
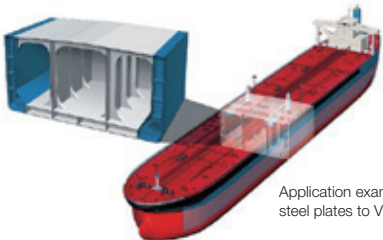

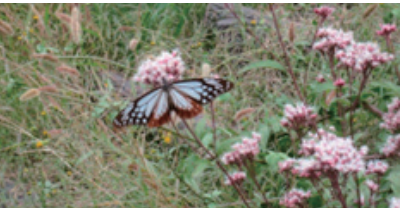


## [Risk Analysis Results]

Target	Critical dependencies/impact		Risk type	Factors and events	Impact on Nippon Steel	Nippon Steel's strategy
Direct operation Production activities in steelworks	Water pollution (Impact)		Physical (Acute)	Pollution of the surrounding water environment and water contamination accidents caused by wastewater or leakage of steelworks	<ul style="list-style-type: none"> <li>Increased costs for additional waste-water treatment.</li> <li>Suspension of the production process if the existing processing facility cannot handle it</li> <li>Possibility of penalties or fines due to exceeding the baseline</li> </ul>	<p>[Target] No serious violations of environmental laws and regulations and no environmental accidents</p> <ul style="list-style-type: none"> <li>Consider water pollution caused by wastewater and leaks as a risk that can occur at all steel-making sites, regardless of whether they are located in areas where there is a risk of impact on the ecosystem. Implement hardware/software measures assuming their occurrence across the company.</li> </ul> <p>&lt;Hardware measures&gt; Automatic wastewater monitoring equipment, wastewater shut-off gates, emergency water tanks, etc.</p> <p>&lt;Software measures&gt; Inspection and repair, drafting of work standards, operation confirmation, and training of procedures</p> <p>(See the <a href="#">ESG P.80</a> for details of measures for the water environment)</p> <ul style="list-style-type: none"> <li>Have a system in place to promptly report environmental events at each business site to the head office. Report the status of such events twice a year to the Environmental Technology and Management Committee chaired by the executive vice president in charge. Also, report to and be supervised by the Board of Directors.</li> </ul>
Indirect operation (Upstream supply chain)  Mining activities of iron ore and coking coal	Utilization of terrestrial ecosystems (Impact)		Physical (Acute)	Temporary suspension of business activities caused by the destruction of land, including the operating area, by the mining activities of a supplier	<ul style="list-style-type: none"> <li>Deterioration of corporate image and a decrease in product sales due to procurement of raw materials from the supplier in trouble</li> <li>Decrease in product production due to limited procurement of raw materials in case of a suspension of a supplier's business activities</li> </ul>	<ul style="list-style-type: none"> <li>Have a system in place that allows us to continue our business, with diversified material sourcing as a comprehensive risk countermeasure, by increasing the amount of procurement from other suppliers even in case of temporary suspension of procurement from one supplier</li> <li>Checking the status of suppliers' nature-related activities in future engagements with suppliers, recognizing that some of the activities of suppliers have an impact on nature</li> </ul>
	Utilization of the terrestrial ecosystem (Impact)	Utilization of water resources (Impact)	Transition (Markets)	<p>When a supplier causes problems such as land destruction or excessive use of water resources, or fails to properly disclose to investors, despite investors' increased ESG investment associated with higher awareness of the use of terrestrial ecosystems and water resource conservation:</p> <ul style="list-style-type: none"> <li>Decline in the supplier's brand value</li> <li>Supplier's withdrawal from the business due to their deteriorating financing</li> </ul>		<p><b>Examples of activities of suppliers of raw material (Vale)</b></p> <p>&lt;Terrestrial ecosystems&gt;</p> <ul style="list-style-type: none"> <li>Enhanced measures to eliminate dangerous tailing dams by 2025</li> </ul> <p>&lt;Water Resources&gt;</p> <ul style="list-style-type: none"> <li>84% use of recycled water for production (result in 2023)</li> <li>20% reduction of per-unit consumption of fresh water vs. 2017, the base year</li> </ul>
			Transition (Reputation)	<p>When a supplier causes a water-related problem or fails to properly disclose it to local residents or environmental organizations, despite their increased interests in the use of terrestrial ecosystems or water resource conservation:</p> <ul style="list-style-type: none"> <li>Decline in the supplier's business continuity in the target regions due to criticism from local residents and environmental organizations</li> <li>Decline in the reputation of the supplier due to news and other information</li> </ul>		 <p>Vale ESG portal/Sustainable mining/Nature</p>

[Opportunity Analysis result]

Target	Critical dependencies/ impact	Risk type	Factors and events	Impact on Nippon Steel	Nippon Steel's strategy
Direct operation The NS Group's nature-related activities	Nature in general (Impact)	Transition (Products and services, reputation)	Increase in demand for eco-friendly products due to increasing social interest in and needs for the conservation of nature and biodiversity	<ul style="list-style-type: none"> <li>• Increase in production by expanding the lineup of eco-products and strengthening the steelmaking system, and increase in earnings from environmentally friendly products</li> </ul>	<p><b>Natural restoration and expansion of supply of a variety of nature-positive and eco-friendly products</b></p> <ul style="list-style-type: none"> <li>• Improvement of marine environment and regeneration of seaweed beds using steel slag as raw material (marine fertilizer: Vivary™ Unit)</li> <li>• High ductility steel plates for hulls that reduce the risk of environmental damage such as oil spills by improving marine safety</li> </ul>  <p>Application example of high ductility steel plates to VLCC</p> <ul style="list-style-type: none"> <li>• Development and provision of steel materials that do not contain environmentally hazardous substances such as lead and hexavalent chromium</li> </ul>
			Increased impact of nature and biodiversity conservation activities on the corporate image due to increasing social interest in and needs for the conservation of nature and biodiversity	<ul style="list-style-type: none"> <li>• Improved corporate image and increase in product sales by effectively disseminating activities related to the preservation of nature and biodiversity</li> </ul>	<p><b>Enhanced PR for the above products (sales activities, academic conferences, events, commercials, etc.)</b></p> <ul style="list-style-type: none"> <li>• Presentation on the creation of sea forests at COP28</li> </ul>  <p>Chika Kosugi, Advanced Technology Research Laboratories, R &amp; D Laboratories, Nippon Steel as a panelist at the Japan Pavilion</p> <ul style="list-style-type: none"> <li>• Award from an external organization (Expansion of the use of wood biomass made from local thinned wood)</li> </ul>
		Transition (Reputation)	Increasing attention from stakeholders, including local residents, regarding the conservation of nature and biodiversity	<ul style="list-style-type: none"> <li>• Implementation of initiatives related to the preservation of nature and biodiversity and effective communication to build good relationships with local communities and improve preparedness for business continuity</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of management standards based on ecological methods, under our Basic Environmental Policy, to promote the creation of Hometown Forests</li> <li>• Contribute to the restoration of ecosystem services (fishery harvest) through the creation of sea forests</li> <li>• Promotion of environmental activities such as dialog and participation in local activities by steelworks, and participation in 30 by 30 activities</li> </ul>  <p>Parantica sita identified in our green areas</p>