

Reporting on Nippon Steel Corporation's 7th and 8th Series of Unsecured Straight Bonds (Green Bond)

Nippon Steel Corporation (the "Company") reports on the allocation of the proceeds from the green bonds (the "Bonds") issued on March 9, 2023 and the effects of environmental improvements as follows.

1. About the Bonds

In the medium- to long-term management plan, we identified our efforts concerning climate change as our greatest priority issue and announced the Nippon Steel Carbon Neutral Vision 2050 as our own initiative in March 2021. To achieve carbon neutrality by 2050, we aim to reduce CO₂ emissions in the supply chain by providing two values: Advanced products and technical solutions that contribute to reducing CO₂ emissions in society (NSCarbolex[®] Solution) and Steel products CO₂ emissions savings in the steelmaking process are allocated (NSCarbolex[®] Neutral).

The Bonds were issued to be used as funds for production facilities for non-oriented (NO) electrical steel sheets used in eco-friendly car motors, which are part of the Advanced products and technical solutions that contribute to reducing CO₂ emissions in society (NSCarbolex[®] Solution).

■ Eligibility Criteria

Social challenge	Materiality	Eligible project	Summary of the project (Outcome for social challenge)
Safety, environment and disaster prevention	Promotion of climate change measures	Funds for production facilities, research and development expenses, and other related expenditures for non-oriented electrical steel sheets for eco-friendly car motors	<ul style="list-style-type: none"> ■ Reduce CO₂ emissions ➤ Respond to the growing demand for non-oriented electrical steel sheets for eco-friendly car motors and higher-grade ones. Supply non-oriented electrical steel sheets for the popularization of eco-friendly cars and help reduce CO₂ emissions

2. Status of allocation of proceeds (as of August 31, 2023)

The entire amount of the proceeds from the Bonds has been allocated to production facilities for non-oriented electrical steel sheets for eco-friendly car motors, an eligible project (including refinancing of such production facilities disbursed between fiscal 2020 and fiscal 2022), and there is no unallocated balance.

Items	Amount
Amount procured (amount excluding issuance costs from the issue amount of the Bonds)	49,780

(Millions of yen)

Allocated amount ¹	49,780
Unallocated balance	0

1: Non-oriented electrical steel sheets and grain-oriented electrical steel sheets share part of the same production line. Therefore, in calculating the allocated amount, expenditures were divided proportionally based on the forecast of annual production volume of grain-oriented and non-oriented electrical steel sheets manufactured on the shared line.

3. Environmental improvement impact

The CO₂ emission reductions (theoretical values) of the Eligible Projects for which the proceeds from the Bonds have been used are calculated in accordance with the following formula, using the expected shipment volume of non-oriented electrical steel sheets for eco-friendly car motors after the start of commercial operation of the production facilities. As of September 6, 2023, investment in these facilities is progressing as planned, and the following environmental improvement impact is expected to be realized after the start of full operation, which is scheduled for the first half of fiscal 2024.

CO₂ emissions reduction = The number of eco-friendly cars produced²
 × The effect of reducing CO₂ emissions per eco-friendly car

2: Calculated from the estimated total shipment volume of non-oriented electrical steel sheets for eco-friendly car motors

CO ₂ emissions reduction (theoretical value)	Approximately 3 million t-CO ₂ per year
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As announced on May 10, 2023 after the issuance of the Bonds, the Company has decided to make additional investments as a measure to further increase the capacity of non-oriented electrical steel sheets. This additional measure is expected to take full effect in the first half of fiscal 2027, and the production capacity of non-oriented electrical steel sheets is expected to be approximately five times that of the current level (approximately 1.6 times higher than that of the previously announced measures).

4. Review by a third-party evaluation organization

An evaluation review has been obtained from Rating and Investment Information, Inc., a third-party evaluation organization, to the effect that the content of this reporting conforms with the use of proceeds and reporting indicators set forth in the Nippon Steel Corporation Green Bond Framework, and it has been posted on Nippon Steel Corporation's website.

Reference links

Nippon Steel Carbon Neutral Vision 2050

[\[https://www.nipponsteel.com/en/csr/env/warming/zerocarbon.html\]](https://www.nipponsteel.com/en/csr/env/warming/zerocarbon.html)

Sustainability Report

[\[https://www.nipponsteel.com/en/csr/report/\]](https://www.nipponsteel.com/en/csr/report/)

Integrated Report

[\[https://www.nipponsteel.com/en/ir/library/annual_report.html\]](https://www.nipponsteel.com/en/ir/library/annual_report.html)

Press Release ("Further Expansion of High Grade Non-oriented Electrical Steel Sheets")

[\[https://www.nipponsteel.com/common/secure/en/news/20230510_300.pdf\]](https://www.nipponsteel.com/common/secure/en/news/20230510_300.pdf)

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