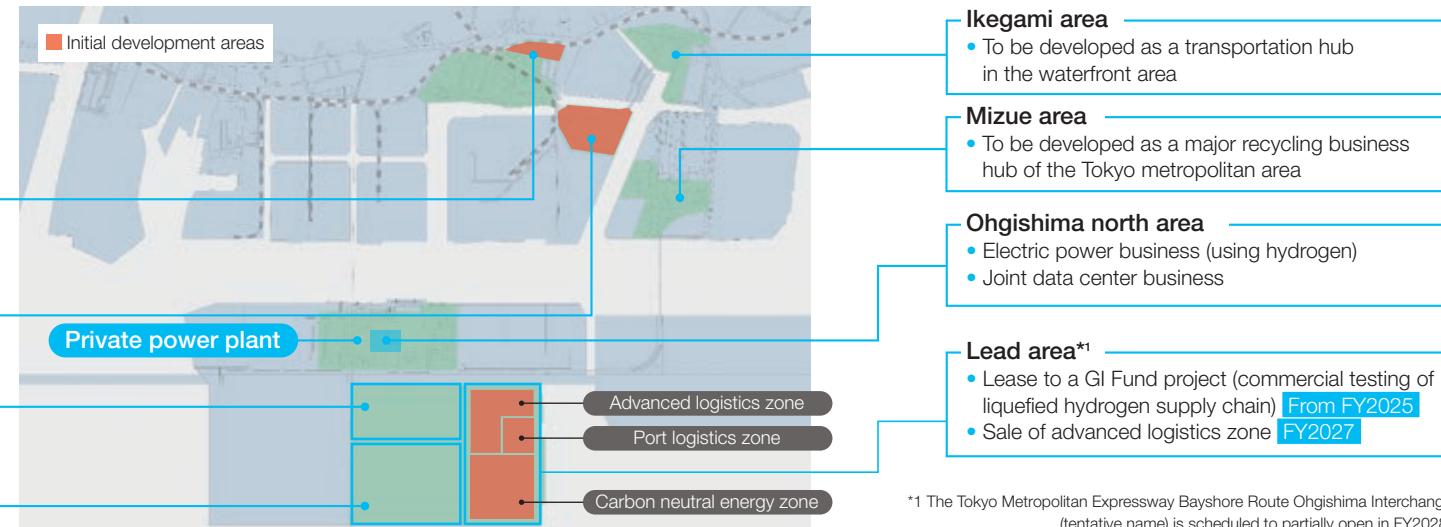
- Sale completed **FY2024**

#### Roadside area

- Demolition of idle facilities and start of land utilization **FY2031**

#### Co-creation area

- Demolition of idle facilities
- To be completed between **FY2025** and **FY2034**



#### Business use

##### Promotion of a hydrogen society

Power business (hydrogen utilization)

- Starting to supply electricity from the private power plant to initially developed areas **From 2028**
- Leading the way toward carbon neutrality through the gradual transition to hydrogen power generation (mixed combustion → mono-fuel combustion) **From 2030**

Data center business (green power utilization)

- Studying joint development of a data center with Mitsubishi Corporation, leveraging the location's potential to supply green power **From 2025**

##### Realizing a circular economy

Recycling business

- Developing the area as a major recycling hub for Tokyo metropolitan area
- Expanding the recycling plant to strengthen the expansion of business aimed at establishing a circular economy

##### Effective use of CO<sub>2</sub> for achieving carbon neutrality

CO<sub>2</sub> business

- Considering carbon dioxide capture, utilization and storage (CCUS) business leveraging the knowledge and expertise cultivated through advanced carbon capture and storage (CCS) project\*2

\*2 CCS project implemented as part of the Ministry of Economy, Trade and Industry projects

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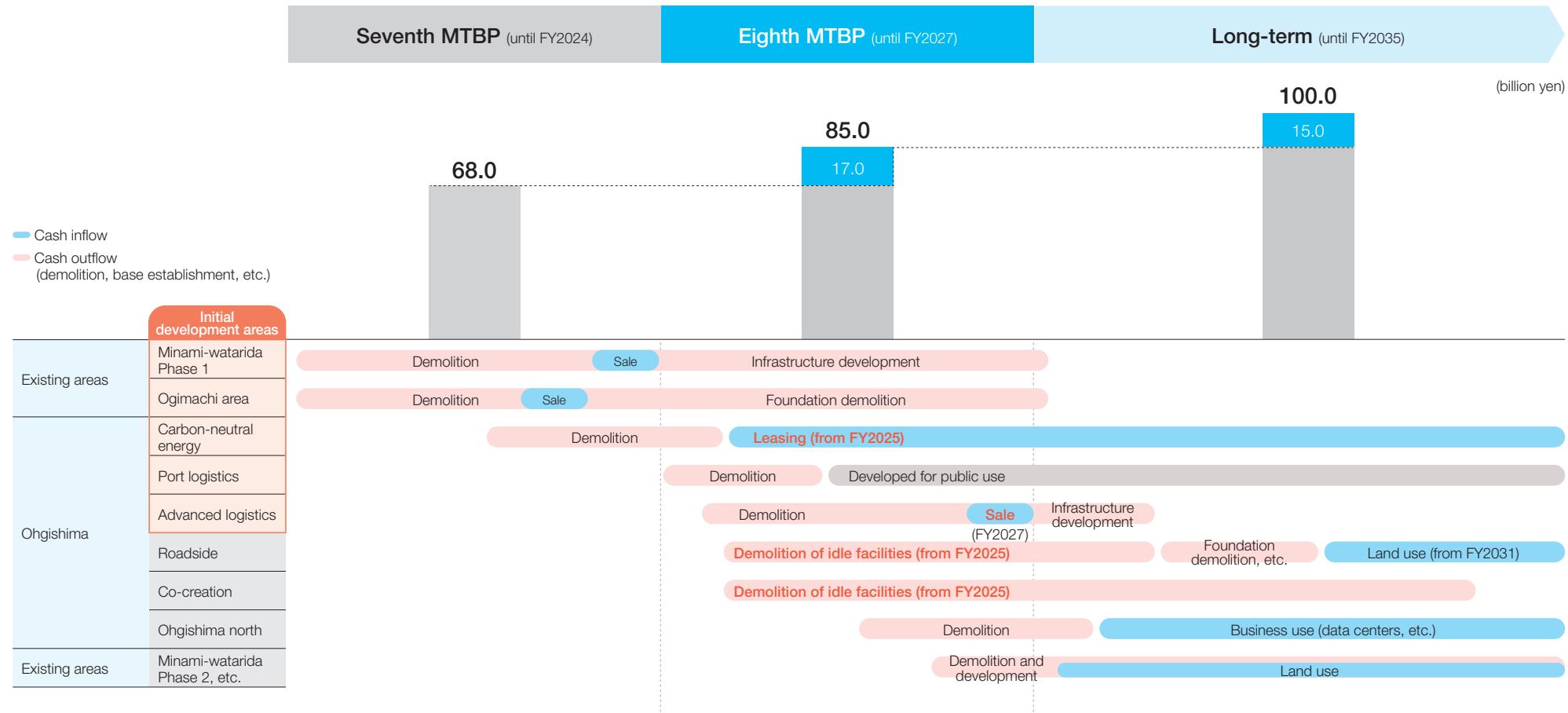
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## Eighth Medium-term Business Plan (Fiscal 2025–2027)

- In the land business, cumulative business proceeds under the Eighth Medium-term Business Plan (through FY2027) are projected at ¥85.0 billion, with a ¥100.0 billion target for FY2035.
- Of the approximately 400-ha area of land to be repurposed, the initially developed areas (totaling about 100 ha) are expected to generate business proceeds of ¥80.0 billion.
- The carbon neutral energy zone will begin leasing in FY2025, and the advanced logistics zone will be sold in FY2027.
- Demolition of idle facilities in the roadside and co-creation areas to begin in FY2025; land use in the roadside area to commence in FY2031.

## Income and expenditure plan for the land business



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## Initiatives for Environmental Sustainability

### Basic Approach

The JFE Group Environmental Philosophy is:

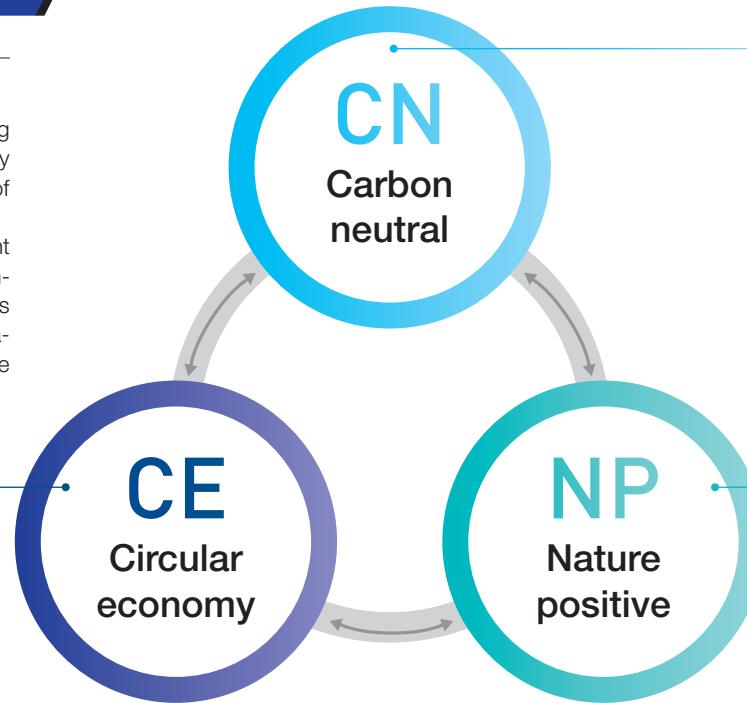
The JFE Group puts top priority on protecting and enhancing the global environment to maintain its business in harmony with the environment and ultimately for the prosperity of society as a whole.

In line with this, we will build an environmental management system for the entire JFE Group. Under the Eighth Medium-term Management Plan, we have laid out the material issues of the transition to a circular economy, biodiversity conservation, and nature positive, with a focus on the climate change problem, which impacts society the most.

### Transition to a circular economy



Waste power generation (Izumo)



### Initiatives for the Transition to a Circular Economy

The JFE Group understands that the transition to a circular economy is an important theme that is essential for the realization of a sustainable society. We are going beyond the boundaries of the Group to work together with others (including national governments, local governments, and customers) throughout our value chain while utilizing digital technologies to realize a full-scale societal transition from today's current economic system, dependent on a linear economy, to a circular economy. We will continue promoting activities from the three perspectives of expanding use and sales of recycled resources, developing resource-efficient eco products & eco solution technologies, and converting by-products and waste into resources.

For details on initiatives for the transition to a circular economy and initiatives for biodiversity conservation, please refer to the JFE Group Sustainability Report 2025.  
<https://www.jfe-holdings.co.jp/en/sustainability/environment/>

### Climate change initiatives



Grain-oriented electrical steel sheet



Offshore wind power plant

### Biodiversity conservation and nature positive



Biotope Chita



Marine Blocks™

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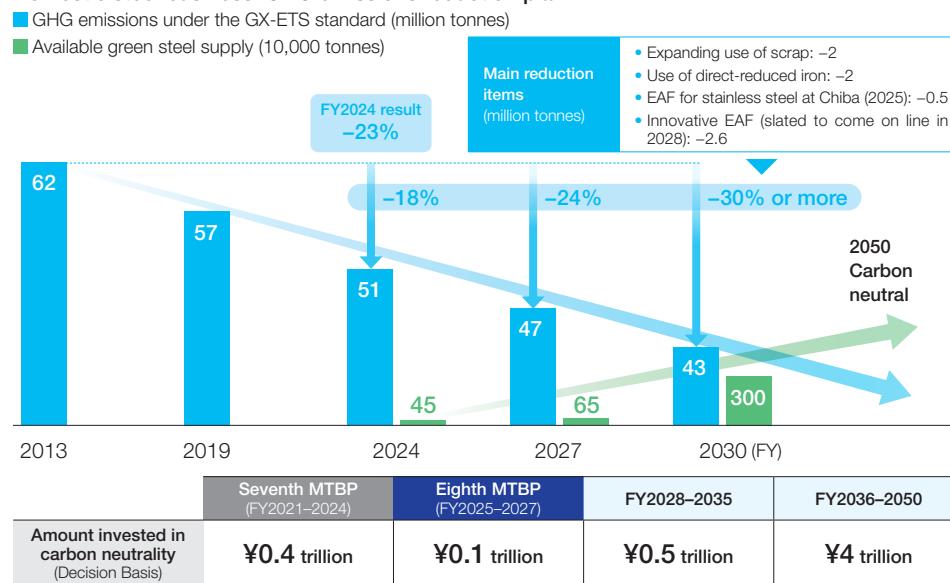
## Eighth Medium-term Business Plan (Fiscal 2025–2027)

## Initiatives for Climate Change Issues

The JFE Group positions climate change issues as a very important management issue and aims to achieve carbon neutrality by 2050. To achieve this, we will accelerate R&D of new technologies and continue our ambitious efforts on ultra-innovative technologies. Furthermore, we see contributing to the reduction in GHGs across society as a business opportunity and aim to enhance corporate value.

## Steel business

## Domestic steel business: GHG emissions reduction plan



## Greenhouse gas (GHG) emissions reduction

1. We set a target to reduce GHG emissions by 24% by fiscal 2027 and are working to install a new EAF for manufacturing stainless steel at the Chiba district.
2. We set a target to reduce GHG emissions by 30% or more by fiscal 2030 and will install a highly efficient, large-scale, innovative EAF at the Kurashiki district as a part of this effort. With the innovative EAF, we will continue to build a large volume supply of green steel that achieves the same quality as a blast furnace.
3. We are working to develop ultra-innovative technologies to realize CN by 2050, namely ultra-innovative blast furnaces, hydrogen utilization for the

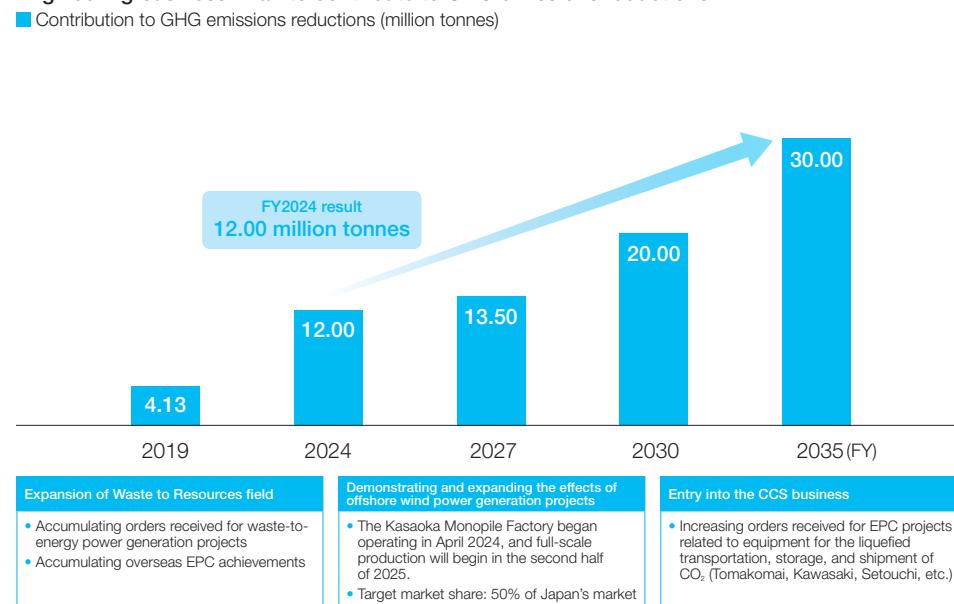
direct-reduced iron method, and innovative EAFs. We aim to develop CN technologies for steelmaking processes by 2035.

## Expanding the supply of green steel

1. FY2030: We aim to be able to supply 3 million tonnes of green steel.
2. To create a market for green steel, we aim to stimulate demand by visualizing GX value, promote international standardization for the definition of green steel, utilize government support (such as public purchases and financial assistance), and expand the existing market.

## Engineering business

## Engineering business: Plan to contribute to GHG emissions reductions



1. Aiming to expand the amount we contribute to reducing GHG emissions, we will steadily capture demand for offshore wind power generation. We will also formulate action plans from the initial concept phase in the hydrogen, ammonia, and CCS fields (where widespread adoption is expected), connecting these efforts to EPC\* orders and business participation as we strive to achieve our targets.
2. To maximize the effects of our emission reduction contributions, we will work to develop technologies to gasify waste, synthesize ethanol, and separate and capture CO<sub>2</sub>.

\*Turnkey contracts for engineering, procurement, and construction work

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### Aiming to Enhance Corporate Value through the Long-term Vision and the New Medium-term Business Plan



**Q** Regarding the JFE Group's long-term JFE Vision 2035 and Eighth Medium-term Business Plan released in May, how would you evaluate the formulation process, including the involvement of the Board of Directors?

**Shimamura:** JFE Vision 2035 and the Eighth Medium-term Business Plan (the "Eighth Plan") were formulated by going back to the basics of why the JFE Group exists and what purposes it should fulfill, then reassessing what the Group should strive to be moving forward. The JFE Vision 2035 and Eighth Plan were formulated mainly by the executives. The Board of Directors did hold discussions with the top management of each operating company and reaffirmed that JFE has advanced technological capabilities and can continue providing value based on those capabilities. We also proactively

supported the proposals created by the executives and provided a broad range of advice, centering on the idea that we wanted them to take bold action.

I personally feel we should think about business from a long-term perspective and not be overly swayed by short-term results. Shifting focus from quantity to quality has been a very challenging endeavor. Still, JFE possesses far superior technology compared to its competitors, so I have encouraged everyone to have confidence, "if there's anyone that can do it, it's JFE."

**Kobayashi:** JFE Vision 2035 and the Eighth Plan were

formulated during the period of the Seventh Plan, amid a changing business environment, without fully achieving many of our desired results.

I joined the formulation effort while it was already under way. There were stakeholder concerns regarding whether there really was any future economic potential and whether we could respond to carbon neutrality in terms of technology and funding. We addressed these by backcasting from our future vision and clearly stating that we need to achieve ¥700 billion in segment profit by 2035 to achieve our roadmap. To achieve this

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quantitative target, we formulated a solid strategy from four perspectives: What's new? Where to grow? How to win? and Who will it make happy?

In the formulation process, I strove to provide opinions that stood outside of internal perspectives. At JFE, I receive very detailed explanations at every meeting of the Board of Directors, but to ensure my questions are meaningful to all parties, I pose them utilizing either a big-picture perspective or a detail-oriented perspective. JFE's Board requires my mind to be going full throttle during discussions. To be honest, it can be very tiring.

## Q Regarding the initiatives related to future economic potential in the Eighth Plan, what points did you focus on and what are your expectations?

**Ando:** I believe we still need to stay on course with the target in the Seventh Plan to enhance corporate value by combining economic sustainability with both environmental and social

**Ando:** I think the formulation process of the Eighth Plan was unique because it was based on a long-term vision, as you all have mentioned. The Board of Directors has repeatedly discussed these two topics, and by regularly monitoring discussions at operating companies, we were able to ensure a multi-layered debate.

In addition to the long-term vision, during the formulation of the purposes of each company, our discussions even delved into how we should involve employees. Going forward, as we work to see this through, we would like all employees to feel and share a sense of ownership. It may be an ambitious goal,

but I think we were able to formulate a goal that all employees can work toward together from a long-term vantage point.

**Numagami:** Regarding the purpose mentioned earlier by Director Ando, I think it was an excellent decision to formulate a separate purpose for each operating company instead of just one for the Group. As a result of thorough discussion, including what each word means, I think the purposes we crafted can be readily understood, not just by employees. External stakeholders can also see how each company contributes to the world. If I ever have the opportunity to write a textbook, I will definitely include this as a case study.

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**Yoshiko Ando**  
Outside Director

Ms. Ando joined the Ministry of Labour (currently the Ministry of Health, Labour and Welfare) in 1982 and retired in 2018 after serving as Director-General for Labour, Statistics and Information Policy, and Human Resources Development. She has been a director of JFE Holdings since June 2020.

environment during the Seventh Plan were far greater than expected, and it is regrettable that the numerical targets were not achieved. That said, the direction of the initiatives was not wrong. To enhance profitability, we will need to further enhance the initiatives.

In the Eighth Plan as well, it is important to work on rebuilding the production structure of the steel business to adapt to shrinking demand in the domestic market. I am paying close attention to the plan to replace Kurashiki's blast furnaces with innovative electric arc furnaces, because it is also a project that will enable production of high-quality green steel. And, overseas, we are expecting business to expand through collaboration with top-class partners in markets that are projected to grow, beginning with a project with India's JSW Steel.

Next, I will touch on the engineering business. Its strength lies in its diverse business portfolio. With numerous competitors in the domestic business environment, however, we expect to further enhance its earnings power mainly through proactive



## Dialogue with Outside Directors

restructuring and integration similar to what was done in the Seventh Plan.

In addition, the trading business secured very solid footholds in North America and Australia through M&A during the Seventh Plan. Amid an increasingly uncertain business environment, we expect to aggressively expand business while leveraging the balanced diversification of the trading business.

As for the Group as a whole, we proactively promoted future-oriented growth investments in the Seventh Plan. We will steadily reap the benefits of these investments in the Eighth Plan, and I hope these are connected to further growth moving forward. I believe the Board of Directors will want to continue following both the investment effects and financial soundness. It is difficult to judge the timing of investments. Moreover, it can take time for some investment effects to appear due to the unique characteristics of JFE's business. This makes it crucial that we commit to achieving results with a long-term view.

**Numagami:** Expectations of growth for the global steel industry as a whole are not at all high, but looking at JFE's businesses individually, there are many businesses that have high profitability with high growth potential, as well as businesses that have high growth potential despite not currently having high profitability. I think these businesses deserve more attention going forward.

Businesses that have high profitability and high growth potential include JFE Steel's high-performance electrical steel sheets, ultra-high-strength steel sheets for automobiles, and high-value-added products (such as heavy plates for offshore wind power monopiles) as well as JFE Engineering's Waste to Resource (WtR) sector. In addition, JFE Shoji carried out M&A activities in such areas as construction materials in overseas markets during the Seventh Plan, and these very solid businesses have steadily grown.

Furthermore, I also consider the expansion of business "from the inside" a very solid strategy. We have undertaken this effort

**Takuya Shimamura**

## Outside Director

Mr. Shimamura joined Asahi Glass Co., Ltd. (current AGC Inc.) in 1980. After serving as representative director, president & CEO and subsequently as chairman & representative director of AGC, he assumed his present position as Director & Chairman in March 2021. He became an Audit & Supervisory Board Member of JFE Holdings in June 2022. He has been a Director of JFE Holdings since June 2025.



with the excellent partners of JSW Steel and Nucor in India and North America, where growth is expected. We delegate the country risk portion to our strong local partners, and JFE firmly contributes to the technology portion, which should continue fostering a win-win relationship.

Businesses that have high growth potential despite not currently having high profitability include ultra-innovative technologies needed to realize carbon neutrality. In the steel industry, the conversation around greenhouse gas (GHG) often centers on cases that require massive costs, which tend to be viewed negatively. But because steel is needed for the growth of the global economy, if we can develop ultra-innovative technologies that greatly reduce GHG emissions, I believe they will make a wonderful contribution to solving global climate change issues. Another issue is how to connect these technologies to profitability, but we expect very significant growth over the long term.

**Shimamura:** We develop business in a region-focused way. We are currently restructuring our business portfolio by scaling

back domestic operations and focusing our overseas business on growth markets like India. At the same time, we also develop business in a technology-focused way, specializing in high-value added products. Steadfastly pursuing business in these two ways will be an important strategy for JFE on the road to 2035.

The Keihin district land utilization project, which was born from the revision of the domestic production system, is expected to begin bearing fruit going forward as we explore new business opportunities leveraging the unique characteristics of the land. Regarding the expansion of the overseas business, as Mr. Numagami already mentioned, I think that our business model is quite good, with local partners and JFE each fulfilling their specialized roles.

In addition, JFE has expanded its businesses very broadly so far, but the Group needs to steadily organize its businesses, including affiliates, from the point of view of whether or not they are a good fit. I think JMU's partial transfer of shares to Imabari Shipbuilding was a very important decision from a long-term perspective.

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## Regarding environmental and social sustainability, what kind of efforts leveraging the Group's strengths do you expect moving forward?

**Numagami:** Because steel can be easily recycled, it is a material that is well suited to transitioning to a circular economy. We expect sales of green steel to continue expanding with the launch of an innovative electric arc furnace and the development of ultra-innovative technologies.

In addition, I am paying special attention to the previously mentioned WtR business of JFE Engineering. This business is already contributing not just to Japan's economy but to the global economy as well, generating power by incinerating waste and supplying it to regions with insufficient power, mainly in Southeast Asia. I previously conducted onsite audits in Myanmar when I was an Audit & Supervisory Board Member and felt that there were many fields that needed JFE Engineering's technologies locally. There is also the food recycling and biogas power business, which ferments food waste from

restaurants and other establishments to create gas for generating power. Going forward, because the amount of waste generated will inevitably increase as the global economy continues to develop, we believe the WtR business, which effectively utilizes waste, is a technology that society will need.

**Kobayashi:** With mass production and mass consumption on the verge of exceeding the planet's environmental limits, circular economy initiatives and nature positive-related initiatives are becoming very important.

JFE has a wide variety of products, services, and technologies that contribute to these areas, and to advance these efforts going forward, we think building partnerships through the value chain will be important.

No matter how amazing JFE's technology is, one company alone will not be able to complete an ecosystem. To realize a

truly circular economy, we will need to team up with partners to expand our contributions to society, which will also lead to future profit contributions for JFE.

In addition, from the perspective of diversity, equality, inclusion and belonging (DEIB), which is a human resources strategy gaining a lot of attention recently, when companies steadily engage in the circular economy and natural restoration, it enhances employees' sense of belonging and acts as a driving force enabling them to work with a sense of purpose.

**Ando:** Regarding ultra-innovative technologies aimed at carbon neutrality, we are focusing on finishing development as soon as possible as well as creating marketing strategies and market regulations for JFE's green steel.

As for the human resources strategy, we believe promoting DEI will be indispensable to recruiting excellent personnel amid the declining birthrate and enabling them to tap their full potential. I would like them to give their all to achieving the KPIs and think there is still room to improve the environment for workers on the front line.

Because the companies in the JFE Group have various business operations and employee compositions, it is important that each operating company conduct PDCA cycles while identifying its own issues and steadily taking countermeasures. For example, JFE Steel launched an initiative called ReFuture Project in the previous year with the aim of achieving corporate and employee growth while enhancing employee work engagement. We expect these efforts will facilitate a transformation to a better corporate culture. In addition, as overseas business grow more important, we are focusing on systematically recruiting and training overseas personnel.

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**Tsuyoshi Numagami**

Outside Director  
(Audit & Supervisory  
Committee Member)

Mr. Numagami became a professor of the Graduate School of Commerce and Management at Hitotsubashi University in 2000. He became a board member and executive vice president at the university in 2014. After serving as professor in the university's Graduate School of Business Administration, he assumed his present position as professor of Waseda University's Institute for Business and Finance in April 2023. He became an Audit & Supervisory Board Member of JFE Holdings in June 2018. He has been a Director (Audit & Supervisory Committee Member) of JFE Holdings since June 2025.



## Q Regarding the recent revision to the Director compensation system what kind of discussions were held by the Remuneration Committee and the Board of Directors?

**Kobayashi:** In the previous year, I took up the helm as the chair of the Remuneration Committee and was aware of two major issues with the existing Director compensation system. The first was that the percentage of performance-linked remuneration should probably be higher, and the second was identifying the optimal evaluation indicators for calculating performance-linked remuneration.

Regarding these issues, the Remuneration Committee held multiple discussions from various perspectives. As a result, the composition of Director compensation was changed from the perspective of clearly demonstrating the results of management to stakeholders. In the case of the president of JFE Holdings, the compensation was changed from a 6:2:2 ratio for basic remuneration, annual bonus, and stock remuneration to a 2:1:1 ratio when the medium-term business plan targets are achieved. This changes the ratio of fixed remuneration to performance-linked remuneration to 1:1.

I'd like to touch on the indicators used to calculate performance-linked remuneration. First, regarding the ESG indicators used for annual bonuses, while we already introduced very important indicators for safety and climate change, we just recently added an indicator for employee engagement. This was added following discussions about enhancing corporate value. To succeed amid a challenging business environment, this process must ensure employees feel proud to be part of JFE and enhance their sense of belonging so employees continue to give their best going forward. In addition, regarding financial indicators used in stock remuneration, net profit was used previously, but, in consideration of the cost of equity and

**Keiichi Kobayashi**

Outside Director

Mr. Kobayashi joined Furukawa Electric Co., Ltd. in 1985. After serving as representative director and president, he has served in his present position as the Chairman of the Board of Directors of the same company since April 2023. He has been a Director of JFE Holdings since June 2024.



the importance of aligning with stakeholders, we changed to a form that evaluates performance along two axes: return on equity (ROE) and relative total shareholder return (TSR). We discussed the range of the degree of achievement, which was quite broad (ranging from 0% to 200%), but thought that 200% would be fair if someone really did an amazing job.

We discussed how we hoped these new revisions would be seen as good targets by employees and ourselves. In the current state, we think the recent system revisions represent a bold transformation. However, going forward, we should note that it will be necessary to make revisions as appropriate depending on the business environment, progress made on issues toward achieving the long-term vision, and other such factors.

**Numagami:** When designing the compensation system, a key

point was differentiating between management's capabilities and external environmental factors when evaluating performance, but these two factors cannot always be easily separated. Recently, there has been an increase in a 1:1:1 ratio for fixed remuneration, short-term performance-linked remuneration, and long-term performance-linked remuneration. In the steel industry, however, considering the fact that impacts on market conditions cause high volatility in performance, we discussed how the recently revised ratio is quite good and evaluated its appropriacy.

In addition, regarding the calculation indicators for the stock remuneration system, the targets are not easy by any means, but we believe they represent our strong commitment to the results of top management.

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## Dialogue with Outside Directors

**Q Can you tell me about your goal for transitioning from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee as well as your expectations of further enhancing effectiveness going forward?**

**Shimamura:** The biggest change with the recent transition is that directors who are Audit & Supervisory Committee members will have voting rights at the Board of Directors, giving them responsibility over management. I look forward to being able to hold multifaceted discussions at Board of Directors meetings. At the same time, it is presumed that the committee will function properly after establishing rules and processes, and it will also enable more streamlined Board of Directors meetings, accelerating decision making. As a result, we assess that the new change to the organizational design was a good decision in terms of enhancing the functionality of the Board of Directors.

**Ando:** I firmly believe that the new change to the organizational design will help to further enhance the quality of discussions at JFE's Board meetings.

Governance cannot be enhanced simply by changing the

system design. Transitioning to a company with an Audit & Supervisory Committee will enable a major transfer of authority to executives. Because of this, I would like the Board of Directors to thoroughly discuss how to delegate roles to executives and, on the other hand, how to appropriately fulfill monitoring functions as we move beyond solely evaluating the results of Board meetings.

**Numagami:** JFE's Board of Directors has always held open discussions, and there were many opportunities for Audit & Supervisory Board Members to speak, so I think the new transition is well suited to the actual situation.

Audit & Supervisory Committee Members can assess detailed frontline matters, so by reflecting that information in Board meeting discussions, I expect the effectiveness of governance will increase. I intend to continue contributing to

discussions with that in mind.

Although enhanced effectiveness will not be fully realized merely by a change in organizational design, because JFE's Board meetings foster an environment where opinions are mutually respected, I think we can expect the Board to continue evolving over time.

**Kobayashi:** The main purpose of the new organizational design change is strengthening executive capabilities. Because more matters will be delegated to executives, the Directors will be asked to try to gain more information by themselves through monitoring. I intend to create appropriate mechanisms while diligently communicating with executives about how to provide reports. I think the Board of Directors meetings also bring out a wide range of opinions, but I hope the Board continues to evolve its structure.

## Messages from the Newly Appointed Outside Directors



**Yoshihisa Suzuki**  
Outside Director  
(Audit & Supervisory Committee Member)

Appointed as Outside Director (Audit & Supervisory Committee Member) of JFE Holdings in June 2025

I worked at a general trading company for 45 years, where I gained a wide range of experience. I managed the entire Company as president and COO, oversaw North American operations, and worked in the fields of aeronautics, outer space, defense, information, and finance. I also engaged in financial activities. In New York during the Lehman Brothers crisis, I really felt the value of preparing for disaster during good times, and that is still my credo. JFE has a unique corporate structure with the three core businesses of steel, engineering, and trading. To ensure sustainable growth, it will be necessary to allocate resources and assess strategies from the perspective of overall optimization while respecting each company's independent development. Foremost, as an Outside Director, I aim to ask probing questions and provide constructive advice. As an Audit & Supervisory Committee Member, I will gain a solid understanding of frontline operations and be mindful of maintaining an optimal balance of offensive and defensive strategies to various management issues, such as capital allocation, decarbonization, and growth investment. I will work hard to facilitate JFE's development and growth to the best of my abilities.



**Naoto Nakamura**  
Outside Director  
(Audit & Supervisory Committee Member)

Appointed as Outside Director (Audit & Supervisory Committee Member) of JFE Holdings in June 2025

Since becoming a lawyer in 1985, I have specialized in the Companies Act and lawsuits. At the time, there were many instances of inappropriately influencing general shareholders meetings and cornering markets. Following the collapse of Japan's bubble economy, I handled matters related to shareholder class-action lawsuits, M&A, and compliance. More recently, I have taken up cases related to corporate governance, activist responses, third-party committees, and so on. I may not have deep insight in the steel industry, but as an Audit & Supervisory Committee Member I will be able to help enhance corporate value in the fields of governance and compliance. Governance efforts are rapidly ramping up around the world, but matters keep arising that could significantly hurt corporate value due to misconduct. I intend to consider the form of governance that is best suited to JFE.

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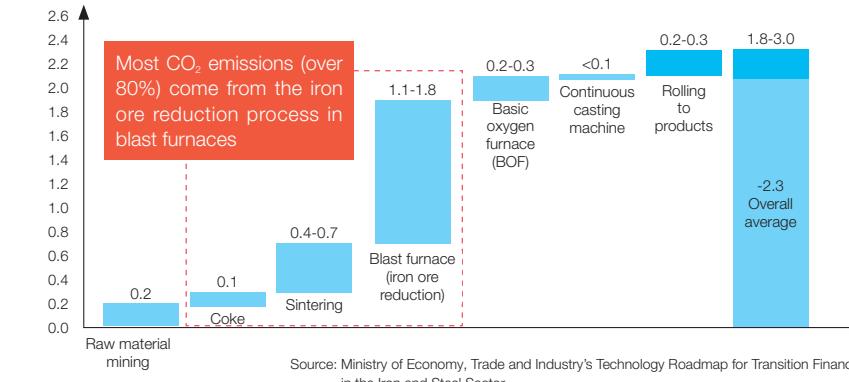
Our Value Driver: Technology that Creates a Competitive Edge

## Carbon Recycling Blast Furnaces: Advantages and Challenges

### Features

- The blast furnace (BF) and basic oxygen furnace (BOF) process enables the highly efficient mass production of high-quality, high-performance steel. Approx. 80% of CO<sub>2</sub> emissions in the steel manufacturing process are from the iron ore reduction process in a blast furnace.
- Carbon recycling blast furnaces convert the emitted CO<sub>2</sub> into methane and recycle it as a reductant, significantly reducing the use of coke.
- We pursue carbon neutrality utilizing CCUS.

### Ratio of CO<sub>2</sub> emissions from steel manufacturing processes (t-CO<sub>2</sub>/t-crude steel)



### Challenges

- Strive to develop world's first technology to reduce CO<sub>2</sub> emissions by injecting large amounts of methane along with oxygen blown into a blast furnace
- Strive to develop world's first integrated operation with large-scale methanation facilities

### Advantages

- Highly efficient production, equal to that of conventional blast furnaces
- High-quality, high-performance steel manufacturing equivalent to that of conventional blast furnaces
- Most existing facilities can still be used
- Low-grade iron ore can be used

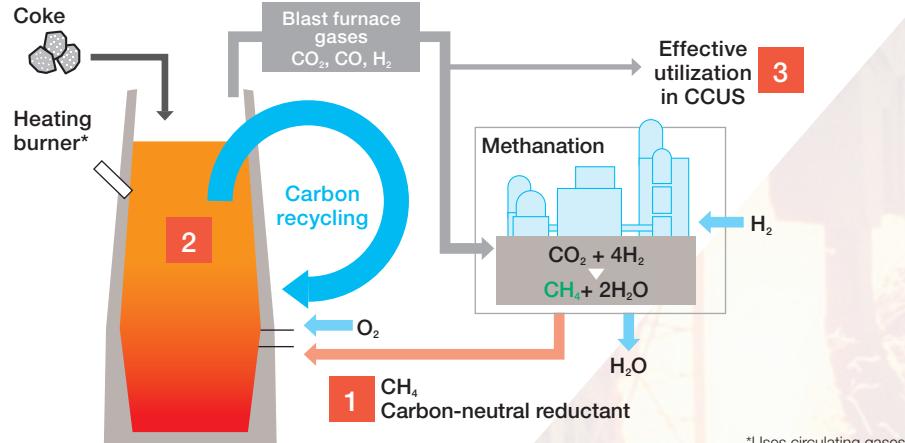
Aim to reduce GHGs by at least

50%

External hydrogen is used to convert CO<sub>2</sub> contained in gas emissions into methane, which is then blown into blast furnaces, significantly reducing CO<sub>2</sub> generated.

### Technology

#### Carbon Recycling Blast Furnace Systems and Initiatives



We have built a pilot carbon-recycling blast furnace (150 m<sup>3</sup> capacity) at the East Japan Works in the Chiba district. We completed the blowing-in of the furnace in May 2025 and began operations. Moving forward, we will work to establish carbon recycling technology (integrated operation of oxygen blast furnaces and blast furnace-methanation facilities) and conduct studies aimed at scaling up these furnaces.

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#### Carbon Recycling Blast Furnaces: Advantages and Challenges

Innovative Electric Arc Furnaces: Advantages and Challenges

Aiming for Intelligent Steelworks through DX

The JFE Group's Value Creation

Sources of Value Creation: The Value of Steel

Contributing to Society with Our Technological Capabilities

The Business Model Creating the High-Value-Added JFE Brand

Steel Business x Trading Business

Engineering Business

Process of Value Creation

Material Issues of Corporate Management (Materiality)

Initiatives to Address Material Issues of Corporate Management

Business Strategies

Steel Business

Engineering Business

Trading Business

Shipbuilding Business

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## Goal

By developing ultra-innovative blast furnace and cyber-physical system (CPS) technology, we aim to reduce CO<sub>2</sub> emissions in the BF-BOF processes at least 50%, and strive to achieve carbon neutrality by combining these efforts with CCUS.

1

By using 100% oxygen and methane in carbon recycling blast furnaces, the combustion heat that conventionally is used to heat nitrogen gas can be used to heat the methane instead, maximizing the amount of methane utilized. This is the first attempt in the world to create a technology that reduces CO<sub>2</sub> emissions by utilizing large amounts of methane, which is carbon neutral, together with oxygen. Challenges remain, including addressing the resulting reduced furnace gas and raw material heating capacity, and expanding volume for commercialization.

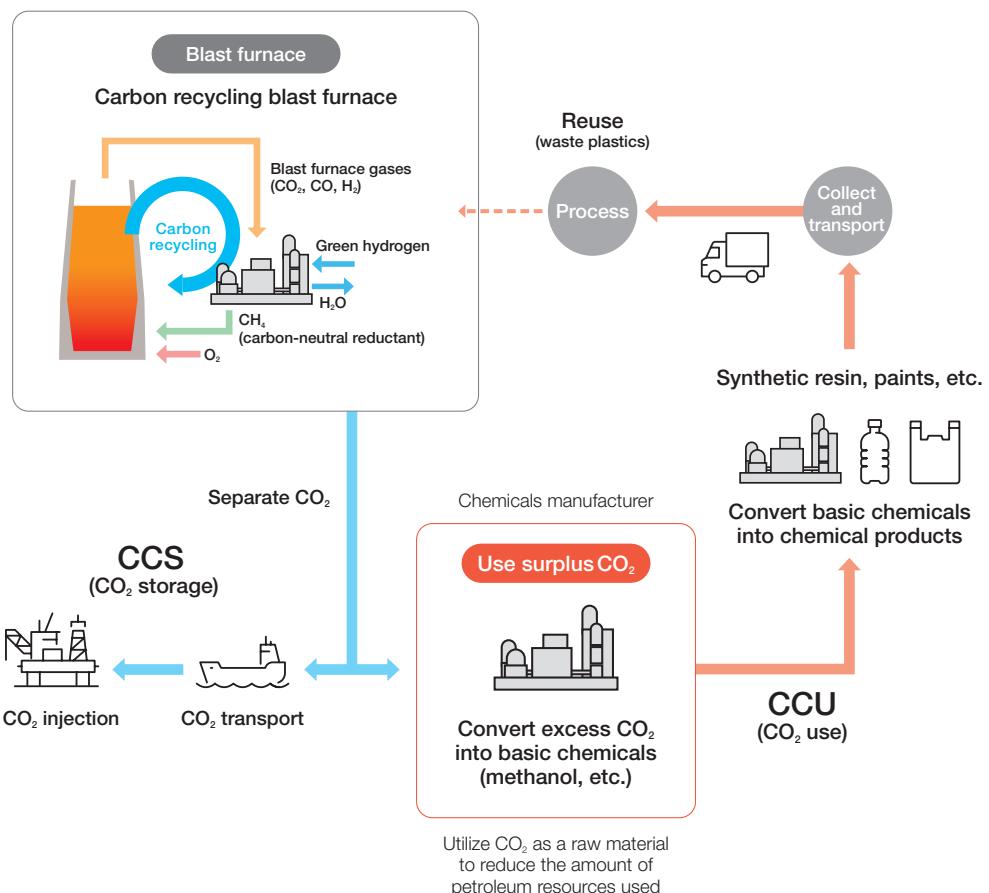
2

Using real data from sensors inside blast furnaces, we have created a unique model to analyze the real-time internal status of the furnace as well as make predictions for the future, and use a CPS system to automatically, optimally control molten iron temperature and air permeability, which are critical factors in operating blast furnaces.

3

- We are participating in a joint project with other corporations to build a value chain for carbon capture and storage (CCS) originating from Japan and inject and store CO<sub>2</sub> off the coast of Malaysia.
- We are participating in a project with three other companies in Japan and Australia to build a supply chain encompassing CO<sub>2</sub> capture in Japan, transportation to Australia, and e-fuel production using Australian green hydrogen.
- We will begin a pilot test, in collaboration with a chemicals manufacturer, to effectively utilize the CO<sub>2</sub> from our steelmaking processes to manufacture chemicals on the site of their industrial complex.

## Carbon recycling value chain concept

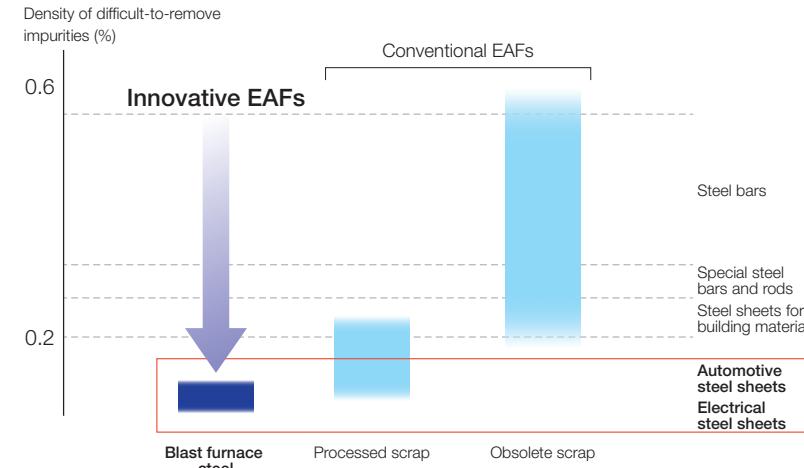


## Our Value Driver: Technology that Creates a Competitive Edge

# Innovative Electric Arc Furnaces: Advantages and Challenges of Large, High-Efficiency EAFs

## Features

- CO<sub>2</sub> emissions from the electric arc furnace (EAF) method are roughly a quarter of those generated by the blast furnace (BF) and basic oxygen furnace (BOF) process, but challenges with production capacity and product quality remain.
- Innovative EAFs can produce high-quality, high-performance steel for the manufacturing industry (e.g. for vehicles, ships, energy facilities, and construction) equivalent to that of blast furnaces.
- We aim to achieve zero CO<sub>2</sub> emissions by utilizing hydrogen reduced iron and decarbonized electric power in the near future.



## Challenges

- Developing high-speed, high-efficiency melting technology for use in electric arc furnaces
- Developing technology to remove and neutralize impurities from scrap and direct reduced iron

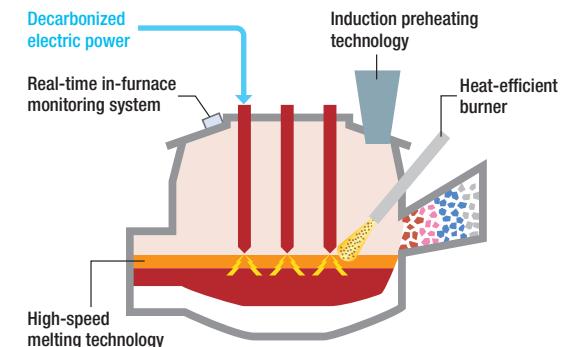
Large-scale investment in process conversion to reduce GHGs

30%  
or more by FY2030

Building a mass production system for high-quality, high-performance green steel produced from innovative EAFs

## Technology

### Introducing an innovative EAF to the West Japan Works (Kurashiki district)



Investment size	¥329.4 billion (including a maximum of ¥104.5 billion in government aid)
Investment details	Innovative EAF, external refining facilities, cold iron logistics facilities, seawall upgrades, power distribution facilities, etc.
Production capacity	Approx. 2 million tonnes/year
Production start	FY2028 Q1
GHG reduction effects	Approx. 2.6 million tonnes/year



An institutional decision was made in April 2025 to introduce the EAF to the West Japan Works (Kurashiki district) following a decision to authorize the Project to Support Energy and Manufacturing Process Conversion in Industries where Reducing Emissions Is Difficult (Project I: Steel), which is a government support measure utilizing GX economy transition bonds.

## Advantages

- We can introduce innovative EAFs to replace blast furnaces faster than our competitors.
- We can solve issues by applying the processing technologies we have cultivated to date.



## Sources of Value Creation

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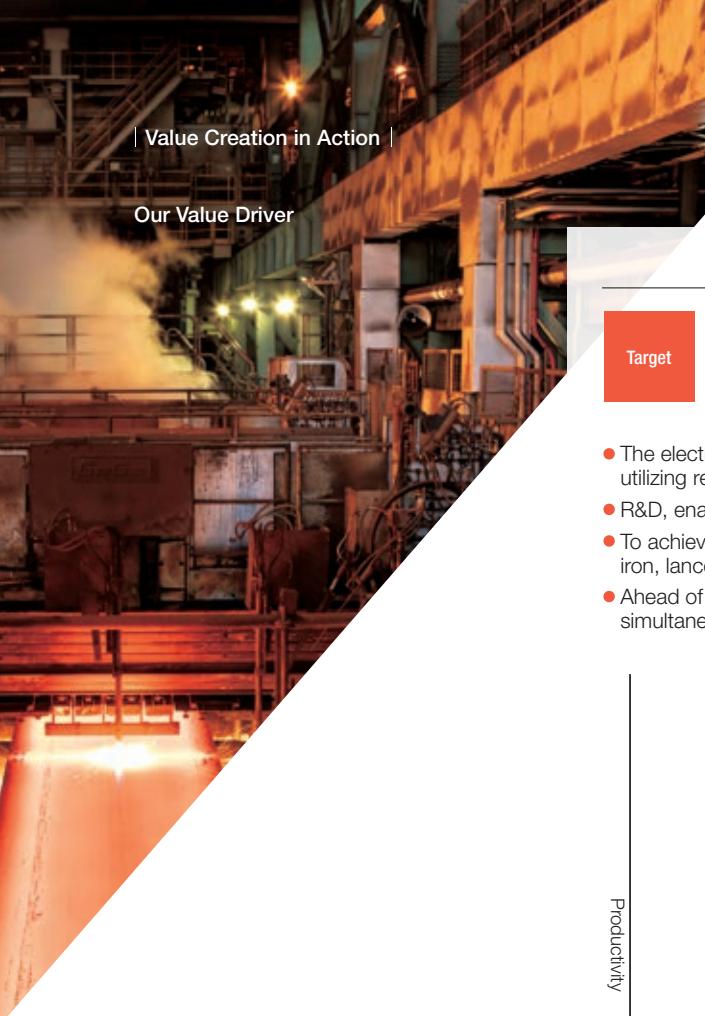
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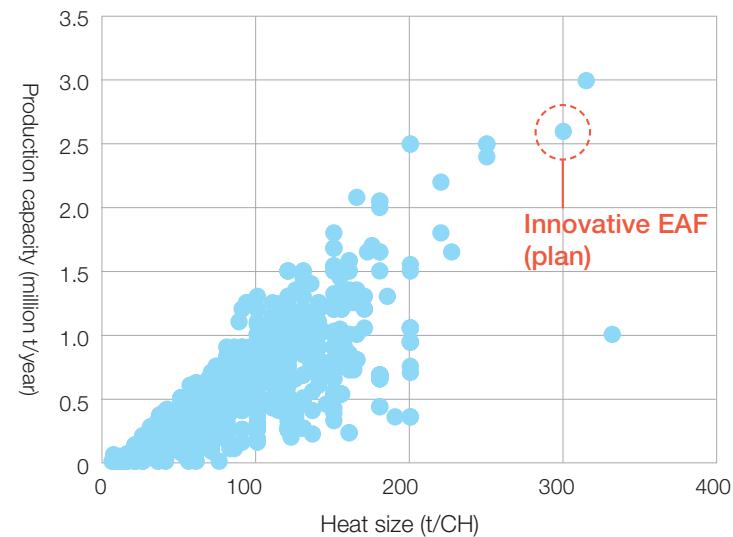
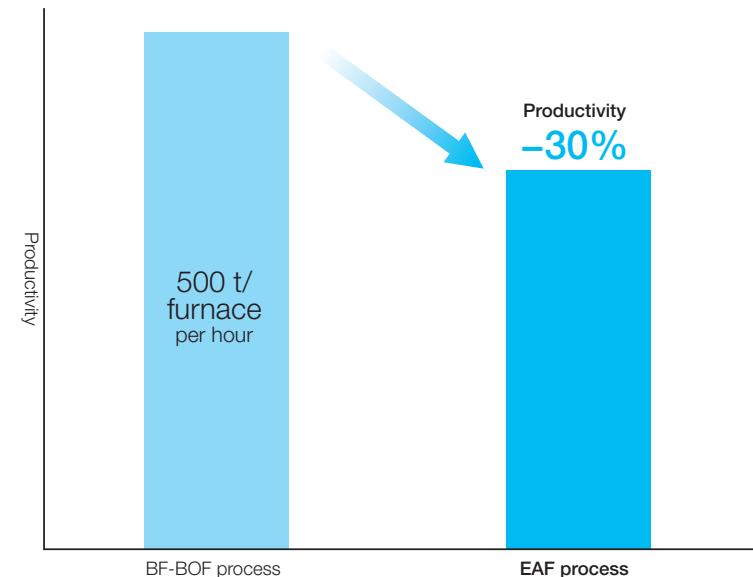
## Our Value Driver



Target

### Establishing highly efficient melting technology and high-quality, high-performance steel manufacturing technology using the EAF method

- The electric arc furnace melting process for scrap and other materials is considerably less efficient than the BF-BOF process, about 30% lower. Challenges with utilizing reduced iron include a further reduction in productivity and higher power consumption.
- R&D, enabled by the use of existing EAFs and tests at the Company's labs, is establishing a theoretical foundation for technology to enable high-quality production.
- To achieve higher efficiency, we plan to use NEDO's Green Innovation Fund projects and apply the development results (related to technology for preheating reduced iron, lance burners, and molten steel stirring) to innovative EAFs.
- Ahead of competitors, we will create a mass production system for high-quality, high-performance steel using one of the world's largest EAFs, and we will simultaneously secure the largest share of the domestic green steel market.



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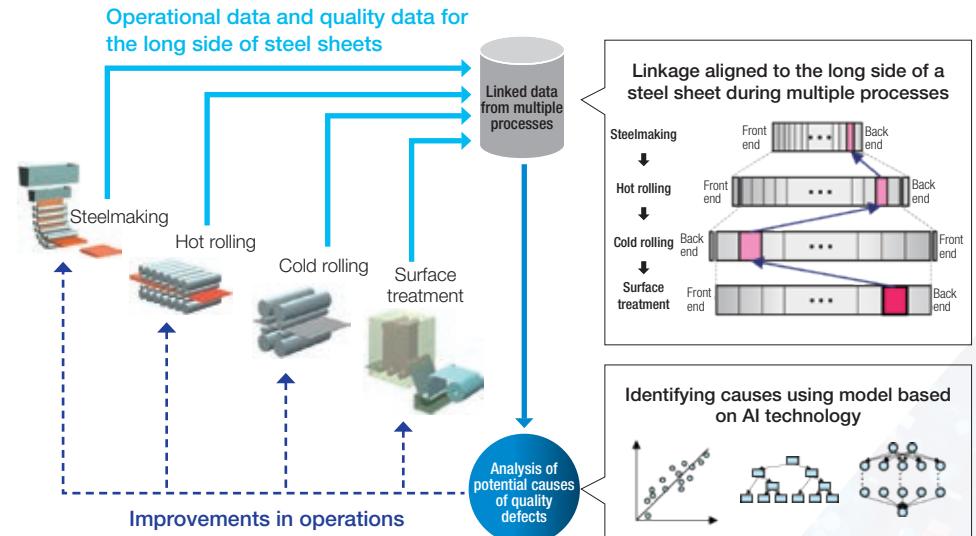
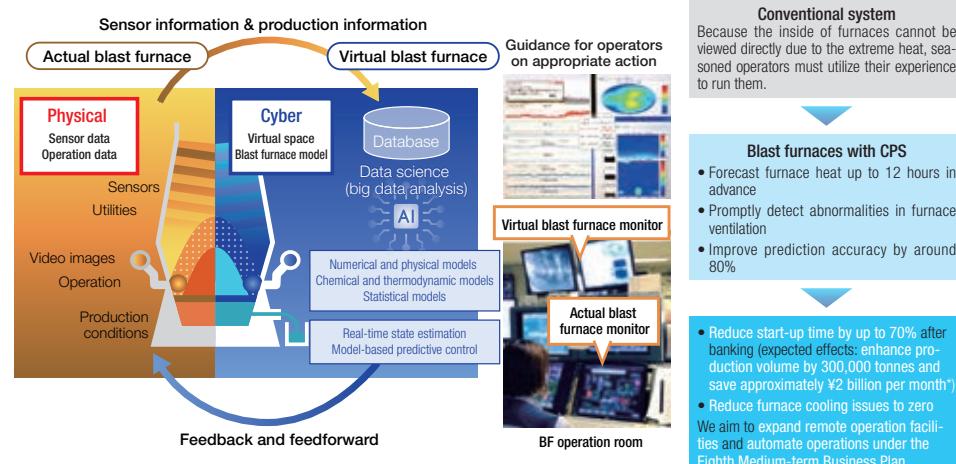
## Our Value Driver: Technology that Creates a Competitive Edge

# Aiming for Intelligent Steelworks through DX

As part of JFE Steel's DX strategy, we are aiming to utilize cyber physical systems (CPS) to realize universally intelligent steelworks. CPS combine virtual models (cyber) with actual processes (physical) in real time to automate blast furnace operations, predict and detect anomalies, and perform virtual tests. CPS have already been introduced in all of our blast furnaces, preventing serious issues and improving efficiency and stability while also helping to reduce CO<sub>2</sub> emissions. In addition, we plan to explore ways to market this know-how through the solutions business.

Since the DX Strategy Headquarters was launched in April 2024, major achievements include the advanced integration of the operational technology (OT) domain (operational data) and the IT domain (manufacturing performance and product quality data), as well as the creation of J-DNexus™, which uses this integration to efficiently centralize CPS development and execution. According to the testing conducted thus far, we have been able to reduce the time required to build a CPS by 30% compared to conventional methods.

**CPS have been introduced in all blast furnaces, enabling highly efficient and stable operations through the real time visualization of internal conditions.**



We use the J-astquad™ multiprocess integrated quality data analysis system as a framework for analyzing the effects of operations on the quality of automotive-use thin steel sheets by using operational data and quality data collected from manufacturing processes on the J-DNexus™ platform. In the data analysis, the use of models based on AI technologies allows identification of potential operational conditions that may cause a quality defect. This has improved operations, reducing the rate at which quality defects occur.

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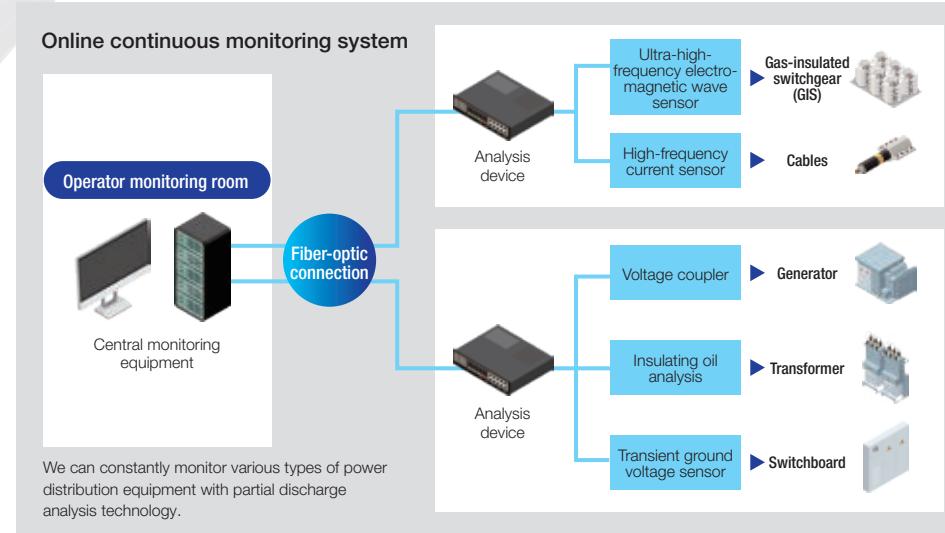




As part of its DX promotion, JFE Steel is developing the JFE Resolus™ business, which uses technologies developed in-house and our expertise in operational improvement to provide solutions to customers, with the aim of achieving innovative, highly productive, and stable operations. In 2024, a blast furnace CPS was installed at the No. 4 blast furnace of India-based JSW Steel's Vijayanagar Works, and trial operations commenced. We will look beyond the steel industry and

### Versatile technologies

### Smart maintenance technology for substation equipment



This technology prevents accidents arising from insulation breakdown in power distribution equipment. By measuring micro-electrical discharge signals with a highly sensitive sensor combined with continuous monitoring of signal processing results, the status of degradation can be determined.

This technology has already generated impressive sales in both Japan and Southeast Asia.

## Developing a solutions business with our cultivated technologies and expertise

proactively offer the product to customers in a wide range of manufacturing industries.

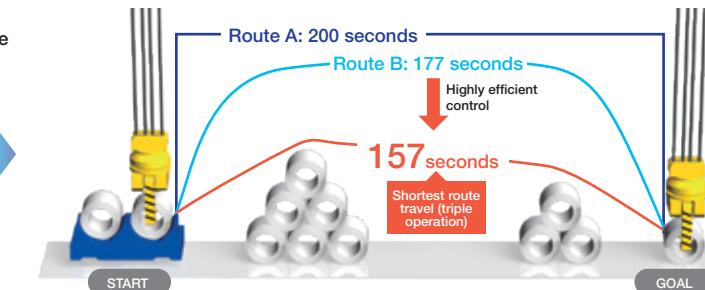
By also proposing specially selected technologies developed by JFE Steel subsidiaries and associates, the group as a whole is working closely together to provide customers with optimal total solution packages tailored to their needs.

### Steel technology

### Crane automation system

Example transport route that avoids coils

Shortest route setting



This technology automates crane operation. By combining automated crane operation, a storage system to manage the location of transported items, and an automatic system to determine removal order, this system enables the automatic loading, replacement, and removal of items. We are working with multiple JFE Steel subsidiaries and associates to produce this technology.

### Versatile technologies

### Highly efficient self-propelled cleaning robot

This self-propelled cleaning robot is capable of operating in such harsh conditions as the so-called "3Ks" (kitanai, kiken, kitsui—dirty, dangerous, demanding). The robot has a built-in sensor that determines its position and cleans along a defined route. We have received many inquiries about the use of this robot to help reduce the workload of cleaning workers at dust-heavy sites.



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## The JFE Group's Value Creation

### Sources of Value Creation: The Value of Steel

#### Supporting safe and comfortable lives for an abundant world in the future

Approximately 30% of the Earth's mass is iron. Thanks to these rich reserves, steel can be mass produced at low cost. When compared to other materials, steel also has an extremely low environmental impact at the manufacturing stage and has excellent recyclability. Steel's highly sophisticated value chain encompasses production, use, and recycling. Through closed-loop recycling, steel can be repeatedly reborn for new uses with low environmental impact, thus contributing to the sustainable development of society. This makes it especially important to evaluate steel's environmental impact across the entire life cycle, including recycling.



During production, **steel** emits far less CO<sub>2</sub> than other materials, with greenhouse gas (GHG) emissions during the manufacturing stage just 1/4 to 1/5 those of aluminum and carbon fiber on an equivalent-function basis. Furthermore, the Japanese steel industry (converter furnace steel) produces steel with the lowest environmental impact when compared to other major countries in the world.

(On a 2019 index with Japan set at 100, the United States is 129.)  
Source: Research Institute of Innovative Technology for the Earth (RITE)

In our lives, **steel** helps reduce our burden on the environment. For example, by using high-tensile steel (thinned-down steel sheets that keep their strength), automobile weight can be substantially reduced without sacrificing passenger safety during vehicle collisions, thereby contributing to lower CO<sub>2</sub> emissions in society as a whole.

**Steel's** closed-loop recyclability reduces the amount of natural resources being newly introduced, reduces the discharge of environmentally hazardous substances, and reduces waste, making it more sustainable than the open-loop recycling of other materials. Steel recycling thus contributes to the transition to a circular economy.



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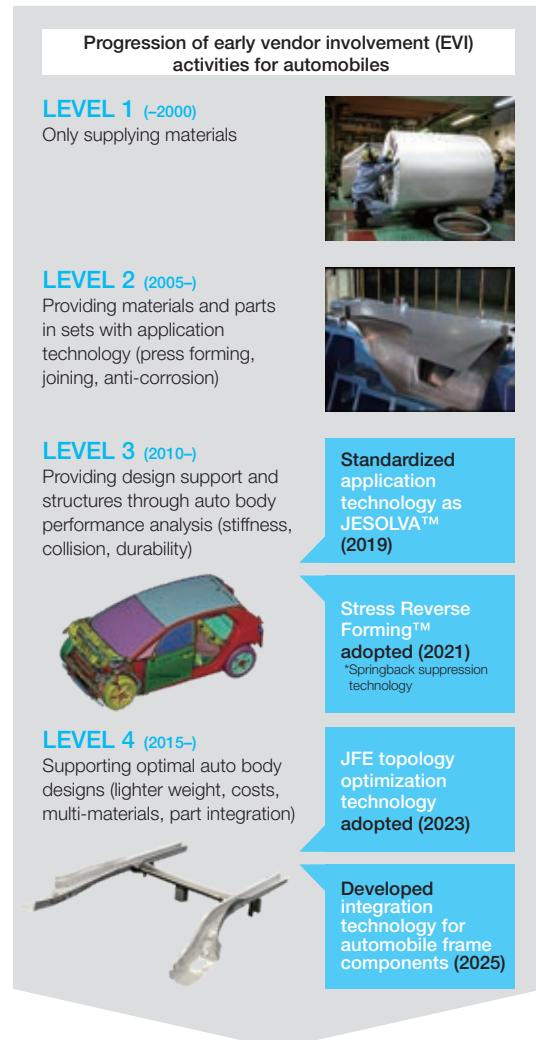
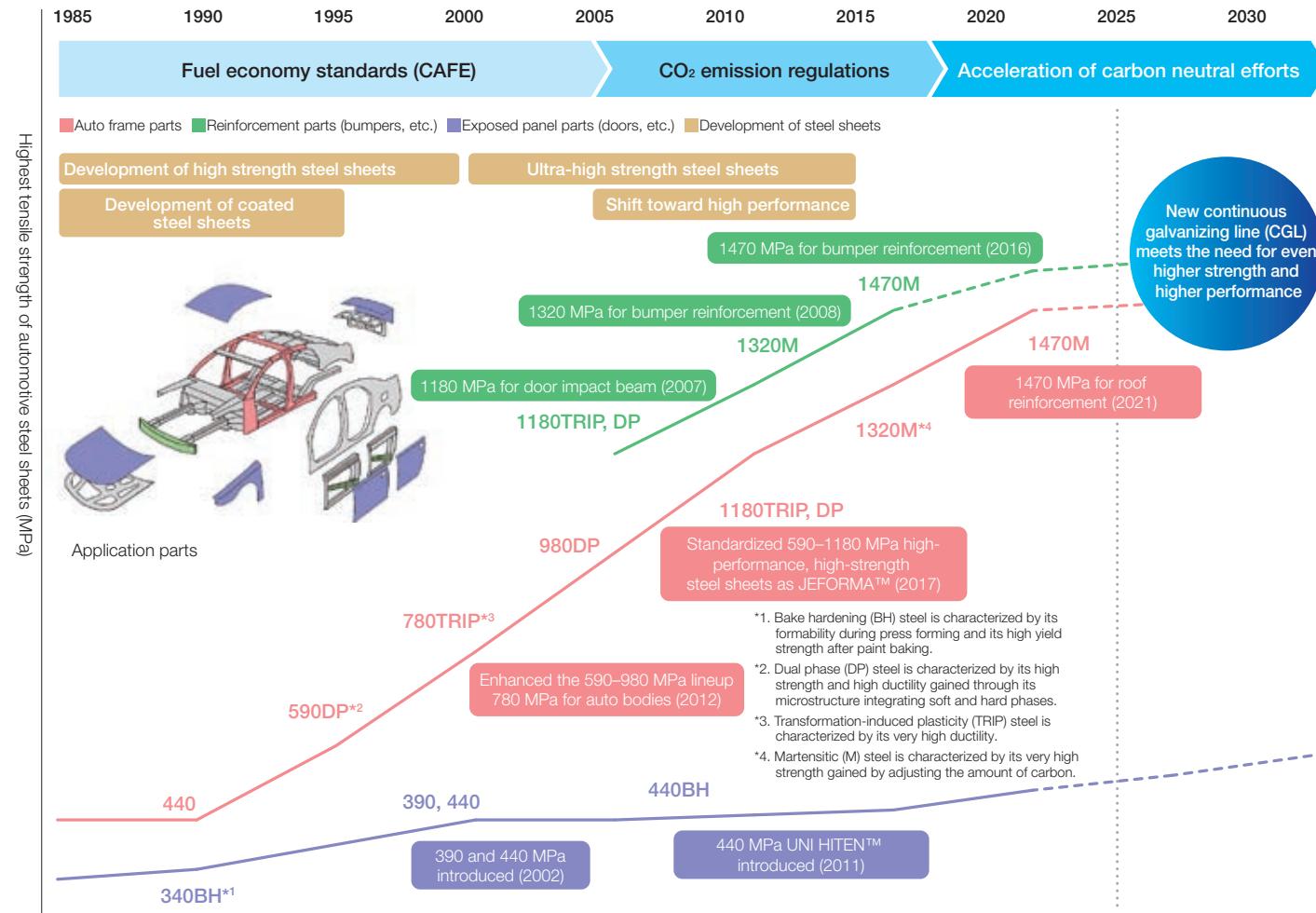
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## The JFE Group's Value Creation

## Contributing to Society with Our Technological Capabilities

The need for thinner, higher strength automotive steel sheets has grown in line with changes to the social environment. JFE Steel is constantly developing leading-edge technologies and combining solution proposals with high-performance, highly functional, high-quality materials, thereby contributing to the development of the auto industry.



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## JFE Group's Value Creation

## The Business Model Creating the High-Value-Added JFE Brand

Steel Business X Trading Business

## Sources of our competitive strengths

**Production**  
Two major integrated steelworks with highly competitive strengths  
JFE has two major integrated steelworks, one each in western and eastern Japan, that boast world-class costs, products, and technologies. Both facilities leverage the highly competitive technologies, intellectual property, and know-how accumulated by JFE over many decades.



**Technology**  
Technological development to realize value creation  
JFE continuously elevates its technological capabilities to world-class levels to meet Japanese demands for top-quality steel, which in turn enables the company to compete globally and provide solutions through advanced technological development.

Focus points in the new medium-term business plan

- Building world-class profitability to beat the global competition
- Advancing a switch to innovative electric arc furnaces (highly efficient, large-scale electric arc furnaces)
- Expanding profit in markets expecting long-term growth (India and North America)
- Expanding the sales volume of steel processing and distribution in strategic fields (automotive, construction materials, electrical steel)

We will continue to create new value tailored to customer needs and provide optimized solutions.

**Production**  
Continuously strengthening production capabilities for greater productivity, quality, and stability

- Production, product, and environmental technologies accumulated over the years
- Global cost competitiveness
- Stable production of value-added products
- Thorough safety, environmental, disaster measures and quality-control management
- Cutting-edge AI, IoT, and data science technologies

**Technological development**  
Innovation supported by technological development capabilities

- Core technologies
- Processing technologies
- Facility technologies
- AI, IoT, and data science technologies
- Product technologies
- Environmental conservation technologies

**Raw material supply**

- Iron ore (Australia, Brazil, etc.)
- Coking coal (Australia, Canada, etc.)

**Logistics and processing**  
Global supply and application of service networks

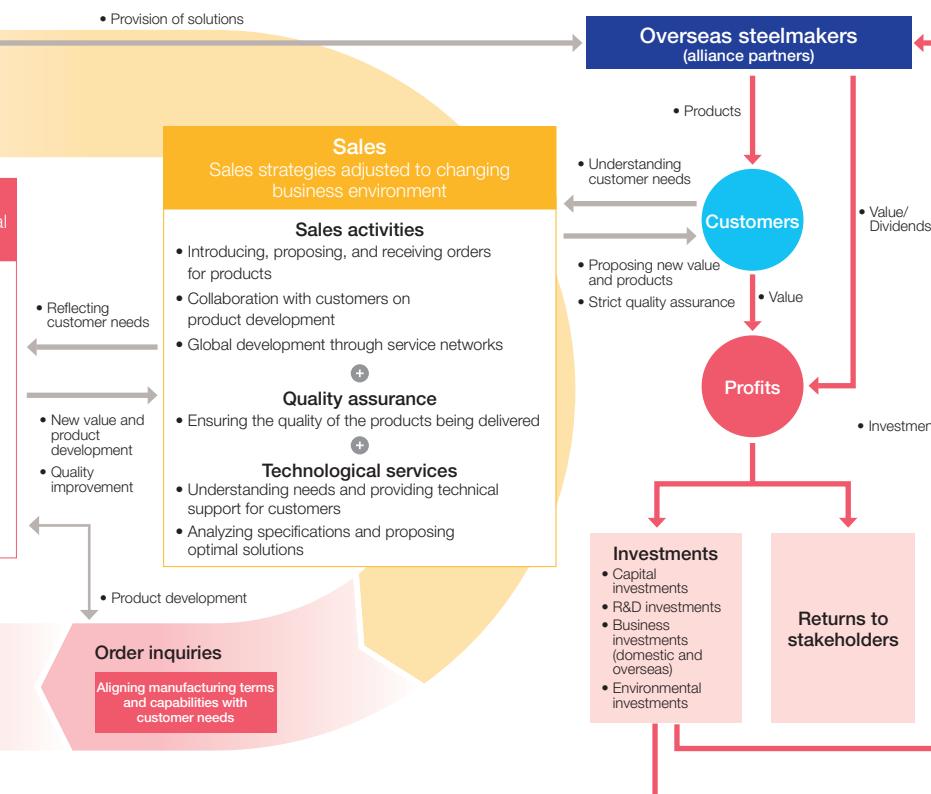
• Processing technologies  
• Environmental conservation technologies

**Raw materials and utility procurement**

- Reducing procurement costs and stabilizing long-term procurements
- Iron ore, coking coal, lime, auxiliary raw materials (metals, etc.), water resources, energy, electricity, equipment

**Production plans**

- Optimal allocation to production bases
- Production instructions, progress management, shipment control



## Sources of Value Creation

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## JFE Group's Value Creation

**The Business Model Creating the High-Value-Added JFE Brand****Engineering Business**

Our competitive edge in the engineering business springs from:

- our “creation” capabilities—planning, engineering, procurement, and construction (EPC)—centered on building infrastructure that supports industry and human life
- our know-how—accumulated over the years—to “care” operations, maintenance, and management, especially in waste-to-energy power generation and waterworks plants
- our diverse human resources and DX projects “connecting” these strengths to realize more abundant life in the future.

Leveraging these advantages, we aim to help the world become carbon neutral while promoting a circular economy.

The circular economy will be the key to realizing a sustainable society. Because JFE Engineering supports the foundations of society through various phases from a multifaceted perspective, we believe we must play a leading role in the circular economy. Fully leveraging our unique integrated organization, we will continue working hard on innovative initiatives that go beyond the existing reduce, reuse, recycle (3R) framework. Our technology and experiences create new value with the aim of realizing a sustainable society.

**Sources of Our Competitive Edge****Create Planning, engineering, procurement, and construction****Project execution capabilities with abundant experience and global structure**

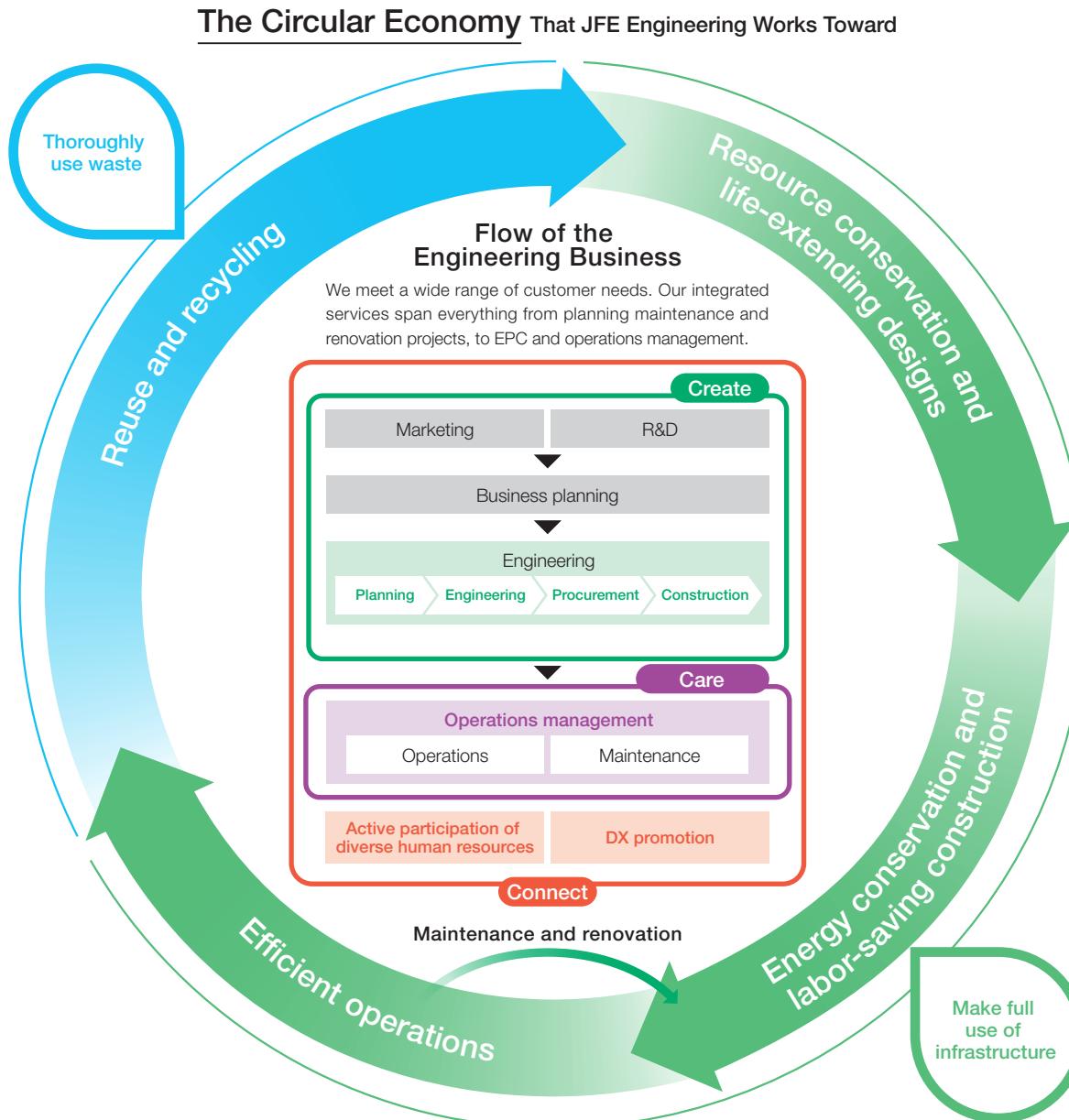
In a variety of fields, such as energy, the environment, and bridges, JFE has constructed numerous highly functional and high-quality structures that satisfy customer needs, covering everything from engineering to project handover. Moreover, we will strengthen our competitiveness by building out a global engineering system at overseas bases.

**Care Operations management****Operations management capabilities with strengths in manufacturing expertise**

We have cultivated operational know-how, especially in plants such as waste-to-energy power generation and waterworks. In the public services field, the company has achieved an extensive track record in public-private projects. We also engage in our own recycling operations and renewable energy power generation business, and are expanding our presence in operation and maintenance (O&M) business domains around the world.

**Connect Diverse human resources and DX****Diverse human resources to support the business and promotion of DX to support the evolution of the company**

Approximately 40% of our employees have diverse backgrounds, such as women, foreign nationals, and mid-career hires. We also strive to create work environments that draw out the best abilities of each and every employee. We support the advancement of “creation” and “implementation” while digitalizing operations with AI and IoT.

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## Process of Value Creation

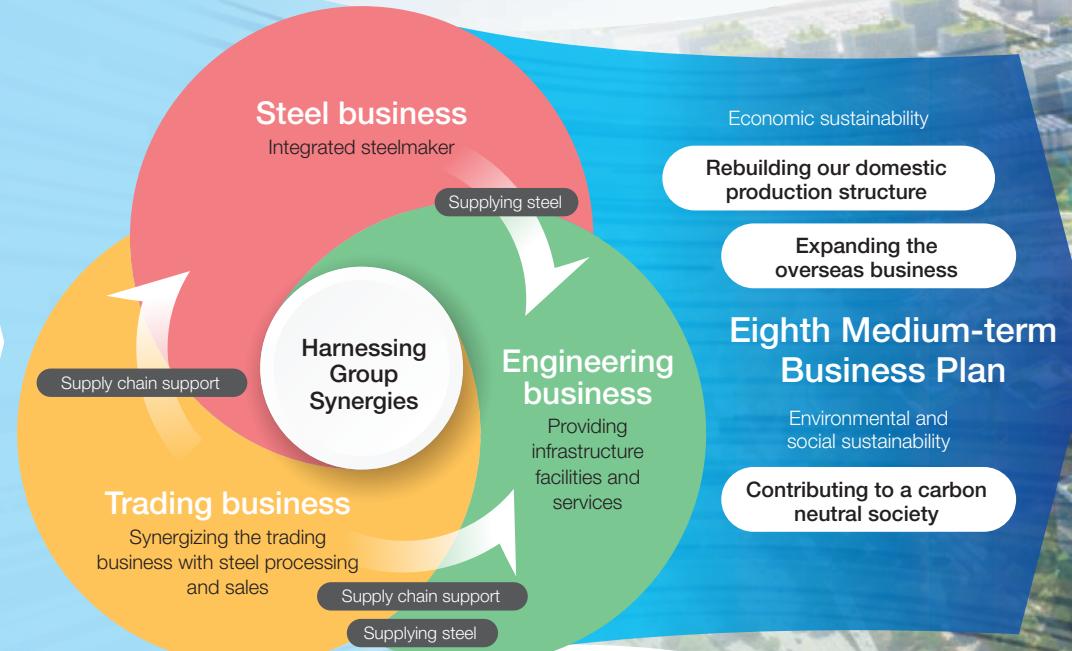
-  Financial capital
-  Intellectual capital
-  Manufacturing capital
-  Natural capital
-  Human capital
-  Social and other related capital

## Six Types of Capital

→ p.5

## Our Vision

Contributing to society with the world's most innovative technology



## Material Issues of Corporate Management (Materiality)

→ p.51

- Address climate change problems
- Contribute to a circular economy
- Acquire robust earnings power
- Ensure occupational safety and health of employees
- Promote human capital management
- Minimize risks to the business foundation

Corporate governance and respect for human rights

Corporate Values: Challenging Spirit. Flexibility. Sincerity.

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## The JFE Group's Value Creation

## Material Issues of Corporate Management (Materiality)

## Initiatives to Address Material Issues

The JFE Group has identified material issues and set KPIs to address them with the objective of determining how to invest Group capital to satisfy the needs of diverse stakeholders and minimize negative effects on society while also maximizing the creation of the Group's unique social value.

In the Eighth Medium-Term Business Plan, we have examined the issues addressed in the past and identified issues to focus on over the next three years to achieve JFE Vision 2035 from the perspectives of building a management foundation for sustainable growth and implementing growth strategies. Then, we assessed the importance of each issue and identified material issues of corporate management to prioritize (16 issues in 6 focus areas).

## Review of Fiscal 2024 Results and Setting KPIs for Fiscal 2025

We evaluated the performance of KPIs during fiscal 2024 against the material issues of corporate management determined in fiscal 2021, and established new KPIs for fiscal 2025 for the material issues included in the Eighth Medium-Term Business Plan, as described in the following process.

Results for fiscal 2024 and the KPIs for fiscal 2025 were finalized after deliberation at management meetings at every operating company, as well as discussion at the Group Management Strategy Committee and the Board of Directors. Realizing our targets for the KPIs will contribute to both our corporate social responsibility as well as help reduce risks to the business foundation, secure strong profitability, and achieve our financial goals.

(→ pp. 54–55 Fiscal 2025 KPIs)

Please see the JFE Group Sustainability Report 2025 for the KPI results from fiscal 2024.

Areas of Focus	Material Issues of Corporate Management
Address Climate Change Issues	1. Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society
Contribute to the Transition to a Circular Economy	2. Promote initiatives for achieving a circular economy
Acquire Robust Profitability	3. Steel business: Improve sales and manufacturing capabilities, expand and advance the business area 4. Engineering business: Improve profitability and competitiveness, promote investment in growth areas 5. Trading business: Revitalize the management foundation, advance insider status in overseas growth markets
Ensure Occupational Safety and Health for Employees	6. Prevent workplace accidents 7. Promote health and productivity management
Promote Human Capital Management	8. Improve work engagement 9. Promote diversity, equity and inclusion (DEI) 10. Promote talent acquisition and development
Minimize Risks to the Business Foundation	11. Respect the human rights of each person involved in our business 12. Ensure adherence to corporate ethical standards and compliance 13. Provide appropriate quality assurance 14. Improve the level of information security 15. Coexist with local communities, society, and nature 16. Maintain a sound financial position

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## The JFE Group's Value Creation

## Process for identifying material issues of corporate management

In the course of creating a new medium-term business plan, we reevaluate material issues for corporate management. During the formulation of the new Eighth Medium-term Business Plan, we identified material issues for corporate management through the following process.

**STEP 1** **Reevaluate the material issues for corporate management in the Seventh Medium-term Business Plan**

We reevaluated the performance and results of the Company's efforts to address the material issues for corporate management set out in the Seventh Medium-Term Business Plan as well as their respective KPIs.

**STEP 2** **Extract candidates for material issues**

We created a long-term vision with an eye to 2035 and selected 28 potential material issues from the perspectives of realizing a business foundation for sustainable growth as well as growth strategies to achieve our vision.

- Prevent workplace accidents
- Preserve environmental air and water quality
- Promote health and productivity management
- Reduce disaster risks at production sites
- Respect the human rights of each person involved in our business
- Address aging social infrastructure
- Ensure adherence to corporate ethical standards and compliance
- Ensure employee safety during emergencies
- Promote appropriate quality assurance
- Address economic and security risks
- Improve the level of information security
- Implement measures for natural and other disasters
- Coexist with local communities, society, and nature
- Appropriately disclose information
- Maintain a sound financial structure
- Return profits to stakeholders

- Reduce the JFE Group's CO<sub>2</sub> emissions and contribute to reducing CO<sub>2</sub> across society
- Widely provide products and services to society by expanding and advancing the business areas
- Improve work engagement
- Sustainable manufacturing based on improvement in sales and manufacturing capabilities
- Promote diversity, equity and inclusion (DEI)
- Realize the scope of profits to ensure sustainable growth
- Promote talent acquisition and development
- Expand business through ongoing investment in operating businesses
- Promote initiatives for realizing a circular economy
- Improve operational efficiency and productivity through digital technology
- Improve competitiveness of products and services through DX
- Balance trade and business profits

**STEP 3** **Narrow down material issues**

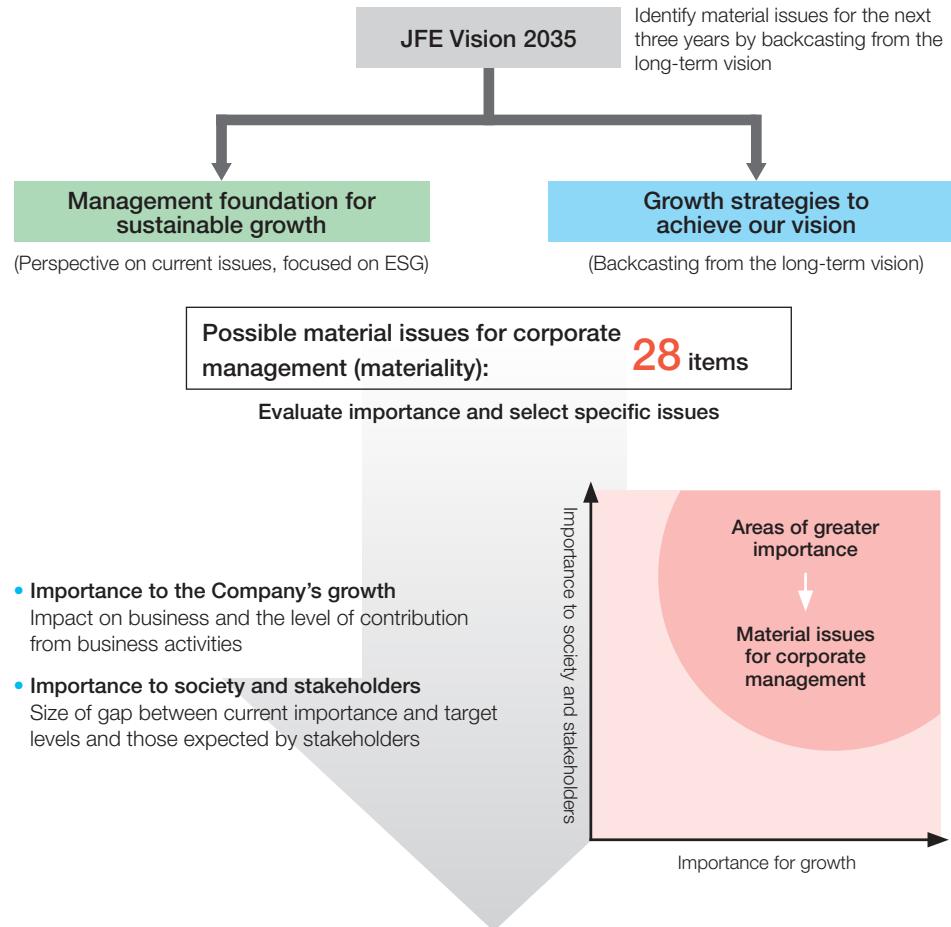
We assessed the importance of the identified issues to the Company's growth as well as to society and stakeholders, and identified 16 material issues for corporate management to be incorporated into the Eighth Medium-Term Business Plan.

**STEP 4** **Determine aspirations and targets**

We have established the aspirations and targets for the identified material issues for corporate management, as well as set KPIs to indicate management of activities for achieving such goals.

In addition to reevaluating the material issues for corporate management during the formulation of the medium-term business plan, we are also conducting an annual assessment that includes a review of the status, performance, and importance of the KPIs.

**Material Issues for Corporate Management: Consideration Process**



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## The JFE Group's Value Creation

## Initiatives to Address Material Issues of Corporate Management

## Initiatives for improving financial indicators

It is essential to improve financial indicators, which drive improvements that lead to us achieving our financial targets. By keeping an eye on the relationship between an initiative and its relevant financial target and increasing their effectiveness, we can connect this to enhanced corporate value over the medium to long term.

## Improve sales revenue growth rate

We will strive to expand growth businesses, such as by advancing our inside status in overseas growth regions as well as with businesses that contribute to realizing a circular economy. In addition, we will conduct activities to increase revenue by setting KPIs, such as increasing the ratio of high-value-added products in the steel business, increasing the number of new products and technologies under development, and improving profitability of projects in the engineering business.

## Improve manufacturing cost rate

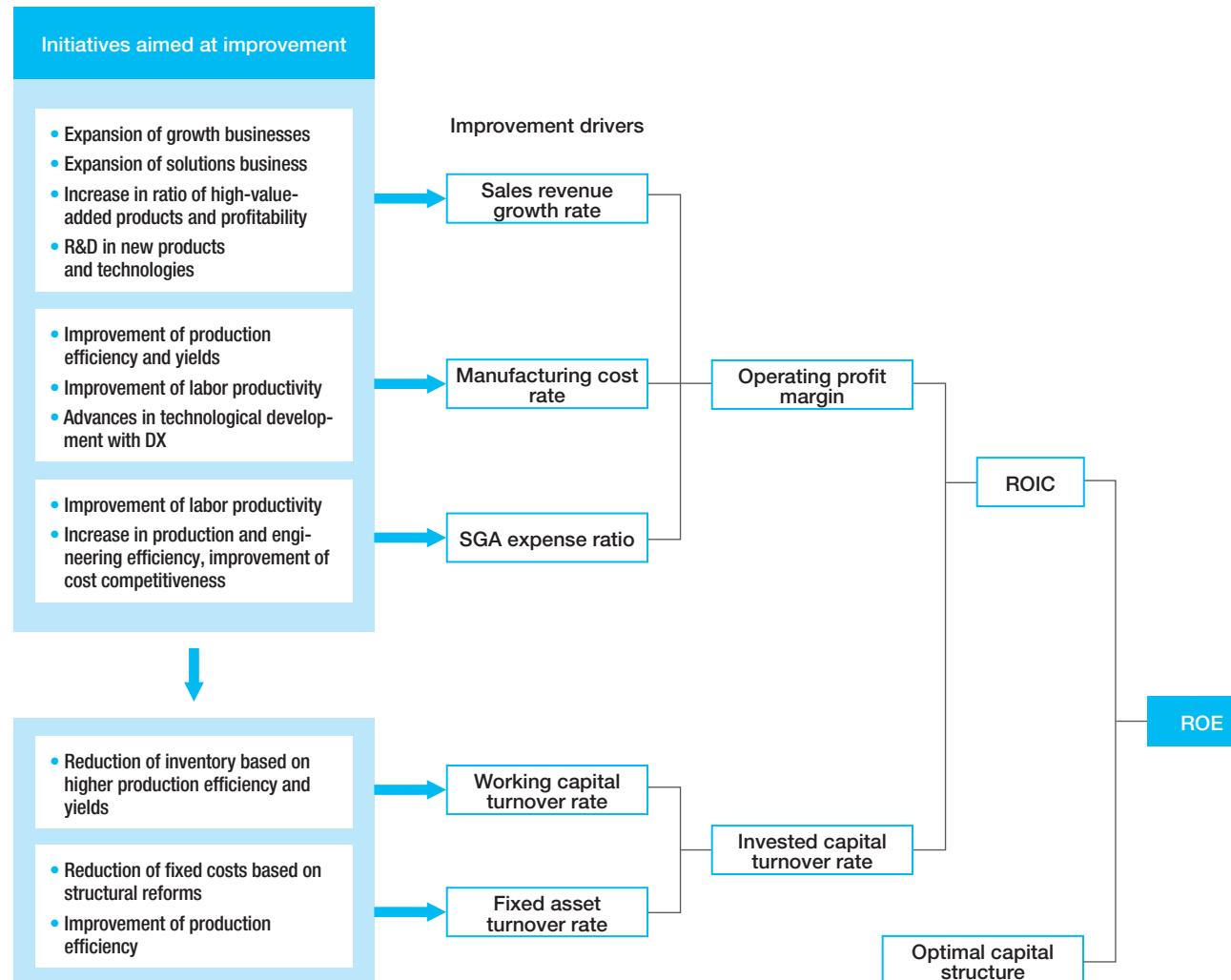
We will continue working to enhance production efficiency and yields, as well as to improve the manufacturing cost rate. Also, to further implement DX-related improvements, we have set a KPI for the number of advanced DX talent trained and developed.

## Improve SGA expense ratio

To improve labor productivity, we will revamp core systems in every business to enhance operational efficiency and automation. In the steel business specifically, we will manage a KPI measuring profit contributions from higher labor productivity and rationalization enabled by the revamped core systems, data science, and automation. We will also manage a KPI measuring our labor-saving efforts attuned to the declining workforce and general population.

## Impacts on working capital turnover rate and fixed asset turnover rate

In addition to the previously mentioned improvement activities, as well as appropriate inventory management, we will also strive for such improvements as ensuring an optimal domestic structure, restructuring and integrating businesses, and land utilization in the Keihin district. We will also set a KPI for managing and expanding business revenue from the solutions business, leveraging the knowledge and expertise accumulated thus far, primarily in the steel business.



## Sources of Value Creation

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## Fiscal 2025 KPIs

Areas of Focus	Material Issues	Aspirations	FY2025 KPIs
Address climate change issues	Reduce the JFE Group's GHG emissions and contribute to reducing GHG emissions across society	<b>Steel business</b> FY2030 GHG emissions reduction rate: 30% or more FY2027 GHG emissions reduction rate as a milestone: 24% or more (compared to FY2013)	1. Approval rate for GX investment designed to reduce GHG emissions by 30% or more by FY2030: 95% 2. Green steel sales: 100,000 tonnes per year
		<b>Engineering business</b> Reduction rate of CO <sub>2</sub> emissions in owned plants and offices: 40% or more (compared to FY2013)	Promote use of own renewable energy Non-fossil fuel electricity use: 90% or more
		<b>Engineering business</b> Contribution to reduction in CO <sub>2</sub> emissions: 13.5 million tonnes per year	Contribute to reduction of CO <sub>2</sub> emissions in society by providing renewable energy power generation facilities and expanding the power supply business: 12.5 million tonnes per year
		<b>Trading business</b> Domestic CO <sub>2</sub> emissions reduction rate (compared to FY2019) FY2027: -27.5% FY2030: -35%	FY2025 domestic CO <sub>2</sub> emissions: 22.5% (compared to FY2019)
Contribute to the realization of a recycling-oriented society	Promote initiatives for realizing circular economy	<b>Steel business</b> Improve resource recycling of iron sources, co-products, etc.	1. Expand collection and use of collected "return scrap": 2.0 times (compared to average volume under the Seventh Medium-term Business Plan) 2. Recycle co-products generated in the Company (recycling rate of slag, dust, sludge, etc.): 99% or more 3. Expand use of steel slag products for marine area use (cumulative total under the Eighth Medium-term Business Plan): 50,000 tonnes
		<b>Engineering business</b> Expand bases for business that contribute to a circular economy	Expand bases for recycling/new regional electricity/waste-to-energy power generation business, etc.: 3 sites or more
		<b>Trading business</b> Expand products that contribute to a circular economy	Expand product lineup to contribute to a circular economy • Increase products handled by at least three in addition to current products with over 3,000 tonnes in volume per year
Acquire robust profitability	<b>Steel business</b> Improve sales and manufacturing capabilities, expand and advance business areas	Expand domestic steelmaking business profitability: ¥90 billion	1. Companywide OPY: +0.3% (compared to FY2024 results) 2. Develop new products and technologies: 20 or more 3. Increase revenue from high-value-added products (proportion, profitability index): 54% 4. Improvements through streamlining (core systems, data science, automation) and labor productivity enhancement: Achieved FY2027 target of 25% 5. Time saved by generative AI and low-code development: 3,000 hours per month 6. Labor-saving initiatives in response to declining labor force and population: Reduced by more than 80 employees
		Expand profits in the overseas steel business, domestic Group companies business, and solutions business Overseas steel: ¥75 billion Domestic Group companies: ¥90 billion Solutions business: ¥15 billion	1. Overseas steel business profit: ¥30 billion 2. Domestic Group companies business profit: ¥80 billion 3. Solutions business profit: ¥8 billion 4. Increase in foreign patent applications: 109%
	<b>Engineering business</b> Improve profitability and competitiveness, and promote investment in growth areas	ROS: 6%	Improve project profitability Proportion of high-value-added and differentiated projects: Aim for over 50% by FY2027, and over 40% by FY2025
		Stabilize profits by expanding scale of O&M business	O&M business sales: Over ¥290 billion
		Improve labor productivity	Progress of operational reforms (to improve business efficiency by FY2035): Completed workflow analysis for specified departments in FY2025, aiming to complete optimization of all business processes in FY2027
		Expand DX solution revenue	Progress of external sales activities for DX solutions: Aim for 20% more new customers in FY2027, and 10% more in FY2025 (compared to FY2024)
	<b>Trading business</b> Revitalize the management foundation and advance insider status in overseas growth markets	Overhaul core systems	• Aim to complete core system overhaul by FY2027 • In FY2025, visualize current operations and complete workflow creation for over 75% of total
		Trade and business profit: ¥30 billion each	Implement growth investments to achieve profits (¥85 billion over 3 years)

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Areas of Focus	Material Issues	Aspirations	FY2025 KPIs
Ensure occupational safety and health for employees	Prevent workplace accidents	Establish safe work environment to achieve zero accidents	<p>Serious injuries: 0 Lost-workday injuries</p> <p><b>Steel business</b> 0.10 or less <b>Engineering business</b> 0.25 or less <b>Trading business</b> 0.15 or less</p>
	Promote health and productivity management	Realize a workplace in which everyone can work with good physical and mental health for a long time	Proportion of employees who are physically and mentally healthy and working at an 80% or higher performance level (presenteeism below 20%): 67% or higher
Promote human capital management	Improve work engagement	Realize an environment in which every employee can maximize their potential	<p>Engagement survey Affirmative response to questions about job satisfaction:</p> <p><b>Steel business</b> 75% or more <b>Engineering business</b> 80% or more <b>Trading business</b> 80% or more</p>
	Promote diversity, equity and inclusion	Realize an environment in which the experience, abilities, and individuality of diverse talent can be maximized	<p>1. Women in managerial positions: Aim for at least 10% by April 2030 (including at least 20% in management and sales departments), with a target of achieving 5.7% by April 2026 2. Percentage of male employees taking childcare leave: 65% or more</p>
Minimize risks to the business foundation	Promote talent acquisition and development	Build a talent portfolio to realize business strategies	<p><b>Steel business</b> 1. New international employees trained: +33 2. Advanced DX employees trained (cumulative): 800</p> <p><b>Engineering business</b> 1. New international employees trained: +10 2. Advanced DX employees trained (cumulative): 30</p> <p><b>Trading business</b> New overseas secondments: +25</p>
	Respect the human rights of each person involved in our business	Identify, prevent, and mitigate adverse impacts on human rights in the supply chain	<p>1. 100% attendance from the target audience for human rights awareness training 2. Promote human rights due diligence Promote the following initiatives to realize respect for human rights throughout the supply chain: • Continue conducting human rights due diligence at both the Company and Group companies • Build a system for managing human rights risks of suppliers</p>
	Ensure adherence to corporate ethical standards and compliance	Raise awareness of compliance	Compliance training participation rate: 100%
	Promote appropriate quality assurance	<b>Steel business</b> Zero serious quality assurance issues	1. Quality audit implementation at Group companies: 100% of planned number 2. Quality assurance investment execution: 30%
		<b>Engineering business</b> Zero quality compliance violations	1. Strengthen quality check functions through third-party audits of product departments, including at Group companies: 10 departments 2. Permeate quality compliance awareness e-learning participation rate: 100% of planned participants
	Improve the level of information security	Consistently deliver products that satisfy quality requirements	Major quality problems: 0
	Coexist with local communities, society, and nature	Continue zero serious security incidents (Level 3 incidents that impact the business foundation)	<p>1. Thorough management of vulnerabilities 2. Improve resilience against cyberattacks</p>
		<b>Steel business</b> Ensure that steelworks and other plants are trusted by their local communities	<p>Serious environmental or disaster accidents: 0</p> <p>1. Continue improving efforts towards more transparency in steelworks 2. Create opportunities for communication with local communities at business sites and conduct social contribution activities tailored to local needs</p>
	Maintain sound financial structure	<b>Steel business</b> Expand contributions to biodiversity	New collaborative activities with local governments to improve blue carbon and marine area environments: +2 projects per year
	<b>Engineering business</b> Advance efforts to biodiversity conservation	Conduct conservation activities (i.e., reforestation) and assess biodiversity impacts in the infrastructure construction sector	
		R&I rating: AA	Eighth Medium-term Business Plan Targets: 1. Debt/EBITDA ratio: Approx. 3 times 2. D/E ratio: Approx. 60%

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## Business Strategies

### Steel Business

JFE Steel Corporation

We will enhance our earning power through high-value-added products and innovation technology, including carbon neutrality technologies, which is the source of the competitive advantage of our enhanced domestic steelworks. In overseas growth regions, we will expand business in collaboration with top-tier partners utilizing superior technologies, products, and human resources.

### Initiatives in Fiscal 2024

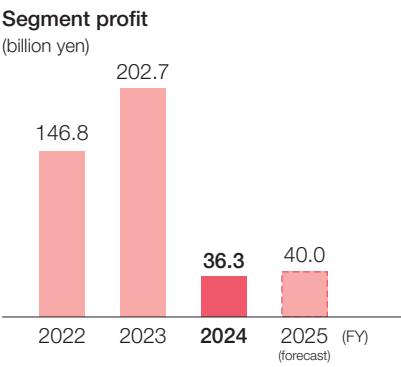
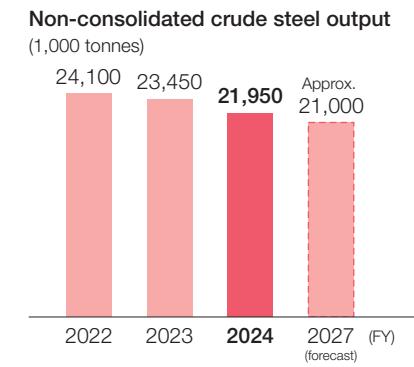
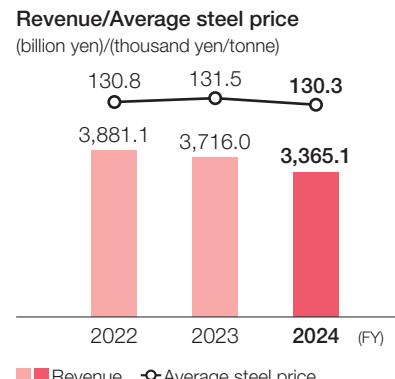
Crude steel output stalled at 21.95 million tonnes in fiscal 2024 due to a challenging business environment. This included a larger than expected decline in domestic demand and stagnation in the overseas steel market brought about by annual Chinese steel exports exceeding 100 million tonnes.

Even amid this challenging environment, we successfully surpassed our target spread by revising our domestic sales pricing system. We also made progress on shifting our focus from quantity to quality in part by raising the ratio of high-value-added products to 48%, including high-performance electrical steel sheets and ultra-high-strength automotive steel sheets. We decided on large domestic investments in growth fields and carbon neutrality. We invested approximately ¥70 billion to install a new continuous

galvanizing line for manufacturing ultra-high-strength steel sheets, which is slated to come on line in October 2028, at the Fukuyama district. We also invested ¥329.4 billion in installing a new innovative electric arc furnace, slated to come on line in the first quarter of 2028, at the Kurashiki district.

In addition, we proactively executed strategic overseas investments. We invested around ¥170 billion to establish and acquire companies that manufacture and sell grain-oriented electrical steel sheets jointly with India-based JSW Steel. We also acquired a 10% stake in the Blackwater coal mine in Australia for approximately ¥54 billion.

### Fiscal 2024 results



■ Revenue    • Average steel price

PURPOSE

### Dream for your Future, Steel takes you Further.

### Medium- to Long-term Strategy and Future Initiatives

The Company has outlined its long-term vision as: "Become the leader in carbon neutrality (CN) technology development" and "With our resilient domestic production structure as a solid foundation, we will achieve new growth by boldly engaging in the overseas steel business and new businesses." We will continue to execute business strategies with a focus on the long term.

(⇒ pp. 22–25 Eighth Medium-term Business Plan, Steel Business)

#### Domestic steelmaking business

- Enhance earnings capabilities by rebuilding an optimal production structure
- Enhance profit per tonne of product by increasing the ratio of high-value-added products

#### Domestic business, including Group companies

- Strengthen competitiveness through cooperation with domestic Group companies and partner companies in response to changes in the market environment

#### Overseas growth strategies

- Expand overseas businesses "from the inside" with top-tier partners in overseas growth regions
- Capture growing overseas steel demand by launching the Company's technological capabilities in growth markets

#### Solution Business

- Further expand the solution business using technologies borne from our wide range of business fields and our operational data and know-how accumulated over the years, both of which are sources of our competitive edge.

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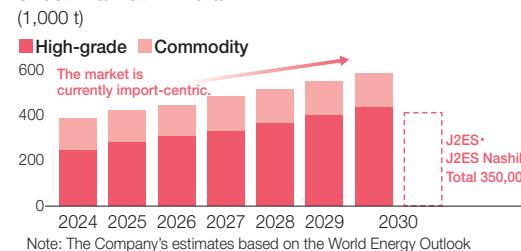
#### Data



## Business Strategies

**TOPIC 1****Aiming to be the No.1 supplier of grain-oriented electrical steel sheets in India**

India boasts the world's largest population and, with its economic expansion, demand for grain-oriented electrical steel sheets is rapidly growing. This surge is being driven by rising electricity demand, expanding renewable energy use, increasingly efficient transformers, and an increase in the number of data centers. Significant growth is expected in the market for grain-oriented electrical steel sheets and the Company aims to become the clear No.1 supplier in the expanding Indian market. We are now undertaking measures, totaling around ¥290 billion, jointly with JSW Steel.

**Expected size of the grain-oriented electrical steel sheet market in India****Strategy to expand the grain-oriented (GO) electrical steel sheet business**

In the expanding Indian GO market, we executed the following strategies totaling around ¥290 billion jointly with JSW Steel.

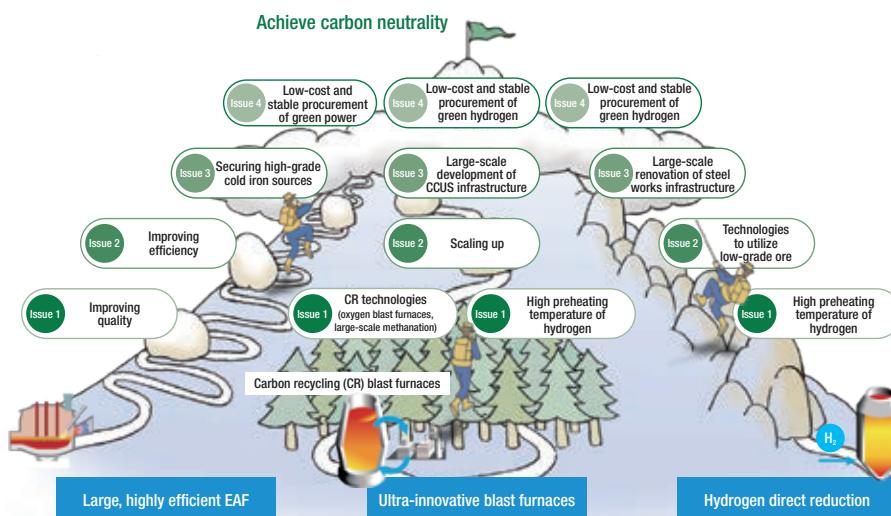
- February 2024: Founded a company that manufactures and sells grain-oriented electrical steel sheets (name: J2ES; investment: approx. ¥100 billion; launched in FY2027)
- January 2025: Acquired a thyssenkrupp subsidiary that manufactures and sells grain-oriented electrical steel sheets (name: J2ES Nashik; investment: approx. ¥70 billion)
- August 2025: J2ES will double its manufacturing capacity from initial plans to around 100,000 t/year, and J2ES Nashik will incrementally expand capacity from the current 50,000 t/year to around 250,000 t/year. In this way, we have decided to significantly expand production to a total of 350,000 t/year as of 2030 (investment: approx. ¥120 billion).

**Locations of the companies that manufacture and sell grain-oriented electrical steel sheets****TOPIC 2****Aiming to realize carbon neutrality by 2050**

Technologically, there are a wide range of pathways and a plethora of issues to achieving carbon neutrality by 2050. Because we cannot foresee which pathway will prove the fastest, we are promoting technological development along multiple routes. In January 2022, we began work on developing ultra-innovative technologies as a Green Innovation (GI) Fund project and built pilot facilities in the Chiba district related to an ultra-innovative blast furnace, hydrogen direct reduction, and an innovative electric arc furnace. These facilities came on line sequentially from December 2024. We aim to complete developing carbon neutral technologies in steelmaking processes by around 2035.

In addition, we invested ¥329.4 billion of these GI Fund projects in innovative electric arc furnaces that can be quickly launched and decided on work to convert processes from the No.2 blast furnace in Kurashiki. We will install one of the world's largest innovative electric arc furnaces and spearhead efforts to realize a mass supply structure for high-quality, high-performance steel materials, aiming to achieve the top share of the domestic green steel market.

(⇒ pp. 63–67 GX Strategy)

**Technological Multi-track Approach for Carbon Neutrality****INDEX****Sources of Value Creation****Strategy to Create Value****Value Creation in Action**

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## Business Strategies

## Engineering Business

In the field of engineering, which uses steel to support safe and comfortable living, we leverage our capabilities in advanced core technologies, diverse product development, proven project execution, and solid business management. With these strengths, we are expanding globally to contribute to both carbon neutrality and the circular economy.

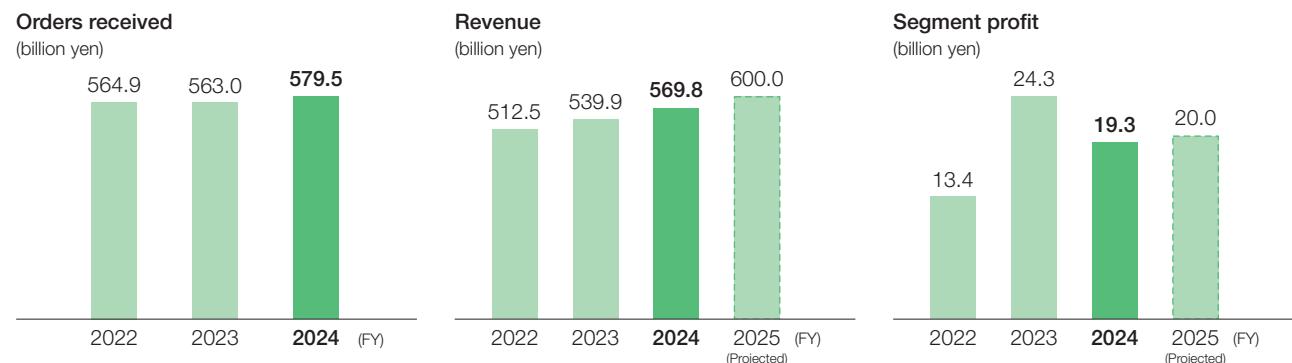
JFE Engineering Corporation

## Initiatives in Fiscal 2024

JFE Engineering has been expanding into the operation and maintenance (O&M) business that supports the foundation of life, including public-private partnership (PPP) projects, power generation and electric power businesses, and recycling operations, in addition to its traditional engineering, procurement, and construction (EPC) business. As a result, revenue has reached record highs for three consecutive fiscal years.

The EPC business “creates” the foundations of life. Last year, centered on the infrastructure field, we successfully executed large-scale projects in Japan and abroad including environmental plants, pipelines, and bridges: our areas of excellence. Earnings have risen due in part to a higher ratio of O&M businesses, including electric power businesses like new regional power projects, as well as M&A involving chemical plant-related companies.

## Fiscal 2024 results



PURPOSE

Create, Care, Connect

The Foundations of Life

Just For the Earth

## Medium- to Long-term Strategy and Future Initiatives

Building on from the Seventh Medium-term Business Plan, we will continue to promote active business integration and industry reorganization while establishing a framework for providing sustainable, safe, and reliable infrastructure services, thereby enhancing our competitive advantage in international markets.

In addition, by leveraging our diverse business portfolio, we will further strengthen our earnings base and expand our business fields by realizing a circular economy. Furthermore, we will continue expanding business activities that help reduce greenhouse gas emissions and bolster our initiatives to address climate change issues. (→ pp. 26–27: Eighth Medium-term Business Plan, Engineering Business)

## Waste to Resource

## Domestic

- Advance EPC and O&M businesses for waste treatment plants
- Establish a recycling value chain that includes final disposal sites and expand plastic recycling operations

## Overseas

- Create markets through business investment in Asia
- Establish a cost-competitive global engineering structure centered on our local subsidiary in India

## Carbon Neutrality

- Expand our strengths in storage and transportation technologies into the CN plant field
- Broaden renewable energy sources and energy services
- Commence full-scale operations at the Kasaoka monopile plant for offshore wind power

## Infrastructure

Create and deliver new products, methods, and materials to enhance the resilience and extend the life of infrastructure

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## Business Strategies

**TOPIC 1****Waste to Resource: Commencing operations at the Kurashiki Western Clean Center**

We won and successfully completed the order to build the Kurashiki Western Clean Center, with operations commencing in April 2025.

By utilizing an ultra-high-temperature, high-pressure boiler, the new facility delivers power generation efficiency at the highest level for municipal waste treatment facilities in Japan. Furthermore, with remote monitoring and operational support from our Global Remote Center, we provide safer and more advanced facility management.

Kurashiki City boasts one of the highest recycling rates in Japan. By fully recycling all of the incineration residue (bottom and fly ash) through this project, we will continue working with the city to help reach its policy goals.



Kurashiki Western Clean Center

**TOPIC 2****Carbon Neutrality: Launch of JFE-METS™, an integrated multi-site energy network service, at House Foods**

The integrated multi-site energy network service JFE-METS (Multi-site Energy Total Service), developed by the Company, is a system that connects multiple corporate sites and enables energy sharing among them, thereby achieving company-wide cost reductions.

JFE-METS was introduced to the House Foods Group and commenced operations in April 2024. Surplus electricity from a gas co-generation system installed at the House Food group's Shizuoka Plant is supplied nationwide to multiple sites operated by the group, while the waste heat is converted into steam and hot water for effective use in production activities such as retort pouch food preparation. As a result, this will reduce CO<sub>2</sub> emissions across the entire group and achieve significant energy savings at the Shizuoka Plant.



Gas co-generation system installed at the House Foods Shizuoka Plant

**TOPIC 3****Infrastructure: Completion of an elevated bridge in the Republic of Ghana**

The Company finished construction in Phase 2 of the project for the improvement of the Tema Motorway Roundabout in the Republic of Ghana, and it opened in December 2024.

Economic growth has led to severe traffic congestion in Ghana. The improvement of the Tema Motorway Roundabout—where international arterial roads converge—has alleviated congestion and facilitated the smooth movement of people and goods.

This project represents the first bridge project in Africa for which JFE Engineering received a sole contract covering both the substructure and superstructure. Our overseas bridge business is well regarded for its technology and proven results, and in recent years we have expanded our activities beyond Africa to Central and South America.

We will continue to provide high-quality infrastructure and contribute to solving transportation issues and developing transportation infrastructure around the world.



Tema Motorway Roundabout, the Republic of Ghana

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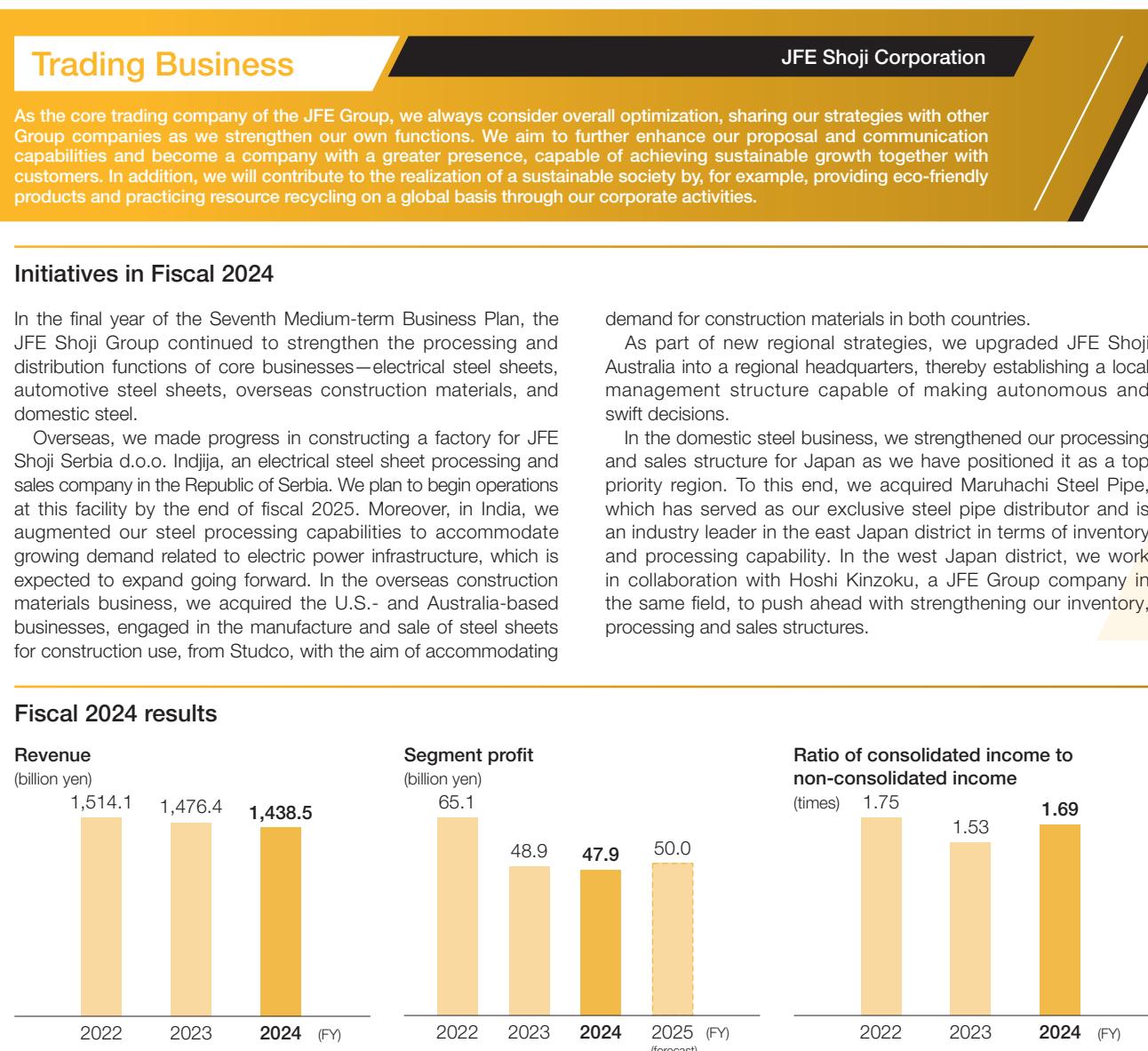
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## Business Strategies



## PURPOSE

## Steel and More: Bridging Global Progress

### Medium- to Long-Term Strategies and Future Initiatives

Our overseas operations are expected to expand and we will develop them into a pillar of growth by leveraging the JFE Group's brand strength, backed by technological capabilities and reliability, as well as its overseas network. In this way, we will secure stable profit even in the face of a changing business environment, create a company capable of achieving lasting growth, and contribute to society. Furthermore, with challenge and transformation as keywords, we will foster a corporate culture that devises new business frameworks and puts them into practice.

(→ pp. 28–29: The Eighth Medium-term Business Plan, Trading Business)

#### Domestic business

##### Steel

- Having positioned Japan as a top priority market region, we focus on handling a greater volume of steel and securing a greater number of orders.
- We establish a lean organizational structure while strengthening profitability.

#### Raw materials and machinery

- We expand the scope of our business activities by, for example, strengthening the green raw materials business, which is expected to grow, with the aim of establishing a new profit base.

#### Overseas business

- Having positioned the overseas market as a pillar of growth, we bring external businesses into the Group as we promote complete local businesses in regions that offer superior business opportunities.

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## Business Strategies

## TOPIC

## Acquisition of U.S.- and Australia-Based Companies That Manufacture and Sell Steel Sheets for Construction Use

In May 2024, we acquired the U.S.- and Australia-based operating companies from Studco Global Holdings, Inc., which is engaged in the manufacture and sale of steel frames for construction use, door-related products and other offerings.

One of the acquired operating companies is headquartered in Webster, New York, the United States and maintains a manufacturing base in the same location while engaging in sales activities primarily targeting the eastern part of the country. Following the acquisition of CEMCO in 2022, the above acquisition is intended to secure a new business base in the United States in addition to stepping up initiatives to seize opportunities arising from local demand for construction materials even as we

## United States

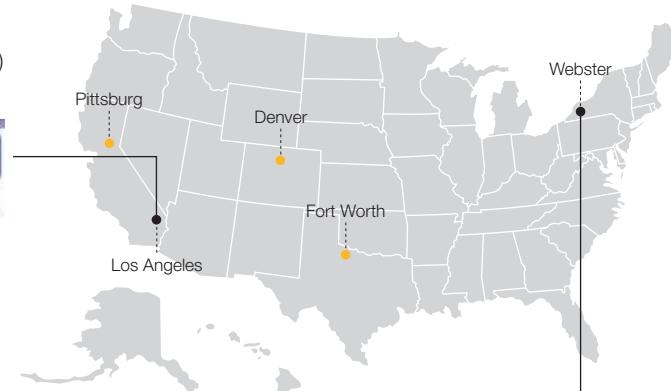
- Manufacturing bases  
CEMCO (four locations)  
Studco (one location)



- Headquarters  
CEMCO, LLC



- Headquarters  
Studco Global Holdings, Inc.
- Manufacturing base  
Studco Building Systems US, LLC



## Australia

- Sales bases  
Studco (three locations)



- Headquarters  
Studco Australia Holdings Pty Ltd
- Manufacturing base  
Studco Australia Pty Ltd



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## Business Strategies

## Shipbuilding Business

## Japan Marine United Corporation (equity-method affiliate)

Boasting a leading level of shipbuilding capability in Japan, we produce around 30 vessels every year while maintaining outstanding technological strengths that make it possible to address such social issues as the pressing call for decarbonization and alternative fuels, the development of autonomous vessels capable of labor-saving operation, and the popularization of offshore wind power plants. We will take full advantage of these strengths to become a leading company in the world's shipbuilding sector as a representative of Japan's shipbuilders.

## Initiatives in Fiscal 2024

## Merchant ships business

We completed 25 vessels, including LNG dual-fuel bulk carriers. We also secured orders for 27 vessels, including 13 new fuel ships. Moreover, we initiated capital expenditure aimed at resolving bottlenecks in the construction of new fuel ships after being certified under the "Zero Emission Ship Construction Promotion Project," which is jointly sponsored by the Ministry of the Environment and Ministry of Land, Infrastructure, Transport and Tourism. In addition, we launched discussions involving a total of seven shipping and shipbuilding companies in Japan to establish standard specifications and designs for liquified CO<sub>2</sub> carriers. As such, we have made a major step forward toward achieving zero emissions in 2050.

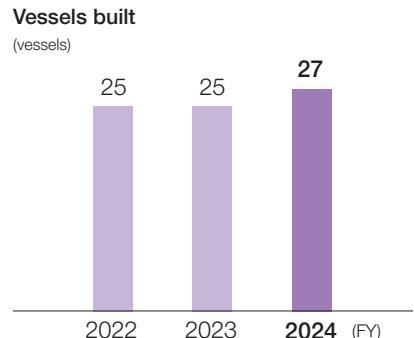
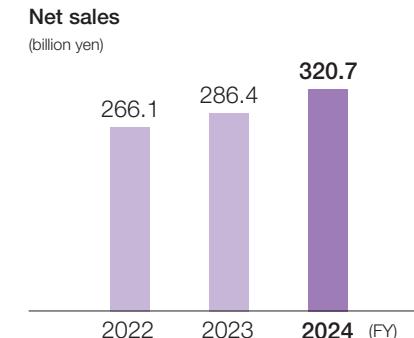
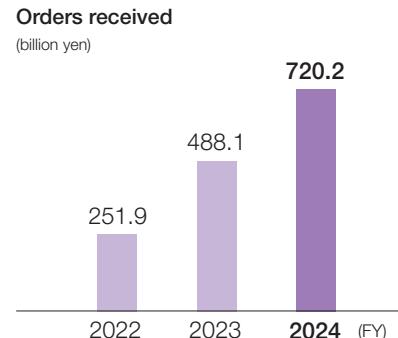
## Naval ships business

Against the background of the increased national defense budget, which led to a growing number of naval ship repair projects, we proactively handled the major renovation of large naval ships, the repair of U.S.-owned naval ships, and other projects requiring highly sophisticated skills. We have also made steady progress in constructing arctic research vessels, icebreaking patrol ships, minesweepers, and other ships.

## Offshore and engineering business

A floating offshore wind power generation project run by a consortium whose membership includes JFE Engineering and ourselves, was adopted as a pilot project under the GI Foundation Phase 2. Thus, we launched R&D aimed at achieving the widespread adoption of this power generation method.

## Fiscal 2024 results



## PHILOSOPHY

Contribute to societal development through technology and *monozukuri* in the shipbuilding and marine sectors.

## Future Initiatives

In the current fiscal year, we will formulate a medium-term business plan spanning five years leading up to fiscal 2030. By doing so, we will crystallize and promote business strategies that enable us to undertake ongoing investment in businesses, technologies, and human resources.

## Merchant ships business

We will enhance the competitiveness of our new fuel ships through the execution of major capital expenditure as well as the DX of design and production processes. In this way, we will keep the annual number of ships built unchanged from the conventional level even as we pursue sales growth.

## Naval ships business

We anticipate expansion in business opportunities related to the repair of both naval ships and merchant ships due to growth in the national defense budget and the introduction of new fuel ships. Accordingly, we will optimize our resources while accommodating demand, with the aim of diversifying our profit structure.

## Offshore and engineering business

In anticipation of the coming era with demand for floating offshore wind power plants, we will promote the upgrading of our elemental technologies and the development of business models. At the same time, we will focus on building offshore support vessels as well as renovating such vessels.

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## Strategies by Function

### GX Strategy: Action on Climate Change Problems

#### Basic Approach

The JFE Group positions climate change as an important management issue and has formulated the Environmental Management Vision 2050 with the aim of achieving carbon neutrality by 2050. To achieve these goals, JFE Steel is striving to introduce innovative technologies and expand the green steel supply. Support from government industrial policies and social collaboration are indispensable to these efforts, and the Company is proactively providing policy recommendations,

both individually and through industry organizations. In particular, through recommendations related to GX and energy policies, we are contributing to the realization of a sustainable society. In addition, when participating in industry organizations and initiatives, the Group regularly affirms its policies and positions then makes revisions as necessary. Crucial decisions are deliberated and finalized by the Group Management Strategy Committee and the Board of Directors.

#### Supplying Green Steel JGreeX™

From 2023, JFE Steel began supplying JGreeX™, a steel product with significantly reduced GHG emissions in the steelmaking process compared to conventional products. We use the mass balance method to calculate the reduction achieved by JFE Steel's GHG emission reduction

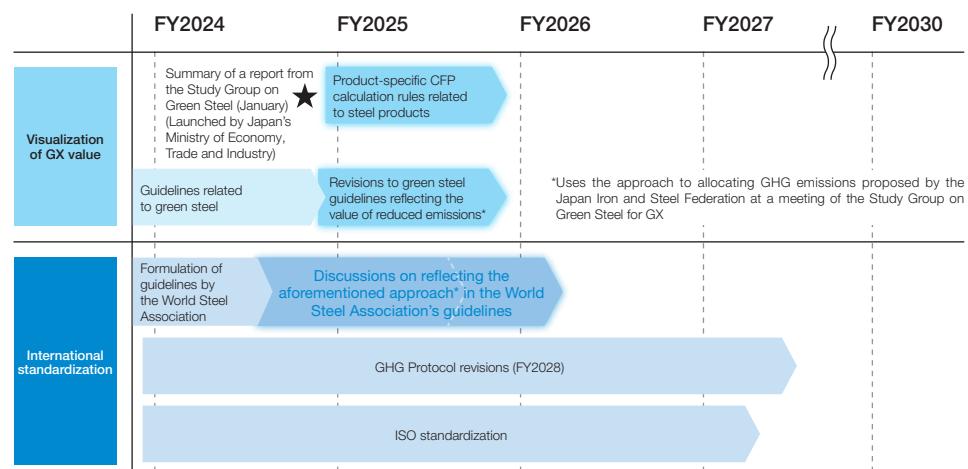
technology and receive third-party certification. Then, the amount of the reduction can be allocated to any related steel product. By supplying this green steel with high environmental value, we help customers reduce GHG emissions related to steel use.

#### Expanding green steel demand

- To achieve carbon neutrality by 2050, amid efforts to reduce carbon in the economy and society, we will convert high-quality steel to green steel, seeking to enhance competitive advantage throughout the supply chain.
- In fiscal 2024, we expanded use of JGreeX™ into every field by stimulating demand for green steel.
- We will steadily reduce GHGs in the steel business. We aim to expand the supply capacity of green steel to 3 million tonnes/year by fiscal 2035.

#### Initiatives to standardize green steel

- The World Steel Association formulated initial guidelines in November 2024 as a first step toward international standardization, with Japan taking the initiative.
- The Japan Iron and Steel Federation began revising its guidelines to reflect the value of lower GHGs in the carbon footprint (CFP) of steel products.
- The ISO took up green steel with the aim of improving its reliability as a global standard and began work to reflect this effort in the GHG Protocol.



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## Strategies by Function

## Stance on major policies

The JFE Group views the government's GX policies as a crucial framework for achieving a sustainable society. We support the "GX 2040 Vision" outlined by the government and are advancing our business operations and environmental strategies in alignment with the direction of these policies.

Policy	Stance
GX policy	This is a national strategy that aims to achieve both decarbonization and industrial development enhancing the predictability of GX-related investments through long-term governmental policies. Robust support from the government is indispensable for decarbonization in the steel industry, including the development of infrastructure to meet increased electricity demand and higher costs associated with technology development and process transitions. Other important issues include establishing supply chains for hydrogen and ammonia, promoting CCUS, and creating markets for GX products. To ensure these policies are put into practice, the JFE Group is proactively working to provide policy recommendations and promote understanding in society through individual companies as well as industry associations.
Energy policy	The government's 7th Strategic Energy Plan outlines a policy for making renewable energy a major power source and utilizing nuclear energy in line with the principle of S+3E (Safety, Energy security, Economic efficiency, and Environment). With the decarbonization of the steel industry, especially the transition of blast furnace processes, and the forecast of significant increases in electricity demand, it will be crucial to secure stable decarbonized power sources, achieve competitive power prices, and establish power transmission infrastructure. In addition, it will be important to establish a supply structure for decarbonized fuels, including hydrogen and ammonia. To ensure the policies addressing these issues are put into practice, the JFE Group is proactively working to provide policy recommendations and promote understanding in society through individual companies as well as industry associations.
Carbon pricing	The JFE Group supports the government's growth-oriented carbon pricing concept. We expect that the introduction of the Japanese emissions trading system (GX-ETS) and a fossil fuel surcharge system will encourage investment in innovative technologies. To ensure these systems contribute to maintaining and enhancing the international competitiveness of the steel industry and are implemented in tandem with policies to foster GX product markets, the JFE Group provides policy recommendations through individual companies as well as industry associations.
Creation of GX product markets	GX products have value in reducing GHG emissions through decarbonization investments. Due to higher costs, it is difficult to generate autonomous market demand, so it will be necessary to establish a mechanism for evaluating GX value throughout society and foster a market environment. To ensure GX products are properly understood and evaluated, the JFE Group is working through public-private partnerships to formulate rules and standards as well as promote public understanding. We are also proactively participating in domestic and international industry associations and international initiatives.

## Evaluation related to major organizations we have joined

We evaluated the consistency of the main recommendations and activities published by each organization with JFE Group's aforementioned views and stances. As a result, we confirmed that the policies, stances, and policy recommendations clarified by each organization are aligned with the Group's views and stances. Going forward, we will continue to encourage constructive dialogue and exchanges of opinions with these organizations to ensure that the Group's views and stances are reflected in the activities conducted by the organizations we belong to as members.

Organization name	GX policy	Energy policy	Carbon pricing	GX product market creation
Japan Iron and Steel Federation	Aligned	Aligned	Aligned	Aligned
Keidanren (Japan Business Federation)	Aligned	Aligned	Aligned	Aligned
World Steel Association	Aligned	Aligned	Unstated position	Aligned

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## Examples of main lobbying activities and results

The JFE Group is contributing to the realization of a carbon-neutral society by advancing the development of ultra-innovative technologies and the transformation of the steelmaking process. At the same time, it is actively engaging in policy formation to enhance the sustainability of society as a whole. In particular, we hope to accelerate decarbonization and industrial competitiveness through constructive lobbying efforts that reflect the realities of the industry regarding national strategies such as GX and energy policies and by ensuring their inclusion in institutional design.



Hiroyuki Tezuka  
JFE Steel Fellow

Source: World Steel Association

Main activities	Contents	Results
Eighth GX Implementation Council held in November 2023	JFE Holdings President Yoshihisa Kitano (then President of JFE Steel and Chairman of the Japan Iron and Steel Federation) presented initiatives aimed at achieving carbon neutrality in Japan's steel industry. Regarding the necessity of government support, he recommended supporting investment in revolutionary technologies, addressing power and fuel costs, stimulating demand for green steel, and establishing infrastructure (electric power, hydrogen, CCS).	In October 2024, as a project to convert energy and manufacturing processing in industries where reducing emissions is difficult, support was introduced for the installation of innovative electric arc furnaces. The GX 2040 Vision, which was decided on at a Cabinet meeting in February 2025, includes such policies such as support for the procurement and purchase of GX products.
56th Advisory Committee for Natural Resources and Energy held in June 2024 Strategic Policy Committee	Regarding issues related to decarbonization for JFE Steel, JFE Holdings President Yoshihisa Kitano emphasized the necessity of government support related to introducing innovative electric arc furnaces, encouraging the widespread adoption of green steel, upgrading and rebuilding electricity transmission infrastructure, securing a stable supply structure for decarbonized power sources, upgrading non-fossil fuel infrastructure, and promoting a GX national strategy.	The Seventh Strategic Energy Plan, which was decided on at a Cabinet meeting in February 2025, clearly outlines the necessity of securing supply capacity, upgrading power grids (expanding local core grids), upgrading non-fossil fuel infrastructure, and providing support for introducing decarbonization technologies, and then reflects them in policy formation.
Study Group on Green Steel for GX held in November 2024	JFE Steel Fellow Hiroyuki Tezuka emphasized the importance of green steel, the status of rule formulation both domestically and internationally, and policy recommendation activities at COP29. He emphasized the importance of calculating the environmental value of reduction results.	The study group clarified the definition of green steel for GX promotion. For steel products that reflect the value of reduced emissions in steelmaking processes, they also clarified the policies such as priority procurement and purchase support from the government.
April 2025 issuance decision Capital investment support	JFE Steel has consistently highlighted the need for large-scale investment to apply decarbonization technologies and the difficulty of private sector decisions.	The government founded a project to support the conversion of energy and manufacturing processes in industries where reducing emissions is difficult. The Company's plan to introduce revolutionary electric arc furnaces was selected by that project, and it was decided that the plan would receive a maximum of ¥104.5 billion in support out of the total investment of ¥324.9 billion. We are now constructing the furnace and aim to launch operations in the first quarter of fiscal 2028.
January 2022 selection R&D support	The conventional blast furnace method cannot avoid emitting CO <sub>2</sub> from coal, and a fundamental technology conversion is needed. Japan's steel industry has striven to develop iron ore reduction technologies using hydrogen. For practical application, we will need to conduct tests at pilot facilities and establish technologies to achieve further emission reductions. Raw material restrictions and CO <sub>2</sub> emissions also pose issues to electric arc furnaces and direct reduction technologies. To solve these issues, we need R&D and applied to the GI Fund project.	JFE Steel formed a consortium with Nippon Steel, Kobe Steel, and the Japan Research and Development Center and jointly accepted a contract for a project to utilize hydrogen in steelmaking processes (GREINS) for a total of around ¥573.7 billion. The four companies will all together receive support of around ¥449.9 billion and are promoting R&D.

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## GX Strategy: Climate-related Disclosures Based on the TCFD

Support for the TCFD recommendations	JFE Holdings expressed support for the findings of the final Status Report published by the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019. We provide disclosures in line with this framework. For details, please read the JFE Group Sustainability Report. <a href="https://www.jfe-holdings.co.jp/en/sustainability/environment/climate/tcfd/">https://www.jfe-holdings.co.jp/en/sustainability/environment/climate/tcfd/</a>
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## Governance and risk management

The JFE Group positions greenhouse gas (GHG) reduction as a material issue in its Eighth Medium-term Business Plan and perpetuates PDCA cycles across its Group-wide committee structure. Under the Group Sustainability Council chaired by the President, the Group Environmental Committee manages goals and evaluates risks and opportunities. Material matters are also deliberated and supervised by the Group Management Strategy Committee and Board of Directors. The TCFD framework is used to identify and analyze climate-related risks, which are then reflected in business strategies.

## Examples of climate change-related proposals resolved by or reported to the Board of Directors

- Expression of support for the final TCFD Status Report and disclosure of information (scenario analysis, financial impacts)
- Seventh and Eighth Medium-term Business Plan (environmental management policy, GHG emission reduction and reduction contribution targets)
- Introduction of Director compensation for climate change-related indicators
- Decision making for capital investments related to GHG emission reduction, etc.

## Analysis Results

	Societal Changes	Opportunities/Risks	Expectations and Concerns of Stakeholders toward the JFE Group	Strategies and Initiatives	Financial Impact (2030–2035 assumptions)*	
					Item	Amount/scale
1.5°C scenario Important factor 1 Decarbonization in steel production processes	Increasing societal demands for decarbonization of steel production processes	Introduction of ultra-innovative technologies for drastic decarbonization	Opportunities 	JFE leading the supply of high-environmental-value steel through the introduction of ultra-innovative technologies such as EAF	<ul style="list-style-type: none"> <li>Implementation of conventional low-carbon technologies</li> <li>Introduction of large-scale EAF capable of producing high-quality steel</li> <li>Utilization of low-carbon direct-reduced iron</li> <li>Development and implementation of ultra-innovative technologies</li> <li>Studies of feasibility to commercialize CCUS</li> <li>Expansion of JGreeX™ supply capacity</li> <li>Lobbying to create demand for steel with environmental value</li> <li>Collaboration with other companies in the Japan Iron and Steel Federation to promote steel with environmental value</li> </ul>	Increase in sales of steel with added environmental value +¥120 billion to +¥150 billion per year
				Increase in investment to introduce ultra-innovative technologies such as EAF	<ul style="list-style-type: none"> <li>Reinforcement of the earnings base</li> <li>Secure funding for investments and technology development</li> <li>Lobbying for government support</li> <li>Expansion of JGreeX™ sales</li> </ul>	Amount of GX-related investment for 2025–2035 Approx. –¥0.6 trillion
		Implementation of carbon pricing	Transition risks 	<ul style="list-style-type: none"> <li>Higher financial burden due to the mandatory implementation of carbon pricing</li> <li>Further deepening/strengthening of targets due to environmental changes</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of reliable carbon-neutral technologies</li> <li>Policy engagement toward achieving carbon neutrality</li> </ul>	Increase in carbon pricing burden Approx. –¥10 billion per 1% shortfall from emissions reduction target per year

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	Societal Changes	Opportunities/Risks	Expectations and Concerns of Stakeholders toward the JFE Group	Strategies and Initiatives	Financial Impact (2030–2035 assumptions)*	
					Item	Amount/scale
1.5°C scenario Important factor 2 Increase in demand for the effective utilization of steel scrap	Increased attention on EAF process for low CO <sub>2</sub> emissions	Higher competition and prices for cold iron sources (scrap/direct-reduced iron)	Transition risks ➔	Increase in the cost of purchasing cold iron sources	<ul style="list-style-type: none"> <li>Collaboration with customers and users for scrap collection</li> <li>Establishment of technologies for use of low-grade and difficult-to-use scrap</li> <li>Participation in direct-reduced iron projects</li> <li>Expansion of scrap handling volume</li> <li>Reduction of manufacturing costs</li> <li>Passing higher costs onto steel sales prices</li> </ul>	Increase in purchase cost for cold iron sources Up to about ¥30 billion per year
		Stronger demand for electric power due to shift from BF-BOF process to EAF process	Transition risks ➔	Increase in electric power used when manufacturing steel (increase in power used, decrease in byproduct gases)	<ul style="list-style-type: none"> <li>Reduction of manufacturing costs</li> <li>Passing higher costs onto steel sales prices</li> <li>Stable supply of electric power</li> <li>Lobbying related to prices</li> </ul>	Increase in manufacturing costs due to process transition (equivalent to 0.5 nuclear power plants' worth of additional electricity usage) Up to about ¥50 billion per year
1.5°C scenario Important factor 3 Change in demand for steel for automotive use	Change in demand for automobiles	Changes in product sales mix due to EV production	Opportunities ↗	Increase in sales volume of electrical steel as material for EV motors	<ul style="list-style-type: none"> <li>Expansion of production facilities for electrical steel sheets</li> <li>Establishment of a global processing and distribution system for electrical steel sheets</li> </ul>	Increase in sales of electrical steel sheets Tripling of production capacity for top-grade non-oriented electrical steel sheets for EV main drive motors (compared to FY2024)
			Opportunities ↗	Increase in sales volume of high-strength steel to improve vehicle crash safety	<ul style="list-style-type: none"> <li>Increase in production capacity for ultra-high-strength steel sheets</li> </ul>	Increase in sales due to expanded orders for high-strength steel sheets New CGL capacity for manufacturing ultra-high-strength automotive steel sheets +360,000 tonnes
			Transition risks ➔	Decrease in steel sales volume due to decline in internal combustion engines and shift to other materials through use of multi-materials	<ul style="list-style-type: none"> <li>Development of high-performance products</li> </ul>	Decrease in sales of conventional automotive steel sheets Small impact
1.5°C scenario Important factor 4 Increase in demand for solutions promoting decarbonization	Transition to decarbonized society	Expansion of business opportunities in decarbonization and solution business	Opportunities ↗	Expansion of renewable energy related business and enhancement of initiatives for next-generation technologies, including CCUS and hydrogen	<ul style="list-style-type: none"> <li>Expansion of integrated construction and operation businesses for renewable energy plants (geothermal, solar, offshore wind, etc.)</li> <li>Development and application of CCUS solutions and commercialization of technologies related to green hydrogen and ammonia</li> </ul>	Increase in segment profit in the engineering business's CN-related fields Approx. ¥31 billion/year
			Opportunities ↗	Expansion of the waste-to-resource-related business	<ul style="list-style-type: none"> <li>Integrated construction of plants that thoroughly utilize waste</li> <li>Expansion of operation businesses (waste-to-energy power generation, recycling, etc.)</li> </ul>	Increase in segment profit in the engineering business's WtR-related fields Approx. ¥37 billion/year
			Opportunities ↗	Expansion of low-carbon business (eco-solutions) as cutting-edge energy conservation technologies developed and commercialized in Japan are offered to emerging countries	<ul style="list-style-type: none"> <li>Support for low-carbon steel manufacturing technology</li> </ul>	Increase in sales in the overseas solution business Tens of billions of yen
4°C scenario Important factor 5 Unstable procurement of raw materials due to increased frequency in climate disasters	Intensifying climate disasters alongside global warming	Instability in raw material procurement	Physical risks ➔	<ul style="list-style-type: none"> <li>Reduction in sales due to decreases in production</li> <li>Increase in raw material costs</li> </ul>	<ul style="list-style-type: none"> <li>Alternative procurement, diversification of raw material sources, and stockpiling</li> <li>Acquisition of raw material interests</li> </ul>	Decrease in sales of steel due to depletion of raw material inventories Approx. -¥30 billion per year per 1% decrease in annual sales volume
4°C scenario Important factor 6 Damages to business bases due to climate disasters	Intensifying climate disasters alongside global warming	Occurrence of typhoon, heavy rain, and drought damage at manufacturing sites	Physical risks ➔	Reduction in sales due to decreases in production	<ul style="list-style-type: none"> <li>Implementation of flood and drought countermeasures at manufacturing sites</li> </ul>	Negative impact of flooding and drought on production and sales No impact due to countermeasures in place
4°C scenario Important factor 7 National resilience	Intensifying climate disasters alongside global warming	Strengthening of infrastructure and disaster countermeasures	Opportunities ↗	Contributing to improved resilience and longevity of infrastructure	<ul style="list-style-type: none"> <li>Strengthening of businesses to meet needs for improving resilience and longevity of domestic and international infrastructure</li> <li>Increase in sales of infrastructure-related steel products</li> </ul>	Increase in sales in infrastructure field of the engineering business Further increase from around ¥12 billion/year under a 1.5°C scenario

\* Financial impact is solely an estimated figure based on scenario analysis and does not match with actual business performance.

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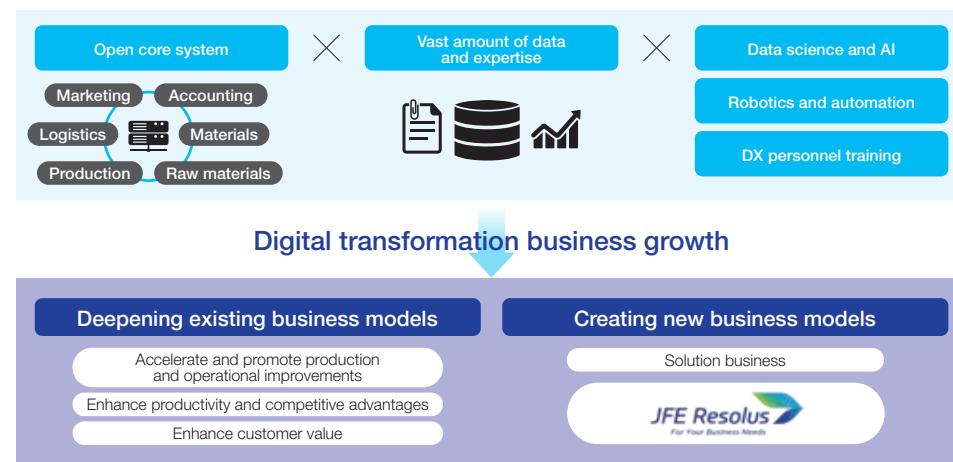
## Strategies by Function

## DX Strategy

## Fundamental Approach

The JFE Group's strengths in promoting DX come from the vast amount of data and expertise it has built up through years of experience in steel, engineering, and trading businesses. These are valuable assets that other companies cannot easily imitate, as well as sources of value creation that enable us to support society with world-class technologies. By combining these intangible assets with advanced technologies, such as AI, we are creating a wide range of products and services. Under the Eighth Medium-term Business Plan, we plan to invest ¥110 billion in DX, positioning the DX strategy at the core of our initiatives to strengthen business competitiveness.

## DX Policy



## Selected as DX Stock 2025

The JFE Group's DX initiatives are highly evaluated every year by external organizations. In recognition of its outstanding use of digital technology, JFE was the only company in the steel industry to be selected among the 31 companies that were honored with the Digital Transformation (DX) Stock 2025 designation, jointly selected by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan (IPA), from among approximately 3,800 listed companies.



Toshihiro Tanaka  
Senior Vice President  
JFE Holdings, Inc.

## JFE Group's Cybersecurity

The JFE Group positions security as an activity of equal importance to DX promotion and is working to strengthen the entire organization against increasingly advanced and sophisticated threats. Security regulations are standardized across the Group, and initiatives are advanced under a unified policy. In addition to applying universal IT measures at each Group company, we conduct regular security audits and other activities to enhance security management standards Groupwide.

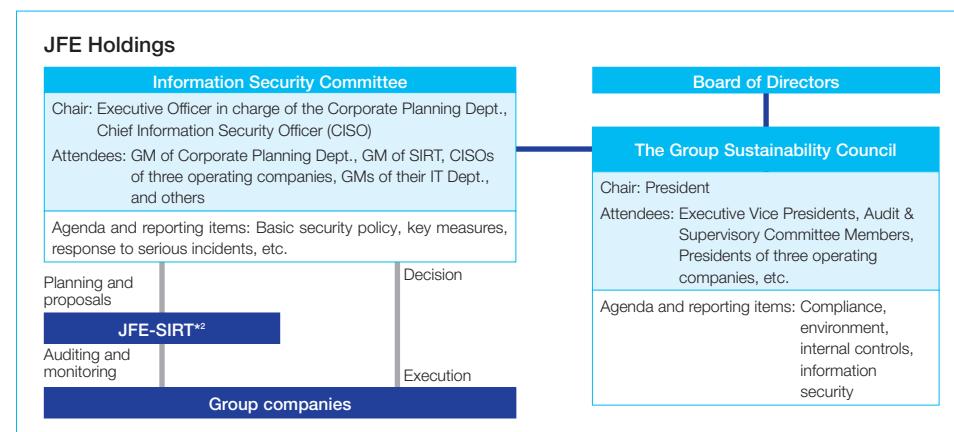
In April 2024, to accelerate DX promotion based on the Secure by Design\*1 principle, we established JFE Cyber Security & Solutions, Ltd. under JFE Steel. In tandem with strengthening our security monitoring system, the new company strengthens supply chain security across roughly 300 JFE Group companies by securing and training advanced security specialists without relying on external resources.

\*1 Secure by Design: A principle that incorporates security measures from the system design stage

## Security Management

## JFE Group's framework for digital governance and cybersecurity

The Group's digital governance and security mechanisms are incorporated into the corporate governance framework.



\*2 JFE-SIRT: As a CSIRT,\*3 JFE-SIRT is responsible not only for incident response but also for planning, proposing, and promoting Group-wide initiatives, auditing Group companies, and reviewing security policies.

\*3 CSIRT: An abbreviation for Computer Security Incident Response Team. A general term for an organization established to respond to internal computer security incidents.

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## Steel

## Progress of the Eighth Medium-term DX Policy and Opening of Core Systems

Under the Seventh Medium-term Business Plan, we promoted the introduction of cyber-physical systems (CPS) across our processes. CPS has been introduced at approximately 80% of our steelworks, where it has improved operations and reduced labor needs. Under the Eighth Medium-term Business Plan, we will advance development toward an integrated CPS that links multiple manufacturing processes.

In addition, by the end of fiscal 2025, we plan to complete the transition to open core systems at all steelworks and manufacturing sites. We will also advance flexible business process reforms utilizing the latest technologies, such as AI.

### Transition of Company-wide systems to open architecture scheduled for completion within FY2025

JFE Steel Corporation is advancing the renewal of core systems across all steelworks and manufacturing sites. In the Kurashiki district, following the renewal of the shaped steel product category in May 2023, we sequentially advanced our transition to open systems by migrating the steel sheet, electrical steel sheet, and shipping categories in August 2024, and the steelmaking and bar/rod categories in February 2025. As a result, the Kurashiki district's core systems, involving approximately 50 million steps, were fully migrated to an open environment within a short period of four years and five months.

Migration to an open environment requires temporary suspension of existing systems. Accordingly, it is necessary to avoid long stoppages in processes, such as ironmaking, steelmaking, and rolling, and to complete migration to the production environment within a limited timeframe. During the August 2024 migration, we successfully completed the migration of approximately 20 million steps during a planned plant shutdown of just 18 hours, thanks to the full cooperation of the steelworks and the united efforts of every project member, including JFE Systems, Inc.

Including the Head Office, Sendai Works, and Chita Works, 60% of JFE Steel has already completed migration to open systems. By the end of fiscal 2025, migration is scheduled to be completed for approximately 200 million steps in core systems across all steelworks and manufacturing sites.

### Steps involved in opening core systems



JFE Steel Corporation's initiatives toward building intelligent steelworks (→ p.44 Our Value Driver)

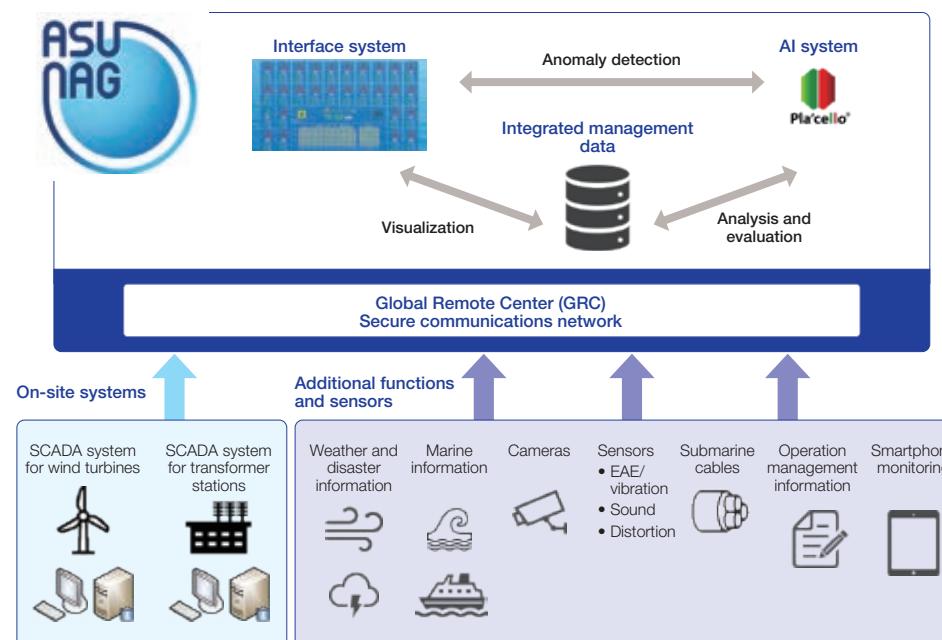
## Engineering

## JFE Engineering's DX promotion, steadily delivering results

In the engineering business, under the Seventh Medium-term Business Plan, we worked on strengthening IT/DX infrastructure security, enhancing and promoting the use of the data analytics platform Pla'cello™, and reinforcing profitability through business DX promotion. In recognition of these efforts and results, we received the 2024 IT Award (Transformation Category) from the Japan Institute of Information Technology. As a concrete result, we developed ASUNAG, an integrated remote management system for offshore wind power generation and delivered the first system in fiscal 2023.

Under the Eighth Medium-term Business Plan, we have positioned offshore wind power as one of the key initiatives of our carbon neutrality strategy. Through the smooth integration of ASUNAG with our Global Remote Center for monitoring and our proprietary Pla'cello™ platform, we deliver technology solutions that reduce labor and improve efficiency in operations management, contributing to the achievement of a carbon-neutral society.

### Overview of ASUNAG integrated remote management system for offshore wind power



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## Strategies by Function

## Intellectual Property Strategy

## Basic Approach

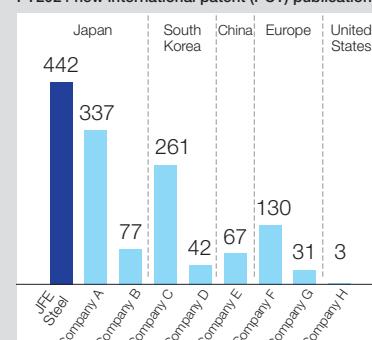
Under the corporate vision of “contributing to society with the world’s most innovative technology,” the JFE Group engages in highly creative research and development. The advanced technologies and products that result from this R&D are vital management resources of the Group and essential for maintaining its competitive advantage and achieving sustainable growth. We are committed to appropriately securing, strategically protecting, and utilizing these innovations as intellectual property (IP). The JFE Group strategically strengthens the IP generated as a result of its advanced research and development to ensure sustainable growth. The Group also encourages international standardization and engages in other activities that further enhance its competitive edge.

Additionally, JFE Steel ranked first in terms of patent asset value per patent in the Patent Asset Scale Ranking 2024 for the steel, non-ferrous metals, and metal products category, as announced by Patent Result Co., Ltd. JFE Engineering ranked second in the engineering industry in the 2024 Ranking of Companies by the Technological Influence of Patents, Measured by Forward Citations. These plaudits prove the strength of our IP.

## Results of the JFE Group's IP Activities

JFE Steel is actively working to expand its international patent applications to strengthen its global competitiveness, and the number of published international patent applications reached 442 in fiscal 2024. This is the highest number among steel companies, which shows the Company's active engagement in IP activities. These efforts have been highly regarded internationally, and JFE Holdings achieved a remarkable milestone by being selected for the first time for the Innovation Momentum 2025: The Global Top 100. This award is presented by LexisNexis to recognize 100 innovative companies leading the future of science and technology worldwide. This reflects the strong acclaim for JFE Steel's technological innovations and IP strategy, and the global recognition of the Group's accomplishments through its IP activities.

## FY2024 new international patent (PCT) publications



The JFE Group's IP activities have also received high praise from various organizations and institutions in Japan, including in the form of multiple awards. These awards reflect the Group's advanced technological capabilities in addition to recognizing our strategic corporate activities utilizing IP. Going forward, the JFE Group will continue to position IP as an important management resource. We will expand our presence both in Japan and abroad by continuously innovating in technology and value creation.

In addition to patents, the JFE Group is also implementing brand strategies to enhance its corporate value. Through the solution business brand JFE Resolus™ for manufacturing technologies, JFE Steel (including its Group companies) provides customers with

Steel, Non-Ferrous Metals, and Metal Products  
Patent Asset Scale Ranking 2024

Ranking	Company name	Patent asset Scale (pt)	Number of patents
1	JFE Steel	33,577.9	752
2	Nippon Steel	32,485.2	1,198
3	Sumitomo Electric Industries	26,038.5	791
4	Furukawa Electric	13,364.7	387
5	Proterial	11,327.6	332

Engineering Industry  
2024 Ranking of Companies by the Technological Influence of Patents, Measured by Forward Citations

Ranking	Company name	Number of cited patents
1	Kurita Water Industries	214
2	JFE Engineering	203
3	ORGANO	101
4	NIPPON STEEL ENGINEERING	79
5	Toray Engineering	76

a wide range of manufacturing solutions cultivated through its steel technology development.  
(⇒ p. 45 Our Value Driver)

Mr. Iwao Okochi (left), Senior Vice President of JFE Steel, receiving an award from LexisNexis



## Recent major external awards related to IP and technology development

Company	Award
JFE Steel	FY2024 Chugoku Region Invention Award: Awarded by the Okayama Prefectural Governor
JFE Steel	71st (FY2024) Okochi Memorial Technology Prize
JFE Steel	FY2025 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology, Awards for Science and Technology (Development Category)
JFE Steel	59th (FY2024) Promotion of Machine Industry Award, Minister of Economy, Trade and Industry Award
JFE Engineering	50th Environmental Equipment Excellence Award, Minister of Economy, Trade and Industry Award
JFE Metal Products Corporation	FY2024 Kanto Region Invention Award: Awarded by the Japan Institute of Invention and Innovation Chairman's Prize, Chiba Prefecture

Please refer to the JFE Group Sustainability Report: <https://www.jfe-holdings.co.jp/en/sustainability/evaluation/award/>

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## Strategies by Function

## Enhancing Our IP Strategy to Support JFE Steel's Growth and Taking on Challenges

## • Strategic IP activities through IP strategy meetings

At JFE Steel, the Business, R&D, and Intellectual Property Divisions work together and regularly hold IP strategy meetings. This cross-departmental collaboration encourages strategic IP activities through discussion and decision-making across all aspects of IP, including progress management for priority patent themes, patent application strategies for key technologies, and consideration of open/close strategies.

## • Foreign patent application strategies to support global business expansion

In line with the global expansion of our business, we are actively pursuing foreign patent applications, submitting about 10 times the number of applications since JFE was established. We are also strengthening licensing with alliance partners and expanding applications for solution businesses.

## • Taking on Challenges in the Solutions Business (SB) and Leveraging the IP Landscape

We have embarked on an initiative to expand the products, technologies, and expertise we have cultivated in the steel business into new industries. By utilizing IP landscape techniques to develop seeds and uncover needs, we will create new value. As a result, JFE Steel's IP activities have evolved to an offensive approach, to better diversify businesses and develop new markets.

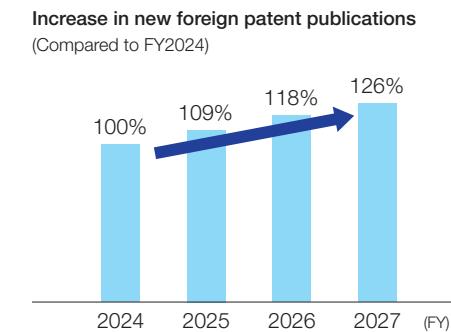
## • Increasing Motivation for Inventors and Engineers

To encourage the creation of outstanding inventions, JFE Steel established the JFE Steel Patent Award system in 2018 in addition to the existing Employee Invention System. Every year, more than ten patents are selected for recognition under the President's Award system, and multiple individual inventors are honored for their contributions.

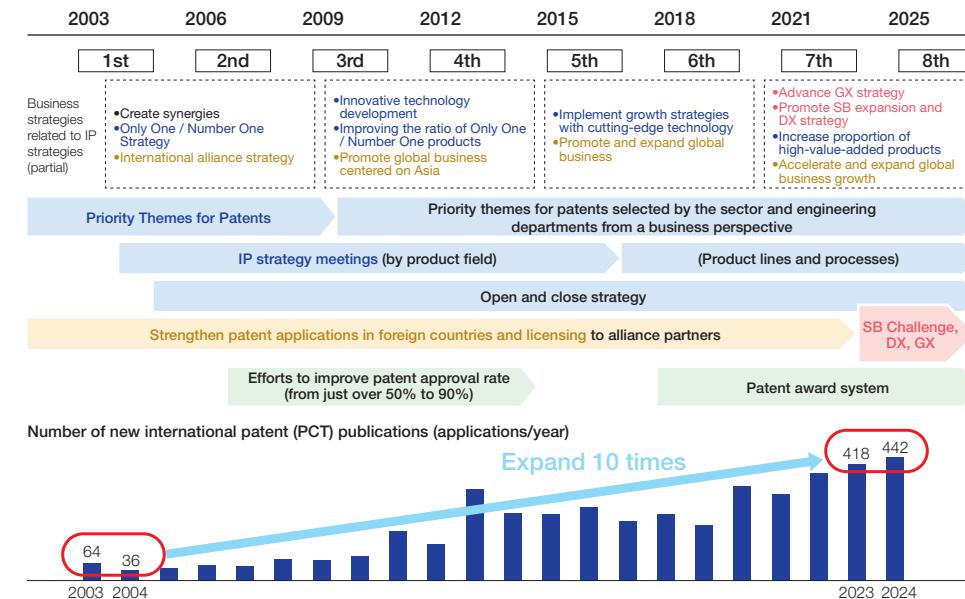
## JFE Steel's IP Activity Targets

JFE Steel is ramping up its efforts to secure IP rights in both quantity and quality to build an IP portfolio that contributes to business strategy. In particular, JFE Steel is strategically increasing its patent applications in foreign countries to support the expansion of its overseas business and aims to enhance its competitive edge in the global market.

Accordingly, we plan to increase the number of such patents 26% by fiscal 2027, compared to the number held in fiscal 2024.



## Changes in IP strategy activities



## Initiatives in International Rule-Making and Standardization

JFE Steel actively participates in the formation of international rules and standards that are essential for the steel industry. As a member of the Japan Iron and Steel Federation, JFE Steel also promotes such activities as one of the few accredited industrial standardization bodies that undertakes standardization activities. Recently, Japan has taken on the role of chair and secretariat country for the newly established Environmental Subcommittee under ISO/TC17 (Steel). In the domestic committee, JFE Steel and other companies are involved in not only developing ISO standards but also exploring the potential of using standards as a market creation strategy with various companies.\*

JFE Steel is also focused on differentiating its technology development and ensuring the appropriate protection of its IP rights. By linking standardization strategies and IP strategies with its management strategy from the R&D stage in collaboration with the Chief Standardization Officer (CSO), the Company aims to contribute to the steel industry while securing a competitive advantage within and outside the industry.

\* International industry standardization activities (Japan Iron and Steel Federation)

(→ p. 63 GX Strategy, Initiatives to standardize green steel)

Please refer to the Global Actions to Address Global Warming section of the JFE Group Sustainability Report.

[https://www.jfe-holdings.co.jp/en/sustainability/environment/steel\\_industry\\_efforts/](https://www.jfe-holdings.co.jp/en/sustainability/environment/steel_industry_efforts/)

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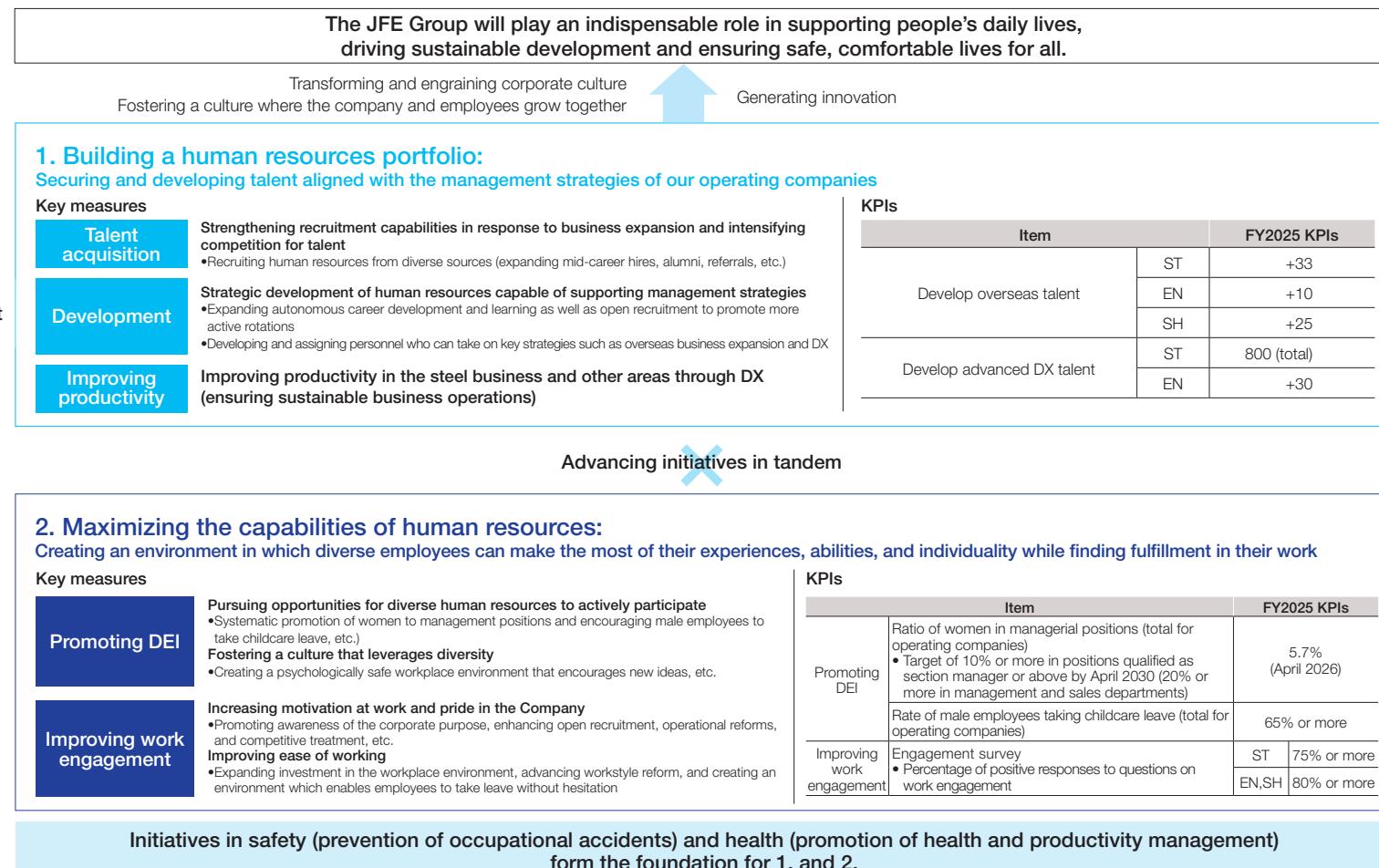
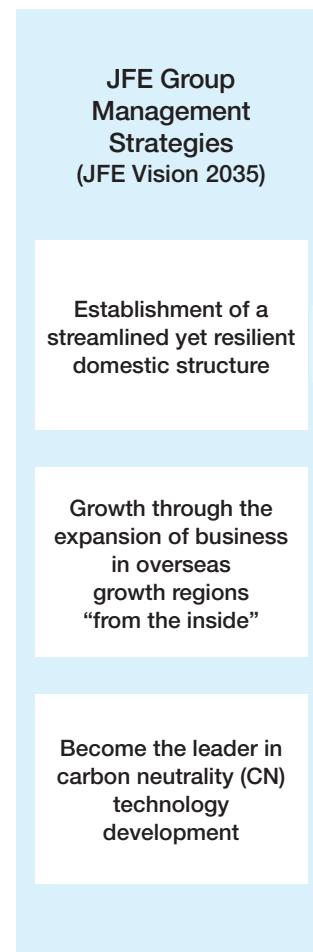
The abilities of every employee are a crucial factor in ensuring that we are able to continue enhancing our corporate value over the long term in a rapidly changing business environment.

With the aim of realizing its management strategies, the Company maximizes the skills and vitality of its employees through proactive investment in human resources according to its management strategies and related human resource strategies.

## Proactive investment in human resources

Total: Approx. ¥80 billion

(Total for operating companies under the Eighth Medium-term Business Plan)



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## Strategies by Function

## Building a human resources portfolio

We are working to secure and develop the human resources needed to execute the management strategies of our operating companies while building a portfolio that is closely linked with those strategies. To execute Groupwide management strategies, such as expanding overseas business through a “from the inside” model and establishing a streamlined yet resilient domestic production system, it is essential to continuously secure and develop overseas and DX human resources, and we are placing particular emphasis on these areas.

## Initiatives for developing specialized human resources

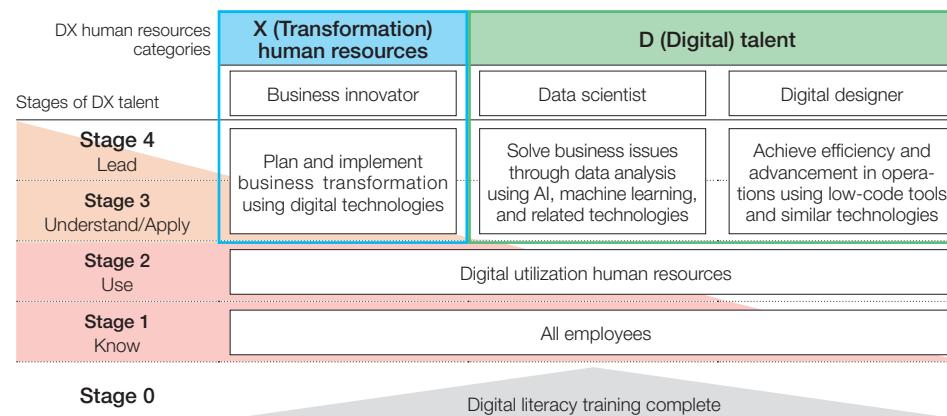
## ■ Overseas business

To cultivate a strong pool of human resources capable of driving our overseas business, we are assigning young employees to overseas posts, increasing employees who have experience working overseas, and leveraging programs for study abroad and overseas dispatch. Beginning in fiscal 2025, JFE Steel will introduce a new program under which employees may apply to study abroad and, upon returning, will be assigned to overseas divisions, thereby accelerating talent development by drawing on employees' own drive for growth. Meanwhile, at JFE Shoji, in anticipation of further localization of overseas offices, we are reinforcing the development of locally hired staff through expatriates.

## ■ Promoting DX

We are focusing on systematically developing DX talent to drive the transformation of production and business processes. At JFE Steel, we have cultivated data scientists and other specialists by reskilling employees with deep expertise in on-site operations and manufacturing processes. From fiscal 2025, we will redefine advanced DX human resources to include business innovators and digital designers, and will foster them through structured, stage-specific training programs.

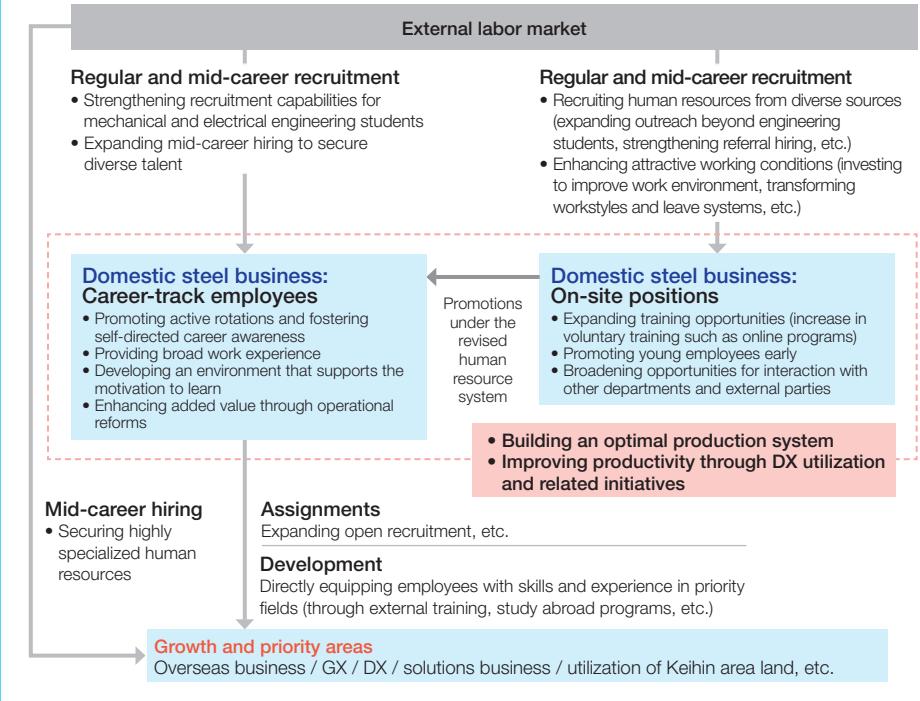
## Development framework for advanced DX human resources at JFE Steel



## JFE Steel's approach to building a human resources portfolio

Recognizing that the decline in the working-age population is a critical issue affecting business continuity, we are building a streamlined and robust structure for our domestic steel business by establishing an optimal production system and promoting automation and labor-saving through the use of DX.

On that basis, while maintaining our domestic steel business as the foundation of our operations and continuously honing the capabilities of our people, we will strengthen human resources in growth and priority areas by leveraging the depth of our pool of human resources and combining diverse measures for recruitment, development, and placement.



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## Strategies by Function

## Maximizing the Capabilities of Human Resources

## Promoting DEI

We aim to create an environment where everyone's diverse experiences, abilities, and individuality are utilized. Amid a rapidly changing business environment, we will integrate diverse values and perspectives to generate new ideas and solutions, thereby contributing to the sustainable enhancement of corporate value.

## ■ Management's commitment

Among other initiatives, we have established a committee on diversity promotion chaired by the President, where management and the diversity promotion organization work together to hold discussions and formulate and implement Company-wide policies.

## ■ Pursuing opportunities for diverse human resources to actively participate

In promoting the advancement of women, we are implementing strategic initiatives with the goal of increasing the ratio of women in managerial positions to 10% or more by 2030 (total for operating companies). These initiatives focus on three areas: recruitment, which includes expanding the pipeline of female managerial candidates through new graduate and mid-career hiring; retention, which includes strengthening internal and external networking opportunities and highlighting role models; and placement and development, which includes creating individual development plans for female employees. In addition, to foster a culture in which all employees can balance work and childcare, we are placing particular emphasis on encouraging male employees to take childcare leave.

## ■ Fostering knowledge sharing across companies

Examples of best practices in promoting DEI are regularly shared across operating companies, and joint initiatives are also undertaken. In FY2024, for example, a joint seminar was conducted on the theme of unconscious bias, which is critical to advancing DEI. We also proactively pursue exchanges with outside organizations and co-host events, thereby further strengthening our inclusive corporate culture.

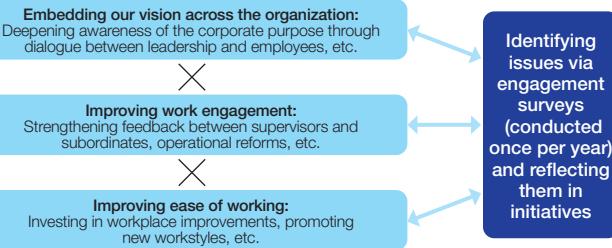


Scene from the dialogue-based DEI event jointly held by Mitsui O.S.K. Lines and JFE Steel

## Improving work engagement

Our goal is to realize an environment in which employees can work with energy and enthusiasm. By maximizing the strengths of each person in our talent portfolio, we will steadily implement our management strategies.

## Approach to improving work engagement



## Initiatives for improving work engagement at JFE Steel

At JFE Steel, management has identified improving work engagement as a key management issue for sustainable development. In fiscal 2024, we began the ReFuture PROJECT, a corporate reform initiative aimed at enhancing work engagement and fostering mutual growth of the Company and employees, with the President acting as project owner. Within the Human Resource Strategy Headquarters, the Culture Transformation Section is taking the lead on the overall project, working in collaboration with related departments to continuously roll out a series of initiatives.

Item	Result
1. Formulating our vision	Embedding our corporate purpose, vision, and values
2. Operational reforms	Reviewing business processes, promoting digitalization, and improving operations by putting our values into practice, etc.
3. Improving the workplace environment	Realizing a more comfortable work environment through focused investment in offices and other facilities, mainly at manufacturing sites
4. Reviewing personnel and compensation systems	Embedding management practices aligned with the intent of revisions, and diversifying workstyles and leave-taking among on-site employees, etc.
5. Transforming communication	Promoting corporate culture transformation through two-way dialogue (e.g. management ↔ employees, general managers ↔ subordinates)
6. Improving management, etc.	Promoting management aligned with the corporate purpose, vision, and values through the restructuring of management training and other measures
7. Supporting growth and career autonomy	Expanding voluntary training programs and open recruitment-based transfers
8. Enhancing psychological safety, etc.	Promoting soft initiatives that lead to changes in awareness and behavior to enhance psychological safety and transform organizational culture



Scene from a business site dialogue session led by the President



Example of new office construction to improve the workplace environment (Kurashiki district)

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## Strategies by Function

## Safety and Health

## Preventing workplace accidents

We believe that providing a safe working environment and preventing workplace accidents form the foundation for growth and are fundamental requirements for enabling diverse employees to work with peace of mind. Accordingly, we have set KPIs on the number of fatal accidents (zero) and on the lost-time injury frequency rate. We are working to establish a safe environment for all employees, including those of partner and contractor companies.

## ■ Thorough development of people and organizations with strong safety capabilities

At JFE Steel, to prevent similar and repeated accidents, we are focusing on such initiatives as engaging in frank dialogue with frontline workers to identify and address risks as well as thoroughly reviewing all incidents, including near misses, to implement necessary measures Company-wide. In addition, all business sites have obtained certification under the international standard ISO 45001 (JIS Q 45001), and we are conducting autonomous and systematic occupational health and safety management. At JFE Shoji, safety managers are assigned to each Group company to share knowledge and information, supporting the enhancement of overall occupational health and safety activities.

## Key points of the PDCA cycle at JFE Steel



## Enhancing equipment through essential safety measures and leveraging DX

Under the Eighth Medium-term Business Plan, we will continue safety investments on the same scale as under the Seventh Medium-term Business Plan (around ¥10 billion per year) across all operating companies. These efforts include completing separating operating equipment from people through facility modifications, as well as further promoting multifaceted occupational health and safety management (such as monitoring and detection) by leveraging DX. For example, at JFE Steel, we are accelerating initiatives that use DX to provide protection so that even if a human error occurs, injuries are prevented. DX-related safety investments are being expanded to approximately 2.5 times the level of the Seventh Medium-term Business Plan. At JFE Engineering as well, we are actively applying DX in ways tailored to the operational characteristics of construction work, such as reducing work done at high elevation by using drones for high-precision 3D measurements.



Equipment automatically shuts down when the AI camera detects a person (JFE Steel)

Reducing high-elevation work using high-precision 3D measurement results from drones (JFE Engineering)

## Promoting health management

In collaboration with health insurance unions and industrial health staff, we are working to maintain and enhance employee health. Beginning with the Eighth Medium-term Business Plan, we have set as a top priority increasing the number of employees who are able to work in good physical and mental health with high performance (reducing presenteeism). To achieve this, we are systematically implementing a range of measures, including support for early detection and continued treatment, smoking cessation programs, and initiatives to improve sleep.

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## The Business Foundation Supporting Our Corporate Value

### Management Organization

#### Executive Structure (as of July 1, 2025)

##### Directors



**Yoshihisa Kitano**

Representative Director

Date of birth: February 20, 1958

- 1982 Joined Kawasaki Steel Corporation
- 2019 Representative Director, President and CEO of JFE Steel Corporation, Representative Director of JFE Holdings, Inc.
- 2024 Representative Director, President and CEO of JFE Holdings, Inc. (current post)

Mr. Kitano has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations in steelmaking technology and production control departments, and execution of duties as Corporate Officer such as supervision of steelworks and overseas business, corporate planning, and IT in JFE Steel Corporation.



**Masayuki Hirose**

Representative Director

Date of birth: November 19, 1963

- 1986 Joined Kawasaki Steel Corporation
- 2024 Representative Director, President and CEO of JFE Steel Corporation (current post), Representative Director of JFE Holdings, Inc. (current post)

Mr. Hirose has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in sales of steel products at JFE Steel and business management at Group companies, and execution of duties as Corporate Officer in management divisions such as corporate planning, general administration, and procurement.



**Masashi Terahata**

Representative Director

Date of birth: October 31, 1959

- 1982 Joined Kawasaki Steel Corporation
- 2018 Representative Director and Executive Vice President of JFE Steel Corporation
- 2019 Representative Director and Executive Vice President of JFE Holdings, Inc. (current post)

Mr. Terahata has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations such as general administration and legal departments in the Company as well as operations in human resource and labor administration departments, and execution of duties as Corporate Officer in management divisions such as accounting, finance, and procurement at JFE Steel Corporation.

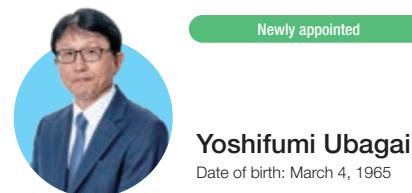


**Kazuyoshi Fukuda**

Date of birth: March 1, 1962

- 1986 Joined Kawasaki Steel Corporation
- 2024 Representative Director, President and CEO of JFE Engineering Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Fukuda has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in sales and engineering work related to water and sewage facilities at JFE Engineering, business management at subsidiaries of JFE Engineering, and execution of broad duties as Corporate Officer in promoting the recycling business and supervising overseas businesses.



**Yoshifumi Ubagai**

Date of birth: March 4, 1965

- 1987 Joined Kawasaki Steel Corporation
- 2025 Representative Director, President and CEO of JFE Shoji Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Ubagai has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in sales of steel products at JFE Steel and business management at Group companies, and execution of duties as Corporate Officer in administration and sales departments.

##### Directors (Audit & Supervisory Committee Members)

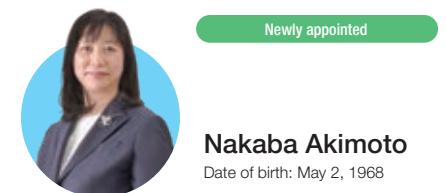


**Nobuya Hara**

Date of birth: December 11, 1961

- 1984 Joined NKK Corporation
- 2016 Audit & Supervisory Board Member of JFE Steel Corporation (current post)
- 2017 Audit & Supervisory Board Member of JFE Holdings, Inc.
- 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

Mr. Hara has abundant experience and knowledge in finance and accounting that he has accumulated through operations related to corporate planning, accounting, and finance at JFE Steel Corporation as well as accounting operations at the Company. He also has abundant experience and knowledge gained through corporate management operations at the group companies of JFE Steel Corporation, in addition to duties as its Audit & Supervisory Board Member.



**Nakaba Akimoto**

Date of birth: May 2, 1968

- 1991 Joined NKK Corporation
- 2022 Audit & Supervisory Board Member of JFE Holdings, Inc., Audit & Supervisory Board Member of JFE Engineering Corporation (current post), Audit & Supervisory Board Member of JFE Shoji Corporation (current post)
- 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

Ms. Akimoto has abundant experience in properly designing and operating the Group's internal control systems and other operations through work in legal affairs of the Company and JFE Steel Corporation, the Group's core company. She also has insights as a lawyer in the State of New York, U.S. In addition, she is currently serving as an Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Corporation. Based on such experience and knowledge, she is capable of accurately and fairly auditing the execution of duties by the Directors.

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## The Business Foundation Supporting Our Corporate Value

## Outside Executive Structure (as of July 1, 2025)

## Directors



Independent Executive  
Nomination Committee Member

**Yoshiko Ando**

Date of birth: March 17, 1959

Apr. 1982 Joined Ministry of Labour  
Jul. 2013 General Manager, Workers' Compensation Division, Labour Standards Bureau of Ministry of Health, Labour and Welfare  
Jul. 2014 Director-General, Equal Employment and Child and Family Bureau of Ministry of Health, Labour and Welfare  
Oct. 2015 Director-General for Labour of Ministry of Health, Labour and Welfare  
Jun. 2016 Director-General for Statistics and Information Policy of Ministry of Health, Labour and Welfare  
Jul. 2017 Director-General for Human Resources Development of Ministry of Health, Labour and Welfare  
Jul. 2018 Retired from Ministry of Health, Labour and Welfare  
Jun. 2020 Director of JFE Holdings, Inc. (current post)

**Significant concurrent posts**

- Outside Director of Kirin Holdings Company, Limited
- Outside Director of Sansei Technologies, Inc.



Newly appointed  
Independent Executive  
Chairperson of Nomination Committee  
Remuneration Committee Member

**Takuya Shimamura**

Date of birth: December 25, 1956

Apr. 1980 Joined Asahi Glass Co., Ltd. (current AGC Inc.)  
Jan. 2013 Senior Executive Officer and President of Electronics Company of AGC Inc.  
Jan. 2014 President & CEO of AGC Inc.  
Mar. 2015 Representative Director and President & CEO of AGC Inc.  
Jan. 2021 Representative Director & Chairman of AGC Inc.  
Mar. 2021 Director & Chairman of AGC Inc. (current post)  
Jun. 2022 Audit & Supervisory Board Member of JFE Holdings, Inc.  
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

**Significant concurrent posts**

- Director and Chairman of AGC Inc.
- Outside Director of EBARA CORPORATION



Independent Executive  
Chairperson of Remuneration Committee

**Keiichi Kobayashi**

Date of birth: June 24, 1959

Apr. 1985 Joined Furukawa Electric Co., Ltd.  
Apr. 2016 Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division of Furukawa Electric Co., Ltd.  
Apr. 2017 President and Representative Director of Furukawa Electric Co., Ltd.  
Apr. 2023 Chairman of the Board of Furukawa Electric Co., Ltd. (current post)  
Jun. 2024 Director of JFE Holdings, Inc. (current post)

**Significant concurrent posts**

- Chairman of the Board of Furukawa Electric Co., Ltd.
- Outside Director of NTT DATA Japan Corporation

## Directors (Audit &amp; Supervisory Committee Members)



Newly appointed  
Independent Executive  
Nomination Committee Member  
Remuneration Committee Member

**Tsuyoshi Numagami**

Date of birth: March 27, 1960

Apr. 2000 Professor of Graduate School of Commerce and Management of Hitotsubashi University  
Jan. 2011 Dean of Graduate School of Commerce and Management of Hitotsubashi University  
Dec. 2014 Board Member and Executive Vice President of Hitotsubashi University  
Apr. 2018 Professor of Graduate School of Business Administration of Hitotsubashi University  
Jun. 2018 Audit & Supervisory Board Member of JFE Holdings, Inc.  
Apr. 2023 Professor of Institute for Business and Finance of Waseda University (current post)  
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

**Significant concurrent posts**

- Professor of Institute for Business and Finance of Waseda University
- Outside Director of Tokyo Century Corporation
- Outside Director of EBARA CORPORATION



Newly appointed  
Independent Executive  
Remuneration Committee Member

**Naoto Nakamura**

Date of birth: January 25, 1960

Apr. 1985 Admitted to the bar  
Apr. 1985 Joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto)  
Apr. 1998 Founder and Partner in Hibya Park Law Offices  
Feb. 2003 Founder and Partner in Nakamura Naoto Law Offices (current Nakamura, Tsunoda & Matsumoto)  
Apr. 2023 Established Nakamura Law Firm (current post)  
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

**Significant concurrent posts**

Attorney at Nakamura Law Firm

Please see p.80 for skill matrix.

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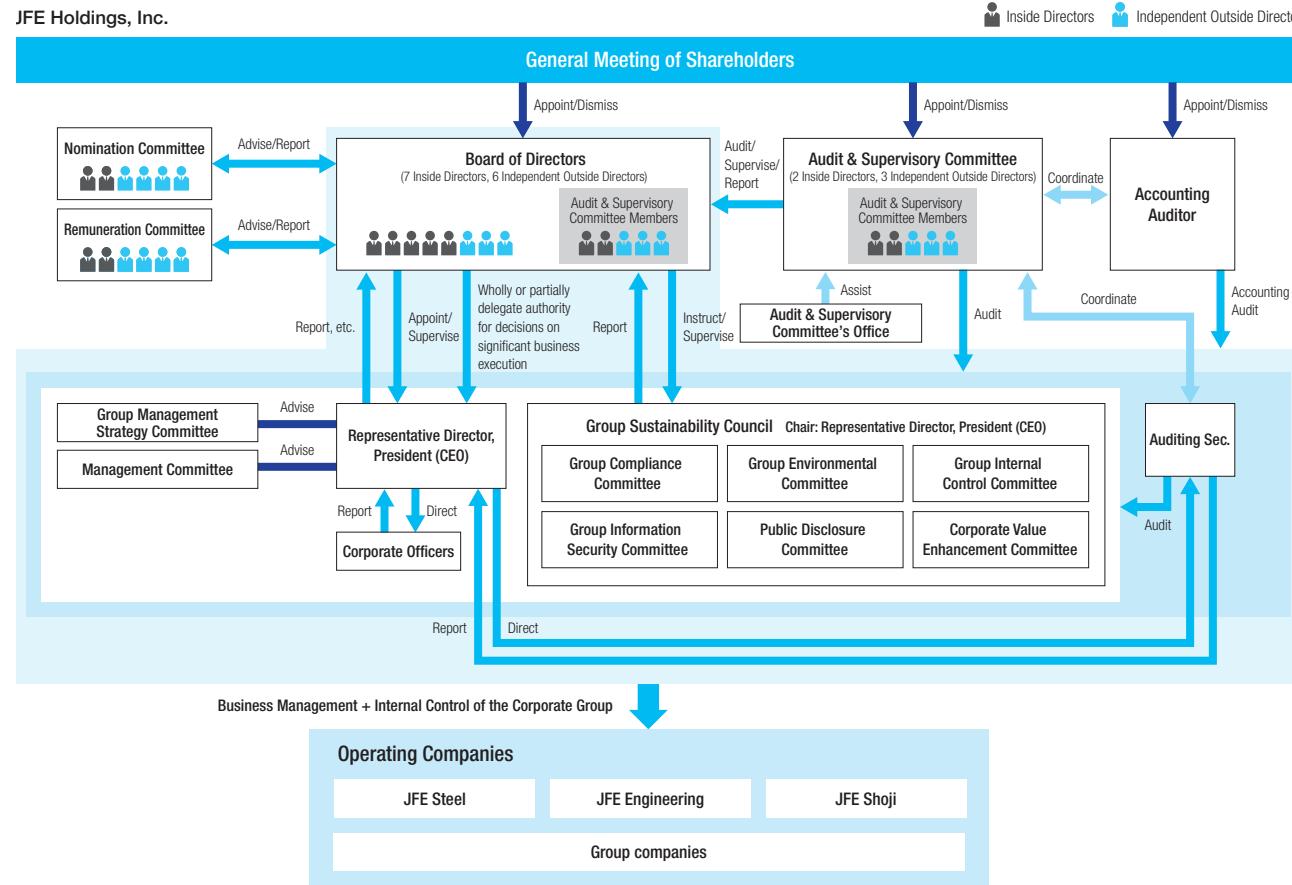
## The Business Foundation Supporting Our Corporate Value

## Corporate Governance

With the steel business, engineering business, and trading business at its core, the JFE Group develops a broad range of businesses in a wide range of areas together with many Group companies and partners.

Establishing a proper governance system is essential toward improving independence and raising efficiency in each operating company, along with the optimal management of risks, which include those related to the environment, safety, and disaster prevention in the Group. It is also necessary for the sustainable growth of the Group and the medium- to long-term improvement of its corporate value.

## Corporate governance system



## Overview of the Corporate Governance System

JFE Holdings established the Basic Policy on Corporate Governance with the aim of ensuring the Company and the JFE Group realize sustainable growth, enhance medium- to long-term corporate value, and pursue best governance practices in line with its corporate vision.

## Basic Policy on Corporate Governance

<https://www.jfe-holdings.co.jp/en/common/pdf/company/info/basic-policy.pdf>

## Corporate Governance Report

<https://www.jfe-holdings.co.jp/en/common/pdf/company/info/corporate-governance.pdf>

## Group System and Governance System

The JFE Group comprises a holding company and three operating companies: JFE Steel, JFE Engineering, and JFE Shoji.

JFE Holdings, a pure holding company at the core of the Group's integrated governance system, guides Groupwide strategy, risk management, and public accountability.

Each operating company has developed its own business execution system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.

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## The Business Foundation Supporting Our Corporate Value

Highlight

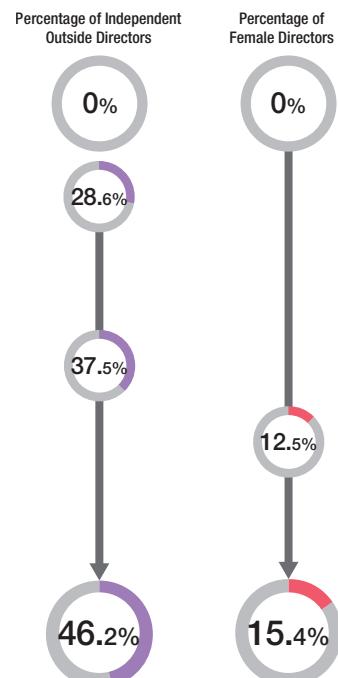
### Transition to a company with an Audit & Supervisory Committee

The Company has constructed the following corporate governance system aimed at continuously increasing corporate value and the common interest of shareholders by reinforcing the fairness, objectivity, and transparency of management. Upon the approval of the Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned to a company with an Audit & Supervisory Committee to further strengthen the supervisory function of the Board of Directors by accelerating decision-making and enhancing the discussion of management policies and strategies within the Board of Directors.

## The Company's initiatives to strengthen the Governance System

■ Review of the composition of the Board of Directors ■ Strengthened monitoring of the Board of Directors  
 ■ Delegation of authority to executive officers

FY2002	Established JFE Holdings, Inc.
FY2007	<ul style="list-style-type: none"> <li>■ Elected two Outside Directors</li> <li>■ Shortened the term of Directors from two years to one year</li> </ul>
FY2015	<ul style="list-style-type: none"> <li>■ Established the Basic Policy on Corporate Governance</li> <li>■ Established the Nomination Committee and Remuneration Committee</li> <li>■ Initiated evaluation of the effectiveness of the Board of Directors</li> </ul>
FY2017	<ul style="list-style-type: none"> <li>■ Elected Presidents of Operating Companies as Directors</li> <li>■ Increased the number of Outside Directors from two to three</li> </ul>
FY2020	<ul style="list-style-type: none"> <li>■ Elected one female Director</li> </ul>
FY2022	<ul style="list-style-type: none"> <li>■ Delegation of authority to executive officers by reviewing the standards for agenda items for meetings of the Board of Directors</li> </ul>
FY2025	<ul style="list-style-type: none"> <li>■ Transition to a company with an Audit &amp; Supervisory Committee</li> </ul>



By further strengthening corporate governance,  
we aim to achieve sustainable growth and enhance corporate governance.

## Overview of the corporate governance system

Organizational design	Company with an Audit & Supervisory Committee					
Term for Directors	Directors (excluding Directors who are Audit & Supervisory Committee Members)	1 year				
	Directors who are Audit & Supervisory Committee Members	2 years				
Composition of the Board of Directors	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Directors (excluding Directors who are Audit &amp; Supervisory Committee Members)</td><td style="width: 50%; padding: 5px;">8 (including 3 Outside Directors/1 female Director)</td></tr> <tr> <td style="padding: 5px;">13 Directors (including 6 Outside Directors)</td><td style="padding: 5px;">5 (including 3 Outside Directors/1 female Director)</td></tr> </table>		Directors (excluding Directors who are Audit & Supervisory Committee Members)	8 (including 3 Outside Directors/1 female Director)	13 Directors (including 6 Outside Directors)	5 (including 3 Outside Directors/1 female Director)
Directors (excluding Directors who are Audit & Supervisory Committee Members)	8 (including 3 Outside Directors/1 female Director)					
13 Directors (including 6 Outside Directors)	5 (including 3 Outside Directors/1 female Director)					
Corporate Officer system	Adopted					
Voluntary advisory bodies	Nomination Committee and Remuneration Committee					

## Appointment of Independent Outside Directors

We elect Independent Outside Directors so that one-third or more of the Directors are Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance, such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge and satisfy our independence standards. Currently, of the 13 Directors, six are Independent Outside Directors.

Standards for Independence of Outside Directors of JFE Holdings, Inc.  
<https://www.jfe-holdings.co.jp/en/common/pdf/company/info/independence.pdf>

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## Approach to Diversity in the Board of Directors

With regard to the composition of the Board of Directors, following deliberations by the Nomination Committee, the Company elects Officers by focusing on the enhancement of Board member diversity (such as their expertise, knowledge, and experience in various fields) while balancing this with the appropriate size of the Board. The Company is working to enhance gender and global diversity mainly by electing

		Corporate management/Management strategy	Sustainability/Environment	Technology/ DX	Finance/ Accounting	Internal control/ Governance	Legal/ Compliance	Personnel and labor, Human resources development	Sales/ Marketing	Operation with knowledge
Directors	Inside	Yoshihisa Kitano <small>Nomination Committee Remuneration Committee</small>	●	●	●		●			Steel
		Masayuki Hirose <small>Nomination Committee</small>	●	●			●		●	Steel
		Masashi Terahata <small>Remuneration Committee</small>	●	●		●	●	●	●	Steel/Trading
	Outside	Kazuyoshi Fukuda	●	●	●		●		●	Engineering
		Yoshifumi Ubagai	●	●			●		●	Steel/Trading
		Yoshiko Ando <small>Nomination Committee</small>		●			●	●	●	—
		Takuya Shimamura <small>Nomination Chair Remuneration Committee</small>	●	●			●		●	—
Directors who are Audit & Supervisory Committee Members	Inside	Keiichi Kobayashi <small>Remuneration Chair</small>	●	●	●		●		●	—
		Nobuya Hara	●			●	●			Steel
	Outside	Nakaba Akimoto					●	●		Steel/ Engineering/ Trading
		Tsuyoshi Numagami <small>Nomination Committee Remuneration Committee</small>	●			●	●		●	—
		Yoshihisa Suzuki <small>Nomination Committee</small>	●	●	●		●		●	—
	Naoto Nakamura <small>Remuneration Committee</small>	●				●	●			—

Directors who possess a wealth of knowledge and experience in management in global enterprises. Two female Directors have been appointed. The Company will continue to systematically engage in initiatives to foster such human resources suitable for candidates for Directors by setting specific targets. We have identified skills for the Board of Directors that are necessary for the management of the Company, and arranged the main skills of each director in a matrix, as follows.

## Nomination Committee and Remuneration Committee

The Company has maintained the Nomination Committee and the Remuneration Committee, which act as advisory bodies of the Board of Directors, to ensure fair, objective and transparent personnel affairs and remuneration of the Board of Directors. Both committees comprise a majority of Outside Directors, and the chairpersons are determined from Outside Directors.

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the basic policies on the election and dismissal of the President of the Company, proposals for the election of candidates for the President of the Company, succession plans of the President of the Company, and the nomination of candidates for Outside Directors. Four meetings were held in fiscal 2024. All committee meetings had 100% attendance rates. The Remuneration Committee deliberates matters pertaining to the basic stance on the remuneration of Directors, etc., of the Company and each operating company and reports to the Board of Directors. Five meetings were held in fiscal 2024. All committee meetings had 100% attendance rates.

## Board of Directors Discussions

JFE Holdings' Board of Directors is responsible for maintaining and enhancing management efficiency and passing resolutions as legally required, laying down key management policies and strategies and supervising operational execution. The Audit & Supervisory Committee oversees management for the purpose of strengthening its soundness.

## ■ Main discussion topics

- Progress of the Seventh Medium-term Business Plan
- Formulation of JFE Vision 2035 and Eighth Medium-term Business Plan
- Large-scale investments (constructing a CGL for JFE Steel West Japan Works (Fukuyama district), acquiring a stake in the Blackwater coal mine in Australia, etc.) and following up on investments
- Initiatives related to sustainability issues (carbon neutrality initiatives, governance structure revisions, evaluating and revising KPIs for material issues of corporate management, etc.)

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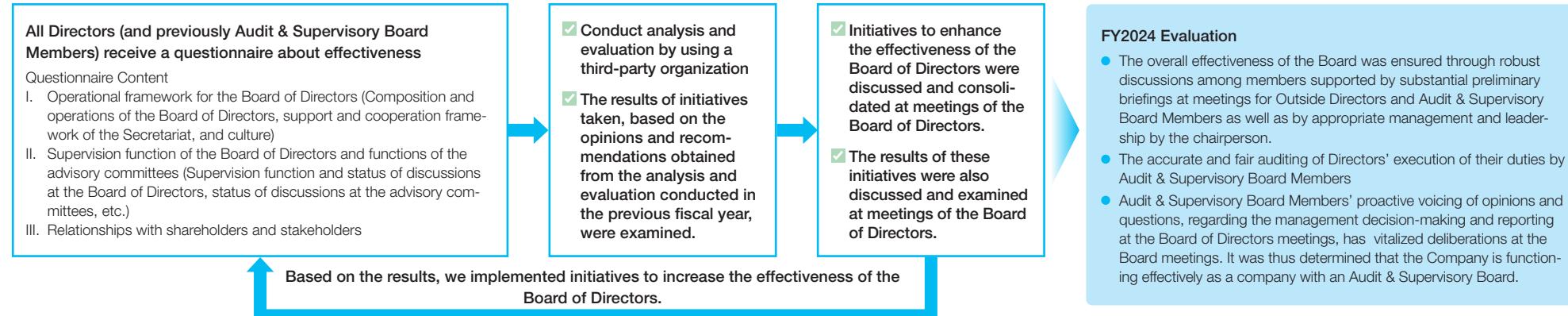


The Business Foundation Supporting Our Corporate Values

## Evaluation of Effectiveness of the Board of Directors

At JFE Holdings, the effectiveness of the Board of Directors is evaluated based on the Basic Policy on Corporate Governance. The process for evaluating effectiveness and the evaluation results are as follows.

## Process for Evaluating the Effectiveness of the Board of Directors



Issues in the FY2023 Effectiveness Evaluation

- Sustainable corporate growth depends upon considering the ideal state of the Group and its long-term strategies while at the same time further deepening discussions on human capital management and respect for human rights as well as other material management issues.
- From the perspective of enhancing corporate value, we must organize the agenda items for Board of Directors meetings to establish a balance between speedy decision-making with supervisory functions. We must also continue to consider the governance structure, including ways to further enhance diversity.
- To further strengthen risk management across the entire Group, we must continuously consider ways to develop our reporting of risk information, including that of subsidiaries and affiliates, to the Board of Directors.

## FY2024 Initiatives

- Reports were made at meetings of the Board of Directors concerning the direction and other facets of the Group's vision, JFE Vision 2035, together with the Eighth Medium-Term Business Plan, which is its growth strategy for achieving this vision, at each stage of consideration, and the Board of Directors held discussions on medium- and long-term corporate value enhancement.
- Reports were made at meetings of the Board of Directors concerning sustainability issues. These included the human resources strategy that supports management strategy, DE&I initiatives, the results of engagement surveys, the Company's response to the surveys, and progress on the implementation and expansion of human rights due diligence aimed at ensuring respect for human rights. The Board of Directors discussed these issues on an ongoing basis.
- The Company conducted surveys to ascertain the status of compliance at Group companies and to support initiatives. The findings and responses to these surveys were reported at meetings of the Board of Directors, and it engaged in discussions regarding risk management.
- The Company decided to transition to a company with an Audit & Supervisory Committee to further strengthen the supervisory function of the Board of Directors by accelerating decision-making and enhancing the discussion of management policies and strategies within the Board of Directors. Moving forward, the Board of Directors will continue to work toward improving governance based on ongoing discussions.

## Issues in the FY2024 Effectiveness Evaluation

- Pursuant to the transition to a company with an Audit & Supervisory Committee, the Board of Directors should engage in fuller discussions concerning its vision for the future, including its approach to the delegation of executive authority and the scale and diversity of the Board of Directors.
- In addition to important management issues that are discussed on an ongoing basis, such as human capital management and respect for human rights, the Board of Directors should further enhance discussions aimed at analyzing and improving the Company's market valuation.
- The Company should enhance reporting to the Board of Directors on risk information, including that of subsidiaries and affiliates, to further strengthen risk management across the Group.

Initiatives will be proactively undertaken to further increase the effectiveness of the Board of Directors and enhance the corporate value of the Group.

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### Support for Directors

A Board of Directors' Secretariat is set up in the General Administration Department to support Outside Directors with necessary communication and arrangements, etc.

Furthermore, dedicated staff to support the duties of the Audit & Supervisory Committee, which is composed primarily of Outside Directors who are Audit & Supervisory Committee Members, are allocated in the Audit & Supervisory Committee's Office.

Directors are provided with opportunities and funding to receive uniquely tailored training when they are appointed and on an ongoing basis in legal matters, corporate governance, risk management, and other subjects that help them fulfill their roles and duties. In addition, the Company provides Outside Directors with briefings, etc. prior to the Board of Directors

meetings, and gives materials and explanations on each agenda item.

Furthermore, the Company strives to provide adequate information necessary for execution of their duties by providing explanations on important management issues of the Company and the Group companies from time to time, and offering opportunities such as exchanges of opinions with the senior management including the President, attendance of hearings of important business reporting by each department as necessary, convening of Board of Directors meetings at major business bases and inspections of Group companies, etc. In addition, meetings exclusively for Outside Directors serve as venues for freely exchanging information from an independent, objective standpoint.

### FY2024 Results

#### Board of Directors Briefings 12 times

#### Board of Directors meetings convened at major business bases

#### 1 time JFE Steel East Japan Works (Chiba district)

#### Tours of major business bases and Group Companies

- JFE Steel West Japan Steelworks (Kurashiki district)
- JFE Steel East Japan Steelworks (Keihin district)
- U.S. and Mexico bases (JFE Shoji, 5 JFE Shoji subsidiaries, 1 JFE Steel subsidiary)

#### Training for Directors

- Recent trends involving hostile takeovers (Outside Directors)
- JFE Group overview, Medium-term Business Plan progress status, financial status, management issues (newly appointed Outside Directors)
- Courses related to insider trading (Inside Directors)

### Operating System

#### Key Decision-making

With regard to significant matters of each company within the Group, internal rules of each company stipulate clear standards which clarify the determination procedures, and significant matters pertaining to the management as the Group is ultimately subject to deliberation and determination at JFE Holdings, Inc. Each Operating Company decides significant matters concerning itself and its own group companies through deliberation at the Management Committee, etc., after which the Board of Directors renders its decisions. At JFE Holdings, Inc., the JFE Group Management Strategy Committee deliberates matters relating to the management strategies involving the entire Group and the Management Committee deliberates specific significant matters involving the Company, Operating Companies or Group Companies. Based on these deliberations, the Board of Directors makes its decisions on the significant matters in accordance with the Rules of the Board of Directors.

#### Structure of Group Management Strategy Committee and Management Committee

##### Group Management Strategy Committee (JFE Holdings)

Chairperson: President  
Attendees: Inside Directors (including 3 operating company Presidents) and Corporate Officers

##### Management Committee (JFE Holdings)

Chairperson: President  
Attendees: Inside Directors (excluding 3 operating company Presidents) and Corporate Officers

##### Management Committee (each Operating Company)

Chairperson: President  
Attendees: Directors, major Corporate Officers, and Audit & Supervisory Board Members

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## Director and Corporate Officer Remuneration

Director and Corporate Officer remuneration shall be determined in accordance with the Basic Policy on Remuneration for Directors and Corporate Officers and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers, which were formulated based on discussions and reports by the Remuneration Committee. Within the scope of the total amount approved at the General Meeting of Shareholders, Director and Corporate Officer remuneration is decided through either a resolution of the Board of Directors or deliberations by Directors who are Audit & Supervisory Committee Members.

## Basic Policy on Remuneration for Directors and Corporate Officers

- The Board of Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) shall determine a remuneration system for Directors and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness, and transparency.
- The remuneration level for Directors and Corporate Officers shall be determined to secure excellent human resources who are able to put the Group's corporate vision into practice, taking into consideration the business environment of the Group and remuneration levels at other companies in the same industry or of the same scale.
- The ratio between basic remuneration and performance-linked remuneration (annual bonus and stock remuneration) shall be properly established according to the roles and responsibilities, etc., of each Director and Corporate Officer so as to function as sound incentives toward the sustainable growth of the Group.

## Outline of the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers

- Remuneration for Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) and Corporate Officers shall be determined by a resolution of the Board of Directors in accordance with the Basic Policy and the Decision Policy, based on reports from the Remuneration Committee.

- Remuneration for the Company's Directors and Corporate Officers is comprised of basic remuneration and performance-linked remuneration (annual bonus and stock remuneration).
- Basic remuneration is paid as a fixed amount, in cash, each month according to position.
- Annual bonus is linked to the Company's single-year performance (calculated based on financial and non-financial indicators) and is paid in cash once a year.
- Stock remuneration is, upon retirement, granted as the Company's shares and cash equivalent to the amount of the Company's shares converted to market value through the trust upon retirement.
- The ratios of remuneration by type are structured so that the higher the position, the greater the weight of performance-linked remuneration, and the ratio for the Company's President when performance target goals have been attained is set so that the ratio of Basic remuneration, Annual bonus and Stock remuneration stands at 2:1:1.

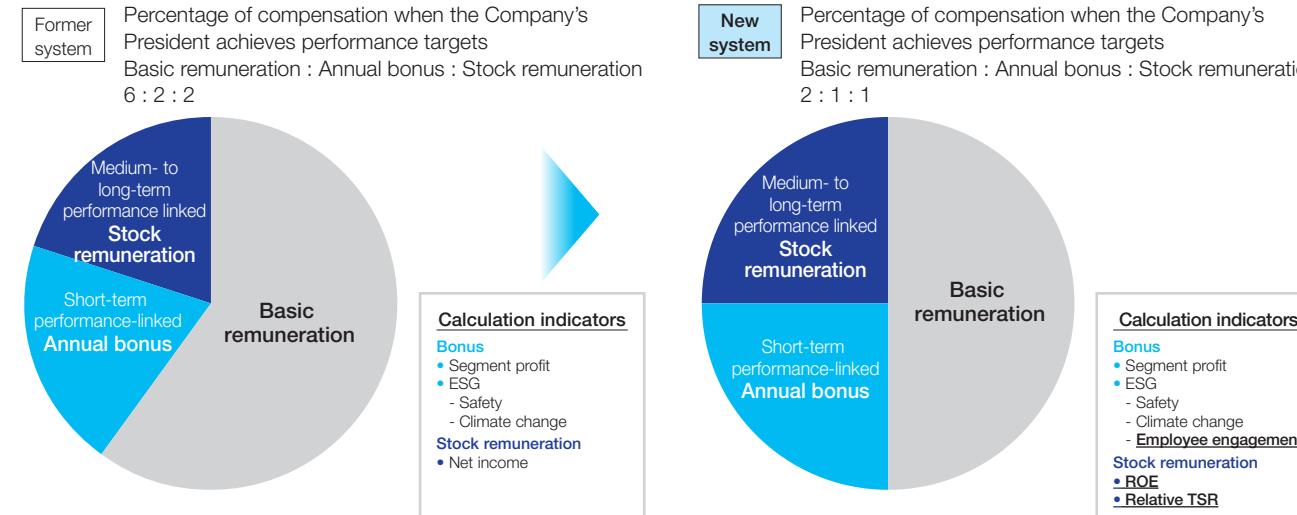
Furthermore, regarding the annual bonus and stock remuneration, we have introduced malus and clawback conditions.

## The Company's Director and Corporate Officer Compensation System

The Company has reformed its Director and Corporate Officer compensation system with the aim of further encouraging enhancement of medium- to long-term corporate value to coincide with the start of the Eighth Medium-term Business Plan. The main changes are: revising the composition of remuneration to increase the proportion of performance-linked compensation, adding a new employee engagement indicator as ESG remuneration for bonuses in consideration of the importance of human capital management, and modifying the calculation indicators to be conscious of share price and the cost of equity for stock remuneration.

At meetings of the Remuneration Committee and Board of Directors, the JFE Group will continue to consider future changes with the aim of ensuring the Director compensation system functions as a more robust incentive for achieving sustainable growth.

## Main changes to the Director and Corporate Officer compensation system



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## Annual bonus

The annual bonus is calculated by multiplying the total amount of segment profit in a single fiscal year and performance-linked indicators (comprised of an employee safety-related indicator, climate change-related indicators, and an employee engagement-related indicator) by the degree of achievement of each indicator and a preset coefficient for each position.

The employee safety-related indicator is calculated as the achievement rate for zero workplace fatalities and the lost-work injuries rate, which are KPIs set for each operating company.

Climate change-related indicators are calculated as the achievement rate for a selection of metrics related to contributions to resolving climate change issues, which is a KPI set for each operating company.

The employee engagement-related indicator is calculated as the achievement rate for the percentage of positive responses related to employee job satisfaction in the engagement survey, which is a KPI set for each operating company.

## Stock remuneration

The stock remuneration plan is determined in accordance with the performance targets, etc., in the Group's medium-term business plan.

To ensure the remuneration system further promotes shared value with shareholders, we have adopted a mechanism that determines pay levels according to the rate of achievement for return on equity (ROE) and relative total shareholder return (TSR).

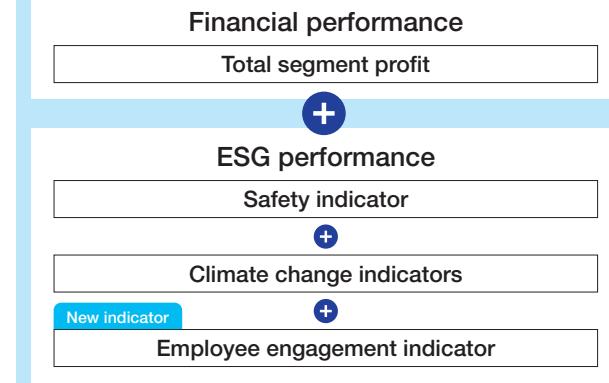
In addition, by changing the calculation method, we created a balanced system that ensures sound incentives function properly. It lowers compensation when targets go unmet and raises compensation when targets are exceeded.

## The Company's Director and Corporate Officer Remuneration

<https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/>

## Annual bonus (short-term performance-linked)

The table below does not show the percentage for each type of remuneration.



## Each company's KPIs used to calculate achievement of climate change indicators

## JFE Steel

- GHG emission reduction rate
- Green steel sales volume

## JFE Engineering

CO<sub>2</sub> reduction contributions from providing renewable energy-related power generation facilities and expanding the electric power provision business

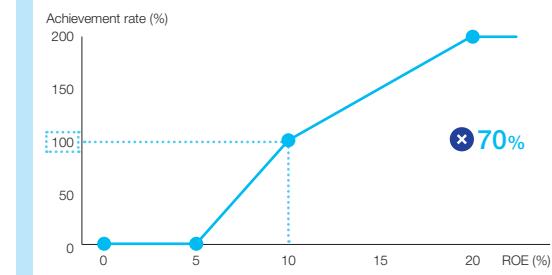
## JFE Shoji

Domestic CO<sub>2</sub> emission reduction rate

## Stock Remuneration (medium- to long-term performance-linked, during the Eighth Medium-term Business Plan)

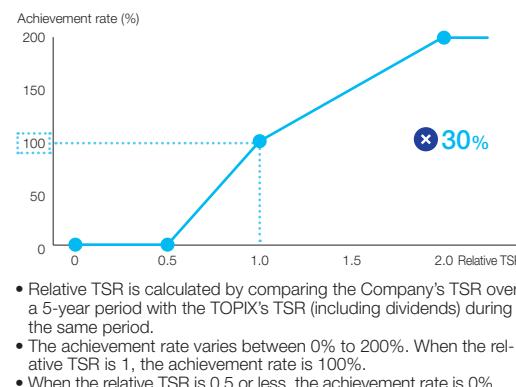
## Calculation methods changed and new indicators adopted

## Return on equity (ROE) target achievement rate



## Performance-linked portion

## Relative total shareholder return (TSR) achievement rate



Portion during appointed term

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### Internal Control

The JFE Group's internal control system, in accordance with the Basic Policy for Building an Internal Control System, is maintained through various committee regulations including the Rules of the Board of Directors, Regulations for the Group Management Strategy Committee, Regulations for the Management Committee, Regulations for the JFE Group Sustainability Council, Regulations for the Organization and Operations, Regulations for Document Management, Regulations for Addressing Violence Directed at Companies, and installation of the Corporate Ethics Hotline. We regularly amend our policies to boost sustainable corporate value, and we did so in June 2025 in light of our transition to a company with an Audit & Supervisory Committee.

#### Basic Policy to Establish the Internal Control System

<http://www.jfe-holdings.co.jp/en/company/info/pdf/corporate-governance.pdf>

### Strengthening Internal Control

#### ■ Internal audits

JFE Holdings, the operating companies, and key Group companies had internal audit organizations comprising 179 people as of April 1, 2025. These organizations share information to enhance overall auditing within the Group. Moreover, to ensure the effectiveness of internal audits, the results of internal audits are reported to the Board of Directors, the Audit & Supervisory Committee, and the Group Sustainability Committee.

#### ■ Audits by Audit & Supervisory Committee Members

The Audit & Supervisory Committee comprises five members, including three who are Outside Directors. Two full-time Audit & Supervisory Committee Members share duties with the other members and collaborate with Company's internal auditing department. The members attend meetings of the Board of Directors, Group Management Strategy Committee, Management Committee, and Group Sustainability Council, as well as other important meetings, and express their opinions as needed. To audit how Directors execute their responsibilities, they conduct hearings with Directors and Corporate Officers

regarding operational status and receive operational reports from subsidiaries.

A total of 35 full-time corporate auditors (full-time Audit & Supervisory Committee Members and full-time Audit & Supervisory Board Members) have been appointed to 30 Group companies, including JFE Holdings. Operating Company personnel are dispatched to Group companies as part-time Audit & Supervisory Board Members. Each dispatched part-time Audit & Supervisory Board Member audits one to five Group companies. Twelve Audit & Supervisory Board Members served 44 companies in total.

The JFE Group Board of Auditors includes both full-time and part-time corporate auditors of each Group company. Subcommittees and working groups created to address specific issues meet autonomously to share information, investigate issues, and enhance understanding. The findings of the year's activities are presented at the General Meeting of JFE Group Auditors and used for audits.

#### ■ State of cooperation between the Audit & Supervisory Committee, accounting auditor, and internal auditing department

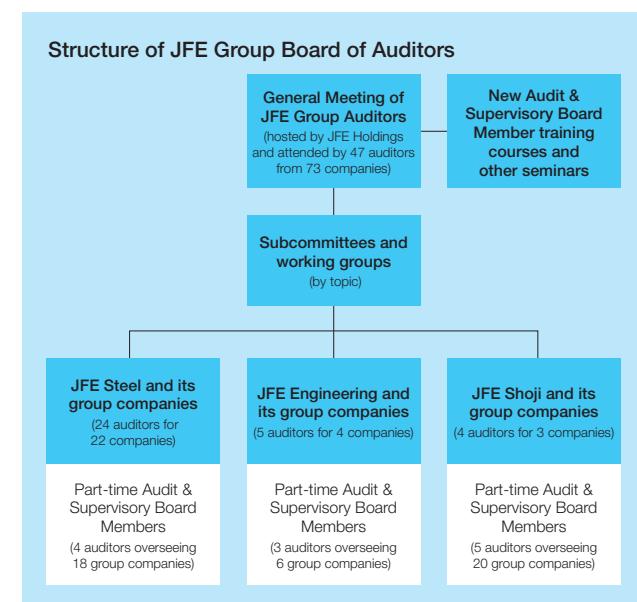
The Audit & Supervisory Committee regularly holds meetings with the outside accounting auditor, or when necessary, to hear its audit plans, status updates, and reports of audit results. The committee also receives briefings on the accounting auditor's quality management system. In turn, the Audit & Supervisory Committee explains its own audit plans and other matters to the firm, exchanges opinions, and takes other actions with the aim of fostering close cooperation. The committee also regularly holds meetings with the internal auditing department or, when necessary, to hear its internal audit plans, status updates, and reports of audit results. The committee also exchanges opinions and takes other actions with the aim of fostering close cooperation.

#### ■ Operating Company governance

Some Directors and Corporate Officers of JFE Holdings serve concurrently as the Directors or Audit & Supervisory Board Members of operating companies to strengthen governance and information sharing across the Group. To strengthen governance, JFE Holdings' managers attend each Operating Company's General Meeting of Shareholders and Management Planning Briefing, receive reports on their activities, and discuss the managerial policies of subsidiaries.

### JFE Group's Internal Control

<https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/>



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## Policy on Listed Subsidiaries and Listed Affiliates

The Company forms a corporate group comprising companies with high expertise, divides business functions within the Group, and conducts business development outside of the Group. Among this group of companies, JFE Steel Corporation, a subsidiary of JFE Holdings, has one listed subsidiary and four listed affiliates.

## Listed Subsidiary

## JFE Systems, Inc.

Computer systems in the steel business support overall business activities, such as receiving orders, manufacturing, shipping products, and controlling quality, and are an important base for using diverse data. In addition, ensuring the accumulation of know-how and the continuity of personnel exchange will be essential for advancing DX and maintaining the competitiveness of JFE Steel moving forward. In the Group, parent JFE Steel pursues an optimal structure depending on the relevance in terms of business. The decision to list the subsidiary was based on a comprehensive evaluation that concluded it was necessary for its growth and for enhancing the overall value of the Group, while considering the advantages of being listed, such as the subsidiary's visibility and credibility in fundraising sales and marketing, and hiring.

## Listed Subsidiary

## GECOSS Corporation

## SHINAGAWA REFRA Co., Ltd.

(company name changed as of October 1, 2025)

## Nippon Chuzo K.K.

## Nippon Chutetsukan K.K.

The aforementioned five companies are subject to rules different from those applicable to other consolidated subsidiaries and affiliates, based on the guidelines of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange regarding listed subsidiaries, and other measures are also taken so as to ensure that each of the companies conducts autonomous corporate activities exercising autonomy and flexibility. Each company also secures management independence as listed companies mainly by appointing outside directors who are independent from each company, JFE Steel Corporation and the Company and by establishing special committees composed of independent members such as independent outside directors, and makes sure that the interests of the said subsidiary or affiliate, as well as the interests of shareholders of the subsidiary or affiliate other than the Company, will not be unfairly impaired.

The autonomous management decisions of each company are respected regarding the calibration and distribution of business opportunities and business fields among the listed subsidiaries and listed affiliates, except in instances where such decisions could have a serious impact on the consolidated financial statements of the Company.

With regard to capital procurement and management, each company makes independent decisions based on their respective financial strategies. The Company currently does not receive funds from listed subsidiaries or listed affiliates.

In addition, with respect to matters necessary for the Group's risk management, prior consultation and reporting are required from each company while securing their independent decision-making, so as to implement risk management as a member of the Group companies.

JFE Holdings regularly reviews the rationale for having its subsidiaries listed and confirms these considerations with the Board of Directors, taking necessary actions as appropriate. This matter was discussed and reviewed at the Board of Directors' meeting held in May 2025.

## JFE Group's Policy Related to Listed Subsidiaries and Listed Affiliates

<https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/>

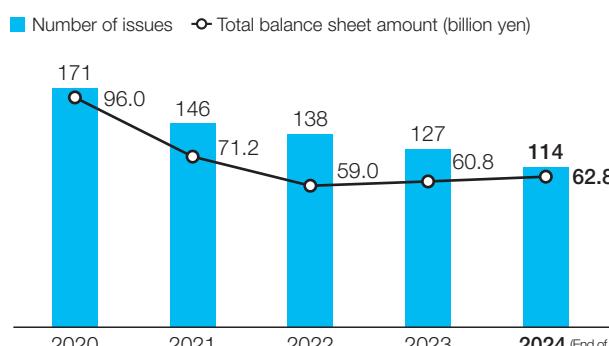
## Basic Policies for Strategic Shareholdings, etc.

All shares held by the Company are the shares of subsidiaries or affiliates. Operating companies do not hold listed shares as strategic shareholdings, in principle. Strategic shareholdings, however, are allowed as an exception when holding the stocks of a company is determined to be necessary for maintaining and achieving growth for the Group's business.

The Board of Directors' meetings regularly confirm the significance of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell strategic shareholdings if there is no significance of such shareholdings or there is a risk of damage to shareholders' interest.

In fiscal 2024, the Group sold all or part of its shareholdings in 11 listed companies for ¥14.2 billion (market value basis). Furthermore, in August 2024, the Board of Directors verified the significance of its strategic shareholdings and their return on investment.

Of the shares for investment purposes held by JFE Steel, which has the largest balance sheet amount and accounts for the majority of the shares for investment purposes posted in the consolidated financial statements of the company, those shares of JFE Steel that are held for purposes other than pure investments are shown below.



## Basic Policies for Strategic Shareholdings, etc.

<https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/>

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## The Business Foundation Supporting Our Corporate Value

### Compliance

In expanding our businesses in Japan and abroad, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of “Ensuring Thorough Compliance.” Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. Therefore, JFE believes it is extremely important that all members of the organization deepen their knowledge and awareness of compliance and perform their jobs accordingly.

### Compliance System

The JFE Group's Standards of Conduct guides employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics. The Compliance Committee, which was established under the Group Sustainability Council, generally convenes four times a year to deliberate basic policies and issues and then supervise their implementation. Each Operating Company has a similar in-house system for promoting and supervising compliance.

#### JFE Group's Standards of Conduct

<https://www.jfe-holdings.co.jp/en/company/philosophy/guideline.html>

### Whistleblowing System

We have established a Corporate Ethics Hotline to maintain corporate ethics, comply with laws and regulations, and prevent corruption and human rights violations. It is accessible to all executives and employees of the JFE Group (employees, contract workers, part-time workers, temporary staff, and retirees) as well as the executives and employees of business partners. As a specific means of reporting and consultation, an environment has been prepared for receiving inquiries (it is also possible to anonymously file reports and seek consultation) by email, a dedicated phoneline, and by regular mail. Additionally, an external hotline to a law firm is also provided. Whistleblowing and requests for

consultation are regularly reported to full-time Audit & Supervisory Committee Members. Moreover, the operational status of the system is monitored by the Board of Directors.

#### Number of consultations handled by the Corporate Ethics Hotline and Harassment Consultation Desk

	FY2023	FY2024
JFE Holdings and Operating Companies	134	161
Group companies	201	153
	335	314

#### Preventing Corruption and Bribery

##### Basic Policy on Preventing Bribery of Public Officials

<https://www.jfe-holdings.co.jp/en/company/philosophy/anti-bribery.html>

#### Protection of Personal Information

##### JFE Group Privacy Statement

<https://www.jfe-holdings.co.jp/en/privacy.html>

#### Ensure Adherence to Corporate Ethical Standards and Compliance Compliance-related Initiatives

<https://www.jfe-holdings.co.jp/en/sustainability/governance/compliance/index.html>

### Risk Management

Based on its corporate vision of “contributing to society with the world's most innovative technology,” the JFE Group maintains and actively uses a risk management structure to accurately identify and respond to Groupwide risks, with the aim of sustaining growth and improving corporate value across the Group.

(→ pp. 66–67 Disclosures and risk management based on the TCFD)

(→ pp. 70–71 Management of intellectual property)

#### DX Report

<https://www.jfe-holdings.co.jp/en/investor/library/dxreport/>

#### Risk Management and Data Security

<https://www.jfe-holdings.co.jp/en/sustainability/governance/risk/>

### Risk Management System



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## Management Foundation to Support Corporate Value

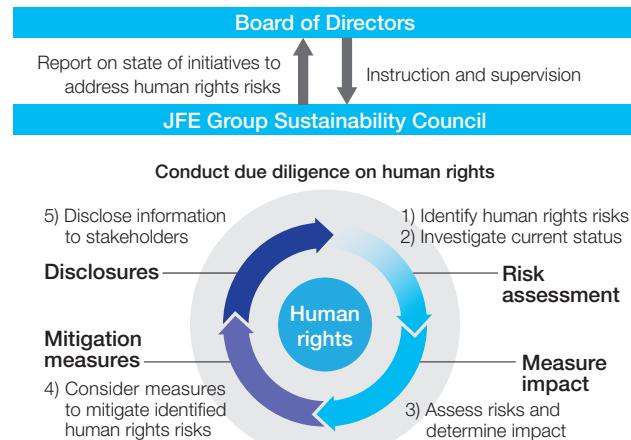
## Respect for Human Rights

The JFE Group supports and respects the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the International Covenants on Human Rights, as well as the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We believe that respect for human rights is a corporate social responsibility and a foundational aspect of our operations. In addition to clearly stating and implementing our policy to refrain from any form of discrimination in our corporate activities, we will continue to promote initiatives for realizing a society where human rights are respected and protected.

## Human Rights Due Diligence

In accordance with the UN Guiding Principles on Business and Human Rights, the JFE Group conducts due diligence on human rights. The Group is a member of Global Compact Network Japan, where information is exchanged with other participating companies and groups in the furtherance of its own initiatives.

## Human rights due diligence process



## 1) Identify human rights risks

We identified human rights risks in the JFE Group's supply chain for each type of stakeholder, i.e., employees and suppliers (women, children, local residents, etc.), taking into consideration local character and human rights risks unique to the sector, after creating a long list of human rights risks while referring to international rules and guidelines.

## Identified 15 human rights issues to consider

1. Compliance with standards and guidelines for respecting human rights in line with international norms	2. Non-complicity in human rights violations, compliance, social security, fair competition	3. Equality and prohibition of discrimination under the law
4. Access to relief	5. Thorough management of suppliers	6. Harassment and coercion
7. Women's rights	8. Child labor	9. Forced labor
10. Occupational safety and health	11. Work hours	12. Proper work environment
13. Wages that afford adequate living standards	14. Freedom of association, right to group negotiation	15. Rights of indigenous tribes and local residents

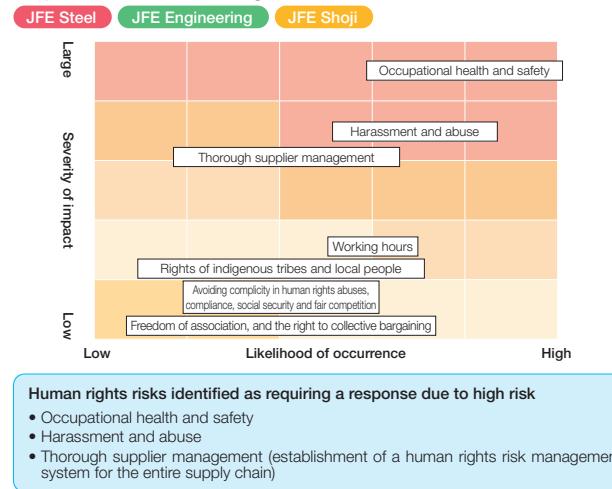
## 2) Investigate current status

The JFE Group Basic Policy on Human Rights and the basic procurement guidelines of each Group company mandate disclosure of policies for dealing with human rights risks, such as child labor and forced labor. As access to relief, a whistleblowing system is also mandated. We audit the aforementioned matters as well as compliance efforts (including the prevention of corruption) and internal and external human rights initiatives, systems, and rules to confirm the current human rights risk management system is working as designed.

## 3) Assess risks and determine impacts

Regarding identified human rights issues that should be addressed, the Company conducted a risk assessment that considers the seriousness of the impact and likelihood of the risk, and examined the state of initiatives to respect human rights through documented surveys and interviews, in order to gain a more accurate understanding of actual conditions. In the risk assessment process, we identified the negative impact that human rights risks could have on the JFE Group and our stakeholders.

## Map of serious human rights risks



## Human rights risks identified as requiring a response due to high risk

- Occupational health and safety
- Harassment and abuse
- Thorough supplier management (establishment of a human rights risk management system for the entire supply chain)

## 4) Consider mitigation measures for identified human rights risks

We addressed the identified human rights risks, took corrective and preventative action, set up promotion structures, and implemented measures to mitigate risks. We have set KPIs for occupational health and safety and workplace harassment, and advanced efforts to eliminate injuries and harassment at work. We continue to implement and strengthen these activities. We are creating a management structure for human rights risks throughout the supply chain with the aim of building a sustainable and robust supply chain. We determine the priority of our investigations while considering the severity and potential emergence of human rights risks. We will also continue to survey our suppliers about human rights risks.

## 5) Disclose information to stakeholders

We disclose the JFE Group Basic Policy on Human Rights and procurement guidelines of each operating company on our website. We will continue to appropriately disclose information to stakeholders concerning our initiatives for respecting human rights, including human rights due diligence, as well as progress on these initiatives.

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## Management Foundation to Support Corporate Value

## ■FY2024 Results

## Expanded human rights due diligence to Group companies

## JFE Steel

- Conducted human rights risk surveys at three overseas Group companies (in Thailand, Indonesia, and Brazil) determined to be high-priority based on such factors as investment ratios and company size and provided feedback

## JFE Engineering

- Conducted human rights risk surveys at three overseas Group companies (in the Philippines, India, and Thailand) determined to be high-priority because they are based in countries at high risk of human rights violations and provided feedback

## JFE Shoji

- Conducted human rights risk surveys at 45 overseas Group companies

## JFE Steel JFE Engineering JFE Shoji

- Considered methods and schedules for conducting future surveys of suppliers for major domestic Group companies

## Created a human rights risk management system for suppliers

## JFE Steel JFE Engineering JFE Shoji

- Suppliers deemed in the fiscal 2023 survey to require follow-up were provided with support for making improvements, including follow-up tools with explanations on key issues, proposals for specific initiatives, and examples for reference.

## JFE Shoji

- Conducted a new survey on human rights risks at 88 suppliers of steel raw materials, environmental resources, and machinery

## ■Initiatives Planned for Fiscal 2025

## Expand human rights due diligence to Group companies

## JFE Steel

- Conduct survey on human rights risks at three major overseas consolidated subsidiaries (in the Philippines, U.S., Singapore)

## JFE Engineering

- Conduct survey on human rights risks at three major overseas Group companies (in Malaysia, Indonesia, and Germany)

## JFE Shoji

- Provide feedback on fiscal 2024 survey results to overseas Group companies

## JFE Steel JFE Engineering JFE Shoji

- Consider methods and schedules for conducting future supplier surveys of major domestic Group companies

## Create a human rights risk management system for suppliers

## JFE Steel

- Conduct second round of surveys for major suppliers, approx. 200 companies (first round conducted in fiscal 2023)

## JFE Engineering

- Conduct second round of surveys for major suppliers, approx. 70 companies (first round conducted in fiscal 2023)

## JFE Shoji

- Conduct second round of surveys for major suppliers, approx. 20 companies (first round originally slated to end in fiscal 2023)

## Corrective Mechanisms

JFE is a member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which is an organization that aims to provide a non-judicial engagement and remedy platform for redress of grievances and, based on the United Nations Guiding Principles on Business and Human Rights. Through the platform, the center handles whistleblower reports, grievances, and consultations related to human rights problems from various stakeholders throughout the supply chain. By utilizing a third-party grievance reporting system, we ensure fairness and transparency as well as work to resolve fundamental human rights issues. We also ensure the anonymity of the person making the report, as well as the confidentiality of the matter. Between April and July 2025, there was one report made to JaCER, but because the content was not a human rights issue, JaCER provided feedback to the person who made the report and it was resolved.

We have established a Corporate Ethics Hotline at every operating company, an external hotline to an independent law firm, and a Harassment Hotline at every major business site to handle reports and consultations, including those relating to human rights issues. It is possible to anonymously file reports and seek consultation.

The status of these hotlines and any reported cases of harassment or other human rights violations are regularly reported to the Group Sustainability Council and the Board of Directors, which provide instruction and supervision.

## JaCER Grievance Form

<https://jacer-bhr.org/en/application/form.html>

For further details on the whistleblowing system, please see page 87 of this report.

## Other human rights initiatives

[https://www.jfe-holdings.co.jp/en/sustainability/social/human\\_rights/](https://www.jfe-holdings.co.jp/en/sustainability/social/human_rights/)

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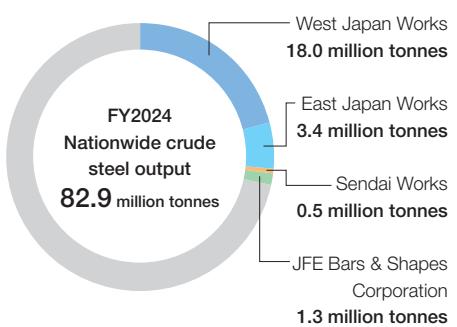
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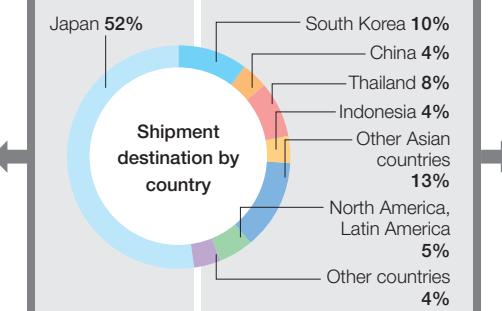
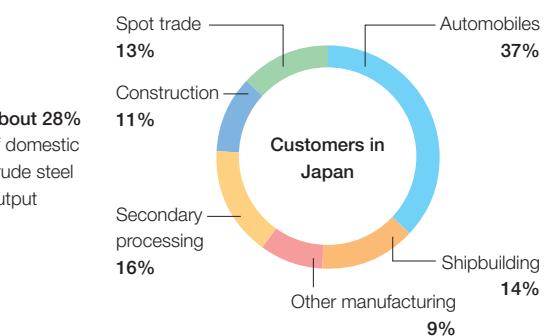
## Main Domestic Bases

### The Steel Business's Supply Structure

#### Domestic production volume



#### Shipment destination



#### Main domestic bases

##### JFE Steel

###### West Japan Works A

- The site encompasses approximately 25.1 million square meters.
- JFE Steel's core steelworks is one of the largest in the world.
- We aim for it to be the best steelworks in the world, both in terms of quality and quantity, with advanced technological capabilities and highly efficient production.

###### Fukuyama district



Steel sheets  
Steel plates

Shaped steel  
Can steel

UOE steel pipes  
Slabs

###### Kurashiki district



Steel sheets  
Steel plates

Shaped steel  
Electrical steel

Bars and steel wire  
Slabs

###### Chita Works C

- This is one of a few steelworks in the world that specializes in the production of steel pipes.
- It boasts the best product lineup in the world for a single steelworks, producing a wide variety and sizes of steel pipe products.

Electrical resistance welded pipes  
Seamless pipes

Bars and steel wire

Slabs

###### JFE Bars & Shapes Corporation F

- JFE Bars & Shapes recycles steel products from steel scrap by utilizing the steelmaking process of electric arc furnaces at five domestic steelworks.
- With an integrated production system from steelmaking to rolling, the Sendai Works provides high-quality products thanks to thorough quality and process management.

Electrical resistance welded pipes and forge-welded pipes

Seamless pipes

Bars and steel wire

Slabs

###### Sendai Works D

- This steelworks specializes in bar and steel wire.
- With an integrated production system from steelmaking to rolling, the Sendai Works provides high-quality products thanks to thorough quality and process management.

Bars and steel wire

##### East Japan Works B

- The site occupies approximately 15.98 million square meters.
- It is located near the Tokyo metropolitan area.
- It consists of the Keihin district, where Japan's first private-sector steelworks was built, and the Chiba district, where Japan's first integrated steelworks was constructed after the end of World War II.
- The Nishinomiya plant produces stainless steel products with the Chiba district.

###### Keihin district

Steel plates  
Steel sheets

Electrical resistance welded pipes and forge-welded pipes

###### Nishinomiya Plant E

Stainless steel sheets  
Steel sheets

Steel plates

Steel sheets

Stainless steel sheets

Spiral steel pipes

Steel sheets  
Iron powder

Stainless steel sheets

Spiral steel pipes

##### JFE Engineering

###### Tsu Works G

Bridge  
Shinto shrine archway

Coastal structure  
Steel-made segment

Container crane

###### Tsurumi Works H

Diesel engine

Gas engine  
Steel pipes for water supply

Shield tunneling machine  
Steam turbine

Commissioned metal 3D printing

###### Kasaoka Monopile Factory I

Monopile

#### Steel Research Laboratory

This laboratory conducts research in basic technology that supports all of our production bases, while also developing production processes and products. It also offers joint development facilities with customers.

#### Fukuyama district

##### Customer Center Fukuyama (CCF)

EVI base for customers in the automobile and steel materials fields

#### Chiba district

##### JFE Welding Institute

A research center for welding, fracture, and fatigue, supporting customers worldwide

##### Customer Solutions Lab (CSL)

Early vendor involvement (EVI) base for customers in the automobile field

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## Main Overseas Bases

**117** bases in **23** countries and regions

### Steel business

**40** bases in  
**18** countries and regions

### Engineering business

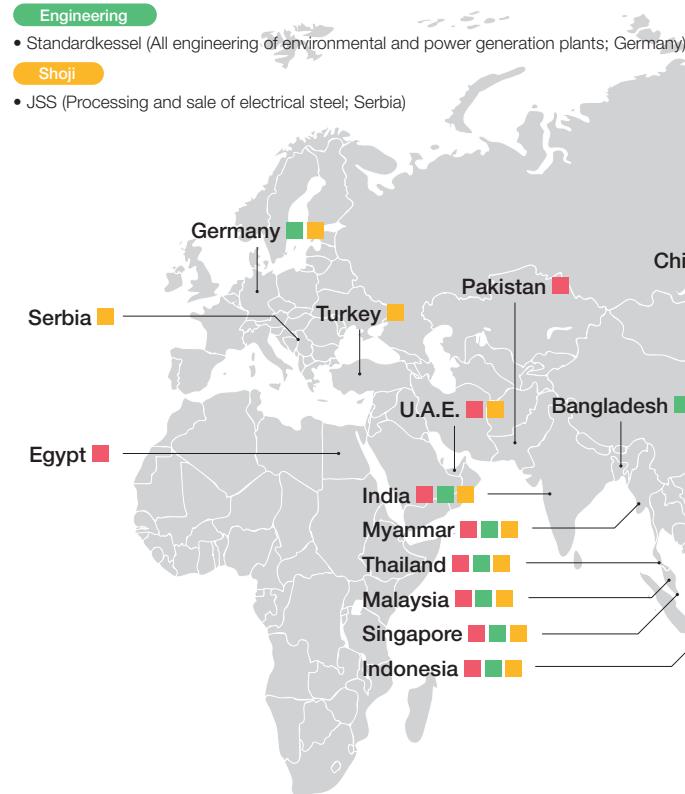
**16** bases in  
**12** countries and regions

### Trading business

**63** bases in  
**20** countries and regions

#### Europe/Middle East

- Steel**
  - AGPC (Manufacture and sale of large-diameter welded steel pipe; U.A.E.)
- Engineering**
  - Standardkessel (All engineering of environmental and power generation plants; Germany)
- Shoji**
  - JSS (Processing and sale of electrical steel; Serbia)



#### China/South Korea

- Steel**
  - Fujian Sino-Japan Metal (Manufacture and sale of steel sheet (tin plate) for cans; China)
  - GJSS (Manufacture and sale of steel sheet for automobiles; China)
  - BJSS (Manufacture and sale of special steel bar; China)
  - Dongkuk Steel (Manufacture and sale of shaped steel, rebar, thick steel plates, and cold-rolled products; South Korea)
- Shoji**
  - KSG (Processing and sale of steel sheet for automobiles; China)
  - KSZ (Processing and sale of electrical steel; China)

#### Asia/Oceania

- Steel**
  - TCR (Manufacture and sale of cold-rolled steel sheet and electrogalvanized steel sheet; Thailand)
  - JSGT (Manufacture and sale of steel sheet for automobiles; Thailand)
  - SSI (Manufacture and sale of hot-rolled steel sheet; Thailand)
  - J-Spiral (Manufacture and sale of spiral steel pipe and processed construction materials; Vietnam)
  - FHS (Overseas integrated steelworks; Vietnam)
  - PSC (Manufacture and sale of sintered ore; Philippines)
  - JSGI (Manufacture and sale of steel sheet for automobiles; Indonesia)
  - JSW Steel (Overseas integrated steelworks; India)
  - J2ES (Manufacture and sale of grain-oriented electric steel sheets; India)
  - JFE-STAR (Investments in resource projects; Australia)
- Engineering**
  - JFETM (Planning, design, and project management; Philippines)
  - JFEE India (Planning and design of environmental and power generation plants; India)
- Shoji**
  - CMT (Processing and sale of steel sheet for automobiles; Thailand)
  - SASC (Processing and sale of steel sheet for automobiles; Thailand)
  - JSSV (Processing and sale of electrical steel; Vietnam)
  - JSSI (Processing and sale of electrical steel; Indonesia)
  - JSI (Processing and sale of electrical steel; India)
  - Studco (Manufacture and sale of steel sheet construction materials; Australia)

#### North/Central/South America

- Steel**
  - CSI (Manufacture and sale of steel products; U.S.)
  - NJSM (Manufacture and sale of steel sheet for automobiles; Mexico)
  - NES (Manufacture and sale of ferrosilicon; Brazil)
- Shoji**
  - Kelly Pipe (Sale of steel pipes; U.S.)
  - CEMOQ (Manufacture and sale of steel sheet construction materials; U.S.)
  - Studco (Manufacture and sale of steel sheet construction materials; U.S.)
  - JSC (Processing and sale of electrical steel; Canada)
  - JSSB (Processing and sale of steel sheet for automobiles; Mexico)
  - JSA/JSM (Processing and sale of electrical steel; Mexico)

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## Main Domestic Group Companies (As of April 1, 2025)

## Notes:

1. Revenue / Net sales: Results for FY2024
2. Number of employees: As of March 31, 2025 (Consolidated)
- \* Equity method affiliates

### Steel Business | JFE Steel

Head office Chiyoda-ku, Tokyo

Revenue ¥3,365.1 billion

Number of employees 41,386

- JFE Mineral & Alloy Company, Ltd.
- Chiba Riverment and Cement Corporation
- Mizushima Riverment Corporation
- JFE Precisions Corporation
- JFE Plastic Resource Corporation
- JFE Bars & Shapes Corporation
- JFE Metal Products Corporation
- JFE Galvanizing & Coating Co., Ltd.
- JFE Welded Pipe Manufacturing Co., Ltd.
- JFE Container Co., Ltd.
- JFE Steel Pipe Co., Ltd.
- JFE GALVATEX Corporation
- JFE Tubic Corporation
- JFE Techno-Wire Corporation
- JFE Kozai Corporation
- DAIWA KOHTAI Co., Ltd.
- JFE Plant Engineering Co., Ltd.
- JFE Advantech Co., Ltd.
- JFE Civil Engineering & Construction Corporation
- JFE Sekkei Ltd.
- JFE Logistics Corporation
- JFE West Technology Corporation
- JFE Wing Corporation
- JFE Techno-Research Corporation
- JFE Systems, Inc.
- JFE Cyber Security & Solutions, Ltd.
- JFE Chemical Corporation
- JFE Life Corporation
- JFE East Japan GS Co., Ltd.
- JFE West Japan GS Co., Ltd.
- JFE Apple East Corporation
- JFE Apple West Corporation
- Shinagawa Refractories Co., Ltd.\*
- Nippon Chuzo K.K.\*
- Nippon Chutetsukan K.K.\*
- GECCOSS Corporation\*
- EXA Corporation\*
- Setouchi Joint Thermal Power Co., Ltd.\*
- JFE SANSO CENTER Corporation\*

### Engineering Business | JFE Engineering

Head office Chiyoda-ku, Tokyo

Yokohama head office Yokohama, Kanagawa Prefecture

Revenue ¥569.8 billion

Number of employees 11,102

- Asukasoken Co., Ltd.
- Urban Energy Corporation
- Kitanihon Industrial Co. Ltd.
- Kinpai Co., Ltd.
- J&T Recycling Corporation
- JFE Environmental Service Corporation
- JFE Environment Technology Co., Ltd.
- JFE Career Navi Corporation
- JFE Technos Co., Ltd.
- JFE Pipeline Engineering Corporation
- JFE East Japan Environment Maintenance Corporation
- JFE Business Support Yokohama Corporation
- JFE Plant Technology Co., Ltd.
- JFE Project One Co., Ltd.
- J Farm Tomakomai Corporation
- Japan Tunnel Systems Corporation\*
- JP Steel Plantech Co.\*
- Tsukishima JFE Aqua Solution Co., Ltd.\*
- Fuji Kako Co., Ltd.
- Mie Data Craft Co., Ltd.
- Myoko Green Energy Co., Ltd.

### Trading Business | JFE Shoji

Head office Chiyoda-ku, Tokyo

Revenue ¥1,438.5 billion

Number of employees 8,753

- JFE Shoji Steel Construction Materials Corporation
- JFE Shoji Pipe & Fitting Corporation
- JFE Shoji Electrical Steel Co., Ltd.
- Kawasho Foods Corporation
- JFE Shoji Electronics Corporation
- JFE Shoji Coil Center Corporation
- Niigata Steel Corporation
- Nagano Can Corporation
- Toyo Kinzoku Corporation
- JFE Shoji Terre One Corporation
- Tochigi Shearing Corporation
- Hokuriku Steel Co., Ltd.
- K&I Tubular Corporation
- Taisei Kogyo Corporation
- Kadota Kozai Corporation
- JFE Shoji Zosen Kako Corporation
- JFE Shoji Kohnan Steel Center Co., Ltd.
- Naigai Steel Corporation
- JFE Shoji Tinplate Center Corporation
- Mizushima Steel Corporation
- Mizushima Metal Products Corporation
- Nihon Jiseizai Kogyo Co., Ltd.
- Kyushu-Tech Corporation
- JFE Shoji Matech Inc.
- JFE Shoji Machinery & Materials Corporation
- JFE Shoji Business Support, Inc.
- JFE Shoji Service Corporation
- Kadowaki Steel Material's Corporation
- Tohsen Corporation
- Shin Nihon Kogyo Corporation
- Yashimanada Corporation
- Mitsuwa Tekken Corporation
- JFE Shoji Jutaku Shizai Corporation
- Rollmat Japan Co., Ltd.
- J Tekken Construction Produce Co., Ltd.
- Aichi Kanzai Kogyo Corporation
- Hoshi Kinzoku Corporation
- Hokuriku Kogyo Corporation
- Kohnan Blanking Service Corporation
- JFE Shoji Cormec Co., Ltd.
- Maruhachi Steel Tube Co., Ltd.
- ST Engineering Corporation
- Hanwa Kozai Co., Ltd.\*
- Kita-Kanto Steel Corporation\*
- Ohmi Sangyo Co., Ltd.\*

### Shipbuilding Business | Japan Marine United

Head office Yokohama, Kanagawa Prefecture

Net sales ¥320.7 billion

Number of employees 4,936

- JMU AMTEC Co., Ltd.
- IMC Co., Ltd.
- JMU Defense Systems Co., Ltd.

### Data

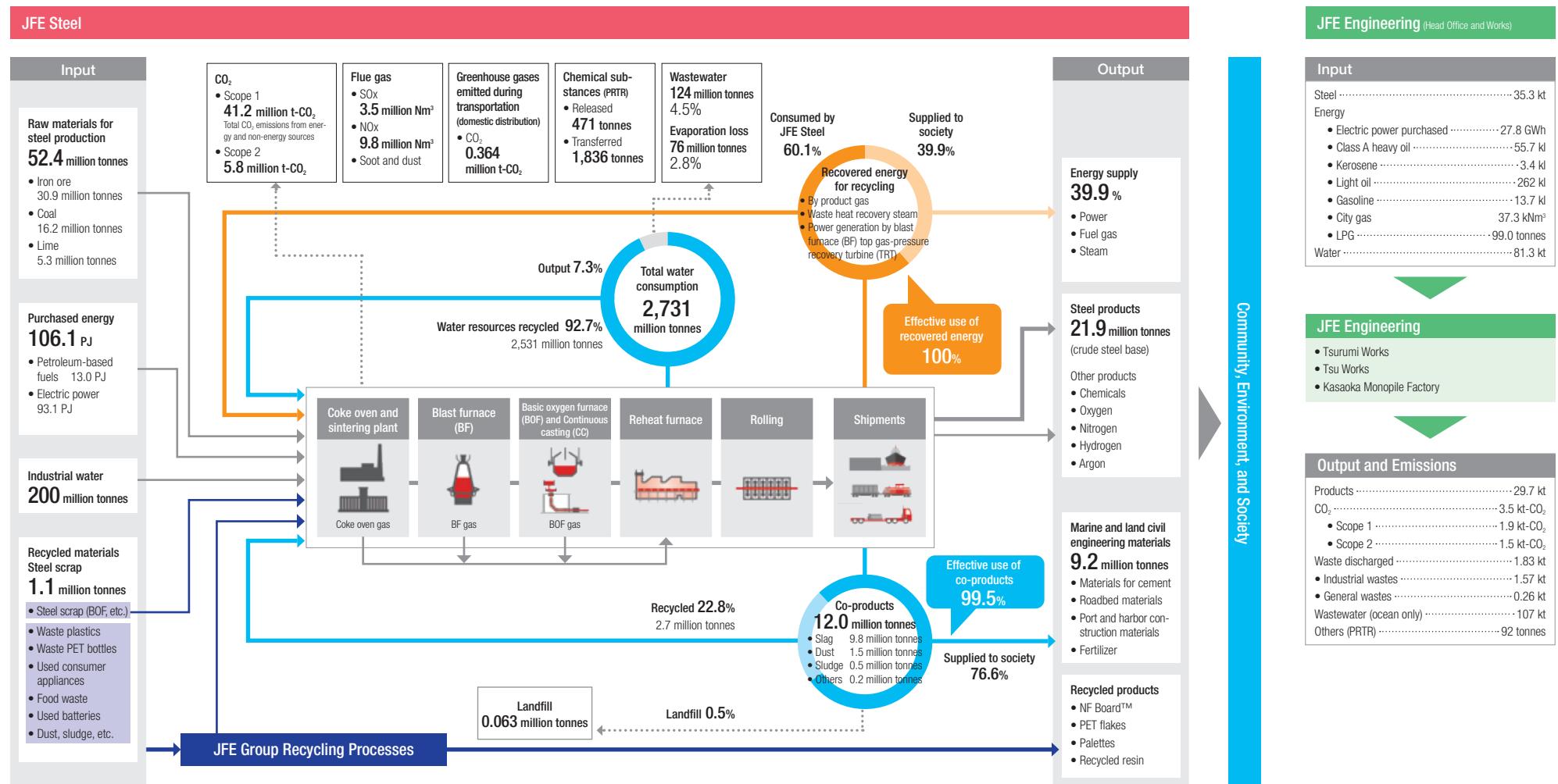
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## Material Flow

JFE Steel is working to reduce the environmental impact of its iron and steelmaking processes, including through the effective use of resources. The company recycles 92.7% of the water it uses for production and recycles 99.5% of its co-products, such as iron and steelmaking slag. In addition, 100% of co-product gas generated during production is reused as fuel for reheating slabs, generating power for internal use, and supplying power to the public.

### FY2024 results



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### JFE Engineering (Head Office and Works)

Input	
Steel	35.3 kt
Energy	
• Electric power purchased	27.8 GWh
• Class A heavy oil	55.7 kl
• Kerosene	3.4 kl
• Light oil	262 kl
• Gasoline	13.7 kl
• City gas	37.3 kNm <sup>3</sup>
• LPG	99.0 tonnes
Water	81.3 kt

### JFE Engineering

- Tsurumi Works
- Tsu Works
- Kasaoka Monopile Factory

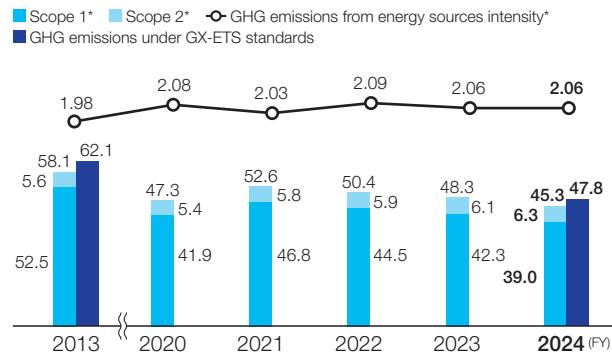
### Output and Emissions

Products	29.7 kt
CO <sub>2</sub>	3.5 kt-CO <sub>2</sub>
• Scope 1	1.9 kt-CO <sub>2</sub>
• Scope 2	1.5 kt-CO <sub>2</sub>
Waste discharged	1.83 kt
• Industrial wastes	1.57 kt
• General wastes	0.26 kt
Wastewater (ocean only)	107 kt
Others (PRTR)	92 tonnes

## Non-financial Highlights

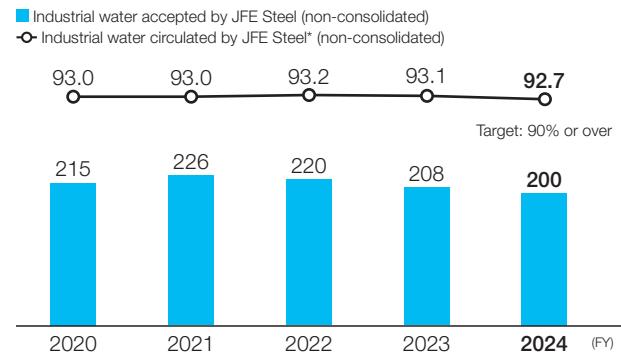
### Environmental Indicators

#### GHG emissions (million t-CO<sub>2</sub>) and GHG emission intensity (t-CO<sub>2</sub>e/t-s) of JFE Steel



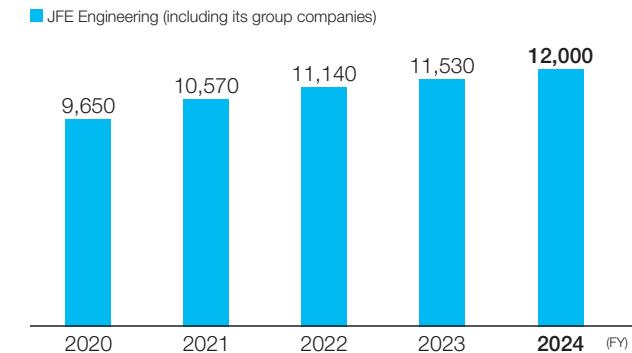
\* Based on standards from the Japan Iron and Steel Federation's Carbon Neutrality Action Plan. The plan only counts CO<sub>2</sub> emissions.

#### Industrial water accepted (million tonnes) and circulated (%) by JFE Steel

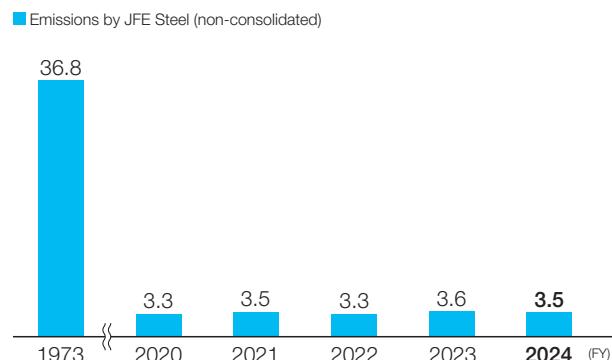


\* Industrial water circulated (%) = (Total amount - industrial water accepted) / total amount × 100

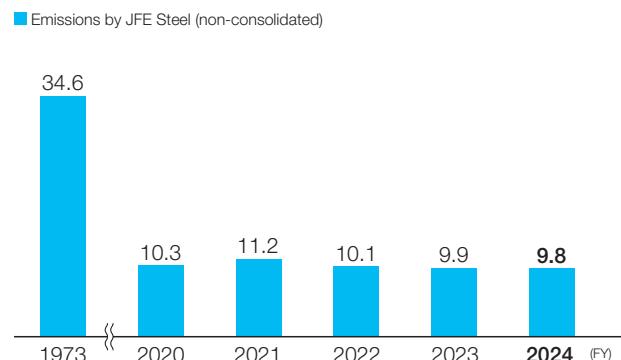
#### Contribution to GHG emissions reductions (thousand t-CO<sub>2</sub>/year) of JFE Engineering



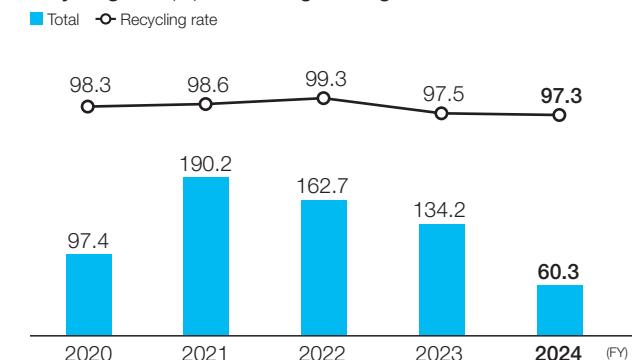
#### SOx emissions by JFE Steel (million Nm<sup>3</sup>)



#### NOx emissions by JFE Steel (million Nm<sup>3</sup>)



#### Waste generated at construction sites (thousand tonnes) and recycling rate (%) of JFE Engineering



### Data

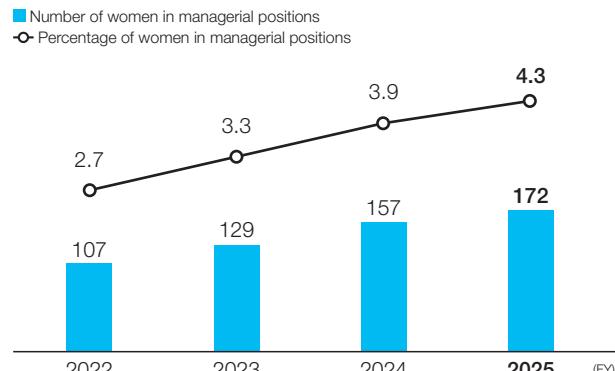
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## Non-financial Highlights

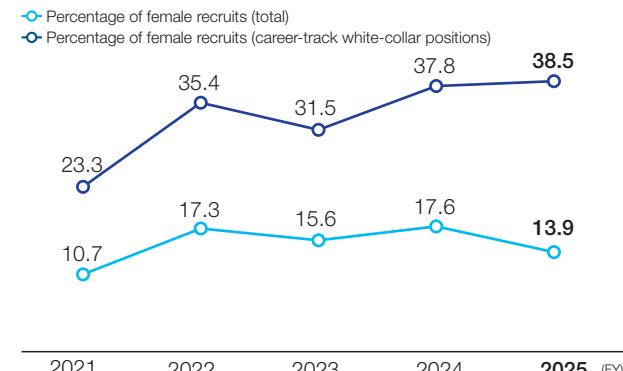
## Societal Indicators

## Number of women in managerial positions (persons) and percentage of women in managerial positions (%)



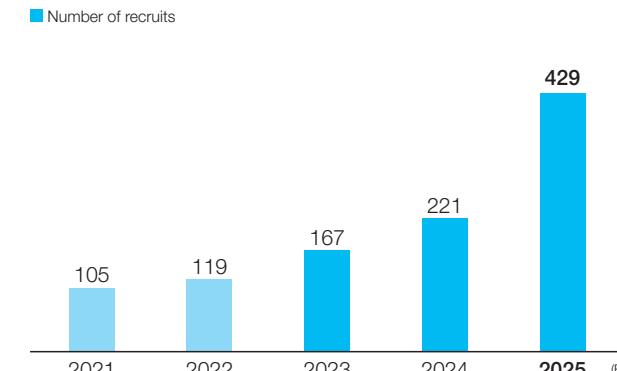
\* Scope of calculation: JFE Holdings (non-consolidated) and total of three operating companies

## Percentage of female recruits (total) (%) and percentage of female recruits (career-track white-collar positions) (%)



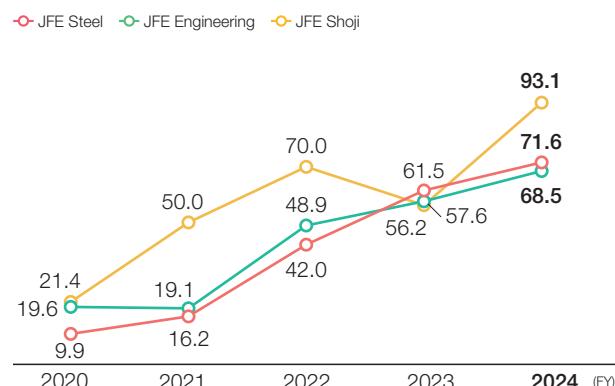
\* Scope of calculation: total of three operating companies

## Number of mid-career recruits



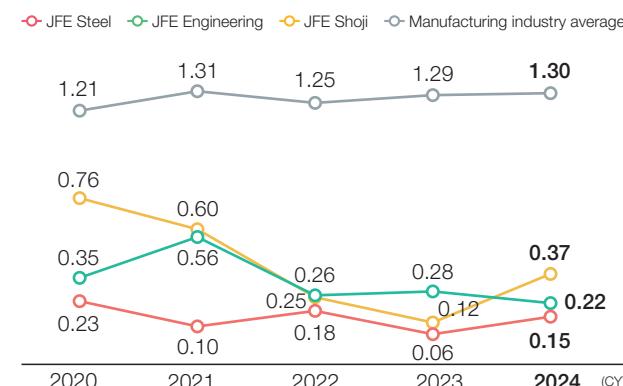
\* Scope of calculation: total of three operating companies

## Percentage of male employees taking childcare leave\* (%)



\* Does not include time off related to child-rearing

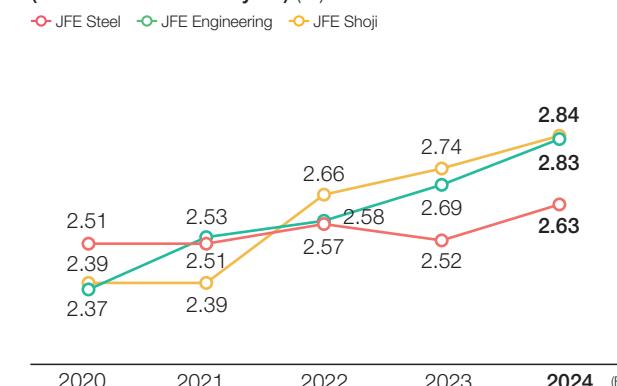
## Lost-work injuries



\*1 Scope of calculation: JFE Steel and JFE Engineering: parent company, business associates, and contractors; JFE Shoji: domestic parent and group companies, business associates, and contractors

\*2 Lost-work injuries = Number of lost-time injuries / number of hours worked × 1,000,000

## Employment of people with disabilities (as of June 1 of each year) (%)



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The JFE Group adopted International Financial Reporting Standards (IFRS) from FY2018, in place of the generally accepted accounting principles in Japan (JGAAP).

(billion yen)

	JGAAP					IFRS						
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Operating results</b>												
Net sales (JGAAP) / Revenue (IFRS)	3,850	3,431	3,308	3,678	3,961	3,873	3,729	3,227	4,365	5,268	5,174	<b>4,859</b>
Ordinary income (JGAAP) / Business profit* <sup>1</sup> (IFRS)	231	64	84	216	221	232	37	(12)	416	235	298	<b>135</b>
Income before income taxes (JGAAP) / Profit before tax (IFRS)	226	74	105	213	209	209	(213)	(4)	388	210	268	<b>144</b>
EBITDA* <sup>2</sup> (JGAAP) / EBITDA* <sup>3</sup> (IFRS)	421	254	279	388	405	428	269	223	668	505	572	<b>392</b>
Profit attributable to owners of parent	139	33	67	144	164	163	(197)	(21)	288	162	197	<b>91</b>
Capital expenditures (construction basis)	225	212	234	257	287	329	391	342	340	325	346	<b>314</b>
Depreciation and amortization	176	177	182	159	172	196	231	236	252	269	274	<b>257</b>
Research and development expenses	32	35	35	34	37	37	38	36	39	43	43	<b>42</b>
<b>Financial position</b>												
Total assets	4,639	4,234	4,336	4,440	4,648	4,709	4,646	4,654	5,287	5,524	5,754	<b>5,647</b>
Property, plant and equipment	1,629	1,627	1,650	1,702	1,782	1,835	1,717	1,772	1,850	1,891	1,948	<b>1,964</b>
Shareholders' equity (JGAAP) / Equity attributable to owners of parent (IFRS)	1,938	1,804	1,865	1,949	2,012	1,926	1,627	1,679	1,988	2,120	2,464	<b>2,529</b>
Net assets (JGAAP) / Equity (IFRS)	1,990	1,857	1,921	2,009	2,079	1,991	1,706	1,760	2,070	2,193	2,538	<b>2,586</b>
Debt outstanding (JGAAP) / Interest-bearing debt outstanding (IFRS)	1,501	1,379	1,375	1,330	1,449	1,523	1,814	1,806	1,849	1,862	1,830	<b>1,766</b>
<b>Cash flows</b>												
Cash flows from operating activities	297	267	185	298	235	268	261	247	298	395	478	<b>378</b>
Cash flows from investing activities	(216)	(137)	(163)	(194)	(284)	(313)	(358)	(164)	(288)	(274)	(325)	<b>(283)</b>
Free cash flow* <sup>4</sup>	81	129	21	103	(48)	(45)	(97)	83	10	121	153	<b>95</b>
Cash flows from financing activities	(78)	(144)	(18)	(90)	56	51	103	(30)	(57)	(110)	(45)	<b>(157)</b>
<b>Per share data</b>												
Profit attributable to owners of parent (yen/share)	242	58	118	251	285	284	(343)	(38)	500	281	323	<b>144</b>
Net assets (JGAAP) / Equity attributable to owners of parent (IFRS) (yen/share)	3,362	3,128	3,236	3,382	3,495	3,345	2,826	2,916	3,453	3,650	3,875	<b>3,977</b>
Dividends (yen/share)	60	30	30	80	95	95	20	10	140	80	100	<b>100</b>
Payout ratio (%)	24.8	51.4	25.5	31.9	33.3	33.5	—	—	28.0	28.5	30.9	<b>69.2</b>

\*1 Business profit: Profit before tax excluding finance income and one-time items of a materially significant value

\*2 EBITDA (JGAAP): Ordinary income + Interest expenses + Depreciation and amortization

\*3 EBITDA (IFRS): Business profit + Depreciation and amortization

\*4 Free cash flow: Cash flows from operating activities + Cash flows from investing activities

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	(billion yen)											
	JGAAP					IFRS						
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	FY2020	FY2021	FY2022	FY2024	
<b>Financial indicators</b>												
Debt/EBITDA ratio* <sup>5</sup> (JGAAP) / Debt/EBITDA ratio* <sup>6</sup> (IFRS) (times)	3.6	5.4	4.9	3.4	3.6	3.6	6.7	8.1	2.8	3.7	3.2	<b>4.5</b>
ROE* <sup>7</sup> (JGAAP) / ROE* <sup>8</sup> (IFRS) (%)	7.7	1.8	3.7	7.6	8.3	8.6	(11.1)	(1.3)	15.7	7.9	8.6	<b>3.7</b>
ROA* <sup>9</sup> (JGAAP) / ROA* <sup>10</sup> (IFRS) (%)	5.5	1.7	2.3	5.2	5.1	5.0	0.8	(0.3)	8.4	4.4	5.3	<b>2.4</b>
Equity ratio (%)	41.8	42.6	43.0	43.9	43.3	40.9	35.0	36.1	37.6	38.4	42.8	<b>44.8</b>
D/E ratio* <sup>11</sup> (JGAAP) / D/E ratio* <sup>12</sup> (IFRS) (%)	59.0	56.9	51.4	58.1	62.0	68.2	96.4	93.2	80.8	67.8	58.0	<b>54.3</b>
Year-end share price (yen/share)	2,654	1,516	1,909	2,144	1,879	1,879	703	1,363	1,723	1,679	2,540	<b>1,829.5</b>
<b>Segment information</b>												
Net sales (JGAAP) / Revenue (IFRS)												
Steel business	2,873	2,445	2,349	2,715	2,808	2,830	2,681	2,255	3,173	3,881	3,716	<b>3,365</b>
Engineering business	367	397	426	391	485	485	512	485	508	512	539	<b>569</b>
Trading business	1,934	1,756	1,671	1,907	2,060	1,125	1,084	932	1,231	1,514	1,476	<b>1,438</b>
Ordinary income (JGAAP) / Segment profit* <sup>13</sup> (IFRS)												
Steel business	188	27	40	198	164	161	(8)	(65)	323	146	202	<b>36</b>
Engineering business	18	20	26	19	20	20	23	24	26	13	24	<b>19</b>
Trading business	24	15	21	33	35	35	27	20	55	65	48	<b>47</b>
<b>Others</b>												
Crude steel production (JFE Steel on a non-consolidated basis) (million t)	28.4	27.4	28.1	28.5	26.3	26.3	26.7	22.8	25.9	24.1	23.5	<b>22.0</b>
Crude steel production (JFE Steel on a consolidated basis) (million t)	31.0	29.8	30.4	30.1	27.9	27.9	28.1	24.0	27.3	25.5	24.8	<b>23.2</b>
Shipment (JFE Steel on a non-consolidated basis) (million t)	26.1	25.4	25.7	25.3	23.8	23.8	23.5	20.5	22.4	21.7	20.8	<b>19.4</b>
Average selling price (JFE Steel on a non-consolidated basis) (thousand yen/t)	77.1	66.8	62.8	75.3	81.5	81.5	78.8	74.8	103.7	130.8	131.5	<b>130.3</b>
Export ratio on a value basis (JFE Steel on a non-consolidated basis) (%)	48.1	45.8	44.0	44.4	41.7	41.7	41.5	42.3	45.5	44.5	42.9	<b>41.7</b>
Employees (JFE Holdings on a consolidated basis) (persons)	58,856	59,460	60,439	61,234	62,076	62,083	64,009	64,371	64,296	64,241	62,218	<b>61,296</b>

\*5 Debt/EBITDA ratio (JGAAP): Debt outstanding / EBITDA

\*6 Debt/EBITDA ratio (IFRS): Interest-bearing debt outstanding / EBITDA

\*7 ROE (JGAAP): Profit attributable to owners of parent / Shareholders' equity

\*8 ROE (IFRS): Profit attributable to owners of parent / Equity attributable to owners of parent

\*9 ROA (JGAAP): (Ordinary income + Interest expenses) / Total assets (average)

\*10 ROA (IFRS): Business profit / Total assets

\*11 D/E ratio (JGAAP): Debt outstanding / Shareholders' equity

For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

\*12 D/E ratio (IFRS): Interest-bearing debt outstanding / Equity attributable to owners of parent

For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

\*13 Segment profit (IFRS): Profit including finance income in business profit

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## Financial Performance

### Consolidated Statement of Financial Position

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	243,079	<b>172,841</b>
Trade and other receivables	762,428	<b>692,985</b>
Contract assets	134,569	<b>155,257</b>
Inventories	1,348,378	<b>1,228,540</b>
Income taxes receivable	5,792	<b>6,257</b>
Other financial assets	18,778	<b>22,116</b>
Other current assets	113,992	<b>90,786</b>
<b>Total current assets</b>	<b>2,627,020</b>	<b>2,368,785</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,948,217	<b>1,964,041</b>
Goodwill	15,446	<b>33,999</b>
Intangible assets	140,591	<b>201,002</b>
Right-of-use asset	98,758	<b>93,447</b>
Investment property	52,849	<b>54,126</b>
Investments accounted for using equity method	561,477	<b>636,972</b>
Retirement benefit asset	29,495	<b>27,432</b>
Deferred tax assets	56,249	<b>56,432</b>
Other financial assets	207,448	<b>190,524</b>
Other non-current assets	17,410	<b>20,873</b>
<b>Total non-current assets</b>	<b>3,127,944</b>	<b>3,278,851</b>
<b>Total assets</b>	<b>5,754,964</b>	<b>5,647,637</b>

	(million yen)	
	As of March 31, 2024	As of March 31, 2025
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	667,072	<b>595,954</b>
Bonds payable, borrowings, and lease obligations	426,428	<b>395,415</b>
Contract liabilities	50,186	<b>47,591</b>
Income taxes payable, etc.	32,698	<b>29,849</b>
Provisions	12,191	<b>10,410</b>
Other financial liabilities	149,300	<b>148,830</b>
Other current liabilities	282,317	<b>245,661</b>
<b>Total current liabilities</b>	<b>1,620,195</b>	<b>1,473,713</b>
<b>Non-current liabilities</b>		
Bonds payable, borrowings, and lease liabilities	1,403,849	<b>1,371,035</b>
Retirement benefit liability	105,706	<b>103,092</b>
Provisions	17,592	<b>29,355</b>
Deferred tax liabilities	6,050	<b>15,430</b>
Other financial liabilities	53,467	<b>40,098</b>
Other non-current liabilities	9,581	<b>28,042</b>
<b>Total non-current liabilities</b>	<b>1,596,247</b>	<b>1,587,055</b>
<b>Total liabilities</b>	<b>3,216,443</b>	<b>3,060,768</b>
<b>Equity</b>		
Share capital	171,310	<b>171,310</b>
Capital surplus	587,266	<b>579,514</b>
Retained earnings	1,570,027	<b>1,607,951</b>
Treasury shares	(14,938)	<b>(13,736)</b>
Other components of equity	150,461	<b>184,539</b>
Equity attributable to owners of parent	2,464,128	<b>2,529,578</b>
Non-controlling interests	74,392	<b>57,289</b>
<b>Total equity</b>	<b>2,538,521</b>	<b>2,586,868</b>
<b>Total liabilities and equity</b>	<b>5,754,964</b>	<b>5,647,637</b>

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## Financial Performance

## Consolidated Statement of Profit or Loss

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	5,174,632	<b>4,859,647</b>
Cost of sales	(4,518,447)	<b>(4,326,565)</b>
Gross profit	656,185	<b>533,081</b>
Selling, general and administrative expenses	(408,682)	<b>(409,375)</b>
Share of profit of investments accounted for using equity method	56,160	<b>29,133</b>
Other income	47,482	<b>30,614</b>
Other expenses	(52,921)	<b>(48,115)</b>
Business profit	298,224	<b>135,339</b>
Gain on sales of land	—	<b>86,622</b>
Impairment losses	(11,220)	<b>(25,194)</b>
Cost for promoting and developing land utilization of Keihin district	—	<b>(14,607)</b>
Loss relating to loss of control over subsidiaries	—	<b>(13,129)</b>
PCB disposal costs	—	<b>(3,962)</b>
Operating profit	287,003	<b>165,068</b>
Finance income	5,048	<b>5,714</b>
Finance costs	(23,665)	<b>(26,467)</b>
Profit before tax	268,386	<b>144,315</b>
Income tax expense	(67,414)	<b>(51,060)</b>
Profit	200,971	<b>93,254</b>
Profit attributable to:		
Owners of parent	197,421	<b>91,867</b>
Non-controlling interests	3,550	<b>1,386</b>
Profit	200,971	<b>93,254</b>
Earnings per share		
Basic earnings per share (yen)	323.33	<b>144.43</b>
Diluted earnings per share (yen)	315.09	<b>138.24</b>

## Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	200,971	<b>93,254</b>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	18,000	<b>6,899</b>
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	11,698	<b>(6,570)</b>
Share of other comprehensive income of investments accounted for using equity method	653	<b>11,729</b>
Total of items that will not be reclassified to profit or loss	30,351	<b>12,059</b>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	22,569	<b>10,041</b>
Effective portion of cash flow hedges	5,035	<b>1,725</b>
Share of other comprehensive income of investments accounted for using equity method	29,635	<b>20,615</b>
Total of items that may be reclassified to profit or loss	57,240	<b>32,382</b>
Total other comprehensive income	87,592	<b>44,442</b>
Comprehensive income	288,563	<b>137,696</b>
Comprehensive income attributable to:		
Owners of parent	284,357	<b>135,807</b>
Non-controlling interests	4,206	<b>1,888</b>
Comprehensive income	288,563	<b>137,696</b>

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## Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2024

(million yen)

	Equity attributable to owners of parent										Other components of equity			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total	Total	Non-controlling interests	Total equity	
Balance as of April 1, 2023	147,143	640,536	1,397,735	(156,408)	—	—	42,446	47,941	928	91,315	2,120,322	73,073	2,193,395	
Profit	—	—	197,421	—	—	—	—	—	—	—	197,421	3,550	200,971	
Other comprehensive income	—	—	—	—	—	18,281	11,862	48,094	8,697	86,935	86,935	656	87,592	
Comprehensive income	—	—	197,421	—	—	18,281	11,862	48,094	8,697	86,935	284,357	4,206	288,563	
Issuance of new shares	24,167	24,167	—	—	—	—	—	—	—	—	48,335	—	48,335	
Share issuance cost	—	(453)	—	—	—	—	—	—	—	—	(453)	—	(453)	
Purchase of treasury shares	—	—	—	(76)	—	—	—	—	—	—	(76)	—	(76)	
Disposal of treasury shares	—	(75,184)	—	141,432	—	—	—	—	—	—	66,248	—	66,248	
Dividends	—	—	(49,275)	—	—	—	—	—	—	—	(49,275)	(1,698)	(50,973)	
Share-based payment transactions	—	47	—	114	—	—	—	—	—	—	162	—	162	
Issuance of convertible bonds	—	—	—	—	3,081	—	—	—	—	3,081	3,081	—	3,081	
Changes in scope of consolidation	—	(1)	—	—	—	—	—	—	—	—	(1)	(484)	(485)	
Changes in ownership interest in subsidiaries	—	(1,846)	—	—	—	—	—	—	—	—	(1,846)	(801)	(2,648)	
Transfer from other components of equity to retained earnings	—	—	24,146	—	—	(18,281)	(5,864)	—	—	(24,146)	—	—	—	
Transfer to non-financial assets	—	—	—	—	—	—	—	—	—	(6,725)	(6,725)	—	(6,725)	
Other	—	—	—	—	—	—	—	—	—	—	97	—	97	
Total transactions with owners	24,167	(53,269)	(25,129)	141,470	3,081	(18,281)	(5,864)	—	(6,725)	(27,790)	59,448	(2,887)	56,561	
Balance as of March 31, 2024	171,310	587,266	1,570,027	(14,938)	3,081	—	48,444	96,035	96,035	2,900	150,461	2,464,128	74,392	2,538,521

Fiscal year ended March 31, 2025

(million yen)

	Equity attributable to owners of parent										Other components of equity		
	Share capital	Capital surplus	Retained earnings	Treasury shares	Share acquisition rights	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total	Total	Non-controlling interests	Total equity
Balance as of April 1, 2024	171,310	587,266	1,570,027	(14,938)	3,081	—	48,444	96,035	2,900	150,461	2,464,128	74,392	2,538,521
Profit	—	—	91,867	—	—	—	—	—	—	—	91,867	1,386	93,254
Other comprehensive income	—	—	—	—	—	8,934	3,071	27,581	4,352	43,939	43,939	502	44,442
Comprehensive income	—	—	91,867	—	—	8,934	3,071	27,581	4,352	43,939	135,807	1,888	137,696
Purchase of treasury shares	—	—	—	(970)	—	—	—	—	—	—	(970)	—	(970)
Disposal of treasury shares	—	(924)	—	1,835	—	—	—	—	—	—	911	—	911
Dividends	—	—	(63,672)	—	—	—	—	—	—	—	(63,672)	(1,207)	(64,880)
Share-based payment transactions	—	(193)	—	336	—	—	—	—	—	—	143	—	143
Changes in scope of consolidation	—	—	—	—	—	—	—	—	—	—	(18,741)	(18,741)	(18,741)
Changes in ownership interest in subsidiaries	—	379	—	—	—	—	—	—	—	—	379	(69)	309
Put options granted to non-controlling interests	—	(7,014)	—	—	—	—	—	—	—	—	(7,014)	—	(7,014)
Transfer from other components of equity to retained earnings	—	—	9,728	—	—	(8,934)	(793)	—	—	(9,728)	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—	—	—	(133)	(133)	(133)	—	(133)
Other	—	—	—	—	—	—	—	—	—	—	—	1,027	1,027
Total transactions with owners	—	(7,752)	(53,944)	1,201	—	(8,934)	(793)	—	(133)	(9,862)	(70,356)	(18,991)	(89,348)
Balance as of March 31, 2025	171,310	579,514	1,607,951	(13,736)	3,081	—	50,722	123,616	7,118	184,539	2,529,578	57,289	2,586,868

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## Financial Performance

## Consolidated Statement of Cash Flow

(million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before tax	268,386	144,315
Depreciation and amortization	274,101	257,638
Changes in allowance	(559)	1,684
Interest and dividend income	(10,513)	(9,312)
Interest expenses	21,353	24,064
Share of loss (profit) of investments accounted for using equity method	(56,160)	(29,133)
Changes in trade and other receivables	31,139	55,868
Changes in inventories	34,780	123,540
Changes in trade and other payables	(43,563)	(66,022)
Other	(2,209)	(80,270)
Subtotal	516,754	422,372
Interest and dividends received	24,699	28,019
Interest paid	(20,507)	(21,916)
Income taxes paid	(41,979)	(49,507)
Net cash provided by (used in) operating activities	478,967	378,968
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(329,830)	(279,417)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	10,329	91,406
Purchase of investments	(16,183)	(81,242)
Proceeds from sale of investments	14,281	3,464
Expenditure for acquisition of shares of subsidiaries resulting in changes in scope of consolidation	673	(26,897)
Proceeds from sale of shares of subsidiaries resulting in changes in scope of consolidation	1,466	6,403
Other	(5,995)	3,103
Net cash provided by (used in) investing activities	(325,259)	(283,179)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Changes in short-term borrowings	(13,970)	(29,170)
Changes in commercial paper	(19,999)	17,995
Proceeds from long-term borrowings	60,347	145,161
Repayments of long-term borrowings	(130,654)	(158,292)
Proceeds from issuance of bonds	90,000	30,000
Payments for redemption of bonds	(40,000)	(60,000)
Proceeds from issuance of shares	52,072	—
Payments for purchase of treasury shares	(76)	(62)
Proceeds from disposal of treasury shares	62,499	909
Dividends paid to owners of parent	(49,275)	(63,672)
Other	(56,429)	(40,304)
Net cash provided by (used in) financing activities	(45,487)	(157,435)
Effect of exchange rate change on cash and cash equivalents	13,931	(8,590)
Changes in cash and cash equivalents	122,151	(70,237)
Changes in cash and cash equivalents resulting from transfer to assets held for sale	1,536	—
Cash and cash equivalents at beginning of period	119,391	243,079
Cash and cash equivalents at end of period	243,079	172,841

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## Company Profile / Share Information

### Company Profile (As of March 31, 2025)

Head Office:	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan
TEL:	+81-3-3597-4321
Established:	September 27, 2002
Capital:	¥171.3 billion
Number of Employees:	61,296 (Consolidated) Male: 50,733 / Female: 9,151

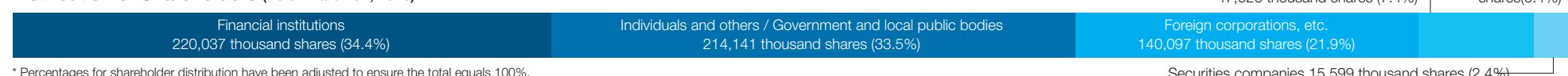
\* Gender data for employees has not been collected in certain regions, resulting in discrepancies between total employee counts and the combined totals of male and female employees.

### Major Shareholders (As of March 31, 2025)

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	94,447	14.83
Custody Bank of Japan, Ltd. (trust account)	34,379	5.40
Nippon Life Insurance Company	15,855	2.49
STATE STREET BANK AND TRUST COMPANY 505325	15,786	2.48
JFE Employees Stock Ownership Plan	13,979	2.19
STATE STREET BANK WEST CLIENT - TREATY 505234	13,104	2.06
JFE Business Partners Stock Ownership Plan	10,125	1.59
Mizuho Bank, Ltd.	9,776	1.54
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,812	1.38
The Dai-ichi Life Insurance Company, Limited	7,679	1.21

Note: The Company retains 2,535 thousand shares as treasury shares. The treasury shares are not included in the shareholding ratio calculation.

### Distribution of Shareholders (As of March 31, 2025)



\* Percentages for shareholder distribution have been adjusted to ensure the total equals 100%.

### Changes in Share Price, Trading Volume, and Dividends

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Share price (Yen) (As of year-end)	2,654	1,516	1,909	2,144	1,879	703	1,363	1,723	1,679	2,540	1,829.5
Trading volume (Million shares) (Fiscal year)	799	1,080	1,141	896	685	823	1,077	2,708	1,384	1,289	1,081
Annual dividends per share (Yen)	60	30	30	80	95	20	10	140	80	100	100

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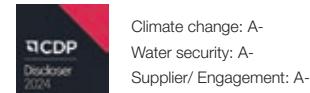
## External recognition



## 2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX



\* FTSE Russell confirms that JFE Holdings, Inc. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index, the FTSE Blossom Japan Sector Relative Index and FTSE4Good Index Series. Created by the global index and data provider FTSE Russell, they are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. They are used by a wide variety of market participants to create and assess responsible investment funds and other products.



Climate change: A-  
Water security: A-  
Supplier/ Engagement: A-



**The JFE GROUP REPORT and  
JFE GROUP SUSTAINABILITY REPORT  
can also be viewed on smartphones.**

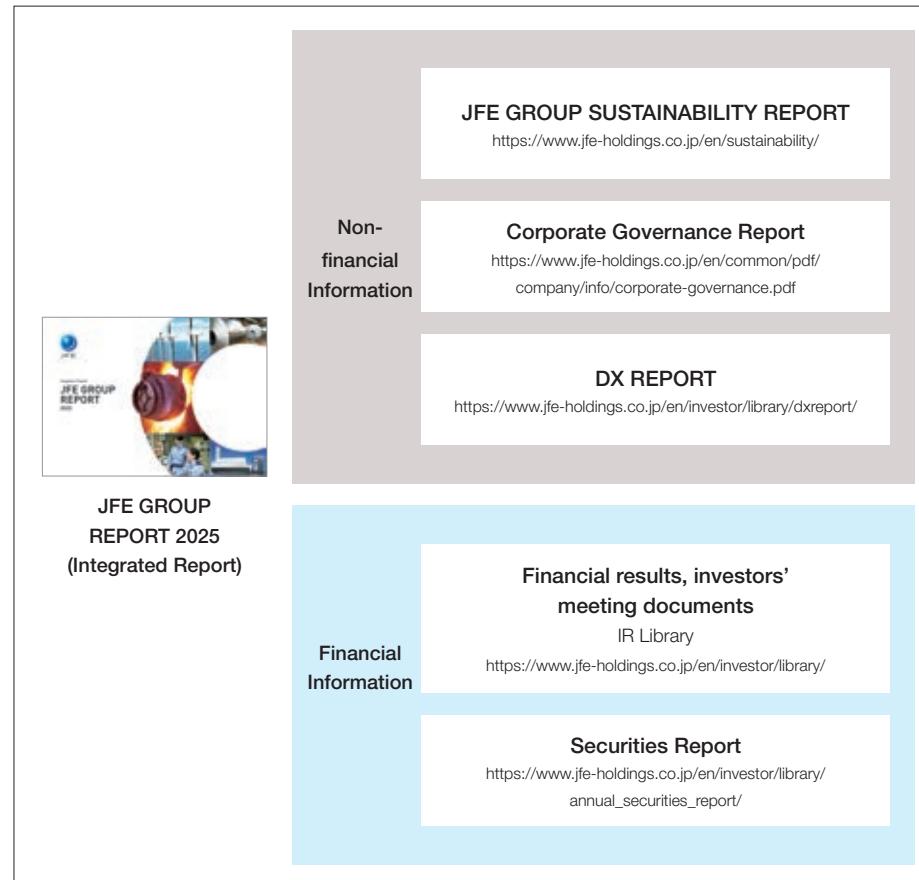
JFE GROUP REPORT



JFE GROUP  
SUSTAINABILITY REPORT



## Tool map



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