NIPPON STEEL

Nippon Steel Integrated Report 2026

NIPPON STEEL CORPORATION

0 NET ZERO

NIPPON STEEL
Green Transformation
initiative

Nippon Steel Group's Corporate Philosophy

Our Values

Nippon Steel Corporation Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Management Principles

1. We as a group continue to value trust and reliability in our actions.
2. We provide products and services that benefit society, and grow in partnership with our customers.
3. We pursue world-leading technologies and manufacturing capabilities.
4. We continually anticipate and address future changes, innovate from within, and pursue unending progress.
5. We develop our employees and bring out the best in them to make our Group rich with energy and enthusiasm.

▶ Nippon Steel Group's Corporate Philosophy



Editorial Policy

We are pleased to present the Integrated Report 2026 to our stakeholders. This report presents the Nippon Steel Group's approaches and measures for improving sustainable corporate value under its medium- to long-term management strategy. It also aims to deepen reader's understanding of our initiatives in non-financial areas, including those relating to safety, environment, and disaster prevention, which constitute the foundation of our business activities.

Building on the 2025 edition, the 2026 edition incorporates the latest information and places greater emphasis on communicating our strategies based on the 2030 Medium- to Long-term Management Plan. This edition provides a clearer account of initiatives to strengthen the management base supporting our growth, including strengthening the revenue base of our domestic business, pursuing a global growth strategy for our overseas business, implementing growth strategies for companies in our non-steel business segments, and advancing our Carbon Neutral Vision 2050.

This year's edition also gives greater emphasis on showcasing the people behind our strategies and initiatives. Alongside messages from top management and the executive responsible for finance, and a roundtable discussion among outside directors, it features interviews with those responsible for domestic business strategy, overseas business strategy, and carbon neutrality initiatives, as well as employees assigned to U. S. Steel. Through these contributions, we convey the aspirations behind our strategies and initiatives and share firsthand perspectives from those directly involved.

We hope all our stakeholders will find this Integrated Report useful and better understand Nippon Steel's activities. We will continue to improve our Integrated Reports to make them more readable and informative. We would appreciate receiving your comments and requests.

Executive Summary

Message from the President
P.10

Even amid a challenging business environment, we have steadily advanced structural reforms and strengthened our business foundation, and are now entering a new phase of growth. Under the 2030 Medium- to Long-term Management Plan, we aim to achieve underlying business profit of ¥1 trillion and regain our position as the best steelmaker having world-leading capabilities, with stronger competitiveness in our domestic business and our overseas growth strategy as the twin drivers.

President Imai discusses our achievements in tackling challenges to date, our strategies for the future, and his thoughts on our employees and stakeholders.

Strategy
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This section explains the basic policies of the 2030 Medium- to Long-term Management Plan, announced in December 2025. It outlines our growth strategies for domestic and overseas businesses, initiatives to achieve carbon neutrality, and measures to strengthen the management base supporting these efforts, alongside our financial targets and shareholder return policy. In doing so, it explains our approach to enhancing corporate value over the medium to long term.

Leaders at forefront areas such as domestic business strategy, overseas business strategy, carbon neutrality initiatives discuss, in their own words, the challenges they are taking on and their outlook for the future. Interviews with employees assigned to U. S. Steel also offer firsthand perspectives from those at the forefront of implementing our growth strategy.

Financial Strategy
P.69

As we work to deliver the 2030 Medium- to Long-term Management Plan, how will we balance growth investment, capital efficiency, financial soundness, and shareholder returns to enhance corporate value? This section presents the CFO's management approach and financial strategy during this phase of upfront investment.

Our Approach to Group Management
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This section provides a clear explanation of our approach to group management. We aim to maximize value creation across the Group through an optimal equity investment policy and effective governance. We continually review our business portfolio and capital structure in response to changes in the business environment to improve capital efficiency.



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Period covered
FY2025 (April 1, 2025 – March 31, 2026)
The report also covers some activities undertaken from April 2026 onward.

Organizations covered
Nippon Steel Corporation and Nippon Steel Group companies
605 companies as of March 31, 2026
(493 consolidated subsidiaries and 112 equity-method affiliates)

Publication date
September 2026

Contact
Please use the "Contact" function on the Nippon Steel website:
https://www.nipponsteel.com/en/contact/

Reference for guidelines
- International Integrated Reporting Council (IIRC) International Integrated Reporting Framework
- The Guidance for Collaborative Value Creation, The Ministry of Economy, Trade and Industry
- The Environmental Reporting Guidelines 2018, The Ministry of the Environment
- The Task Force on Climate-Related Financial Disclosures (TCFD), The Financial Stability Board
- Global Reporting Initiative (GRI) Standards
- ISO26000
- Various ESG ratings and evaluations



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Corporate Vision

▶ Potential of Steel

Nippon Steel's Efforts









Potential of Steel

Steel as a Sustainable Material

An abundant material that can be endlessly reborn as any types of steel products

Steel is a sustainable material that offers various advantages, such as abundant reserves, low cost, high strength, and ease of use, and its quality does not deteriorate significantly even after recycling. Because of these advantages, steel is accumulated and reused in vast quantities throughout society in various forms, from social infrastructure such as buildings and bridges to automobiles, power generation facilities, and home appliances, serving as the foundation that supports economic activities and an affluent lifestyle.

▶ P.166 "Attractiveness of Steel"

Corporate Vision

▶ Potential of Steel

Nippon Steel's Efforts

Growth Potential of Steel

Global steel demand driven by emerging countries and high-grade steel

Steel can exhibit a wide range of properties by blending carbon and other metals and controlling its temperature and rolling conditions. However, we have not yet fully tapped into its potential, with its functions continuing to evolve today. Steel with such characteristics continues to meet increasingly sophisticated needs while continually evolving its functions across a wide range of applications in many industries, such as manufacturing and construction.

While the importance of high-value-added steel products that meet sophisticated needs continues to grow, general-purpose steel also plays a vital role as a material underpinning social infrastructure. As a result, total global demand for steel, including in developing countries, has significant potential for further growth.

▶ P.20 "Potential Risks and Opportunities in the Steel Market"





Corporate Vision

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Nippon Steel's Efforts



Return to the World's Number One Steelmaker

Early realization of the 100 Million Tons, 1 Trillion Yen Vision by developing a robust business structure with vertical and horizontal expansion

To date, Nippon Steel has significantly improved its breakeven point through structural measures at its domestic facilities, as well as price and spread improvements largely in specific customer segment, while also making necessary strategic investments. Overseas, while pursuing a strategy of selection and concentration, we have worked hard to secure and expand production capacity in promising markets, including the capacity expansion at our Indian base and the acquisition of U. S. Steel in the United States.

Anticipating an even more challenging business environment in the future, we strive to further improve earning power in our domestic steel business by strengthening our competitiveness in response to the needs of each demand sector and product category through the deployment of comprehensive solutions and the maximization of the Group's capabilities, as well as by thoroughly pursuing cost competitiveness. In our overseas steel business, we strive to increase our profits dramatically by capturing demand for a wide range of products, from high-grade steel to general-purpose steel, while executing capital investments and maximizing the transfer of our technology and know-how to our priority regions: the United States, Europe, India, and Thailand.

▶ P.25 "Overview of the 2030 Medium- to Long-term Management Plan"

Corporate Vision

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Towards Carbon Neutrality

Leading the global steel industry in realizing a carbon neutral society

Nippon Steel will achieve net-zero CO_2 emissions from its steel manufacturing process by 2050 by drastically changing the conventional process that relies on reducing iron ore with coal. We are promoting a multi-track approach to develop innovative technologies, such as "high-grade steel production in large electric arc furnaces," "reduced iron production with hydrogen," and "hydrogen reduction in blast furnaces." By combining the technologies obtained from demonstration tests using an experimental electric arc furnace and a reduction furnace newly installed at our laboratories, we will steadily lead our efforts to achieve commercial implementation. Furthermore, we will lead the steel industry's efforts to achieve a carbon-neutral society.

▶ P.43 "Initiatives to Achieve Carbon Neutrality"







(The photos show the experimental shaft furnace control room (front) and the experimental shaft furnace (back))

Message from the President

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A Message from the President and COO

Nippon Steel aims to return to the position of the world's number one steelmaker

Tadashi Imai
Representative Director, President and COO



Message from the President

▶ A Message from the President and COO

I am Tadashi Imai, President and COO of Nippon Steel.

The global steel industry is undergoing a major historical transformation. This trend is gaining momentum due to the peaking steel demand and overproduction in China, the Trump administration's trade policies, geopolitical risks including the situation in the Middle East, and the resulting fragmentation of global markets. In Japan, on the other hand, steel demand has been declining year after year against the backdrop of a shrinking population. In addition to these difficulties, we must tackle the issues posed by climate change, particularly carbon neutrality, which presents significant technical and economic challenges for the steel industry. The future of the global steel industry 10 to 20 years from now might look very different from what it does today.

I see this period of transformation as an opportunity for our company to reform and grow, creating even greater value for our customers and contributing to a sustainable, prosperous society. I believe we will survive in this fiercely competitive environment and return to the position of the world's number one steelmaker. From this perspective, we formulated and announced the 2030 Medium- to Long-term Management Plan last December to outline our initiatives for the five years till FY2030.

Our business in Japan will continue to serve as the source of value creation we need to develop and manufacture world-leading technologies. To become an overwhelming presence in Japan, we are driving further company-wide structural enhancement, including Group companies. At the same time, we will review our organizational structure and how to operate through business innovation and efficiency enhancement, enabling operational management with small, elite teams, while allocating more human resources to our overseas business.

Regarding overseas operations, at our four priority bases: the United States, Europe, India, and Thailand, we will strengthen the system for local production for local consumption by leveraging our regional integrated steel production starting from the upstream process. We will strive to increase our profits by introducing cutting-edge technologies developed in Japan and investing in equipment to expand capacity, enhance product sophistication, and reduce costs in step with local demand growth.

We aim to achieve an underlying profit of 1 trillion yen by FY2030 across domestic and overseas operations. We also plan to make a significant leap to the next level of profitability in FY2031 and beyond by steadily pursuing growth investments, mainly overseas, and reaping the profits.

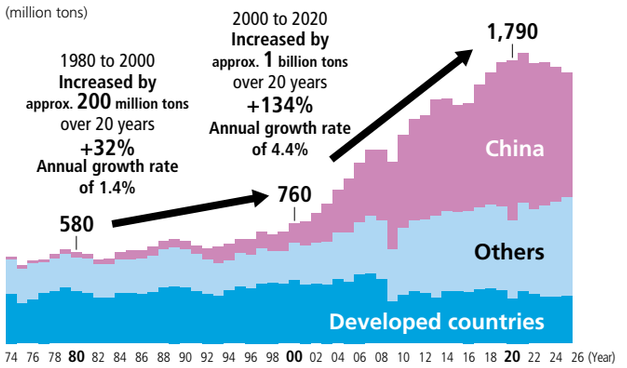
To decarbonize steel production processes, we will first convert blast furnaces to electric arc furnaces at the Kyushu Works Yawata Area by FY2030, achieving a 30% reduction in CO_2 emissions. At the same time, we are fully committed to world-leading technological development and to forming a GX market that ensures predictable returns on investment.

As President and COO of Nippon Steel, I, along with all our employees, will devote our full efforts to enhancing our corporate value over the medium to long term and becoming the world's number one steelmaker, while listening to the voices of our stakeholders, including customers, shareholders, and local communities.

1. Global Steel Industry Environment

Rising geopolitical risks across the globe are accelerating the shift toward local production for local consumption, driven also by economic security considerations

Changes in global steel demand (steel products)



Over the 20-year period from 1980 to 2000, global steel demand grew gradually at an annual rate of 1.4%, from 580 million tons to 760 million tons. However, from 2000 to 2020, it increased rapidly at an annual rate of 4.4%, from 760 million tons to 1,790 million tons. China's explosive economic growth was the major contributor to the change. To satisfy its domestic demand, China expanded its steel production capacity through government-led initiatives. Until around 2015, capacity shortages led China to import large quantities of steel products, which pushed global steel prices higher. Subsequently, China produced far more steel than it could consume and exported the surplus worldwide, causing steel prices to decline. Furthermore, developments in China drastically reshaped the landscape of international trade in steel raw materials, such as iron ore and coking coal, driving their prices higher and causing significant fluctuations.

In 2020, however, steel demand in China peaked and then began to decline. Because demand in India and other emerging economies did not grow as rapidly as in China, global steel demand leveled off or declined. China continues to maintain high steel production levels, and its massive steel exports are affecting global steel market conditions, leading countries around the world to adopt protectionist trade policies. At the same time, as geopolitical risks rise worldwide, we are undergoing a major transformation even in economic security, including the increasing fragmentation of global markets.

2. Looking Back on the 2025 Medium- to Long-term Management Plan

The strength of our employees, who successfully drive transformation, is a solid foundation supporting our future growth

Based on the understanding outlined above, we adopted the following policies for pursuing profit growth in the 2025 Medium- to Long-term Management Plan we formulated in FY2021: In Japan, we will reduce production capacity by about 20% and slash the fixed cost base by implementing industry-leading structural measures for production facilities, while driving order-mix sophistication by shifting from general-purpose products to high-value-added products. In other countries, including India, we aim to grow profits by expanding our integrated iron and steel production system.

However, changes in our business environment unfolded faster than we had expected. We responded promptly to these unexpected changes and implemented many additional measures beyond those originally planned.

In Japan, driving price adjustments in the specific customer segment increased our unit marginal profit, lowering the break-even point by about 40% when we include the effect of our initial measures. We also made Nippon Steel Trading, a downstream trading firm, our subsidiary and took it private, and integrated distribution into our business domain, expanding opportunities for value creation across our entire supply chain. Overseas, to support future growth potential and profitability, we expanded our foundation for medium- to long-term growth by acquiring G/GJ Steel

Message from the President

▶ A Message from the President and COO



in Thailand and U. S. Steel, which were not included in our initial plan. At the same time, we withdrew from our operations in Brazil and China to improve asset efficiency. Also in the upstream raw materials sector, we are expanding our investments in mines not as procurement activities but as part of our business domain.

We have established a "revenue structure capable of generating an underlying profit of 600 billion yen regardless of external conditions" by building a "wide and thick (multi-dimensional) and resilient business structure" through the vertical expansion into upstream and downstream sectors, the horizontal expansion into overseas steelmaking operations, and a significant reduction in the break-even point for the domestic steel business.

As a result of these measures and ongoing cost improvements, we achieved an underlying profit of 650.4 billion yen for FY2025, exceeding the target we initially set in the 2025 Medium- to Long-term Management Plan.

I believe these results were achieved through the dedication and hard work of every employee. I am also convinced that the prowess of our employees, who have successfully carried out reforms amid significant changes in the business environment, is one of our greatest strengths and a solid foundation for future growth.

3. 2030 Medium- to Long-term Management Plan

—Return to the Position of the World's Number One Steelmaker

Achieving dramatic profit growth of more than ¥500 billion in overseas business, and aiming for the next level of earnings growth beyond

I assumed the presidency in April 2024. Since then, while focusing on successfully implementing the 2025 Medium- to Long-term Management Plan, I formulated the management plan for the next five-year period.

In the 2030 Medium- to Long-term Management Plan, we aim to "improve earning power by further strengthening our revenue base" for our domestic business and to "achieve a dramatic profit growth through the execution of our global growth strategy" for the overseas business. To achieve sustainable growth while maintaining capital efficiency and financial soundness over the medium to long term, we will proactively pursue growth investments at the right time and make 6 trillion yen in capital and business investments over the next five years, primarily overseas. Based on the "revenue structure capable of consistently generating an underlying profit of 600 billion yen regardless of external conditions," which we have established to date, we aim to achieve an underlying profit exceeding 1 trillion yen when we combine our domestic and overseas businesses. For our domestic business, we will maintain our underlying profit target at the current level of over 500 billion yen despite the increasingly challenging business environment. For our overseas business, we aim to achieve an underlying profit of 500 billion yen or more, primarily driven by growth in the U. S. Steel business. We aim to make a leap to the next level of profitability in 2031 and beyond by launching growth investments and fully leveraging their benefits.

[Domestic business]

In Japan, we will strengthen our earning power by fully leveraging the current production system and technological superiority, which has established the most competitive company in Japan through past structural reforms, as well as by strengthening our competitiveness depending on product types and demand sectors, developing comprehensive solutions, and implementing integrated optimization across the entire Group.

Specifically, we will enhance our competitiveness by achieving 300 billion yen in cost reductions over five years through measures such as clarifying the roles of our sheet manufacturing bases, improving efficiency through centralized production, promoting Group-wide optimized production, realizing the benefits of capital investments, and reforming logistics. Furthermore, we will strengthen the development of comprehensive solutions across the entire supply chain, not only by developing and selling high-value-added products, but also by integrating our material development prowess with processing, analysis, and evaluation technologies. For example, for the automotive sector, we collaborate with our customers from the development and design stages of new models to create the optimal autobody structure in the shortest possible time. For the architecture and civil engineering sectors, our branches and Group companies work together to propose solutions that integrate steel materials with application technologies. For the energy and shipbuilding sectors, we develop high-performance products and solutions that meet new customer needs, such as the production, transportation, storage, and utilization of new energy sources and the development of zero-emission vessels. The Nippon Steel Group's greatest strength is its ability to integrate knowledge and capabilities to deliver optimal solutions and create value for our customers as they address diverse challenges. We will continue to strengthen and leverage this strength further.

To ensure these initiatives proceed quickly and smoothly, we are also working on reorganization, business innovation, and efficiency enhancement.

To pursue company-wide optimization by clarifying roles between the head office and steelworks, we grouped our 16 steelworks across the country into roughly six organizations in 2020. Since then, we have been consolidating operations engineers and finance staff at steelworks into the head office organization. In April 2026, we integrated the sales functions of our seven branch offices across the country with the head office sales departments with the aim of strengthening our sales force on a regional basis. Through these efforts, we have created a framework for sales and technical collaboration with our Group companies, strengthening the branch offices' role as one-stop service centers.

Beyond organizational structure, we consider business innovation and efficiency improvements key management issues and review company-wide workflows, standardizing and simplifying business processes. We will enhance productivity and strengthen competitiveness by integrating digital technology and business reforms across manufacturing sites, sales, and planning departments. In manufacturing departments, we will advance operational sophistication, strengthen quality control, and improve equipment maintenance efficiency. In our sales and technical departments, we

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will improve our ability to offer customers proposals and solve their problems. Rather than simply extending existing operations, we will fundamentally reexamine them to improve productivity dramatically. We will then allocate the management resources created by this initiative intensively to areas that would directly improve corporate value, such as operations that drive business growth and the development of high-value-added products and solutions.

As our global business operations continue to expand, we need a structure that enables optimal allocation of human and managerial resources in Japan and overseas, allowing us to respond quickly and flexibly to complex management challenges. Through strengthened collaboration with our overseas subsidiaries, expanded personnel exchanges, and the development of specialized human resources, we aim to manage our organization in a way that maximizes the use of the Group's collective knowledge and expertise.

Through these initiatives, we will further strengthen our unique technological capabilities, product appeal, and solution-providing capabilities, thereby establishing a strong competitive advantage in domestic and international markets. Furthermore, we will build a strong management base to support sustainable growth by fostering a corporate culture where every employee embraces change and works autonomously to create value.

We are reorganizing our Group companies to maximize value creation across the Group, improve management efficiency, and expedite decision-making. While considering each company's business environment, financial condition, and historical background, as well as the impact on minority shareholders in publicly traded companies, we have been reorganizing companies to ensure the Group maintains an optimal structure in response to changes in the business environment and strategy. As part of these efforts, We plan to integrate Sanyo Special Steel in April 2027.

[Overseas business]

In our overseas business, we aim to achieve dramatic profit growth by focusing our management resources on four priority regions: the United States, India, Thailand, and Europe, which we recently added. When considering our overseas business portfolio, we place particular emphasis on "regions where steel demand growth is promising," "sectors where our technology and product capacities can be leveraged," and "markets less susceptible to China's influence." Although the United States is a developed country, its population continues to grow. At the same time, the country's demand for high-grade steel is high, an area where we have a competitive



advantage. Moreover, its protectionist trade policies make this market less susceptible to Chinese steel products. Not only is India expected to be the world's fastest-growing economy in the future, but the "Make in India" policy protects it from China's imported steel products. Thailand is geographically close to Japan, and we have had a long-standing presence there and already secured a large market share. In terms of demand for steel products, Europe is the world's third-largest economic zone. The region's demand for high-grade steel is high, and its intra-regional industry protection policies protect the market from Chinese steel products.

We will achieve sustainable profit growth in these regions by establishing local production for local consumption through integrated iron and steel production.

In the United States, U. S. Steel is tasked with generating more than half of the targeted underlying profit of 500 billion yen from overseas operations. We aim to generate more than $3 billion in synergies through operational improvements by introducing our cutting-edge technology and know-how, improving cost and quality competitiveness, and making capital investments designed for sophisticated product types. To this end, the number of employees dispatched from Nippon Steel to U. S. Steel has increased from about 50 at the start of the integration to around 100, who are now implementing 260 improvement initiatives. In our operational improvement efforts, Nippon Steel employees dispatched from Japan and local employees work together as a unified team, guided by Japanese concepts such as "IKKAN QC (integrated quality control across upstream and downstream processes)" and "SEIHAN (integrated optimization of manufacturing and sales)." Despite our original goal of investing $11 billion in U.S. equipment by 2028, we finalized plans for $3.7 billion in investments by July 2026, a year after the integration, with construction already underway. U. S. Steel posted a loss in FY2025, its first year after the merger, due to one-off factors such as accidents and the major cold snap. However, the U.S. steel market is currently performing better than we anticipated at the time of the acquisition. With steady synergy benefits, we expect to generate underlying profit of 180 billion yen in FY2026, making it the largest revenue source in our Group.

In India, AM/NS India is steadily expanding capacity at its existing Hazira Works and has begun constructing a new steelworks in the southern state of Andhra Pradesh, capturing growing demand in the country. In Europe, we took direct ownership of the Slovakian operation, formerly a U. S. Steel subsidiary, and renamed it Nippon Steel Slovakia. We will also take direct ownership of OVAKO, a European subsidiary of Sanyo Special Steel, which Nippon Steel will merge in 2027. Through these initiatives, we will strengthen our Group's management and operational structure within Europe to ensure a stable supply of high-quality steel products in the mature high-grade steel market and reinforce our revenue base. In Thailand, our top-priority home market within ASEAN, we will forge our business base and expand our market share, primarily in the sheet market.

Through these initiatives, we aim to increase our overseas business profit to at least 500 billion yen by the end of FY2030, bringing the Group's underlying profit to over 1 trillion yen when combined with domestic profits. Nippon Steel's global crude steel production capacity increased to 76 million tons after the acquisition of U. S. Steel. We aim to return to the position of the world's number one steelmaker by further increasing this capacity to 100 million or more in the future through growth investments centered on India.

4. Initiatives toward Achieving Carbon Neutrality

To simultaneously achieve a decarbonized society and the sustainable growth of the steel industry, we will devote our full efforts

Achieving carbon neutrality will be an extremely difficult journey, as it involves lots of challenges not only in technological development but also in infrastructure development and ensuring economic viability. Even as the energy landscape remains uncertain, we will continue to devote all our efforts to achieving carbon neutrality by 2050 as a top management priority. The steel

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industry underpins the industrial sector by supplying raw materials. At the same time, this industry must reduce a large share of greenhouse gas emissions to achieve carbon neutrality. As an industry leader, Nippon Steel is committed to fulfilling this responsibility.

Four major challenges stand in the way of achieving carbon neutrality in the steel manufacturing process. The first challenge involves developing a steelmaking process that uses hydrogen material instead of carbon, as well as developing a technology to produce high-grade steel from scrap containing impurities using large-size electric arc furnaces. The second challenge is to ensure predictable returns from a huge investment. This requires creating a GX steel market in which the cost of CO_2 reduction is reflected in steel selling prices as the value of CO_2 reduction. The third challenge concerns institutionalization and standardization. The value of CO_2 reductions must be visualized across the entire value chain and recognized appropriately by international institutions. The fourth challenge is infrastructure development. The carbon-neutral steel production process requires building social infrastructure to supply large quantities of green power and green hydrogen and support carbon dioxide capture, utilization, and storage (CCUS).

These challenges will require long-term efforts, but we are already making steady progress. First, regarding the first challenge in technology development, Nippon Steel achieved a 45% reduction in CO_2 emissions in March 2026 during a test of the technology for "hydrogen injection into blast furnaces" at a test blast furnace in the East Nippon Works Kimitsu Area, setting a world record high. In the same month, we began testing an experimental reduction furnace to develop the technology for "hydrogen direct reduction of iron." We plan to begin commercial-scale demonstration testing using a production blast furnace in the Kimitsu Area by the end of 2026. Regarding the production of high-grade steel using large-size electric arc furnaces, we decided to make a large-scale investment in 2025 and began construction in the Kyushu Works Yawata Area in April 2026.

Meanwhile, the second, third, and fourth challenges require collaboration among Nippon Steel, the government, relevant organizations, and the industries our customers belong to, as well as consensus building across society. Therefore, we will proactively engage with these stakeholders and work together with them. Regarding the formation of a GX steel market, we began to see systems in place to prioritize GX steel procurement and support its use in public investment, the automotive industry, shipbuilding, and other industries. However, fundamental measures to stimulate private-sector demand are needed in preparation for a full-scale supply of GX steel starting around 2030. As to institutionalization and standardization, we are promoting the development of rules and standardization efforts through the Japan Iron and Steel Federation and the World Steel Association.

To simultaneously achieve a decarbonized society and sustainable growth in the steel industry, we will devote our full efforts to these initiatives.

5. Initiatives for Sustainability Issues

Achieving sustainable enhancement of corporate value and contributing to society

Amid the initiatives for sustainable development goals (SDGs) advancing around the world, we will conduct our business activities to proactively contribute to creating sustainable communities through the creation of a circular economy, integrated solutions to issues related to biodiversity conservation and "nature positive," and the maintenance and improvement of a favorable living environment, not to mention the climate change measures described above.

Nippon Steel's corporate philosophy is to pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services. We want to remain a company that actively helps solve diverse social issues through our business activities. To earn the ongoing trust of all stakeholders, we will place safety, environment, and disaster prevention as our top priorities, while actively fulfilling our corporate social responsibility through quality and production initiatives, respect for human rights, diversity, equity, and inclusion (DEI), social contribution through culture, the arts, and sports, as well as community-based educational support.

Nippon Steel is currently facing management issues that are more diverse and difficult than ever. However, only the strength of our human resources can help us overcome and resolve these challenges. Amid significant changes in the social landscape surrounding human capital, we will focus on "securing human resources and promoting their empowerment," "improving productivity," including business innovation and efficiency enhancement, and "strengthening human resources development" to support our global growth.

I will continue to create an environment where individual employees can fully demonstrate their potential. In addition, I will build an organization where our employees can continue to boldly take on new challenges even in a rapidly changing business environment through a virtuous cycle of investment in human resources and growth. With these initiatives driving future growth, we will strive for sustainable enhancement of corporate value and our contribution to society by returning to our position as the world's number one steelmaker.



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(Photo) Next-generation hot strip mill at Nagoya Works

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Key Takeaways from This Section

To regain our position as the world's No.1 steelmaker

We will achieve a consolidated underlying profit of 1 trillion yen or more in FY2030.
Furthermore, we aim to achieve global crude steel production of at least 100 million tons after FY2031 by leveraging the benefits from growth investment, making a leap to the next level of profitability.

Domestic Business Strategy

– We will maximize the use of our established production system to further improve earning power –

- Strengthen our earning power by enhancing competitiveness tailored to each product type and demand sector, maximizing the benefits of capital investment, and optimizing operations across the entire group
- Expand added value creation through the development of comprehensive solutions and the pursuit of technological superiority, as well as high-value-added products
- Improve productivity and enhance competitiveness through organizational restructuring, business innovation, and efficiency enhancement
- Maintain profit levels above 500 billion yen even in a challenging business environment

Overseas Business Strategy – We will achieve dramatic profit growth –

- Allocate management resources intensively in our priority regions: the United States, Europe, India, and Thailand
- Establish a system of local production for local consumption through integrated production, and achieve growth in markets less susceptible to China's influence
- Accelerate growth investment and synergy creation, centered on U. S. Steel
- Aim for profit from overseas business exceeding 500 billion yen and global crude steel production capacity over 100 million tons

Value Creation Process

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Inputs

Manufacturing capital
Mother mills in Japan that cultivate high levels of technology
Overseas production bases that capture growth

Natural capital
Efficient use of resources and energy

Intellectual capital
R&D resources boasting of the world's largest scale

Human capital
Securing and developing human resources

Financial capital
Robust financial base

Social capital
Relationship of trust and cooperation with communities and customers

Business Activities

Domestic / Parent company steel business
Efficient, integrated high-grade steel production under the large blast furnace and coastal integrated steelworks model

Domestic / Other group companies
Contribution to value enhancement by supporting the parent company steel business from upstream to downstream of the value chain. Incorporate steel distribution in the business portfolio

Domestic / Three non-steel segments
Companies derived from steelmaking business generate synergies and realize top-class profitability in their respective fields

Overseas / Overseas steel business
Global production system in "regions poised for demand growth" and in "segments where our technological and production capabilities can be utilized," based on the strengths we cultivated at our mother mills in Japan

Overseas / Raw materials business
Transition from raw materials interests for stable procurement to our "business"

R&D activities
Strategic R&D aimed at sustainable growth of the Nippon Steel Group

Intellectual property activities
Positioned as one of the important factors for obtaining business revenue now and in the future

Promoting digital transformation
Innovative evolution of manufacturing capabilities and strengthening of customer responsiveness

Realizing a carbon neutral steel production process
- Development of decarbonization technologies through a multi-track approach
- Securing decarbonized energy and raw materials

GX Steel market creation
- Promotion and standardization of GX Steel
- Ensured predictability of investment returns

Outputs

Wealth of steel products and solution proposals for diverse applications

Steel sheets
Construction products
Steel Plates
Railway, automotive and machinery parts

Materials
Design
Processing methods

Pipes & tubes
Bars and wire rods
Titanium
Stainless steel

Automobiles, Shipbuilding, Energy, Household appliances, Containers, Industrial machinery, Civil engineering, Construction

Products using by-products
- Steel slag products, coal chemical products

Minimal emissions
- A 99% recycling rate of by-products
- Atmosphere, water, and soil contamination risk management

Non-steel business products and services
- DX promotion, IT solutions, IT consulting
- Chemicals, functional materials, composite materials
- Environment and energy, urban infrastructure

Carbon Neutral Vision 2050

NSCarbolex™ Neutral
NSCarbolex™ Solution

2050
Realization of a carbon neutral society

Outcomes

Contribution to SDGs in society

SUSTAINABLE DEVELOPMENT GOALS

Sustainable corporate value enhancement and profit distribution
- Securing sustainable profit
- Investment for further growth
- Profit distribution
- Enhancement of corporate value

Creation of economic value

Creation of social value
- Employment and regional revitalization
- Safe and reliable daily life
- Energy conservation, reduction of environmental burdens, environmental preservation, creation of a recycling-oriented society
- Disaster prevention and reduction, National Resilience
- Building infrastructure in emerging countries and rebuilding in developed countries
- Products and technological solutions in growth areas
- Education for employees and communities

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As the global economy has evolved, we have built a distinctive, outstanding capital base that includes diverse human resources filled with pride and fulfillment, research resources and intellectual property that rank among the world's best steelmakers, a production structure that enables global supply, and robust customer relationships built on a foundation of trust.
We are creating economic and social value through our business activities by organically integrating these capitals.

Manufacturing capital

Global crude steel production capacity

Approx.
76 million tons/year (consol.)
(domestic **44** million tons + overseas **32** million tons) (2026.6E)

Property, plant and equipment

5.8 trillion yen (consol.)

Human capital

Number of employees

138,453 (consol.)
32,102 (non-consol.)

Number of female employees in management positions

111 (non-consol.)

Number of education and training hours

0.97 mil. hours/year (non-consol.)

Natural capital

Iron ore

49.01 million tons/year (non-consol.)

Coking coal

22.43 million tons/year (non-consol.)

Industrial water

Approx.
600 mil. m^3/year (non-consol.)
(Rate of water recycling: **90** %)

Financial capital

Equity attributable to owners of parent

5.5 trillion yen (consol.)

Interest-bearing debt

5.1 trillion yen (consol.)

D/E ratio

0.71 (consol.)

Intellectual capital

R&D expenses

Approx.
82.7 bn. yen/year (consol.)

Number of R&D personnel

Approx.
800 (non-consol.)

Number of patents we hold

Approx.
16,000 in Japan (non-consol.)
Approx.
16,000 overseas (non-consol.)

Social capital

Trusted and cooperative relationships with customers

Approx.
6,000 customers in Japan (non-consol.)

Coexisting with local communities

Approx.
92,000 visitors hosted for plant tours (non-consol.)

Potential Risks and Opportunities in the Steel Market

While domestic steel demand is expected to decline due to a shrinking population, global steel demand is projected to grow in the medium to long term, particularly in emerging countries, and demand for high-grade steel that contributes to solving social issues is also expected to rise.

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Point 1

Global steel demand will keep increasing, mainly in emerging countries

Steel products are accumulated in society in the form of end products, such as buildings, bridges, factories, ships, automobiles, and household appliances. As of 2015, the amount of accumulated steel products worldwide stood at approximately 30 billion tons, or about 4 tons per capita on average, and about 8 to 12 tons per capita in developed countries. It is forecast that the amount of accumulated steel products per capita will reach 10 tons in China during the first half of this century and in India by the middle of this century.

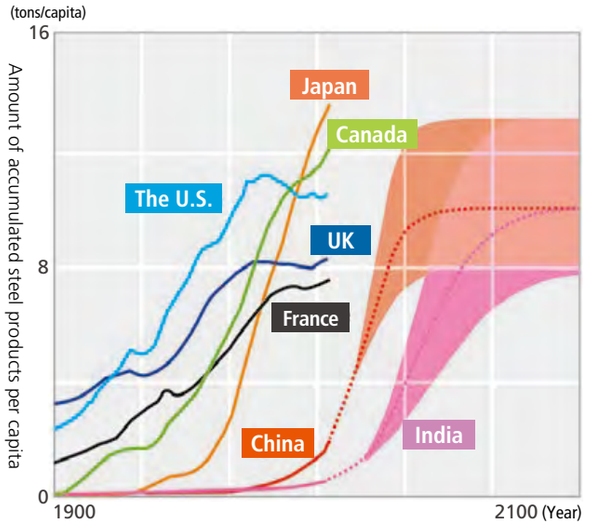
The amount of accumulated steel products will be growing due to economic growth in emerging countries and SDGs initiatives in many countries. Assuming the global per-capita accumulation of steel products reaches 7 tons in 2050, the total amount would come to approximately 70 billion tons, considering population growth.

To meet this level of steel demand, we must increase global crude steel production to approximately 2.7 billion tons/year by 2050.

However, steelmaking using only recycled steel is insufficient to meet the steel production requirements due to the limited amount of scrap available.

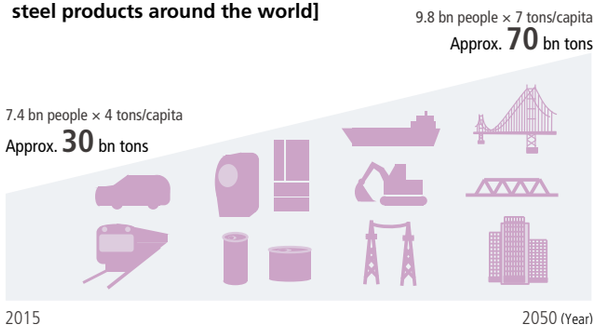
Therefore, even in 2050, we will need nearly the same level of pig iron production via iron ore reduction as we do today.

[Amount of accumulated steel products per capita]

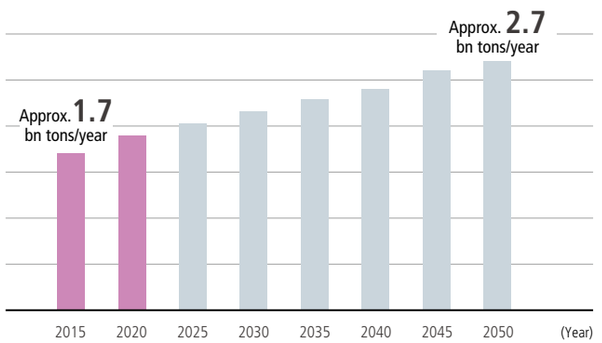


Source: "Sustainable steel: at the core of a green economy," World Steel Association, 2012

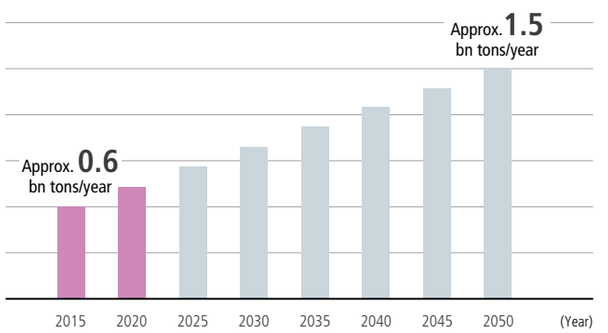
[Projected changes in the amount of accumulated steel products around the world]



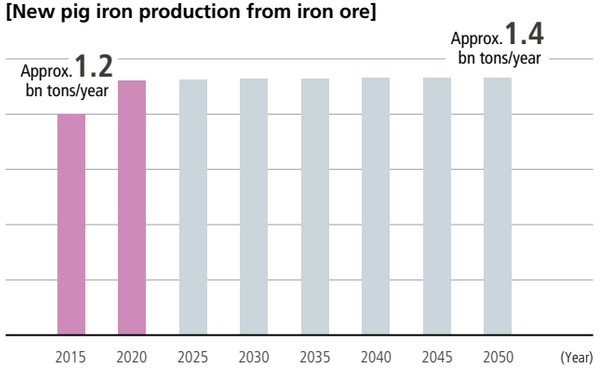
[Projected future global crude steel production]



[Amount of scrap generated]



[New pig iron production from iron ore]



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Point 2

Japan's steel market anticipates a gradual decline

Gradual decline in domestic demand

Domestic steel demand peaked at 94 million tons in 1990, during Japan's economic bubble, and has since been on a downward trend due to a decline in demand for civil engineering and construction, the relocation of manufacturing overseas, and other factors. The Japanese steel industry has managed to maintain domestic production levels by offsetting reduced domestic demand with increased exports.

Japan's declining and aging population is expected to further reduce net steel demand from the domestic manufacturing industry and the demand from the civil engineering and construction industries.

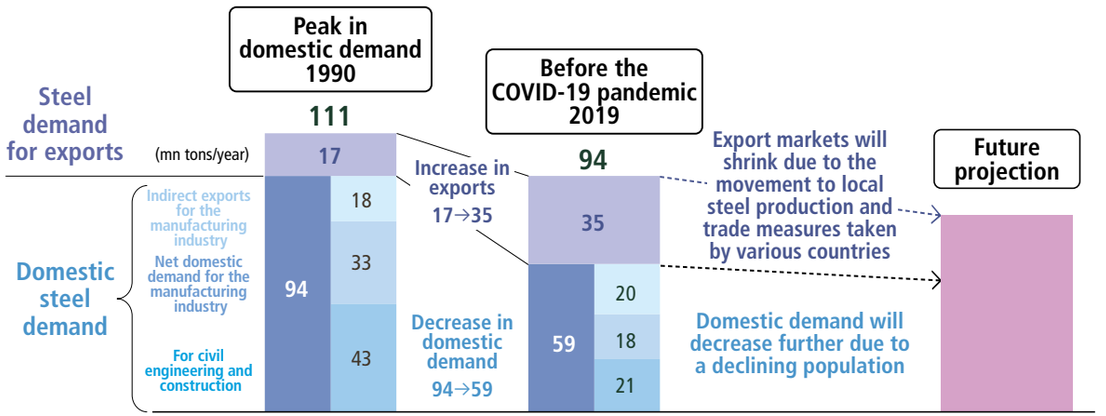
Increasing difficulties in exporting from Japan due to the rise of local steel mills overseas

Steel demand is projected to grow overseas, especially in emerging countries. Nevertheless, the export outlook for steel products from Japan is likely to become more challenging. The main reasons behind this are the growing trend toward local production in various regions of the world and intensified competition resulting from the expanded capacity of new mills along the East Asian coastline.

Decreasing direct and indirect exports from Japan due to trade measures taken by many countries

Recently, many countries around the world have been increasingly considering and implementing trade measures. Given this situation, not only is the direct export of steel products decreasing, but domestic manufacturers are also beginning to shift their production overseas, leading to a decline in indirect exports as well. As a result, we are concerned that the pace of declining domestic demand will accelerate, particularly for high-grade steel.

[Changes in the Japanese steel industry's markets]



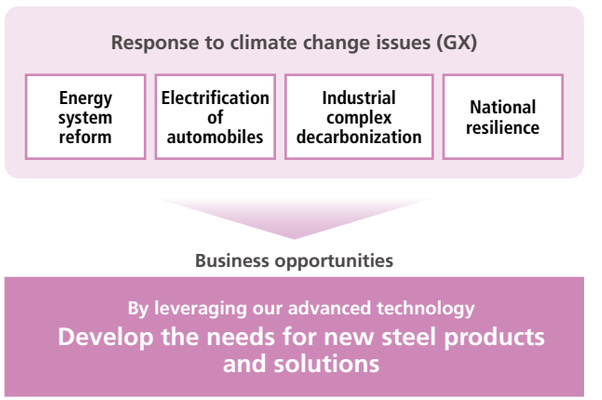
Point 3

Prospects for quantitative and qualitative growth in the high-grade steel market

High-grade steel refers to steel products that harness the diverse properties and vast potential of steel, are engineered to meet specific customer requirements, exhibit outstanding performance in use, and contribute to enhancing the value of end products. Our wide range of high-grade steel products includes ultra-high-tensile steel sheets that help reduce vehicle weight, electrical steel sheets that improve energy efficiency in motors and transformers, and Prostruct™, a construction solution brand that supports the development of safe, resilient, and disaster-resistant infrastructure. These high-grade steel products contribute to solving various societal challenges.

As global initiatives for carbon neutrality and sustainable development goals (SDGs) advance, demand for high-grade steel is expected to grow quantitatively and qualitatively.

New business opportunities arising from social transformation



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Assessment of the business environment

Steel is a base material that supports every industry and people's daily lives, from automobiles, construction, and infrastructure to home appliances, containers, and industrial machinery. Nippon Steel is conducting its business with a mission to maximize the potential of steel and contribute to the sustainable development of society.

However, as structural changes and growing geopolitical uncertainty are occurring simultaneously, the steel market surrounding us is facing an unprecedented level of complexity.

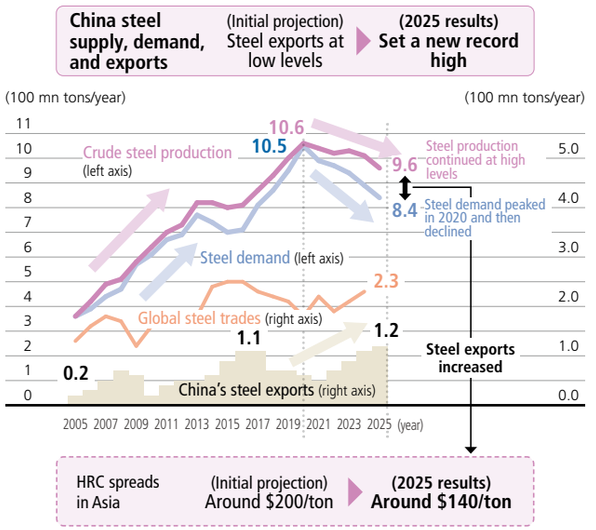
China, the world's largest market in terms of steel demand, saw its domestic demand begin to decline after peaking in 2020. Despite that, the country maintains a high level of steel production, flooding large quantities of surplus steel into the global market. In 2025, China's steel exports reached a record high of 120 million tons/year. As a result, hot rolled coil (HRC) spreads at Asian steelmakers have deteriorated by about $100/ton since July 2023 compared to the levels before then. This impact has caused steelmakers worldwide to face earnings pressure amounting to approximately 30 trillion yen a year. This oversupply condition is a structural problem, and short-term improvements are unlikely. Moreover, uncertainty in the business environment is increasing even further due to protectionist trade policies intensifying in various countries and the continuing imposition of reciprocal tariffs. Under these circumstances, the steel industry will continue to see such structural earnings pressure. The escalating tensions in the Middle East in 2026 are affecting demand across a wide range of industries through their ripple effects on global supply chains, making it even more difficult to forecast the future.

Even in Japan, a decline in steel demand over the medium to long term is inevitable. Domestic steel consumption has roughly halved, from its peak at over 90 million tons in 1990 to a little below 50 million tons today. Demand for steel, including high-grade steel, is expected to continue to decline gradually due to a long-term decline in population, the downward trend in automobile production, and the accelerating shift of manufacturing operations overseas.

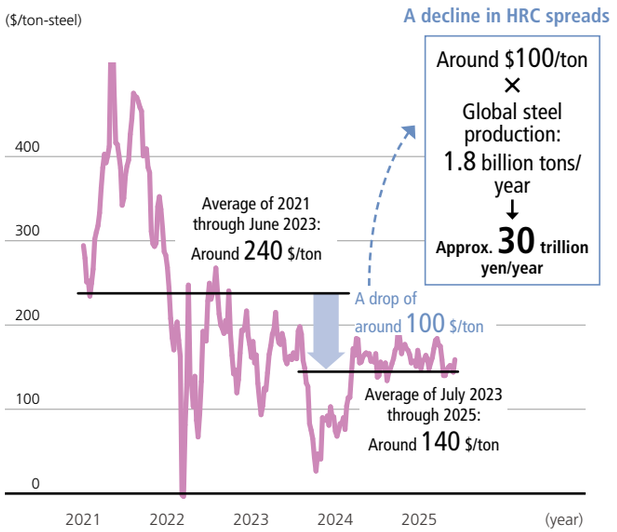
Even in such a difficult environment, opportunities for growth certainly exist. The United States is the largest steel market among all developed countries, with an annual steel demand of approximately 150 million tons (total demand including indirect imports). Despite this, its local content rate remains at around 55%. Against the backdrop of the reshoring of manufacturing and import restrictions resulting from tariff policies, the country's steel demand is expected to grow, particularly for high-grade steel. Against the backdrop of population growth and rapid industrialization, India is expected to see demand growth in excess of 200 million tons by FY2030, and the certainty of that growth stands out among other countries. Furthermore, trends in social transformation, such as decarbonization, electrification, AI, and the spread of data centers, continue to generate new demand for high-grade steel as a high-performance material.

In this "environment where headwinds and opportunities coexist," Nippon Steel will further strengthen its revenue structure to ensure stable profit generation. At the same time, we will achieve sustainable profit growth by capturing demand in growth markets.

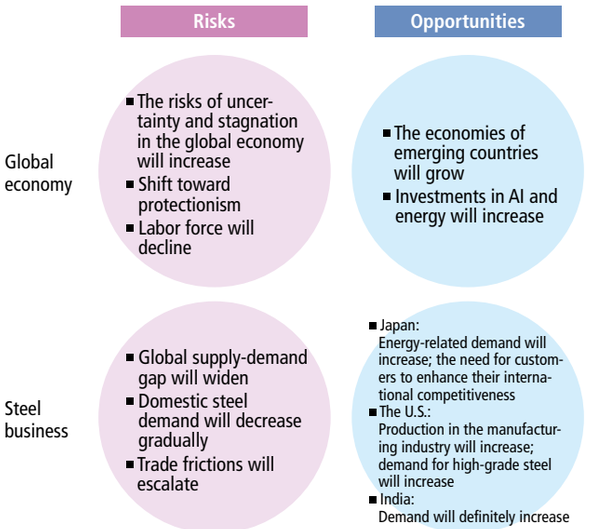
[Changes in the business environment in Japan and overseas]



[Projected HRC spreads in the Asian market]



[Risks and opportunities from a medium- to long-term perspective]



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Looking back on the 2025 Medium- to Long-term Management Plan

Under the 2025 Medium- to Long-term Management Plan, which spanned five years starting in FY2021, the Nippon Steel Group promptly implemented measures to deal with the changes described above. At the same time, the Group has implemented additional measures to overcome the changes in the business environment that exceeded our initial expectations and to continue to grow further.

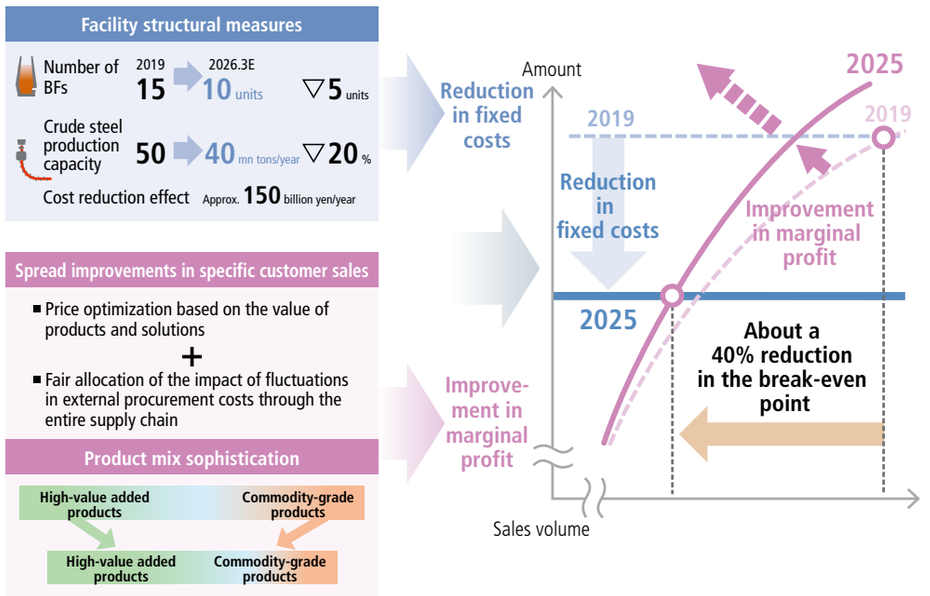
In Japan, we aimed for a revenue improvement of approximately 150 billion yen, primarily through fixed cost reductions, by implementing facility structural measures to decrease our crude steel production capacity by about 20%, such as reducing the number of blast furnaces from 15 to 10 units. At the same time, we raised our marginal profit level through the optimization of prices for specific customers and spreads, the fair allocation of the impact of fluctuations in external procurement costs, and product mix sophistication. As a result of these efforts, we lowered our break-even point by about 40% compared to FY2019 levels. These drastic measures have allowed us to steadily transition to a "revenue structure that does not rely on production volume."

Overseas, we have actively promoted a strategy of selection and concentration. In light of changes in our business environment and other factors, we have restructured or withdrawn from businesses that no longer hold strategic significance or offer limited synergies for our Group, and businesses for which sufficient profitability cannot be expected. On the other hand, we have focused our management resources on sectors and regions with growth potential to restructure our overseas business portfolio. Specifically, we acquired U. S. Steel in the United States to enter the high-grade steel market, which is less susceptible to China's influence (completed in June 2025). We also promoted the expansion of the integrated iron and steel production capacity at AM/NS India's Hazira Steel Works in the growing Indian market. In Thailand, our home market, we are expanding our share and enhancing competitiveness in the steel sheet market, building on the acquisition of G/GJ Steel (2022).

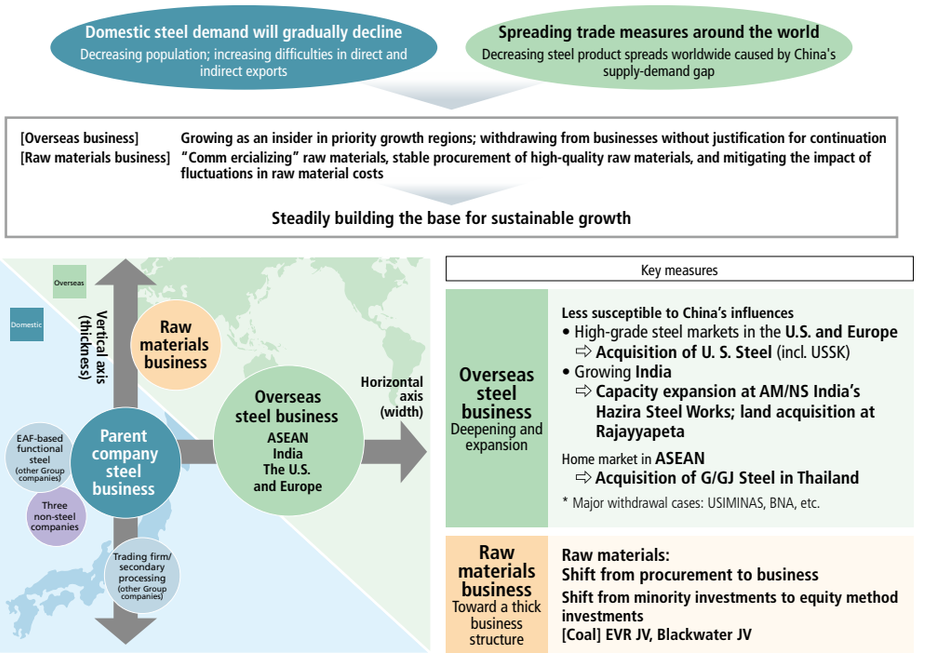
In the raw materials business, we transformed raw materials from "procurement" into a "business" through our investment in the EVR JV and the Blackwater JV. We also incorporated distribution into our business domain by making Nippon Steel Trading a subsidiary. This way, we transformed ourselves into a stable, resilient business structure, combining both "wide" and "thick" business domains. Furthermore, Nippon Steel acquired Sanyo Special Steel as a wholly owned subsidiary and merged Nippon Steel Stainless (both completed in April 2025, and Sanyo Special Steel will be merged to Nippon Steel in April 2027). Through this group restructuring, we maximized the synergy effects* worth 16 billion yen in FY2025.

* Increase in profit attributable to the Company due to an increase in equity interest is excluded (approximately 23 billion yen/year after taxes)

[Key initiatives implemented during the 2025 Medium- to Long-term Management Plan period and their effects]



[Transformation to a "wide" and "thick" business structure]



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As a result of these initiatives, our consolidated underlying profit for FY2021 through FY2025 averaged approximately 760 billion yen/year, marking a dramatic increase from the average of approximately 200 billion yen/year for the previous five years (FY2016 through FY2020). In FY2025, despite one-time losses (totaling 70 billion yen), we generated a consolidated underlying business profit of 650.4 billion yen (720 billion yen with one-time effects excluded). We maintained a relatively stable and high level of earning power among major steelmakers around the world. Thus, even as the business environment deteriorated more than initially anticipated, we took proactive measures to deal with the worsening conditions in the steel business, establishing a revenue structure capable of generating a consolidated underlying profit of at least 600 billion yen regardless of the business environment.

On the other hand, we identified remaining challenges under the 2025 Medium- to Long-term Management Plan. Contributions to our revenue from large-scale investments, including the acquisition of U. S. Steel, are just beginning to take off, and our overseas businesses have not yet fully realized their potential. The 2030 Medium- to Long-term Management Plan is positioned as an implementation phase aimed at accelerating profit growth by making the most of the strong earnings base and business structure we built in FY2021 through FY2025.

[Improving earning power through Group company reorganization]

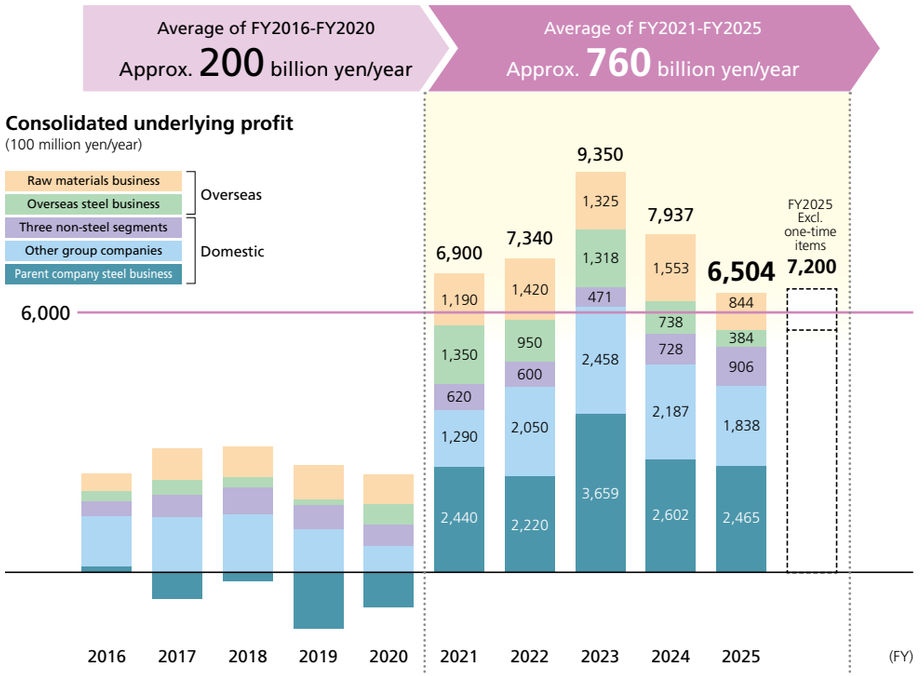
Strengthening the Group's total structural enhancement: 16 billion yen/year in synergy effects* (FY2025)

*Increase in profit attributable to the Company due to an increase in equity interest is excluded (approximately 23 billion yen/year after taxes)

	Sector	Project	Date of implementation	
Acquisition of strategic companies as wholly owned subsidiaries or through absorption-type mergers	Trading firms	Nippon Steel Trading Corporation Made a subsidiary and going private	April 2023: Made a subsidiary June 2023: Going private	Strengthen sales capacity across the supply chain Creating added value
	Special steel bar and wire	Sanyo Special Steel Co., Ltd. Made a wholly owned subsidiary	2025.4	Production structure optimization Strengthen sales and logistics collaboration
	Stainless steel	Nippon Steel Stainless Steel Corporation Absorbed and merged by Nippon Steel	2025.4	Strengthen human resources Strengthen development, sales capacity, and technical prowess
	Refractory	Krosaki Harima Corporation Made a wholly owned subsidiary	2026.4	Collaboration in overseas expansion Enhance cost competitiveness; develop refractories for EAFs
Structural enhancement through integration among our Group companies	Domestic electric welded tube	Transfer and consolidation of businesses of Nippon Steel Pipe Co., Ltd. Building pipes ⇨ Nippon Steel Metal Products Co., Ltd. Mechanical steel pipe ⇨ Nippon Steel	2025.4	Strengthen the business base and efficiency enhancement Strengthen sales capacity; production structure optimization
	Mechanical steel pipe	Integration of three pipe/tube companies* *Nippon Steel Katakura Pipe Co., Ltd., Tsurumi Steel Tube Co., Ltd., and Nippon Steel Pipe Fine Tube Co., Ltd. Inauguration of Nippon Steel Fine Tube Co., Ltd. (96%)	2026.1	Optimal production in the mechanical pipe/tube sector, etc.
	Plate shearing (shipbuilding)	Integration of Taiyo Shearing Co., Ltd. and Sakako Co., Ltd. Inauguration of Taiyo-Sakako Co., Ltd. (77%)	2022.4	Structural enhancement by sharing management resources Order mix diversification
	Plate shearing (steel frames and bridges)	Integration of Nippon Steel Kobelco Shearing Corporation and Fuji Steel Center Corporation Inauguration of Nippon Steel Kobelco Shearing Corporation (55%)	2025.10	Management streamlining Business efficiency enhancement
	Wire, rod, and bar secondary processing	Integration of Matsubishi Metal Industries Co., Ltd., Nippon Steel Metal Industries Co., Ltd., and Nippon Steel Wire Co., Ltd. Inauguration of Nippon Steel Processing Co., Ltd. (68%)	2023.10	Enhance sales capacity; product sophistication Enhance the supply chain and business continuity plan (BCP)
	Slag cement	Integration of Nippon Steel Blast Furnace Slag Cement Co., Ltd. and Nippon Steel Cement Co., Ltd. Inauguration of Nippon Steel Blast Furnace Slag Cement Co., Ltd. (90%)	2026.4	Strengthen the business base and efficiency enhancement Enhance sales, technology, and product development

[Changes in consolidated underlying business profit]

Maintained high levels of underlying profit under tougher business conditions than initially anticipated



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Corporate vision and basic policy

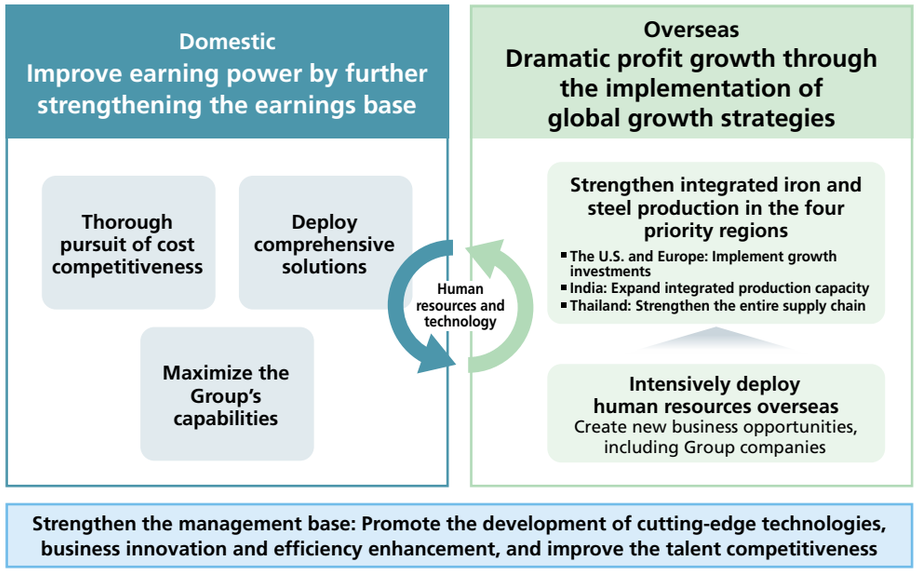
The best steelmaker with world-leading capabilities contributing to the realization of a sustainable, prosperous society through customer value creation

With this being the Nippon Steel Group's corporate vision, Nippon Steel aims to return to the position of the world's number one steelmaker under the 2030 Medium- to Long-term Management Plan (FY2026-FY2030).

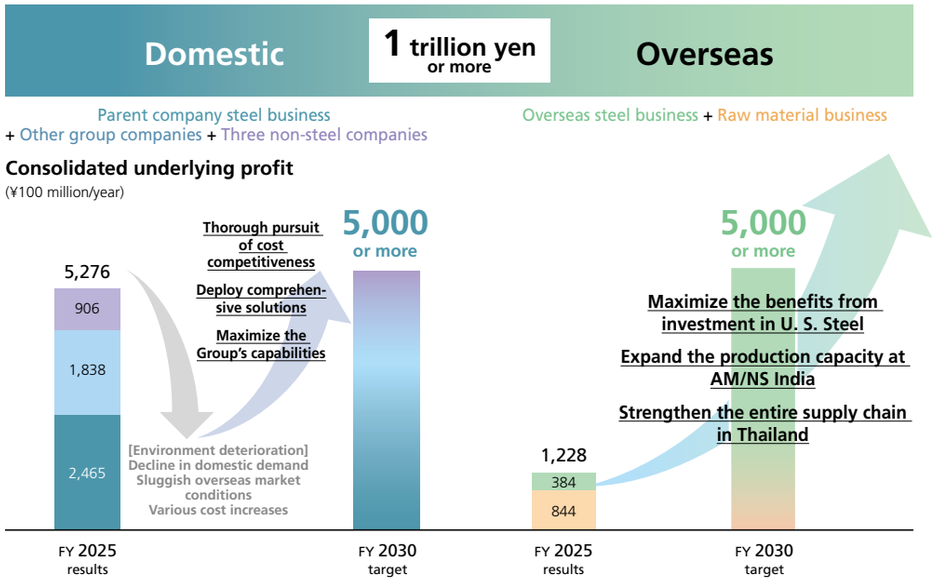
Building on its technical prowess, cost competitiveness, and global reach, the Nippon Steel Group aims to become a company that creates high added value and achieves world-class earning power. The core of the 2030 Medium- to Long-term Management Plan lies in "simultaneously strengthening both domestic and overseas businesses." Specifically, we will strengthen and demonstrate our competitiveness depending on each demand sector and product type while making the most of the robust business foundation for our domestic businesses established under the 2025 Medium- to Long-term Management Plan. At the same time, we will dramatically increase our profits for the future by making large-scale growth investments in overseas growth markets. Even as our business environment in Japan becomes increasingly tougher, we will enhance our earning power as the key to stable profit creation. On the other hand, we will achieve dramatic profit growth in overseas businesses by continuing to make growth investments while steadily converting those results into profits. We believe that only successfully accomplishing these two strategies will allow us to achieve the goal of generating a consolidated underlying profit of more than 1 trillion yen in FY2030.

To support these growth strategies, we will invest approximately 500 billion yen over the next five years to develop cutting-edge technologies. Furthermore, we need to establish an organizational structure that allows for the flexible allocation of management resources to facilitate these strategies of our Group. To this end, we will strengthen the competitiveness of our human resources while enhancing productivity by promoting business innovation and enhancing operational efficiency.

[Simultaneously strengthening both domestic and overseas businesses]



[A roadmap toward a consolidated underlying business profit of 1 trillion yen]



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with the Executive Officer in Charge

Sales is not about “selling.” It is about turning Nippon Steel’s comprehensive capabilities into value.



Takashi Hirose
Executive Vice President

The business environment surrounding Japan’s domestic steel market is undergoing significant change amid a declining population and shifts in the structure of demand. Against this backdrop, Nippon Steel has strengthened its earning power through pricing reforms, a shift toward higher-value-added products, and co-creation with customers, while developing its domestic steel business into a foundation for global growth. In this interview, I discuss the role of sales in supporting the enhancement of corporate value and our efforts to achieve the 2030 Medium- to Long-term Management Plan.

The essence of the steel business

—— The sales function as the company’s “eyes, ears, and nose”

Steel is a fundamental material that underpins virtually every industry, including automobiles, construction, energy, and home appliances. Iron ore, which at first glance looks like nothing more than ordinary rock, is transformed through the steelmaking process into the steel used in automobiles and infrastructure, becoming a source of value that supports society. Behind this transformation is a vast supply chain spanning the procurement of raw materials from around the world, steel production, and delivery to customers. To me, it is this immense scale that makes the steel industry so compelling.

In this context, the role expected of the sales function extends far beyond simply selling products. Its role is to understand where society is headed, what customers need, and what competitors are doing, and to communicate those insights to development, manufacturing, and management. In other words, the sales function serves as the company’s eyes, ears, and nose, connecting changes in the market with activities across the entire company.

That is why I ask every member of our sales team to engage with the market and our customers with humility at all times. It is essential not only to understand constantly changing market conditions and challenges facing customers, but also to discern what lies behind those changes and intentions—the underlying mechanisms and rationale. Grasping the “essence” of things. That, I believe, is the starting point for sales and serves as the source of Nippon Steel’s competitiveness.

Sales reform transformed the profit structure

—— Challenging conventional wisdom in price negotiations

One of the most significant reforms our sales division has undertaken in recent years has been to rethink how we conduct price negotiations. In particular, this involved price negotiations for recurring orders under what are known as “specific customer sales,” in which product specifications and transaction terms are agreed directly with customers.

The steel industry had long adhered to a commercial practice known as “after-the-fact pricing,” under which deliveries to customers continued on the prescribed conditions, with prices determined later. Under this system, the value of steelmakers’ reliable, just-in-time delivery of high-quality products went unrecognized, while prices for high-grade steel remained vulnerable to fluctuations in commodity-grade steel markets.

We therefore fundamentally reviewed our approach to customer contracts and shifted to the “pre-fixed pricing system,” under which volumes and prices are agreed upon in advance. We then transitioned to a framework under which customers appropriately recognize the full value we provide—including reliable, just-in-time supply, quality, technical services, and technology development—in addition to movements in raw material prices, and reflect all of these factors in the prices they pay.

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Some customers even told us that they would "switch to other suppliers." However, we were firmly determined not to let the efforts and sacrifices entailed by the large-scale structural measures Nippon Steel had undertaken—including the idling of steelworks and production facilities—go to waste. Every member of our sales team stood firm and continued patiently explaining the value Nippon Steel provides and the sustainability of the entire supply chain underpinned by that value.

As a result, our relationships with customers have begun shifting toward healthier ones, with discussion centered not only on price and cost, but also on "value." I believe this has become an important foundation not only for improving profitability, but also for enabling Nippon Steel and its customers to achieve sustainable growth together.

A co-creation strategy supporting the shift to higher-value-added products

—— Creating value together with customers

Another major reform undertaken by our sales division in recent years has been to rethink how we engage and collaborate with customers to promote the shift to higher-value-added products. With progress in energy conservation, decarbonization, and safety enhancement, the performance requirements placed on steel products are becoming increasingly demanding. Anticipating these societal needs and the direction of our customers' business, we established production frameworks for high-performance steel products such as ultra-high-tensile steel sheets and electrical steel sheets, while focusing on proposing comprehensive solutions to promote their adoption and widespread use. However, conventional forms of collaboration made it difficult to propose truly optimal solutions, and the adoption and wider use of high-grade steel products had not progressed sufficiently.

Our co-creation activities with automakers epitomizes this new approach to collaboration. Conventionally, we proposed steel products based on designs that customers had already finalized. This process, however, required substantial time and effort for prototyping and modifications, and did not always result in the optimal selection of steel products. We therefore began participating in vehicle development from its initial stages and working with customers to identify the optimal structures and materials. Doing so makes it possible to develop vehicles with superior performance while reducing waste and shortening lead times. The key is not simply to sell high-performance steel products. What matters is working with customers to determine how Nippon Steel's extensive resources can best contribute to their value creation and enhanced competitiveness.

This approach is expanding beyond the manufacturing sector into the construction sector. From the project planning stage, we are drawing on Nippon Steel's capabilities to address the challenges and achieve the objectives of each stakeholder—such as developers, project owners, and contractors—while addressing social challenges such as labor shortages.

The sales function is evolving beyond simply selling products to become a partner that supports customers in creating value.

Our domestic business underpins global growth

—— The challenge toward 2030

I believe that our domestic business is all the more important in an era of declining domestic demand.

It is true that Japan's steel demand is on a long-term downward trend, with domestic demand having fallen from approximately 94 million tons in 1990 to around 49 million tons today. Approximately 19 million tons of this total comes from "indirect export demand"—demand for steel used in products and components such as automobiles and industrial machinery that are subsequently exported—and remains stable even as overall domestic demand declines. In other words, approximately 40% of Japan's steel demand is linked to global markets, demonstrating that Japanese manufacturing continues to maintain its international competitiveness.

Moreover, our domestic steelworks are more than mere production bases. They are mother mills responsible for technology development, human resources development, and leading the way in the mass production of high-grade steel. Our overseas expansion is made possible precisely by the technology and know-how cultivated here in Japan. Indeed, as we expand our operations in India and North America, the technologies and human resources that form the foundation for those businesses come from Japan. I believe that "a strong domestic business drives growth overseas."

Accordingly, we will drive efforts to strengthen the competitiveness of the entire supply chain, from materials to components and finished products. As we promote business innovation and productivity improvement within Nippon Steel, we will also streamline and rationalize interactions among Group companies and with trading companies and other partners. At the same time, we will expand co-creation activities with a broader range of customers and extend our scope to distribution and processing, thereby strengthening international competitiveness across the entire chain, starting with materials. In this way, we will contribute to enhancing the competitiveness of Japanese industry while increasing the added value and earning power of Nippon Steel's domestic business.



I repeatedly tell our younger staff, "Become a strong sales professional." This is not about speaking loudly or taking an aggressive approach to negotiations. It means being able to get to the truth of a matter, think for oneself, build a logical argument, and articulate one's position clearly. While creating an environment in which such young talent can freely take on challenges, I will further strengthen Nippon Steel's comprehensive capabilities as we strive to become the world's No.1 steelmaker. Sales must remain the driving force that transforms those comprehensive capabilities into value.

1 Domestic Business Strategy

(FY2030 target: Consolidated Underlying Business Profit of ¥500 Billion or More)

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In Japan, we will fully utilize the production framework established during the previous Medium- to Long-term Management Plan period and strengthen our competitiveness in line with the needs of each demand sector and product category. Through the thorough pursuit of cost competitiveness, the development of comprehensive solutions, the maximization of the Nippon Steel Group's comprehensive strength, and the pursuit of technological advancement, we aim to further enhance profitability.

For example, in the flat steel business, a core segment of our domestic steel business, we will promote the successful start-up of state-of-the-art facilities already under construction, including the next-generation hot strip mill at Nagoya Works, and fully realize the benefits of these investments. Furthermore, as a result of establishing an optimal production framework, we can further improve production efficiency by clarifying the primary role of each manufacturing base and concentrating production. While moving forward with these initiatives, we will establish optimal production and logistics systems involving our Group companies.

FY2021-FY2025

Improved the break-even point through fixed-cost reductions and selling price optimization

FY2026-FY2030

Fully utilize the established production framework and strengthen competitiveness in line with the needs of each demand sector and product category

Establishing an Optimal Production Framework

Facility Structural Measures

Blast furnaces
15 ⇨ **10 units**

Crude steel production capacity
50 million ⇨ **40 million tons/year**
▼20% reduction

Product Mix Enhancement

Approved and executed investments to enhance production capacity and quality for strategic product categories

Optimization of Prices and Margins for Sales to Specific Customers

Reduced the Break-Even Point by Approximately 40%

Thorough Pursuit of Cost Competitiveness

- Launch state-of-the-art facilities and fully realize the benefits of investments
- Production efficiency enhancement by clarifying the roles of manufacturing lines and through concentrated production
- Further pursuit of optimal production systems

Expand Comprehensive Solutions

- Enhance technological leadership
  Enhance product mix and product and solution proposal capabilities
- Strengthen the supply chain

Maximize the Group's Capabilities

- Enhance profitability across the Group
- Management efficiency enhancement through Group company restructuring

Pursue Technological Advancement

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The following are specific examples of our initiatives in each demand sector and product type.

(1) Automotive sector

- Develop new products and enhance cost competitiveness by utilizing the next-generation hot-strip mill at Nagoya Works
- Strengthen our ability to meet customer needs for non-oriented electrical steel sheets used in eco-friendly vehicles by expanding capacity at Kyushu Works (Yawata) and Setouchi Works (Hirohata and Hanshin)
- Further develop comprehensive solutions such as NSafe®-Auto-Concept and create customer value through stronger collaboration with customers

(2) Structural flat products sector

- Enhance the competitiveness of our differentiated products and our solution proposal capabilities in response to societal needs
- Strengthen our ability to capture domestic demand by pursuing optimal sales, distribution, and production systems across the Group

(3) Infrastructure sector (construction and civil engineering)

- Further promote integrated sales activities on a regional basis through collaboration among sales divisions, domestic branches, and Group companies
- Strengthen our ability to capture domestic demand by pursuing an integrated sales, distribution, and production system across the Group
- Capture demand by strengthening our ability to respond to customer needs aligned with market segments and applications [Specific customer segment (steel sections and spiral steel pipes): Deploy construction and civil engineering solutions (ProStruct®) that combine steel products with utilization technologies.] [Distribution sales segment: Expand competitive product lineups through a business alliance with Nakayama Steel Works, Ltd.]

(4) Energy sector

- Capture demand across the entire supply chain by developing and supplying a cross-category range of steel products with superior heat resistance, corrosion resistance, and hydrogen embrittlement resistance for use under high temperatures, high pressures, and other harsh conditions

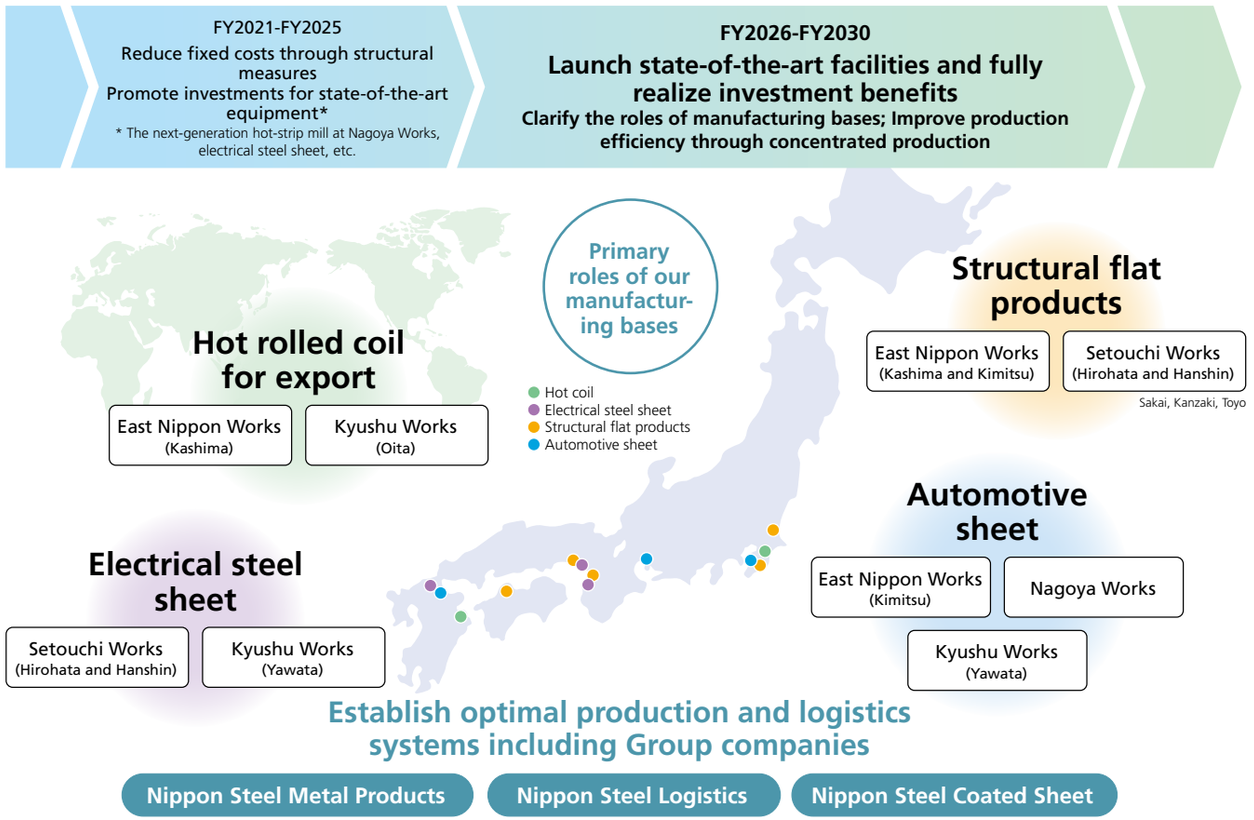
(5) Shipbuilding sector

- Contribute to creating customer value and strengthening Japan's shipbuilding industry by enhancing proposal capabilities for high-performance products and solutions

(6) Stainless steel business

- We aim to capture demand in the energy and shipbuilding sectors through the following two approaches. First, we will pursue an optimal production framework by consolidating chromium-based metallic inputs at the EAFs at Shunan Area and reviewing production arrangements to strengthen the competitiveness of commodity-grade products. Second, we will enhance the product mix through the successful launch and full utilization of the new continuous caster (CC) at Hikari Area

We will also continue to improve profitability through the reorganization of Group companies. We will implement the reorganization in accordance with the approach outlined on the next page with the aim of improving management efficiency and expediting management decision-making, thereby achieving earnings growth through reorganization synergies.



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Reorganization of Group Companies

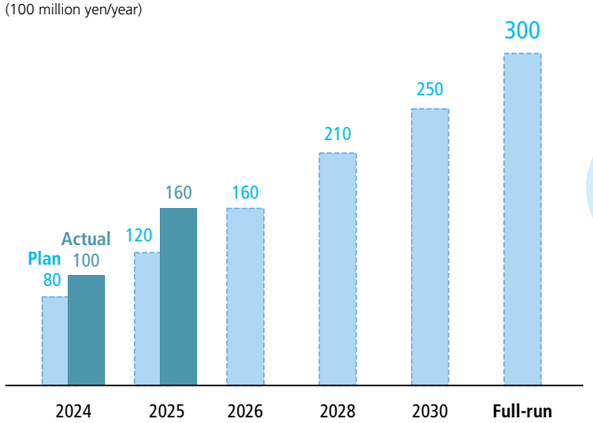
We determine the optimal ownership and management structure of each Group company based on the role it plays within the value chain of our core business, namely the provision of high-value-added products and solutions through integrated steelmaking operations. We have advanced specific reorganization initiatives to establish the optimal structure in response to changes in each company's business environment, financial position, and Group strategy. We aim to increase annual synergies from these initiatives to ¥30 billion on a full-run basis by FY2030 (up ¥14 billion from the FY2025 level of ¥16 billion). The integration of Sanyo Special Steel, scheduled for April 2027, will boost these effects further. Following the integration, we will further enhance competitiveness through the integrated management of domestic and overseas operations, strengthen our execution of growth strategies, and expand our presence in growth sectors.

P.142 "Our Approach to Group Management"

[Plan to fully realize benefits of implemented initiatives]

Total synergies generated from the standalone parent company steel business and steel group companies

(100 million yen/year)



Annual Synergies:
¥30 billion/year
(On a Full-Run Basis)
(+¥14 billion/year vs. FY2025)

Excludes additional profit contributions from increased equity stakes

Wholly owned subsidiary conversion / absorption mergers of strategic companies	Nippon Steel Trading: Subsidiarization and delisting	■ Pursue more optimal production systems across the Group ■ Create synergies through further integration and optimization of product-specific businesses ■ Strengthen and optimize human resources and streamline technology, product, and process development across the Group
	Sanyo Special Steel: Transition to a wholly owned subsidiary	
	NS Stainless Steel: Merger with Nippon Steel	
	Krosaki Harima: Transition to a wholly owned subsidiary	
	NS Pipe: Business integration and reorganization	
Enhancing organizational resilience through group company integration	NS Fine Tube: Integration of NS Katakura Tube, Tsurumi Steel Tube, and NS Pipe Fine Tube	■ Strengthen competitiveness, enhance procurement and purchasing power, and improve productivity through the integration of expertise and technological capabilities
	Establishment of Taiyo Sakako: Integrated Taiyo Shirring and Sakako	
	NS KOBELCO Shearing: Integration of NS KOBELCO Shearing and Fuji Steel Center	
	NS Processing: Integration of Matsubishi Metal Industry, NS Wire Rods Processing, and NS Wire	
	NS Blast Furnace Slag Cement: Integration of NS Blast Furnace Slag Cement and NS Cement	

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Turning global change into growth opportunities
— Nippon Steel's global strategy



Takahiro Mori
Vice Chairman and Executive Vice President

Amid population decline, escalating geopolitical risks, and growing protectionism, the global business environment is at a major turning point. Against this backdrop, Nippon Steel regards expanding its overseas business not simply as a means of market expansion, but as a key management strategy for achieving sustainable growth and strengthening competitiveness. In this interview, I will discuss the path to growth we are pursuing through our four-region global strategy, the significance of the acquisition of U. S. Steel, and the development of people capable of competing globally.

The steel industry competes on a global basis

—— No choice but to seek growth overseas

When I consider Nippon Steel's future, I believe that expanding our overseas business is not merely one option, but an imperative. Japan's steel demand is on a long-term downward trend, with domestic demand having fallen from over 90 million tons in the past to below 50 million tons today. Meanwhile, global steel demand is expected to continue growing in the future. In particular, demand is expected to continue growing in India and other emerging economies as urbanization and infrastructure development advance.

I often say, "We have no choice but to seek growth overseas. There is no alternative." This, however, is not simply a market-expansion strategy. The steel industry is inherently global. We procure virtually all our iron ore and coal from overseas. While some of the steel we produce is sold for use in Japanese industries and infrastructure, an extremely large share has been sold to overseas markets when indirect exports are taken into account, reflecting Japan's industrial structure. Since its founding, Nippon Steel has consistently engaged with global markets.

The world, however, is now changing dramatically. I believe we are moving from an era of "globalization" to an era of "economic blocs." As tariffs rise and economic security and geopolitical risks become increasingly important concerns, it is rapidly becoming more important to produce and sell in the markets where demand exists. That is why we must evolve from a company dependent solely on exports from Japan into one with business bases around the world.

Only companies that are prepared can seize opportunities

—— Our four-region global strategy

We are currently pursuing a "four-region global strategy," centered on the United States, India, Thailand, and Europe. The United States is one of the world's largest markets for high-grade steel and an extremely important market offering both growth potential and profitability. India is a market where steel demand is expected to grow on one of the largest scales in the world over the coming decades. Thailand is an important home market for us in ASEAN, while Europe is also a market with substantial demand for high-grade steel, where technological capabilities provide a competitive advantage.

To an outside observer, our steady expansion of operations across these regions might appear to be simply a matter of good timing. I do not see it that way. Opportunities may seem to emerge suddenly, but in fact they come only after years of preparation. That was true of India. The same was true of the United States. For years, we have studied these markets and continued to explore business opportunities. It was this accumulated groundwork that enabled us to make major decisions.

I believe that a long-term perspective matters more than anything else in overseas business. It means anticipating changes in the business environment, preparing continuously, and acting without hesitation when an opportunity arises. That is the essence of Nippon Steel's overseas strategy.

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Acquisition of U. S. Steel

—— The final piece on our path to becoming the best steelmaker with world-leading capabilities

The acquisition of U. S. Steel is a defining initiative of Nippon Steel's global strategy. However, I do not view this transaction as a stand-alone large-scale M&A deal. Rather, I see it as a natural extension of the experience we have steadily accumulated over many years in overseas business.

What struck me most when I first met U. S. Steel's management team was how closely our two companies' values aligned. For more than 120 years, U. S. Steel has underpinned the development of American industry, just as Nippon Steel has supported manufacturing in Japan. Both companies shared a commitment to operations on the ground and a sense of pride in supporting their respective countries' industrial foundations. It was this shared outlook that enabled me to clearly envision what our future after integration would look like.

What we acquired was not simply the corporate entity of U. S. Steel itself. I believe we gained an opportunity to transform U. S. Steel's future—and an opportunity for Nippon Steel itself to grow further. I am convinced that through this integration, we can further enhance Nippon Steel's technological and operational capabilities, and human capital on a global scale.

The driving force behind PMI

—— Global management capabilities cultivated over decades

At U. S. Steel, improvement initiatives are now under way, beginning with its 100-day plan. Many Nippon Steel personnel are also working on site, with collaboration advancing across a broad range of areas, including technology, production, sales, and human resources development. One of the major forces underpinning these efforts is the experience and expertise we have accumulated over many years in overseas business.

Nippon Steel has a long history in overseas business: our involvement in Usiminas in Brazil began in the 1950s, and our operations in Thailand date back to the 1960s. Over that time, we repeatedly sharpened our focus through selection and concentration as the business environment changed, while confronting a wide range of challenges arising from differences in culture, business customs, and labor practices. I myself was deeply involved in the turnaround of Usiminas. As a company, we have also built expertise through our operation of AM/NS India and our efforts to improve management at Standard Steel in the United States—learning how to understand our partners' strengths, combine them with Nippon Steel's technological and operational capabilities, and grow their businesses.

Another major factor was the approximately 18-month process leading up to the completion of the U. S. Steel acquisition. Despite various twists and turns along the way, executives and working-level teams from both companies visited each other's sites and engaged in extensive dialogue throughout that period. Even before the acquisition was completed, we were able to get to know one another, deepen our understanding of each other's capabilities and challenges—including in technology and operations—and build a foundation of mutual understanding. This has provided considerable momentum for our subsequent PMI efforts.

PMI is not about unilaterally imposing Japanese ways on the other company. What matters is understanding the other company's strengths, combining them with Nippon Steel's strength, and becoming stronger together. They are the experience and expertise we have developed over many years in overseas business and the mutual understanding we built with U. S. Steel during the acquisition process. Together, these two factors are the driving force behind this PMI.

Ultimately, it comes down to people

—— developing people who can compete on the global stage

I believe that the results we achieve in overseas business ultimately depend on people. Capital investment is important. Technology is important. However, it is people who master these resources and create new value. At our overseas operations, situations arise every day that we could never have imagined while working in Japan. In environments where the language and culture are different, there are times when you must make decisions independently as a manager.

I refer to such challenging experiences as "trials by fire." People grow by overcoming such trials. I have had many experiences overseas myself, but I believe I grew most when I had to think independently, make decisions, and take full responsibility under tough circumstances.

Looking ahead to 2030, we have set ambitious targets of more than ¥500 billion in overseas business profit and over 100 million tons per year in global crude steel production capacity. What we envisage beyond those targets, however, is not simply expansion in scale.

Our true objective is to develop people who can excel around the world and to pass Nippon Steel's strengths down to the next generation. I believe that outstanding human resources are Nippon Steel's greatest competitive advantage. I am convinced that Nippon Steel will grow even stronger as more of its people gain experience and hone their capabilities around the world.

The world will undoubtedly continue to undergo significant changes. What matters is that, rather than fearing change, we continue to view it as an opportunity for growth. That is Nippon Steel's global strategy—and it is my own conviction as well.



2 Overseas Business Strategy

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Overview: Nippon Steel's strategy and strengths

(1) Nippon Steel's strategy

For its overseas business, Nippon Steel has pursued the acquisition of brownfield production bases through M&A, based on its strategy of expanding integrated steelmaking bases capable of creating added value from the upstream process in markets with strong growth potential and in fields suited to Nippon Steel's technological capabilities and product strengths.

In the four priority regions of the U.S., Europe, India, and Thailand, we will make significant growth investments to strengthen integrated steel production. These initiatives include strategic capital investments to drive U. S. Steel's profit growth in the U.S., capturing demand for high-grade steel in Europe, expanding AM/NS India's integrated production capacity and constructing a new steelworks in southern India, and expanding our share of Thailand's steel sheet market, which we regard as a home market.

In addition, we will intensively assign human resources overseas to create new business opportunities, including those for our Group companies.

Through these efforts, we aim to dramatically increase overseas business profit to ¥500 billion or more by FY2030. From FY2031 onward, we aim to achieve global crude steel production capacity of 100 million tons or more.

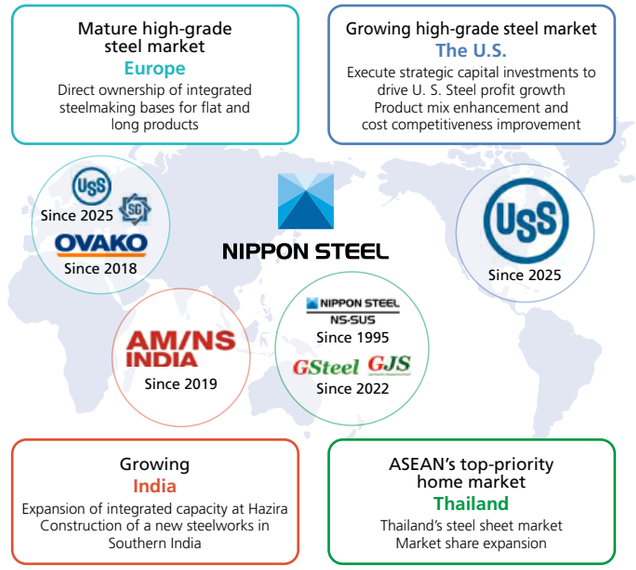
[Significant growth investments and concentration of management resources in four key overseas regions]

Strengthen integrated steel production in priority regions: the U.S., Europe, India, and Thailand

Our overseas business strategy

Expand our overseas manufacturing bases in markets with **strong growth potential and sectors where our technological capabilities and product strengths can be leveraged**

Acquire **integrated steelmaking bases** capable of creating added value from the upstream process. Acquire **brownfield bases** through M&As

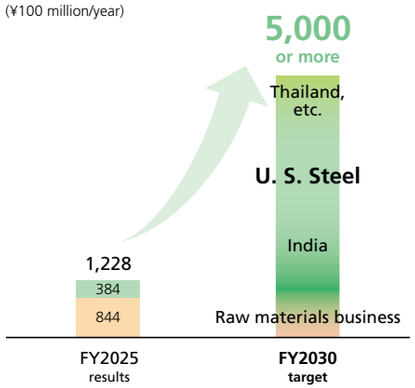


[Contribution of overseas business to achieving ¥1 trillion and 100 million tons]

Profit from overseas business

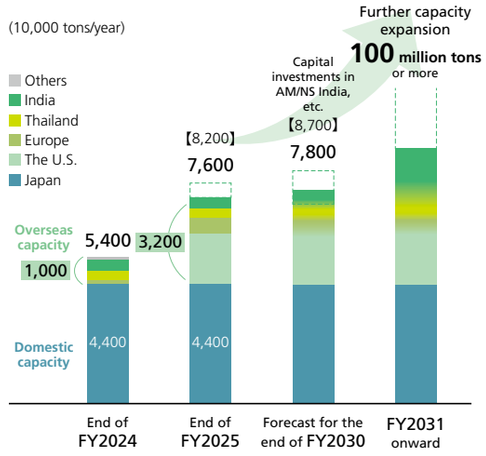
Overseas steel business + Raw materials business

Dramatically increase profit through the full realization of U. S. Steel investment benefits and capacity expansion at AM/NS India



Global crude steel production capacity

Capture global growth and aim for global crude steel production capacity of 100 million tons or more



- Simple sum of the production capacities of consolidated subsidiaries plus production capacity proportional to equity interest of equity method affiliates (30% or more)

Figures in brackets: Production capacity calculated by simply adding the capacity of the equity-method affiliate AM/NS India

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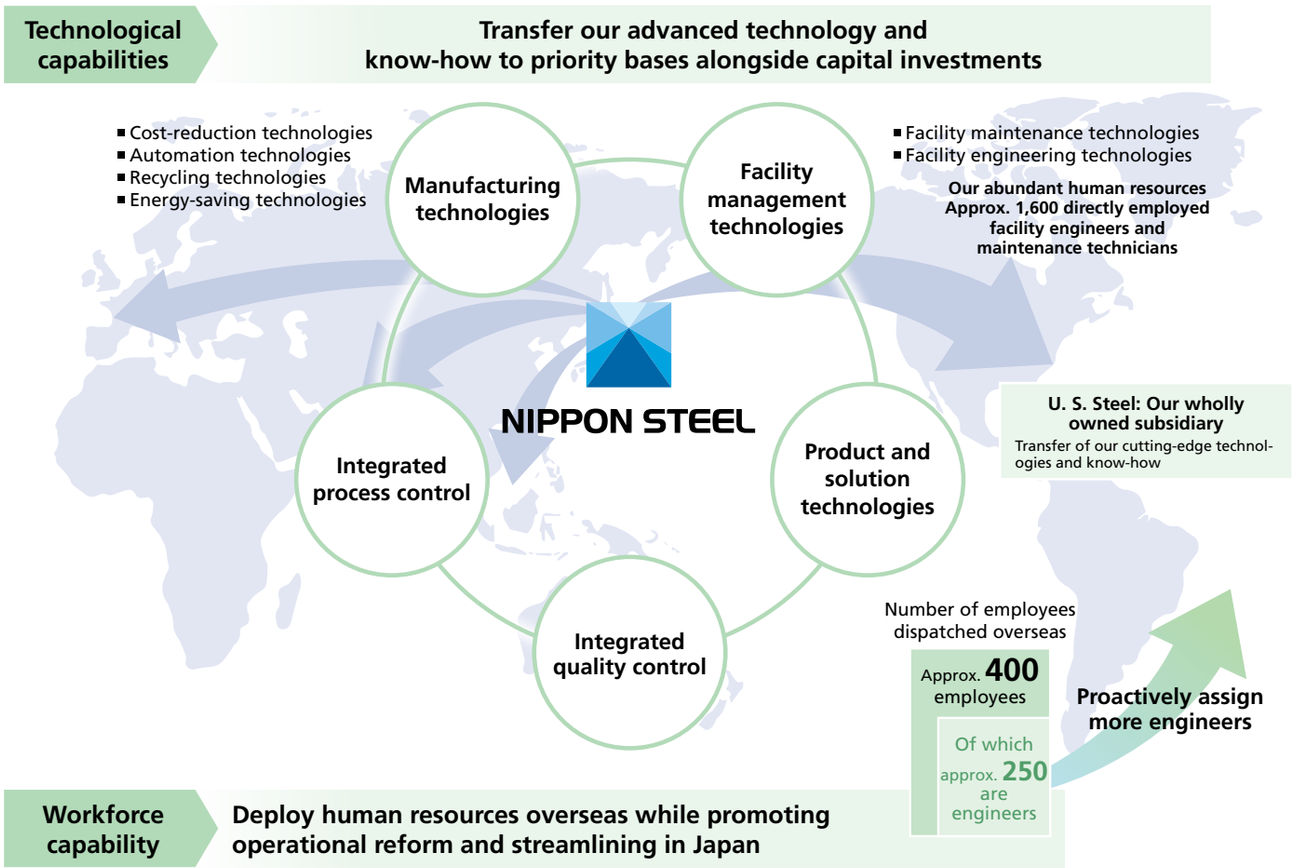
(2) Nippon Steel's strengths supporting the global growth strategy

In pursuing large-scale investments in our key overseas regions, we seek to expand overseas earnings by leveraging the facility engineering expertise and technological capabilities cultivated in Japan and transferring our manufacturing technologies, product solution technologies, and expertise in integrated quality and process management.

The transfer and deployment of these technologies and expertise across our global operations is a key strength of our global growth strategy and serves as an essential foundation to support our growth strategy. Particularly important is that U. S. Steel, which we acquired last year, is now our wholly owned subsidiary. This arrangement enables Nippon Steel to fully transfer its cutting-edge technologies and know-how and deploy personnel to U. S. Steel to maximize our strengths.

To ensure the benefits of transferring technology and know-how to U. S. Steel, we will intensively assign the necessary human resources to promote our global growth strategy.

[Nippon Steel's strengths supporting the global growth strategy]



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The primary earnings driver under the 2030 Medium- to Long-term Management Plan

(1) Challenges and strategies at U. S. Steel

The U.S. steel market is the largest of all developed countries, with annual demand for steel products totaling 150 million tons, including indirect imports. Despite that, its local content rate remains around 55%. Currently, the U.S. government is implementing tariff and trade policies to bring the manufacturing industry back to the country, and we expect the demand to grow in the future, particularly for high-grade steel.

Under these circumstances, U. S. Steel must continue to grow by capturing the increasing demand. However, the company is currently unable to demonstrate its potential because it needs to improve equipment performance, replace aging equipment, and review its cost structure and quality management systems. Therefore, aiming to drastically resolve these challenges, U. S. Steel must equip itself with the "weapons" for capturing the demand as soon as possible by accelerating the introduction of Nippon Steel's technologies, know-how, and other resources and by promptly implementing various measures, including huge capital investments.

(2) A roadmap to earnings improvement

In U. S. Steel's medium- to long-term plan announced in November 2025, the company aims to make capital investments totaling $11 billion in the U.S. by the end of 2028 and improve its EBITDA by $3 billion ($2.5 billion from capital investments and $0.5 billion from operational synergies) from FY2024 levels. The plan calls for U. S. Steel to generate more than half of Nippon Steel's targeted underlying business profit from overseas business of ¥500 billion or more. Therefore, we view achieving this target as our top management priority.

[U. S. Steel's dramatic profit growth]

▼ June 2025: **Closing of the acquisition**

▼ November 2025: **U. S. Steel announced its medium- to long-term plan**

Development of the 100-Day Plan
Advancing evaluation and implementation of 66 initiatives across 8 pillars
Dispatched first 50 or so engineers to U. S. Steel

FY2026–FY2030
Deployment of Nippon Steel's cutting-edge technologies and management resources
Synergy maximization and early formulation/execution of strategic investments
Recently increased the number of dispatched personnel to approx. 100 (incl. short-term assignments)

Introduction of Nippon Steel's advanced technologies

- **Operational technologies**
- **Facility management technologies**
- **Product technologies**
- **Decarbonization technologies**

8 pillars and 66 challenges

(1) Modernize production facilities and maintain/enhance competitiveness
(2) Enhance cost competitiveness
(3) Improve productivity and quality responsiveness of existing facilities
(4) Expand strategic product lineups and high-grade steel supply capacity
(5) Integrate the steel sheet and mini-mill businesses
(6) Maximize synergies from collaboration with Nippon Steel
(7) Construct new steelworks and expand the scope of business domains
(8) Response to carbon neutrality

U. S. Steel's medium- to long-term plan (Announced on November 4, 2025)

Operational synergies

Bring in our advanced technologies and know-how
260 improvement initiatives

- Quality improvements
- Operational improvements (productivity and costs)
- Improvements in fuel costs, yield, and energy efficiency
- Raw materials-related initiatives

⇨ **Improve cost competitiveness, manufacturing capability, etc.**

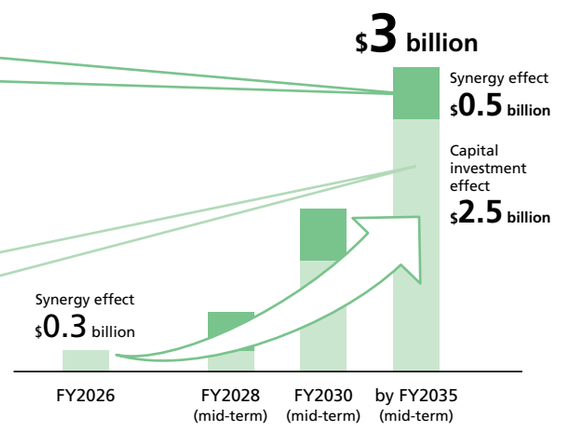
Capital investment

Plan large-scale growth investments totaling more than $14 billion; $11 billion of which will take place in the U.S. by the end of 2028

Realize the benefits of these investments, primarily through strategic projects

- Throughput improvement
- Productivity improvement
- Energy efficiency improvement
- Quality improvement

⇨ **Product mix enhancement, product lineup expansion, supply capacity expansion**



EBITDA improvements compared to FY2024 levels

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We expect earnings improvement not only from the realization of benefits from initiatives already underway before our acquisition, including investment benefits at Big River, but also from synergy benefits generated through the transfer of Nippon Steel's technologies and know-how. We also expect synergy benefits from operational improvements and other initiatives enabled by the transfer of Nippon Steel's technologies and know-how, many of which can be realized without requiring additional large-scale investments. After the acquisition of U. S. Steel, we dispatched approximately 100 employees from Japan, largely engineers, to support the early formulation and implementation of these initiatives.

For strategic capital investments, we plan to make large-scale growth investments totaling more than $14,000 million (of which $11,000 million is scheduled to take place in the U.S. by the end of 2028).

Progress has been steady, and major projects have already been approved and entered the construction phase.

We will continue to accelerate our efforts for the early formulation and commencement of construction of strategic capital investments that will contribute to U. S. Steel's future profit growth.

As for operational synergies, we have identified 260 improvement initiatives and are implementing them sequentially. We have introduced improvement frameworks previously unavailable at U. S. Steel, including Integrated Quality Control Management ("Ikkan QC") and Integrated Improvement of Production and Sales ("SEIHAN"). Under these frameworks, employees dispatched from Japan work together with local employees to drive continuous improvement through the PDCA cycle (Plan–Do–Check–Action). We expect synergy benefits of approximately $300 million in FY2026 and aim to achieve the targeted $500 million as early as possible.

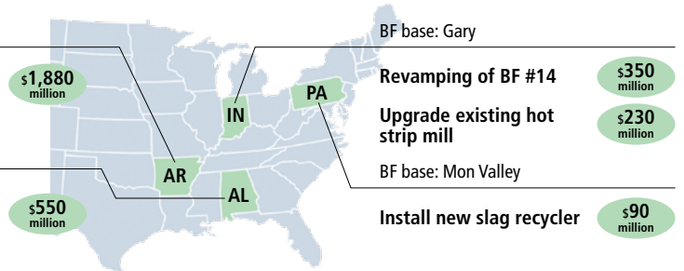
Major Approved Projects

Manufacturing base	Project name	Purpose	Investment amount
Blast furnace base (Gary)	Upgrade existing hot strip mill	Enabling the expansion of high-grade steel offerings	$230 million
	Revamping of BF #14	Securing production capacity and improving cost efficiencies	$350 million
Blast furnace base (Mon Valley)	Install new slag recycler	Revenue expansion through slag sales	$90 million
Electric arc furnace base (Big River)	New DRI plant construction	Raw materials cost reduction, product quality improvement	$1,880 million
Carbon steel pipe base (Fairfield)	Install new premium thread line	Cost savings through in-house threading	$70 million
	Expansion of steel pipe quench & tempering line	Sales expansion, cost reduction	$470 million

Advancing strategic capital investments for U. S. Steel

$11,000 million of planned growth investments in the U.S. by the end of 2028

Approximately 30% of the planned projects had reached final approval by August 2026. Approx. **$3,700 million**



Projects under consideration (scheduled for formulation in FY2026)

BF base: Gary	**Update of steelmaking process and other equipment; update of hot strip mill**
BF base: Mon Valley	**Install new hot strip mill**

Improving cost and quality competitiveness and enhancing product mix

Strengthening manufacturing capabilities and maximizing the effect of synergies at U. S. Steel

Accelerate the deployment of advanced technologies and operational and cost improvements at each base with support from engineers dispatched from Japan

Vigorously advancing U. S. Steel's medium- to long-term plan to strengthen its manufacturing capabilities and maximize the effect of synergies



Blast furnace base (Gary, Indiana; Mon Valley, Pennsylvania)

Nippon Steel's on-site initiatives and introduction of know-how

Integrated quality management
Ikkan QC (integrated QC)

Integrated improvement by the team of manufacturing and sales
SEIHAN (manufacturing and sales)

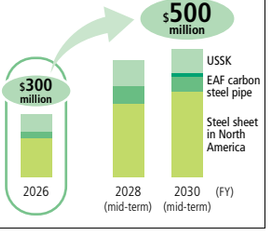
Collaboration with engineers dispatched from Japan / PDCA cycle for reducing operational costs

Engineers dispatched from Japan collaborate with on-site members
Identifying issues by base and process
Currently implementing 260 specific improvement measures one after another

Identify issues / Propose improvement measures — P — D — Implement measures on-site
Consider countermeasures / Implement improvement measures — A — C — Monthly KPI follow-up

Synergy benefits

EBITDA improvements compared to FY2024 levels





EAF base (Big River, Arkansas)

Stable production ramp-up of Big River 2

- Supported by the stabilization of the continuous casting-to-rolling production process, **ESP production reached full capacity on an annualized basis in February 2026**
  1.4 million st in FY 2025 ⇨ 2.5 million st in FY2026 (plan)
  (ESP: Endless Strip Production)
- **Energy-efficient and highly productive operations contribute to operational and cost improvements.**
- Standardization is underway to **embed these technologies and know-how** throughout operations.



BF base (Granite City, Illinois)

BF #B restarted operation, blowing-in in March

(announced on December 4, 2025)

- Stable demand is expected in 2026
- Because of the relining of BF #14 at the Gary Steel Works (May–August 2026), U. S. Steel restarted BF #B (with production capacity of 1.4 million tons/year), which has been idle since September 2023.
- **Blowing-in on March 25, 2026**
- **Experienced frontline supervisors from Nippon Steel were dispatched to support the start-up.**
- **Job creation: Approx. 400 positions**



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— Comments from Nippon Steel’s Resident Employees at U. S. Steel —



Build a solid relationship with U. S. Steel to create the effect of multiplication through mutual trust and continuous dialogues

U. S. Steel
Strategy - Business Planning
Moyuru Fujii

I am working on product portfolio optimization and business value enhancement for the North American flat products business in the Strategy and Business Planning Department at U. S. Steel. I support everything from business planning to project execution, collaborating with members of various specialized departments, such as sales, production, quality, technology, and finance.

One of the most memorable projects for me after arriving here was restarting a tinplate mill that had been shut down for a long time. Engaging in continuous dialogue with many concerned parties in a short period, I conducted the business feasibility assessment, made major decisions, and kept the project going. What struck me during that process was my colleagues at U. S. Steel having a high level of professionalism and a strong desire to “make the company better.” They proactively listen to the new perspectives and suggestions I bring and generously share their expertise with me. Furthermore, U. S. Steel and Nippon Steel share very similar core values and code of behavior, such as safety compliance, environmental responsibility, and social and community contributions, allowing us to collaborate with mutual trust and respect.

I realize that through collaboration with our colleagues at U. S. Steel, the market-driven approach and the philosophy of total optimization through the integration of manufacturing and sales that Nippon Steel has cultivated so far are creating tangible value on the global front lines as well. I will continue to contribute to U. S. Steel’s further growth by combining the strengths of both companies.







Take on challenging work in a highly motivated workplace

U. S. Steel
Operational Improvement NAFR, Tin Process
Takuaki Miyamoto

I am responsible for improving yield, quality, and productivity on the tinplate mill at the Gary Works. I also oversee the medium- to long-term plans for U. S. Steel’s tinplate business.

Since arriving here, I have led efforts to improve operational technologies. U. S. Steel has a lot of outdated equipment and technologies, making it difficult to accomplish even tasks taken for granted in Japan. For this reason, I have consolidated Nippon Steel’s knowledge accumulated over the past 20 to 30 years, exploring and proposing feasible improvement measures. U. S. Steel’s members are proactive and energetic and implement proposed improvement measures right away. Furthermore, visualizing the results of these improvements encouraged them to take the initiative to make further improvements, resulting in significant yield gains.

The strength of the U. S. Steel members lies in their proactive attitude and speed of execution. On the other hand, Nippon Steel possesses process-improvement technology and expertise cultivated over many years. By combining the on-site energy with Nippon Steel’s expertise, new solutions and growth opportunities are emerging one after another. Today, the U.S. market demands tinplate products. The Gary Works is the only steel mill in the United States capable of manufacturing tinplate products. This past April, Nippon Steel approved the restart of the tinplate mill at the Gary Works, a project I was involved in. The sooner the tinplate mill comes online again, the higher our profitability will be. I feel anew I am working in an affluent environment blessed with opportunities and growth.





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Maximize synergies through a direct ownership structure

Europe (EU-27 plus the UK) is the world's third-largest steel-demand economic zone. Because its intra-regional industry is protected by tariffs, safeguards, and the carbon border adjustment mechanism (CBAM), the market is less susceptible to the impact of China's excessive exports. Furthermore, as manufacturing activity continues to shift toward Central and Eastern Europe, an increase in steel demand is anticipated in Central and Eastern Europe over the medium to long term.

Nippon Steel has a critical business base in Europe, including U. S. Steel Košice (Slovakia-based USSK), which it acquired as part of the U. S. Steel acquisition, and OVAKO, which it has held through Sanyo Special Steel Co., Ltd. since 2018 (a Sweden- and Finland-based integrated EAF manufacturer with world-class high-grade, special-steel bar and wire technologies). The two companies specialize in high-value-added products that can leverage our technologies and are located in markets where strong growth is anticipated.

To maximize the growth potential of these European bases, we are currently reviewing our management structure. Because USSK has been under the control of U. S. Steel, we hold only indirect ownership, which limits our direct deployment of management resources. Given this situation, we will transition USSK into our direct subsidiary under the name Nippon Steel Slovakia (NSSK) (scheduled for October 2026). At the same time, we will make OVAKO our direct subsidiary following the merger with Sanyo Special Steel Co., Ltd. (scheduled for April 2027). This arrangement will enable rapid decision-making and the direct deployment of our Group's technology, human resources, and capital. Going forward, focusing on synergy maximization and enhancement of high-grade steel offerings, we will take the lead in planning and implementing growth initiatives, such as product competitiveness enhancement and distribution channel expansion, thereby realizing sustainable growth of our European businesses.

[Overseas priority region: Importance of European bases]

EAF integrated special-steel bar and wire production base
OVAKO (Sweden and Finland)
Crude steel production capacity **1** million t/year
Special steel bar and wire (bearing steel)

Suzuki Garphyttan



BF integrated sheet base
USSK (Slovakia)
(The largest steelmaker in Central and Eastern Europe)
Crude steel production capacity (**4.5** million t/year)
[Product types]
Hot-rolled sheet, cold-rolled sheet, tinplate, galvanized sheet, electrical sheet, etc.
[Customers]
Automotive, electrical equipment, energy, construction industries, etc.

	Regions where steel demand growth is promising	Sectors where our technological capabilities and product strengths can be leveraged
Compatibility with our overseas business strategy	**Business opportunities in the European market** • **The world's third-largest** steel-demand economic zone*1 • The **intra-regional industry is protected** by tariffs, safeguards, and CBAM ⇨ Markets with a **high intra-regional self-sufficiency rate** • In Central and Eastern Europe, which are USSK's key markets*2, **steel demand is expected to increase over the medium to long term** as manufacturing activity continues to **shift eastward**.	**Ovako** • World-class **high-grade, special-steel bar and wire technologies** • **Leading the pack in achieving carbon neutrality** in steel production **USSK** • A **diverse sheet product** portfolio • **Competitive labor costs, well-maintained production facilities**, etc.

Capture intra-regional steel demand and drive profit growth through **synergy maximization** and **product mix enhancement** with Nippon Steel

*1 Europe: EU 27 countries plus the UK
*2 Six major countries: Poland, the Czech Republic, Slovakia, Hungary, Romania, and Austria

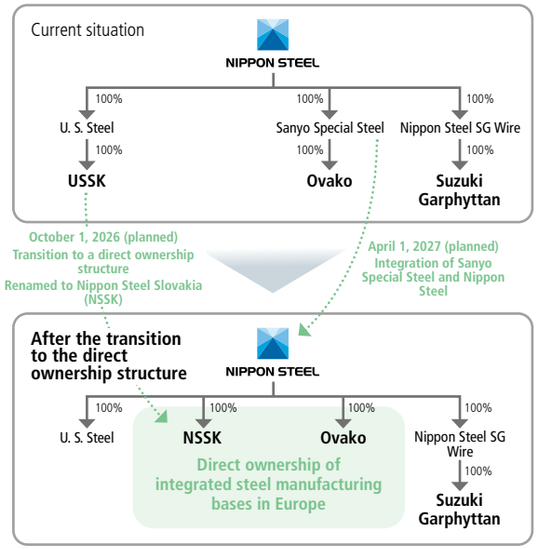
[Direct ownership of NSSK and OVAKO]

Transition European integrated steelmaking operations to a direct ownership structure
Strengthen the management and operational structures of our Group companies within Europe



Strengthen the management base within the region
Quick decision-making
Utilize the Group's management resources

Aim to grow our European businesses through the formulation and execution of long-term growth strategies focused on synergy maximization with Nippon Steel, product mix enhancement, stronger product competitiveness, and expanded distribution channels.



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Business expansion and product mix enhancement in a market with highly visible demand growth

India is the market where Nippon Steel can most likely expect long-term earnings growth in its overseas businesses. Backed by the Indian government's "Make in India" policy and against the backdrop of robust economic growth and industrialization, the country's steel demand is expected to increase from approximately 150 million tons in FY2024 to over 200 million tons in FY2030. Furthermore, because the construction of a new steelworks requires a long lead time due to constraints related to land acquisition and various permits and approvals, supply capacity may not keep up with growing demand. This represents a significant competitive advantage for Nippon Steel, which has already established a solid production base.

Since acquiring AM/NS India in December 2019, we have been steadily expanding production capacity and enhancing its product mix, starting with the Hazira Works (Gujarat). The Hazira Works is expanding its steel sheet facilities (plating line already in operation, pickling and cold-rolling lines already in operation, cold-rolling and aluminum plating lines scheduled to come online in or after FY2027), as well as its steelmaking facilities and hot strip mill (scheduled to come online in or after FY2027). Once these expansion projects are completed, the Hazira Works will evolve into an integrated steelworks capable of supplying high-value-added automotive steel products with a crude steel production capacity of 15 million tons (increasing by 6 million tons from 9 million tons in FY2023).

Moreover, in March 2026, we held a groundbreaking ceremony for the construction of an integrated steelworks on a large coastal site (890 ha) we acquired in Rajayyapeta, Andhra Pradesh, Southern India. For Phase I, targeting a crude steel production capacity of 7 million tons/year, we are considering investment plans with the goal of starting commercial production within the period of the 2030 Medium- to Long-term Management Plan.

Hazira
(Gujarat)
Integrated steel production capacity expansion underway
Cold-rolling and aluminum-plating equipment are scheduled to come online in the second half of 2026

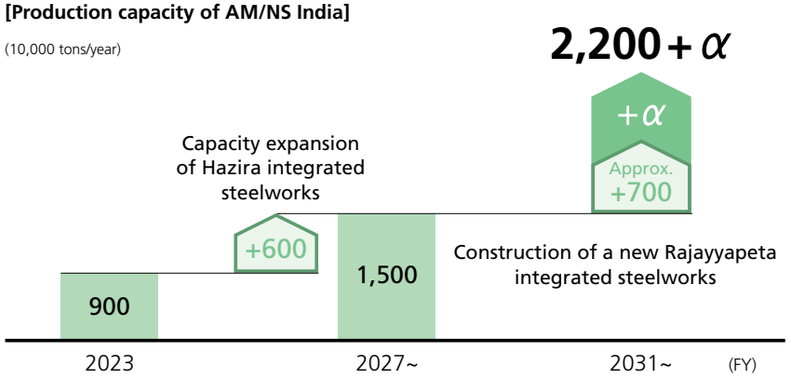
Promote capacity expansion and product mix enhancement at AM/NS India

Rajayyapeta
(Andhra Pradesh)
Construction of a new integrated steelworks begins
The groundbreaking ceremony was held in March 2026



[Production capacity of AM/NS India]

(10,000 tons/year)



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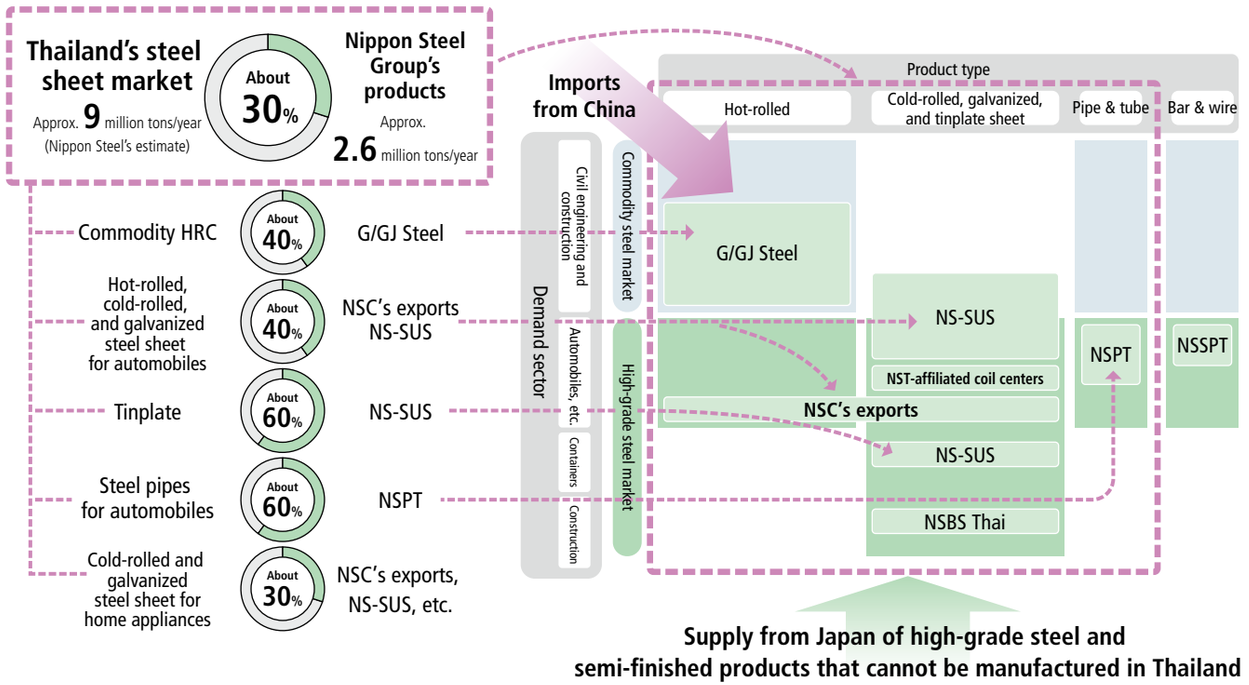
Integrated strengthening of the value chain from steelmaking through the supply chain in our home market

Thailand is our Group's top priority home market within ASEAN, in which we have been investing for more than 60 years since entering the market in 1963. At present, we have as many as 30 operating companies, creating approximately 8,000 jobs. In addition, our Group holds about a 30% share in the steel sheet market (9 million tons/year), which is a testament to many years of our investment and trade. In Thailand, the most important steel market in ASEAN, commodity-grade steel accounts for approximately two-thirds of total steel demand, while the country also has a sizeable market for high-grade steel products used in automobiles and other applications. We have established a strong and well-entrenched position in this market.

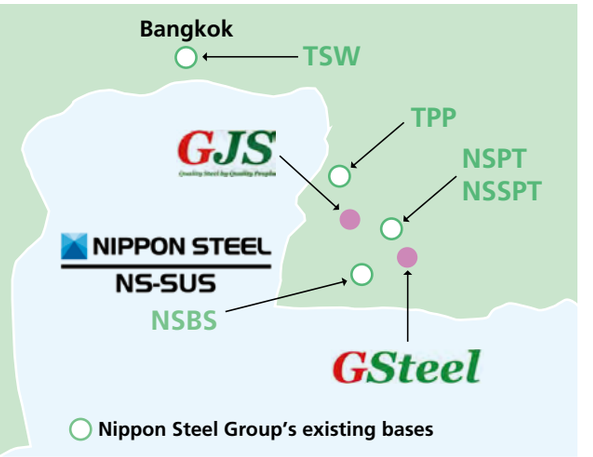
The biggest challenge we face right now is how to respond to the influx of low-cost steel product imports from China. G/GJ Steel, the only integrated EAF and hot-rolling steelmaker in Thailand, is directly affected by this situation. We are promoting revenue improvement through various measures, such as strengthening Group collaboration in sales and procurement of metallic raw materials, reducing operating costs, and leveraging trade measures. On the other hand, NS-SUS, which specializes in high-grade steel, continues performing well, thereby raising the overall competitiveness of our Group.

The Thailand Project, established at our head office in April 2026, is a region-based management structure for centrally driving the Nippon Steel Group's overall business in Thailand. We will build a robust supply chain capable of competing with imports from China by organically coordinating the functions of our group companies, including G/GJ Steel, NS-SUS, and NST-affiliated coil centers, and by combining the supply of high-grade steel and semi-finished products from Japan with the local integrated steel production system.

[Steel market and our business expansion in Thailand]



[Major manufacturing bases in Thailand]



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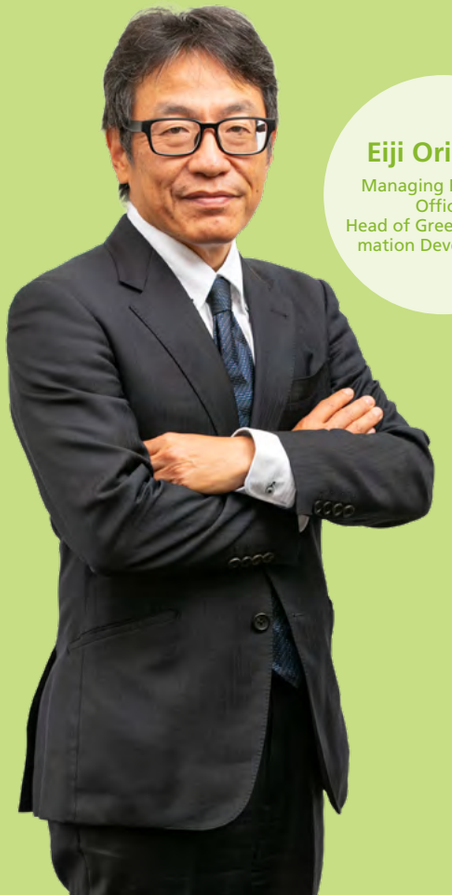
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INTERVIEW

with the Executive Officer in Charge

Carbon neutrality is not a "cost." It is a growth strategy that will pave the way for the future of Nippon Steel.



Eiji Orihashi
Managing Executive Officer
Head of Green Transformation Development

Decarbonizing the steel industry is both a global challenge and an endeavor to transform steelmaking itself. This article presents Nippon Steel's efforts to turn carbon neutrality into a new source of competitiveness through the development of technologies such as large-scale EAFs, hydrogen reduction in blast furnaces, and hydrogen direct reduction of iron, together with the development of the GX Steel market and the establishment of relevant rules. It also outlines the path to growth that Nippon Steel envisions beyond these efforts.

Transforming a 3,500-year history of steelmaking

—— The responsibility to take on one of humanity's greatest challenges

Carbon neutrality is no longer a challenge confined to a single company or industry. Addressing global climate change is a challenge shared by humanity as a whole. In this context, the steel industry bears an enormous responsibility. The steel industry accounts for approximately 10% of global CO_2 emissions, and the vast majority of its emissions come from steelmaking processes that use blast furnaces. In other words, global decarbonization cannot advance unless the steel industry changes. I believe it is essential, first and foremost, to fully recognize this fact.

The history of steelmaking itself has reached a major turning point. For approximately 3,500 years, humanity has produced iron by using carbon to remove oxygen from iron ore. The blast furnace process, which uses coal and coke and remains the predominant steelmaking process today, is still based on the same fundamental principle. Our challenge is to transform the very foundations of steelmaking that have endured throughout this long history. This is precisely why Nippon Steel has a mission to fulfill.

I take great pride in the fact that Nippon Steel is not only one of the world's largest steelmakers, but also one of the companies that have led steelmaking worldwide. Over the years, Nippon Steel has led the evolution of the steel industry by advancing blast furnace technology, developing high-grade steels and the technologies to manufacture them, and supplying high-performance steel products that underpin the automotive industry and infrastructure. We take great pride in having pursued world-class standards in quality, productivity, and operational technologies, thereby helping to underpin the competitiveness of Japanese manufacturing through the materials we supply.

For this reason, I believe we must take the lead in achieving carbon neutrality as well. What is needed today is more than simply upgrading equipment or addressing environmental concerns. The challenge is to transform the very principle that has underpinned steelmaking for 3,500 years. Our task is to transform steel—a material that has underpinned human progress—to meet the needs of the next era. We believe this is both the mission entrusted to Nippon Steel and the role we are called upon to play.

Pursuing a multi-track technology strategy

—— Taking the lead in technological competition and standardization efforts

Nippon Steel's carbon neutrality strategy is distinguished by the parallel advancement of multiple technological pathways, rather than reliance on any single technology. With support from the Japanese government through the Green Innovation Fund, we are currently advancing three technologies in parallel: high-grade steel production in large-scale EAFs, hydrogen reduction in blast furnaces, and hydrogen direct reduction of iron. The optimal solution will vary depending on regional and energy conditions and the raw material procurement environment. Looking ahead, we do not believe that steelworks around the world can all be decarbonized using a single approach. That is precisely why it is essential to maintain a range of technological options.

Among these options, large-scale EAFs are closest to commercial implementation. EAF steelmaking recycles iron that was previously produced through the reduction of iron ore and has since accumulated in society, thereby eliminating the need for iron ore reduction altogether. We have been developing technologies to achieve quality and productivity comparable to those of the blast furnace

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process. With support from the Japanese government under the "Energy and Manufacturing Process Transformation Support Business," we are currently implementing projects for conversion to EAF steelmaking at Kyushu Works Yawata Area, Yamaguchi Works, and Setouchi Works Hirohata Area.

Meanwhile, we are advancing R&D on hydrogen reduction in blast furnaces, with a focus on Super COURSE50. Using a test blast furnace approximately one four-hundredth the size of a full-scale unit, we have been validating hydrogen-based reduction reactions and developing a highly accurate model. The major achievements were demonstrating a 45% reduction in CO_2 emissions in March 2026 and being able to analyze the reactions inside the blast furnace in far greater detail, whereas previously such analysis relied largely on experience and estimates.This has improved the accuracy of the mathematical model and brought us significantly closer to installing the technology in a full-scale blast furnace Building on these advances, we will begin validation trials in a commercial-scale blast furnace during fiscal 2026.

Furthermore, we are advancing the development of hydrogen direct reduction technology. This technology directly reduces iron ore using hydrogen and is expected to deliver substantial reductions in CO_2 emissions in the future. While natural gas-based direct reduction is already in commercial use worldwide, we aim to further decarbonize the process by replacing natural gas with hydrogen. In regions with ready access to low-cost hydrogen produced using renewable energy, hydrogen direct reduction of iron could be another viable option alongside hydrogen reduction in blast furnaces. Looking ahead to how the business environment may evolve, we are also pursuing world-class R&D in this field.

The competition to develop these technologies is underway worldwide, especially in China. However, I do not believe that this competition is solely about technological achievement. This is because companies that take the lead will influence the formation of future standards. Technology competition and standardization are two sides of the same coin, and I believe Nippon Steel must be at the forefront of both.

Creating the GX Steel market

—— Turning the value of CO_2 emissions reductions into economic value

"Can carbon neutrality generate profits?"

My answer to this question is clear. Carbon neutrality is not a cost but an opportunity to create new value. We have refined and optimized our blast furnace technologies as a source of cost competitiveness. When the need to reduce CO_2 emissions is factored in, steelmaking costs rise accordingly. What matters, then, is how society assesses the value of CO_2 emissions reductions.

Based on a range of analyses, we estimate that reducing CO_2 emissions generates social value of at least US$200 per metric ton of CO_2 reduced. I have consistently emphasized that we must "sell based on value rather than cost." GX Steel is not merely a higher-priced product. It is a product that provides our customers with the value created by reducing CO_2 emissions.

Our deliberations on investment in large-scale EAFs were likewise based on the premise that we would capture the value of CO_2 emissions reductions. We cannot forge a path to the future without taking risks. The question is whether those risks are acceptable. This is more than a business plan; it is also a statement of Nippon Steel's commitment to helping shape the future of society.



To achieve this, the creation of the GX Steel market is essential. We must communicate the value of GX Steel all the way to end consumers and ensure that this value is recognized throughout the entire value chain. Standardization and rule-making form the foundation for this. Nippon Steel is working to establish globally accepted standards for evaluating GX Steel.

Implementation by 2030, carbon neutrality by 2050

—— Our challenge continues

My foremost mission toward 2030 is to ensure the successful start-up of the large-scale EAFs currently under construction and build a market in which GX Steel is appropriately valued by customers. Simply constructing facilities is not enough. Our efforts encompass producing the same high-quality steel products as before, gaining recognition for the value of the associated CO_2 emissions reductions, and creating a viable new market for these products.

That, however, is not the finish line. Rather, 2030 marks the starting point for the next stage.

Looking ahead to 2040, we must establish the technologies needed to install hydrogen reduction in blast furnaces and hydrogen direct reduction of iron at a commercial scale, thereby paving the way for achieving carbon neutrality by 2050. In the process, we will also need to address new challenges, including the development of hydrogen supply networks and the installation of carbon dioxide capture and storage (CCS).

I believe we can develop the full range of technological options we need. Ultimately, however, what matters is how society will recognize that value. Carbon neutrality cannot be achieved through technology alone. It can only be realized when markets, regulatory frameworks, and societal values come together as one.

That is why we will not stop moving forward. Even if we cannot reach zero in a single leap, we will reduce emissions step by step. We will develop new technologies, create new markets, and broaden the range of choices available. I believe that steadily building on these efforts is the surest path to achieving carbon neutrality by 2050. Nippon Steel will remain at the forefront of this challenge.

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Nippon Steel aims to achieve CO_2 emissions reductions in its supply chain by offering two forms of value: "providing high-performance steel products and solutions that contribute to reducing CO_2 emissions across society" and "providing GX Steel* by decarbonizing the steelmaking process" through the realization of the "Nippon Steel Carbon Neutral Vision 2050."

* This refers to the "green steel for green transformation" defined in a summary of the Study Group on Green Steel for Green Transformation (GX) hosted by the Ministry of Economy, Trade and Industry (METI) in January 2025.

Nippon Steel's initiatives to address climate change

In support of the ambitious government policy to realize a carbon-neutral society in 2050, we announced the Carbon Neutral Vision 2050 in March 2021.
We will satisfy the decarbonization needs of our customers (totaling approximately 6,000 companies in Japan) and support their international competition by taking the lead in decarbonizing the steelmaking process ahead of other countries, offering high-performance steel products and solutions, and swiftly supplying GX Steel to the market.

Corporate Philosophy

The Nippon Steel Group will continually pursue world-leading technologies and manufacturing capabilities, contributing to society by providing excellent products and services.

Response to Climate Change

- Reducing CO_2 emissions in the steelmaking process
- Contribute to CO_2 emissions reductions in society (CO_2 emissions reductions during steel processing and usage)

Ensure a sustainable supply of materials essential to building the social infrastructure while continuously enhancing corporate value
Ensure economic viability

《 Providing two forms of value based on our corporate philosophy 》

- Realizing a carbon neutral steelmaking process by 2050
- Expanding our range of products that contribute to reducing CO_2 emissions throughout society

Economic valuation of CO_2 emissions reductions

Provision of GX Steel
NSCarbolex® Neutral

Provision of GX Solutions
NSCarbolex® Solution

Contributing to customers' CO_2 emissions reductions

Realizing a carbon-neutral society by 2050

For more information on NSCarbolex™: https://www.nipponsteel.com/en/product/nscarbolex/

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Decarbonizing the steelmaking process

The blast furnace–basic oxygen furnace (BF-BOF) process is currently the only steelmaking process capable of producing high-grade steel products from iron ore on a large scale, but it relies on coal in the form of coke as the reducing agent. In the blast furnace process, coke serves as both a reducing agent and a heat source. Because it remains solid even at high temperatures, it also supports the raw materials and maintains gas permeability within the furnace. During the reduction reaction, however, it generates approximately two metric tons of CO_2 per metric ton of steel produced.

For this reason, we will strive to achieve carbon neutrality by drastically reviewing our existing processes and engaging in the development and commercial-scale implementation of three innovative technologies via a multi-track approach. The three technologies are high-grade steel production in large-scale electric arc furnaces (EAFs) with productivity comparable to blast furnaces (enabling the production of high-grade steel that cannot currently be made in EAFs using steel scrap as raw material), hydrogen direct reduction of iron (manufacturing solid reduced iron by hydrogen reduction in direct reduction furnaces), and hydrogen reduction in BFs (injecting hydrogen into the existing BFs to partially replace the use of carbon).

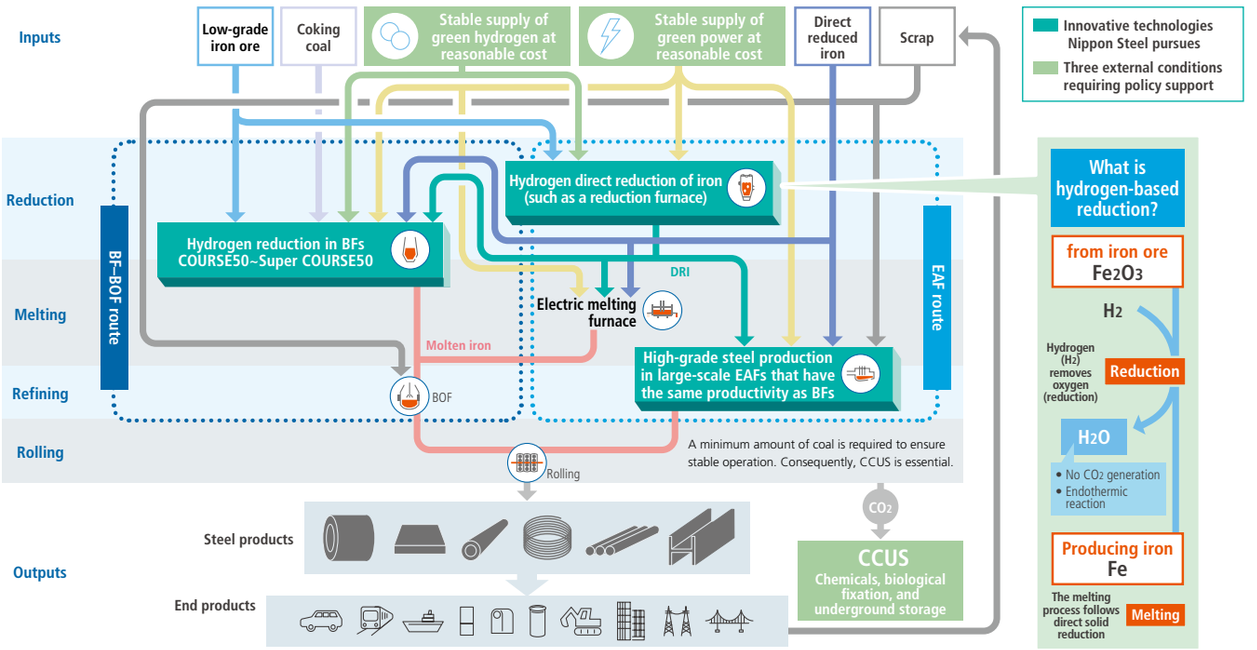
Technical issues in realizing a carbon neutral steel production process
https://www.nipponsteel.com/en/sustainability/env/climate/future.html

The need for a multi-track approach

Among the three breakthrough technologies described above, EAFs are excellent from a decarbonization perspective. However, they are subject to quantitative constraints stemming from the finite nature of scrap, as well as qualitative constraints related to impurities within the scrap. These constraints make it impossible to convert all existing steel production processes to the EAF route. Therefore, we still require steel production relying on the reduction of iron ore to meet global steel demand. Hydrogen direct reduction of iron is also constrained by the limited availability of high-grade iron ore suitable for direct reduction.

Accordingly, rather than committing to a single technology at this stage, we are striving for carbon neutrality through a mult-itrack approach, drawing on the distinct strengths of each technology.

[Carbon neutral steel production process (Conceptual)]



[Constraints of direct hydrogen reduction + EAF process]

Limited availability of scrap

While scrap generation is increasing year after year, iron ore reduction still remains necessary to meet global steel demand

Impurities contained in steel scrap

Manufacturing high-grade steel in EAFs is difficult due to impurities contained in scrap and nitrogen contamination during scrap melting

Availability of high-grade iron ore

The production of DRI requires rare, high-grade iron ore, which accounts for less than 10% of the world's total iron ore resources

[The need to ensure a supply of iron resources through iron ore reduction]

Global steel demand (on a crude steel basis)

1.7 billion tons/year (2015) → 2.7 billion tons/year (2050)

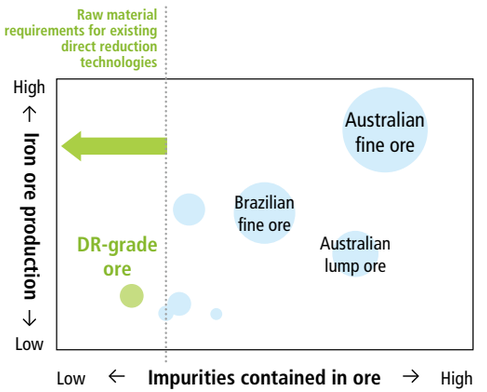
Global scrap generation

0.6 billion tons/year (2015) → 1.5 billion tons/year (2050)

Required volume of steel production from iron ore

1.2 billion tons/year (2015) → 1.4 billion tons/year (2050)

[Resources of high-grade iron ore]



Source: Created by Nippon Steel based on CRU/AME data (2018 production/export volumes)

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Toward the decarbonization of steelmaking process

Nippon Steel has set a target of reducing total CO_2 emissions by 30% by 2030, compared to the 2013 baseline and of achieving carbon neutrality in 2050. We are working to develop and actually implement innovative technologies in steelmaking process ahead of steel companies in other countries.

This plan is intended to significantly contribute to Japan's NDC in line with the Paris Agreement (1.5°C goal). With the assistance of the Green Innovation (GI) Fund*, we are working on specific plans for the roadmap of development and practical implementation.

Looking toward 2030, we will undertake the conversion of some blast furnace-based production to EAF steelmaking. Toward 2050, in step with scheduled blast furnace relinings, we will pursue further conversions to EAF steelmaking and fully install hydrogen direct reduction of iron and hydrogen reduction in blast furnaces. By combining these technologies in the most effective way, we aim to establish a carbon-neutral steelmaking process.

* This is an R&D project commissioned and subsidized by the New Energy and Industrial Technology Development Organization (NEDO), to support companies and other entities implementing projects that aim to achieve the ambitious 2030 targets (such as CO_2 emissions reductions) in priority areas of the Green Growth Strategy Action Plan.

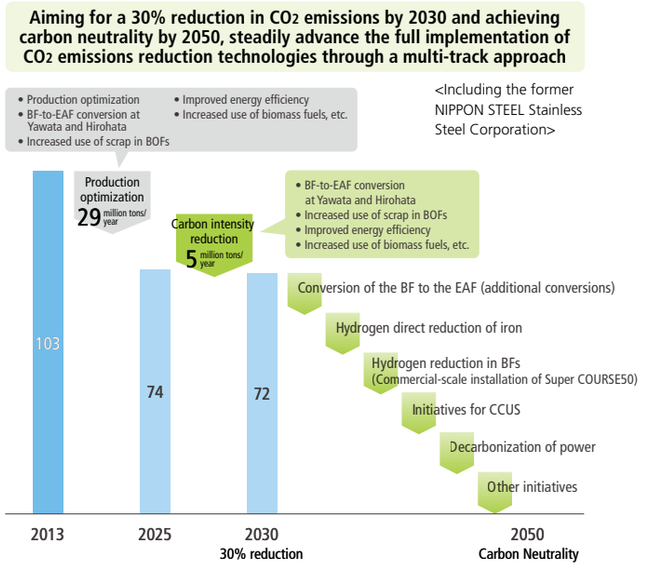
Assessment and verification for decisions on commercial-scale installation

In deciding whether to install at commercial scale the breakthrough technologies set out in the Carbon Neutral Vision, Nippon Steel assesses and verifies their feasibility from both the supply side—technology and infrastructure—and the demand side—predictability of investment recovery.

Specifically, on the supply side, we first assess the maturity of the technologies and the readiness of the necessary infrastructure. Based on these assessments, we then estimate capital expenditures and operating costs. On the demand side, we assume a cost level that society as a whole would be willing to accept in recognition of the value of CO_2 emissions reductions. Based on this assumption, we set a price premium, or "extra" price, for GX Steel and assess whether the projected level of demand would allow us to recover the costs.

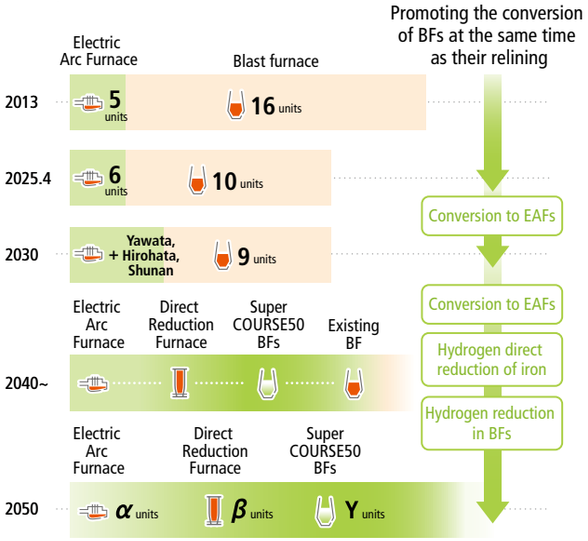
Projects judged through this process to offer sufficient predictability of investment recovery will be implemented on a phased basis.

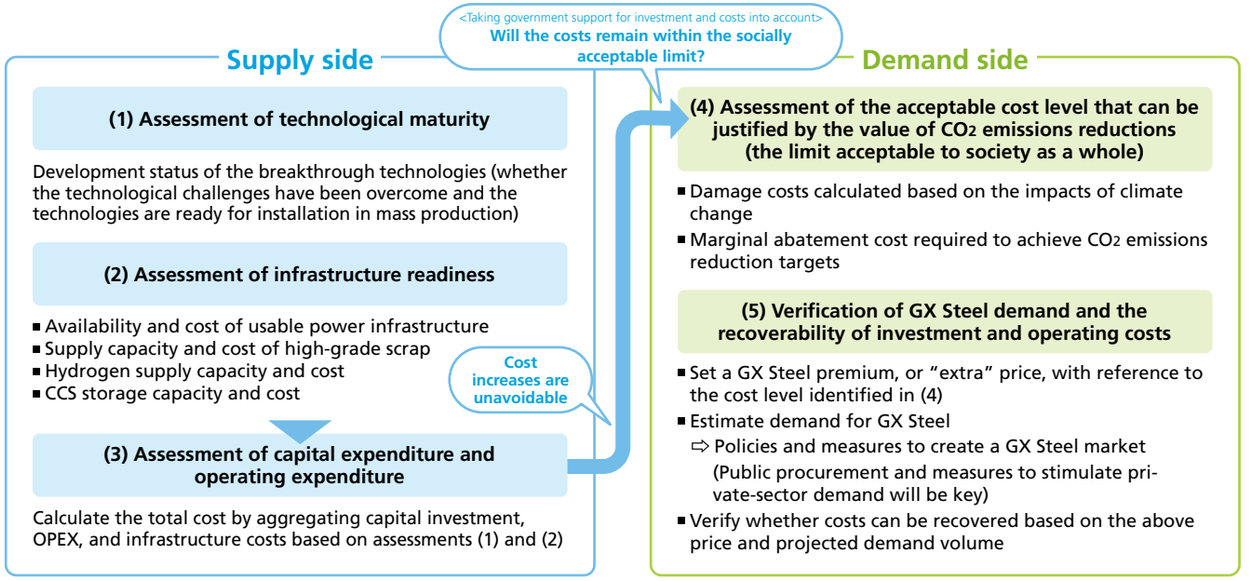
[Decarbonization scenario for "Carbon Neutral Vision 2050"]



[Carbon neutral conversion of existing BFs]

<Including the former NIPPON STEEL Stainless Steel Corporation>





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Nippon Steel's initiatives to achieve carbon neutrality

Achieving carbon neutrality requires a multi-track approach to the development and implementation of innovative technologies aimed at decarbonizing the steelmaking process, as well as efforts in securing decarbonized energy and raw materials. In addition, this initiative requires creating a GX market to supply GX Steel to society by establishing rules that evaluate the value of CO_2 emissions reductions and provide predictability for investment returns, and by promoting the adoption of GX Steel that embeds the CO_2 reduction value.

We are steadily addressing these tasks by developing innovative technologies and by advancing their integration into commercial-scale facilities. We are also engaging stakeholders across society, with a primary focus on policy and institutional proposals to the government and industry.

Technology development

■ **Developing three technologies** with support from the Green Innovation Fund



High-grade steel production in large-scale EAFs



Hydrogen direct reduction of iron



Hydrogen reduction in BFs

Predictability of investment recovery / creation of the GX Steel market

Commercial-scale installation

■ In May 2025, **we decided to invest in conversion from the blast furnace process to the EAF process**

Investment amount: ¥868.7 billion; government support: up to ¥251.4 billion
Construction commenced in April 2026 at Yawata, Hirohata, and Shunan

Economic valuation of environmental value (CO_2 emissions reductions)

■ **Concrete policies to seed initial demand for GX Steel —steel products manufactured with reduced CO_2 emissions—** are making progress

- Preferential procurement by the public sector
- Support for use in the private sector, including the automotive, shipbuilding, and construction sectors

Institutionalization and standardization

■ In October 2025, the Japan Iron and Steel Federation (JISF) established **rules for calculating the carbon footprint of steel products**

■ Working toward international standardization in collaboration with worldsteel and other organizations

Infrastructure Development

■ **Participating in Advanced CCS Projects for CO_2 storage**
Metropolitan Area CCS Project: scheduled for implementation in the early 2030s

■ Regional collaboration to develop **hydrogen and ammonia** infrastructure

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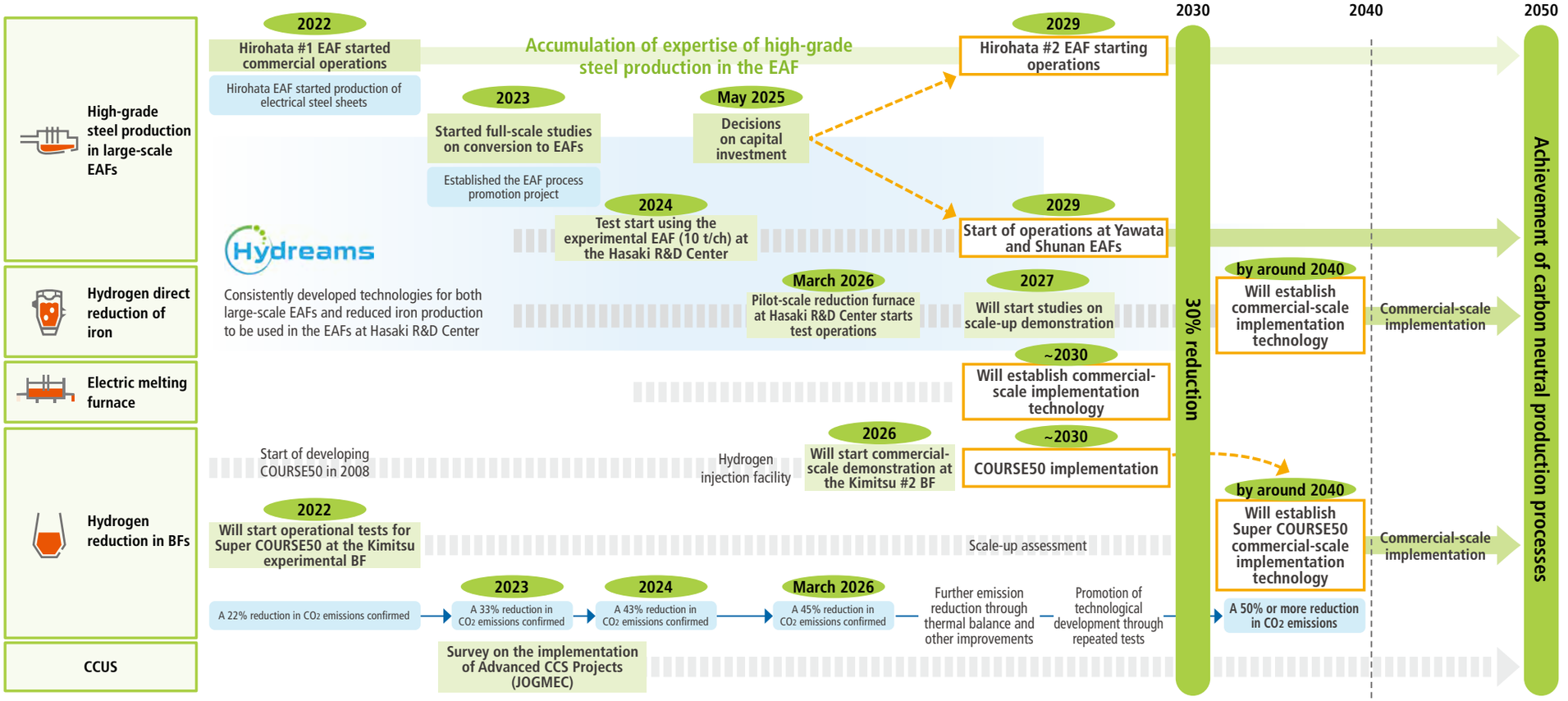
Progress of Carbon Neutral Vision 2050

In line with the roadmap below, Nippon Steel is conducting R&D and demonstration trials and studying the commercial-scale installation of the three breakthrough technologies identified in the Nippon Steel Carbon Neutral Vision 2050: high-grade steel production in large-scale EAFs, hydrogen direct reduction of iron, and hydrogen reduction in BFs.

In May 2025, we also made decisions on capital investments, including the conversion of a BF to an EAF in the Kyushu Works Yawata Area, the addition of #2 EAF in the Setouchi Works Hirohata Area, and the restarting of the EAF in the Yamaguchi Works (Shunan). In April 2026, acting on this decision, we began work toward the commercial-scale installation of these breakthrough technologies, including the start of construction for the conversion to EAF steelmaking at Kyushu Works Yawata Area.

At the Hasaki Research and Development Center within Global Corporate R&D, we have also completed construction of an experimental EAF and an experimental reduction furnace. Testing is now underway. In addition, as part of our R&D on hydrogen reduction in BFs, we achieved a 45% reduction in CO_2 emissions through Super COURSE50 trials conducted in an experimental blast furnace. We are also preparing for commercial-scale demonstration trials of COURSE50 at the Kimitsu #2 BF in the Kimitsu Area, scheduled to begin in 2026.

[Roadmap for Nippon Steel Carbon Neutral Vision 2050]



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Toward the development and implementation of CO_2 emissions reduction technologies

Initiatives for High-Grade Steel Production in large-scale EAFs

In May 2025, we decided to invest in transitioning from the blast furnace process to the EAF process, with the aim of producing high-grade steel in large-scale EAFs on a commercial scale.

This investment combines our integrated high-grade steel production technologies with breakthrough technologies enabled by innovative EAFs, allowing us to efficiently produce a diverse range of products with advanced quality in terms of workability and functionality.

At Kyushu Works Yawata Area, we completed advance site preparation, including the removal of existing equipment and the relocation of facilities that would interfere with construction.

[Overview of investment in BF-to-EAF conversion]

	Investment details	Investment (Bn. JPY)	Production capacity (10,000 t/Y)	Start of production
Kyushu Works, Yawata Area	Construction of one new EAF (shutdown of one blast furnace)	**630.2**	**Approx. 200**	Second half of FY2029
Setouchi Works, Hirohata Area	Addition of one EAF	**140.0**	**Approx. 50**	Second half of FY2029
Yamaguchi Works (Shunan)	Modification and restart of one EAF	**98.5**	**Approx. 40**	Second half of FY2028
Total	Construction, addition, modification, and restart of three EAFs, among other measures (shutdown of one blast furnace)	**868.7**	**Approx. 290**	

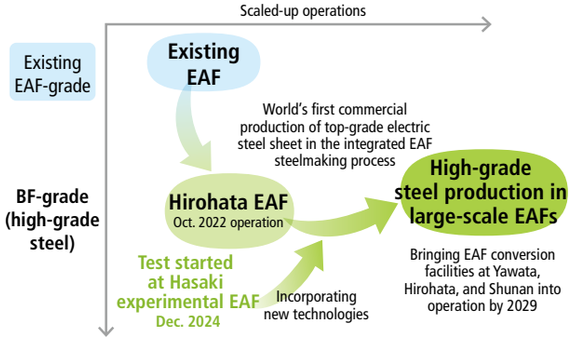
Benefits	■ CO_2 emissions reductions **(3.7 million t-CO_2/year)** ■ GX Steel production capacity **1.6 million tons/year**
Government support	■ CAPEX: Government support under the GX Promotion Act, up to ¥251.4 billion ■ OPEX: Plans to apply for Strategic Materials and Production Base Taxation System (OPEX support)



Construction progress at Kyushu Works Yawata Area (April 2026)

Construction work for the conversion to EAF steelmaking commenced in April 2026. We aim to bring the new EAF into operation by FY2029 and thereby ensure the achievement of our 2030 target of reducing CO_2 emissions by 30%.

[Technology development plans for "high-grade steel production in large-scale EAFs" and their progress]



Starting operational tests toward further technology deepening and expansion

GI Fund Projects

Nippon Steel has completed the installation of an experimental EAF (with a capacity of 10 tons/charge), aimed at developing and verifying the technologies required for the commercial-scale implementation of high-grade steel production technologies at large-scale EAFs, and has already started tests for high-efficiency dephosphorization and denitrification processes at this experimental EAF.



The experimental EAF (Operational tests started in 2024)

Going forward, we will incorporate the technologies developed through these trials into commercial-scale facilities, with the aim of establishing an integrated EAF manufacturing and mass-production system for high-grade steel.

Initiatives to procure raw materials (steel scrap, etc.)

Steel products that have reached the end of their useful lives are collected and recycled as scrap; as BF-to-EAF conversion progresses, however, supply-demand conditions are expected to tighten, particularly for high-grade scrap.

To address this issue, Nippon Steel established a dedicated organization, the Steel Scrap, HBI & Pig Iron General Planning Div., to centrally manage the procurement, use, inventory, and logistics of cold iron sources such as scrap and advance a comprehensive strategy; through this organization, we are working to secure the high-grade scrap for which demand will increase substantially as large-scale EAFs are introduced more widely, while optimizing cold iron source procurement and material blending across the Nippon Steel Group.

[Initiatives under the comprehensive strategy for cold iron sources]

Scrap

- Establish usage standards, procurement pricing, and inspection
- Centralize management of cold charge materials at headquarters
- Develop system infrastructure for more sophisticated operational management
- The steel working group of CPs (Circular Partners) to conduct domestic supply-demand surveys and research on measures to avert shortages of high-grade scrap under the auspices of METI

Direct reduced iron

- Explore potential procurement sources

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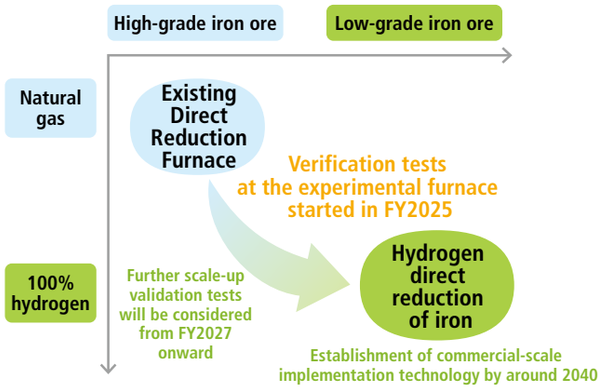
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Development of technology for hydrogen direct reduction of iron

Nippon Steel aims to replace natural gas with 100% hydrogen as the reducing agent used to produce reduced iron. However, hydrogen reduction is endothermic and therefore requires additional heat input. It also presents challenges such as pulverization and sticking during reduction, particularly when low-grade iron ore is used.

To address these challenges, we are developing innovative technologies to ensure productivity, stable operations, and quality of reduced iron.

[Technology development plans for "hydrogen direct reduction of iron" and their progress]



Starting operational tests at a scaled-up experimental reduction furnace

GI Fund Projects

To establish commercial-scale technologies for producing reduced iron using hydrogen, Nippon Steel has been conducting tests in a bench-scale reduction furnace at the Research & Engineering Center (Futtsu) since 2010.

Building on the knowledge accumulated through these tests, we constructed a scaled-up, 60-meter-high test reduction furnace at the Hasaki Research and Development Center. In March 2026, we began integrated testing of the entire process—from reduction and cooling through to product forming—using the same process flow and equipment configuration as a commercial-scale plant.

To date, we have achieved 72 hours of continuous hydrogen-reduction operation. We will continue testing to determine the optimal operating conditions.

Proceeding to Acquire Mining Interest in High-Grade Iron Ore Mine Suitable for Direct Reduced Iron Production

In June 2025, Nippon Steel signed an agreement to invest in a joint venture that will conduct an economic feasibility study on the development and operation of new mining areas in the Kami Mine in eastern Canada. The mine is expected to have an abundance of high-grade iron ore suitable for direct reduction of iron.



Experimental reduction furnace (center) and experimental EAF (right)

Direct reduced iron produced through hydrogen reduction in the experimental reduction furnace

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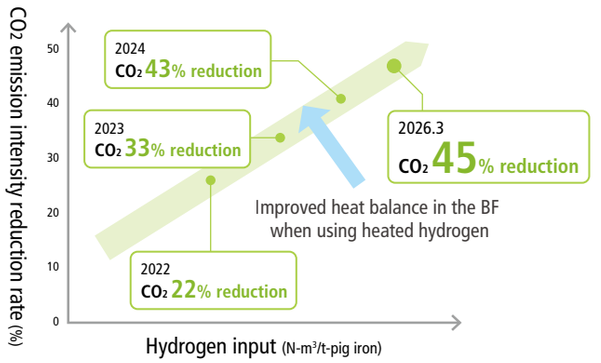
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Initiatives for Commercial-scale Implementation of Hydrogen reduction in BFs

At an experimental BF installed in the East Nippon Works Kimitsu Area, in anticipation of the implementation at a large-scale BF, we are working on technological development through a spiral-up approach combining mathematical model calculations and the verification at the experimental BF to achieve a 50% reduction in CO_2 emissions. In tests using heated hydrogen conducted in February and March 2026, we confirmed a 45% reduction in CO_2 emissions, setting a new world record.

Drawing on the knowledge gained from operational evaluations and analyses of the test blast furnace, we plan to begin demonstration testing using ambient-temperature hydrogen in FY2026 at Kimitsu No. 2 Blast Furnace in East Nippon Works Kimitsu Area. This commercial-scale furnace has an internal volume approximately 400 times that of the test blast furnace. Preparations are currently under way, including the installation of hydrogen injection equipment.



TOPICS COURSE50 Project*1 Super COURSE50 Project*2

GI Fund Projects

COURSE50 is a technology development program we undertook from 2008 to 2022 to realize steelmaking using hydrogen.

At an experimental BF with a volume of 12m³ constructed in the East NIppon Steel Works Kimitsu Area, we conducted operational tests on hydrogen injection into the BF using hydrogen-rich by-product gas (coke oven gas) generated within the steelworks, verified over a 10% reduction in CO_2 emissions. We also developed an energy-saving CO_2 separation and capture technology using a chemical absorption method, which led to its commercial-scale implementation in the industrial field.

The Super COURSE50 is a Green Innovation Fund-subsidized project that aims for a further reduction of CO_2 emissions (50% or more). This is a technology for heating and using hydrogen purchased from external sources for maintaining the heat balance in the BF.

Since the start of testing in May 2022, we have steadily made progress, including the achievement of a 45% reduction in CO_2 emissions from the BF during operational tests conducted in February to March 2026. This achievement sets a new world record.



Source: NEDO Hydrogen Utilization Project in Iron and Steelmaking Processes

*1 A project commissioned by the New Energy and Industrial Technology Development Organization (NEDO)
*2 An R&D project commissioned and subsidized by NEDO: Green Innovation Fund Project/Hydrogen Utilization Project in Iron and Steelmaking Processes

Initiatives for decarbonization of power

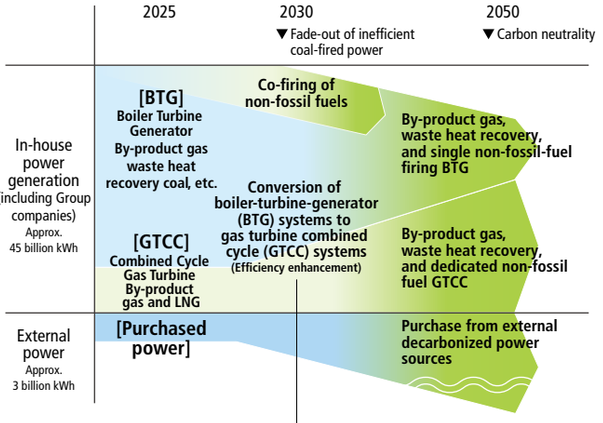
Nippon Steel generates approximately 90% of the power consumed in its steelworks, primarily from internally generated energy sources, including waste heat and by-product gases. We also use LNG, petroleum, and coal as external-source auxiliary fuels to cover the shortfall.

Thus, we will promote the decarbonization of our power structure through fuel conversion to non-fossil fuels (hydrogen, ammonia, and biomass) and efficiency enhancements in our self-generation facilities, thereby accelerating CO_2 emission reduction toward 2050, including the decarbonization of purchased electric power.

[Considerations for the decarbonization of our power structure and the points for promotion]

- Total elimination of inefficient coal-fired power
- Enhancing the efficiency of by-product-gas-fired power generation, installing CCUS, and converting externally sourced auxiliary fuels to non-fossil alternatives
  (Expanding the use of zero-emission fuels such as biomass, ammonia, and hydrogen)
- Purchase of decarbonized electric power from external sources

[Enhancing the efficiency of power generation facilities, transitioning to non-fossil fuels, and advancing decarbonization]



[Ongoing projects for improving power plant efficiency (conversion to GTCC)]

- Conversion of power generation facilities at Kansai Works Wakayama Area to GTCC systems (under construction)
- Conversion of power generation facilities at Kyushu Works Yawata Area to GTCC systems (environmental assessment in progress)

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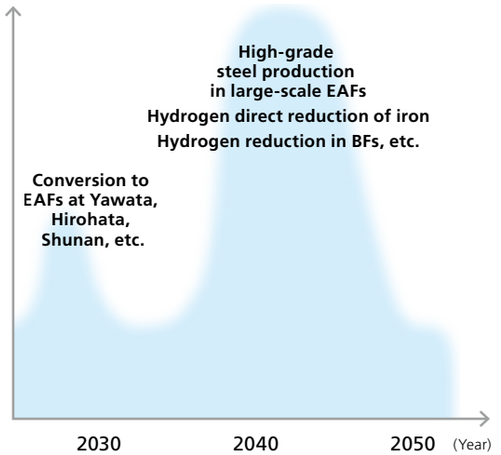
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Establishing the predictability of GX investment recovery

Costs of achieving carbon neutrality

The development and commercial-scale implementation of innovative technologies to realize carbon neutral steel production processes require significant R&D expenses and capital investment. At this point, we estimate that achieving carbon neutrality in our steel production processes would require over ¥500 billion in research and development expenses by 2050. In addition, we anticipate requiring capital investment for commercial-scale equipment that exceeds the initially projected ¥4 trillion to ¥5 trillion, depending on future increases in material and labor costs, as well as the specific methods for implementing innovative technologies.

[Image of capital investment timeline for commercial-scale equipment]

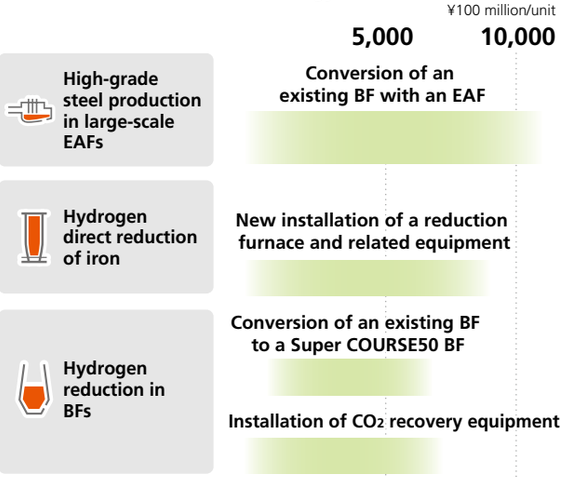


We are committed to engaging in R&D for commercial-scale implementation, supported by the government with the Green Innovation Fund. We are also making steady progress in technology development to minimize cost increases to the extent possible.

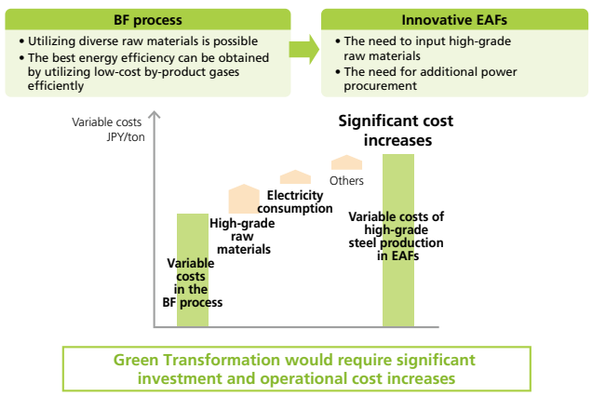
However, the operating cost of GX Steel production will increase significantly due to the need for higher-grade raw materials compared to the conventional process, as well as the requirement to procure electricity to replace recycled energy sources, such as by-product gases.

Therefore, we will make investment decisions on capital investment for commercial-scale facilities after assessing these cost increases and ensuring the predictability of investment returns based on the aforementioned policy support and the progress in the economic valuation of CO_2 emissions reductions in the GX Steel market.

[Image of the estimated capital investment per unit required to introduce innovative technology]



[Image of operational cost increases associated with the conversion of the BF process to the EAF process]



Support for increasing capital investment and operating costs

In other countries, government support systems have been established not only for R&D expenses aimed at achieving carbon neutrality but also for covering increasing capital investment in commercial-scale equipment and operating costs. From the standpoint of equal footing in international competition, such a support system is desired in Japan as well.

To establish such a support system, we are actively advocating to government agencies through proposal submissions and other approaches. As a result, the Japanese government has already launched investment promotion measures utilizing GX economy transition bonds, as well as tax credit measures corresponding to the production volume in each strategic sector. These measures support technologies that effectively and efficiently reduce CO_2 emissions.

This business investment in process conversion from BFs to EAFs we decided in May 2025 is adopted in the "Energy and Manufacturing Process Transformation Support Business (Business I (Steel)) FY2025–2029 Project" under the GX Promotion Act.

We will continue to make efforts to secure such support measures and ensure the predictability of investment returns.

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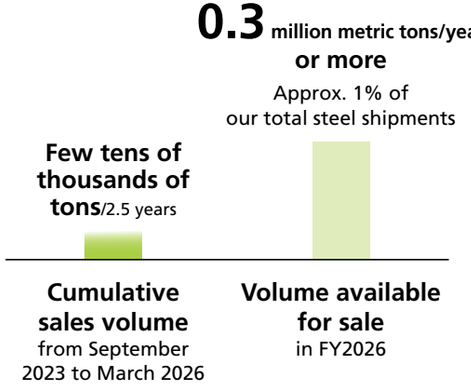
The need to create a GX Steel market

To ensure the predictability of returns on GX investments, which require massive capital expenditures and entail higher operating costs, it is essential not only to provide government support for capital investment in commercial-scale facilities aimed at achieving carbon neutrality, but also to create a sound GX Steel market. In such a market, the value of CO_2 emissions reductions must be shared and borne across the entire value chain as GX value and recovered through prices that reflect that value.

Nippon Steel has sold GX Steel under the brand name NSCarbolex® Neutral since September 2023. Orders are now growing across a diverse range of end-use sectors as government measures to stimulate initial demand lead to increased adoption of our GX Steel. Nevertheless, cumulative sales remain in the tens of thousands of metric tons, compared with a saleable volume of more than 0.3 million metric tons per year—equivalent to approximately 1% of Nippon Steel's steel shipments—leaving considerable room for further sales.

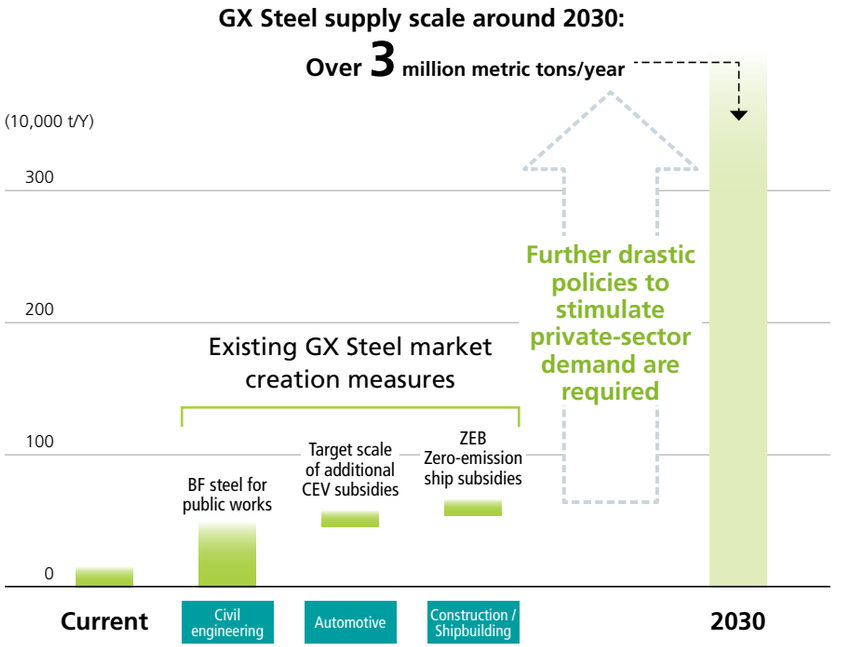
Furthermore, by around 2030, projects for which Japanese steelmakers have already made investment decisions are expected to bring the industry-wide supply of GX Steel to more than 3 million metric tons per year, equivalent to approximately 10% of the market for blast-furnace steel products. However, private-sector demand generated by the current initial demand-creation measures, together with public-sector demand through public procurement, will not be sufficient to create a GX Steel market of the required scale. Given the substantial gap between future supply capacity and market size, additional far-reaching policies to stimulate private-sector demand will be necessary.

[Sales volumes and examples of customer adoption of Nippon Steel's GX Steel, NSCarbolex® Neutral]



Automotive	Nissan Motor	Adopted for mass-produced vehicles	2025. 2
Shipbuilding	Yamanaka Shipbuilding	Adopted for domestic vessels	2024. 2
Machinery	GE Vernova	Transformers	2025. 5
	AIRMAN	Compressors/Generators	2025. 5
	Hitachi, Ltd.	Motors	2024.12
Containers	Sobajima Can Company	CANDAY cans	2023. 9
	Bankaku Co., Ltd.	Yukari cans	2025. 9
Construction	QatarEnergy	Blue Ammonia Production Plant Construction Project	2024. 6
	Sumitomo Corporation/ Swarovski	Shinsaibashi Minami-Semba 3-chome Project	2025. 9
	Hokkaido Electric Power Co., Inc.	Construction work to prevent the washing away of drifting vehicles at Tomari Power Station	2026. 2
Civil engineering	Yokogawa Bridge Corp.	Kagamiyama Crossing Bridge, Kaharu-cho, Tagawa-gun, Fukuoka	2024. 2

[Required Market Size for GX Steel by 2030]



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Efforts to create a GX Steel market

In January 2025, the Study Group on Green Steel for Green Transformation (GX), hosted by the Ministry of Economy, Trade and Industry (METI), defined "Green Steel for GX Promotion" as "GX Steel" and identified it as eligible for priority government procurement and purchase support. Measures have since begun to be implemented, including revisions to the Basic Policy under the Act on Promoting Green Procurement and subsidies for clean energy vehicles (CEVs) that use GX Steel.

In addition to these initial demand-creation measures, our continued engagement with the government to translate further measures into concrete policy has resulted in the adoption of GX Steel demand-creation measures for the civil engineering, construction, and shipbuilding sectors.

Specifically, a policy for utilizing GX Steel in public works has been announced, under which pilot projects using GX Steel will begin in FY2026, followed by a phased expansion in scope and full-scale adoption from FY2030 onward. In the construction sector, a life cycle carbon assessment system for buildings is to be introduced, together with subsidies for the use of GX Steel under the Net Zero Energy Building (ZEB) support program. Additional subsidies have also been approved for the introduction of zero-emission ships and other vessels that use GX Steel.

Nippon Steel will continue to promote the broader adoption of products that use GX Steel and engage with the government to secure further support measures for creating both public- and private-sector demand for GX Steel.

Concept of supporting green steel (= GX Steel) for GX promotion

Green steel for GX promotion

Products that achieve a significant reduction in environmental burden due to additional emission reduction actions on a company-by-company basis,

and whose price is significantly higher than a typical product when the costs associated with emission reduction actions are added to the cost of the product.

Steel products with a low CFP*

*Carbon Footprint of Products

Preferential procurement by the government
(under the Act on Promoting Green Purchasing, etc.)
Support for demand expansion by prioritizing measures such as **government purchase support**, including the use of GX Steel in subsidy eligibility criteria
*Combined with **production cost reduction support measures**, etc.

Widespread promotion of GX Steel through CFP utilization support and other measures

Government and private sector measures

Promoting GX value, reflecting in international standards	Expanded use of CFP for steel	**Support for the demand side, etc.**	Support for the supply side

Nippon Steel compiled this based on "Summary of the 5th Study Group on Green Steel for Green Transformation" by METI in January 2025

Specific measures to support GX Steel demand creation

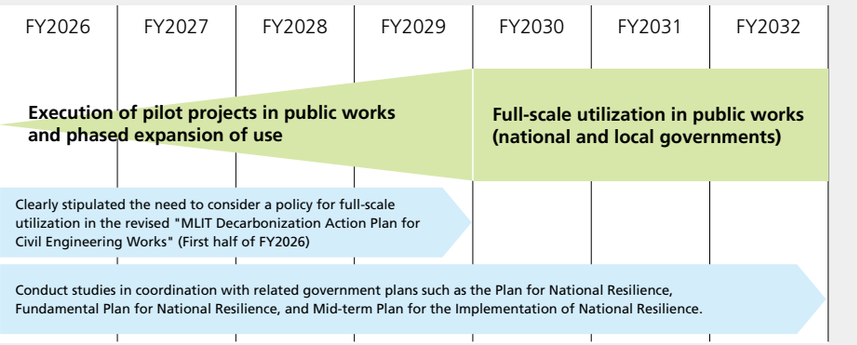
Initial demand-creation measures already in place

- Act on Promoting Green Procurement
  Revise the Basic Policy to designate products made using GX Steel that complies with the Japan Iron and Steel Federation Green Steel Guidelines as designated procurement items and give them priority in procurement
- Automotive sector
  Introduce an additional subsidy for the use of GX Steel under the Subsidy Program to Promote the Introduction of Clean Energy Vehicles

Further demand-creation measures

- Civil Engineering Sector
  "Utilization of GX Steel in public works"
  (Pilot projects will begin in FY2026, followed by a phased expansion in scope and full-scale adoption from FY2030 onward.)

[Illustrative expansion of GX Steel utilization in public works]



Source: Referenced materials of the Working Group of Experts for the Realization of GX, December 2025

- Construction Sector
  Introduction of a Life Cycle Carbon Assessment System for Buildings
  Introduction of subsidies for GX Steel use under the Support Project for Newly Constructed ZEBs Utilizing Low-Carbon Building Materials
- Shipbuilding Sector
  Introduction of subsidies for the use of GX Steel under the Subsidy Program for the Introduction of Zero-Emission Ships, etc.

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Initiatives toward the standardization of GX steel

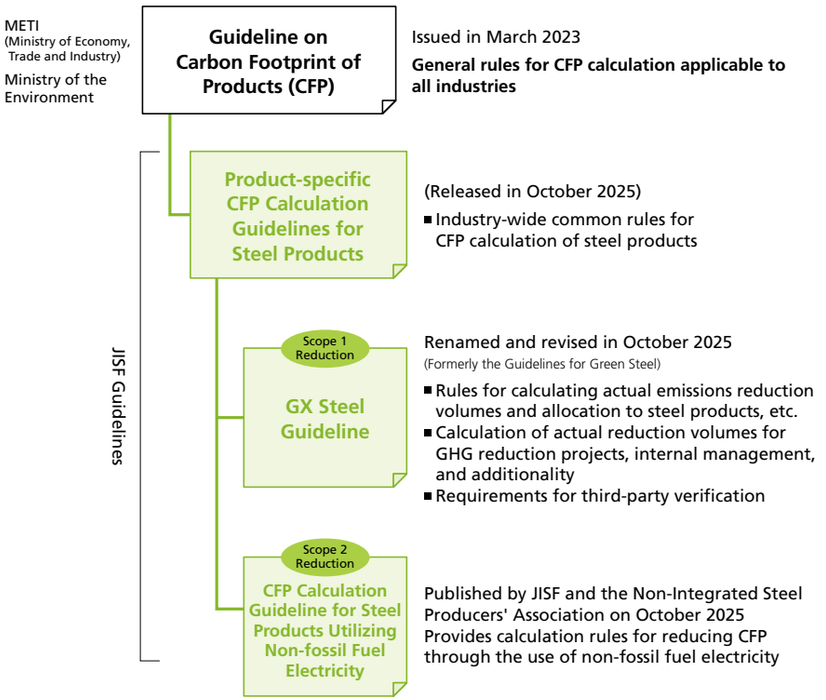
We will incrementally push forward with the conversion of the existing processes toward GX Steel manufacturing, considering the timing for the renewal of BFs and the economic viability. On the other hand, since the high-grade steel required from customers is linked to the steelworks capable of manufacturing it, swiftly responding to customer demand for GX Steel, while ensuring the economic viability of steelmakers' investments during this period of incremental conversion, would require a mechanism that allocates the actual reduction in GHG emissions achieved by additional emission reduction projects implemented by the steel company itself to any given product.

To address this issue, Nippon Steel actively participated in the Japan Iron and Steel Federation's (JISF) efforts to establish the Product-specific CFP Calculation Guidelines for Steel Products and revise its Guidelines for Green Steel as the GX Steel Guideline, contributing to the publication of the latter in October 2025.

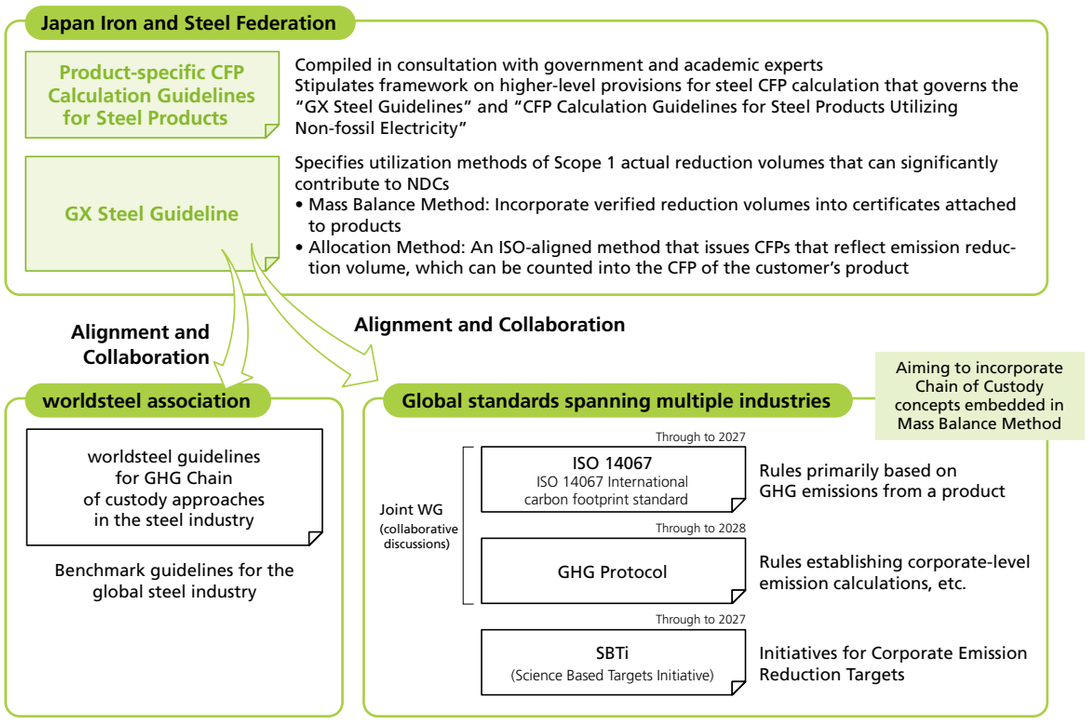
The actual emissions reduction volumes calculated under this guideline can meet customers' needs for quantifying reductions in their organizational Scope 3 emissions and in the carbon footprints of their products (CFPs).

Furthermore, Nippon Steel and JISF are actively participating in international rulemaking efforts to promote the consistent incorporation of the approach embodied in the GX Steel Guideline into the worldsteel association's current benchmark guidelines for the global steel industry—the worldsteel guidelines for GHG Chain of custody approaches in the steel industry, Ver. 1.2—as well as into ISO 14067, the GHG Protocol, SBTi, and other relevant international frameworks.

[Development and Establishment of Domestic Guidelines]



[International standardization of GX Steel]



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Energy infrastructure development

Carbon neutral steel production processes require substantial quantities of hydrogen and electricity. These processes also require CO_2 capture, utilization, and storage (CCUS) measures for the CO_2 that is partially generated. Nippon Steel positions the "stable supply of low-cost green hydrogen and power" and the "social implementation of CCUS" as "external conditions that should be developed by the government" for us to achieve carbon neutral steelmaking processes. To this end, we are advocating for support from relevant government agencies.

Securing green hydrogen, green ammonia and green energy

To realize carbon neutral steelmaking processes, Nippon Steel alone would require several million tons of hydrogen and ammonia per year for use in hydrogen reduction in BFs, hydrogen direct reduction of iron, and power decarbonization.

These hydrogen, ammonia and power must be green hydrogen, green ammonia and green power, which are produced without generating CO_2.

In FY2024, the Hydrogen Society Promotion Act was enacted, which developed government support mechanisms, including "support focusing on the price gap" and the "hub development program" with a 15-year support period after the start of supply. However, hydrogen and ammonia production costs are significantly higher than those of current fossil fuels, making a substantial cost reduction essential. Furthermore, large-scale hydrogen production, transportation, and storage technologies require further development.

We are working to resolve the issue of affordable and stable hydrogen and ammonia procurement by collaborating with the national and local governments, as well as participating in various councils in the regions where our steelworks are located.

CCUS technology development

In carbon neutral steel production processes, CCUS technology is used to capture and store remaining CO_2 emitted from the steel manufacturing process after minimizing CO_2 generation.

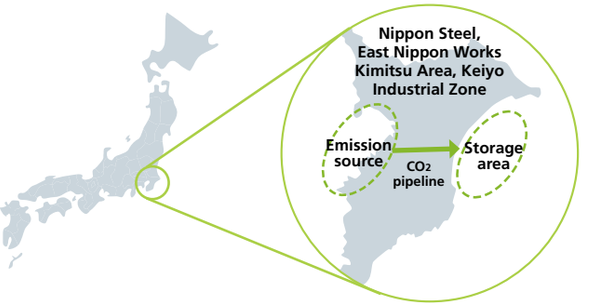
The Nippon Steel Group is aggressively engaged in developing these technologies to help realize the social implementation of CCUS.

[Nippon Steel Group's initiatives for CCUS technology development]

CO_2 storage technology

Nippon Steel is participating in joint projects under the "Engineering Design Work for Advanced CCS Projects," for which the Japan Organization for Metals and Energy Security (JOGMEC) issued a public call in FY2024.

Among these, the Metropolitan Area CCS project, which involves pipeline transportation and storage in aquifers off the Sotobo coast, aims to begin implementation in the early 2030s and is already conducting front-end engineering design (FEED) for the entire CCS value chain and assessing storage potential. In September 2025, the area off Kujukuri was designated as a Specified Area under the CCS Business Act, and an exploratory drilling permit was obtained in April 2026.



CO_2 separation and capture technology

Nippon Steel Engineering Co., Ltd., a company of the Nippon Steel Group, has commercialized an energy-saving CO_2 chemical absorption process, ESCAP™, based on the CO_2 separation and recovery technology using the chemical absorption method developed in the NEDO COURSE50 project. Currently, two units are in operation in Japan, including one at the North Nippon Works Muroran Area.

The ESCAP™ is characterized by its high energy efficiency with a 40% or more reduction in heat consumption compared to general-purpose CO_2 separation and capture technologies. Furthermore, the company's proprietary impurity removal equipment can recover CO_2 with a purity of 99.9% or higher from raw material gases containing high levels of impurities.

Other CCUS technology development initiatives

- Development of low-concentration CO_2 separation and capture technology (subsidized by the Green Innovation Fund)
- Chemical product manufacturing technology using CO_2 as a raw material (NEDO-subsidy project)
- Absorption and fixation by marine life (NEDO-commissioned project)

Click here for Nippon Steel Group's CCUS technology development initiatives
https://www.nipponsteel.com/en/sustainability/env/climate/future.html

Policy proposals and industry activities aimed to realize GX

As stated earlier, carbon neutrality in the steel industry cannot be achieved through the efforts of steelmakers alone. Instead, this is a national challenge that necessitates a nationwide effort in cooperation with society based on policy package to achieve both international industrial competitiveness and carbon neutrality. This should also be based on policies that serve as national strategies, involving strong, continuous support, including the financial and institutional sides.

To realize these policies, Nippon Steel is determined to take every opportunity to make various proposals on Japan's climate change measures and energy policies based on the Paris Agreement and to spearhead activities through economic and industry associations.

Our policy positions and latest activities related to GX are published on the following website.

Nippon Steel's policy positions related to GX
Nippon Steel's advocacy activities related to GX
https://www.nipponsteel.com/en/sustainability/lobbying/pdf/policyposition_final.pdf
https://www.nipponsteel.com/en/sustainability/lobbying/pdf/activities_06en.pdf

Major advocacy activities to date

- Strong, continuous support across all stages of R&D, equipment implementation, and operational cost increases for decarbonization, including the expansion of the GI Fund.
- The need for a Japanese-style policy package that integrates climate change measures with the maintenance and enhancement of the international competitiveness of industries.
- The need to establish a mechanism for regulations and support for creating a green steel market, and standardization for a more accurate assessment of the "actual emission reductions."
- Participation in the GX League to advance voluntary emissions trading and other initiatives. Request for introducing an effective and feasible system in designing a future emissions trading system based on the fact that the path to carbon neutrality varies depending on the industry and from the perspective of equal footing with other countries.
- The shift of the energy supply structure, including not only renewable energy but also the active promotion of the use of nuclear power.
- The need for a stable low-cost supply of green hydrogen and green power, as well as the social implementation of CCUS.

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Nippon Steel Group's CO_2 emissions reduction targets

In addition to its independent "Nippon Steel Carbon Neutral Vision 2050," we are addressing climate change measures as a member of the Nippon Steel Group at major domestic and international upstream facilities with high CO_2 emissions, based on medium- to long-term CO_2 emissions reduction targets. As we expand our business in Japan and overseas in the future, we will continually and flexibly assess our climate change measures in accordance with the policy outlined below, while monitoring international trends, as well as developments in laws, regulations, and disclosure standards in other countries.

[Governance policy on CO_2 emissions reduction targets at our global upstream facilities]

Advance carbon neutrality at domestic and overseas upstream facilities by leveraging Nippon Steel's resources and expertise gained through domestic R&D and operational activities

Domestic consolidated group (parent company + subsidiaries)
- Targets are set for the group, including those of the parent company and consolidated subsidiaries
- Each company formulates its emission reduction plans to meet the group target

Overseas subsidiaries
- Their targets are set for each country and company, taking into account different conditions imposed by each country and region, and varying national reduction targets and transition strategies

Equity method affiliates (domestic and overseas)
- Each company's target setting and carbon neutrality initiatives are supported in collaboration with the JV partner

[CO_2 emissions results and reduction targets at our Group's global upstream facilities (consolidated basis)] (As of March 2026)

Consolidated basis (parent company + subsidiaries)			Crude steel production capacity (million t/year)	CO_2 emissions FY2025 Results (million t)	CO_2 emissions reduction targets	
					Mid-term target	Long-term target
Domestic	Nippon Steel		40.0	70.5	2013 → 2030 30% Reduction	2050 Carbon Neutrality
Domestic	Subsidiaries*2		4.0	1.1		
Overseas	U. S. Steel	USA	18.5	15.0*1	2018 → 2030 20% reduction in emissions intensity	2050 Carbon Neutrality
Overseas	U. S. Steel	Slovakia	4.5	5.7*1		
Overseas	OVAKO	Sweden and Finland	1.3	0.1	2015 → 2030 80% reduction	2015 → 2040 90%*3 reduction
Overseas	SSMI*4	India	0.2	0.1	2016 → 2030 40% reduction	2050 Carbon Neutrality
Overseas	G/GJ Steel	Thailand	3.5	0.6		
Overseas	Standard Steel	USA	0.2	0.1		
Total of global upstream facilities (consolidated basis)			**72**	**93***1		

*1 U. S. Steel's FY2025 results cover the nine-month period from July 1, 2025 to March 31, 2026.
*2 Nippon Steel Structural Shapes, Sanyo Special Steel, Osaka Steel, Tokyo Kohtetsu, OJI Steel
*3 Carbon neutrality already achieved through the 2022 Carbon Offset Program
*4 Sanyo Special Steel Manufacturing India Private Limited
*5 CO_2 emission results equivalent to Nippon Steel's equity ratio

[Reference] Major equity-method affiliates

AM/NS India (Nippon Steel's equity ratio 40%)	India	3.8*5	5.8*5	2021 → 2030 20% reduction in emissions intensity

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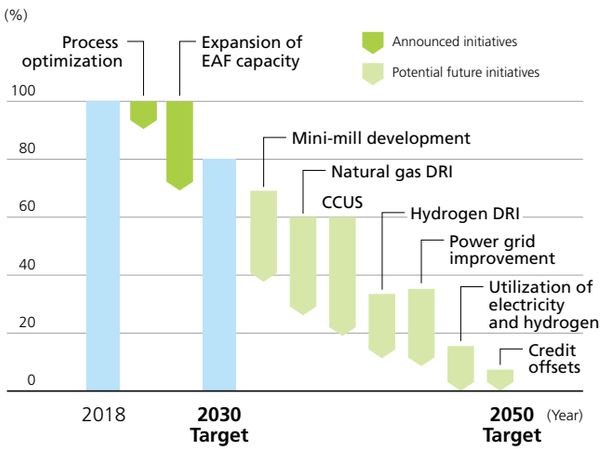
U. S. Steel's emissions reduction plan

U. S. Steel, which joined the Nippon Steel Group in June 2025, is making steady progress in reducing emissions in line with its plan to reduce its Scope 1 and 2 GHG emissions intensity by 20% from 2018 levels by 2030, announced in 2019, and its plan to achieve net-zero emissions by 2050, announced in 2021. And in 2025, it achieved its 2030 target.

In May 2026, U. S. Steel decided, as part of its growth investment program, to construct a new direct reduced iron (DRI) plant at Big River Steel, its EAF mini-mill in Arkansas.

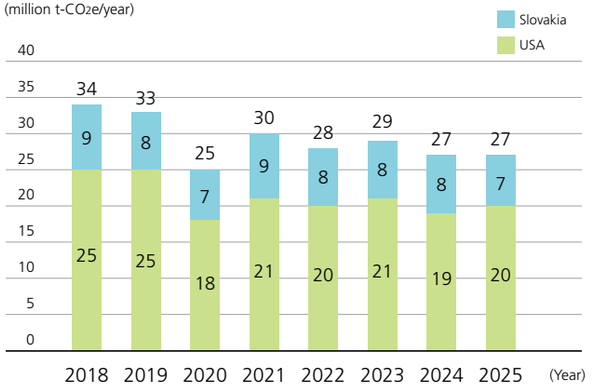
The new DRI plant will make effective use of high-quality direct-reduction-grade pellets from U. S. Steel's Keetac mine in Minnesota to produce direct reduced iron. Using this DRI will enable U. S. Steel to improve the cost competitiveness of its main EAF feedstock and secure a stable supply.

[GHG Emissions reduction initiatives / U. S. Steel]

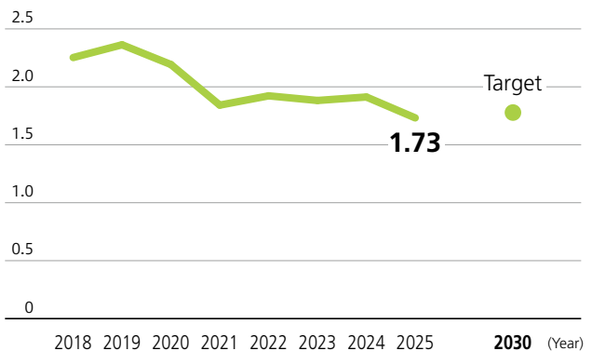


[GHG emissions / U. S. Steel]

<Emissions> SCOPE1+2



<Emissions intensity>



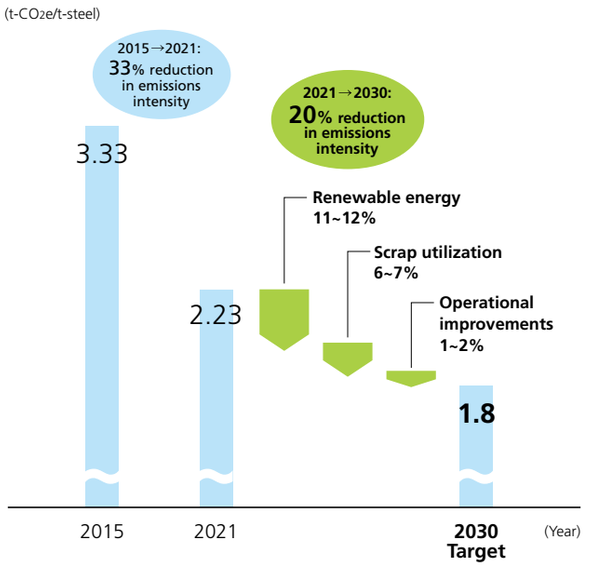
AM/NS India's Decarbonization Initiatives

In 2024, AM/NS India, in which Nippon Steel holds a 40% equity stake, announced a plan to reduce its Scope 1 and 2 GHG emissions intensity by 20% from the 2021 level by 2030.

To achieve this target, AM/NS India is currently working to expand its use of renewable energy and scrap and improve its operations. A renewable energy power generation project, in which it participated through an equity investment in 2022, began operations in 2025.

Nippon Steel is participating in the decision-making process for these important projects as a JV partner.

[GHG emissions intensity / AM/NS India]





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Promoting Business Innovation and Efficiency Enhancement

To steadily implement our growth strategies in Japan and overseas and achieve sustainable growth and enhanced corporate value, Nippon Steel has positioned "business innovation and efficiency enhancement" as a key initiative to strengthen its management base and is actively driving the effort.

To return to being the world's number one steelmaker, we must pursue in tandem improving earning power by further strengthening the revenue base of our domestic operations and achieving dramatic profit growth by deepening and expanding our overseas operations. The business environment surrounding the steel industry has changed significantly, and the management challenges it faces have become even more complex and sophisticated. To make the most of our limited management resources and address these challenges swiftly, accurately, and flexibly from a company-wide optimization perspective, we have reduced overlapping tasks and streamlined business processes by reviewing our organizational structure and personnel allocation. In this way, while radically reviewing how we work and vigorously pursuing efficiency enhancement, we allocate the extra human resources freed up through these efforts intensively to strengthen our technological and sales capabilities, that are the sources of our competitiveness, and to support strategic areas, including overseas markets.

Through business innovation and efficiency enhancement, we will enable each employee to focus on the core challenges that drive value creation and business growth, maximize their potential, and eventually achieve a strong competitive advantage. At the same time, we will build a corporate culture that continually improves productivity, bolstering Nippon Steel's sustainable growth.

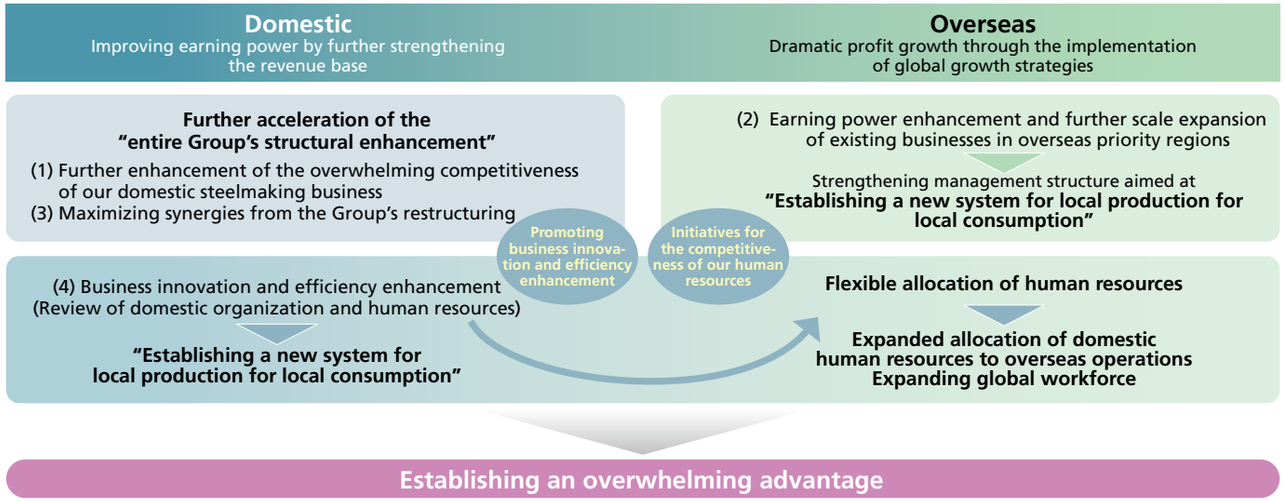
Enhancing the Competitiveness of Our Human Resources

To promote the development and active participation of our human resources, we will continue to advance workforce diversification and further enhance our global human resources development initiatives, including overseas assignments. In addition, we will maximize organizational performance by implementing productivity-enhancing measures, including business innovation and efficiency improvements, while strengthening each employee's capabilities. Through these initiatives, we aim to strengthen the competitiveness of our human resources that support the Group's sustainable growth.

Please see the following pages for more information on our policies and specific initiatives to strengthen the competitiveness of our human resources.

P.120 "Human Capital Management Policy"
P.121 "Securing Human Resources and Human Resources Development"
P.123 "DEI"
P.126 "Respect for Human Rights"





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R&D Activities as a Source of Value Creation and Competitiveness

Nippon Steel is committed to advancing strategic R&D to support the sustainable growth of the Nippon Steel Group.

Advancing cutting-edge technologies with world-leading R&D resources

Nippon Steel possesses one of the largest R&D capabilities in the global steel industry. We will continue to leverage these resources as a foundation for steadily executing the major domestic and overseas initiatives set out in the Management Plan. Through process development that ensures stable production and cost competitiveness, and product development that enhances our product portfolio, we will contribute to the sustainable growth of the Nippon Steel Group. As a frontrunner in the transition to carbon neutrality, we will secure multiple technological pathways while continuing to develop innovative technologies toward the deployment of a large-scale electric arc furnace (EAF) by 2030 and the realization of carbon neutrality by 2050.

Integrated R&D network across the global group

At the core of Nippon Steel's R&D activities are the R&D Laboratories, which advance process research, steel research, and advanced technology research.

(1) Process research: Process research focuses on the development of new technologies for ironmaking, steelmaking, rolling, and other steel production processes, as well as the process analysis, measurement and control, and digital technologies that support them.

(2) Steel research: Steel research leverages analysis of physical phenomena, materials design, and advanced numerical simulation to develop high-performance materials that meet customer needs and create new products through solution-based technologies.

(3) Advanced technology research: Advanced technology research develops advanced foundational technologies, including atomic-scale materials analysis and mathematical modeling, while also conducting R&D in fields relevant to the Nippon Steel Group as a whole, including advanced nonferrous materials.

In addition, researchers are stationed at steelworks, enabling the rapid progression of new technologies from initial development to commercialization and practical implementation. Collaboration with domestic Group companies enhances synergies and efficiency, while collaborations including U. S. Steel strengthen our global R&D capabilities and accelerate the development of world-leading technologies.

[Promoting the Development of Cutting-Edge Technologies]

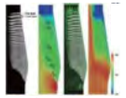
Deploying World-leading R&D Resources
Developing cutting-edge process technologies, product technologies, and carbon-neutral (CN) technologies

Planned R&D Expenditure
(¥ billion, consolidated basis, over five years)

2016-2020	2021-2025	2026-2030
350	450	500

Process development to achieve stable production and cost competitiveness

- One of the World's Largest Off-line Blast Furnace Experimental Facilities
  - Expanded Use of Lower-cost Raw Materials and Fuels Using Blast Furnace Mathematical Models



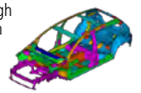
Blast furnace mathematical model



One-third-scale Blast Furnace Burden Distribution Experimental Facility

Strategic Product Development for Product Portfolio Advancement and a Carbon-neutral Society

- Development of Ultra-high-strength Steel Using a World-leading Hot-rolling Line
- Lightweighting of Automotive Steel Components through Proprietary Solution Proposals (Co-creation with Customers)



- Development of World-class Electrical Steel with Low Iron Loss

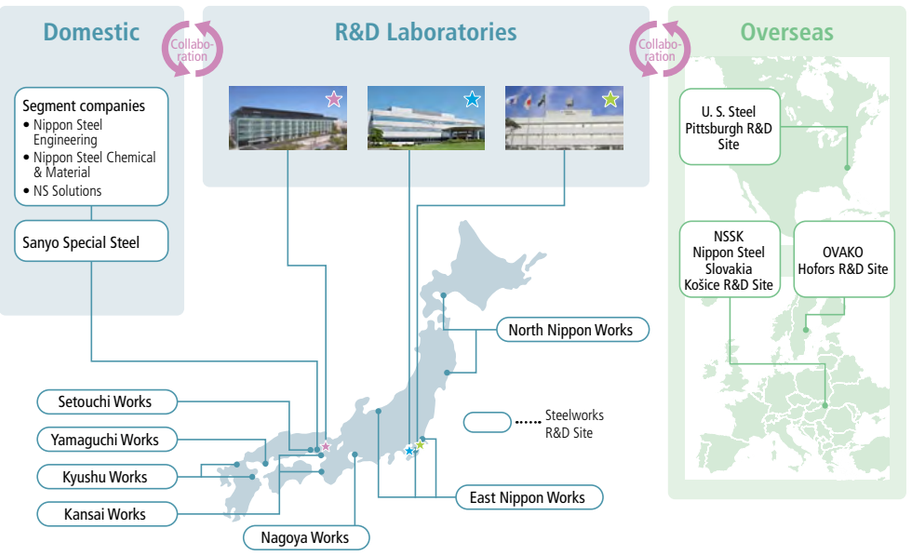
Development of Innovative Processes for Achieving Carbon Neutrality

- Securing Multiple Technological Pathways as a Frontrunner
  - High-grade Steel Production Technologies for Large-scale EAFs
  - Hydrogen-based Direct Reduced Iron Production Technology (shaft furnace, etc.)
  - Hydrogen injection into BFs (COURSE50~SUPER COURSE50)

Global Deployment of Advanced Technologies Developed in Japan

Strengthening the Global R&D Network
Expansion of Strategic Products (High-strength Steel Sheet and Electrical Steel) and Manufacturing Cost Reduction through Collaboration with the U. S. Steel R&D

[R&D at Nippon Steel and Major Group Companies]



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Development of high-value-added products and solution technologies

In pursuit of our goal of "mastering steel," we continue to unlock the full potential of steel as a material. R&D that contributes to solving social challenges is pursued through product portfolio advancement and stronger product and solution capabilities. These efforts include the development of NSCarbolex™ Solution, a portfolio of high-performance products and solution technologies designed to reduce CO_2 emissions across society, as well as a diverse range of solution technologies that support resilient and sustainable social infrastructure.

Next-generation automobiles

We contribute to reducing environmental impacts and addressing other societal challenges through the development and expanded application of high-strength steel sheet that enables both vehicle lightweighting and crashworthiness, the development of high-efficiency electrical steel for hybrid and electric vehicles, and the development of chassis products that improve fuel economy.

By combining these high-performance materials with solution technologies, we propose NSafe™-AutoConcept ECO^3, a next-generation steel vehicle concept for the carbon-neutral era. We improved the productivity of hot stamping and received the Grand Prize of the FY2025 Japan Society for Technology of Plasticity Awards. Hot stamping is one of the key technologies underpinning this concept, enabling both high strength and excellent formability. In addition, a processing technology jointly developed with Mazda that increased productivity by a factor of four compared with conventional methods received the Minister of Economy, Trade and Industry Award at the 10th Monodzukuri Nippon Grand Awards.

Energy, Resources, and Shipbuilding

Steel materials for the energy and shipbuilding sectors must deliver the quality and reliability required to ensure long-term safety under diverse service conditions. By supplying high-performance products incorporating advanced technologies, we contribute to improving the safety of end products while enhancing our customers' productivity and competitiveness.

The commercial deployment of NSSC2120™, a duplex stainless steel with excellent corrosion and wear resistance, has improved vessel durability and reduced environmental impact, earning Nippon Steel the Gold Award in the Sustainability Category at the 2025 worldstainless Industry Awards. Nippon Steel also developed NSSC™2351, an advanced-grade steel offering excellent corrosion resistance and cost effectiveness. Kitanihon Shipbuilding became the first company in the world to adopt the steel for a chemical tanker, paving the way for the subsequent development of next-generation large chemical tankers with world-leading environmental performance. In recognition of the technology's innovation and economic benefits, Nippon Steel and Kitanihon Shipbuilding jointly received the Minister of Economy, Trade and Industry Award at the 10th Monodzukuri Nippon Grand Awards.

Civil engineering and infrastructure

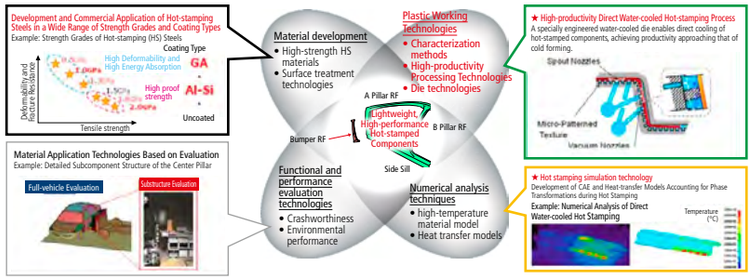
By continuously developing and supplying distinctive construction products that meet evolving market needs, Nippon Steel supports social infrastructure in building construction, including columns and beams, as well as civil engineering applications such as roads and railways, rivers and ports, and building foundations. We provide ProStruct™, a suite of building and civil engineering solutions that combines high-performance steel products with design technologies to help shorten construction schedules and reduce environmental impact. Examples include the development of the Thin-Web Steel Beam Construction System, a construction method that reduces steel consumption while maintaining seismic safety. We have also expanded NSYP™385B, a high-strength steel that combines high strength and toughness with improved weldability through controlled rolling and controlled cooling, to a full range of available sizes.

The challenge of achieving carbon neutrality

We aim to achieve carbon neutrality through three innovative technologies. The principal challenges are reducing impurities and scaling up equipment for producing high-grade steel in large-scale EAFs; handling hydrogen and maintaining furnace temperatures during hydrogen injection into blast furnaces; and achieving stable, high-volume production of direct reduced iron using hydrogen. Under the NEDO Green Innovation Fund Project, Nippon Steel is addressing these challenges through demonstration trials using a newly installed experimental EAF and experimental shaft furnace, together with an existing experimental blast furnace. In 2026, we achieved a world-leading 45% reduction in CO_2 emissions in the experimental blast furnace. In addition, we are pursuing R&D on carbon management measures, including CCUS, as part of a multi-track approach to achieving carbon neutrality. In addition, our work to restore seaweed beds using steel slag demonstrated ecosystem recovery and CO_2 reduction. In recognition of this environmental technology, Nippon Steel received the FY2025 Award for Science and Technology (Development Category), part of the Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology.

We are expanding the deployment of NSCarbolex™ Neutral, a GX steel product that reflects the environmental value of these CO_2 emissions-reduction initiatives. We will continue to support our customers' decarbonization efforts and enhance their competitiveness by establishing a stable supply framework and fostering the GX steel market.

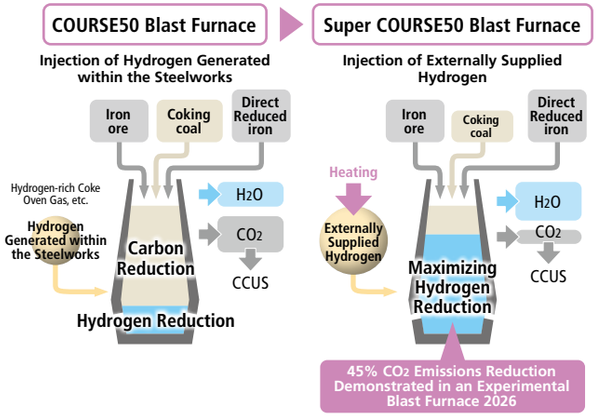
[Advanced Technologies for Improving Hot-stamping Productivity]



[Next-generation Stainless Steel Chemical Tanker Using NSSC™2351]



[Development of Hydrogen Injection Into BFs]



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Intellectual Property Activities That Link R&D Results to Strengthening Business Strategy

The Nippon Steel Group respects intellectual property, whether it be ours or that of other companies. We position intellectual property as a key management asset and use it across all our activities, not only to drive business revenue growth and enhance corporate value but also to support the formulation and execution of our business strategies.

Policy and organization of intellectual property activities

Policy on intellectual property activities

"Intellectual property (IP) is the source of our corporate activities. Through enhanced protection, management, and proactive utilization of IP, we will maximize corporate value." We adopted this as our company-wide slogan and are carrying out our activities accordingly. We are strengthening efforts to directly link IP created from R&D activities, which are implemented based on management strategies, to maximizing business revenue and corporate value.

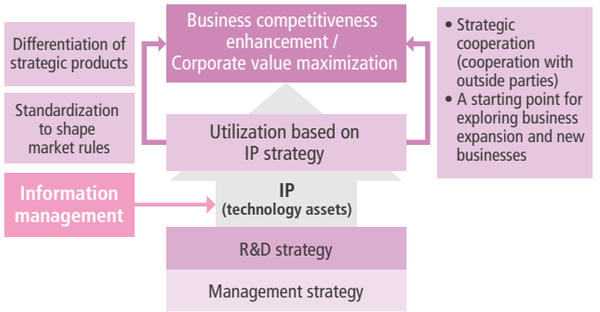
Based on a specific business strategy, we develop and execute an IP strategy aligned with all aspects (offensive and defensive) of individual products and technologies. We then share the results across the Company to strengthen our strategies continuously. Through IP, we actively transfer our advanced technologies and know-how to key overseas bases to support our global growth strategy. We are also actively organizing our patent portfolio and investing in new IP. We are also focusing on the acquisition of IP generated during the development of technologies and products to achieve carbon neutrality, as well as on business and production re-engineering, including business models based on DX technology.

Furthermore, we license IP outside the Group and drive standardization to shape market rules, advancing our business with a competitive edge by leveraging IP from multiple perspectives.

Promotion system of IP activities

Each business division leads management, R&D, and IP strategy in an integrated manner to carry out specific IP activities, with the Intellectual Property Division supporting these activities alongside the business division. In addition, for activities spanning multiple business divisions, the Intellectual Property Division actively manages them from a cross-divisional perspective. After discussing these activities at the company-wide meeting to determine how to proceed, we will ultimately bring the decision to the Corporate Policy Committee and the Board of Directors. We will then provide feedback on the discussion results to the business division and those involved in the invention to help them step up their efforts. Further, through continuous information management and education/training, we are improving the awareness and skills of all the employees related to intellectual property.

[A schematic diagram of our IP activities]



[A schematic diagram of our IP activity promotion system]



[Examples of IP strategies to achieve the 2030 Medium- to Long-term Management Plan]

1. Domestic: Improving earning power by further strengthening the revenue base
- Prioritizing the creation and accumulation of IP that contributes to strengthening the revenue base (patents and proprietary know-how)
- Once securing a competitive advantage by protecting strategic products (high-tensile steel and electrical steel sheet) with patents, contribute to enhancing the value we provide to our customers

2. Overseas: Dramatic profit growth through the implementation of global growth strategies
- Strengthening competitiveness by providing our overseas group companies with patents and technical know-how related to the world-leading mother technologies developed in Japan
- Strengthening the protection and utilization of IP globally through collaboration with global R&D bases, including U. S. Steel

3. Challenge of carbon neutrality
- Protection and utilization of patents and technical know-how for processes and products that achieve carbon neutrality
- Utilizing IP for standardization (rule-making) toward establishing the GX steel market

4. Increasing revenue through business domain expansion and value creation
- Strengthening patent applications for business models that achieve DX supply chain transformation. Securing a competitive advantage through the accumulation of patents, particularly resulting from external collaborations
- Contribution to revenue growth through the effective utilization of AI-based IP data in management strategy, improved productivity, and value creation

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Creation, protection, and utilization of IP

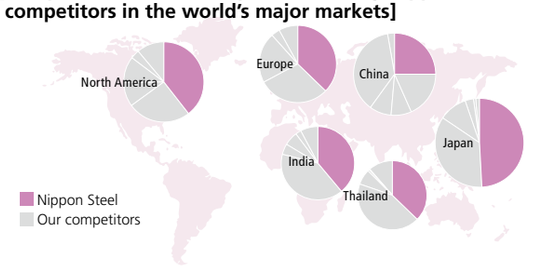
Nippon Steel positions IP as a key management asset and strives to enhance quality and quantity, thereby strengthening its business competitiveness. We strategically protect and accumulate advanced technologies, including those related to carbon neutrality, in the form of patents and know-how, contributing to the growth of business revenue and the realization of a sustainable society in line with our management plan. In addition, by collaborating on IP strategies with our Group companies operating globally, we are enhancing the value of the Group's overall patent portfolio and strengthening earning power. We are also generating IP-related synergies in the reorganization of a domestic group steel company. Using the merger with Sanyo Special Steel Co., Ltd., scheduled for April 2027, as an opportunity, we will further strengthen and leverage our IP in bar, wire, and special steel to maximize the merger's benefits.

[Number of patents held in 2025]
Japan: approx. 16,000; Overseas: approx. 16,000 (non-consolidated)

Value of our patents

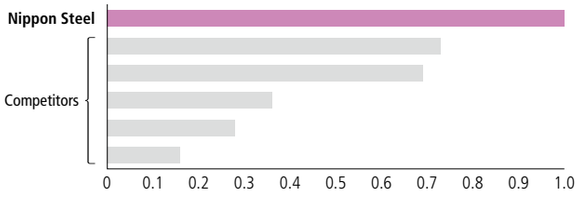
In the world's major markets, the Nippon Steel Group's patent share and patent asset index (PAI) rank higher than those of its competitors in Japan and overseas.

[Comparison of shares of patents held by Nippon Steel and its competitors in the world's major markets]



[Relative comparison of PAI between Nippon Steel and domestic and overseas competitors (2025)]

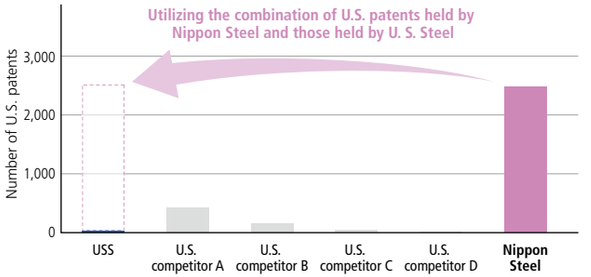
Source: Patent Asset Index™ (PAI), LexisNexis "PatentSight™"



Strengthening IP strategy in the United States

In the U.S. market, we are expanding and accumulating the Nippon Steel Group's intellectual assets, including U. S. Steel (Nippon Steel plus U. S. Steel), while promoting their strategic use to drive business growth.

[Comparison of the number of U.S. patents held by steel manufacturers operating in the U.S.]



We are licensing Nippon Steel's technologies to U. S. Steel and protecting and utilizing IP related to our strategic products (electrical steel sheet, steel pipe, and automotive steel sheet). We are also enhancing competitiveness and expanding revenue in our U.S. operations by providing technical expertise and establishing an information management system through human resources dispatched from Japan.

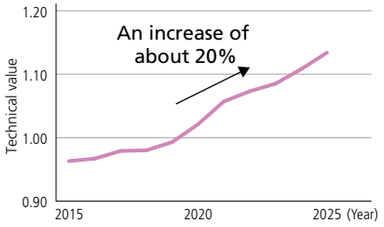
Recognized as one among the Global Top 100

Nippon Steel has been recognized as one of the Global Top 100 companies in the Innovation Momentum 2026 Report of LexisNexis. This recognition is awarded to 100 companies worldwide as demonstrating strong technical development capabilities and high growth potential in innovation. As the technical value* of our patents has risen significantly in aluminum-hot-stamped steel sheet, high-tensile steel sheet, electrical steel sheet, and carbon-neutrality-related technologies, our strategic initiatives in high-value-added, cutting-edge technology fields have gained recognition.

* The technical value of patents calculated based on the number of citations



[Improving technical value (quality) of patents]

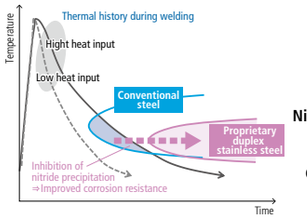


Examples of IP utilization that contributes to business revenue growth

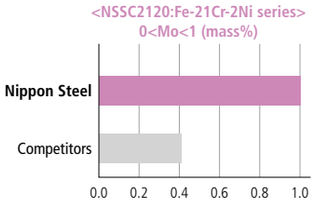
Duplex stainless steel that reduces environmental burdens

NSSC2120™ and NSSC™2351, proprietary steel products developed exclusively by Nippon Steel, addressed on overcoming degradation in corrosion resistance related with high-heat-input welding. Our extensive patent portfolio underpins the distinctiveness of these products, with the PAI overperforming that of our competitors. These products have lower nickel and/or molybdenum content than SUS304 and SUS316L, which helps stabilize prices and reduce environmental burdens. At the same time, their excellent wear resistance supports business revenue growth. In recognition of this achievement, Nippon Steel won the World Stainless Steel Association Award in 2025 and, jointly with KITANIHON SHIPBUILDING CO.,LTD., the Monodzukuri Nippon Grand Award in 2026.

[Mechanism for improving corrosion resistance related with high-heat-input welding]



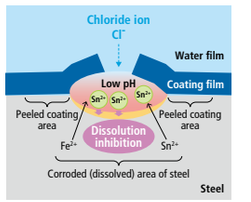
[Relative comparison of the PAI of duplex stainless steel between Nippon Steel and domestic competitors (2025)]



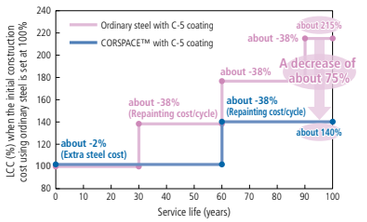
Corrosion-resistant steel for painting to reduce lifecycle costs

At the FY2026 National Commendation for Invention, Nippon Steel won the Invention Award for its Invention of Corrosion-Resistant Steel for Painting. The invention of the award-winning corrosion-resistant steel for painting (product name: CORSPACE™) involves adding a trace amount of tin to inhibit steel dissolution. We build and utilize a patent portfolio from multiple angles, including related patents, to secure market share and boost business revenue. Compared with conventional steel, this product can double the interval between repainting cycles, reducing the lifecycle cost of bridges and other structures while contributing to society through national resilience initiatives.

[Mechanism for inhibiting corrosion in the paint defect area]



[Lifecycle cost (LCC) for bridge applications]



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Initiatives to expand the utilization sphere of IP in combination with standardization

Aiming broader utilization of IP

Nippon Steel leverages Intellectual Property (IP) created through its business activities, including production and research and development, in close alignment with its management strategies in each business segment to secure and strengthen its competitive advantage.

Specifically, to optimally combine standardization and Patent strategies such as classification, patent acquisition, standardization, and public disclosure and de facto standardization, are selectively employed depending on the IP's content, characteristics, and market environment.

These initiatives are overseen by Intellectual Property Division and promoted under the supervision of the Representative Director, Executive Vice President as CSO* in coordination with activities across each business sector. In addition, we undertake initiatives to enhance the business value of our entire corporate group, including standardization activities aimed at establishing markets for GX steel and other environmentally oriented products as well.

In collaboration with the Japan Iron and Steel Federation (JISF), a standards-developing organization accredited by the Ministry of Economy, Trade and Industry (METI), we also actively participate in developing and revising JIS, ISO, and other standards in areas of common interest of steel industries. Through these standardization efforts, we pursue to improve the usability and reliability of steel products and enhance their applications across a wide range of industrial sectors.

*CSO: Chief Standardization Officer

Empowering standardization strategies aligned with business objectives

Standardization is not merely core functions like ensuring quality and facilitating business transactions. It is also a critical management tool that contributes to strengthening business competitiveness and to build long-term corporate growth. To effectively advance our broad range of standardization activities, Nippon Steel clearly identifies the roles of standardization according to their business objectives and uses them strategically for three key domains (see the figure at the bottom right).

1) Core business domain for quality assurance (Layer Q):
We promote various standardization initiatives that serve as the fundamental requirements for our business activities. In addition to ensuring compliance with domestic and international standards, we continuously maintain the internal standardization framework that we have established through our efforts in many years in response to the changes in the business environment.

2) Business competitiveness domain (Layer B):
To enhance profitability and strengthen competitiveness in each business areas, we pursue strategic standardization to meet product characteristics and market needs. By combining these efforts with patent protection and trade secret management, we enhance products' value and competitive advantages in each market.

3) Corporate management domain (Layer C):
To support the transition toward the carbon-neutral society, we are proactively engaging in the development of standards and rule-making initiatives in the areas including the GX steel market and life cycle assessment (LCA). These efforts thereby contribute to strengthening the management base to support our long-term corporate growth.

Strategic standardization activities aligned with social trends

Among the priority areas outlined in the "New International Standards Strategy" of Japanese government published in June 2025, Nippon Steel defines the environment and energy sectors (climate change, energy, GX, etc.) as key strategic domains. In addition, we aim for promoting standardization activities aligned with the government's policy direction of technology-driven nation including the creation and expansion of new demands through the accreditations and standardization.

We place emphasis also on empowerment of human resources, which can be also recognized from the recent several awards for our efforts.

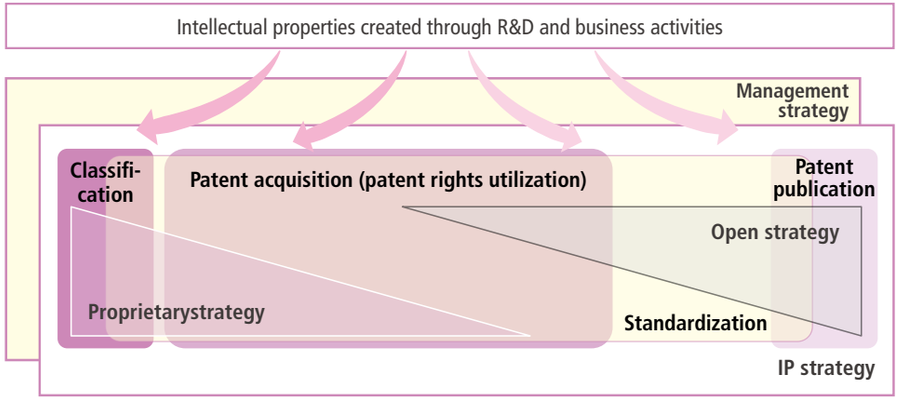
(Recent examples of awards for contributions to standardization)

- IEC 1906 Award (2022)
- Minister's Award for Industrial Standardization, Ministry of Economy, Trade and Industry (two individuals in 2025)

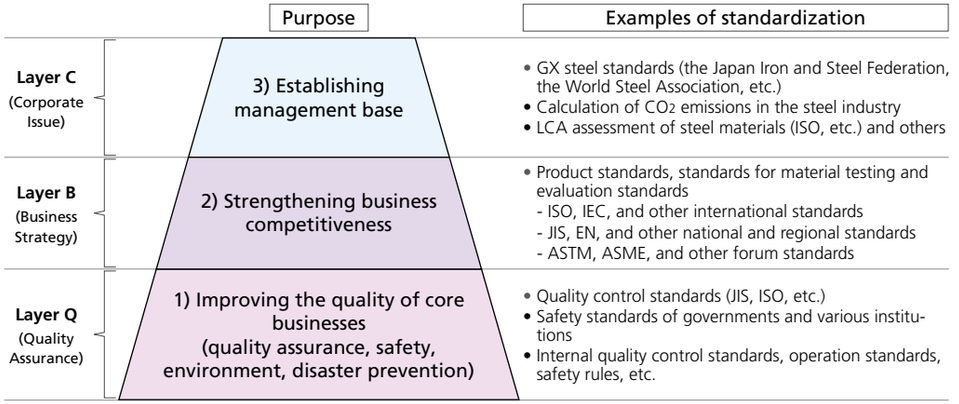


Through these initiatives, we are aiming to accelerate the promotion of our technologies that build up even advanced utilization of steel as the fundamental material that deliver eco-friendly values to support the requirements for various social infrastructure to enrich our lives. Looking ahead, we keep pursuing the integrated value of intellectual properties to enhance social and business values of steel.

[Intellectual properties created through R&D and business activities]



[Our activities related to standardization]



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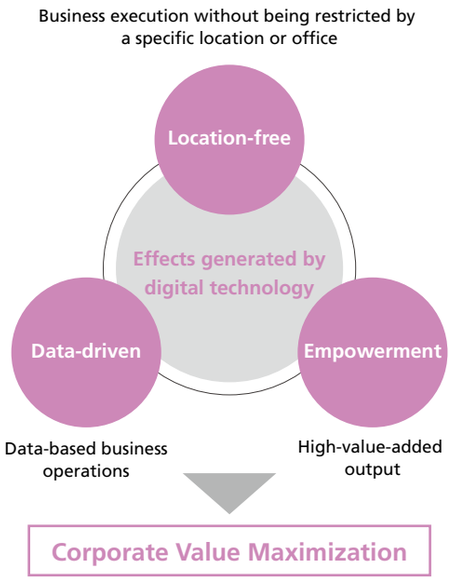
Promoting Digital Transformation

Nippon Steel's Digital Transformation (DX)

Nippon Steel is implementing a ground-breaking digital transformation (DX) that will revolutionize steel business processes. By maximizing the three benefits of digital technology, "location-free," "data-driven," and "empowerment," we will thoroughly transform traditional workstyles, improving productivity dramatically, expediting decision-making, and enhancing problem-solving skills.

We will drastically reevaluate our production processes, business processes, and business models by incorporating the latest digital technologies, including generative AI, and building on our vast data assets, one of our strengths.

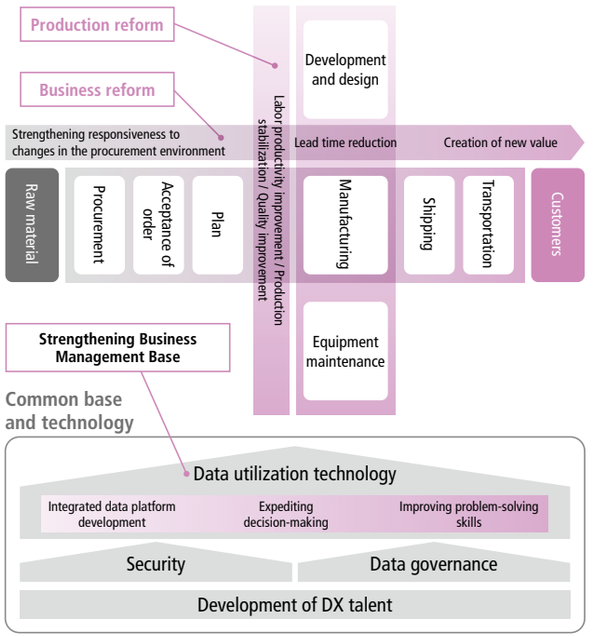
This will enable us to evolve toward company-wide optimal decision-making that maximizes corporate value by moving away from decisions that often lead to partial optimization.



Reforming steel business processes

Steel business processes span the entire supply chain, from raw material procurement to end customers, and a full range of activities, including development, design, manufacturing, and equipment maintenance. Nippon Steel will promote the reform across this broad range of steel business processes.

To realize the reform, we are developing a common system infrastructure that will dramatically improve data accessibility and usability, along with related technologies, and promoting human resources development required to sustain these efforts over the long term.



Production reform

- Promote the visualization, automation, and optimization of our manufacturing processes by connecting operations, facilities, and quality data through databases and IoT, as well as leveraging AI
- Improve safety and quality, stabilize production, maintain equipment integrity, and reduce environmental and disaster risks through predictive detection, quality prediction, and operation support
- Expedite technology deployment across multiple bases through the utilization of digital technology

Business reform

- Develop the company-wide digital infrastructure to strengthen planning skills and seamlessly connect raw material procurement, product order acceptance, production, shipping, transportation, and delivery. Streamline and enhance operational execution to shorten lead times, strengthen the ability to adapt to environmental changes, improve customer responsiveness, and enhance cost competitiveness
- Achieve company-wide optimization of business processes and organizational structures, including the consolidation and centralization of business functions, while striving to streamline and enhance staff operations through the utilization of data, systems, and AI

Strengthening business management base

- Enhance business intelligence (timely access to management information and KPIs) to accelerate information sharing and decision-making from the management level to the front line and to improve problem-solving skills
- Integrate the vast amounts of data accumulated both domestically and internationally. Build a data infrastructure that enables advanced applications, including AI

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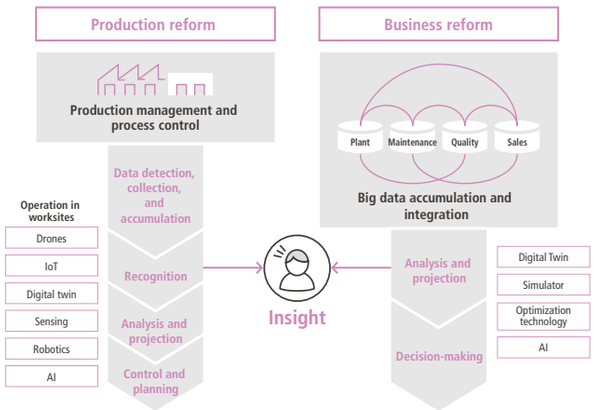
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Accelerating DX through data integration and utilization

Nippon Steel has proactively adopted ICT since the dawn of mainframe computing in the 1960s across a wide range of fields, including production, quality control, sales, logistics, equipment maintenance, purchasing, and profit management. As a result, the Company has many business systems and a vast amount of high-quality data, which is now one of its major strengths. We are establishing company-wide databases by organically integrating valuable data assets currently scattered across plants and departments through digital technology. Furthermore, we are promoting expedited, sophisticated, and optimized decision-making in a broad range of fields by utilizing those databases for AI-assisted analysis and simulations.

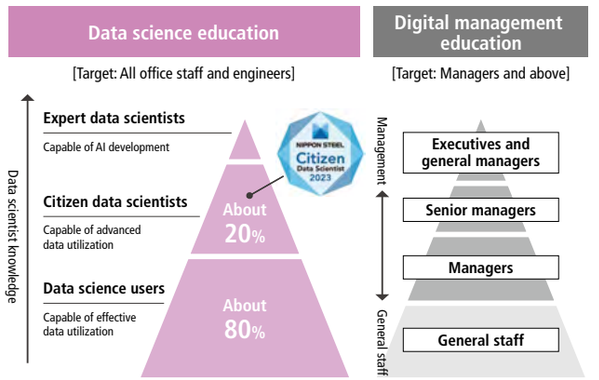


DX human resources development

Nippon Steel is developing DX human resources through both "data science education" and "digital management education."

In "data science education," with three levels defined by knowledge and skills, we aim to ensure that all office staff and engineers are at least at the data science user level and that at least 20% of the group reach the citizen data scientist level. We are also working to enhance AI-related education.

In "digital management education," we equip all managers with the mindset and literacy needed to lead DX initiatives in their workplaces.

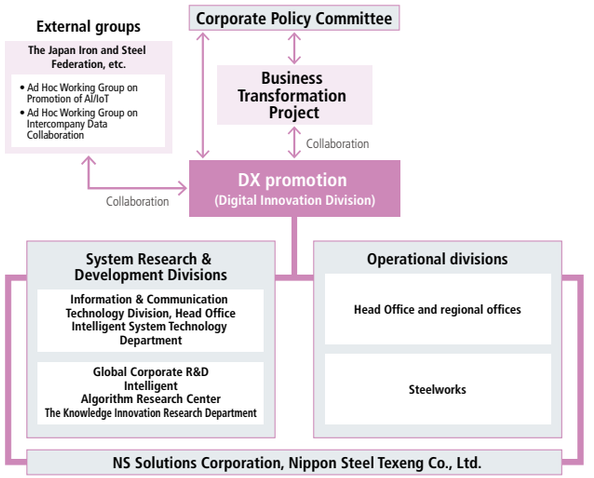


DX promotion framework

With the Digital Innovation Division at the core, operational divisions and system research and development divisions will work together to strengthen business competitiveness mainly through integrated responses to company-wide challenges. In collaboration with the Business Transformation Project, we aim to improve staff work productivity and achieve business operations through an elite corps.

In addition, we are taking on the challenge of innovative initiatives by cooperating with external organizations and leveraging the collective capabilities of Nippon Steel and the Group.

Meanwhile, we strengthened our development and implementation frameworks for AI and digital technologies in 2025 by establishing the Knowledge Innovation Research Laboratory of the Intelligent Algorithm Research Center within our Process Research Laboratories and the Intelligent System Technology Department within our Information & Communication Technology Division.



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Strengthening Information Security

Strengthen the security response structure

As cyberattacks have become increasingly sophisticated in recent years, risks affecting entire corporate operations are emerging, including targeted attacks and supply-chain intrusions. Moreover, cyberattacks targeting not only the information technology (IT) domain but also the operational technology (OT) domain, which includes manufacturing equipment, are on the rise, increasing the likelihood that such incidents will lead to operational shutdowns and a loss of social credibility. Given this situation, companies need to strengthen a corporate-wide, integrated security structure rather than rely on the traditional piecemeal approach.

In light of these environmental changes, Nippon Steel has established a specialized organization, the Cybersecurity Operations & Planning Department, to promote centralized security management not only in the information system domain but also in the OT domain, including manufacturing sites. At the same time, we are increasing staffing to enhance our ability to respond to cyber threats. This organization serves as the core function overseeing company-wide, cross-sectional security measures, visualizing risks, developing action plans, and implementing improvement activities in an integrated manner in collaboration with each department. With this system in place, we have consolidated previously decentralized efforts and are working on security enhancement from a company-wide optimization perspective.

By establishing an incident response framework centered on the Computer Security Incident Response Team for the Nippon Steel Group (NSG-CSIRT), consisting of our Group companies, we strengthened our monitoring and analysis capabilities during normal operations. We also improved our ability to respond quickly and recover during an emergency. Thus, we have established a framework to minimize damage and mitigate the impact on our business even in the event of an incident.

Through these initiatives, Nippon Steel has established an effective security response framework that integrates management and manufacturing sites and continuously strengthens its defenses to adapt to the evolving threat landscape.

NSG-CSIRT
Nippon Steel Group

- Early detection of incidents, response to incidents, and implementing post-incident measures
- Collecting and analyzing incident-related information, and communicating response procedures throughout Nippon Steel and to Group companies

Security enhancement initiatives

Nippon Steel positions security measures not as one-time initiatives but as a continuous improvement process and is working on them based on three basic principles: 1) continuous personnel measures, such as security education, 2) technical countermeasures against cyberattacks, and 3) continuous improvement through external assessments and training.

1) By emphasizing individual employee awareness, we continuously conduct education and awareness-raising activities to entrench risk awareness and ensure thorough implementation of basic actions in daily operations. Specifically, we are improving our employees' ability to respond to cyberattacks by regularly providing security education via e-learning and training that simulates targeted attack emails. When it comes to unauthorized removal of information, we continually strengthen penalties for clear violations of internal rules and step up system monitoring. Through these initiatives, we are improving our employees' initial response and judgment capabilities against cyberattacks, thereby reducing human-factor risks.
2) As technical measures, we implement a multi-layered security strategy that combines multiple initiatives, including protecting endpoints and networks through various security measures, controlling communications based on operational risks, continuously updating systems, strengthening authentication management, and conducting integrated monitoring and operations. In response to increasingly sophisticated cyberattacks, we are continually introducing systems designed to provide multi-layered defense and detection. Through this effort, we aim to maintain a secure operational environment by reducing the risk of unauthorized communications and malware infections, preventing unauthorized external access, and implementing measures to prevent information leaks.
3) By periodically reviewing our systems and operational status, we are improving security measures to respond to evolving threats. Specifically, we verify the effectiveness of our measures objectively by using evaluations and insights from external specialized organizations. Based on these results, we continually improve the sophistication and effectiveness of our security measures. Furthermore, we have developed recovery procedures for wide-area system failures, driving continuous improvement through recovery drills and post-exercise reviews.

Security at group companies

In recent years, cyberattacks have increasingly targeted not only individual companies but also the entire supply chain, including their group companies and business partners. Recognizing that attacks targeting our group companies could affect our overall business operations, Nippon Steel is ensuring security across the entire group as a key priority.

In light of these circumstances, Nippon Steel is implementing and enhancing security measures across our group companies in Japan and overseas, while taking into account each company's business characteristics and operating environment. While maintaining group-wide coordination, we are promoting the development and operation of measures to handle sensitive information and system use, thereby entrenching effective security measures.

At our domestic group companies, we are implementing measures aligned with Nippon Steel's security standards and conducting regular security assessments. Through this approach, we monitor each company's progress and continually implement necessary improvements to ensure effective countermeasures take hold and raise their security levels.

At our overseas group companies, we also promote the implementation of appropriate security measures and conduct regular security assessments, while taking into account the environment and risk characteristics of each country and region. Through this approach, we are implementing necessary improvements while monitoring each location's situation, improving the consistency and effectiveness of our global security measures.

In addition, we are strengthening cross-group information sharing and collaboration centered on the NSG-CSIRT. Through this system, we have enabled early incident detection and rapid response, improving the Nippon Steel Group's responsiveness.

Through these initiatives, we are stepping up security measures at our group companies in Japan and overseas and maintaining and improving a consistent level of security across the Nippon Steel Group.

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Financial Targets

To continually enhance corporate value, we will strategically allocate management resources by appropriately balancing growth investments, shareholder returns, and sound financial health.
Specifically, we will make capital and business investments totaling 6 trillion yen over the next five years to enhance earning power by strengthening our domestic earnings base and achieve dramatic profit growth by executing our global growth strategies overseas.
Furthermore, by implementing the measures outlined in the management plan, we will improve our medium- to long-term earning power and capital efficiency and strengthen our financial base.
As a result of these efforts, we aim to achieve the following financial targets, with FY2030 set as a key milestone.

[Key indicators for the 2030 Medium- to Long-term Management Plan]

Financial indicators

Consolidated underlying profit	FY2025 ¥650.4 billion	¥1 trillion/year or more
ROE (return on equity)	FY2025 0.3% (incl. one-off factors)	About 10%
D/E* (debt-to-equity ratio)	FY2025 0.71	Around 0.7
DEBT/EBITDA*	FY2025 4 times	3.5 times or less

*After recognizing equity credit attributes of subordinated debt and similar instruments

Capital and business investments	FY2021 through FY2025 Approx. ¥7.5 trillion/ 5 years	Approx. ¥6 trillion /5 years
Carbon neutrality		2030 (vs. 2013) 30% reduction

Domestic ¥500 billion or more
Overseas ¥500 billion or more

FY2031 onward
Over 10%

2050
Carbon neutrality

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Shareholder Returns Policy (Newly Established Minimum Dividend)

To appropriately balance medium- to long-term growth investments, shareholder returns, and sound financial health, we will continue our current dividend policy of "targeting a consolidated annual dividend payout ratio of around 30%."
Furthermore, given the fact that we have established a stable earnings base so far and from the standpoints of enhancing the predictability of dividends for our shareholders and investors and increasing the attractiveness of Nippon Steel's stock, we will set the minimum annual dividend per share at 24 yen for the five years (FY2026 through FY2030) covered by the 2030 Medium- to Long-term Management Plan.

[Improving the attractiveness of our stock through measures such as enhanced shareholder returns]

Target a consolidated annual dividend payout ratio of around 30% (continued policy)

Appropriately balance medium- to long-term growth investments, shareholder returns, and sound financial health

5-to-1 stock split
(effective on October 1, 2025)

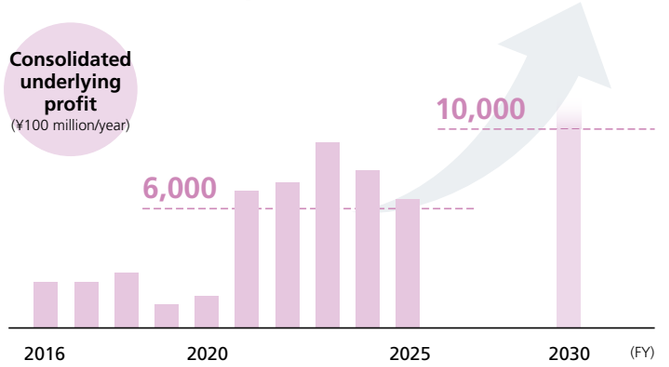
Further expand the investor base by creating a more accessible investment environment, particularly for individual investors

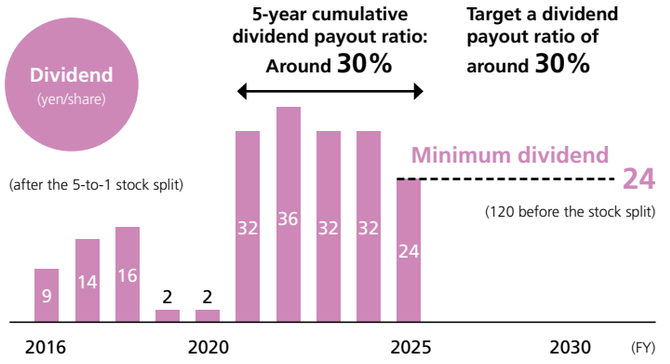
Annual minimum dividend of 24 yen/share
(120 yen before the stock split)

Build an earnings structure that can generate a high level of profit regardless of the business environment

⇨ We have set a minimum dividend to enhance the predictability of dividends for our shareholders and investors and increase the attractiveness of Nippon Steel's stock

Minimum dividend for
FY2026 through FY2030: 24 yen/share





High level of shareholder returns driven by profit growth

We aim to further improve our profit level and deliver even greater shareholder returns as we enter a new stage of growth

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Key Takeaways from This Section

We will achieve enhancing corporate value stemming from profit growth and ensuring sound financial health at the same time

Under the 2030 Medium- to Long-term Management Plan, we will implement growth investment of approximately 6 trillion yen, aiming for a consolidated underlying business profit of 1 trillion yen or more. We aim to enhance corporate value over the medium to long term through capital allocation that balances growth investment, capital efficiency, financial soundness, and shareholder returns.

Detailed financial policies

- **Growth investment and capital allocation**
  We will strengthen our domestic revenue base and promote growth investment overseas, ensuring the allocation of resources to future investments that yield returns in excess of the cost of capital.
- **Shareholder returns**
  We will target a consolidated dividend payout ratio of around 30% and seek to enhance shareholder returns and improve their predictability by setting a minimum dividend.
- **Asset streamlining**
  We will continue to sell strategic shareholdings, securing funding for growth investment and improving capital efficiency.
- **Financial health and financing**
  While promoting growth investment, we will manage our financial discipline by targeting a D/E ratio of around 0.7 and a debt/EBITDA ratio not exceeding 3.5 times at the end of FY2030.
- **Cost of capital and dialogue with the market**
  We aim to increase EPS and enhance our market valuation through profit growth and dialogue with the market.

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Message from CFO

Achieve sustainable enhancement of corporate value by pursuing the optimal balance between investment for growth and financial discipline



Naohiko Iwai

Senior Managing Executive Officer and Chief Financial Officer (CFO)

As CFO of the Nippon Steel Group, I believe my role is to optimize the balance among "investment for growth," "capital efficiency," "financial soundness," and "shareholder returns" to enhance corporate value over the medium to long term. Over the 2030 Medium- to Long-term Management Plan period, which began this year, we will prioritize investments to drive medium- to long-term growth. However, looking ahead to 2031 and beyond, we will manage the company by focusing on the following key visions, while remaining mindful of our share price and cost of capital: "investment for growth toward the framework of our global crude steel production capacity of 100 million tons," "profit growth toward the vision of ¥1 trillion in underlying profit," "an ROE of around 10%," "a D/E ratio of around 0.7 and a Debt-to-EBITDA ratio not exceeding 3.5 times," and "a target dividend payout ratio of around 30% and a minimum dividend of ¥24 per share."

Proactive investment for growth toward profit growth

Drive profit growth over the next five years toward achieving an underlying profit exceeding ¥1 trillion

In the 2030 Medium- to Long-term Management Plan, we will make our revenue base more robust and maintain and expand our profitability level in Japan, where the market is expected to continue shrinking due mainly to population decline, through "pursuing cost competitiveness," "expanding technological advantage," "enhancing our ability to propose new products and solutions," and "improving supply chain competitiveness." On the other hand, overseas, with the United States, Europe, India, and Thailand positioned as our four priority regions, we aim to dramatically increase profits by executing investment for growth.

In FY2030, U. S. Steel will be the biggest driver of profit growth toward the vision of ¥1 trillion in underlying profit. With approximately 100 staff members currently dispatched to U. S. Steel from Nippon Steel, we are in the process of introducing our advanced operational, equipment, and product technologies to the U.S. base. Anticipating $500 million in operational synergies and $2.5 billion in capital investment benefits, we are doing our utmost to achieve this as early as possible. Generally, it takes several years for capital investment in the steel industry to produce an effect after the planning, construction, and commissioning phases. In contrast, operational synergies are already delivering results, and we expect to achieve $300 million of the $500 million by the end of FY2026. In addition, supported by the benefits of past capital investments and favorable conditions in the U.S. steel market, U. S. Steel is expected to deliver a significant improvement in earnings in FY2026 and emerge as the primary earnings driver of the Group.

In the steel industry, net income can diverge significantly from underlying earnings due to non-cash valuation gains and losses that swing in either direction with market conditions and exchange-rate fluctuations, such as changes in inventory valuation, as well as temporary losses from structural measures. To measure our progress in improving profitability, Nippon Steel regards "underlying consolidated business profit," which excludes one-off gains and losses, as our most important KPI. We are working

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together as one to enhance our earning power by linking employee bonuses and executive compensation to this indicator. Over the past five years, Nippon Steel has established an "earnings base capable of generating underlying profit of ¥600 billion or more regardless of the external environment." Over the next five years, we aim to grow underlying profit to ¥1 trillion or more.

Capital efficiency and financial soundness management

Balance investment for growth and financial discipline through investment decisions conscious of the cost of capital

I believe managing capital efficiency and financial soundness is a CFO's responsibility.

Over the next five years, starting this fiscal year, we plan to invest approximately ¥6 trillion across the Group in sustainable growth, including capital and business investments such as M&A. While carefully selecting domestic investments, we will make focused investments to pursue overseas growth opportunities, including investments in U. S. Steel to improve cost competitiveness and expand production of high-value-added products. When deciding on individual growth investment projects, we do so only after ensuring profitability exceeds the cost of capital.

That said, because growth investments take time to take effect and contribute to revenue growth, the company's overall capital efficiency and financial soundness may temporarily deteriorate. However, while continuing to balance financial discipline with investment for growth, we aim to achieve the goal of "an ROE of around 10%" and "a D/E ratio of around 0.7 and a Debt-to-EBITDA ratio not exceeding 3.5 times" in FY2030.

We will also continue our efforts to generate cash by reducing assets. We have sold about 80 percent of our strategic shareholdings since the end of FY2013. We plan to sell more shares once we confirm that we can achieve our purpose without retaining ownership.

In June 2025, we temporarily covered the ¥2 trillion needed to finance the acquisition of U. S. Steel with short-term bridge loans, but we switched to permanent financing by March 2026. By improving financial soundness through a combination of hybrid financing and convertible bonds, the D/E ratio, which had deteriorated to 0.85 at the time of the acquisition, recovered to 0.71 by the end of March 2026.

Shareholder returns

Enhance the appeal of Nippon Steel's stock by improving the predictability of dividends

As part of its shareholder return policy, Nippon Steel targets a dividend payout ratio of around 30%. To continue driving profit growth through proactive investment, and given the significant investment burdens of future decarbonization, we must balance investment for growth, financial soundness, and shareholder returns. From this perspective, we believe a shareholder return policy based on a dividend payout ratio that adjusts dividends to our profit levels is the most appropriate approach.

First and foremost, we aim to meet our shareholders' expectations by increasing EPS (earnings per share) through early achievement of ¥1 trillion in underlying profit. However, if dividends fluctuate due to one-time gains or losses, such as inventory valuation adjustments, this approach would reduce dividend predictability for our shareholders. For the previous Medium- to Long-term Management Plan period, we tried to stabilize dividend levels based on an average dividend payout ratio calculated over a five-year period rather than on a single fiscal-year basis. However, for the 2030 Mid- to Long-Term Management Plan period, we have set a minimum annual dividend of ¥24 per share. We aim to enhance the appeal of our company's stock by making our dividends more predictable.

Cost of capital and stock prices

Aim to enhance trust and recognition from the market by consistently achieving profit growth

In the stock market, a deeply entrenched view persists that the steel industry is "economically sensitive" and "susceptible to the influence of China," leading to high profit volatility. We believe this perception is one factor driving up our cost of capital. To date, Nippon Steel has lowered its breakeven point for domestic steelmaking operations by 40% and established a revenue structure independent of production volume through structural reforms to its domestic production facilities and efforts to secure appropriate levels of spreads. Furthermore, we plan to realize a resilient business portfolio by positioning "high-value-added products, our areas of expertise" as growth areas and targeting regions like the United States, Europe, and India, which are "less susceptible to the impact of China's supply-demand gap." Moreover, by increasing our investment in raw material mines and



treating raw materials as a "business" to generate profits, we have established a structure that mitigates the impact of cost fluctuations in the raw material market through profits from our raw materials business. As such, Nippon Steel has lower profit volatility than other global steel manufacturers, as shown by a comparison of profit-per-ton trends with our competitors. In addition, our establishing a minimum dividend starting in FY2026 has enhanced the stability and predictability of our dividends. To ensure this recognition takes hold in the stock market, we will conduct IR activities of sufficient quality and quantity.

We also believe that concerns about the feasibility and economic viability of achieving carbon neutrality in steel production by 2050 increase our company's cost of capital and weigh on our stock price. The execution conditions for investment in decarbonization include steadily advancing decarbonization technologies, communicating our progress, and ensuring predictable returns on investment. Therefore, we intend to ease market concerns by sharing information about our collaborative efforts with the government and our customers to build a market for GX steel and ensure predictable returns.

Above all, we will do whatever it takes to enhance our profitability and strengthen market confidence that we will achieve an underlying profit of ¥1 trillion in FY2030. We believe the most important factor is for U. S. Steel, our biggest growth driver, to steadily enhance its earning power.

As CFO, I am fully committed to devoting my full efforts to making these happen.

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With profit growth as the starting point for value creation, our financial strategy allocates capital by balancing growth investments, capital efficiency, financial soundness, and shareholder returns, with a focus on enhancing corporate value over the medium to long term.

As part of the strategy, we will implement capital and business investments totaling approximately 6 trillion yen in the 2030 Medium- to Long-term Management Plan. Because investments take time to yield results, cash flows from investing activities will exceed operating cash flows during the first half of the 2030 Medium- to Long-term Management Plan. However, we will gradually increase our ability to generate operating cash flows by realizing the benefits of our investments, thereby improving our financial indicators over the period.

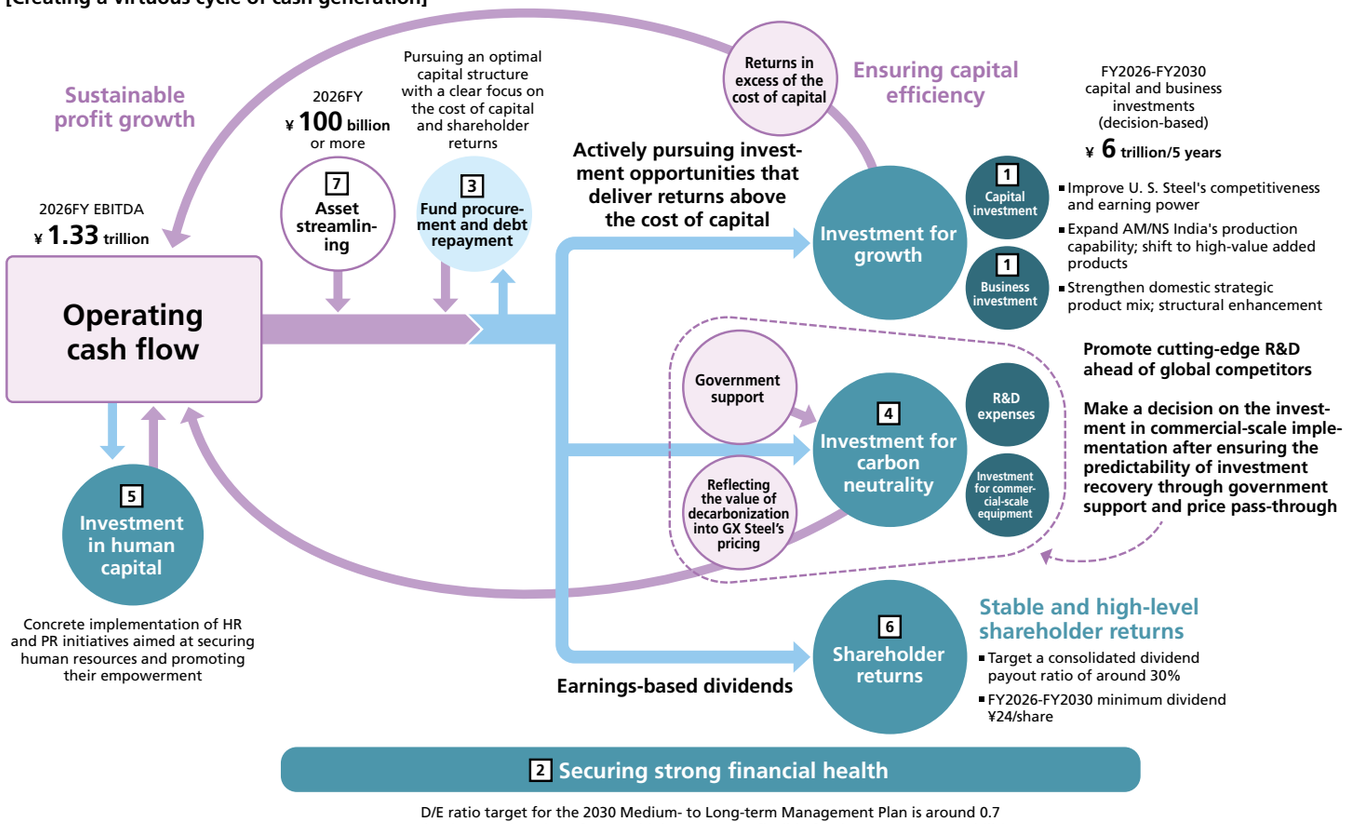
When making investment decisions, we will rigorously scrutinize investment returns based on the cost of capital and ensure thorough management, including follow-up on implemented investments.

To enhance asset efficiency, we will continue reducing our strategic shareholdings to free up capital for growth investments and improve capital efficiency.

We will select and implement the most appropriate financing methods while maintaining financial soundness, enabling us to handle projects that require a long time to recover their investment. We completed the permanent financing for the acquisition of U. S. Steel through a ¥500 billion hybrid loan executed in September 2025, ¥600 billion in convertible bonds issued in March 2026, and a ¥900 billion JBIC syndicated loan executed in March 2026. This has established a financial structure that enables us to focus on realizing returns from the investment.

Through the capital allocation outlined above, we will achieve profit growth, improve capital efficiency, and strengthen financial soundness to meet our key financial targets for FY2030, including a consolidated underlying profit of 1 trillion yen/year or more, an ROE of around 10%, and a D/E ratio of around 0.7 (after recognizing equity credit attributes of the subordinated loans).

[Creating a virtuous cycle of cash generation]



[Key financial targets in the 2030 Medium- to Long-term Management Plan]

Item	FY2030 target
Profit growth	Underlying profit: ¥1 trillion or more
Capital efficiency	ROE: around 10% (over 10% from FY2031 onward)
Financial soundness	D/E ratio of around 0.7
	Debt/EBITDA: 3.5 times or less
Shareholder returns	Target dividend payout ratio: around 30%
	Minimum annual dividend: ¥24 per share

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1 Capital and business investments

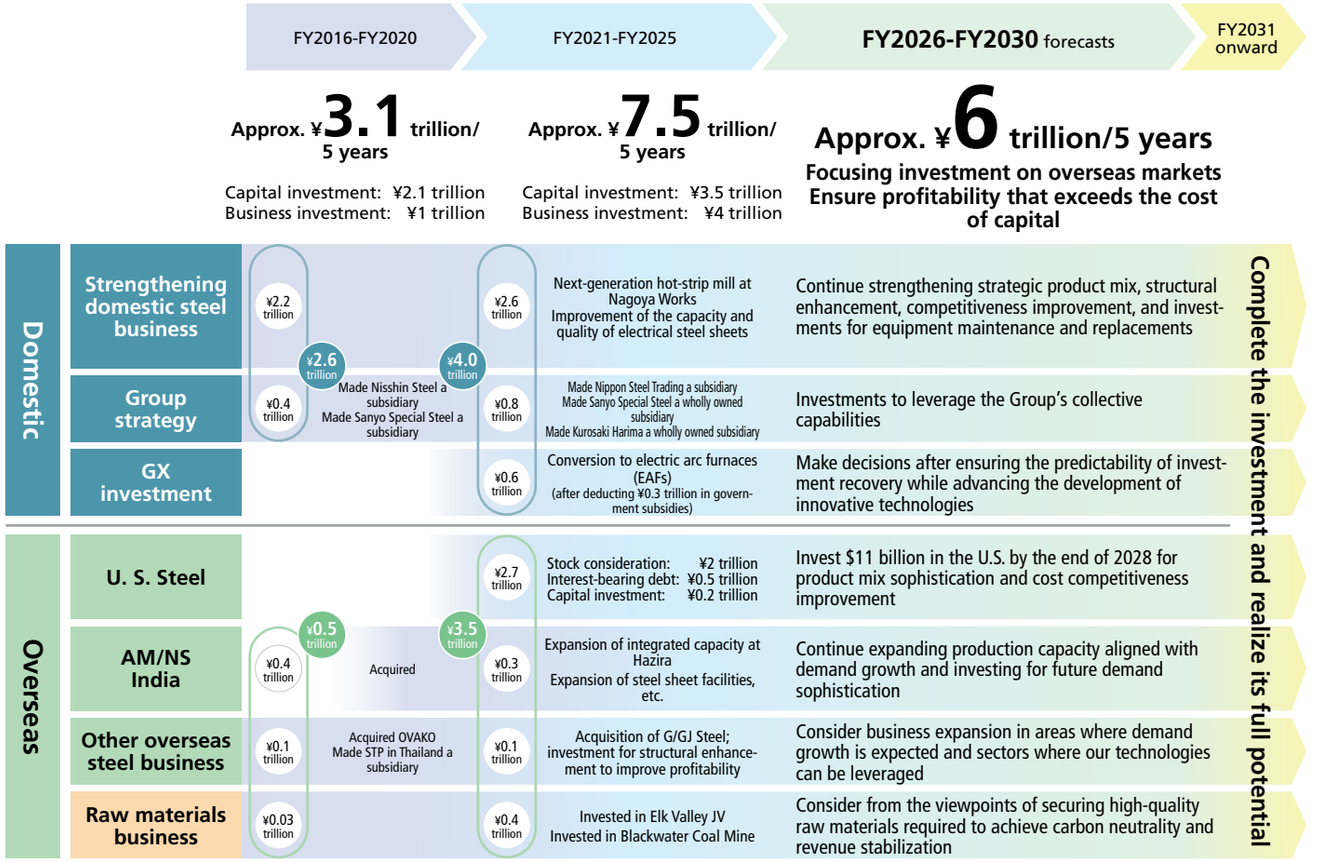
The 2030 Medium- to Long-term Management Plan represents a transitional phase in which we will fully leverage the domestic production structure established under the previous plan, accelerate growth investments primarily overseas, and realize returns from those investments as early and reliably as possible.

Specifically, over the five years from FY2026 through FY2030, we will implement capital and business investments totaling approximately 6.0 trillion yen, including capital investments at U. S. Steel. About 60% of the planned investments will be allocated to overseas projects.

As large-scale investments will be front-loaded in the early years of the current plan, free cash flow is expected to remain negative during this transitional phase toward profit growth. Therefore, we will not only ensure our investments yield results early and reliably, as mentioned earlier, but also implement other measures to improve earning power without delay. Precisely because we are in an upfront investment phase, we will strengthen project-by-project governance and monitoring throughout the investment process. Together with ongoing earnings-improvement initiatives and asset sales, including the sale of strategic shareholdings, we aim to return free cash flow to positive territory within the current plan period.

When we make capital investments, we set a payback-period hurdle for investments aimed at improving profitability. We also manage our overall capital investments, including those for replacing aged equipment, to ensure the internal rate of return (IRR) exceeds the cost of capital.

For business investments, we set risk-adjusted hurdle rates designed to ensure an IRR above the cost of capital. Following execution, we continuously monitor each investment through a structured review process, enabling timely decisions regarding restructuring, withdrawal, or other corrective actions when necessary.



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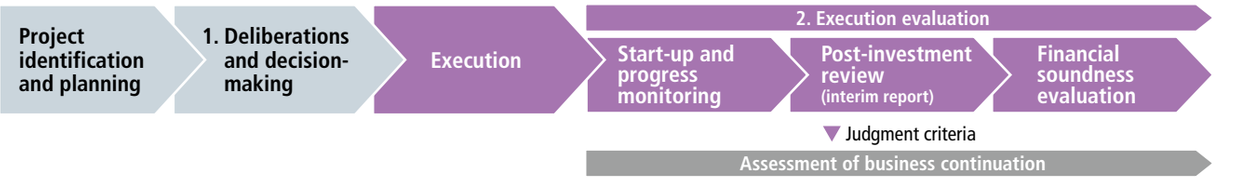
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COLUMN Business Investment Management System

Nippon Steel has established a clearly defined management framework covering investment decision-making, execution monitoring, post-investment evaluation and knowledge sharing for business investments in Japan and overseas.



1. Deliberations and decision-making

We evaluate the strategic significance, market growth potential, competitive landscape, and individual risks (such as country, partner, and foreign exchange risks). For M&A projects, we identify and appropriately address risks based on due diligence, then analyze risk scenarios and confirm the certainty of returns commensurate with the investment.

Investment Committee

The Investment Committee deliberates projects from the specialized perspectives of each corporate division. Business investment proposals are reviewed by the Investment Committee before decisions are made. Particularly important projects are then submitted to the Corporate Policy Committee or the Board of Directors for further approval.

2. Execution evaluation

Start-up and progress monitoring

For approximately three years following project launch, we establish KPIs for operations, production, shipments, and financial performance for each project. As a rule, corporate divisions follow up on the achievement of business plans every three months and report progress to the Investment Committee and the Corporate Policy Committee. Additionally, for particularly important projects, an annual report is made to the Board of Directors.

Post-investment Review

After approximately three years from project start-up, we conduct a comprehensive review of the entire process, from decision making to full operation, and report the results to the Investment Committee and the Corporate Policy Committee. For particularly important projects, an annual report is also submitted to the Board of Directors.

Financial soundness evaluation

All Group companies in which Nippon Steel has made direct investment are evaluated in terms of sound financial health, based on their financial data, and the results are reported at the Corporate Policy Committee semi-annually. Those companies in which Nippon Steel has made indirect investment are similarly evaluated but only once a year. Their evaluation results are also reported annually to the Board of Directors. For companies deemed to be subject to intensive management based on our soundness assessment, we deliberate on their reconstruction plans in the Investment Committee.

Decision on exit or restructuring

Based on the evaluation of soundness using quantitative criteria (such as future cash flow and financial health) and qualitative criteria (including sustainability and compliance), group companies that are determined not to contribute to enhancing Nippon Steel's corporate value are subject to deliberation by the Investment Committee regarding whether to continue their operations. For particularly important cases, proposals or reports are submitted to the Corporate Policy Committee, which decides on policies for exit (including restructuring) or business revitalization.

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Financial Strategy

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2 3 financial health and financing

The steel industry is capital-intensive, requiring significant investment in fixed assets, including machinery and equipment. Funds equivalent to these assets are financed through shareholders' equity and long-term debt, thereby ensuring financial stability. Nippon Steel's basic financial policy is to pursue growth investments proactively while maintaining a sound financial position, with the D/E and Debt/EBITDA ratios positioned as key financial indicators. For FY2030, we set the target D/E ratio at around 0.7 and the debt-to-EBITDA ratio at 3.5 times or less.

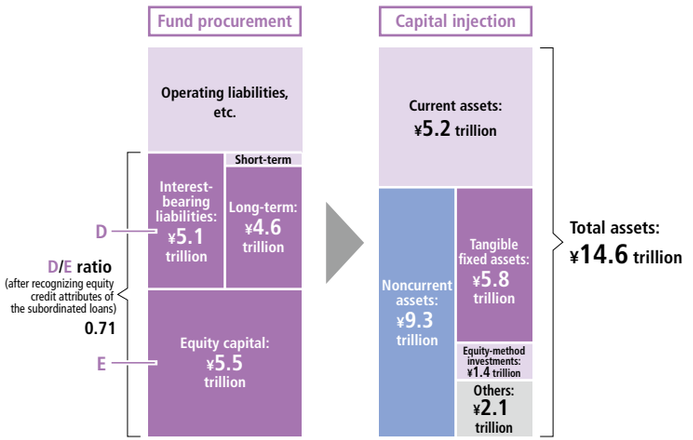
The merger with U. S. Steel, which was closed in June 2025, represents a rare growth opportunity toward building a global crude steel production capacity of 100 million tons. Accordingly, we made the decision to proceed with this large-scale investment after carefully assessing its profitability. We initially raised 2 trillion yen in bridge loans as part of the merger consideration, which raised the D/E ratio to about 0.85. However, the D/E ratio decreased to 0.71 as of the end of March 2026 by converting the bridge loans into permanent financing through an optimal financing mix, including 500 billion yen in a hybrid loan (September 2025), 600 billion yen in convertible bonds (March 2026), and approximately 900 billion yen in a JBIC syndicated loan (March 2026).

We plan to continue investing a total of 6 trillion yen over the next five years. For U. S. Steel in particular, we plan to make a large-scale growth investment of $14 billion or more. As the first step of this plan, we will make maximum use of U. S. Steel's cash-generating capability and funding capacity. We will then explore and implement the most appropriate financing strategy, including parent company guarantees, parent-subsidiary loans, and subscription to new shares, as needed.

In addition to the above, we will continue to make growth investments in Japan and abroad, capital investments related to carbon neutrality, and other investments aimed at maximizing the Group's overall capabilities. We will continue to implement these initiatives while maintaining financial discipline and a sound financial position.

Our credit ratings as of July 2026 are shown in the table below. We will continue to engage in dialogue with rating agencies to maintain and enhance our medium- to long-term creditworthiness.

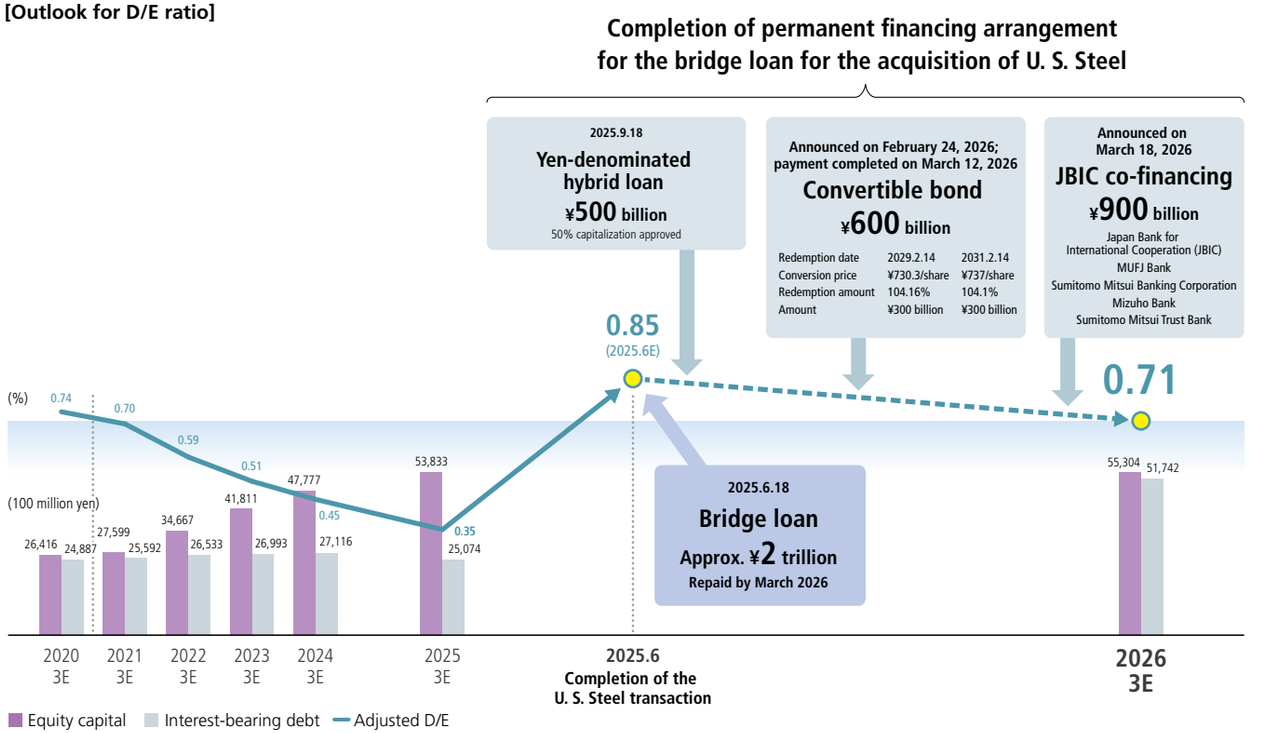
[Nippon Steel's asset and liability management] (as of March 31, 2026)



Rating agency		Our rating
Domestic	R&I	A+ (stable)
	JCR	AA (stable)
Overseas	Moody's	Baa2 (stable)
	S&P	BBB (negative)

(as of July 2026)

[Outlook for D/E ratio]



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4 Investment for carbon neutrality

Nippon Steel is taking a multi-track approach toward realizing carbon-neutral steel production processes by utilizing three innovative technologies and CCUS, aiming to achieve the optimal process configuration in response to economic conditions such as energy and raw material prices. Among these initiatives, the development of innovative technologies and capital investments for their commercialization will require substantial funding. At present, we expect to invest approximately 500 billion yen in research and development and capital expenditures exceeding the previously estimated ¥4–5 trillion level by 2050. The detailed breakdown of these investments will be clarified in the future, depending on the progress of technological development and changes in economic conditions such as energy and raw materials.

The transition to a carbon-neutral steelmaking process does not in itself improve the functionality or quality of steel products. Therefore, the transition to carbon-neutral steelmaking processes, which requires massive capital investment for commercial-scale implementation and higher operating costs in order to reduce CO_2 emissions, depends on two indispensable conditions: the establishment of a GX Steel market framework that appropriately recognizes the value of low-emission steel products and enables the additional costs to be reflected in selling prices, and fundamental, comprehensive government support. Sustainable and economically viable decarbonization initiatives can be pursued only when these conditions are in place and sufficient visibility on investment recovery has been secured. On this basis, we will continue to develop and implement measures that support both sustainable growth and efforts to address climate change.

5 Investment in human capital

Amid intensifying hiring competition due to a declining population, along with diversifying individual career perspectives and increasing labor market fluidity, we must secure talented human resources and empower them to drive our diverse management strategies toward realizing the 100 Million Tons, 1 Trillion Yen Vision. Therefore, we position this initiative as one of our highest-priority management issues.

As we did in 2024 and 2025, we conducted "investment in people" in April 2026 to secure talented human resources and promote their empowerment, including significant improvements in compensation and benefits. In addition, we continue to implement human resources diversification, growth support, and work-life balance support, including developing global human resources and the hiring of more experienced personnel, in tandem with productivity improvement initiatives, such as business innovation and efficiency enhancement. Through these initiatives, we will strive to enhance the individual employees' capabilities and maximize organizational performance. We will also continue implementing public relations initiatives to build positive brand awareness across society.

6 Shareholder returns

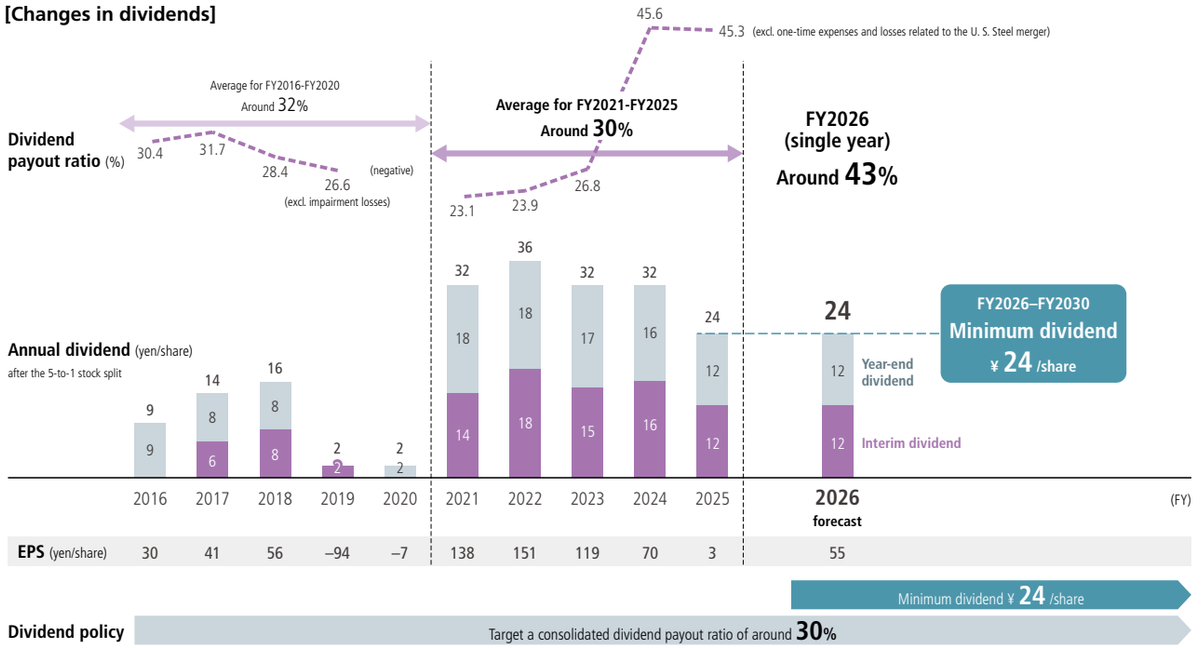
We consider enhancing shareholder value through stronger shareholder returns a key management priority. Our basic policy in pursuing this goal is to strike an appropriate balance among medium- to long-term growth investments, shareholder returns, and a sound financial position.

Under this policy, we will maintain the current dividend policy, targeting a consolidated dividend payout ratio of around 30%.

In addition, having established a stable revenue base in the previous Medium- to Long-term Management Plan, we are now in a growth phase aimed at a consolidated underlying profit of 1 trillion yen or more in the 2030 Medium- to Long-term Management Plan. In light of this situation, and aiming to enhance dividend predictability for our shareholders and investors and increase the attractiveness of Nippon Steel's stock, we have introduced a new minimum dividend to ensure stable dividend payments at a consistent level, regardless of changes in our business performance. Specifically, we have established a minimum annual dividend of ¥24 per share for the five-year period from FY2026 to FY2030. This level should be regarded as a floor, not a ceiling. In the current five-year period, we do not anticipate now any large-scale one-off items disclosed separately, such as those during the previous Medium- to Long-term Management Plan. Therefore, we intend to further enhance shareholder returns in line with revenue growth driven by progress in our growth strategy.

Going forward, we will continue to strive for sustainable enhancement of corporate value accompanied by improved capital efficiency while maintaining a balance between growth investments and shareholder returns.

[Changes in dividends]



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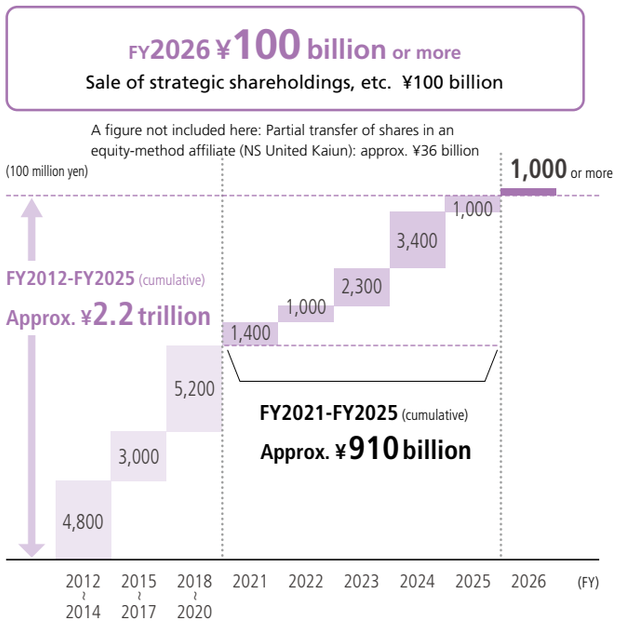
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7 Asset streamlining

Nippon Steel has been continuously working on asset sales as one of the highest priorities of our financial strategy to improve capital efficiency and ensure financial soundness. We have executed asset sales totaling approximately ¥2.2 trillion over the 14 years from FY2012 to FY2025 through the sale of strategic shareholdings, inventory reduction, real estate sales, and improvement of consolidated capital efficiency.

In the near term, we expect our continued growth investments to drive cash outflows that outpace growth in profits and operating cash flows, increasing our interest-bearing debt during the transitional phase toward earnings growth. This is precisely why we will continue and strengthen these asset sales and other asset optimization initiatives in order to achieve sustained improvements in profitability and capital efficiency.

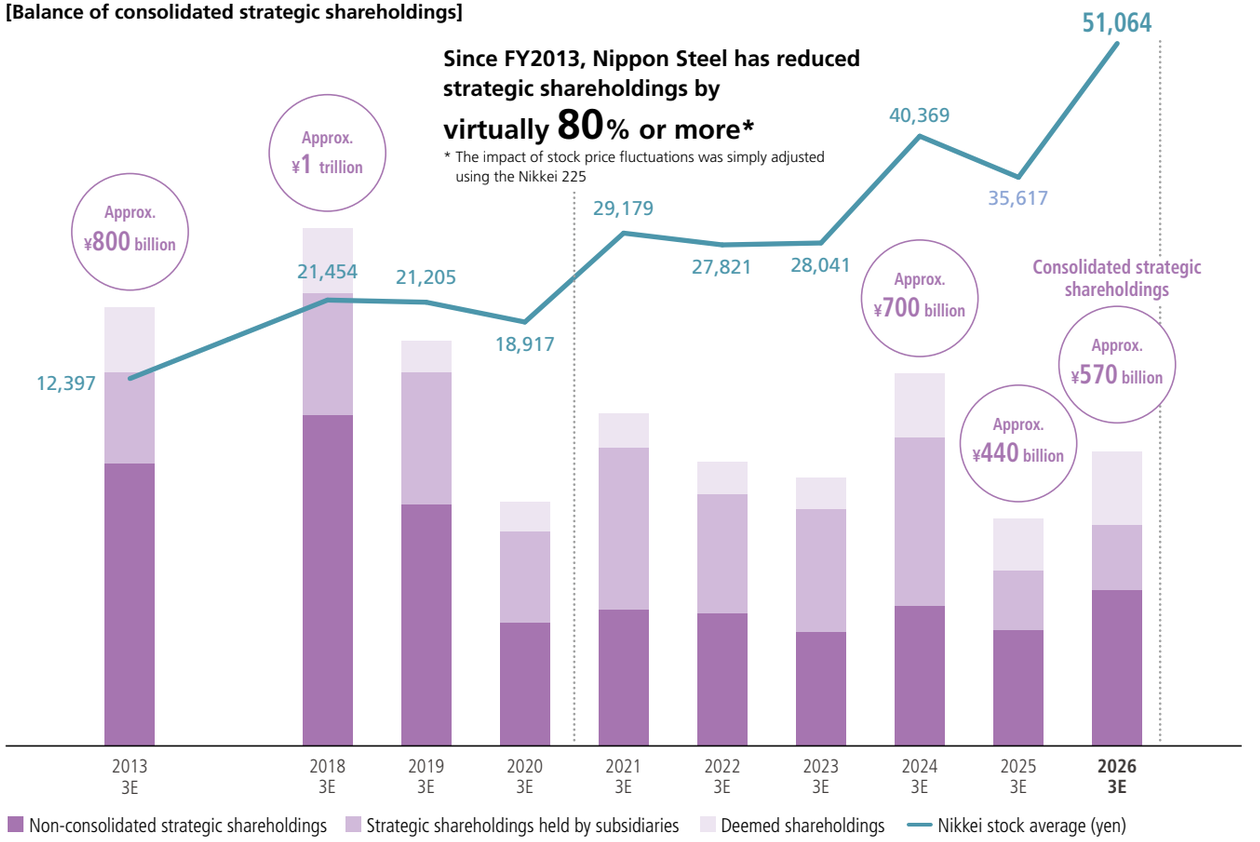


Promoting asset sales by selling strategic shareholdings

Nippon Steel continues to hold strategic shareholdings only when it reasonably determines that such holdings contribute to maintaining and strengthening the business foundations of both Nippon Steel and its business partners, as well as enhancing their earning power. Conversely, after engaging in sufficient dialogue with the relevant business partners, we proceed with the phased sale of such shares when we confirm that the original objectives can be achieved without maintaining the holdings. Under this policy, we have reduced our strategic shareholdings since 2013 by more than 80% (*the impact of stock price fluctuations was simply adjusted using the Nikkei 225).

As of the end of March 2026, consolidated strategic shareholdings amounted to approximately 570 billion yen. We will continue to sell monetizable holdings in accordance with the above policy.

[Balance of consolidated strategic shareholdings]



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Initiatives to enhance corporate value with a focus on capital cost and share price performance

1. Basic policy

Nippon Steel manages its business with a focus on the cost of capital and share price performance, while incorporating capital market perspectives, with the aim of enhancing corporate value over the medium to long term. We believe what it takes to enhance corporate value includes making proactive growth investments to realize sustainable profit growth while ensuring capital efficiency and financial soundness from a medium- to long-term perspective, as well as earning appropriate market recognition for the Company's growth potential, business stability and sustainability.

In the 2030 Medium- to Long-term Management Plan, we will make 6-trillion-yen growth investments over the five-year period, achieving an underlying profit of 1 trillion yen, an ROE of around 10%, a D/E ratio of around 0.7, and a debt/EBITDA ratio of 3.5 times or less in FY2030. Through these initiatives, we aim to deliver sustained growth in EPS.

We will continue to enhance market understanding of these initiatives through proactive dialogue and disclosure.

2. Stock market indicators and our initiatives

Our price-to-book ratio (PBR) has remained below 1. The table below shows changes in PBR, ROE, and price-to-earnings ratio (PER).

Reference: Changes in PBR (= ROE × PER) (FY)

	2021	2022	2023	2024	2025
PBR (times)	**0.6**	**0.7**	**0.7**	**0.6**	**0.5**
ROE (%)	20.5	18.1	12.3	6.9	Around 6*
PER (times)	3.1	4.1	6.1	9.1	Around 10*

*Excluding one-time impacts associated with the U. S. Steel acquisition

(1) ROE

We target an ROE of around 10% for FY2030 in the 2030 Medium- to Long-term Management Plan. While our ROE exceeded 10% from FY2021 to FY2023, the most recent ROE stands below 10%. The decline in ROE is partly attributable to temporary inventory valuation losses and one-off costs associated with the acquisition of U. S. Steel. More fundamentally, however, the earnings contribution from our overseas growth strategy and domestic group restructuring has not yet been fully realized. Going forward, we will deliver earnings growth by realizing the benefits of our growth investments, including U. S. Steel, thereby improving ROE. From the perspectives of maintaining financial soundness and securing reliable access to funding at an appropriate cost, we believe a D/E ratio of around 0.7 is appropriate for our capital structure. Although the current ROE is below 10%, we will continue to make growth investments in the 2030 Medium- to Long-term Management Plan and drive profit growth by realizing the benefits of these investments. As a result, we aim for an ROE of around 10% for FY2030 and 10% or higher from FY2031 onward, when the benefits of our investments are expected to be fully realized.

(2) PER

Although our PER has shown a slight upward trend in recent years, it remains at a low level compared to the average of around 20 times for companies listed on the Tokyo Stock Exchange Prime Market. We believe that PER reflects market expectations for earnings growth as well as the cost of capital.

(1) Profit growth rate

Under the 2030 Medium- to Long-term Management Plan, Nippon Steel aims to increase underlying profit from the FY2026 forecast of ¥700 billion to ¥1 trillion by FY2030. Assuming that items other than underlying profit (such as inventory valuation differences, non-operating items, consolidation adjustments, interest expenses, and items subject to separate disclosure) remain at the same level as forecasted for FY2026, net profit is expected to increase from 280 billion yen forecasted for FY2026 to approximately 490 billion yen for FY2030. In the same period, EPS is expected to increase from ¥55 per share to approximately ¥80 per share, representing annual growth of roughly 10%, even assuming full conversion of the outstanding convertible bonds.

A key driver of earnings growth will be the realization of operational synergies and the benefits of capital investments at U. S. Steel. We have already deployed approximately 100 employees to U. S. Steel, and operational synergies are already beginning to materialize. In addition, the capital investment projects currently being implemented at U. S. Steel are based on technologies and initiatives with a proven track record in Japan, giving us a high level of confidence that the expected benefits will be realized. We will continue to engage proactively with the market and communicate the drivers of earnings growth in order to build confidence in the achievability of our growth targets.

(2) Cost of capital

We believe that our cost of capital reflects the following market perceptions and concerns.

(A) The capital markets recognize that the steel industry is susceptible to significant earnings volatility and sensitive to economic conditions

(B) The capital markets recognize that the steel industry is highly influenced by Chinese supply-demand conditions and government policies

(C) The capital markets are concerned that achieving carbon neutrality in the steel industry will require massive investments and higher operating costs, creating uncertainty over future profitability and the recoverability of those investments

Nippon Steel has sought to strengthen its resilience to changes in the external environment while steadily translating growth opportunities into earnings growth. To achieve this, we have strengthened the earnings base of our domestic business and expanded our business portfolio into overseas markets as well as upstream and downstream areas of the steel supply chain.

Specifically, we reduced the break-even point for our domestic steel business by about 40% by reducing fixed costs through measures to optimize the structure of production facilities, establishing a mechanism under which fluctuations in externally procured raw material and fuel costs are reflected in prices for sales to specific customers segment and shared across the supply chain, and improving the product mix and order mix. Furthermore, by increasing our investment in the raw materials business, we have established a revenue structure that has allowed us to offset cost increases resulting from fluctuations in raw material prices with profits from that business. At the same time, by bringing distribution activities into our business portfolio, we have expanded our presence across upstream and downstream segments of the steel supply chain. Moreover, we have sought to maximize synergies through the reorganization of our steel group companies.

In expanding our business overseas, we have concentrated our management resources on our priority regions, the U.S., Europe, India, and Thailand, from the perspectives of "areas where steady demand growth is expected" and "areas where our technology and product capability can be leveraged." Against the backdrop of rising nationalism and protectionist trade policies, we are focusing on our investment, particularly in the U.S., Europe, and India, as growth markets less exposed to the impact of imbalances in

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Chinese steel supply and demand. Building on the acquisition of G/GJ Steel in Thailand, our top-priority home market in the ASEAN region, we are reinforcing our business foundation and expanding our share in the steel sheet market. U. S. Steel is expected to emerge as the primary earnings driver of the Group in FY2026 and will play a central role in accelerating earnings growth in our overseas business.

Through these initiatives, we have expanded the depth of our operations in upstream and downstream segments and broadened the width of our overseas operations, developing a more resilient business structure with broader geographic exposure and a stronger presence across the steel value chain. As a result, we have built a revenue structure that enables us to consistently generate an underlying business profit of at least 600 billion yen by enhancing our resilience to fluctuations in domestic and international demand, raw material prices, and changes in regional market conditions, without being significantly affected by external factors. Despite the deteriorating external environment, including the impact of the Middle East situation, we expect to generate an underlying business profit of at least ¥700 billion for FY2026. This demonstrates that the reforms to our earnings structure and business portfolio are beginning to deliver tangible results.

Meanwhile, achieving carbon neutrality is a long-term endeavor. While communicating that technological development toward carbon neutrality is progressing steadily, we make it clear that any investment in carbon neutrality following the completion of such development is contingent upon ensuring the predictability of investment recovery. In other words, we clearly state the need to establish a GX Steel market where the value of steel products with low CO_2 emissions is properly recognized, and their additional costs can be reflected in the selling prices. We also communicate our efforts to work with governments, relevant organizations and customers to help establish such a market.

We believe that enhancing market understanding of these initiatives through sustained dialogue and communication will contribute to lowering our cost of capital and improving our PER. We will continue to strengthen engagement through our integrated reports, enhance the content of our earnings presentation materials, expand our IR activities for individual investors, and deepen dialogue with institutional investors in Japan and overseas.

FY2026 Forecast

In FY2026, uncertainty in the external environment is increasing as sluggish underlying demand persists both in Japan and overseas, concerns over a further economic slowdown arising from the Middle East situation remain, and trade measures and economic fragmentation continue to advance in various countries and regions against the backdrop of China's excess supply. We expect underlying consolidated business profit of at least ¥700 billion in FY2026 after incorporating, to a certain extent, the impacts that have already materialized, including increases in raw material and fuel costs and declines in steel exports to the Middle East arising from changes in the external environment, including the impact of the Middle East situation. We expect to generate 250 billion yen in the first half and 450 billion yen in the second half. Notably, the second-half profit level corresponds to an annualized run rate of at least ¥900 billion. Thus, through the expansion of operating revenue from overseas business in FY2027 and beyond, we will build a solid foundation for growing our underlying profit to approximately 1 trillion yen.

U. S. Steel is expected to emerge as the primary earnings driver of the Group, generating underlying business profit of at least ¥180 billion in FY2026. U. S. Steel is expected to generate significantly higher earnings than previously forecast, supported by successful demand capture amid favorable U.S. steel market conditions, the full realization of benefits from the blast furnace restart, contributions from previously completed investment projects, and growing synergies with Nippon Steel.

Regarding the Middle East situation, on the other hand, the impact of rising raw material and fuel costs, as well as decreases in steel product exports to the Middle East, is already becoming apparent. Therefore, our FY2026 forecast factored in approximately 60 billion yen as the impact of the region. However, the Middle East situation could have ripple effects on a wide range of industries and regions through energy supplies, logistics, and global supply chains, and the extent of the impact in the future and when things settle down remains unclear. While continuing to closely monitor the situation and respond appropriately, we will steadily implement measures such as passing higher costs through to selling prices and reducing costs.

We plan to pay a dividend of ¥24 per share for FY2026, taking into account the minimum dividend introduced under the 2030 Medium- to Long-term Management Plan.



Chapter 3

Foundations that Support Our Growth

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130 Corporate Governance

Sustainability

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128 Coexistence with Communities

Key Takeaways from This Section

Nippon Steel recognizes that sustainability initiatives are one of the most important issues and form the base that supports the very existence and growth of the Company. Considering our shareholders' expectations and our Corporate Philosophy, Values, and growth strategies, we have identified the initiatives that should be focused on as materiality of sustainability issues (priority issues) to set targets and KPIs.

[Identified materiality (priority issues)]

1. Safety, environment, and disaster prevention
2. Quality
3. Research and development and intellectual property
4. Production
5. Human resources
6. Coexistence with Communities
7. Corporate value enhancement and profit distribution

Thorough implementation of compliance

Sustainability

- Materiality of Sustainability Issues
- Environment
  - Environment Management and Governance System
  - Environmental Risk Management
  - Response to Climate Change
  - Creation of a Circular Economy
  - Biodiversity Conservation and Nature Positive
- Safety
- Disaster Prevention
- Quality Assurance and Quality Management
- Production and Supply Chain Management
- Human Capital
  - Securing Diverse Human Resources
  - Human Resources Development
  - Diversity, Equity, and Inclusion (DEI)
  - Respect for Human Rights
- Coexistence with the Communities

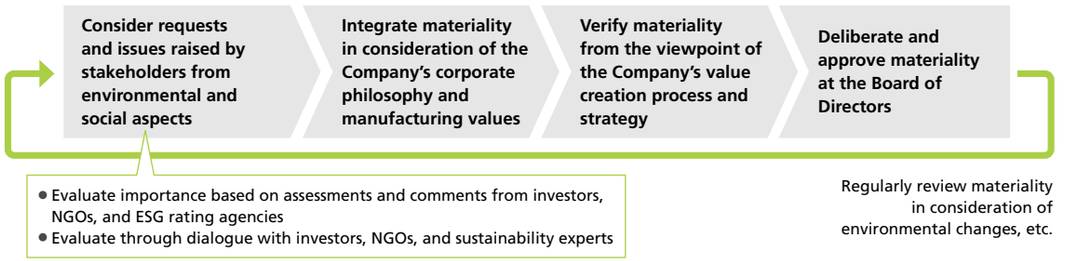
Materiality of Sustainability Issues

Identification of materiality

In consideration of our stakeholders' expectations, we have defined the materiality based on the following principles.

We believe that tackling these materiality issues will contribute to the achievement of the United Nations' 2030 Agenda for Sustainable Development, featuring Sustainable Development Goals (SDGs).

[Process to identify materiality]



Nippon Steel's materiality

Materiality considering the corporate philosophy and manufacturing values

The Nippon Steel Group states in its Corporate Philosophy (Our Values), "We will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services."

As a responsible manufacturing company expected to deliver superior products and services, we recognize that our primary mission is to reliably supply quality products that satisfy our customers through stable production. Needless to say, achieving this mission is only possible through a thorough commitment to safety, the environment, disaster prevention, and compliance.

In addition, human resources support our world-leading technologies and manufacturing capabilities, and we regard securing and developing outstanding personnel as critical to improving our manufacturing competence by strengthening on-site capabilities and technological superiority. We also believe that hiring and developing human resources, diversity, equity, and inclusion (DEI), and respect for human rights are the foundation of vibrant workplaces.

In terms of our relationship with the local community and society, maintaining good relationships with them where we operate our steelworks is indispensable to continuing our business in the future.

We believe it is important not only to operate in an environmentally friendly manner but also to maintain good communication with the local community and society as a corporate citizen.

Materiality considering our value creation process and future business environment changes

Nippon Steel's value creation process is based on providing products and solutions created by leveraging our competitive advantages and using various forms of financial and non-financial capital. To sustain this process, we must maintain stable production and secure a steady revenue stream.

We also position environmental conservation as a priority issue that underlies our corporate management. To contribute to an environmentally friendly society with a low environmental burden, we have been reducing CO_2 emissions through three "Eco" initiatives and innovative technology development. We have also been creating a circular economy by recycling waste generated in society, such as plastic recycling.

On climate change, which affects humankind's survival, we aim to achieve carbon neutrality by 2050 by contributing to society-wide CO_2 reduction through high-performance steel products and solutions, as well as by decarbonizing the steelmaking process through innovative technology development.

Corporate value enhancement and profit distribution

We will continue to thrive as a company by achieving sustainable growth and increasing corporate value through business activities, including sustainability initiatives. We will not only contribute to society by providing excellent products and services but also share profits with employees, governments, shareholders, and other stakeholders.

Thorough implementation of compliance

As a responsible leading company, we thoroughly adhere to laws and regulations, which is fundamental to all of our activities. We will ensure thorough compliance by acting autonomously in accordance with our corporate philosophy, values, code of conduct, and other relevant guidelines.

Sustainability

Materiality of Sustainability Issues

Environment

Environment Management and Governance System

Environmental Risk Management

Response to Climate Change

Creation of a Circular Economy

Biodiversity Conservation and Nature Positive

Safety

Disaster Prevention

Quality Assurance and Quality Management

Production and Supply Chain Management

Human Capital

Securing Diverse Human Resources

Human Resources Development

Diversity, Equity, and Inclusion (DEI)

Respect for Human Rights

Coexistence with the Communities

Initiatives for Materiality and KPIs in FY2025

1 Safety, Environment, and Disaster Prevention

Materiality		Target and KPI	Main initiatives and achievements in FY2025	
1 **Safety and Health** P.114		• Lost time injury frequency rate: **0.10** or less • Number of fatal accidents: **0**	• Deepened education on compliance with rules and promoted human resource development to build a safety culture • Continued equipment measures based on risk assessment • Strengthened the mechanism to ensure the smooth operation of the basic safety activity cycle	• Lost time injury frequency rate: **0.08** • Number of fatal accidents: **2** (2025)
2 **Environment**	**1) Promotion of climate change measures**	**[Carbon Neutral Vision 2050: Promotion of total CO_2 emission reductions]** P.43-50 • Target for 2030 **30**% reduction in total CO_2 emissions (compared to 2013 levels) • Vision for 2050 **Carbon Neutrality**	• Selected for a support program under the GX Promotion Act • Started the construction for the conversion to EAFs at the Yawata Area (scheduled to start production in 2H 2029) Completed the infrastructure construction (May 2026) • Completed the construction of the reduction furnace and test furnace. Started the testing (achieved 72 hours of continuous operation) • Achieved a 45% reduction in CO_2 emissions at the Super COURSE50 test furnace • Construction of the auxiliary facilities is underway in preparation for commercial-scale demonstration at the Kimitsu #2 BF • Obtained a permit for exploratory drilling for the Metropolitan Area CCS (April 2026) (targeted for installation in the early 2030s) • NSCarbolex Neutral Incoming inquiries and adoptions increased across a wide range of fields, including private-sector projects such as construction and manufacturing in Japan and overseas, as well as public-sector projects such as civil engineering works	
		[Implementation of Eco Process] P.105 • Maintained effective use of energy at high levels	• Effective use of by-product gas (coke oven gas, blast furnace gas, etc.) and waste heat	• By-product gas usage rate: **100**% • Use of waste heat in steam generation: **72**% • Use rate of in-house generated energy in power generation: **68**%
		• Promoted the adoption of cutting-edge, energy-saving technologies	• Installed high-efficiency power generation equipment and an oxygen plant. The conversion of heating furnaces to regenerative burners	• Costs of climate change mitigation measures: ¥**9.5** bn
		[Enhancement of Eco Products™] P.50, P.168 • Contributed to the reduction of emissions during the use of end products through the supply of high-performance steel	• Expanded the supply of NSCarbolex Solution-related products and technologies • Calculated carbon footprint of products (CFPs) • Obtained the label certification of the SuMPO EPD (former Eco-Leaf)	• For over **80** labels that cover almost all products • Calculated the CFP for **76** products and published them on our website https://www.nipponsteel.com/product/cfp/certificate.html
		[Contributions through Eco-Solutions] P.98 • Contributed to global emission reductions through the transfer and dissemination of world-class energy-saving technologies	• Nippon Steel Engineering of our Group increased its cumulative CDQ deliveries	• Total of **152** units (FY2024 results) (contributing to a reduction of **32.53** mn t-CO_2)

Sustainability

Materiality of Sustainability Issues

Environment

Environment Management and Governance System

Environmental Risk Management

Response to Climate Change

Creation of a Circular Economy

Biodiversity Conservation and Nature Positive

Safety

Disaster Prevention

Quality Assurance and Quality Management

Production and Supply Chain Management

Human Capital

Securing Diverse Human Resources

Human Resources Development

Diversity, Equity, and Inclusion (DEI)

Respect for Human Rights

Coexistence with the Communities

Initiatives for Materiality and KPIs in FY2025

Safety, Environment, and Disaster Prevention

Materiality		Target and KPI	Main initiatives and achievements in FY2025	
2 Environment	2) Contribution to the creation of a circular economy	[Promotion internal zero emissions] P.103 • Reduced final disposal amount **263,000** tons (FY2025 target)	• Promoted recycling of by-products (slag, dust, sludge, etc.) in and out of the Company	• Final waste disposal: **205,000** tons
		[Promotion of recycling of waste generated in society] P.104 • Established a waste plastics recycling system to expand its collection volume	• Aggressively promoted recycling under the Chemical Recycling Act	• Amount of packaging/container plastic waste disposal: **80,000** tons
	3) Conservation of biodiversity and nature positive P.107	[Contribution to the conservation of biodiversity and nature positive]	• Continually considered obtaining certification for the nationally certified, sustainably managed natural sites • Promoted activities of the Creation of Hometown Forests at steelworks • Promoted activities of the Creation of Sea Forests	• Obtained certification in October 2025 (Kyushu Works Oita Area) • Greenery space: **887** ha • Creation of sea forests: **87** locations (+17 YoY)
	4) Promotion of environmental risk management P.91	[Strengthening environmental management capabilities across the group] • Number of serious violations of environmental laws and regulations and environmental accidents: **0**	• Responded to environmental risks related to the atmosphere, water, and other factors • Improved management-level responses through audits, interviews, and other activities • Enhanced environmental management capabilities; supported human resources development	• Number of serious violations of environmental laws and regulations and environmental accidents: **0**
		[Conservation of the atmospheric environment] • Maintaining low-level emissions of air pollutants (SOx and NOx)	• Installed SOx and NOx removal equipment; converted to low-sulfur fuels; adopted low-NOx regenerative burners	• SOx: **10** mn Nm³ • NOx: **21** mn Nm³
		• Maintained emissions well below the voluntary management targets for chemical substances • Volatile organic compounds (VOC): **1,106** tons/year (A reduction of 30% compared to FY2000 levels) • Benzene: **172** tons/year (A voluntary management target based on the government target)	• Continued efforts based on the voluntary reduction plan	• VOC: **490** tons/year • Benzene: **75** tons/year
		[Water environment conservation] • Maintained high, stable levels of reclaimed water recycling and reuse rates	• Purified and recycled the fresh water used company-wide	• Use of recycled water: around **90**%
3 Disaster Prevention P.116		[Thorough elimination of disaster risks. Early horizontal implementation of effective measures] • Number of serious disaster-related accidents: **0**	• Promoted activities to prevent recurrence and prevention of disaster-related accidents based on risk assessment • Promoted initial response drills aimed at minimizing damage when a risk materializes • Implemented various monitoring (audits) as a survey of disaster prevention activities. Evaluated disaster prevention activities through third-party monitoring, hearings from head office management, and self-monitoring by disaster prevention managers at steelworks.	• Serious disaster-related accidents: **1** (2025)

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Initiatives for Materiality and KPIs in FY2025



Quality

Materiality	Target and KPI	Main initiatives and achievements in FY2025
1 **Quality management and assurance** P.117	● Promotion of systematization and automation to improve the reliability of tests and inspections	● Promoted intra-system automatic data import and pass/fail determination to avoid risks of human intervention in product release decisions ● The development and introduction of AI recognition models are underway in automated metallographic image analysis and reading of product markings



Research and Development and Intellectual Property

Materiality	Target and KPI	Main initiatives and achievements in FY2025	
1 **Research and development; intellectual property investment and utilization** P.59	● Promotion of strategic research and development aimed at sustainable business growth	● Actively promoted research and development related to priority issues, such as product sophistication, process efficiency enhancement, and the development of carbon-neutral-oriented innovative processes	● R&D expenses: ¥**80.7** bn (consolidated)
	● Respect for Intellectual property; strengthening strategic protection and utilization	● Promoted strategic use of intellectual property by strengthening patent applications related to priority issues, response to infringement of patent rights, and technical tie-ups	● Number of patents held: Approx. **32,000** (Approx. 16,000 in Japan and approx. 16,000 overseas)
2 **Proposing solutions that lead to customer satisfaction** Data Book P.53	● Improved evaluations from users, governments, and organizations	● Received many awards including: the FY2025 (60th) Japan Society for Technology of Plasticity Award "Grand Prize;" the FY2025 Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology (Development Category); the 2025 Stainless Steel Industry Award Gold Prize in the Sustainability Category and Silver Prize in the Market Development Category (double awards)	● Number of awards from customers, governments, and institutions: **7**



Production

Materiality	Target and KPI	Main initiatives and achievements in FY2025
1 **Stable supply through stable production** P.118	● Promoting initiatives for more stable production and supply (hardware and software)	● Enhanced the stable supply system by promoting measures to expand the electrical steel sheet capacity and improve quality in Setouchi Works Hirohata Area and Kyushu Works Yawata Area ● Promoted the standardization of veteran workers' operational skills and the utilization of experts ● Utilized IoT and AI for operational support, improved efficiency of facility inspection and operation monitoring, and reinforcement of predictive monitoring

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Human Resources

Materiality	Target and KPI	Main initiatives and achievements in FY2025	
1 HR securing P.121	• Hiring human resources to realize the management strategy	• Actively hired alumni and other experienced professionals, in addition to new graduates and postdocs • Implemented public relations initiatives to increase awareness of the Company • Made efforts to raise the retention rate	• Turnover rate: **1.5**%
2 HR development P.121	• Promoting measures to develop human resources that help enhance on-site capabilities and technological advancement	• Promoted various measures to maximize the potential of our employees and enhance their productivity and competence	• Hours of training and education: **970,000** hours/year (30 hours/person-year)
3 DEI (diversity, equity, and inclusion) P.123	• Aiming to increase the number of female employees in management positions to at least **four** times compared to 2020 levels (36 incumbent employees) by 2030, with a goal of **seven** times • Achieving a **100**% utilization rate of childcare leave and childcare-related leave combined for male employees • Increasing the paid leave utilization rate to **75**% or higher • Implementing health management aimed at maximizing performance through age 65; enhancing mental and physical health	• Continued to actively hire women, implement measures to improve their retention rate, support their career development and work-life balance, and provide education for managers • Expanded the system to realize how to work and take time off flexibly; continued various initiatives for improvement of environment • Continued various initiatives to promote mental and physical health	• Number of women in managerial positions: **111** (as of April 2026) • Paternity leave uptake rate: **88**% (Combined uptake rate for paternity and childcare leave: 100%) • Ratio of paid holidays taken: **81.5**%
4 Respect for human rights P.126	• Continuing human rights due diligence to identify, prevent, and mitigate adverse human rights impacts • Taking appropriate measures for corrections and remedies if it becomes clear that our business activities have caused or exacerbated a negative impact on human rights	• Conducted human rights due diligence (questionnaire and conversational surveys) with 25 suppliers in the mining sector • Held workshops with business partners • Operated remedy mechanisms through a compliance consulting desk and human rights inquiry form • Conduced business activities ethically while fully respecting human rights	



Coexistence with the Local Community and Society

Materiality	Target and KPI	Main initiatives and achievements in FY2025	
1 Local environmental conservation and promotion of creative activities P.108	• Contributing to the local environment through green space development	• Contributed to the creation and maintenance of green spaces	• Expenses for green space development and maintenance: ¥**1.4** bn
2 Social contribution activities focused on support for education, sports, and culture P.128	• Continuing to promote plant tours	• Proactively accepted plant tours by shareholders, investors, and junior high/elementary school students	• Number of plant tour participants accepted: Approx. **90,000**
	• Continuing music patronage activities through the Nippon Steel Arts Foundation	• Support for musical activities through initiatives, such as presenting the Nippon Steel Music Awards and operating the Nippon Steel Kioi Hall	

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Initiatives for Materiality and KPIs in FY2025

Corporate Value Enhancement and Profit Distribution

Materiality	Target and KPI	Main initiatives and achievements in FY2025	
1 **Ensured profit distribution and corporate value enhancement**	• ROS of **10**% (FY2025 Medium- to Long-term Management Plan target) • ROE of **10**% (FY2025 Medium- to Long-term Management Plan target)		• ROS **5.1**% • ROE **0.3**%
2 **Profit distribution**	**1) Payment of wages to employees** • Amount of bonus payment • Revised amount of salary		• Base amount of bonus: ¥**1.94** mn (FY2025) • Revised amount of salary: **+**¥**10,000** (FY2025)
	2) Appropriate tax payment • Tax payment (consolidated)		• Tax payment (consolidated): ¥**223.3** bn
	3) Dividend payment to shareholders • Dividend per share * Target consolidated dividend payout ratio: around 30% (FY2025 Medium- to Long-term Management Plan target)		• Dividend per share: ¥**24** (FY2025)

Thorough Implementation of Compliance

Compliance with laws and regulations as the foundation of all our activities	

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Environment

Nippon Steel has set the Basic Environmental Policy based on its belief that environmental management is an integral part of its corporate mission.
We aim to conduct our business in a manner that reduces environmental burdens at every stage, from the procurement of raw materials, supplies, and equipment through production and technology development to the transportation, use, and recycling of products.

Basic environmental policy

Under the principle of "Environmental Management," Nippon Steel is committed to contributing to the creation of a sustainable society through its operations. To this end, we will conduct our operations to actively contribute to creating sustainable communities through integrated solutions to the issues related to climate change measures, the creation of a circular economy, and biodiversity conservation and nature positive, including maintaining and improving a favorable living environment.

1 Reducing environmental burdens at every stage of operations (Eco Process)

At every stage of business activities including production processes and transportation of products, Nippon Steel will, besides complying with environmental laws and regulations, promote activities to reduce environmental burdens primarily through voluntary efforts, in cooperation with customers and other industries, with the aim of further improving environmental preservation and the efficiency of resources and energy, and of promoting reduction and recycling of waste inside and outside the company.

2 Offering environment-oriented products (Eco Product™)

With the aim of reducing environmental burdens at every stage of the life cycle of our products offered to domestic and overseas markets, Nippon Steel will make efforts, making good use of its innovative technologies, to develop and offer products that contribute to environmental preservation, resource conservation and energy conservation.

3 Proposing environmental preservation solutions from a global perspective (Eco Solution)

Nippon Steel will further improve its long-accumulated technologies and environmental management system that are related to environmental preservation, resource conservation, and energy conservation. We propose these technologies and systems in Japan and overseas to contribute to, in addition to the reduction of environmental burdens, the development of infrastructure for disaster prevention with due consideration given to nature and scenery as well as to solving environmental issues outside Japan through technology transfer.

4 Development of innovative technologies

Nippon Steel will address on a medium- and long-term basis the development of innovative technologies focused on the future issues of resources and the environment with the aim of providing society with technologies and products that contribute to environmental preservation, resource conservation and energy conservation.

5 Development of a rich natural environment

As a member of each community where we operate in Japan, Nippon Steel will contribute to biodiversity conservation and nature positive by promoting greening on land areas, environmental improvement in sea areas, and many other activities.
In addition, when conducting business activities overseas, we will ensure the preservation of the natural environment of partner countries.

6 Promotion of environmental relations activities

To gain social trust consistently, Nippon Steel will proactively promote relationship-building activities that contribute to environmental management, including environmental education for our employees, disclosure of environmental information on an adequate and timely basis, and engagement and dialogue with stakeholders.

Initiatives for priority areas

In line with its Basic Environmental Policy, Nippon Steel aims to realize a sustainable society by identifying five priority areas: three priority issues—"Climate Change Measures," "Creation of a Circular Economy," and "biodiversity conservation and Nature Positive"—along with two bases to promote these three issues—"Environmental Risk Management" and the "Environmental Management System." We are steadily advancing initiatives in each of these areas.



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Environmental Management and Governance System

We have established a comprehensive management and governance system to appropriately address key environmental issues, including climate change, creation of a circular economy, and biodiversity conservation and nature positive, as well as group-wide environmental risk management and the promotion of carbon neutrality initiatives.

Development of environmental management and governance system

Nippon Steel has two committees to respond to environmental issues including climate change: the Environment & Plant Safety Committee and the Green Transformation Development Committee.

Climate change and environmental matters considered by the respective committees are reported to and deliberated by the Corporate Policy Committee and the Board of Directors as part of company-wide risk management. The Board of Directors oversees important management risks which were initially reported and discussed at the Corporate Policy Committee. Environmental issues, including climate issues, are addressed at least four times a year. In this way, environmental management including climate change is integrated into our overall governance.

Environment & Plant Safety Committee

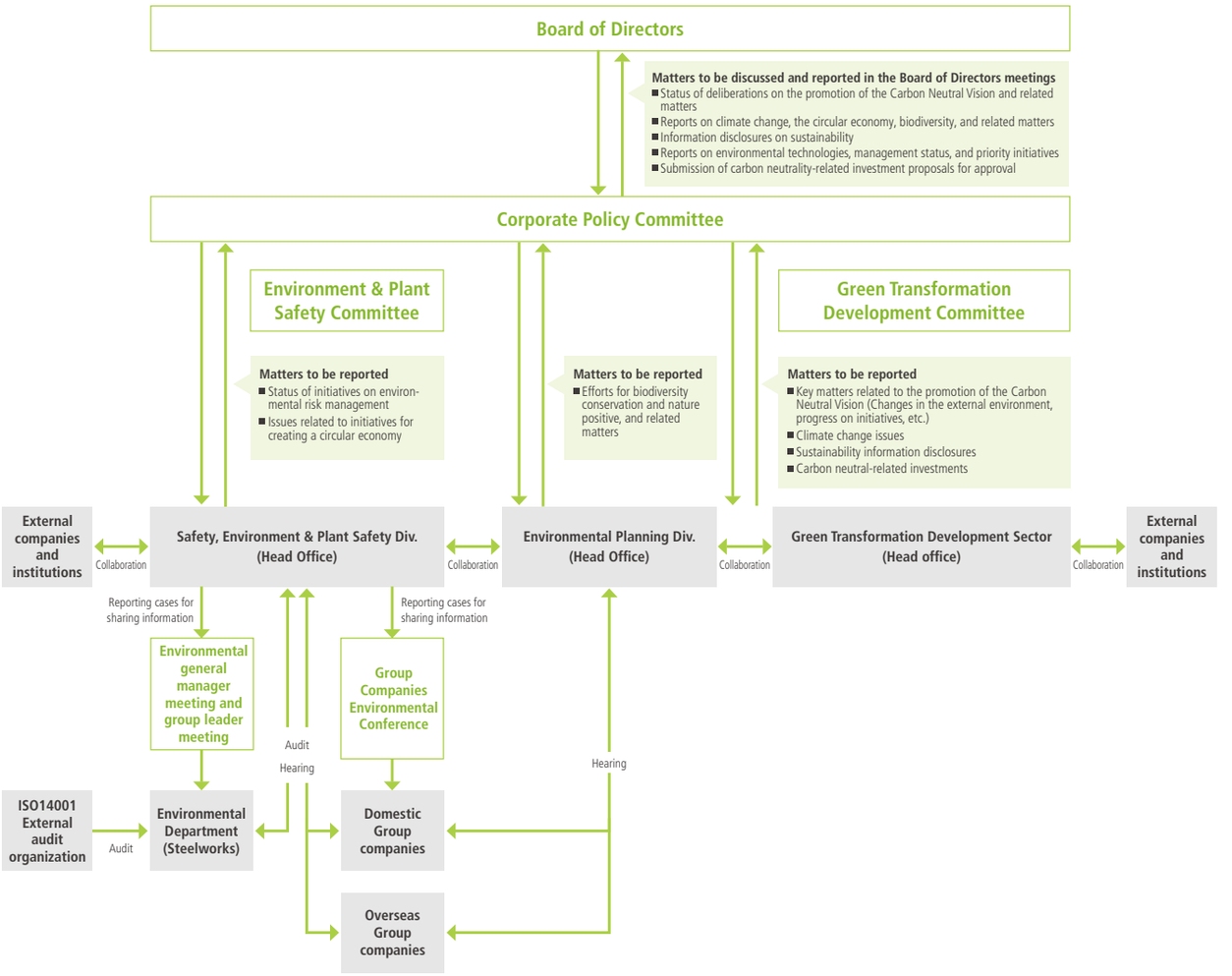
To manage environmental risks related to air, water, waste etc., as well as responses to the creation of a circular economy, the Environment & Plant Safety Committee is chaired by the Representative Director and Executive Vice President responsible for environment and plant safety, with other executive officers serving as members. The committee is held on a semiannual basis.

In addition to the Committee, risk reduction is further promoted through regular meetings by environmental directors and managers from all steelworks, as well as through specialized meetings led by experts in each field.

Green Transformation Development Committee

The Green Transformation Development Committee, co-chaired by the Representative Director and Executive Vice President responsible for GX (policy issues) and the Representative Director and Executive Vice President responsible for GX (technical issues), addresses efforts such as promoting our Carbon Neutral Vision, responding to external developments related to climate change issues, and advancing sustainability information disclosure. Other Representative Directors and Executive Vice Presidents, Directors, and Executive Officers serve as members, and the committee is convened as necessary.

[Management and governance system]



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Work at maintaining and improving the level of environmental management

We have established environmental management systems at all domestic steelworks in accordance with ISO14001, headed by the manager responsible for each site, and undergo regular audits by an ISO certification agency.

Internal audits and management reviews by the General Manager are conducted annually. Furthermore, the Safety, Environment & Plant Safety Div. (Head Office) audits each steelworks and plant, including cross-checks conducted by environmental personnel from other steelworks.

For group companies, including overseas operations (68 companies subject to environmental oversight), the Safety, Environment & Plant Safety Div. (Head Office) engages in direct hearings to promote improvements in management practices.



Internal audit (hearings)



Internal audit (on-site patrol)

Group-wide environmental risk management

In addressing environmental risks, we have positioned the theme of our group-wide initiatives as "Promoting a back-to-basics approach to strengthen group-wide environmental management." Based on annual plans approved by the Corporate Policy Committee and the Board of Directors, we oversee the execution of initiatives addressing issues, including "environmental risks related to air and water," "enhancing management practices through audits and hearings," and "strengthening environmental management capabilities and fostering human resource development."

Among the Group companies in Japan, Nippon Steel has identified 52 companies (as of April 2026) as those with significant environmental burdens and holds environmental liaison meetings for them semiannually.

In addition, we utilize the internal portal site to share information on the latest trends in environmental regulations, case studies of environmental initiatives, and lessons learned from incidents with domestic and overseas group companies, thereby advancing the reduction of environmental risks.

Costs associated with environmental conservation (Environmental accounting)

We have adopted environmental accounting as a guideline for corporate activities to identify the costs associated with environmental conservation.

However, calculating the monetary value produced by environmental conservation effects is difficult because the calculation requires numerous assumptions. For this reason, we evaluate them in terms of environmental conservation performance and report the results in this document and on our website.

[Environmental conservation costs]

(billion yen)

Item		FY2025 performance	
		Capex	Total expenses
Pollution Prevention Costs	Air pollution control (including measures against dust), etc.	17.8	29.3
	Water pollution prevention	7.8	12.5
	Soil pollution prevention, and noise and vibration control,etc.	1.3	1.3
Global Warming Prevention Costs	Energy saving measures	2.5	7.0
Costs of Recycling Resources	Recycling of resources and generated materials	5.0	43.2
	Industrial waste treatment (including PCB, coal ash, etc.)	—	17.4
	Business-related general waste treatment, etc.	—	0.2
Environmental Management Activities Costs	Construction of EMS and acquisition of ISO14001 certification	—	0.05
	Monitoring and measurement of environmental burdens	—	1.1
	Personnel expenditures related to environmental measures, etc.	—	3.2
Research and Development Costs	Development of Eco Products	—	7.4
	Development of products which have low environmental burden during manufacture, etc.	—	12.1
Social Activity Costs	Beautification and greening of offices	—	1.4
	Supporting environmental organizations, etc.	—	0.1
Other Environmental Costs	Environmental fines, etc.	—	3.6
Total		34.3	139.6

Environmental Risk Management

Nippon Steel is promoting management of environmental risk with the aim of continually enhancing preservation of the environment in various regions, with due consideration of environmental risks specific to each steelworks and areas, and with due consideration to compliance with Japan's Air Pollution Control Act, Water Pollution Prevention Act and other regulations.

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Protection of the air environment

Air pollution control

In order to reduce emissions of sulfur oxides (SOx) and nitrogen oxides (NOx), Nippon Steel is taking effective measures such as using low-sulfur fuel, adopting low NOx generating burners and installing equipment that reduces SOx and NOx emissions.

Emissions of SOx (sulfur oxides) in FY2025
10 (10^6 Nm^3/year)

Emissions of NOx (nitrogen oxides) in FY2025
21 (10^6 Nm^3/year)

Click here for historical data on SOx and NOx emissions
Data Book P.25

Prevention of scattering of raw materials and dust

To curb emissions of soot and dust generated from factories and raw material yards, we try to enhance their function by installing dust collectors and suppress scattering of particles by installing windscreens, windbreak trees and sprinklers, based on air pollution risk analysis through scientific simulation. We also conduct constant monitoring and regular patrols to ensure no change in the implementation status of the environmental measures.

Prevention of scattering of materials and dust and air pollution control measures in each works

Measures to prevent scattering of raw materials and dust

Sprinkler trucks



Road cleaning trucks



These trucks spray water on the road and empty lots or clean the road within works to restrict the secondary scattering of dust.

Spraying of water and chemical in coal yards



Water and chemical are sprayed on piles of iron ore and coal to restrain the scattering of raw materials.

Air pollution control measures (separation and removal)

Electric dust collectors



Dust collectors with bag filters



Dust generated in the burning process is collected by two types of dust collectors (electric or with bag filter), depending on the characteristics of the dust (i.e., particle size distribution, emission gas concentration).

Windbreak net at yards



A windbreak net is installed to reduce the strength of wind and restrain the scattering of raw materials.

Active coke dry-type desulfurization equipment



The dry desulfurization and denitrification methods, using active coke, enables SOx and NOx in emission gas to be eliminated.

Wet-type desulfurization equipment



The wet desulfurization method enables SOx in emission gas to be eliminated.

Air pollution control measures (source control)

Low NOx regenerative burners



Burners featuring reduced levels of NOx generation and outstanding fuel savings have been installed.

Click here for details https://www.nipponsteel.com/en/sustainability/env/env_risk/air.html

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Water environment preservation

Control of water intake and reduction of water discharge in works

In addition to reducing water consumption in our business activities, we seek to make effective use of water resources and control wastewater by installing facilities such as water purification and cooling systems, while maintaining and improving their performance. As a result, approximately 90% of the industrial water used in all our steelworks is reused through recycling.

Although none of our domestic operational sites are classified as "high risk" under the WRI Aqueduct water stress assessment, some steelworks are equipped with dedicated reservoirs to prepare for potential water intake restrictions. When necessary, these reservoirs are also used to provide supplemental water for agricultural purposes, thereby helping to alleviate regional concerns about water.

Nippon Steel's industrial water usage
(excluding power generation facilities) in FY2025

Recycled water: **4.8** billion tons/year) /

Water intake (excluding seawater): **0.6** billion tons/year

Click here for historical data on water usage and intake by source
Data Book P.24

Addressing water quality risks

To comply with the Water Pollution Prevention Act and to preserve the quality of the marine and other receiving environments, we conduct monitoring and control of wastewater quality. In addition, to prevent abnormal wastewater from being released outside our works in the event of operational problems, we have installed automatic wastewater monitoring systems, containment dikes, shut-off gates, and emergency storage tanks. Furthermore, to address localized heavy rainfall, we have implemented a variety of flood control and leakage prevention measures, including large-scale storage tanks, embankments, and water barriers and impermeable sheets.

We also actively pursue countermeasures to maintain the effectiveness of these facilities, such as inspections and repairs, the development of standard operating procedures for handling abnormal wastewater, and training to verify functionality and reinforce operational procedures.

Measures for water purification and prevention of abnormal water discharge in each works

Measures for water purification

Water discharge coagulating sedimentation treatment equipment



Fine undissolved matter is coagulated into bigger masses by chemical treatment, permitted to settle, and is removed.

Pressurized flotation system



Floating oil is removed by tiny bubbles formed by released air.

Activated sludge treatment equipment



Organic matter is decomposed and eliminated by bacteria.

Filtration equipment (secondary treatment)



Undissolved residues in the treated water discharge are filtered by a sand layer and removed.

Rainwater effluent treatment facility



Undissolved residue from rainwater is coagulated and settled, and eliminated.

Measures for prevention of abnormal water discharge

Water discharge automatic monitoring equipment



The water quality of water discharge is automatically monitored.

Wastewater shutoff gate



Water discharge flow is shut in case of problems.

Repair of the damaged area of embankment



Damaged areas found by inspection are promptly repaired to maintain and manage the embankment in a sound condition.

Checking of embankments



The embankments are regularly inspected from the sea side to find potential issues.

Click here for details https://www.nipponsteel.com/en/sustainability/env/env_risk/water.html

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Management of discharged chemical substances

Nippon Steel appropriately manages and tries to improve the production, handling, and discharge or disposal of chemical substances in accordance with PRTR Law*1, CSCL*2, and other laws concerning the management of chemical substances as well as the procedures employed. According to PRTR Law, we thoroughly manage the material balance of subject chemical substances, which includes the amount handled, the amount discharged into the environment, the amount disposed, and the amount used as products. In complying with CSCL, we identify and provide notification of the amounts of production and sales of the targeted chemical substances. Nippon Steel also takes the lead in promoting use of alternatives to using steelmaking materials and equipment that contain hazardous materials such as polychlorinated biphenyl (PCB) and mercury. According to safe handling standards, we systematically replace or dispose of possibly hazardous parts and materials, given the time limit for disposal or the expiration date, stipulated for each area.

Management of discharge based on PRTR Law

In 1999, two years before the enforcement of PRTR Law, Nippon Steel began surveying chemical substances according to the voluntary control manual developed by the Japan Iron and Steel Federation (JISF). At present, in accordance with PRTR Law, we monitor the 515 chemical substances, which have been revised by the law, and try to control their discharges and improve the way we manage it. We properly submitted reports in accordance with the revised PRTR Law that came into effect on April 1, 2023.

Reports in accordance with PRTR Law (FY2025)

Reported substances: **68**

Emissions/discharges: **338** t/year (air),
43 t/year (public water bodies)

Waste transferred off-site: total **14,034** t*/year

* The majority consists of metals such as manganese and chromium, as well as silicon carbide used in bricks and grinding wheels.

Click here for historical data on emissions/discharges by works
Data Book P.25

We also manage and reduce volatile organic compounds (VOCs*3), which are considered the cause of photochemical oxidants and airborne particles. We achieved our target of a 30% reduction compared to FY2000 levels in FY2009 and have since maintained emissions at a low level.

Emissions of VOC (volatile organic compound) in FY2025

490 t/year	Target	1,106 t/year or below

Click here for historical data on VOC emissions.
Data Book P.25

Voluntary emissions management

Dioxins

Some of our facilities, such as sintering facilities and incineration facilities, are a source of emissions of dioxins into the atmosphere. All these facilities have conformed to the emission concentration standard and have achieved levels of emissions far below the voluntary reduction target, based on the JISF guidelines, relative to fiscal 1997.

Benzene, tetrachloroethylene, dichloromethane

We developed a voluntary reduction plan of hazardous air pollutants specified in the environmental standard, which we handle. As a result of our systematic undertaking, we have already reached the targets for all three pollutants and have been maintaining the target levels.

Benzene emissions in FY2025

75 t/year	Target	172 t/year or below

Click here for historical data on benzene emissions
Data Book P.25

*1 PRTR Law: An abbreviation of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register)
*2 CSCL: An abbreviation of the Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Law)
*3 VOC: Volatile Organic Compounds (VOC). Under the 2004 amendment to the Air Pollution Control Act, VOCs became subject to voluntary controls as substances that contribute to the formation of airborne particles and photochemical oxidants.

Appropriate treatment of industrial waste

In order to appropriately handle industrial waste generated in our business activities, we carry out (1) management by sorting waste depending on the status of its occurrence, (2) appropriate selection and management of collectors, transporters, and disposal contractors, and (3) appropriate management of Manifests (industrial waste management documentation). Waste containing highly hazardous substances, such as PCBs and mercury, is also properly managed at every stage of storage, outsourcing, and disposal in accordance with applicable laws and regulations.

Furthermore, we have introduced an e-manifest system at all business sites to strengthen compliance in waste disposal.

We also evaluate outsourcing collectors, transporters, and disposal contractors based on our internal rules and conduct on-site inspections at predetermined frequency, so as to continuously and appropriately ensure proper management.

Soil risk management

We are undertaking appropriate soil management in compliance with the "Soil Contamination Countermeasures Act," "guidelines for investigations and measures based on the Soil Contamination Countermeasures Act" issued by the Ministry of the Environment, and the regulations set forth by local government ordinances, and so on. We report to the local government when performing landform modification work such as excavation which is required to be reported. We conduct pollution surveys when needed.

Starting in fiscal 2018, the Revised Soil Contamination Countermeasures Act is being enforced in stages and will be expanded. We will continue to comply with relevant ordinances.

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Response to Climate Change —TCFD information disclosure

The Nippon Steel Group recognizes that climate change is an important issue that affects the survival of humankind, and that it may have a serious impact on the business environment and business performance. In order to conduct business in a sustained manner, we are working to reduce the impact of climate change through initiatives to reduce CO_2 emissions throughout the supply chain.

Information disclosure according to recommendations of the TCFD

Given the international community's commitment to achieve the long-term goals of the Paris Agreement, Nippon Steel recognizes climate change as one of the most critical global challenges. We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, in line with these recommendations, are advancing the disclosure of information on the impacts of climate change on our business activities.

	TCFD's recommendations and supporting recommended disclosures	Reference page
Governance	Disclose the organization's governance related to climate-related risks and opportunities.	P.94
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	P.100-101
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	P.94
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	P.95-96

Governance concerning climate change

Nippon Steel recognizes climate change as one of its important managerial issues. As this issue may have a significant impact on our business environment and management, we have established the Green Transformation Development Committee, a company-wide committee in which directors participate. The Committee sets strategies, risk management policies, annual budgets, business plans, and performance targets related to climate-related issues, as well as deliberating on these matters and supervising their progress.

Among the matters discussed, decided, and reported by the Committees, significant matters are resolved and reported at the Board of Directors.

[Examples of climate-related issues reported or resolved at the Board of Directors]

- Formulation of the Nippon Steel Carbon Neutral Vision 2050
- Expressing support for the purpose of the TCFD Final Report and disclosing information in accordance with the TCFD recommendations
- Green transformation R&D and issues concerning actual implementation
- Procurement issues concerning green transformation
- Issues concerning green steel
- Response to the Green Innovation Fund
- Support for the GX League basic concept, participation in the GX League
- Application for government support programs under the GX Promotion Act
- Capital investment in process conversion from BFs to EAFs, etc.

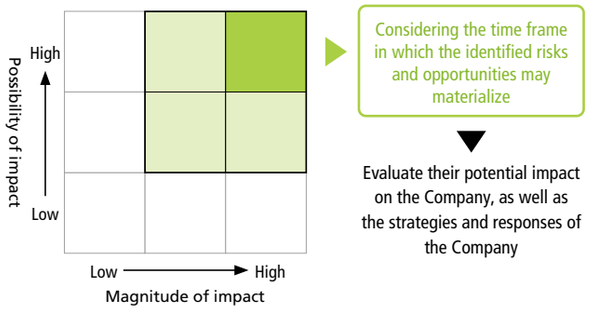
Management of climate-related risks

Recognizing external climate-related risks and opportunities, we identify risks and opportunities that could have a significant impact on our business in terms of impact on upstream procurement, direct operations, and downstream provision of products and services for each transition factor and physical factor.

Specifically, from the perspectives of markets, policies, laws and regulations, technology, and reputation, we identify transition risks, physical risks, and opportunities that could affect upstream procurement, direct operations, and downstream provision of products and services. We then identify significant risks based on the likelihood of occurrence and magnitude of impact of those risks and opportunities.

The identified risks and opportunities are reported to the Board level committees as stated on the left, and significant risks are reported to the Board of Directors. These risks are thereby integrated into the Company's overall risk management.

[Identification and analysis of significant climate-related risks and opportunities]



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Nippon Steel Group's energy consumption and energy-derived CO_2 emissions

Nippon Steel has been working on energy conservation from diverse points: efficient use of energy generated in the steelmaking process (i.e., power generation from recovered by-product gas and waste heat); making operational improvements in each process; renovating older coke ovens and other equipment; introducing high-efficiency power generation facilities and oxygen plants; and employing reheating furnaces with the regenerative system.

In FY2025, despite a decline in energy efficiency–driven by one-off production issues and the resulting drop in production volume–the implementation of these energy-saving measures contributed to reductions in both energy consumption and energy-derived CO_2 emissions.

Our energy-derived CO_2 emissions accounted for 96% of our GHG emissions.

Breakdown of the Company's GHG Emissions
Data Book P.22

Nippon Steel Group's CO_2 emissions reduction targets

Nippon Steel has set its CO_2 emissions reduction targets under the "Nippon Steel Carbon Neutral Vision 2050," aiming to reduce total CO_2 emissions by 30% from 2013 levels by 2030 and achieve carbon neutrality by 2050.

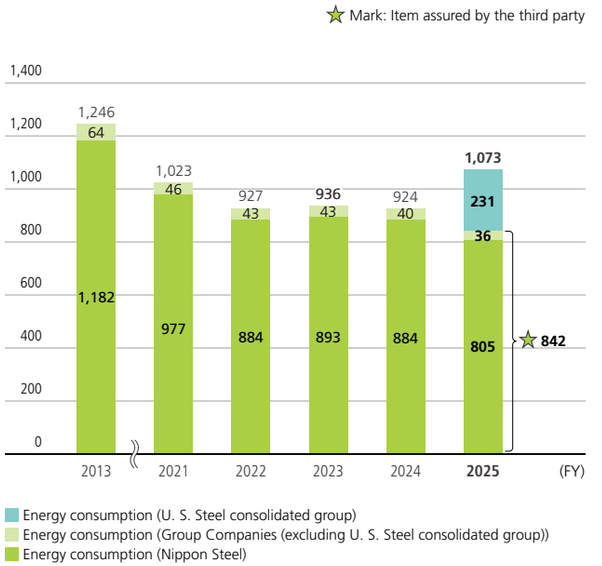
We have also established, as the Nippon Steel Group, medium- to long-term CO_2 reduction targets to address climate change at major steelmaking bases in Japan and overseas, where emissions are particularly high.

Furthermore, we will respond to climate change in a timely and flexible manner while expanding our business both domestically and overseas, in light of, among others, international trends in climate change and trends in each country regarding laws, systems, and disclosure standards.

P.56 "CO_2 Emission Targets of Our Group"

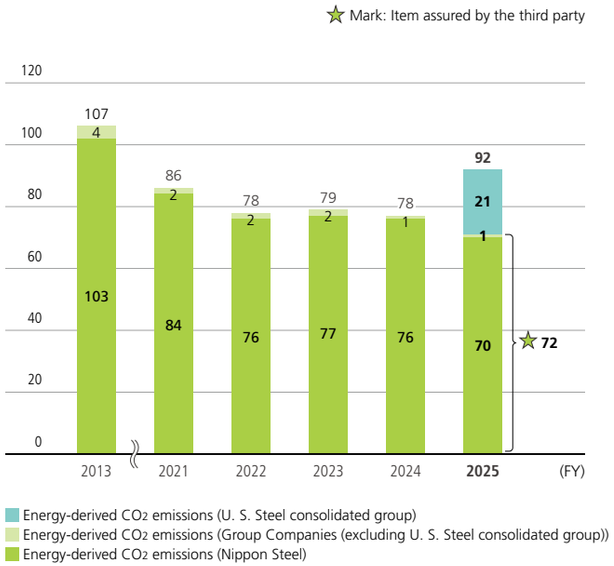
[Energy consumption]

(PJ)



[Energy-derived CO_2 emissions]

(million t-CO_2)



<Boundary of data collection>
Nippon Steel*1,2 and EAF subsidiaries (Osaka Steel, Sanyo Special Steel, Oji Steel, Tokai Special Steel, Nippon Steel Structural Shapes, Tokyo Kohtetsu, U. S. Steel consolidated group (including U. S. Steel Košice), Ovako, Sanyo Special Steel Manufacturing India, and Standard Steel).
From FY2025, former Nippon Stainless Steel (which we absorbed and merged with on April 1, 2025) is included in Nippon Steel.
Results through FY2024 include the three Sanso Center companies.
The data collection period used is each company's accounting period.
As Ovako has changed its fiscal year-end, Ovako's FY2021 results cover a period from January 1, 2021 to March 31, 2022 (15 months).
U. S. Steel's FY2025 results cover the nine-month period from July 1, 2025 to March 31, 2026.

<Calculation method>
For Nippon Steel and its domestic subsidiaries, results through FY2024 were calculated using the methodology prescribed in the Japan Iron and Steel Federation's "Carbon Neutrality Action Plan," results of FY2025 energy consumption were calculated in accordance with the "Act on Rationalizing Energy Use and Shifting to Non-fossil Energy," while FY2025 energy-derived CO_2 emissions were calculated using the methodology prescribed in the "Act on Promotion of Global Warming Countermeasures."
For reference, the FY2025 results calculated under the Carbon Neutrality Action Plan were 847 PJ and 74 million t-CO_2 for Nippon Steel and 36 PJ and 1 million t-CO_2 for Group companies.
Overseas subsidiaries follow local regulations or guidelines for calculation.

<Conversion factor>
For Nippon Steel and its domestic subsidiaries, figures through FY2024 were calculated using the "List of Standard Calorific Values and Carbon Emission Factors by Energy Source" issued by the Agency for Natural Resources and Energy, METI (as revised on March 14, 2025), and FY2025 figures using the Ministry of the Environment's "List of Calculation Methods and Emission Factors under the Mandatory Greenhouse Gas Accounting and Reporting System."
For electricity use in Japan, emissions through FY2024 were calculated using the emission factor for member companies of the Electric Power Council for a Low Carbon Society, and FY2025 emissions using the factors in the Ministry of the Environment's "List of Emission Factors by Electricity Supplier."
Overseas subsidiaries use relevant emission factors according to local regulations or guidelines.

*1 Excluding energy consumption and CO_2 emissions associated with the IPP operation by the steelworks.
*2 Results through FY2024 include energy consumption and CO_2 emissions associated with the production of coke purchased by Nippon Steel.

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CO_2 emissions in the value chain

Energy-derived CO_2 emissions generated in Nippon Steel's manufacturing process (Scope 1 and Scope 2) as well as CO_2 emissions in the value chain (Scope 3), which are calculated by using "Green Value Chain Platform of the Ministry of the Environment" and other methods are as follows.

Scope1, 2

★ Mark: Item assured by the third party

(FY)	CO_2 emissions (thousand t-CO_2) 2013	2021	2022	2023	2024	2025	Calculation method
Scope1 Direct emissions from owned sources associated with use of fuel <Excluding U. S. Steel consolidated group>	89,578	71,311*3	63,403*3	64,020*3	63,672*1	**80,247*1** **<61,869>** ★	Results through FY2024 were calculated using the methodology prescribed in the Japan Iron and Steel Federation's "Carbon Neutrality Action Plan," while FY2025 results were calculated using the methodology prescribed in the "Act on Promotion of Global Warming Countermeasures." See the boundary of data collection stated on the right. For reference, the FY2025 results calculated under the Carbon Neutrality Action Plan (excluding U. S. Steel consolidated group) were 65,441 thousand t-CO_2 for Scope 1 and 9,398 thousand t-CO_2 for Scope 2.
Scope2 Indirect emissions from the generation of purchased energy <Excluding U. S. Steel consolidated group>	13,825	12,458*3	11,912*3	12,425*3	11,423*1	**12,253*1** **<9,925>** ★	
Scope1+2 (CO_2 emissions per ton of crude steel: t-CO_2/t) <Excluding U. S. Steel consolidated group>	103,403 1.89	83,768*3 1.88	75,315*3 1.92	76,445*3 1.95	75,095*1 1.94	**92,449*1** **1.90** **<71,795>** ★ **<1.93>**	
Crude steel production*4 (consolidated-base, 10,000 tons) <Excluding U. S. Steel consolidated group>	5,474	4,445	3,913	3,913	3,864	**4,860** **<3,723>**	

Scope3 All indirect emissions that occur in the value chain of the reporting company

★ Mark: Item assured by the third party

(FY)	CO_2 emissions (thousand t-CO_2) 2023	2024	2025	Calculation method
① Purchased goods and services	11,995	11,413	**11,595** ★	Calculated using method*5 on the right for purchased iron ore, coking coal, coke, and oxygen
② Capital goods	1,571	2,005	**3,240**	[Amount of capital expenditures] × [Emission factor]
③ Fuel- and energy-related activities not included in Scope 1 or Scope 2	257	285	**311**	[Amount of electric power procured and fuel used] × [Emission factor]
④ Upstream transportation and distribution	611	585	**621**	[Transportation distance reported in the Energy Saving Law document] × [Emission factor]
⑤ Waste generated in operations	5	4	**5**	[Amount of waste] × [Emission factor]
⑥ Business travel	4	4	**4**	[Number of employees] × [Emission factor]
⑦ Employee commuting	13	13	**14**	[Number of employees] × [Emission factor]
⑮ Investments	1,124	1,334	**1,492**	[Emissions by subsidiaries and affiliates that emit GHG of over 10,000 tons] × [Equity stake of each company]

Scope1, 2

<Boundary of data collection>
*1 Nippon Steel*2,3 and EAF subsidiaries (Osaka Steel, Sanyo Special Steel, Oji Steel, Tokai Special Steel, Nippon Steel Structural Shapes, Tokyo Kohtetsu, U. S. Steel consolidated group (including U. S. Steel Košice), Ovako, Sanyo Special Steel Manufacturing India, and Standard Steel).
The data collection period used is each company's accounting period.
As Ovako has changed its fiscal year-end, Ovako's FY2021 results cover a period from January 1, 2021 to March 31, 2022 (15 months).
U. S. Steel's FY2025 results cover the nine-month period from July 1, 2025 to March 31, 2026.
*2 Excluding CO_2 emissions associated with the IPP operation by the steelworks.
*3 From FY2025, former Nippon Stainless Steel (which we absorbed and merged with on April 1, 2025) is included in Nippon Steel.
*4 This does not include G/GJ steel.
<Conversion factor>
For Nippon Steel and its domestic subsidiaries, figures through FY2024 were calculated using the "List of Standard Calorific Values and Carbon Emission Factors by Energy Source" issued by the Agency for Natural Resources and Energy, METI (as revised on March 14, 2025), and FY2025 figures using the Ministry of the Environment's "List of Calculation Methods and Emission Factors under the Mandatory Greenhouse Gas Accounting and Reporting System."
For electricity use in Japan, emissions through FY2024 were calculated using the emission factor for member companies of the Electric Power Council for a Low Carbon Society, and FY2025 emissions using the factors in the Ministry of the Environment's "List of Emission Factors by Electricity Supplier."

U. S. Steel consolidated group obtained separate third-party assurance for the period from January through December 2025.

Scope3

<Boundary of data collection> Nippon Steel
*5 Iron ore and coal: [Amount purchased of procured iron ore and coal] × [Emission factor]
Coke: [Amount purchased of procured coal at source] × [Emission factor] + [Amount of energy used in production of coke] × [Emission factor by energy source]
Oxygen: [Amount of energy used in production of oxygen] × [Emission factor by energy source]
<Source of emission factor>
Ministry of the Environment, Emission Factors for Calculating Greenhouse Gas Emissions throughout the Supply Chain (Ver. 3.6)" (April 2026) Figures through FY2024 were calculated using the "List of Standard Calorific Values and Carbon Emission Factors by Energy Source" issued by the Agency for Natural Resources and Energy, METI (as revised on March 14, 2025), and FY2025 figures using the Ministry of the Environment's "List of Calculation Methods and Emission Factors under the Mandatory Greenhouse Gas Accounting and Reporting System."

<Note on GHG emissions>
GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

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Efforts to reduce Scope 3 emissions

Dialogues with raw material suppliers

Nippon Steel has signed memoranda of understanding with major raw material suppliers and is jointly exploring and discussing raw material solutions to help realize carbon-neutral steelmaking processes. Furthermore, in order to steadily reduce emissions in Scope 3, Category 1 (products and services purchased), we are engaged in dialogue with major suppliers of iron ore and coking coal.

We interviewed major suppliers who account for more than 70% (based on our purchase volumes) of the raw materials purchased (iron ore and coking coal) about their actual Scope 1+2 emissions and their reduction plans. We confirmed through the dialogue that many suppliers are working to achieve net zero Scope 1+2 emissions by 2050.

Based on the actual GHG emissions data provided by the companies interviewed, we have also begun using primary data to calculate the CO_2 emissions generated during the production of iron ore and coking coal supplied to Nippon Steel.

We will continue to promote dialogues with our suppliers on climate change initiatives and other issues.

[Estimated CO_2 emissions from iron ore and coking coal production] (FY2025)

	CO_2 emissions (thousand t-CO_2)
Iron ore	767*
Coking coal	2,279*
Iron ore + Coking coal	3,046*

* Calculation method
- Obtained actual emissions data through interviews with major suppliers to calculate the emissions attributable to the volumes purchased by Nippon Steel.
- Aggregated the emissions attributable to Nippon Steel's purchases to calculate average emission factors separately for iron ore and coking coal.
- Estimated the total emissions associated with raw materials purchased by Nippon Steel using the above emission factors and total purchase volumes.

Reduction of CO_2 emissions through logistics optimization

In fiscal 2025, Nippon Steel maintained a high modal shift rate of 98%. We are also working to reduce CO_2 emissions by raising efficiency in logistics including the use of larger vessels and by introducing hybrid cargo vessels equipped with lithium-ion batteries. As of June 2025, the number of our cargo vessels that have been rated the highest in the Coastal Ship Energy Conservation Rating of the Ministry of Land, Infrastructure, Transport and Tourism has reached 36.

We will continue to cooperate with relevant ministries, agencies, and organizations to promote the use of ships utilizing alternative fuels and other initiatives, to reduce greenhouse gas emissions in marine transportation.

[Logistics sector's ton-kilometer achievements for FY2025]

(Reference)

	Transportation quantity: 10,000 t/year		Million ton-kilometers/year		g-CO_2/ton-kilometer
Ship	1,827	(58%)	12,343	(91%)	39
Railway	5	(0%)	33	(0%)	25
Truck and trailer	1,336	(42%)	1,141	(9%)	211
Total	3,168	(100%)	13,517	(100%)	



Hybrid Cargo Ship "Utashima" equipped with lithium-ion batteries (Received the Small Cargo Vessel Award of the Ship of the Year 2019)

Efforts to adapt to climate change

In addition to taking actions to mitigate climate change, we are considering the potential impact of climate change to appropriately prepare for risks and capture business opportunities.

Preparation for risks

To prevent the risk of operations and shipments being suspended due to abnormal weather and other reasons, our steelworks are implementing countermeasures against wind and flood damage, including measures to prevent cranes and other heavy machinery from overturning, building levees, and reinforcing embankments and gradients.

Furthermore, to prevent colored water tainted with iron ore powder from flowing directly into the ocean from the steelworks by localized heavy rain, we are strengthening our water pollution prevention facilities, including installing large water storage tanks and increasing wastewater treatment capacity.

Furthermore, we have established a system to prepare for floods and high tides, by installing piloti-structured offices and evacuation facilities to avoid the destructive force of a tsunami, for example.

Capturing business opportunities

We have many products that have been used for a long time as construction materials for embankments and other public infrastructure. They contribute to providing solutions for "national resilience," such as protecting towns from flooding or high tides caused by heavy rains or typhoons. Adaptation to climate change also leads to business opportunities for Nippon Steel.

For example, we have developed and provided for actual use various types of products and product utilization technologies in the civil engineering field. They include hat-type sheet piles (contributing to national resilience in a wide range of ways, including measures against liquefaction of river levees, water leakage, and tsunamis reaching coastal levees), linear-type steel piles (having a high tensile strength at the joints, being suitable to cell-type quays, erosion-control dams and water shut-off work, and contributing to measures for sand embankments and against landslides at the time of heavy rain or a typhoon), and a method of preventing subsidence by use of sheet piles.

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Contribution to global CO_2 emissions reduction through the overseas deployment of decarbonization technologies

To help reduce CO_2 emissions worldwide by deploying Japan's energy-saving technologies overseas, Nippon Steel participates in global energy-saving and environmental initiatives in a variety of ways.

As a core member of the Japan Iron and Steel Federation (JISF), Nippon Steel promotes multilateral initiatives through bodies such as the Environment Committee of the World Steel Association to disseminate Japan's environmental conservation and energy-saving technologies worldwide. We also advance bilateral energy-saving and environmental cooperation with India, Southeast Asian countries, and other partners, centered on three pillars: public-private steel-related joint meetings, the technologies customized list, and energy-saving diagnosis of steelworks.

These initiatives not only contribute to reducing CO_2 emissions worldwide but also create business opportunities for the Nippon Steel Group.

Joint meetings of public and private steel-related parties

In public-private steel-related joint meetings, we share the technologies customized list, the results of assessment of steel mills, and introduce detailed technical information and financing schemes, in order to realize the early transfer of energy-saving technologies to emerging countries. Through FY2025, a total of 14 meetings were held in India and 18 in six ASEAN countries. In 2025, we held the "2025 Public and Private Collaborative Meeting between Indian and Japanese Iron and Steel Industry" with India and the "AJSI Webinar 2026" with ASEAN partners, co-hosted with the Economic Research Institute for ASEAN and East Asia (ERIA). At these events, participants exchanged information on policies and private sector initiatives aimed at achieving carbon neutrality.

The technologies customized list

We identify the appropriate technologies for each country and region, and in addition to detailed technical information, we conduct the assessment of steel mills, and provide the technologies customized list, which complies with information such as on suppliers, for reference. For the ASEAN countries, the technologies customized lists of 4.2 version for blast furnace (BF) steelmaking and 4.2 version for electric arc furnace (EAF) steelmaking have been released before now. In FY2023, for India, the 5.2 version for BF steelmaking and the 5.2 version for EAF steelmaking were released.



The technologies customized list

Assessment of steelworks

Experts from the Japanese steel industry visit the steel mills overseas to propose energy-saving technologies, provide operational improvement advice based on the operational conditions of the facilities, and conduct energy-saving assessments of steel mills using the international standard ISO 14404. Up to fiscal 2025, we had carried out the assessment of 14 steel mills in India and 19 mills in six ASEAN countries.

Activities as a Climate Action member

Nippon Steel participates in the Climate Action Program of the World Steel Association, which uses universal methods to calculate and report on the CO_2 emitted by steelworks. As a Climate Action member (data provider), our 19 years of contribution have been highly recognized.



CLIMATE ACTION
DATA PROVIDER certificate

Contribution to reduction of CO_2 emission on a worldwide scale

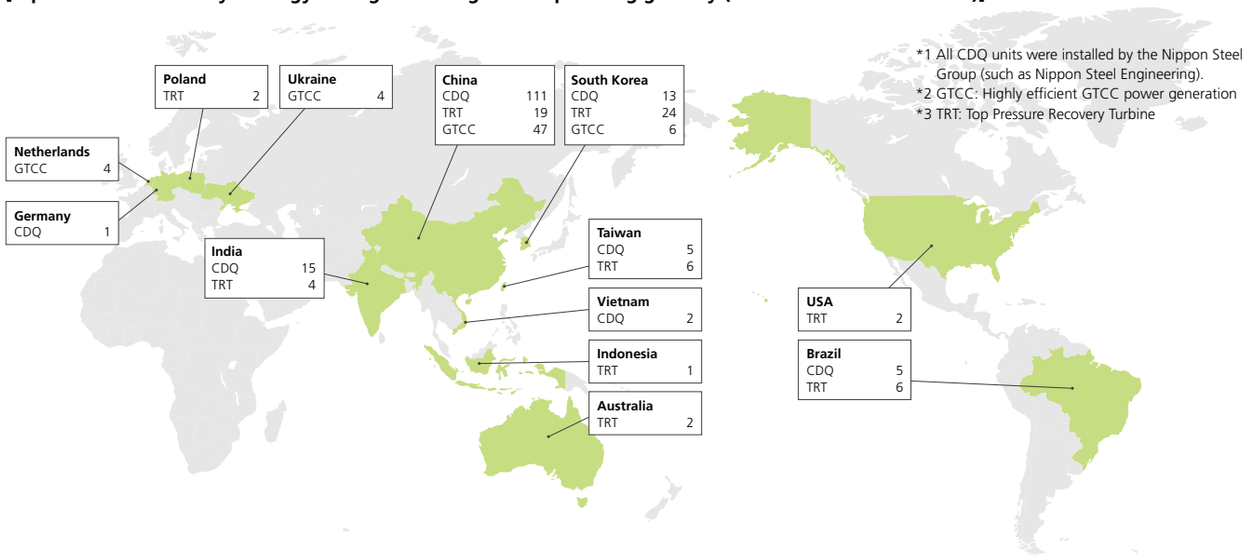
Energy-saving technologies deployed overseas by the Japanese steel industry have achieved an estimated combined reduction in global CO_2 emissions of 82.16 million t-CO_2 per year.

(10,000 t-CO_2/year)

	Number of units	CO_2 emissions reduction
CDQ*1	152	3,253
GTCC*2	61	2,759
TRT*3	66	1,195
Oxygen converter gas collection	22	821
Sintering waste heat recovery	7	98
Oxygen converter gas waste heat collection	8	90
Total	**316**	**8,216**

(FY2024)

[Japanese steel industry's energy-saving technologies are spreading globally (units installed in numbers)]



*1 All CDQ units were installed by the Nippon Steel Group (such as Nippon Steel Engineering).
*2 GTCC: Highly efficient GTCC power generation
*3 TRT: Top Pressure Recovery Turbine

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TOPICS **Integrated solutions to climate change, resource recycling, and biodiversity challenges**

Blue carbon

Nippon Steel has promoted scientific studies on the benefits and safety of using steel slag — a by-product from the steel-making process. To improve this technology, we began a basic study on blue carbon (CO_2 absorption and fixation in the marine ecosystem), which is getting more attention as a measure against climate change.

In fiscal 2022, we calculated the CO_2 fixation effect in a seaweed bed development project, on which we have been working over the past nearly 20 years, applying for J-Blue Credit™ certification jointly with the Mashike Fishery Cooperative Association (Mashike, Hokkaido). J-Blue Credit™ was certified and issued for 49.5 t-CO_2 — the amount of CO_2 absorbed and fixed (blue carbon) over the five years (2018 – 2022).



Certificate of J-Blue Credit

Further, in fiscal 2023, we submitted applications with joint applicants in Mashike-cho and Tomari-mura in Hokkaido, as well as in Kimitsu City, Chiba Prefecture, and J-Blue Credit™ for 33.3 t-CO_2 were certified and issued as the amount of CO_2 absorbed and fixed in 2023.

Also in fiscal 2025, we conducted demonstration tests of seaweed bed development in 45 sea areas nationwide, conducting continuous surveys of the changes in iron concentration in seawater before and after the test, as well as the growth status of seaweed. In addition to the acquisition of these basic data, we are working to advance seaweed bed development technology by providing theoretical support through scientific approaches, such as off-line testing using the "Sea Laboratory" (marine environment simulator) at the Research & Engineering Center of the R&D Laboratories (Futtsu City, Chiba Prefecture) and model analysis that reproduces actual sea conditions.

We will continue these initiatives utilizing our technologies, and expanding seaweed bed development activities nationwide so as to contribute to the reduction of CO_2 emissions through blue carbon.


Large water tank Sea Laboratory

Blue carbon
https://www.nipponsteel.com/en/sustainability/env/biodiversity/sea.html

Click here for other contributions in the field of resource recycling
Recycling of waste plastics P.104
Maximum use of steel scrap P.106
Blast furnace cement P.103

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Our strategy for climate-related risks and opportunities

For each transition factor and physical factor, we have identified risks and opportunities that may have a significant impact on our business in the areas of upstream procurement, direct operations, and downstream demand for products and services. We have then considered strategies for each scenario.

In conducting the scenario analysis, we have used the climate change scenarios of the International Energy Agency (IEA) as a base, and evaluated medium- to long-term risks and opportunities up to 2050, by referring to the IEA's 1.5°C scenario (NZE2050) and the below 2°C scenario (B2DS) in transitional aspects and the 4°C scenario (NPS) in the aspects of physical impacts.

[Reference scenario]

1.5°C/2°C scenario	IEA "Global Electric Vehicle Outlook 2025" IEA WEO2022 NZE2050 IPCC Special Report on the impacts of global warming of 1.5°C IEA WEO2018 SDS IEA ETP 2017 B2DS
4°C scenario	IEA WEO2018 NPS IPCC AR5 RCP

TCFD scenario analysis

Scenario	Factors (risks and opportunities)	Event (expectations and concerns of stakeholders)	Impact on Nippon Steel (opportunities in ■, risks in ■)	Nippon Steel's strategy (including future responses)
1.5°C/2°C scenario	**Transition factor 1** Advance in electric vehicles (EVs)	World annual EV sales: 40 million units, 42% market share in 2030 (vs. 6.6 million units, 9% market share in 2021)*	**Opportunities in demand growth for our steel products** ■ Increase in the global total number of cars and resultant increase in steel demand despite a decline in the share of steel demand for cars equipped with internal combustion engines due to the growth of EVs' share of the new car market ■ Increase in demand for high-performance steel products — our area of strengths, such as electrical steel sheets for EVs	● Capture growing demand by strengthening the global supply of electrical steel sheets P.102 "TOPICS"
	Transition factor 2 Shift to other lightweight materials, prompted by tighter fuel efficiency regulations, etc. (Adoption of multi-material structures)	Shift to other lightweight materials, prompted by tighter fuel efficiency regulations, etc.	**Opportunities in demand growth for high-strength steel and capturing of demand for other materials** ■ Some possibility of switching to other lightweight materials but little prospect for significant progress since steel excels in environmental evaluation from the LCA perspective, including the production stage and material recycling, and automakers increasingly emphasize the evaluation from the LCA perspective ■ Increase in demand for high-tensile steel, carbon fiber-reinforced plastic (CFRP), titanium, etc.	● Strive to further popularize the LCA concept through activities to raise customers' understanding and lobby the government for regulatory change ● Further increase the high-tensile strength of steel and provide the lightweight steel structure technology by proposing a comprehensive automotive solution (NSafe™-AutoConcept) P.102 "TOPICS" ● Capture demand for CFRP and other products in cooperation with a Group company (Nippon Steel Chemical & Material Co.)
	Transition factor 3 Shift to low-carbon steel (steel that generates low CO_2 emissions in production)	Accelerating shift to low-carbon steel due to change in customers' demand	**Response to demand growth for low-carbon steel** ■ Increased sales of GX Steel resulting from the transition to EAF processes ■ Progress in the creation of the GX Steel market ■ The expansion of electric arc furnace steelmaking capacity has intensified competition for securing steel scrap	● Provide low-CO_2 steel NSCarbolex™ Neutral ● Continued and strengthened advocacy for the creation of a GX steel market, including government measures to generate initial demand (society-wide sharing of the associated costs) ● Securing high-grade scrap and other cold iron sources through a comprehensive cold iron source strategy
		Higher needs for decarbonization in steelmaking process	**Fundamental review of steelmaking process is necessary to achieve decarbonization** ■ Strengthening competitiveness by taking the lead globally in technology development and investment ■ Increase in investment burdens and operating cost for the introduction of super innovative technologies	● Accelerate the Carbon Neutral Vision (innovative technology development, including high-grade steel production in large-sized EAFs and hydrogen steelmaking) ● Facilitate the development and implementation of innovative technologies by utilizing government support such as the Green Innovation Fund, the GX Economy Transition Bonds as part of "investment promotion measures," and the strategic materials and production base tax system

* For source for EV-related data, refer to the IEA Global Electric Vehicle Outlook 2025. EVs include battery electric vehicles (BEVs) and plug-in hybrid vehicles (PHVs).

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Scenario	Factors (risks and opportunities)	Event (expectations and concerns of stakeholders)	Impact on Nippon Steel (opportunities in ■, risks in ■)	Nippon Steel's strategy (including future responses)
1.5°C/2°C scenario	**Transition factor 4** Higher needs for energy-efficient products and technology	Eco-friendly technology solution to boost demand	**Opportunities in demand growth for eco-friendly technology** ■ Increased demand for products that realize energy savings in the processing by customers ■ Increased demand for products that contribute to energy savings in use of end products ■ Increase in profits through the provision of the Group's technology solutions that enable energy saving in steelmaking process	● Expansion of NSCarbolex Solution, a brand that offers products that realize energy conservation in customers' manufacturing processes, products that contribute to energy conservation in using their end products, and products that contribute to energy transformation in society P.168 ● Government-private cooperation, technologies customized list, and steelworks diagnosis to provide energy-saving technologies to emerging countries (contribution to the global value chain) e.g., dissemination of CDQ, all of which are handled by a group company (Nippon Steel Engineering), into emerging countries P.98
	Transition factor 5 Higher needs for products and solutions associated with a society based on renewable energy and hydrogen	Ratio of renewable energy in world power generation: 88% in 2050 (vs. 28% in 2020) World production of hydrogen: 490 mn tons in 2050 (vs. 90 mn tons in 2020)*	**Opportunities in demand growth for products of our Group** ■ Profit growth by provision of the Group's products and solutions that support a renewable-energy-oriented society ■ Profit growth by provision of the Group's products and solutions that support a hydrogen-oriented society	● Enhance the Group's product menu for the renewable-energy society and expand sales in Japan and overseas e.g., high corrosion-resistant steel sheets for solar power generation mounts, steel plates and steel anchor chains for offshore wind power generation, and steel pipes for geothermal and biomass power generation ● Enhance the Group's product menu for the hydrogen society and expand sales in Japan and overseas e.g., HYDREXEL™ stainless steel for high-pressure hydrogen environments
	Transition factor 6 Increase in cost caused by adoption of carbon pricing (CP)	Incremental introduction of carbon pricing (CP) measures	**Increasing burdens on our costs due to CP introduction** ■ The GX Promotion Act requires companies to introduce CP while securing time required to work on technology development and capital investment for decarbonization. Although the impact of CP is not expected to be so significant for the time being, our cost burden will increase depending on the design of the emissions trading system (GX-ETS) and the circumstance of shifting the burden of CP to purchasing electricity charges, etc.	● Reduce CO_2 emissions through the expanded usage of direct reduced iron, the production of high-grade steel using large EAFs, the advancement of reduction in CO_2 emissions in existing processes, and the advancement and implementation of innovative technologies such as hydrogen steelmaking ● Request the government to operate the GX-ETS in a manner that takes into account the circumstances of the steel industry, including measures such as free allocations and responses to carbon leakage
4°C scenario	**Physical factor 1** Abnormal weather to suspend raw material suppliers' operation	Difficulty in procuring raw materials, caused by abnormal weather	**Limited impact by taking measures for risks** ■ Limited assumed risk in securing stable procurement of raw materials by taking the following measures: • Material sourcing from multiple regions in the world • Keeping raw material inventories in steelworks and ships	● Continue multiple sourcing ● Appropriately manage days of inventory and risks
	Physical factor 2 Abnormal weather to suspend operation and shipment	Difficulty in operation, caused by a natural disaster	**Limited impact by taking appropriate measures** ■ Systematic adoption of BCP measures. Limited risks in production disruption caused by natural disaster. Excessively abnormal weather may result in suspension of operation, etc.	● Continually adapt measures in consideration of long-term trends. Measures against typhoons and heavy rain, measures to prevent crane overturns, measures against earthquakes and tsunami (securing emergency evacuation places, embankment reinforcement, etc.)
	Physical factor 3 Heightened needs for solutions for "national resilience" against natural disasters	Natural disasters caused by abnormal weather	**Demand growth of steel for national land resilience** ■ Profit growth by providing Group's products and solutions for national resilience against earthquakes, tsunamis, heavy rain, typhoons, etc.	● Enhance the Group's product menu and expand sales in Japan and overseas, e.g., steel-slit dams and NS ECO-PILETM method

* For data on renewable energy and hydrogen, refer to the IEA World Energy Outlook 2021 NZE2050 Scenario.

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TOPICS High-efficiency electrical steel sheets that reduce energy loss in electric devices

Higher-grade electrical steel sheets that enable greater energy efficiency can make an important contribution to achieving a carbon-neutral society. Electrical steel sheets fall into two types: non-oriented electrical steel sheets (NO), which are used in motors, and grain-oriented electrical steel sheets (GO), which are used in transformers for electricity transmission and distribution. These products help reduce CO_2 emissions associated with the use of hybrid vehicles, EVs, and household appliances, while also enabling electricity to be transmitted and distributed more efficiently.

Against the backdrop of growing AI adoption, investment in data center infrastructure has expanded in recent years, particularly in developed countries, and demand for transformers incorporating high-efficiency GO is expected to increase.

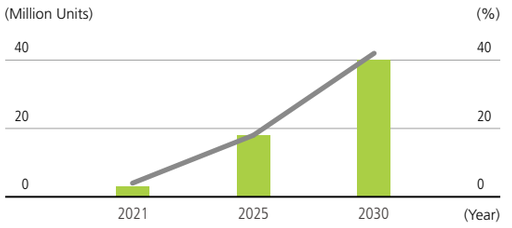
Expanding production capacity of high-efficiency electrical steel sheets

In response to the increasing demand and upgrade request for these electrical steel sheets used in EVs and other products, we decided to implement measures to improve manufacturing capacity of high-efficiency non-oriented (NO) electrical steel sheets in the Setouchi Works Hanshin Area (Sakai) and the Kyushu Works Yawata Area. We have also previously announced measures to improve manufacturing capacity and quality of the electrical steel sheet in the Kyushu Works Yawata Area and the Setouchi Works Hirohata Area.

The total amount of investment into these measures will be approximately 213 billion yen in cumulative total. The manufacturing capacity of non-oriented (NO) electrical steel sheets for eco-friendly cars is also expected to increase by about five times from the current capacity.

In response to growing electricity demand in developed countries, we are also considering producing grain-oriented electrical steel sheets (GO) at U. S. Steel. Our high-efficiency GO can help reduce power losses in transformers, and through U. S. Steel, we will contribute to the development of a reliable power transmission and distribution network in the United States.

[World annual sales of EVs]
(Net Zero Emissions by 2050 Scenario)



Prepared by Nippon Steel based on the IEA "Global Electric Vehicle Outlook 2025"

TOPICS Response to meet needs for lightweight materials that reduce environmental burden (NSafe™-AutoConcept)

Nippon Steel has contributed to reduction in body weight and improvement in the safety performance of automobiles by developing advanced materials, as well as processing technologies and evaluation technologies to realize components and their structures that maximize material performance. In 2019, we started to make proposals on the NSafe™-AutoConcept (NSAC), a comprehensive solution for the development of next-generation steel vehicles to cope with the coming carbon neutral era. We are thus working with our customers to develop advanced vehicles.

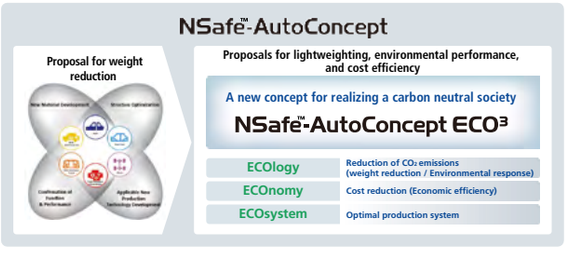
Reductions in CO_2 emissions and enhanced collision safety are needed for automobiles and for that purpose, both bodyweight reduction and high strength are desired. Such needs can be satisfied by ultra-high-tensile steel sheets for vehicle bodies such as 2.0 GPa hot stamping materials, 1470 MPa cold high-tensile sheets, and 980 MPa hot-rolling high-strength steel plates for chassis.

We have made these high-tensile steel lineups practical and have proposed technologies that enable a 30% reduction in the body weight of steel cars through our proposals on structures and processing methods, as well as various evaluation technologies. This has enabled steel cars to have a similar weight to that of all-aluminum cars and the provision of higher collision safety performance.

We are also promoting NSafe™-AutoConcept ECO³ ("Eco-Cubic"; NSAC ECO³), a new concept that further advances NSAC's lightweighting technologies, while expanding collaboration with customers beyond advanced materials proposals to encompass vehicle body design, processing, and mass production.

This has enabled us to make optimal solution proposals adapted to customers' forward-looking automaking (e.g., proposals for parts integration using steel) from the perspectives of CO_2 emissions reduction through weight reduction and LCA; cost reduction; and optimal production systems, to meet diverse customer needs amid ongoing innovations in automaking, including the elimination of assembly processes and shortening of development lead times at OEMs.

(Photograph: an example of component integration using steel; door ring structure and rear module integration)





Example of NSAC ECO³ proposals

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Creation of a Circular Economy (Recycling-based Society)

Steel is a flexible material that can be repeatedly recycled: it is a perfect example of a circular economy. Nippon Steel strives for the greatest efficiency possible, including minimization or elimination of waste, in the use of our energy and limited resources, in every process of steelmaking. By utilizing this steelmaking process, we also work to recycle internally generated by-products so that we can realize zero emissions. We are also actively engaged in recycling of waste generated in society or by other industries.

Efficient use of resources and energy

We use industrial water and energy resources such as electricity and fuel in producing steel products, which are mainly made of iron ore mined overseas, coal used as a raw material for reducing iron ore, and iron and steel scrap recycled by society.

Efforts to promote strategic resource circulation are gaining momentum, as illustrated by the Japanese government's release in April 2026 of its Circular Economy Action Plan, which seeks to secure a domestic supply of recycled resources through measures that go beyond conventional waste reduction and recycling initiatives.

Building on the improvements in finite resource and energy efficiency achieved at our manufacturing sites, we will continue initiatives such as reducing waste, making effective use of by-product gases and waste heat, and recycling and reusing water used to cool and clean products and manufacturing equipment, thereby contributing to the creation of a circular economy.

Promote internal zero emissions

By-products generated and final disposal

In the iron and steel-making process, over 600 kg of by-products, such as steel slag, dust*1, sludge*2, and used refractory bricks, are generated for each ton of crude steel produced. In fiscal 2025, Nippon Steel produced 33.88 million tons of crude steel and generated 20.64 million tons of by-products. We are committed to recycling these by-products both in and outside the Company, maintaining the high recycling rate of 99%.

For the final disposal amount, having achieved the fiscal 2025 target and set the fiscal 2030 target, we will continue efforts to reduce generation of by-products.

*1 Fine dust collected with a dust collector
*2 Semi-solid slurry recovered from industrial water discharge or sewage treatment

Final disposal amount of by-products

205 thousand tons/year	Target for 2025	263 thousand tons/year or less

Click here for details
Data Book P.25

[By-products and recycling (FY2025)]

By-product	Amount generated	Recycling application	Recycling rate
Blast furnace slag	10.43 million tons	Blast furnace cement, fine aggregate, road base, etc.	100%
Steelmaking slag	4.51 million tons	Road base, civil engineering materials, fertilizer, etc.	99%
Dust	2.64 million tons	Raw materials for use in-house and also zinc refining	100%
Sludge	0.52 million tons	Raw materials for in-house use	90%
Coal ash	0.46 million tons	Cement raw materials, construction materials	100%
Used refractory bricks	0.20 million tons	Reuse, etc.	51%
Others	1.88 million tons	In-house use, others	97%
Total	20.64 million tons	Total recycling rate	99%

Recycling of dust and sludge

To recycle the dust and sludge generated in the iron and steelmaking processes, for them to be used as raw materials, Nippon Steel operates a dust reduction kiln (RC: Resource circulating oven) at East Nippon Works Kashima Area and a rotary hearth reduction furnace (RHF) at East Nippon Works Kimitsu Area and Setouchi Works Hirohata Area, and Yamaguchi Works (Hikari). This enables us to recycle all internally generated dust.

Effective use of steel slag

Almost all the amount of the steel slag is utilized as products such as cement and road materials. The use of steel slag helps reduce the amount of natural crushed stone excavated and leads to energy saving during cement manufacturing. As a result, it is a "designated procurement item" under the Act on Promoting Green Purchasing and has been certified as a recycled product by some local governments. Life cycle assessments (LCAs) have demonstrated that the use of steel slag as a substitute for natural stone and cement can substantially reduce CO_2 emissions and environmental burden. Moreover, as steel slag contains nutrition that helps plants grow, it is also widely used as fertilizer, contributing to improving farming productivity.

Approximately 80% of blast furnace slag is used for cement. Blast furnace cement, a mixture of pulverized blast furnace slag with ordinary Portland cement, contributes to a 40% reduction of CO_2 emissions during cement manufacturing by omitting the burning process. The blast furnace cement also excels in long-term strength and is registered as an Eco Mark-certified product.

Among steelmaking slag products, Geo-Tizer™ is mixed with soft soils on land (mud, such as surplus excavated soil from construction sites or farmland soil). This enhances compressibility of soils without solidifying excessively, thus improving soft soils into those that can be re-excavated. Compared to conventional soil-improvement materials such as cement and lime, it produces less dust, is more cost-effective, and can significantly reduce CO_2 emissions.

Nippon Steel's steelmaking slag product, KATAMA™ SP has the property of solidifying on its own when it reacts with water. By utilizing this property, it is used for simple pavement such as forest roads and farm roads, as well as for weed preventive pavement for mega-solar panel installations and other purposes.

Calcia modified soil — a mixture of calcia modifier, which is made from steelmaking slag, and dredged soil — has been used to backfill deep-dug seabed areas and create shallow bottoms and tideland, contributing to the improvement of marine environments.

In addition, Nippon Steel's Vivary™ Unit, which is composed of steel slag and humus made from waste wood, provides iron needed for seaweeds to flourish, promoting regeneration of an area of the sea bed that had lost much of its living organisms.

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Realization of recycling of waste generated in society (Waste plastics)

We recycle 100% of waste plastics collected from ordinary households through chemical recycling by using a coke oven in accordance with the Containers and Packaging Recycling Law.

Specifically, waste plastics are used as hydrocarbon oil (40%), coke furnace gas (40%), and part of coke (20%). Our method of using a coke oven has an extremely high recycling efficiency and a great processing capacity, contributing to a circular economy in each region.

In recent years, synthetic fibers and food trays are also recycled in the same way. Furthermore, as the Plastic Resource Recycling Promotion Law enacted in fiscal 2022 calls for collection not only of container packaging plastics but also products made of plastics in bulk collection, we are also recycling plastics collected in bulk.

In addition, we are also working hard to develop technologies for expansion of treatment to meet the increasing plastics processing needs in the future. The total cumulative amount processed in fiscal 2000–2025 was approximately 4.31 million tons, equivalent to 13.80 million tons in terms of reduction in CO_2 emissions (the amount of annual CO_2 absorption* in artificial cedar forests in an area as large as 340,000 Tokyo Domes). This expanded use of waste plastics has been incorporated in our "Carbon Neutral Vision 2050" measures to combat climate change, and is presented as one of the examples of the efforts of Nippon Keidanren (Japan Business Federation) member companies' activity in its "Partnership for Circular Economy."

* One hectare of artificial cedar forest absorbs approximately 8.8 tons of CO_2 per year (source: the website of the Forestry Agency).

[Chemical recycling of waste plastics]

Thermal decomposition enables 100% effective re-use of plastics



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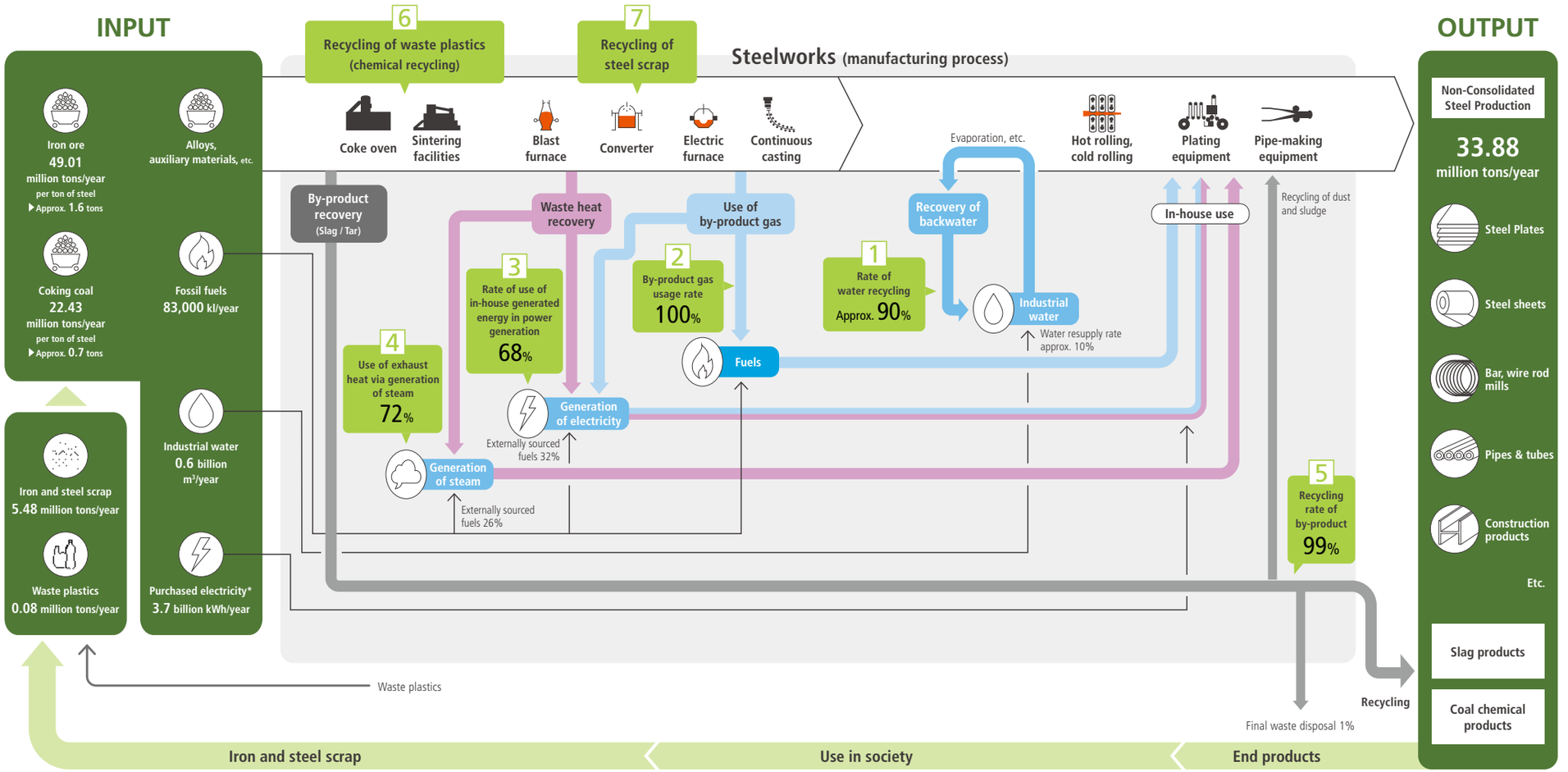
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Energy material balance

We are not only moving toward the achievement of zero emissions with minimal environmental burdens and recycling internally generated materials, while utilizing the steel manufacturing process, but also actively recycling waste materials generated by society and other industries.



Numbers represent FY2025 performance * Purchased electricity (kWh) excludes electricity purchased from Cooperative Thermal Power Companies

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1 Water resources

Of water used in cooling and cleaning of products and manufacturing facilities, approximately 90% is reprocessed and repeatedly used, while the remaining approximately 10%, which disappears mainly due to evaporation, is replaced.

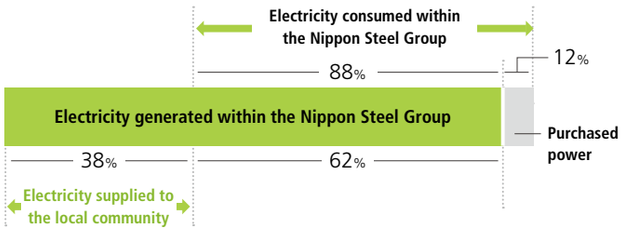
2 By-product gases

By-product gases, such as coke oven gas generated when coal is thermally cracked in an oxygen-free environment in the coke manufacturing process and blast furnace gas generated from blast furnaces, are fully utilized as fuel gas for steel heating furnaces or energy sources for power generation plants on the premises of steelworks.

3 Power

Nippon Steel itself generates 88% of the electricity it uses at steelworks, 68% of which is from internally generated energy sources such as exhaust heat and by-product gases. In the future, we will also consider making more efficient facilities and switching fuel in order to further lower carbon generation.

[Nippon Steel Group's* electricity supply and demand balance (FY2025)]



- **The Group internally generates 88% of the electricity it uses.**
- **The Group supplies 38% of internally generated electricity to the local community.**

* Including cooperative thermal power companies and affiliated electric arc furnaces

4 Use of exhaust heat

Exhaust heat, generated in the blast furnaces, sintering facilities, coke ovens, converters, and other facilities, is recovered and used in steam generation and power generation.

Coke Dry Quenching (CDQ) for large-scale waste heat recovery

The CDQ equipment quenches red-hot coke made in the coke oven with inert gas, and the heat is used to generate steam for power generation. Compared to the conventional wet quenching, 40% energy saving has been achieved.



CDQ

5 By-products

By-products generated in steelmaking are recycled for reuse in the same process or for commercial use. We thus promote achieving zero emissions and contribute to conservation of resources and energy.

6 Waste plastics

Plastic containers and packaging collected from households nationwide are fully recycled by a chemical processing method using coke furnaces.

7 Recycling of steel scrap

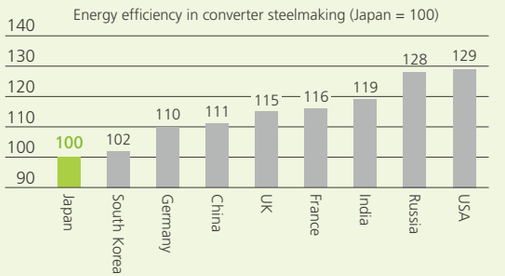
We recycle steel scrap generated in steelmaking and processing processes, as well as steel scrap recovered after use in society, as raw materials for producing new steel products.

In FY2025, we used 5.48 million tons of steel scrap.

Recycling steel scrap is one of the important measures to achieve carbon neutrality. By maximizing the use of steel scrap resources generated in Japan, we aim to significantly reduce CO_2 emissions in the steelmaking process.

[Energy efficiency in steelmaking by country (2019)]

Efforts for efficient use of various resources have resulted in Japan's steel industry achieving a world-leading level in energy efficiency.



Source: International Comparisons of Energy Efficiency (Sectors of Electricity Generation, Iron and steel, Cement), RITE, 2019 (The Japanese translation and numerical values were provided by the Japan Iron and Steel Federation.)

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Biodiversity Conservation and Nature Positive

Nippon Steel participates in the activities of the Keidanren (Japan Business Federation) Nature Conservation Council and has affirmed the Keidanren Declaration for Biodiversity and Guidelines (revised in December 2023), and has accordingly been taking initiatives on biodiversity conservation.

We also participate in the 30 by 30 Alliance for Biodiversity, contributing to the vitalization of nature-positive efforts through these activities.

Efforts for biodiversity conservation and nature positive

We are promoting biodiversity conservation initiatives that are closely aligned with climate change measures and the creation of a circular economy, under the following policy.

Policy for the initiatives

As a member of Keidanren, we comply with the Keidanren Declaration for Biodiversity and Guidelines.

Recognizing both that our business activities greatly rely on nature's gifts, and that biodiversity is vital for realizing a sustainable society, we are well aware of the relationships of our business activities with biodiversity and are pledged to respond to challenges rooted in diverse local features, in order to build a society in harmony with nature.

As a member of the international community, we also recognize that initiatives aimed at building a society in harmony with nature are closely related to global issues of measures to deal with climate change and the creation of a circular economy. We aim to realize a sustainable society through integrated environmental corporate management which includes these initiatives in business activities.

Contribution to activities aimed at achieving the 30 by 30 biodiversity target

In March 2023, we participated in the 30 by 30 Alliance for Biodiversity established by the Japanese government based on the rationale of the Kunming-Montreal Framework adopted at CBD COP15 held in 2022, and have since been contributing to its activities.

The alliance is a coalition of volunteers working in the public and private sectors to conserve and protect at least 30% of their own country's land and sea areas by 2030 (30 by 30), with the goal of halting and reversing biodiversity loss by 2030 (nature positive).

We aim to have our areas under conserved biodiversity registered as Nationally Certified Sustainably Managed Natural Sites, including the registration of the Creation of Hometown Forests at our steelworks and the Creation of Sea Forests; Nagoya Works and Kyushu Works, Oita Area, have been certified.

Responding to nature-related information disclosure

Today, the state of nature is said to be deteriorating at the fastest pace in human history, raising concerns about the possibility that many of nature's essential services benefitting society (ecosystem services) may deteriorate.

Scientists say that this natural degradation is attributable directly to the pressure on nature caused by human activities, such as changes in how nature is utilized, how resources are exploited, how climate changes and pollution affect the world's society, and the effects of invasive alien species in the land, freshwater, and oceanic areas.

We also recognize that our core business activities of steel production have an impact on nature. Therefore, we have registered as a TNFD Adopter and are assessing and analyzing the relationship between steel production and nature, in line with the TNFD's recommended approach, and incorporating the results into our business activities.

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Specific initiatives

Creation of Hometown Forests

— Reproducing "the grove of a village shrine" and nurturing biodiversity at our steelworks

We have carried out the "Creation of Hometown Forests" projects at our steelworks and factories in Japan under the guidance of the late Dr. Akira Miyawaki (professor emeritus of Yokohama National University), with the aim of facilitating harmonious coexistence between nature and humans. This project comprises research on the natural vegetation inherent to a certain area in a nearby grove associated with a historical shrine (Chinju-no-mori) and planting trees by local residents and our employees.

This was the first project by a private company in Japan to create a forest that harmonizes with the local landscape and is based on an ecological approach. At present, our forests in aggregate have grown to total around 887 ha (about the size of 180 Tokyo Domes).

Wild birds and animals visit the forests at our steel works sites across Japan. Wild birds and animals inherent to the land return to the forests. Thus, the "Creation of Hometown Forests" contributes to biodiversity conservation and the sequestration of CO_2.



Kyushu Works (Oita Area)

Creation of Sea Forests

— Implemented in 87 spots in Japan to improve sea desertification

With the aim of solving the supply deficiency of iron, which is said to be one of the causes of sea desertification which loses seaweeds and makes the seabed barren, Nippon Steel has developed the Vivary™ Unit, iron fertilizer, via joint research with Tokyo University and uses it to promote the regeneration of seaweed beds.

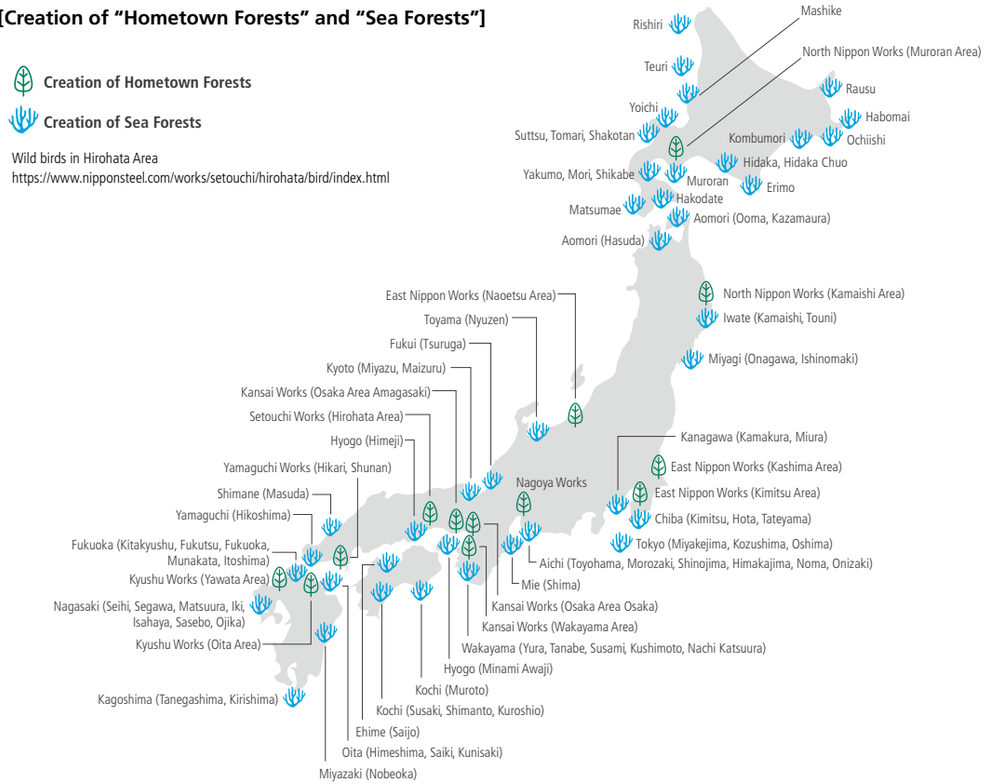
Humic acid iron is the combination of iron ions and humic acid in the soil of a local natural forest. We have developed the technology to artificially generate humic acid iron by using steel slag and humic substance originating from waste wood. The Vivary™ Unit has received a safety certificate from the Safety Check and Certification System of the National Federation of Fisheries Cooperative Associations for our steel slag products.

In Mashike Town, Hokkaido, starting from an experiment in 2004, we have developed a large-scale project (for a 300-meter-long coastal area) since 2014, confirming the expansion of seaweed beds and increase in the sea urchin population. This project is also expected to restore the once-atrophied seabed and steadily raise biodiversity.



Mashike Town, Hokkaido

[Creation of "Hometown Forests" and "Sea Forests"]



[Some animal inhabitants of the Hometown Forests]

Muroran	Ezo deer, Ezo red fox, Ezo squirrel, eagle, buzzard, magpie
Kamaishi	Moon bear, Japanese serow, deer, hare, black-tailed gull
Naoetsu	Japanese dace, carp
Kashima	Pheasant, shrike, duck
Kimitsu	Bulbul, pheasant, little tern, swallow, egret
Nagoya	Raccoon, pheasant, bulbul, shrike, swallow, great tit
Osaka	Weasel, starling, bulbul

Wakayama	Raccoon, marten, bulbul, tiger keelbuck
Sakai	Duck
Amagasaki	Heron, bulbul, lizard, killifish, white-tailed skimmer
Hirohata	Buzzard, shrike, oriental turtle dove, bulbul, starling, bunting
Yawata	Weasel, pheasant, gray heron, Japanese cormorant
Kokura	Gull, Japanese wagtail, graphium sarpedon
Oita	Whooper swan, kingfisher, killifish, mayfly, firefly
Hikari	51 species of birds including black-tailed gull and herring gull



Gray heron



Buzzard



Japanese dace



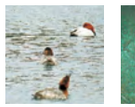
Bulbul



White-tailed skimmer



Little tern



Duck



Raccoon

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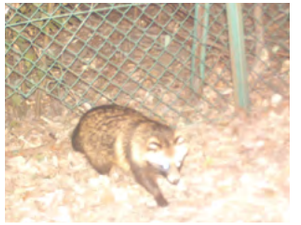
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Participation in community projects

— Participation in ecological preservation activities in the community

Since 2012, the Nagoya Works of Nippon Steel has participated in the Inochi-wo-Tsunagu (Life Sustaining) Project, which has been organized by a local students' planning committee, 12 partner companies, the Eco-Asset Consortium and the Japan Ecologist Association of Support (NPO). This project seeks to develop an ecosystem network that connects green spaces of company sites. To thereby increase the potential of the connected areas, we engage in a variety of collaborative activities to promote biodiversity conservation. These initiatives include joint awareness-raising events and the development of animal pathways (corridors) that allow wildlife to move between habitats.





In October 2023, this project, a joint initiative involving 11 companies including the Nagoya Works of Nippon Steel, governments, students, experts, and NPOs, was certified as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment. In fiscal 2024, the past activities were recognized and this project won the Prime Minister's Award under the Green City Award program.

Contribution by use of by-products

— Iron and steel slag fertilizer

Steel slag, a by-product of steelmaking, contains nutritional matter that helps plants grow. It is therefore used as a fertilizer for rice cultivation, dry-field farming, and pasture grass. Silica contained in steel slag promotes photosynthesis by keeping stems upright and improving their light receiving orientation, while iron is effective in preventing root rot and leaf blight.

Compared with conventional lime fertilizers, iron and steel slag fertilizer releases calcium more slowly, and calcium is less prone to being lost through leaching, thereby maintaining soil pH at a high level over an extended period. It is also effective in reducing clubroot in cruciferous vegetables such as cabbage and broccoli. It also contains a wide range of plant nutrients, including phosphate, manganese, and boron. These nutrients support healthy crop growth.



COLUMN

"Hometown Forest", the Environmental Conservation Forest at Nippon Steel Kyushu Works Oita Area, certified as a Nationally Certified Sustainably Managed Natural Site.

The "Hometown Forest," an environmental conservation forest in the Oita Area of Nippon Steel's Kyushu Works, has been certified as a Nationally Certified Sustainably Managed Natural Site under the Act on Promoting Activities to Enhance Regional Biodiversity. This is the first time Nippon Steel has obtained this certification as the sole applicant.

Under Japan's 30 by 30 initiative—which aims to effectively conserve at least 30% of land and sea areas as healthy ecosystems by 2030—the Japanese government certifies areas where biodiversity is conserved through private-sector and other initiatives as "Nationally Certified Sustainably Managed Natural Sites." This is the second Nippon Steel site to receive this certification, following Nagoya Works, which was jointly certified with partner organizations in 2023.

The Hometown Forest in the Oita Area is an environmental conservation forest created in 1971, when the former Oita Works was launched. It was the world's first factory-greening initiative to adopt an ecological method advocated by the late Akira Miyawaki, Professor Emeritus at Yokohama National University, based on surveys of the area's potential natural vegetation—an approach known as the Miyawaki Method for creating Hometown Forests. Through the selection of tree species suited to the local environment, carefully designed planting densities, and mixed-species planting, the project has created a sustainable forest that, although planted, closely resembles the native ecosystem and is of considerable value from a vegetation ecology perspective. The certification recognizes both the value of the forest more than 50 years after the adoption of the Miyawaki Method and the efforts made to maintain it.

Following the certification, the Oita Area will continue its effort to conserve the Hometown Forest while also working to document and demonstrate the value of the forest, now over 50 years old, through flora and fauna monitoring and other initiatives. It will also accelerate the replanting of aging cherry-tree avenues so that the local community can continue to enjoy the landscape.

Through these initiatives, Nippon Steel will contribute to the realization of a sustainable society by enhancing biodiversity at its steelworks.



The "Hometown Forest," an Environmental Conservation Forest along the Boundary of the Steelworks Site



Inside the "Hometown Forest"

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Information disclosure according to recommendations of the Task Force on Nature-related Financial Disclosures (TNFD)

Recognizing that biodiversity conservation and restoration of nature (nature positive) are important environmental issues as well as carbon neutrality and a circular economy, we will strengthen our various measures and consider strategies to reduce nature-related risks and realize opportunities, incorporating them into our business activities.

Taskforce on Nature-related Financial Disclosures

Disclosure approach in line with the TNFD Final Recommendations

We conduct an evaluation and analysis in line with the LEAP approach recommended by the TNFD and disclose nature-related information accordingly.

[Evaluation and analysis process]

Scoping Selection of projects to be evaluated

Discovery of contact points with nature and identification of priority areas

L **Locate** Location assessment and identification of vulnerable areas
- Assess vulnerable areas
- Identify high-risk areas

E **Evaluate** Evaluation of dependencies and impacts relationship at sector-level
- Evaluation of the dependencies and impacts relationship between business activities and nature
- Determine critical dependencies and impacts relationship

Identify and analyze risks and opportunities

A **Assess** Assessment of critical risks and opportunities
- Analyze risks and opportunities
- Analyze critical risks and opportunities
- Consider management approach

Set up strategies, targets, and KPIs

P **Prepare** Strategy development and management by metrics and targets
- Plan strategies based on analysis results
- Consider target setting and progress management
- Review disclosure content

[TNFD disclosure recommendations]

1 Governance
Governance of nature-related dependencies and impacts, and risks and opportunities

2 Management of risks and impacts
A process used to identify, assess, prioritize, and monitor nature-related dependencies and impacts, and risks and opportunities

3 Strategies
Impacts of nature-related dependencies and impacts, and risks and opportunities on business models, strategies, and financial planning

4 Metrics and Targets
Metrics and targets used to assess and manage critical nature-related dependencies and impacts, and risks and opportunities

1 Governance

In the Company, issues related to nature-related dependencies and impacts, as well as risks and opportunities, are reported and discussed at the Corporate Policy Committee and the Board of Directors, together with other environmental policy issues such as climate change countermeasures and the creation of a circular economy and are supervised by the Board of Directors.

2 Management of risks and impacts

Concerning dependencies and impacts on nature, as well as our risks and opportunities, we have assessed our direct operation (steelworks) of the core steelmaking business and the mining of iron ore and coking coal in the upstream supply chain, according to the LEAP (Locate, Evaluate, Assess, and Prepare) approach advocated by TNFD. The processes for managing these nature-related risks and impacts are integrated into the company-wide risk management process as described in 1 Governance.

See the process of identifying, assessing, and prioritizing risks and opportunities (assessment and analysis using the LEAP approach)
https://www.nipponsteel.com/en/sustainability/env/biodiversity/pdf/tnfdassess.pdf

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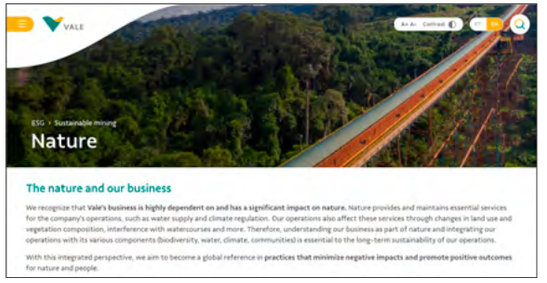
Coexistence with the Communities

3 Strategies

Using the ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) and other tools, we assessed the dependencies and impacts relationship of our direct steel operations (steelworks) and upstream supply chains (major raw material suppliers), and assessed and analyzed the nature-related risks and opportunities linked to critical dependencies and impacts from the perspective of their impact on our business models, strategies and financial plans. The resulting items identified as critical risks and opportunities and our strategies to reduce risks or realize opportunities related to them are shown below.

Taskforce on Nature-related Financial Disclosures

[Risk analysis results]

Detail	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	● Increased costs for additional wastewater treatment. ● Suspension of the production process if the existing processing facility cannot handle it ● Possibility of penalties or fines due to exceeding the baseline	[Target] No serious violations of environmental laws and regulations and no environmental accidents ● Consider water pollution caused by wastewater and leaks as a risk that can occur at all steelmaking 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. <Hardware measures> Automatic wastewater monitoring equipment, wastewater shut-off gates, emergency water tanks, etc. <Software measures> Inspection and repair, drafting of work standards, operation confirmation, and training of procedures (See P.92 for details of measures for the water environment) ● 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.
Indirect operation (Upstream supply chain) Mining activities of iron ore and coking coal	Utilization of the 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	● Deterioration of corporate image and a decrease in product sales due to procurement of raw materials from the supplier in trouble ● Decrease in product production due to limited procurement of raw materials in case of a suspension of a supplier's business activities	● 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 ● 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 **Examples of activities of suppliers of raw material (Vale)** <Terrestrial ecosystems> ● Enhanced measures to eliminate dangerous tailing dams by 2025 <Water Resources> ● Target to achieve 27% reduction in freshwater use by 2030 (2017 baseline), prioritizing regions with the highest water stress ● 84% use of recycled water (FY2025 result)  Vale ESG portal/Sustainable mining/Nature
	Utilization of the terrestrial ecosystem (Impact)	Utilization of water resources (Impact)	Transition (Market)	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: ● Decline in the supplier's brand value ● Supplier's withdrawal from the business due to their deteriorating financing		
			Transition (Reputation)	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: ● Decline in the supplier's business continuity in the target regions due to criticism from local residents and environmental organizations ● Decline in the reputation of the supplier due to news and other information		

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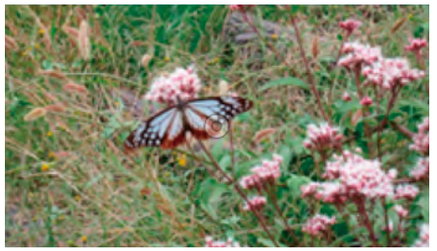
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[Opportunity analysis result]

Detail	Critical dependencies/ impact	Type of opportunity	Factors and events	Impact on Nippon Steel	Nippon Steel's strategy
Various nature-related activities operated directly by the Nippon Steel Group	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	● Increase in production by expanding the lineup of Eco Products and strengthening the steelmaking system, and increase in earnings from environmentally friendly products	**Natural restoration and expansion of supply of a variety of nature-positive and eco-friendly products** ● Improvement of marine environment and regeneration of seaweed beds using steel slag as raw material (marine fertilizer: Vivary™ Unit) ● High ductility steel plates for hulls that reduce the risk of environmental damage such as oil spills by improving marine safety  Application example of high ductility steel plates to VLCC ● Development and provision of steel materials that do not contain substances causing environmental burden such as lead and hexavalent chromium
			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	● Improved corporate image and increase in product sales by effectively disseminating activities related to the preservation of nature and biodiversity	**Enhanced PR for the above products (sales activities, academic conferences, events, commercials, etc.)** ● Presentation on the Creation of Sea Forests at COP28 ● Award from an external organization (Expansion of the use of wood biomass made from local thinned wood) ● Release of "UMIMORI Project – Ise-Shima," featuring activities in the Ise-Shima region (2025)  https://youtu.be/bXAmRPz04TQ
		Transition (Reputation)	Increasing attention from stakeholders, including local residents, regarding the conservation of nature and biodiversity	● 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	● Establishment of management standards based on ecological methods, under our Basic Environmental Policy, to promote the creation of Hometown Forests ● Contribute to the restoration of ecosystem services (fishery harvest) through the Creation of Sea Forests ● Promotion of environmental activities such as dialogue and participation in local activities by steelworks, and participation in 30 by 30 activities  Parantica sita identified in our green areas

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4 Metrics and Targets

We manage critical dependencies and impacts, and risks and opportunities, based on the TNFD Core Global Indicators. Concerning water resources and water pollution risks that are assessed as having a critical impact on direct operations, we are implementing initiatives with the targets of "no serious violations of environmental laws and regulations and no environmental accidents" and "high-level stability of the water circulation rate," reflecting the risk analysis results in 3 Strategy.

Taskforce on Nature-related Financial Disclosures

[Indicator: TNFD Core Global Indicators for Critical Dependencies and Impacts]

No.	Driver of nature change	Indicator	Nippon Steel's disclosure (Direct operation: Steelworks)
C2.1	Pollution/pollution removal	Wastewater discharged	Volume of water discharged by destination (m^3) Data Book P.24
C3.0	Resource use/replenishment	Water withdrawal and consumption from areas of water scarcity	No manufacturing base located in areas of water scarcity Data Book P.24 Volume of water withdrawal and consumption by source (m^3)

[Indicator: TNFD Core Global Indicators for Risks and Opportunities]

No.	Category	Metric	Nippon Steel's disclosure (Direct operation: Steelworks)
C7.2	Risks	Description and value of significant fines/penalties received and litigation action in the year due to the negative nature-related impacts	None
C7.3	Opportunities	Amount of capital expenditure, financing or investment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant	1.4 billion yen (costs for beautification and greening of steelworks) P.90

[Goals and Performance: Objectives and performance to manage critical dependency/impact items, and risks and opportunities]

Detail	Indicator	Target	Progress management method	Results for FY2024
Water pollution	Serious violations of environmental laws and regulations and environmental accidents	Zero	Development of communication and reporting systems, internal audits, and interviews	Zero
Water Resources	Water circulation rate	Stable rates at high levels	Internal audits and hearings	The water re-use rate: Approx. 90% P.106

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Safety

Guided by the philosophy that safety and health are our most important values, taking precedence over all else and providing the foundation for business development, the Nippon Steel Group conducts all its activities in strict adherence to Nippon Steel's Manufacturing Values, including the principle of giving the highest priority to safety, the environment, and disaster prevention, while continuously enhancing its Occupational Safety and Health Management System (OSHMS) and creating workplaces where everyone can work safely and with peace of mind. The Basic Policy on Safety and Health is applied to Nippon Steel as well as to contractors.

Reducing injury risks to minimum, and group-wide sharing of effective measures

Nippon Steel promotes risk assessments by evaluating safety risks both during the planning of new projects and periodically for existing projects, thereby striving to prevent accidents before they occur and to mitigate risks.

In 2025, Nippon Steel recorded 4 lost-time injuries, involving its employees*1 and 11 involving contractor employees, including fatalities, 1 for Nippon Steel and 1 for contractors, while its overall lost-time injury frequency rate was 0.08, compared with the domestic steel industry average of 1.02.

Our safety initiatives include making equipment inherently safer, primarily through automation and remote operation that eliminate the need for workers to perform high-risk tasks, and implementing measures to reduce human error through operational optimization support and other means. Additionally, we actively implement safety measures through IT- and AI-enabled operational support, including safety surveillance cameras, helmet-mounted cameras, and GPS-based tracking of worker locations.We also conduct an analysis of actual accidents for the prevention of similar accidents and make known effective examples of accident-preventive measures.

We will continue to strive for a safe work environment with the safety wellness targets for 2026, which are zero fatalities/severe accidents and less than 0.10 as the comprehensive lost time injury frequency rate.

Lost time injury frequency rate in 2025

0.08	Target	0.10 or less

*1 Employees for the company: all people employed by Nippon Steel (including seconded employees as well as temporary and part-time workers), and those dispatched to Nippon Steel.

[Lost time injury frequency rate in 2025]

Nippon Steel	0.08
All domestic industries*2	2.01
Domestic manufacturing industries*2	1.33
Domestic steel industries*2	1.02
Domestic steel industries (JISF members)*2	0.38
World steel industries (WSA members)*3	0.64

*2 JISF "Safety Management Overview, 2025"
*3 WSA "Safety and health 2025 metrics report"

$$\text{Lost time injury frequency rate} = \frac{\text{Number of lost-time work accidents}}{\text{Total number of hours worked by all employees}} \times 1{,}000{,}000$$

Click here for details Data Book P.31

Acquisition of third-party certification

All Nippon Steel's steelworks acquired ISO (JIS Q) 45001 Health and Safety certification (published in March 2018) as of March 2024.

Acquisition of ISO (JIS Q) 45001 certification	
FY2019	Kansai Works Wakayama Area
FY2020	Amagasaki Area and Osaka Area of Kansai Works; Nagoya Works; Kyushu Works Oita Area; East Nippon Works Kashima Area
FY2021	Naoetsu Area and Kimitsu Area of East Nippon Works, North Nippon Works Muroran Area, Setouchi Works Hirohata Area
FY2022	North Nippon Works Kamaishi Area, Kyushu Works Yawata Area
FY2023	Setouchi Works Hanshin Area

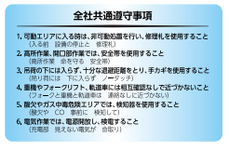


ISO (JIS Q) 45001 Health and Safety certification (Setouchi Works Hanshin Area)

Safety initiatives

Six Fundamental Safety Rules for Company-Wide Compliance

Nippon Steel has established the Six Fundamental Safety Rules for Company-Wide Compliance as our most important guidelines for ensuring safe operations. These are designed to avoid risks that, based on past industrial accidents, could lead to serious consequences in the event of an incident. We have prepared a guidebook presenting work practices that violate safety rules as well as actual accident cases, thereby deepening understanding of the Rules among Nippon Steel and contractor employees, reinforcing awareness of the need to follow safe work standards, strengthening supervisory guidance, and promoting work management founded on compliance with established standards.





Ensuring safety through pre-work TBMs (toolbox meetings)

To ensure safe operations, it is essential to establish clear working procedures and assign roles to workers before commencing any task. While operation standards are defined for routine work, these standards are often not in place for infrequent or unexpected non-routine work. Before starting any non-routine work, a TBM is conducted in advance; however, implementation methods vary. To enhance work safety, we have developed the TBM Guidebook, which highlights key points for conducting TBMs and provides practical examples of both TBM and KY (Kiken Yochi – hazard prediction).



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Safety training

We are committed to enhancing training programs aimed at preventing accidents. These include safety and health training for newly appointed managers at manufacturing worksites (mandatory for all eligible personnel; 112 managers in FY2025) and hazard experience training, which enables workers to simulate workplace risks utilizing VR-based equipment. In addition, we conduct annual safety and health training for safety and health personnel from our Group companies and major contractors(67 participants in FY2025). These programs are designed to improve knowledge about our safety and health initiatives, the procedures for implementing safety and health management methods such as internal audits, examples of AI applications, and the relevant occupational safety and health laws and regulations.



Line manager training



Hazard experience training

COLUMN

Hazard prediction training using e-learning

To eradicate workplace accidents, it is essential not only to enhance organizational safety management standards, but also for each worker to maintain a strong awareness of potential hazards and continuously improve their behavior. To strengthen hazard recognition skills, we provide ongoing hazard prediction training via e-learning to all Nippon Steel employees and cooperative company workers engaged in manufacturing operations. This training can also be conducted via smartphones, enabling participation anytime and anywhere.

"You are using a shovel to clear concrete debris while working alongside a coworker operating a mini excavator. What potential hazards exist, and what preventive measures should be taken?"



Safety and Health Management Structure, etc.
https://www.nipponsteel.com/en/sustainability/safety/

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Disaster Prevention

To put into practice, in the area of disaster prevention, our Corporate Philosophy of continuing to emphasize the importance of integrity and reliability in our actions, we give disaster prevention the same highest priority as safety and the environment and strive to prevent disaster-related accidents that could compromise the trust of local communities, society, and our customers. We aim to achieve zero serious disaster incidents by promoting equipment-based disaster prevention measures, taking preventive action against foreseeable risks, and ensuring a swift and appropriate initial actions in the event of a disaster. Furthermore, through continuous enhancement of both equipment-based countermeasures and training for natural disaster preparedness across the entire Group in response to natural disasters that have been increasing in frequency and scale in recent years, we aim to ensure safe, secure, and stable production activities.

Disaster risk reduction activities

Our disaster prevention initiatives focus on:
1) Ensuring compliance with disaster prevention laws and regulations, and conducting risk assessment activities to prevent accidents.
2) Thoroughly implementing measures to prevent the recurrence of incidents and strengthening appropriate initial on-site responses to mitigate damage when an incident occurs.
3) Regularly monitoring the execution of disaster prevention management activities.

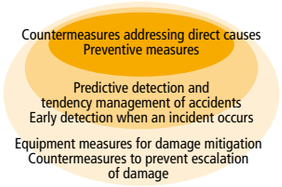
Through these efforts, we remain committed to establishing autonomous disaster prevention activities, driven primarily by the manufacturing sites at each steelworks.

Serious disaster-related accidents*1 (2025)

1	Target	0

*1 Fatalities or accidents that caused impacts on production monthly

[Our approach to equipment measures for disaster prevention (three-tiered defense approach)]



Actual number of serious disaster-related accidents available here
Data Book P.32

[Specific initiatives]

1 Compliance with disaster prevention laws and regulations
- Development of frameworks based on disaster prevention laws and regulations, and execution of appropriate fire protection measures
- Inspection and maintenance of equipment for disaster prevention to ensure effectiveness in the event of an emergency

2 Disaster prevention risk assessment (Measures to mitigate existing risks and preventive actions against potential risks)
- Identification and assessment of risks, management of residual risks, and formulation of permanent countermeasures at manufacturing sites, in line with company-wide guidelines, through risk assessment as a preventive approach

3 Recurrence prevention measures
- Equipment measures based on the three-tiered defense approach (recurrence prevention, predictive detection of precursors and tendency management, and mitigation measures in the event of occurrence)
- Preserving awareness of past incidents and accidents (panel presentations in training facilities, and sessions for employees to learn about past accidents during training and others)

4 Enhancement of initial response
- Verification of initial response procedures through practical training simulating disasters (Systematic implementation of practical training at each workplace across all plants: training simulating nighttime and holiday scenarios, training simulating work at heights, joint training including Group companies and others)
- Enhancement of firefighting skills of in-house fire defense function in cooperation with fire departments (Joint training with fire departments, leader education programs and others)

5 Preparedness measures for earthquakes and tsunami and measures for natural disaster mitigation
- Promoting earthquake preparedness measures comprising: (1) prevention of casualties; (2) prevention of secondary damage, including tsunami countermeasures and seismic reinforcement; and (3) measures to maintain production under business continuity plans (BCPs)
- Preparation of emergency measures and evacuation procedures, as well as training drills, to mitigate damage in the event of natural disasters.

(Example) Review of assumptions for the Nankai Trough Earthquake
Comprehensive inspection of initial response to tsunami warnings and advisories (July 2025)

6 Auditing disaster prevention
- Monitoring plants by the disaster prevention department at each steelworks to verify the maintenance and management of disaster prevention measures at manufacturing sites
- Check-up on the implementation status of disaster prevention management of all steelworks by the disaster prevention department at the head office.

7 Third-party monitoring toward enhancing safety competency in steelworks
- Assessment of steelworks by an NPO, Japan Industrial Safety Competency Center*2

8 Disaster prevention management for group companies
- Holding regular information-sharing meetings to strengthen collaboration in disaster prevention management. Conducting individual audits of group companies exposed to disaster-related risks

*2 Nonprofit Organization: Japan Industrial Safety Competency Center

Efforts to prevent the occurrence of accidents and damage mitigation measures



Compliance with disaster prevention laws and regulations (spot inspection by the Fire Department)



Disaster prevention risk assessment (patrols conducted by managers)



Strengthening initial response (fire hydrant water-discharge drill)

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Quality Management System is one of the most important aspects in obtaining the trust and satisfaction of customers in the provision of products and services. The Nippon Steel Group has clearly established the principle that quality, together with safety, the environment, and disaster prevention, takes precedence over production, and all our group employees involved in manufacturing and services are responsible for quality control and quality assurance to continuously improve quality.

The basic policy of quality assurance of the Nippon Steel Group

As a basic policy in line with the Japan Iron and Steel Federation's guidelines, aimed at strengthening the quality management system, we are promoting 1) the enhancement of education on quality compliance (compliance with laws and regulations), 2) activities to reduce quality risks, and 3) the extraction of quality risks through quality audit in our Group. Quality assurance issues are shared by the Quality assurance Committee, chaired by the Executive Vice President in charge of quality management. By having the Committee review actions to take to resolve the issues, we strive to maintain and improve our quality management system.

Activities aimed at strengthening the quality managementsystem

Nippon Steel's quality management system is based on autonomous quality assurance activities by each steelwork, business unit, and group company including overseas ones. The Quality Management Division, in cooperation with the steelworks and business units, promotes quality compliance education, behavioral risk reduction activities, and the extraction and correction of quality risks through quality audits. Information on quality-related incidents is promptly shared across the Group and at appropriate times measures are launched to resolve issues through standardization, systemization, and automatization. These measures are then implemented to enhance the identification management of actual products and to improve reliability of testing and inspection.

[Specific activities]

1. Education on quality compliance

Employees of the Company and the domestic and overseas Group companies receive quality compliance education. It covers such topics as the importance of compliance with laws and regulations, the impact that our products and work have on society, quality risk management, and internal rules and standards. In addition, we conduct group discussions with the participation of all employees, using quality non-compliance cases that occurred in and out of the Company in the past as learning material. We also conduct quality-related e-learning programs and on-site quality lectures to foster a strong awareness of quality compliance.

Number of e-learning participants in FY2025: **73,912**

[Quality assuranceeducation and Quality lectures]

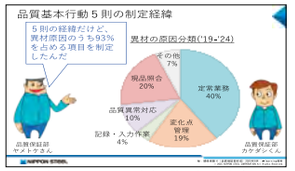


Overseas quality lecture (Cilegon, Indonesia)

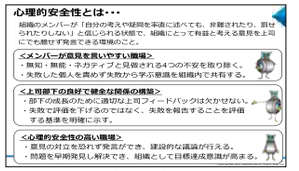


Group discussion workshop (Jakarta, Indonesia)

[Quality e-Learning] *Developed and distributed in five languages for overseas Group companies



Promoting awareness of the Five Basic Rules of Quality Behavior



Importance of psychological safety

2. Behavioral risk reduction activities

Based on the analysis of the causes of past quality issues, we have established the Five Basic Rules of Quality Behavior, which all employees involved in quality assurance are expected to follow. We are actively working to internalize these rules across the organization and improve operational quality through such measures as displaying the rules in workplaces and reciting them together before work begins. To improve the reliability of testing and inspection, we also introduce the systems, including quality design systems, automated data retrieval, identification management systems, and finished product quality judgement systems, in each process from order to shipment, thereby eliminating risks caused by human intervention. At the same time, by firmly embedding the principle that "quality takes precedence over production" at manufacturing sites, we will continue to intensify our quality assurance activities, including by strengthening management to ensure psychological safety for frontline workers.

[Five Basic Rules of Quality Behavior]

1. Routine Operations (Compliance Requirements)
   Confirm work procedures and perform tasks strictly in accordance with the procedure manual. Do not rely on verbal instructions.
   "Wait! Check the procedure before starting work!"
2. Change Management (Compliance Requirements)
   Review procedures for any changes, such as new tasks, modified processes, or infrequent operations.
   "Stay alert—first time, modified, or infrequent tasks require extra care."
3. Test and Data Entry (Compliance Requirements)
   Conduct tests and inspections properly and maintain accurate records. Do not advance processes using dummy entries.
   "Record results accurately—no corrections should be needed later."
4. Response to Quality Abnormalities (Compliance Requirements)
   Immediately stop work upon detecting any quality abnormality, then consult and report without delay.
   "If you find an abnormality or deviation, stop and report immediately."
5. Product Verification (Compliance Requirements)
   Verify each product individually, one by one. Do not check in bulk.
   "Verification must be one-by-one, with absolute certainty."

3. Quality audits

The Quality Management Div.conducts periodic quality audits throughout the Company and Group companies to enhance customer confidence and trust. In addition to the audits carried out directly by the Quality Management Div. of the Head Office, we are also working to establish a reinforced system of autonomous audits performed by certified auditors assigned to each steelworks. Furthermore, we are working to raise the credibility of our quality management system by earnestly addressing guidance from external audits such as ISO9001 and JIS certifications to improve the quality of our products.

Quality audit results for FY2025

Steelworks and areas: **33** audits Group company sites: **58** audits



Quality Audit (Line Operations Coordination Dept.)



Quality Audit (Coil Yard)

4. Quality management system and Standardization activities

Quality management system

All steelworks of Nippon Steel are ISO9001 certified. By implementing the quality management system, we ensure that the processes used to provide products and services to customers are appropriately managed. We are working to clarify each steelworks' quality policy and pursue continuous quality improvement activities.

By promoting the widespread adoption and establishment of the "Guidelines for Strengthening Quality ManagementSystems" set by The Japan Iron and Steel Federation (JISF), we are striving to elevate quality assurance levels across the entire Nippon Steel Group.

Standardization activities

With regard to Japanese and international steel standards (JIS, ISO, and ASTM), we promote the revision of standards, the standardization of steel products through public-private cooperation by participating in the standardization activities led by the Japan Iron and Steel Federation, thereby contributing to standardization and standards-development activities for steel products.

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Production and Supply Chain Management

To realize the production and supply of steel products required for a sustainable society, Nippon Steel is undertaking various initiatives and digital transformation (DX) for stable procurement, stable production, and shipping in all aspects of the supply chain, from the procurement of raw materials, fuel, equipment, and materials to shipment to customers.

Sustainable procurement efforts

Under the development of the global economy, strategic procurement activities are needed to consistently secure and sustain competitive manufacturing capabilities.

At the same time, it is becoming increasingly important for not merely our Company but also our entire supply chain to fulfill social responsibilities to realize a sustainable society. Against this background, we procure raw materials, fuel, equipment, and materials essential for steel production, aiming to support the development of both our customers and the economy, and to realize a more prosperous society through the stable supply of competitive steel products.

In terms of procurement of raw materials and fuel, we are sourcing from suppliers worldwide, including Australia, North America, South America, and South Africa, for a stable supply of more than 100 million tons of raw materials for the steelworks. The main materials supplied are iron ore and coal. In the procurement of equipment and materials, we purchase around one million product items — from gigantic facilities such as blast furnaces to office supplies — from thousands of suppliers. Through active dialogue with our suppliers, we build trustful relations with them while pursuing stable procurement strategies that anticipate future changes in social structures.

In addition, we conduct the Partner Awards and Partner Questionnaire annually to further strengthen collaboration with our suppliers.

In July 2020, we issued a Declaration of Partnership Building to establish partnership relations with suppliers and other business partners and foster cooperative, coexisting relationships.

In addition, under the Nippon Steel Group Human Rights Policy adopted on April 1, 2024, we continue to conduct procurement activities to high ethical standards while giving maximum consideration to the respect for human rights.

Declaration of Partnership Building
https://www.nipponsteel.com/news/20200731_100.html

Nippon Steel Group Human Rights Policy
https://www.nipponsteel.com/common/secure/en/topics/pdf/20240401.pdf



Partner awards ceremony

[Basic policy on equipment and materials procurement]

1. Compliance with laws
2. Equal opportunities
3. Partnership building
4. Fair disclosure of information and expedited transaction procedures
5. Adequate consideration to resource protection and environmental preservation
6. Confidentiality

Consideration for reducing environmental impact in procurement activities

Based on the Life Cycle Assessment concept, Nippon Steel is taking initiatives in reducing environmental impact at various points along the supply chain. In response to rising demand for tighter management of chemical substances, we created management standards for 20 hazardous chemical substances, including cadmium, in collaboration with customers and suppliers. We then established a system to manage substances of environmental concern contained in purchased products, including packaging materials, and in our products.

Based on the fair procurement policy set out in relevant laws and regulations, as well as the Charter of Corporate Behavior by Nippon Keidanren, we established this policy in our internal rules to ensure we give due consideration to resource conservation and environmental protection as part of our basic purchasing policy. Moreover, to promote green purchasing, we joined the Green Purchasing Network (GPN) in 1996, when it was founded.

Hazardous Substance Management in Quality Assurance
https://www.nipponsteel.com/en/csr/customer/support.html

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Efforts to stabilize production

We are focusing on stabilizing production, including blast furnace and coke oven operations, which have a particularly significant impact. Recently, the pig iron production rate has remained low, and we are focusing our efforts on refining our operational plans under these circumstances. In such efforts to stabilize production, we also frequently use DX-based solutions.

For example, in the case of identifying abnormalities in machinery and equipment and preventing problems, regular inspections by manpower had been performed in the past, but now with the installation of a large number of wireless vibration sensors, it is possible to monitor them 24 hours a day, and thereby quickly identify and respond to abnormalities. Furthermore, by centrally managing the collected data and analyzing it with AI and machine learning, we can now obtain even higher value-added information.

Because it is very difficult to see inside a blast furnace, skilled operators have sometimes relied on intuition and experience. Today, sensors inside the blast furnace measure temperature, pressure, gas distribution, and other conditions every second, and the system reproduces the furnace conditions with three-dimensional images to stabilize blast furnace operations and improve production efficiency. Through this type of simulation, we are developing automatic control that predicts future operating conditions and optimizes operations.

In addition, to deliver products that meet customer requirements on time, our head office unit, responsible for overall sales and operations management, coordinates corporate-wide product manufacturing plans daily and tracks sales and production status. The process control units in each steelworks receive the plan and manage the progress of every product while keeping in mind each manufacturing base's productivity. These units work for optimal processing from manufacturing to shipment and deliver products as scheduled.

Integrated efficiency improvements of domestic logistics

As challenges such as the "2024 logistics issue" and the growing workforce shortage in domestic logistics become increasingly evident, the Nippon Steel Group has established a new division within Nippon Steel Logistics to consistently manage and supervise operations. This division is tasked with further improving efficiency by consolidating functions such as integrated logistics control and digital transformation (DX) planning.

Specifically, at the Logistics Control Center, we use the latest domestic logistics control systems to consolidate the information needed to allocate and control domestic coastal vessels, such as their location data, the progress rate of quay cargo handling at the steelworks, and inventory status at transfer points. We then perform real-time monitoring and operations to consolidate information. In addition, we are advancing company-wide management and supervision of truck transportation information, thereby improving efficiency across our integrated logistics network that includes domestic coastal vessels, transfer points, and transportation by truck—our primary transportation means.

[Function overview of the Logistics Control Center]



Productivity improvement in domestic logistics

The Nippon Steel Group has commenced operations of Soumei, a roll-on/roll-off vessel* (RO-RO vessel) dedicated to steel products (hereinafter referred to as "the Vessel"), on the Kitakyushu–Sakai route.

The Vessel adopted a roll-on/roll-off cargo-handling method, reducing labor requirements at quaysides while integrating new technologies into existing port infrastructure. As a result, both loading capacity and cargo-handling efficiency have been improved by about 30%. In addition, various systems and equipment have been introduced to better accommodate seafarers' working conditions, thereby contributing to alleviating the workforce shortage in domestic logistics.

The Vessel was adopted by the Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry, together with the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, as the Demonstration Project for Energy-Saving Small RoRo Ships Equipped with High-Efficiency Cargo Handling Systems in the Innovative Operation Efficiency Improvement and Non-fossil Energy Conversion Promotion Project for Coastal Ships.

* Roll-on/roll-off vessels allow trailers to drive on and off the ship to load and unload cargo, enabling crane-free operations at quaysides and reducing labor requirements for cargo handling.



[Improved efficiency]
- Adoption of roll trailers (with a load capacity of 60 tons/trailer) that enable the transportation of heavy cargo.
- A two-tier cargo structure was introduced, equipped with a large elevator (210 tons per lift).



A roll trailer exiting the rampway



A large elevator
(capable of lifting three roll trailers at a time)

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Human Capital

Nippon Steel regards our human resources as the source of sustainable value creation and positions investment in human capital as a core driver of corporate growth, thereby advancing human capital management across the company.

Human capital management policy

The corporate philosophy of the Nippon Steel Group states, "We pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services." As our management philosophy also states, "We develop and empower our employees to build an energetic group," we have been working on human resources development for many years as a key management foundation.

In light of these notions, we believe that continually investing in our employees, maximizing each employee's potential, enhancing their individual expertise, and encouraging autonomous growth and challenges will lead to improved productivity and competitiveness across the entire Group, create economic and social value, and ultimately enhance sustainable corporate value.

Toward realizing the management philosophy outlined above, we aim to restore our positions as the world's number one steelmaker. In the 2030 Medium- to Long-term Management Plan, which began in FY2026, we will strive to further strengthen our revenue base in domestic businesses and steadily execute our global growth strategies in overseas businesses, despite assuming a more challenging business environment in the coming years.

Furthermore, in light of changes in the social environment, such as the decline in the domestic labor force and increased labor mobility, integrating our business and human resources strategies is essential to ensure the successful implementation of the business plan.

To make this happen, as part of our human resources initiatives, we will first improve productivity by promoting business innovation and efficiency enhancement, automation and mechanization, and optimum workforce allocation. We will then promote initiatives to develop global talent, promote workforce diversity, and support the autonomous growth of individual employees. Through these initiatives, we aim to enhance our talent competitiveness to support the Group's sustainable growth by strengthening each employee's capabilities and maximizing organizational performance.





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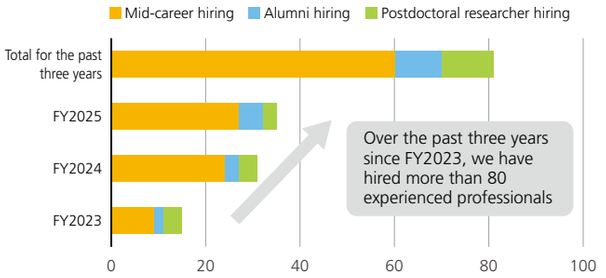
Efforts to secure human resources

In recent years, our business environment has been undergoing significant changes due to intensifying hiring competition associated with population decline, a diversification of individuals' career perspectives, and labor market mobilization. Under these circumstances, securing human resources and further empowering our employees are of the utmost importance for implementing our management strategies.

Nippon Steel is further strengthening the stable recruitment of new graduates that has been implemented so far by expanding internship programs, introducing new workshops, and increasing opportunities for plant tours and other events. We are also actively hiring postdoctoral researchers with PhD-level expertise, as well as experienced hires, including alumni hiring. Furthermore, we have been diversifying our recruitment methods since FY2024, including a new employee referral bonus. Besides, we are implementing PR measures, such as commercial messages and advertising, to raise awareness of Nippon Steel among not only student job applicants but also a wide range of age groups. In addition to these efforts, we have raised starting salaries each year since FY2024. We have also implemented salary adjustments for incumbent employees that exceed the current inflation rate for the third consecutive year.

By maintaining industry-leading compensation standards, we aim to secure human resources, promote employee empowerment, and further improve employee retention, which is one of our highest management priorities.

[Changes in the number of experienced hires]



Human Resources Development

Basic policy for human resources development

A goal of HR development is to create employees who can understand and implement our corporate philosophy and our employee action guidelines. With this in mind, each employee is expected to take the initiative in developing their own capabilities while actively engaging in the development of their subordinates.

The Nippon Steel Group's basic approach to HR development is for supervisors to mentor their subordinates, through daily dialogue on the job, transferring understanding and knowledge of criteria for judgment and of operational skills. In order for this mindset to be shared by all employees, the following Basic Policy for Human Resource Development has been adopted.

[Basic policy for human resources development]

1. HR development is the job itself, and supervisors play an important role in HR development
2. Each individual strives for continual personal improvement for further growth
3. Supervisors clearly share objectives and outcomes of HR development with their subordinates
4. OJT training is a basis of HR development and is complemented by off-the-job training (OFF-JT)

In accordance with the organizational strategy based on the corporate philosophy and management strategy, the Nippon Steel Group has established an HR Development PDCA to implement and entrench HR development effectively. A development plan is formulated for each person to conduct OJT and aligned with the supervisor-subordinate dialogue through an assignment commitment sheet. In FY2025, we revised the assignment commitment sheet and introduced one-on-one meetings between supervisors and subordinates to further enhance the effectiveness of dialogue. By improving both the quality and frequency of these interactions, we help employees proactively and autonomously develop and maximize their capabilities. Through these mechanisms, we are systematically fostering human resources capable of executing the strategies of each organization.

	Unit	FY2023	FY2024	FY2025
Number of education and training hours results	Hours/person-year [10,000hours/year]	35 [99]	33 [94]	30* [97]

* Influenced by the restructuring of domestic group companies

Developing global human resources

Nippon Steel is striving to expand revenue from overseas businesses by transferring the technology and know-how we have developed domestically to our overseas bases through proactive capital investment in priority regions. To steadily drive such a global growth strategy, we prioritize allocating human resources to growth areas and actively assign and deploy them in overseas businesses. We are also developing global talent through temporary overseas assignments. As part of these efforts, we have dispatched approximately 100 engineers and other employees to U. S. Steel in the United States to transfer our cutting-edge technology and know-how and develop human resources simultaneously.

Furthermore, to support these efforts, we are enhancing international education and pre- and post-overseas assignment education, including language training. We are also strengthening our foundation for global talent development by expanding overseas assignments. Approximately 400 employees are currently under overseas assignments, but we aim to increase the number further in the future. We are promoting the development of future core human resources by actively sending employees in their 20s abroad to encourage them to gain global experience early on.

DX human resources development

Nippon Steel aims to strengthen each employee's capabilities and maximize organizational performance by implementing productivity-enhancing measures, including business innovation and efficiency enhancement. As part of this effort, we are working on DX human resources development through both Data Science Education and Digital Management Education.

P.65 "DX human resources development"

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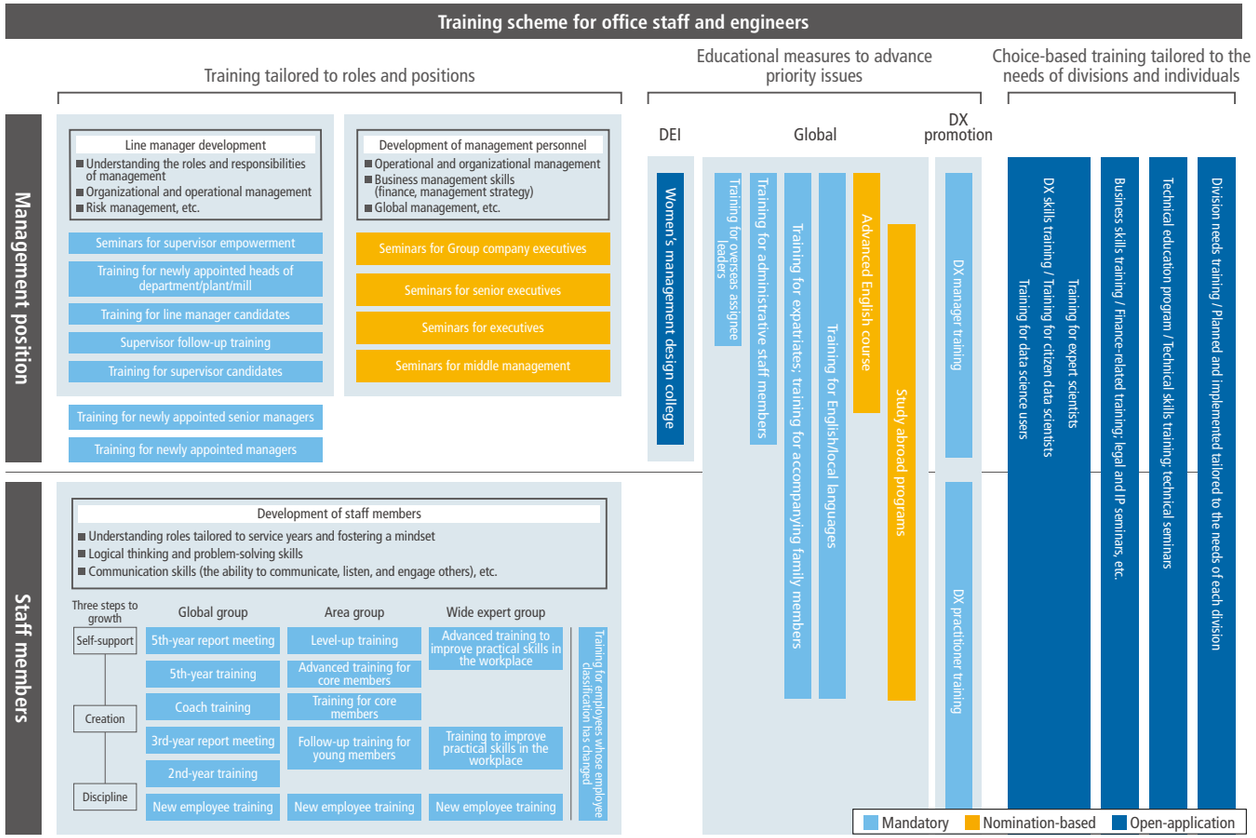
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Discipline: In the first few years after joining the company, thoroughly learn the basics of each specialized field. At the same time, learn professional manners and the basic skill sets required in the workplace in a real-world setting.

Creation: Consistently complete some tasks from start to finish, thereby developing professional competence. At the same time, firmly establish core expertise in respective fields.

Self-support: Gain experience in taking the initiative to carry out tasks and develop the ability to lead and unite a team. At the same time, it is important to support the development of subordinates and junior colleagues. Eventually become independent through these experiences.

Growth support

We are strengthening initiatives to enhance employees' engagement by promoting internal dialogue and communication, as well as by creating opportunities for challenge and development, such as overseas assignments for mid-career and junior employees. In addition, we are expanding our on-demand learning offerings, enabling employees to learn independently and supporting each individual's desire for growth.

As part of our allocation and development initiatives, we launched internal recruitment and entrepreneurship programs in the second half of FY2023.

Through the internal recruitment program, we support employees' career development while revitalizing the organization by facilitating the transfer of individuals with fresh perspectives and diverse skills. The internal entrepreneurship program aims not only to develop human resources through entrepreneurial experience but also to foster a culture that encourages employees to take on new challenges beyond existing frameworks.

Personnel development of operators and maintenance staff

Based on the premise of long-term employment from day one until retirement, operators and maintenance staff continuously accumulate their technical expertise and skills in steel manufacturing and maintenance, thereby providing fundamental support for our on-site capabilities. Promoting the smooth transfer of technology and skills is essential, and a system has been built to help all employees who join the company become fully skilled. Specifically, after making the skills to be acquired clear on a skills map, supervisors and subordinates discuss and prepare/implement a detailed skill development plan. Training is conducted mainly through On-the-Job Training (OJT) for individuals, and the HR Development PDCA is updated for use by repeatedly revising and implementing the development plan based on the progress of OJT.

Off-the-job training (OFF-JT), which complements individual OJT, is used throughout the Company by organizing the minimum skills and knowledge required by each rank of employees of the Nippon Steel Group into a company-wide standard system. In this process, we work on educating workplace leaders to further increase their ability to add to and improve our knowledge base from the field ("field technology") and on measures to maintain and improve the motivation of Senior employees to continue working with health and motivation. Another area we focus on is to diversify recruitment sources (female employees and mid-career recruitment). We strive to create a workplace climate in which diverse personnel can be motivated and collaborate with each other through human rights awareness and harassment prevention.

Training scheme for operators and maintenance staff
https://www.nipponsteel.com/en/csr/human/development/operator.pdf

Personnel treatment system

Nippon Steel's personnel treatment system serves as an incentive that encourages all employees to remain dedicated to their work while maintaining their desire for growth from day one until they leave the company. Through daily conversations between supervisors and subordinates, we conduct fair evaluations of each individual's abilities and achievements in a manner consistent with our personnel development initiatives, ensuring that the evaluation results will be accurately reflected in the individual's treatment each year.



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Diversity, Equity, and Inclusion (DEI)

Nippon Steel is committed to creating a company where diverse employees can thrive with pride and a sense of fulfillment through our proactive DEI efforts.

Basic policy

With our basic DEI policy aimed at creating a company where diverse employees can thrive productively, maximize their potential, and do so with pride and a sense of fulfillment, we are implementing various initiatives to advance this policy as one of our key management priorities.

Our DEI-related initiatives are making steady progress while expanding and deepening. To address a broader range of challenges and needs more flexibly, we have organized these efforts into three comprehensive Base Areas, strengthening our initiatives accordingly.

Furthermore, we established the DEI Department as a dedicated team to promote these efforts, which annually reports to the Corporate Policy Committee on the progress of various initiatives, work engagement scores as a comprehensive index, and other matters.

Diverse workers and work styles

Supporting opportunities for diverse human resources to thrive

- People with disabilities
- Senior employees
- LGBTQ
- Child-rearing (men and women)
- Long-term care
- Pregnancy and childbirth

Gender equality

Closing the gender gap

- Career support
- Understanding supervisors and colleagues

Infrastructure development

Health promotion
Fostering an organizational culture and improving organizational communication (harassment prevention)
Engagement enhancement

[Status of employees (non-consolidated basis)]

	Men	Women	Total
Number of employees (March 31, 2026)	28,968	3,134	32,102
Number of new hires (April 2026)	356	79	435
Average years of service (March 31, 2026)	19.9 years	15.1 years	19.5 years
Average age (March 31, 2026)	41.7 years old	37.4 years old	41.3 years old
Turnover rate* (FY2025)	1.4%	2.3%	1.5%

* Percentage of employees resigning for personal reasons out of the total employees

Diverse workers and work styles

Reducing long working hours

To foster a workplace where diverse personnel can fully demonstrate their abilities, we are committed to reducing long working hours while managing appropriate working hours. Through these efforts, we are advancing initiatives in operational management and workstyle that lead to higher value-added outcomes with greater efficiency.

In addition, we set a goal of less than 2,000 hours as the average annual actual working hours.

Enabling flexible ways of working and taking time off

From the perspective of maximizing each individual's potential, we are improving and extending our work arrangements so that all employees with diverse attributes and circumstances can make the most of their finite time and pursue more flexible and diverse ways of working. Specifically, we have been revising our work arrangements, including using the telework program, expanding the scope of workplaces covered by the core-less flexible work system, with mandatory work hours eliminated, and enabling flexible working for employees who work shorter hours for childcare, nursing care, etc.

We have also been improving the environment by allowing our employees to take time off flexibly, depending on their individual circumstances and life stages.

We also enabled employees to take annual paid holidays in half-day increments. Furthermore, we are working to create an environment where employees can take time off more flexibly by designating specific dates when employees are encouraged to take paid holidays at each steelworks and office. At the head office, for example, we designate about five days of “eco annual leave,” mainly on Fridays in August, during which we suggest that meetings and other events not be scheduled.



Concerning childcare leave, we provide subject employees with a longer period of leave than legally required. They can also take paid leave by applying their accumulated, expired annual paid leave (welfare leave). Moreover, we are implementing an initiative to individually encourage all male employees whose spouses have given birth to take parental and other child-care-related leave.

In addition, to support employees in balancing work and caregiving responsibilities, we not only offer a system designed for caregiving leave and caregiving time off, but also allow welfare leave to be used for caregiving purposes.

We also allow welfare leave to be used for childcare (extended to cover children up to high school graduation), family caregiving, absences due to personal illness, volunteer work, and infertility treatment, as well as prenatal checkups or accompanying a pregnant spouse to the hospital, pregnancy-related illness, and recurrent education (reskilling). With regard to recurrent education, there is also a system of leave of absence to pursue a degree or other studies at a university or other educational institution.

Diverse workers

Regarding the employment of people with disabilities, Nippon Steel has formulated an action plan and is systematically promoting employment and fostering a supportive work environment. In 2007, we established a special subsidiary to expand employment opportunities further.

To promote the active participation of Senior employees in response to the declining labor force, the rise of the pension eligibility age, and the need to maintain and enhance our on-site capabilities, we took the lead in raising the mandatory retirement age to 65 in FY2021. As a result, we established a continual employee treatment system (salary and bonuses) under a consistent employment arrangement that extends through age 65.

Employment rate of persons with disabilities (as of June 2026)

2.83%

Furthermore, we are working to create a work environment where employees with diverse backgrounds, including LGBTQ, can feel comfortable working. In April 2026, we introduced the “Familyship” Program, which allows employees to use internal systems regardless of their sexual orientation and family structure. In addition, we allow employees to use a preferred name that aligns with their self-identified gender in the workplace.

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In the future, to accelerate efforts to maximize the effectiveness of our systems, we will encourage male employees to take longer periods of childcare leave and promote initiatives to support employees in taking leave and time off (backup workplace operations, such as multi-skilled worker training and staff replacement).

[Performance of ways of working and taking time off (FY2025)]

Average overtime hours per worker per month	25 .3 hours
Utilization of paid leave days	81.5%
Average paid leave taken	16.3 days
Childcare leave users and utilization rates	Men 952 (88%) Women 200 (100%)
Return ratio of female employees after childcare leave	99.2%
Users of the short-work hour system for childcare	305
Nursing care leave and vacation program users	34
Users of the short-work hour system for nursing care	6

Benefit programs

In order to support the various life stages of employees and enable them to achieve a good work-life balance, we are also focusing on welfare measures. We support employees' personal life with various programs: home acquisition support program, including company dormitories and housing, and a cafeteria plan (work-life support program).

Gender equality

What we have done so far

We have endeavored to establish a comfortable working environment for female employees. Specific programs include: 1) a childcare leave benefit which is more generous than legally required; 2) a program for employees who rejoin the Company after having left it because of childcare or nursing care and other reasons; 3) a leave option to assist overseas relocation of a spouse; and 4) a temporary exemption program for employees who have difficulty in relocation because of childcare or nursing care and other reasons. We have also been opening 24-hour childcare centers in steelworks and provide maternity work clothes for use by steelwork employees who are in the childbirth/childcare phase, in order to help them continue their shift work with confidence. We are also working to improve the environment including the workplace infrastructure at manufacturing sites and the work content.

Internal childcare centers (As of April 2026)	Users of internal childcare centers (As of April 2026)
7 locations	131

Based on the various programs and work environments that we have established, we have developed an action plan, which includes a numerical target for the number of women in management positions. Our aim is to support female employees to continue to demonstrate their abilities through career development, including enhancement of promotion to managerial positions.

General employer action plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace in Japan
https://www.nipponsteel.com/en/csr/human/diversity/target.pdf

	FY2024	FY2025	FY2026
Number of female employees in management positions	70	93	111

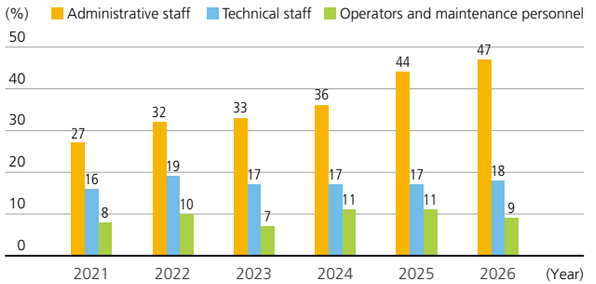
Improved hiring and retention

Aiming to further promote gender equality, Nippon Steel has been working to increase the number of women we hire. Career assessments for female employees are conducted to facilitate flexible placement and development based on the understanding of individual circumstances and to improve retention rates.

Ratios of women in overall hiring (2026)

Office staff and engineers		Operators and maintenance personnel	Total
Administrative staff	Technical staff		
47%	18%	9%	18%

[Changes in the ratios of women in overall hiring]



Support for employees' career development and work-life balance

We encourage female employees to develop and show their abilities by providing them with opportunities for career growth through efforts in anticipation of their various life events, and by actively promoting their advancement to managerial positions. As a training measure for the promotion of managers, we implement interactive online seminars for young employees with the aim of interacting with female senior employees, and career training for mid-level employees.

We are creating a workplace culture where work and home life are comfortably balanced by supporting all employees, regardless of gender, in various ways, including providing useful brochures explaining the relevant programs and guides for employees facing life events as well as for their managers. In addition, we provide training on unconscious bias and diversity management to managers and other supervisors.



Infrastructure development

Basic policy on health promotion

Under the philosophy set out in Nippon Steel's Basic Policy on Safety and Health, Nippon Steel aims to become a vibrant company in which all employees maintain both mental and physical health and perform at their best from the time of joining the company through retirement at age 65.

Nippon Steel's Basic Policy on Safety and Health Basic philosophy (excerpt)

Principles

1 Ensuring and maintaining the safety and health of employees of the Nippon Steel Group is the Group's most important and top-priority value, and the basis that supports business development.

2 Under the Management Principles of "developing and bringing out the best in our employees," the Nippon Steel Group makes continuous efforts to secure safety and health of our employees and continues to contribute to society through their safety and health.

April 1, 2019 Nippon Steel Corporation

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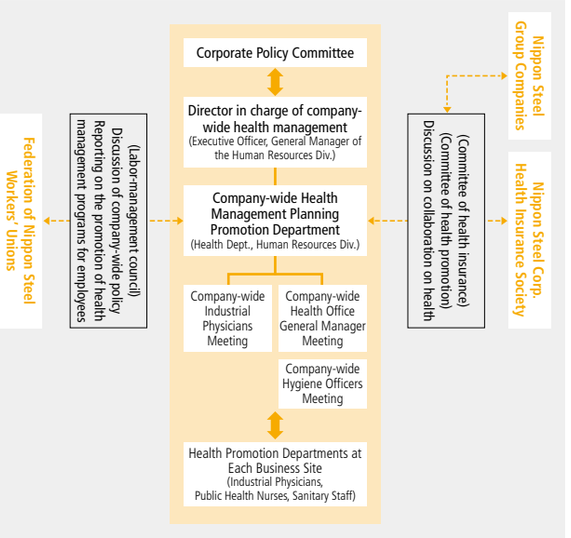
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[Organization for health promotion]



Promoting physical wellness

■ Cerebral cardiovascular disease control

We have established a unique company-wide system that enables us to assess and manage the risk of diseases based on the results of health checkups. We provide health guidance according to risk factors or control the frequency of health checkups. It is important that workers with high risk of cardiovascular disease improve their lifestyle. We are improving the implementation rate of specified health guidance aimed at improving workers' dietary and exercise habits by setting target values and promoting medical visits. We cooperate with the Health Insurance Union to achieve these goals.

Specified Health Guidance (2024)

Actual implementation rate	Target for 2025	Target implementation rate
90%		70%

■ Cancer disease control

Various cancer screening (including non-statutory exams) based on age and gender are incorporated in our health checkups.
In particular, regarding gastric and colorectal cancer, which are high risk diseases, we set the priority target (age and frequency for screening) based on medical evidence. We also set our target rate of screening attendance and encourage employees to take screening for early detection and treatment of cancer.

Actual rates of taking cancer examination (2025)

		Target for 2025	
Gastric cancer screening	80%		70%
Colorectal cancer screening	92%		90%

[Examples of our health promotion initiatives]

Classification	Details
Health challenge campaign	● A company-wide measure in which individual employees works to improve their lifestyle habits over a two-month period. Ex. Take 8,000 steps a day / Have a good breakfast
Passive smoking preventive measures and non-smoking guidance	● Since April 2020, smoking in Company buildings has been prohibited (excluding designated smoking rooms) ● Implementation of guidance on how to quit smoking at the on-site clinic or other clinics or via website For employees who wish to stop smoking, an occupational health care professional will provide individual guidance

Promoting mental wellness

Aiming for each employee in the Nippon Steel Group to enjoy a vigorous life on and off the job, we provide a consulting service for prevention and early detection in the area of mental health.

We have incorporated mental health-related matters into various in-house seminars and offer education on how to recognize their own stress and how to manage it. For managers, we also offer training on how to care for their subordinates and manage their teams, and how to coordinate with corporate health care professionals (occupational physicians, health nurses, and other staff).

Moreover, we provide stress checks through a workplace stress survey every fall. Occupational health care professionals give guidance for improvement by team and individual based on stress check results. In contributing to a vigorous work environment, managers implement necessary measures according to the issues of their team or an individual, coordinating with the personnel department and the health department.

We promote mental health by identifying employees with mental health issues through consultation results obtained at the health consulting desk and the mental health e-learning and questionnaire surveys conducted during the Mental Health Improvement Month every June. Then, occupational health care professionals swiftly respond to the findings.

[Our mental health initiatives]

Classification		Details
Prevention	(Self-care)	● Training for new and young employees to make them aware of their stress levels by offering stress checks
	(Line manager care)	● Workplace analysis of stress check to help employees become aware of their stress ● Support from supervisors or colleagues ● Training for managers
	(Care by occupational health care professionals)	● Providing mental health education program by occupational health care professionals
Early detection		● Screening to identify those in poor condition during regular health checkups ● Screening of highly stressed employees via stress checkups ● e-learning to identify those who wish to be consulted ● Establishment of a permanent internal health counseling desk
Support for employees' return to jobs and prevention of recurrence		● Support for employees' return to jobs based on the return-to-work program ● Re-designing of work assignments for a smooth return to the workplace ● Regular interviews with occupational health care professionals after return to the workplace

Prevention of harassment

We are strengthening efforts to prevent harassment in order to create a work environment where diverse human resources can fully demonstrate their abilities.

We have clarified our internal policies, created and disseminated leaflets to inform and educate all employees, and repeatedly provided harassment education during training at employees' milestones for new employees to managers. In addition to these initiatives, we have conducted a Harassment Prevention Campaign every December since FY2020. As part of the Campaign, we are conducting e-learning sessions for all employees from executives down, as well as workplace discussions focused on specific themes, such as fostering an open and communicative work environment.

We set dedicated consulting and whistle-blowing desks for employees who face harassment.

The consulting or whistle-blowing desk responds to individual cases while taking care not to disadvantage the employees for whistleblowing or cooperation. After investigating and confirming the existence of an incident, we take strict measures in accordance with employment rules and other regulations.

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Respect for Human Rights

In line with our basic policy of respecting human rights, Nippon Steel is working to create a corporate culture and workplace environment to prevent human rights violations.

Basic policy

Under the Universal Declaration of Human Rights and other international norms on human rights, the Nippon Steel Group is committed to creating and delivering rich value by respecting our employees' diverse perspectives and also utilizing their individuality through effective communication and collaboration. In accordance with the Nippon Steel Group Conduct Code, which was established based on the United Nations Guiding Principles on Business and Human Rights with our social responsibility in mind, Nippon Steel conducts business activities with a strong sense of ethics, while fully considering human rights issues associated with the increasing globalization of the economy. Respect for all human rights, including the protection of workers' rights and the elimination of forced labor and child labor, is fundamental to corporate activities. Our Group is committed to eliminating unfair discrimination based on nationality, race, religion, thought and creed, gender, age, sexual orientation, disability, or other factors. In addition, we give careful consideration to the traditions and culture, business practice, and labor practice of each country or region as we accelerate overseas business development.

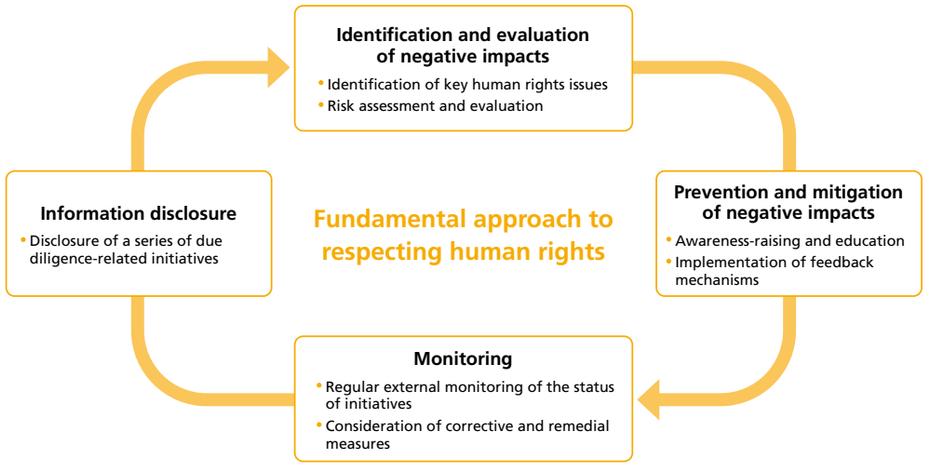


Informal gathering of employees of overseas operating companies and our employees

The Nippon Steel Group has established the Nippon Steel Group Human Rights Policy to demonstrate this corporate stance within and outside the Group. This policy has been approved by the Board of Directors of Nippon Steel Corporation.

Nippon Steel Group Human Rights Policy
https://www.nipponsteel.com/common/secure/en/topics/pdf/20240401.pdf

Efforts to prevent human rights abuses



<Response to parties inside and outside our Group>

Conduct human rights due diligence

Based on the establishment of the Human Rights Policy effective April 1, 2024, we have established a human rights due diligence system to identify negative impacts on human rights*1, prevent or mitigate them, and are working on continuous implementation and improvement. Specifically, we conducted supplier surveys*2 in questionnaire format*3 for the mining sector, covering five companies in FY2024 and 25 companies in FY2025. After analyzing and checking the response details and the information disclosed by each company, we provide feedback on the survey results to the responding suppliers and offer follow-up materials to suppliers whose issues were identified. We then engage in dialogue regarding each company's future initiatives.

In FY2026, we will conduct another follow-up questionnaire survey for suppliers that we believe require further improvement in their initiatives. Furthermore, aiming to further expand the scope of suppliers subject to human rights due diligence, we plan to conduct a screening to identify target suppliers, considering their product categories, countries of manufacture, and the portion of our total purchase amount.

*1 Risks related to forced labor, child labor, and occupational health and safety
*2 Suppliers were selected based on factors such as the portion of our total purchase amount, product category, and country of origin
*3 The questionnaire was prepared with reference to the UN Global Compact

Dialogue with stakeholders

Nippon Steel strives to promote dialogue and discussion with internal and external stakeholders regarding human rights initiatives in our business activities. In 2025, we held human rights workshops with some business partners, including overseas energy companies. During this dialogue, we exchanged views on the human rights response expected of suppliers and on our initiatives for human rights due diligence. Our initiatives were highly praised, and we shared a common understanding of the importance of addressing human rights issues through collaboration with our suppliers.

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<Response to parties inside the Nippon Steel Group>

Addressing human rights risks

To promote human rights awareness, we have assigned human rights awareness advocates at each steelworks and office to implement corporate-wide human rights awareness activities. We hold a Corporate-wide Forum of Human Rights Awareness Advocates at the end of each fiscal year to exchange views on human rights awareness education and emerging human rights risks, and to consider the corresponding action plan for the next fiscal year. Based on this, we hold a Corporate-wide Human Rights/Anti-Discrimination Promotion Forum at the beginning of the fiscal year, chaired by the Executive Officer in charge of Human Resources, with the human resources managers from each steelworks and office as members. At this forum, the fiscal year's policy for promoting human rights development is determined.

In addition to implementing human rights awareness activities in accordance with the policies decided at the forum, each steelworks and office actively engages in employee awareness-raising activities, including workshops on specific issues within the steelworks or offices. We also participate in human rights enlightenment organizations and their activities hosted by public entities and others in each community. We make concerted efforts for human rights enlightenment within the communities.

In addition, Nippon Steel is deploying our initiatives horizontally across Group companies both in Japan and overseas. We also conduct regular monitoring surveys using an internal control checklist to assess compliance with labor laws and regulations and the establishment of consulting desks.

Through these efforts, we are continuously and systematically promoting activities to prevent human rights abuses. These include understanding human rights risks that change with the times and developing a system and strategy to reduce them.

Prevention of forced or child labor

Adhering to international norms concerning forced or child labor, Nippon Steel has a policy of prevention and eradication of both types of labor. We comply with applicable regulations and conduct regular monitoring surveys of our Group companies to prevent such violations in our business activities.

Compliance concerning salaries

We comply with the laws and regulations of each country and region regarding wages, including minimum wages, overtime pay, and equal pay for equal work. In addition, we are committed to paying workers a living wage that is necessary to maintain an adequate standard of living. Regarding bonuses, we regularly review relevant matters, including the status of each country, region, and type of work; hold meetings with labor representatives; and appropriately reward employees, taking into account business conditions and performance.

Human rights awareness education

Based on the policy decided at the Corporate-wide Human Rights/Anti-Discrimination Promotion Forum, information on human rights awareness is incorporated into training courses for each rank, from new employees to experienced ones. We also provide education on a variety of subjects, including harassment and discrimination, LGBTQ understanding, and human rights issues in the conduct of our business.

Two-way communication with employees based on good labor-management relations is important to prevent human rights abuses. We therefore incorporate education to build sound labor-management relationships into the training of executives of the Company and Group companies.

In addition to comprehensive training aimed at fostering a culture and workplace environment that helps prevent these human rights abuses, we are committed to the following: 1) education for recruitment staff on fair hiring practices from the perspective of preventing employment discrimination, 2) education for cross-cultural understanding, communication, and other aspects for expatriates from the viewpoint of preventing human rights abuses in overseas operations (consideration for each country's unique traditions, culture, business practices, labor-management practices, etc.), 3) education for procurement staff on CSR procurement (such as respect for human rights of suppliers), and 4) education on the risk of human rights abuses in specific work activities.

The number of recipients of training courses by rank on human rights (FY2025 results)

5,085

Mechanism of corrective actions

We have clarified consulting desks on various compliance issues, including human rights. This is part of the effort to establish a group-wide claims-handling mechanism that makes it easy for employees and related personnel to seek consultation and enables the Company to understand and identify incidents of human rights abuse.

Specifically, we established and operate a Compliance Consultation Room to receive whistleblowing reports and consultations regarding human rights abuses, such as harassment, from employees of the Company and its Group companies, as well as their families. We also receive whistleblowing reports and consultations from various stakeholders via an inquiry form on our website. In response to these individual incidents, such as internal whistleblowing and consultations, we investigate the facts and, if necessary, seek advice from outside parties, including lawyers and professional organizations, to protect individuals' privacy and ensure they do not receive unfavorable treatment. We then provide guidance and education to those involved, striving to resolve the incidents appropriately. In the event that a target for correction or remedy is identified, we strive to take appropriate measures, and periodically check and verify the effectiveness of the measures through checklists and other means.

[Inquiry form concerning human rights]

- Consultations in Japanese
  bhr_contact@jp.nipponsteel.com
- Consultations from overseas or in English
  https://jacer-bhr.org/en/application/form.html

Labor-management relations play an important role in preventing human rights abuses and seeking a solution when an incident occurs. Therefore, in the event of a dispute regarding the interpretation or application of a labor agreement, a labor-management agreement, or any rules directly related thereto, the Company and the labor union have a mechanism to resolve the dispute by establishing a grievance committee composed of representatives from both parties in accordance with the agreement on the grievance procedure concluded with the labor union.

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Coexistence with Communities

Nippon Steel has many manufacturing bases all over Japan and is engaged in business activities rooted in each local community. In accordance with our attitude of maintaining harmony with local communities and society, we are promoting a wide range of activities, including the promotion of environmental preservation, support in education, sports, and music culture, and holding dialogues with shareholders and investors.

Participation in activities of the "Mori wa Umi no Koibito" NPO

We are also a regular corporate member of the NPO Mori wa Umi no Koibito, established in Kesennuma City, Miyagi Prefecture, by the late Mr. Shigeatsu Hatakeyama, who received the Forest Heroes award from the United Nations in 2012.

The NPO's activities are based on a scientific mechanism according to which the ecological linkage of forests, villages, and the sea nurtures the blessings of the sea forest. In other words, forestation leads to an increase in iron-humic acid that flows down rivers, and which in turn improves ecosystems around river mouths and enriches ecosystem services, including the growth of oysters and scallops.

Since 2012, we have participated in the NPO's tree planting activity at Murone Mountain in Iwate Prefecture. In 2026, employees of Nippon Steel participated in the 38th round of tree planting activity.



Tree planting activity

Acceptance of teachers

We participate in the "Private Sector Training Program for Teachers" organized by the Japan Institute for Social and Economic Affairs, and every year we invite teachers from elementary and junior high schools in various regions to visit our production line, introduce our efforts in human resource development and environmental activities, and provide safety education using VR.

In fiscal 2025, we welcomed 81 teachers at 6 manufacturing sites.



Training at East Nippon Works Kimitsu Area

On-site classes

Our staff at each steelworks go to nearby elementary schools to provide on-site classes.

At the Kyushu Works (Oita Area), science experiment classes were provided to a total of 392 students across five neighboring elementary schools in FY2025.



On-site class operations at the Kyushu Works Oita Area

Social interaction at festivals

Each steelworks holds a steelworks festival jointly with the local community. Factory tours and many other events are held, and many people, including steelworks employees and their families, and local residents have a wonderful time every year.

We also actively participate in communities' festivals.



Tokai Autumn Festival (Nagoya Works)



Muroran Nerikomi Festival (North Nippon Works, Muroran Area)

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Community cleanup activities

Various cleaning activities are carried out in the vicinity of each steelworks. On June 28, 2025, the Kansai Works, Wakayama Area conducted a cleanup at Isonoura Beach, a popular destination in Wakayama Prefecture, collecting litter from the beach and surrounding areas and removing washed-up debris. More than 200 employees and their family members participated in the cleanup on that day.



Wakayama coastal cleanup

Steelworks plant tours

As one of the ways to enhance dialogue with shareholders, institutional investors, and residents in local communities, we regularly hold business strategy briefing sessions and visits to steelworks in various areas.

In fiscal 2025, approximately 90,000 people visited our steelworks.



Steelworks plant tours

Sports events

The Kansai Works Osaka Area (Amagasaki) hosted the 5th Nippon Steel Victory Cup Junior High School Girls' Volleyball Festival on September 27 and 28, 2025, with approximately 550 participants from local schools. Various other sports tournaments are also held at other steelworks.



Volleyball festival held at the Kansai Works Osaka Area (Amagasaki)

Activities supporting sports as a form of social contribution

Nippon Steel manages or supports sports teams in disciplines such as judo, baseball, soccer, rugby, and volleyball, each deeply rooted in the local communities of its steelworks. These teams also contribute to their communities through various sports classes for children, coaching of junior teams, and making our athletic facilities available to local residents for games and training.



Nippon Steel Kamaishi Seawaves

Support of music culture

Nippon Steel actively supports music culture, particularly through the work of the Nippon Steel Arts Foundation. The Foundation manages the Nippon Steel Kioi Hall in Tokyo, organizes performances of its resident chamber orchestra, and promotes traditional Japanese music. We also present the annual Nippon Steel Music Awards, which were established in 1990, to young classical musicians and individuals who have contributed to the development of classical music.



Nippon Steel Kioi Hall

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Key Takeaways from This Section

Nippon Steel Group is engaged in business activities based on its Corporate Philosophy — that we will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.
Heeding that Philosophy, the Nippon Steel Group has established a corporate governance system suited to the business of the Nippon Steel Group in order to achieve sound and sustainable growth of the Nippon Steel Group and increase its corporate value over the medium- to long-term, in response to the delegation of responsibilities by and trust of all stakeholders, including its shareholders and business partners.

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Special Feature

Roundtable Discussion of Outside Directors



Supporting Nippon Steel's Challenges and Corporate Value Enhancement







How do you view the challenge to become the world's number one steelmaker?

—— A bold vision and the management's commitment to making it a reality

Hiramatsu After joining this Board of Directors, I realized that Nippon Steel is a company that takes on significant challenges and makes bold decisions. Nippon Steel is not merely outlining large figures like the "100 Million Tons, 1 Trillion Yen" target in the 2030 Medium- to Long-term Management Plan. Given the organization's size, the Company must set clear, inspiring goals so every employee can move in the same direction. In this sense, I believe this vision is highly significant. Furthermore, I find it particularly meaningful that even amid growing global uncertainty, the Company continues to take on new challenges without losing sight of the long-term perspective. Given geopolitical risks and shifts in the international competitive landscape, maintaining the status quo poses the greatest risk of all. That is precisely why I believe setting ambitious goals and clearly demonstrating a commitment to growth is so valuable.

Sawada I agree with Mr. Hiramatsu. I believe that management begins with envisioning "what we want to achieve in the future." To move closer to that vision, we must create systems, inspire people, and make investments. Through my experience managing large corporations for many years, I have found that organizations, if left alone, tend to settle into the status quo. We always hear employees say, "Since things are going well right now, there is no need to change anything." However, management has a responsibility to make decisions with the next five or ten years in mind. I have always said, "If we do not change now, we will face hardship in the future." I perceive that same forward-looking spirit in Nippon Steel's challenges. What impresses me most is that the Company is not only strengthening its existing businesses but also pursuing future growth opportunities. I believe that the goal of becoming the world's number one steelmaker is not merely about expanding in scale, but is also a question of what kind of value it will create for the next generation.

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Koezuka In my previous job in the retail industry, I repeatedly learned that for a company to keep growing, it must first have a system to generate profits. No matter how hard employees work, sustainable growth is impossible without a profit-generating system. In that sense, I have high expectations for Nippon Steel, as it aims to become "the world's number one" and is taking the necessary steps to make it happen. Furthermore, I believe one of the Company's strengths lies in its proactive approach to research and development and capital investment with an eye toward the future. Corporate value is not built overnight. It will grow by steadily building up assets such as technology, human resources, brands, and on-site capabilities. I believe that management sharing this long-term perspective is a major strength.

Sekine As an accountant, I have observed many companies, and Nippon Steel's decision-making stands out for its balance of boldness and meticulousness. The company's challenges seem huge from the outside, but it conducts astonishingly thorough analysis behind the scenes. That is precisely why outside directors need to raise questions from a different perspective. While my role involves analyzing numbers, I consider the context behind them even more important. For example, the 2030 Medium- to Long-term Management Plan does not simply set numerical targets, but carefully builds the specific measures and preconditions needed to achieve them. That is precisely why we are approaching our discussions with the question, "Are we sure we have not missed anything?"

Takeuchi I think so, too. Take GX Investment, for example: we cannot make decisions based solely on the company's technical feasibility. How will society accept that value? Will a market form where consumers are willing to pay for that value? Unless we include these perspectives in our discussions, we cannot truly enhance corporate value. In my role working on environmental and energy policy, I place great emphasis on balancing social and economic values. Nippon Steel's challenges are not merely initiatives aimed at corporate growth but are also deeply intertwined with the future of Japan's industries and society as a whole. That is precisely why I believe it is important to move forward while maintaining a balanced consideration of three perspectives: technology, business, and social acceptability.

What is the role of outside directors?

—— The Board of Directors does not exist for rubber-stamping

Sawada As an outside director, what I value most is a clear definition of my role. The executive team has its own roles to play. On the other hand, outside directors have a supervisory role. If the boundary between the two sides blurs, it can lead to negative consequences for the Company.



That said, it does not make sense to rubber-stamp whatever the executive team says. To maximize corporate value, outside directors sometimes need to support the executive side, hit the brakes, or deliver tough messages. I think that the balance is important.

Koezuka I think so, too. Because they are not employees, outside directors do not fully understand day-to-day on-site operations. For this reason, I need to digest the information provided, think it through myself, and express my opinions.

I always keep in mind whether the Company can continue to grow in the future. We are no longer in an era where growth is possible only in the Japanese market. We need M&As and global expansion depending on the situation. Outside directors should consistently assess whether any particular action will increase corporate value.

Sekine As an accountant, people tend to see me as someone who looks at numbers. But in reality, we cannot understand a company by looking at the numbers alone. The flow of money results from people's activities.

For this reason, I ask simple questions as much as possible during the Board of Directors. For example, even when discussing a given contract, I check "what will happen as a result of entering into this contract" and "how that outcome relates to other initiatives." I am sure people on the company side know the answers, but it does not make sense if I am not convinced. And I believe that bringing in these different perspectives is what makes outside directors valuable.

I also believe that the role of outside directors on the Board of Directors is not limited to assessing the executive team's decisions later. The management team engages with day-to-day businesses and makes decisions based on a wealth of information. On the other hand, because the management team has been in long, ongoing discussions, the team may have developed unauthorized assumptions or treated certain points as inter-company common knowledge. In such situations, asking questions like "Why do you think that way in the first place?" or "Isn't there another way to look at this?" can sometimes bring a new perspective to the discussion.

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I am aware that questions and answers during the Board of Directors not only deepen my understanding but also make the discussion more multifaceted.

Nippon Steel always makes decisions after thorough deliberation. For this reason, I believe the Company expects outside directors to examine matters from multiple perspectives and ask questions as needed, drawing on their expertise and experience. This cumulative effort ultimately improves decision-making quality and increases corporate value.

How did the outside directors view the acquisition of U. S. Steel?

—— What did the outside directors check, and what questions did they keep asking?

Hiramatsu I believed from the beginning that acquiring U. S. Steel was an extremely sound strategic decision. If Nippon Steel is to establish a foothold in the U.S. market, it must establish a local manufacturing system. As protectionist trends gain momentum, the mindset of "Make in America to Sell in America" will become increasingly important. In that sense, I believed the acquisition of U. S. Steel was highly significant. That said, this project requires a huge investment and bears significant political implications. Based on my experience in diplomacy, I viewed this situation through the perspectives of U.S. domestic politics, U.S.-Japan relations, and geopolitical risk.

Sekine I strongly supported the acquisition's overall direction, too. However, as an outside director, I always asked myself, "Will this ultimately lead to an increase in corporate value?" Each time the acquisition conditions changed, the market wondered, "Is Nippon Steel making concessions?" or "Will profitability deteriorate?" As an accountant, I was naturally concerned about the outlook for investment recovery and the risk of future impairment. From time to time, I checked how profitability would be affected if the preconditions changed and whether this increased burden fell within the expected range.

Takeuchi I viewed the situation from a slightly different perspective. Negotiation is a clash between our reasoning and the other party's reasoning. Even if it makes sense from our perspective, the other party's perception is a different matter. I was wondering about "How does the other party see us?" At the Board of Directors, I asked questions like, "How do we appear from the other party's perspective?" and "Why are they reacting that way?" Because this project was closely tied to U.S. domestic politics, many aspects could not be explained solely by economic rationality. That was exactly why I needed to be mindful of the other party's perspective and how we appear to them.



During my involvement in this project, I was reminded once again that a large-scale M&A is not merely a transaction between companies but is built on relationships with a wide range of stakeholders, including society, local communities, and employees. Even if a decision seems reasonable from the company's perspective, the recipient may interpret it differently. Notably, because U. S. Steel symbolizes American industrial history, the U.S. side may have emotions, expectations, and anxieties that hard numbers alone cannot explain. Under these circumstances, Nippon Steel made a careful effort to understand the other party's perspective and background, which I believe helped keep the negotiations rolling.

Hiramatsu What I ultimately considered most important was whether Nippon Steel's intentions would be reflected in U. S. Steel's structure after the acquisition. Our objective was not the acquisition itself but value creation after the acquisition. How will we leverage Nippon Steel's management philosophy, technology, and manufacturing culture? This is the point I checked very carefully.

Sekine An acquisition does not end once the process is completed. The post-acquisition activities are more important. Communication with on-site staff and governance are crucial to acquiring overseas companies. In this sense, I appreciate the Company's important initiative to immediately deploy many human resources after the acquisition and move forward with post-merger integration (PMI), including the 100-Day Plan. We need to instill the head office's perspective in the American company while understanding the on-site situation. If we achieve both, it will produce significant results.

Takeuchi Through this project, I sensed a kind of obsession on Nippon Steel's part. Despite some very difficult moments during the negotiations, the management team never wavered. I had the impression that the more cornered the management team became, the more they thought about "what to do next." I was impressed by their attitude, even though they still had many challenges ahead.

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What kind of human resources does a global company need?

—— The central theme is “people”

Takeuchi As with U. S. Steel and India operations, people make a business successful. Nippon Steel boasts world-leading manufacturing capabilities. Expanding strength globally hinges on developing our human resources. While there is no universal answer for human resources development, it is important to create an environment that inspires people to take on challenges and make them feel a sense of fulfillment.

Sekine I believe that human resources are key to success, too. However, we must be careful not to let the term “global talent” take on a life of its own. What I consider important is not linguistic ability but expertise. Even if you are fluent in English, it is meaningless if you have no substance. Conversely, if you have the necessary technical skills and expertise, you can acquire the linguistic ability later. I have extensive experience with overseas audits, and I was ultimately evaluated based on my expertise. I think the same applies to Nippon Steel. It is important to determine how to develop engineers and business professionals who can compete globally.



Like U. S. Steel and India operations, Nippon Steel is entering a stage where we operate locally and create value through collaboration with local talent and customers, rather than simply exporting products. The human resources we need at this point are not those who only understand the technology, but those who can communicate that technology and the ideas behind it to others, drive the organization forward, and build relationships of trust across different cultures and values. I believe systematically developing these human resources may directly drive Nippon Steel’s future competitiveness.

Hiramatsu To put it more bluntly, we are currently short of human resources. Our human resources are insufficient quantitatively and qualitatively. If Nippon Steel is to become a company that generates half its profits from overseas operations in the future, we must increase its human resources to meet this challenging goal. As early as the hiring stage, we must recruit new employees, assuming they will play a key role on the global battlefield. I also think our human resources should gain experience abroad while they are still young. Diplomats are trained to gain on-the-field experience. They cannot learn from reading manuals. They negotiate, make mistakes, and learn on the field. Repeating this cycle eventually grows them as diplomatic experts.

From my long experience in diplomacy, I believe human resources are more likely to experience dramatic growth when they face unexpected challenges and difficulties in the field than in classrooms or training sessions. Because of this, it is important to send our employees overseas to work in the field while they are still young, so they can gain experience thinking on their own, making decisions, and taking action. Especially in growing markets like India, our employees will face a sense of urgency and a set of values very different from those in Japan.
I believe that increasing our human resources through this experience will become a major driver of the company’s global management in the future.

Another important issue is how to accept foreign talent. As Nippon Steel continues to grow and expand its operations worldwide, it cannot achieve everything by relying solely on Japanese employees.

As our overseas operations expand, it becomes increasingly important to determine how to hire, develop, and promote local talent into key management positions. I want to see human resources from all over the world actively and naturally working at our head office and plants in the future. When it becomes a reality, Nippon Steel will become a truly global enterprise.



Takeuchi I totally agree with Mr. Hiramatsu. When it comes to human resources development, we often talk about a personnel management system and the like, but nothing beats experience. Based on my experience across industries, people who have been through tough situations are the strongest. This is especially true for global operations.

Sekine Collaborating with international human resources is not merely a way to offset labor shortages. It also brings perspectives and values that Japanese people alone might not see into the organization. In that sense, globalization is the same as our human resources strategy.

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To further enhance the effectiveness of the Board of Directors

—— toward higher-quality discussions. Evolving Board of Directors

Hiramatsu To enhance the effectiveness of the Board of Directors, I want to have more opportunities for exchanging opinions. In my experience as a diplomat, new insights often arise from opinions that differ from my own. In that sense, it is important to discuss several broader themes from multiple perspectives among outside directors and the executive team. These themes include future corporate value enhancement, medium- to long-term strategies, content centered on the themes of the future, particularly what kind of growth the Company envisions beyond the "100 Million Tons, 1 Trillion Yen" milestone, and themes such as what role Nippon Steel should play as the global industrial structure changes.

Sekine I feel the same way. The Company meticulously prepares meeting materials and runs the Board of Directors professionally, clearly laying out the background and key points for each agenda item. That is why the Board of Directors can focus on substantive discussions. On the other hand, creating more opportunities for discussion earlier on themes involving broad strategic directions for the future could lead to new perspectives and options. Of course, I do not mean we should now change the way we are doing things. By broadening our discussions while building on our current strengths, I think we can further enhance the value of the Board of Directors.

Takeuchi During the Board of Directors, I am particularly impressed by the executive team's high-quality preparation. I feel that preparations are carried out with great sincerity, not only for the agenda items brought before the Board of Directors but also during the preceding consultations and information-sharing. Some time ago, I had a chance to exchange views with the person responsible for GX. The meeting date was rescheduled because the person said, "I would like to do it a little later, after refining my presentation." At that time, I did not mind if it was just a free-form discussion. In hindsight, the organization's attitude of explaining matters clearly to others and taking responsibility for those explanations is deeply rooted.

I sometimes want a more casual conversation as an outside director. On the flip side, however, the Company has a culture of high-level discussion. I regard this attention to detail and dedication as one of Nippon Steel's strengths. Because of this, it is important for us outside directors to bring different perspectives to those earnest discussions and help drive better decision-making.

Hiramatsu I earlier said we need more opportunities for broader discussions. It does not mean that the current Board of Directors is lacking something. On the contrary, thanks to professionally crafted agendas and meticulous planning and preparation, we can further increase the value we create. In fact, only a few companies review proposals as thoroughly as we do before submitting them to the Board of Directors. Building on these strengths, I hope we can further deepen our discussions about the future.

Sekine I agree with Mr. Hiramatsu. As an outside director, I feel that the management team takes the agenda items very seriously. This is why we want to offer new perspectives drawn from our diverse expertise and experience, rather than simply weighing the pros and cons. I believe the Board of Directors does not aim for a completed form but for a place that continues to evolve, like a company.

Takeuchi An outside director's role is not to criticize management but to bring diverse perspectives to the table in pursuit of the shared goal of enhancing corporate value. If discussions generate new ideas and options and lead to higher-quality management decisions, that is precisely why outside directors exist. Nippon Steel is currently in the process of a major challenge to become the world's number one steelmaker. To help Nippon Steel achieve the goal, we, as members of the Board of Directors, will continue to hold more productive discussions.



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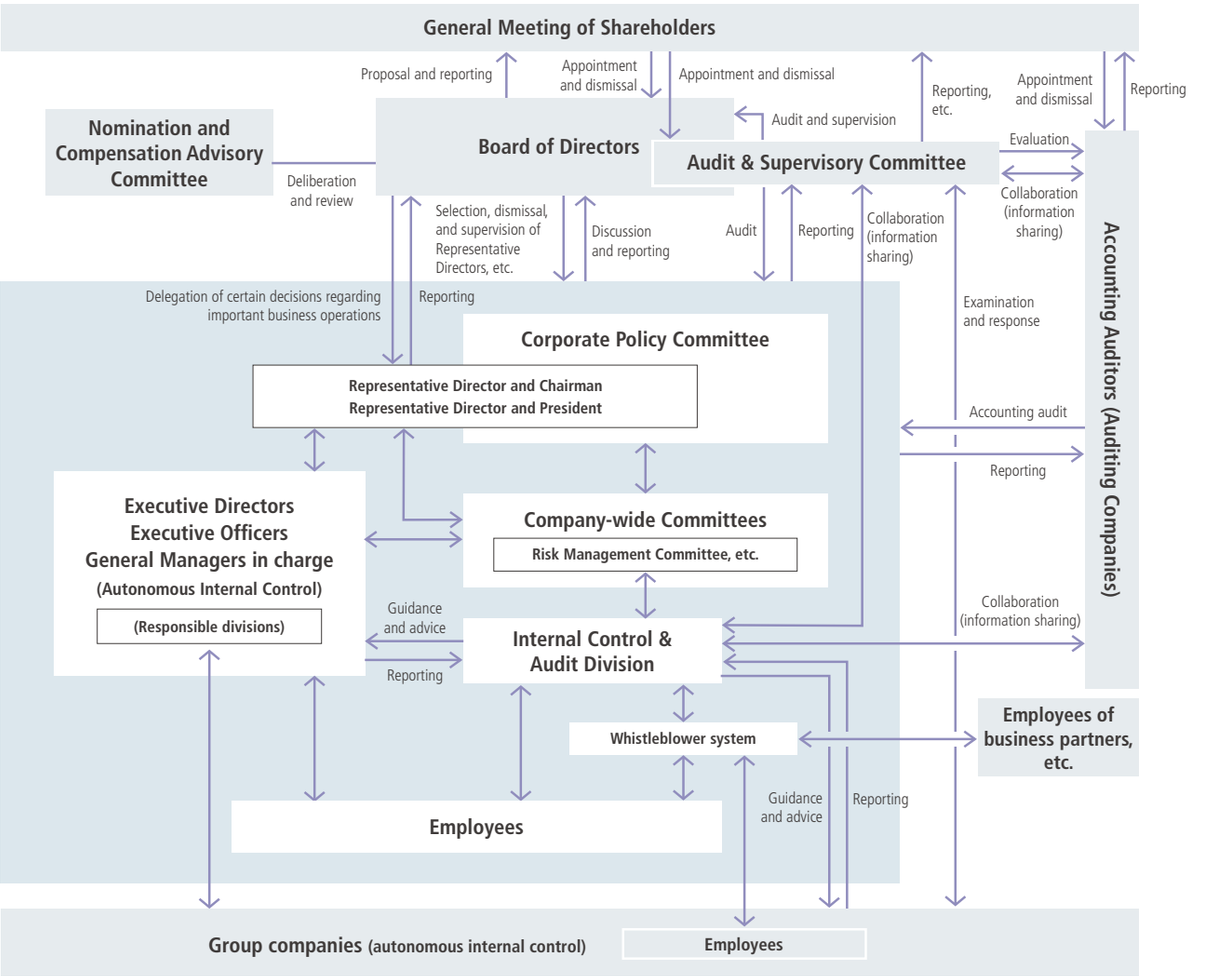
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Basic views of corporate governance

Nippon Steel adopts a Company with Audit & Supervisory Committee structure to enhance deliberations on formulating corporate policies and strategies by expediting management-related decision-making, prioritizing deliberation matters at the Board of Directors, and strengthening the supervisory function of the Board of Directors over management.



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Corporate governance structure

Board of Directors

The Board of Directors is comprised of 15 members, of whom ten are Directors (excluding those who are members of the Audit & Supervisory Committee) and five Directors who are members of the Audit & Supervisory Committee. The Representative Director and President chairs the Board of Directors. Independent Outside Directors account for one-third of the members of the Board of Directors (five, including three women). By all Directors appropriately fulfilling their respective roles and responsibilities, prompt decision-making is achieved corresponding to changes in the management environment, and multifaceted deliberations and objective and transparent decision-making are secured. In addition, Directors who are members of the Audit & Supervisory Committee hold voting rights for the resolution on the appointment and dismissal of Directors, the selection and dismissal of Representative Directors, and all other business execution-related decisions (except for those delegated to Directors). Furthermore, the Audit & Supervisory Committee has the authority to give its opinions at the General Meeting of Shareholders concerning the appointment and compensation of Directors (excluding Directors who are members of the Audit & Supervisory Committee). The voting rights and authority of the Audit & Supervisory Committee described above are intended to strengthen the supervisory function of the Board of Directors over management.

Furthermore, the Board of Directors delegates part of the decisions regarding the execution of important operations (excluding matters listed in each item of Article 399-13, paragraph (5) of the Companies Act) to the Representative Director and Chairman and Representative Director and President, thereby expediting management decision-making, while enhancing discussions by the Board of Directors relating to matters, such as the formulation of management policies and strategies, important business strategic issues, safety, environment issues, disaster prevention, and quality assurance.

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is positioned as a place where we broadly deliberate on and consider all matters related to the nomination and compensation of our Directors, such as the composition of the entire Board of Directors and the Audit & Supervisory Committee, and the schemes and levels of compensation for Directors. The Committee is comprised of five members: Eiji Hashimoto, Representative Director and Chairman, Tadashi Imai, Representative Director and President, and Jun Sawada, Miharu Koezuka, and Kenji Hiramatsu, who are Outside Directors. This committee is chaired by the President and held twice a year as a general rule (scheduled for May and December in FY2026).

Corporate Policy Committee

The Corporate Policy Committee is comprised of the Representative Director and Chairman, the Representative Director and President, the Representative Directors and Executive Vice Presidents, and other members to deliberate on essential matters related to the management of Nippon Steel and its Group companies. The execution of important matters concerning the management of Nippon Steel and the Nippon Steel Group is determined at the Board of Directors after deliberations in the Corporate Policy Committee. For reference, Nippon Steel incorporates an executive officer system to enhance management efficiency through expedited decision-making and to clarify the division of responsibilities.

Company-wide Committees

As deliberative bodies preceding the Corporate Policy Committee and the Board of Directors, we have established company-wide committees by purpose and field, which are chaired by respective Executive Vice Presidents. (As of April 1, 2026, we have a total of 18 company-wide committees, including the Ordinary Budget Committee, Equipment Budget Committee, Investment Review Committee, Risk Management Committee, Green Transformation Promotion Committee, and Overseas Business Strategy Committee.)

Initiatives implemented to date to enhance corporate governance

June 2006	• Reduction of the number of directors outlined in the Articles of Incorporation from 48 to 15* (* The number was increased to 20 when Nippon Steel & Sumitomo Metal was established in 2012) • Introduction of an executive officer system • Introduction of limited liability contracts with external auditors
June 2014	• Appointment of outside directors (two) • Introduction of limited liability contracts with outside directors
June 2015	• Introduction of limited liability contracts with full-time auditors
October 2015	• Establishment of the Nomination and Compensation Advisory Committee
June 2018	• The number of outside directors was increased to three (including a female director)
June 2020	• Transition to a company with an audit and supervisory committee

[Number of meetings held in FY2025]

Board of Directors	Audit & Supervisory Committee	Nomination and Compensation Advisory Committee
18 times	16 times	2 times

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Audit & Supervisory Committee

The Audit & Supervisory Committee acts with the obligation of contributing to the establishment of a high-quality corporate governance system that enables sound and sustainable growth of Nippon Steel and its Group companies, by supervising the performance of responsibilities by Directors and acting as part of the Company's oversight function, as an independent organ fulfilling its roles and responsibilities that are recently expected, in response to the delegation of responsibilities by the shareholders, and social trust. Full-time members of the Audit & Supervisory Committee and Outside Directors, who are members of the Audit & Supervisory Committee and possess extensive experience and profound insight in their respective specialized fields, are systematically implementing audit activities while maintaining close coordination with the Internal Audit Division. The Audit & Supervisory Committee strives to enhance the effectiveness of its audit activities by reviewing the previous fiscal year's audit activities, reflecting points for improvement in the following fiscal year's audit plan for execution, and reassessing the current fiscal year's audit activities as needed.

The priority audit policies and matters for FY2026 are as follows.

[Priority audit policies and matters]

(1) Status of development and operation of internal control systems

Concerning the status of the development and operation of the internal control systems in the entire consolidated group (such as safety and health, environmental control, disaster prevention and BCP, quality control and assurance, and information security,etc.), the Committee must address diversifying and globalizing risks with limited resources, by ensuring 1) the effectiveness of "autonomous internal control" to control and improve department-specific operations under the leadership of the general manager in charge and 2) the status of initiatives by each Administration Division (the second line) and Internal Audit Division (the third line) that are responsible for planning and promoting the efforts described in the above 1).

(2) Progress status in various initiatives under the Management Plan

- Promotion of the 2030 Medium- to Long-term Management Plan
- Infrastructure and system development (securing human resources and empowerment, business innovation and efficiency enhancement, etc.)

[Main activities of Audit & Supervisory Committee]

- Attendance at important meetings
- On-site audits and tours at steelworks and other facilities
- Hearing the report from executive directors, employees, and others on the execution of their duties
- Communication and information exchange with group companies that contribute to enhancing group governance
- Hearing the report from accounting auditors
- Formation of opinions regarding the appointment and compensation of Directors (excluding those who are members of the Audit & Supervisory Committee)

Internal control systems

With the Basic Policies on Internal Control Systems resolved by the Board of Directors and the Internal Control Basic Regulations established, Nippon Steel is structured based on autonomous internal control activities by internal divisions and group companies. The Internal Control & Audit Division, in close cooperation with functional divisions responsible for risk management in their respective fields, formulates annual plans for internal control and risk management, implements control and audit schemes, regularly monitors the status of internal control across the entire Group, and strives for continuous improvement. To foster a healthy and open organization, we emphasize workplace dialogue and regularly confirm employees' awareness of compliance and internal control activities through questionnaire surveys. Furthermore, as a measure to supplement internal control, we set up and operate whistleblower and consultation desks internally and in external specialized organizations, which are accessible to officers, employees, and their families of Nippon Steel and its Group companies, as well as employees of our business partners. There were 490 whistleblower and consultation cases in FY2025 (437 in FY2024).

Risk management

We deliberate on the status of risk management initiatives at company-wide committees chaired by executive vice presidents for each purpose and field, and then report them to the Corporate Policy Committee and the Board of Directors. In addition, we deliberate on and approve the status of initiatives for overall internal controls including matters related to risk management in each field (labor safety, harassment, human rights, environment, disaster prevention, quality assurance, financial reporting, information security, etc.) at the Risk Management Committee, which is held every quarter, chaired by the Executive Vice President in charge of internal control. We also report essential matters to the Corporate Policy Committee and the Board of Directors. Nippon Steel's Board of Directors oversees the management of significant business risks through these mechanisms.

Thorough implementation of compliance

Adherence to relevant laws and regulations, and building an appropriate relationship with government and public institutions

Based on its Corporate Philosophy and Code of Conduct, Nippon Steel developed company rules and guidelines for the prevention of bribery for domestic and foreign public officials, compliance with the Anti-Monopoly Act, environmental regulations, and the protection of personal information. We also provide thorough instructions to officers and employees on compliance with laws, regulations, and other rules.

Appropriate tax payment

Nippon Steel is making appropriate tax declarations and payments in compliance with relevant laws and regulations in all countries where it operates. On the other hand, we are striving for tax burden optimization by maintaining transparent, constructive communications with local tax authorities, while eliminating tax avoidance practices.

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Policies and procedures for nominating director candidates and appointing and dismissing senior management members

Policies for nominating director candidates and appointing senior management members

For the nomination of Director candidates, and the appointment of senior management, Nippon Steel's policy is to consider not only each individual's experience, insight, and expertise, but also the size of each of the Board of Directors and the Audit & Supervisory Committee as a whole, and the balance of candidates comprising these respective boards (including the number of Outside Directors) so that Nippon Steel will establish an optimum board composition in which each individual is able to appropriately fulfill its role and responsibilities and properly respond to the management challenges of the Group's business. We believe appointing the President and other senior management members is one of the most critical roles and functions of the Board of Directors. To ensure that optimum human resources who are capable of realizing the sustainable growth of the entire Group and the mid- to long-term improvement of its corporate value are appointed to the office of President and other senior management in a timely manner, Nippon Steel provides various opportunities for Directors and Executive Officers who are to become successor candidates to improve their credentials by strategically assigning and rotating them to various positions, and by other means as well.

Procedures for nominating director candidates and appointing senior management members

Nippon Steel shall resolve the nomination of director candidates and the appointment of senior management members at the Board of Directors following deliberations at the Nomination and Compensation Advisory Committee. According to the policies described above, the Committee deliberates on and considers these matters from multiple angles, considering the size of the entire Board of Directors and the Audit & Supervisory Committee, as well as the balance of candidates who constitute these managerial functions. In addition, we shall discuss the nomination of director candidates who are members of the Audit & Supervisory Committee at the Board of Directors, after obtaining prior consent from the Audit and Supervisory Committee.

Procedures for dismissing the President and other senior management members

When any grounds for disqualification of directors as stipulated by law arise concerning the President or other senior management members, Nippon Steel shall dismiss them from their positions by a resolution of the Board of Directors. Furthermore, when the President or other senior management members are suspected of misconduct or breach of trust, and when significant impediments arise to the continuation of their duties, Nippon Steel shall be able to dismiss them from their positions by a resolution of the Board of Directors, as well as deliberations and considerations at the Nomination and Compensation Advisory Committee, as needed.

Policies on determining the amount of compensation for directors

Directors (excluding Directors who are Audit & Supervisory Committee Members)

■ Basic policies and compensation structure

The compensation for Directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors) shall consist of 1) fixed monetary compensation, 2) performance-based monetary compensation, and 3) performance-based stock compensation. The fixed monetary compensation and the performance-based monetary compensation are paid monthly. We determine the base amounts for these two types of compensation based on the director's position (the compensation amounts paid when our consolidated performance reaches a certain level), considering levels commensurate with the required capabilities and responsibilities. Regarding the performance-based monetary compensation, we shall determine the amount of compensation for each director after an adjustment within a certain range based on our consolidated performance, without exceeding the limit approved by the General Meeting of Shareholders. The performance-based stock compensation shall be based on a trust-based stock compensation plan. Based on the stock delivery regulations established by the Board of Directors, we shall award each director (excluding a director who is a member of the Audit & Supervisory Committee and an outside director) points based on his/her position and the company's consolidated performance, considering the levels commensurate with the required capabilities and responsibilities. Upon the director's retirement, in principle, we shall deliver through a trust the number of stocks equivalent to the number of points awarded (which are acquired by the trust using money we contribute). The compensation for outside directors (excluding directors who are members of the Audit & Supervisory Committee) shall be paid monthly only in the form of fixed monetary compensation. We shall determine the amount of monthly compensation for each director within the limit approved by the General Meeting of Shareholders, considering the levels commensurate with the required capabilities and responsibilities.

■ Policies on performance-based compensation

As the benchmark indicator for performance-based monetary and stock compensation for Directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors), we shall use the underlying consolidated business profit and loss, which clearly reflects the Group's operating performance. This indicator takes into account the revenue targets in the Medium- to Long-term Management Plan from the perspective of delivering an appropriate amount of compensation according to the performance for the period. (This indicator is obtained by subtracting the inventory valuation differentials from the consolidated business profit, which we understand represents our Group's real earning power.)

■ Policy on the ratio of compensation by type

Regarding the ratio of the fixed monetary compensation, performance-based monetary compensation, and performance-based stock compensation, we shall raise the ratio of performance-based compensation (i.e., performance-based monetary and stock compensation) to grant each director appropriate incentives based on his/her position and performance. For the Representative Director and Chairman and the Representative Director and President, we set the ratio of [fixed compensation (fixed monetary compensation) to performance-based compensation (performance-based monetary compensation plus performance-based stock compensation)] at around 5/7 for the base amount (the amount to be paid when achieving an underlying consolidated business profit of ¥600 billion). We shall change this ratio within the range of 3/7 to 10/0, depending on the company's performance. In addition, we set the performance-based stock compensation for these two at around 40% of the performance-based monetary compensation.

■ Method for determining individual compensation

Regarding the specific amounts and details of the fixed monetary compensation, performance-based monetary compensation, and performance-based stock compensation for each director (excluding a director who is a member of the Audit & Supervisory Committee),

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Nippon Steel shall resolve them at the Board of Directors following deliberations at the Nomination and Compensation Advisory Committee, where the majority of participants are outside directors.

Directors who are members of the Audit & Supervisory Committee

The compensation for directors who are members of the Audit & Supervisory Committee shall be paid monthly only in the form of fixed monetary compensation. We shall determine the monthly compensation for these directors within the limit approved by the General Meeting of Shareholders, taking into account the details of duties and other factors based on their position and whether they are full-time or part-time.

Methods for compensation policy decisions

We determine the policies for Directors (excluding directors who are members of the Audit & Supervisory Committee) at the Board of Directors following consideration at the Nomination and Compensation Advisory Committee. On the other hand, we determine the policies for Directors who are members of the Audit & Supervisory Committee through consultations among directors who are members of the Audit & Supervisory Committee. The Committee is engaging in a broad discussion on these policies based on survey results by external organizations on compensation levels for directors of other companies, including the appropriateness of our compensation systems and levels for directors.

[Total amounts of compensation for directors in FY2025]

(Compensation and others from April 2025 to June 2025)

Officer classification	Number of recipients (persons)	Total amount (yen)	Total amount by compensation type (yen)		
			Fixed compensation	Performance-based compensation	Non-monetary compensation, etc.
Directors (excluding Directors who are members of the Audit & Supervisory Committee)	10	571,320,000	238,710,000	332,610,000	—
Outside directors among these directors	2	9,960,000	9,960,000	—	—
Directors who are members of the Audit & Supervisory Committee	5	52,410,000	52,410,000	—	—
Outside directors among these directors	3	14,940,000	14,940,000	—	—
Total	15	623,730,000	291,120,000	332,610,000	—

The above number of recipients includes one (1) Director (excluding Directors who are Audit & Supervisory Committee Members) who retired at the conclusion of the 101st General Meeting of Shareholders held on June 24, 2025.

(Compensation and others from July 2025 to March 2026)

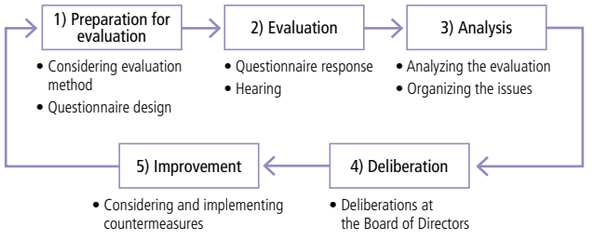
Officer classification	Number of recipients (persons)	Total amount (yen)	Total amount by compensation type (yen)		
			Fixed monetary compensation	Performance-based monetary compensation	Performance-based stock compensation
Directors (excluding Directors who are members of the Audit & Supervisory Committee)	10	1,803,333,222	738,630,000	826,830,000	237,873,222
Outside directors among these directors	2	29,880,000	29,880,000	—	—
Directors who are members of the Audit & Supervisory Committee	5	157,230,000	157,230,000	—	—
Outside directors among these directors	3	44,820,000	44,820,000	—	—
Total	15	1,960,563,222	895,860,000	826,830,000	237,873,222

Analysis and evaluation of the effectiveness of the entire Board of Directors

Nippon Steel is analyzing, evaluating, and improving the effectiveness of the Board of Directors to enhance its effectiveness as follows.

1. Evaluation process

We are evaluating the effectiveness of the Board of Directors through the following process: 1) preparation for evaluation, 2) evaluation, 3) analysis, 4) deliberation, and 5) improvement. Regarding 2) evaluation, we quantitatively analyze the number of matters, deliberation time, and each director's attendance rate, as well as the number of comments brought up and reported to the Board of Directors, for comparison with those in the previous fiscal years. We are also conducting questionnaire surveys and interviews with each director to understand his/her specific challenges.



2. Effectiveness evaluation in FY2025

Nippon Steel evaluated the effectiveness of the Board for FY2025 (at the Board of Directors meeting held in May 2026). After receiving an appropriate explanation in advance regarding each agenda item submitted and reported to the Board pursuant to the Companies Act and the internal regulations, both Internal and Outside Directors engaged in questions & answers and deliberations from diverse perspectives and with a focus on enhancing medium- to long-term corporate value. Therefore, Nippon Steel concluded that our Board of Directors is comprehensively effective.

We will also strive to further enhance the effectiveness based on each director's opinions from the FY2025 effectiveness evaluation. To streamline Board of Directors operations and prioritize deliberations, we will continue broader information sharing and exchange of opinions using other platforms outside the Board of Directors.

[Major deliberations at the Board of Directors in FY2025]

- Formulation of management policies and strategies
- Essential matters related to business strategies
- Status of Group companies (financial soundness evaluation, etc.)
- Verification of strategic shareholdings
- Status of initiatives for safety, environment, disaster prevention, and quality
- Status of initiatives toward carbon neutrality
- Status of initiatives for diversity and inclusion
- Measures for securing talented human resources and promoting empowerment
- Appointment of representative directors, nomination of director candidates, and appointment of senior management members
- Analysis and evaluation of the effectiveness of the Board of Directors
- Status of development and operation of internal control systems
- Opinion feedback from shareholders and investors

Training policy for Directors

Nippon Steel, via relevant officers, explains its corporate philosophy and the Group business lineups, among others, to each Outside Director individually once they assume their positions. In addition, after the assumption, Nippon Steel proactively provides opportunities for them to visit steelworks, research laboratories, and to have dialogue with the Chairman, the President, and the Vice Presidents. Nippon Steel also explains anew to even ex-Nippon Steel Executive Directors and Directors who are Audit & Supervisory Committee members, their responsibilities under important applicable laws and regulations, such as the Companies Act, and the operational systems they are to follow when assuming their responsibilities. Moreover, Nippon Steel provides opportunities for Directors to attend exchanges of opinions with outside experts and executives of other companies, as well as lectures and seminars.

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Board of Directors

Strategic shareholdings

Policy on strategic shareholdings

From the standpoints of sustainable growth and corporate value enhancement in the medium to long term, Nippon Steel believes it is extremely important to maintain and develop the trust and collaborative relationships with its broad range of business and alliance partners both in Japan and overseas that it has cultivated through its business activities in the past. We shall continue strategic shareholdings if they are judged to contribute to maintaining and strengthening the business foundation between us and our business and alliance partners whose shares we have, enhancing the earning power of both parties, and eventually, corporate value enhancement of Nippon Steel and its Group companies. On the other hand, we intend to sell the shares of business partner companies with which we have confirmed that the above objectives can be achieved without strategic shareholdings after thorough discussions with them.

Verification of the appropriateness of strategic shareholdings

Nippon Steel confirms the appropriateness of all strategic shareholdings by scrutinizing whether the purpose is appropriate and whether the associated benefits and risks are commensurate with the cost of capital. In this process, we annually verify the appropriateness of strategic shareholdings whose market values exceed a certain amount with the Board of Directors. The total market value of the strategic shareholdings verified at the Board of Directors accounted for around 80% of the total market value of those held by Nippon Steel on a consolidated basis (as of March 31, 2026). The number of stock brands of the strategic shareholdings held by Nippon Steel on a non-consolidated basis was 495 as of October 1, 2012, when Nippon Steel & Sumitomo Metal was established. However, the number decreased to 250 as of March 31, 2026 (the total value on the balance sheet was ¥300.4 billion).

P.77 “Changes in Holdings”

Basic policy on the exercise of voting rights for strategic shareholdings

Nippon Steel exercises its voting rights for strategic shareholdings by comprehensively evaluating whether the related agenda item of the General Meeting of Shareholders of a company whose shares we hold contributes to the corporate value enhancement of Nippon Steel and the company. Specifically, Nippon Steel shall exercise its voting rights by formulating its voting rights exercise criteria that stipulate judgment guidelines depending on the types of agenda items, such as the appropriation of surplus funds and the appointment of directors and auditors, as well as comparing these criteria with the above-described results of verifying the appropriateness of strategic shareholdings.

Policy for dialogues with shareholders and investors

With a view to achieving sustainable growth and improving its corporate value in the medium to long term, Nippon Steel is taking various measures to promote constructive dialogues with shareholders. Concerning overall dialogue with shareholders and investors, our internal divisions, including the Corporate Communications Division and the Accounting & Finance Division, are working together to enhance related initiatives. Specifically, we strive to proactively provide information to shareholders and respond sincerely to their questions and comments at the General Meeting of Shareholders. We also hold plant tours in various locations. In addition, we engage in dialogue with institutional investors through opportunities such as briefing sessions on our management strategies, business details, accomplishments, and approaches to sustainability issues. We also communicate with relevant specialists, depending on the nature of the topic. Furthermore, we have strengthened our initiatives for individual shareholders in recent years. Senior management, including the President, attends these dialogues as necessary. Our senior management members and internal divisions share the opinions of shareholders and investors obtained through these initiatives, as needed. We also regularly report and provide feedback on the results to the Board of Directors.



Plant tour

Our Approach to Group Management

Corporate Governance

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Corporate Governance

▶ Our Approach to Group Management

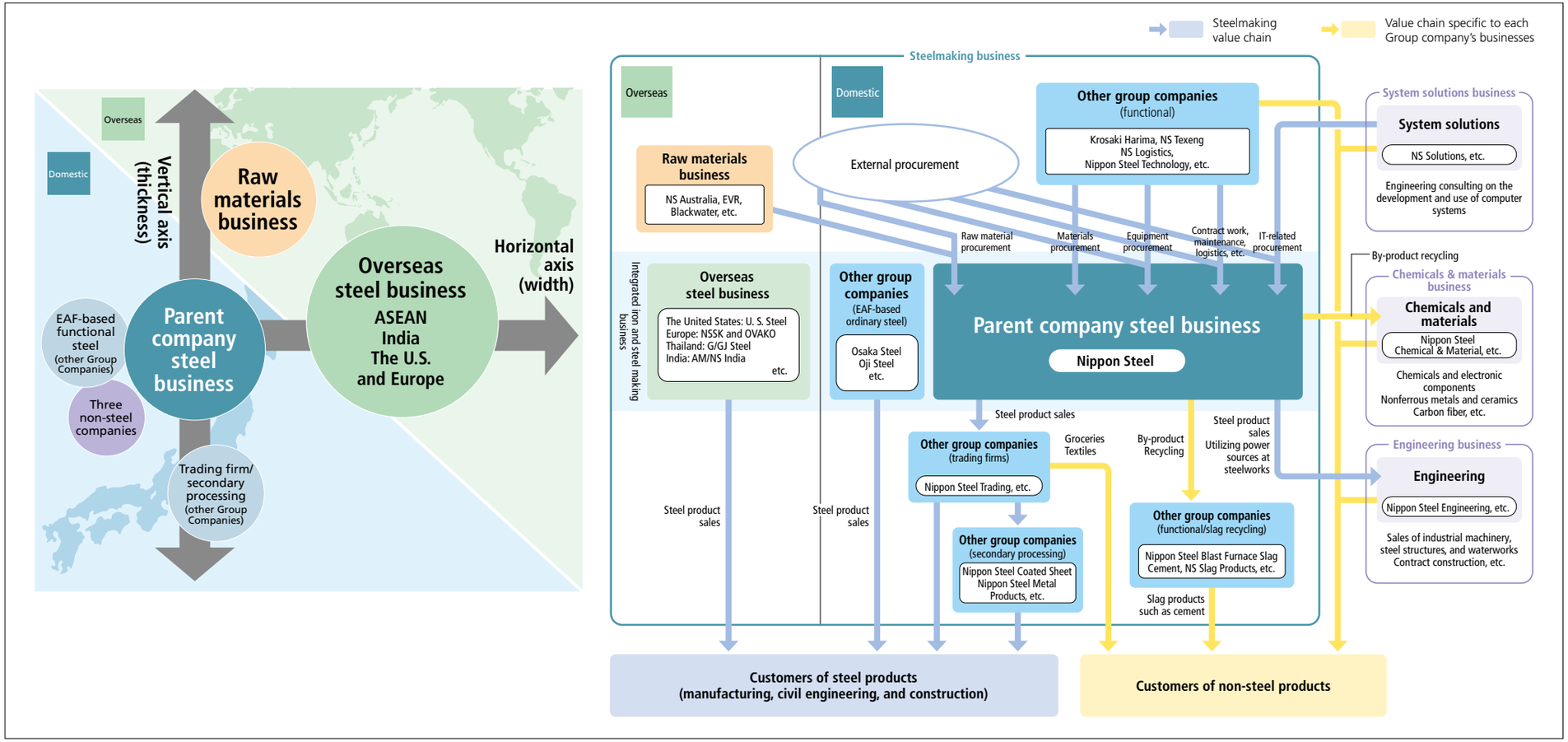
Board of Directors

Basic policy on group management

The Nippon Steel Group operates in four business domains: steelmaking, system solutions, chemicals and materials, and engineering. The steelmaking business at the heart of the Group positions as its core business, the provision of high-value-added products and solutions through an integrated iron and steel production system from the upstream to downstream processes. The steelmaking business consists of the parent company steel business, which operates the core business in Japan, the overseas steel business, which operates the core business overseas, the raw material business upstream of the core business, and other group companies, which are responsible for providing the functions necessary for the core business and products that meet diverse steel demand. Under this business structure, Nippon Steel Corporation operates the core integrated iron and steel making business in Japan while serving as the holding company for the entire Group. On the other hand, each Group company performs its function in the steelmaking value chain while operating its own unique businesses.

Under this Group structure, Nippon Steel manages Group operations by establishing the basic policy on investment in Group companies, management of consolidated PDCA, and corporate governance.

[Our group's structure as seen from the perspective of steelmaking value chain]



Corporate Governance

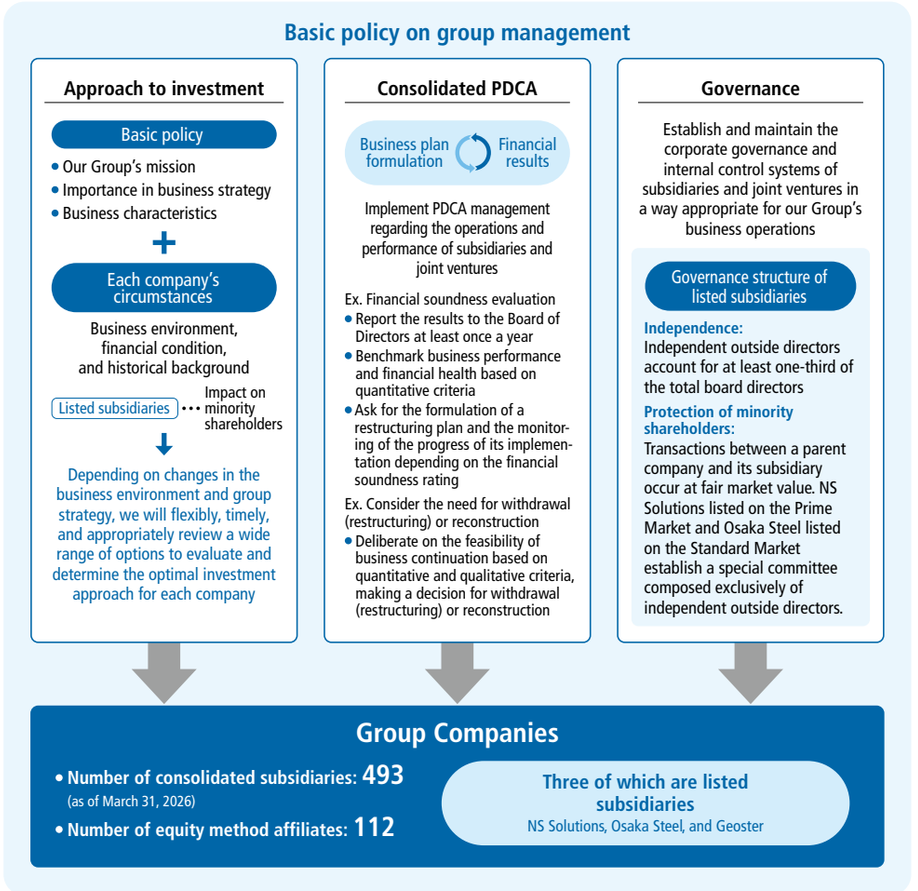
Roundtable Discussion of Outside Directors

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▶ Our Approach to Group Management

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[Nippon Steel Group's management initiatives]

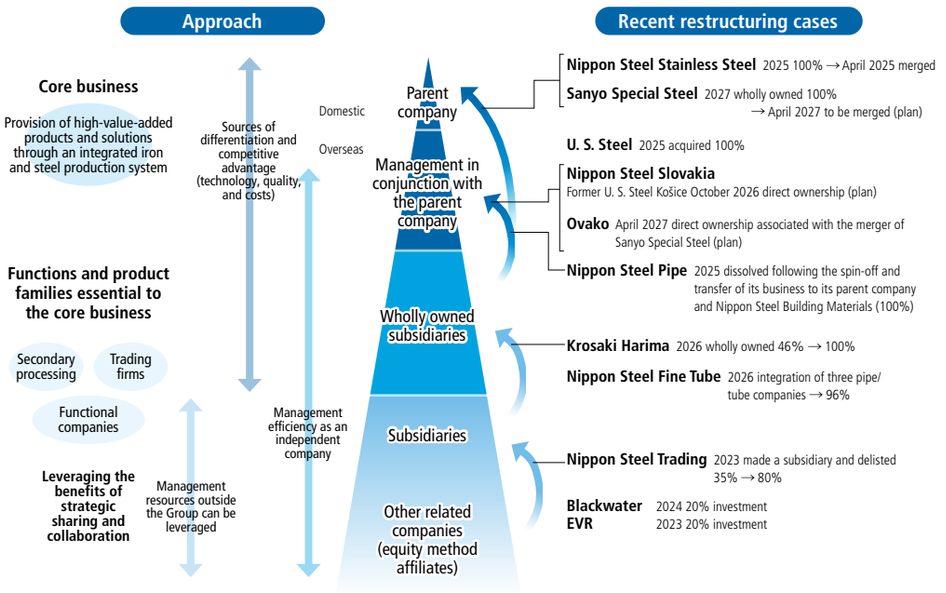


Approach to investing in group companies

We shall determine the appropriateness of investments for our Group companies based on the specific roles each company plays in the value chain of our Group's core business, "provision of high-value-added products and solutions through an integrated iron and steel production system."

Specifically, this core business shall be operated by Nippon Steel, the parent company, and its wholly owned subsidiaries that conduct management in conjunction with their parent. In addition, companies that are responsible for the essential functions and product families to support our core business and possess the technologies, quality, and cost competitiveness that serve as the source of our Group's differentiation and competitive advantage shall be wholly owned subsidiaries. On the other hand, companies that leverage the benefits of partial strategy sharing and collaboration, and companies for which management resources outside the Group can be leveraged, shall be subsidiaries or equity-method affiliates. In line with this approach, we aim to implement the optimal capital strategy depending on changes in the business environment and Group strategy, considering the business environment, financial condition, and historical background of each group company, as well as the impact on minority shareholders of listed companies.

[Approach to investing in group companies]



Corporate Governance

Roundtable Discussion of Outside Directors

Corporate Governance

▶ Our Approach to Group Management

Board of Directors

Consolidated PDCA

Nippon Steel sets financial targets for some subsidiaries and joint ventures in the Group depending on their business models and functions. At the same time, we deliberate or approve the formulation of their business, profit, and resource allocation plans depending on the relations and importance to us, monitoring the progress of implementation. We also provide our opinions to our listed subsidiaries for the same purposes.

Furthermore, we regularly check the progress toward the financial goals and assess their financial health through quantitative evaluations based on financial data. For companies that we have identified as having issues to be resolved, we make ongoing improvement efforts by helping them develop corrective measures, formulate restructuring plans, and monitor the progress of their implementation. We regularly report these results to the Corporate Policy Committee and the Board of Directors.

Governance and control system

Based on the Nippon Steel Group Corporate Philosophy, Nippon Steel aims to achieve a company that is trusted by society, while promoting sound and sustainable growth and improving the medium- to long-term corporate value of the Group. In addition, to comply with relevant laws and regulations and ensure reliable financial reports and effective and efficient operations, Nippon Steel is developing and appropriately operating its internal control systems suitable for the Group's businesses, striving for their continuous improvement. Based on this basic policy, Nippon Steel and its Group subsidiaries and joint ventures share business strategies as a unified group, while taking into account the business characteristics of each Group company. With respect to the control of the Group companies, we establish basic rules in the Group Company Management Regulations to ensure the appropriate operation of control. At the same time, each subsidiary or joint venture in the Group is building and developing its internal control system based on autonomous internal control, enhancing various internal control-related initiatives backed by our support, guidance, and advice. Meanwhile, for each subsidiary or equity-method affiliate, we designate our internal department that has the strongest operational or strategic ties to each entity as the "responsible department" or a group management desk. The responsible department appropriately manages each group company in collaboration with corporate departments such as finance, general affairs, legal, and corporate planning, aiming to maximize value creation across the Group by responding to changes in the business environment and group strategy in a timely and appropriate manner.

[Listed group companies]

<Listed subsidiaries>
At present, Nippon Steel has three listed subsidiaries: NS Solutions Corporation, Osaka Steel Co., Ltd., and Geostr Corporation. We believe that the current relationship with our listed subsidiaries, including shareholding ratios, is appropriate from the following three perspectives: (1) the significance of these companies operating in the Group when seen from us, (2) the significance of these companies operating in the Group when seen from them, and (3) the necessity of these companies being listed companies.

On the other hand, considering each company's business environment, financial condition, historical background, and the impact on minority shareholders depending on changes in the business environment and Group strategy, we have examined the optimal form of capital strategy, dissolving many of our listed subsidiaries by making them wholly owned subsidiaries, delisting them, or selling them.

One of the factors that prompts a decision to review the capital structure of a listed subsidiary is synergy creation.

It is possible to promote synergy initiatives that contribute to enhancing the corporate value of both Nippon Steel, as the parent, and our listed subsidiaries, without changing the status of the latter. On the other hand, there are cases where synergy creation is limited by initiatives that may become detrimental to the Company or any of its listed subsidiaries, even though they contribute to the enhancement of corporate value for the entire Group. It could give rise to a conflict of interest between the shareholders of the Company, as the parent, and the minority shareholders of the listed subsidiary.

In such cases, we compared synergies that contribute to enhancing corporate value across the Group with the investment required to make the listed company a wholly owned subsidiary. In cases where it was deemed economically reasonable, we have made those companies wholly owned subsidiaries or delisted them.

Furthermore, we acknowledge that in light of the corporate governance code, each listed subsidiary has a structure in which independent outside directors account for at least one-third of its total board members, ensuring independent decision-making and autonomous management. Concerning the terms of transactions between the parent company and its listed subsidiaries, we take appropriate measures to ensure that minority shareholders are not disadvantaged, such as determining those terms reasonably based on general contract terms with other customers and market prices. In addition, for subsidiaries listed on the Tokyo Stock Exchange Prime Market, we established a system to set up a special committee whenever significant transactions or actions occur between the parent company and its subsidiaries.

<Listed affiliated companies>
Nippon Steel has ten listed subsidiaries primarily for the purpose of contributing to the Company's consolidated profits: Godo Steel Ltd., Topy Industries Ltd., Kyoei Steel Ltd., Nippon Denko Co., Ltd., Nichia Steel Works Ltd., NS United Kaiun Kaisha Ltd., Nippon Coke Industry Co., Ltd., Sanko Metal Industrial Co., Ltd., Sanyu Co., Ltd., and Takasago Tekko K.K. All these companies constitute part of the steelmaking business segment of Nippon Steel's portfolio. Although Nippon Steel sends an auditor to some of these companies to ensure appropriate risk management, there are no matters requiring approval of Nippon Steel, nor any agreements related to governance with any one of these companies. Moreover, since Nippon Steel's ratio of voting rights does not reach a majority at any company, we understand that the independence of each company is ensured and that the risk of conflicts of interest is minimal.

[Examples of the dissolution of our Group's listed subsidiaries and affiliated companies]

Wholly owned/delisted subsidiaries　Sold subsidiaries

Company name	Year of dissolution	
Nippon Steel Chemical & Material	2003	Delisted and made a wholly owned subsidiary through a stock swap (former Nippon Steel Chemical)
Nippon Steel Coated Sheet	2004	Delisted and made a wholly-owned subsidiary through a stock swap (merger between former Daido Steel Sheet and Taiyo Steel)
Nippon Steel Logistics	2005	Delisted and made a wholly owned subsidiary through a stock swap (former Nippon Steel Logistics and integrated with Seitetsu Unyu the following year)
Nippon Steel Pipe	2004 2013	Delisted and made a wholly owned subsidiary through a stock swap (former Nippon Steel Pipe) Delisted and made a wholly owned subsidiary through a stock swap (former Sumitomo Pipe & Tube merged with Nippon Steel Pipe)
Nippon Steel Drum	2007	Delisted and made a wholly owned subsidiary through a stock swap (former Nippon Steel Drum)
NS Texeng	2015	Delisted and made a wholly owned subsidiary through a stock swap (former Taihei Kogyo, integrated with Nittetsu Elex to become Nippon Steel & Sumikin Texeng in 2013)
Nippon Steel SG Wire	2015	Delisted and made a wholly owned subsidiary through a stock swap (former Suzuki Metal Industry)
SUMCO	2017	Made a non-equity-method company through sale (shareholding ratio: 18% → 13%) (28% → 18% in 2015, eventually 0% at present)
Sumitomo Precision Products	2017	Made a non-equity-method company through sale (shareholding ratio: 41% → 15%, 0% at present)
Nisshin Steel	(2016) 2020	(made a subsidiary through TOB 8% → 51%) Made a wholly owned subsidiary through a stock swap
OSAKA Titanium technologies	2021	Made a non-equity-method company through sale (shareholding ratio: 24% → 14.9%, 4.9% at present)
Unipres	2022	Made a non-equity-method company through sale (shareholding ratio: 19% → 14.9%)
Nippon Steel Trading	2023	Delisted and made a consolidated subsidiary through TOB from a listed equity-method company
Sanyo Special Steel	(2019) 2025	(Made a subsidiary through a subscription to a third-party allocation of new shares 15% → 51%) Made a wholly owned subsidiary through TOB
Krosaki Harima	2026	Made a wholly owned subsidiary through TOB

Board of Directors (as of July 2026)

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Directors



Representative Director,
Chairman and CEO

Eiji Hashimoto

Apr. 1979: Joined Nippon Steel Corporation (NSC)
Apr. 2009: Director (under the Executive Management System), Director, Plate Division and Director, Structural Division of NSC
Jul. 2015: Managing Executive Officer; Vice Head of Global Business Development; Project Leader of Usiminas Project, Global Business Development Sector of NSC
Jun. 2016: Representative Director and Executive Vice President and Head of Global Business Development of NSC
Apr. 2019: Representative Director and President of NSC
Apr. 2024: Representative Director, Chairman and CEO of NSC



Representative Director,
President and COO

Tadashi Imai

Apr. 1988: Joined Nippon Steel Corporation (NSC)
Apr. 2016: Executive Officer and Head of Nagoya Works of NSC
Jun. 2020: Managing Director, Member of the Board of NSC
Feb. 2022: Managing Director, Member of the Board and Project Leader, Thai Steel Project, Global Business Development Sector, Deputy Project Leader, Zero-Carbon Steel Project, Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Apr. 2023: Representative Director and Executive Vice President, Head of Green Transformation Development, and Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Apr. 2024: Representative Director, President and COO of NSC



Representative Director,
Vice Chairman and Executive Vice President

Takahiro Mori

Apr. 1983: Joined Nippon Steel Corporation (NSC)
Jun. 2016: Vice President of Usinas Siderúrgicas de Minas Gerais S.A-USIMINAS
Apr. 2020: Managing Executive Officer, Head of Plate Unit, Pipe & Tube Unit, Project Leader, VSB Project, Global Business Development Sector of NSC
Apr. 2021: Executive Vice President, Head of Global Business Development, Project Leader of India Iron and Steel Project, Global Business Development Sector of NSC
Jun. 2021: Representative Director and Executive Vice President, Head of Global Business Development, and Global Business Development Sector of NSC, Project Leader of India Iron and Steel Project
Apr. 2024: Representative Director, Vice Chairman and Executive Vice President Head of Global Business Development; Project Leader of India Project, Global Business Development Sector; Project Leader, USS Project of NSC
Apr. 2026: Representative Director, Vice Chairman and Executive Vice President; Head of Global Business Development, Project Leader, India Project, Global Business Development Sector; Project Leader, Thailand Project, Global Business Development Sector; Project Leader, USS Project of NSC



Representative Director,
Executive Vice President

Naoki Sato

Apr. 1983: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Managing Executive Officer and Head of Kashima Works of NSC
Apr. 2020: Executive Vice President and Head of Works, East Nippon Works of NSC
Jun. 2021: Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Deputy Project Leader, India Iron and Steel Project, Global Business Development Sector of NSC
Apr. 2024: Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project of NSC
Apr. 2026: Representative Director and Executive Vice President, Deputy Project Leader, India Project, Global Business Development Sector, Deputy Project Leader, Thailand Project, Global Business Development Sector; Deputy Project Leader, USS Project of NSC



Representative Director,
Executive Vice President

Takashi Hirose

Apr. 1986: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer, Head of Unit, Plate Division of NSC
Apr. 2019: Managing Executive Officer; Head of Unit, Plate Division; Vice Head of Unit, Flat Products Division of NSC
Apr. 2020: Managing Executive Officer; Head of Unit, Flat Products Unit; Project Leader of Shanghai-Baoshan Cold-rolling & Coated Sheet Products Project, Global Business Development Sector of NSC
Jun. 2022: Representative Director and Executive Vice President; Head of Unit, Flat Products Unit; Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Apr. 2024: Representative Director and Executive Vice President, Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Jun. 2025: Representative Director and Executive Vice President, Deputy Project Leader, USS Project, Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC



Representative Director,
Executive Vice President

Hirofumi Funakoshi

Jul. 1987: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer of NSC
Apr. 2019: Executive Officer and Head of Division, Corporate Planning Division of NSC
Apr. 2022: Managing Executive Officer, and Vice Head of Green Transformation Development Sector of NEC
Jun. 2023: Representative Director and Executive Vice President of NSC
Jun. 2025: Representative Director and Executive Vice President of NSC, Deputy Project Leader, USS Project of NSC



Representative Director,
Executive Vice President

Hiroyuki Minato

Apr. 1989: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer and Head of Division, Technical Administration & Planning Division of NSC
Apr. 2020: Executive Officer and Head of Muroran Works of NSC
Apr. 2021: Managing Executive Officer and Head of Muroran Works of NSC
Jun. 2024: Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project of NSC
Jun. 2025: Representative Director and Executive Vice President of NSC, Deputy Project Leader, USS Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project of NSC



Representative Director,
Executive Vice President

Nobuhiro Fujita

Apr. 1989: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2021: Managing Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2024: Senior Managing Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2025: Executive Vice President; Head of R&D Laboratories of NSC
Jun. 2025: Representative Director and Executive Vice President; Head of R&D Laboratories, Deputy Project Leader, USS Project of NSC



Outside Director
Independent Director

Director

Jun Sawada

Apr. 1978: Joined Nippon Telegraph and Telephone Public Corporation
Apr. 1985: Joined Nippon Telegraph and Telephone Corporation (currently NTT, Inc.)
Jun. 2008: Senior Vice President; Executive Manager of the Corporate Strategy Planning Department; Member of the Board of NTT Communications Corporation (currently NTT DOCOMO BUSINESS, Inc.)
Jun 2011: Executive Vice President; Executive Manager of the Corporate Strategy Planning Department; Member of the Board of NTT Communications Corporation
Jun. 2012: Senior Executive Vice President; Executive Manager of the Corporate Strategy Planning Department; Representative Member of the Board of NTT Communications Corporation
Jun. 2013: Senior Executive Vice President; Representative Member of the Board of NTT Communications Corporation
Jun. 2014: Senior Executive Vice President: Representative Member of the Board of Nippon Telegraph and Telephone Corporation
Jun. 2018: President; Representative Member of the Board of Nippon Telegraph and Telephone Corporation
Jun. 2020: President and Chief Executive Officer; Representative Member of the Board of Nippon Telegraph and Telephone Corporation
Jun. 2022: Chairman and Representative Member of the Board of Nippon Telegraph and Telephone Corporation
Jun. 2024: Chairman and Member of the Board of Nippon Telegraph and Telephone Corporation



Outside Director
Independent Director

Director

Miharu Koezuka

Apr. 1979: Joined Takashimaya Co., Ltd.
May. 2013: Director
Sep. 2013: Senior Managing Director, Head of Corporate Planning (Head of Corporate Reform Promotion) (Representative Director)
Mar. 2014: Senior Managing Director, Head of Sales (Representative Director)
Mar. 2016: Director
May. 2016: Advisor
Mar. 2020: Executive Counsellor (retired in Mar. 2021)

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Board of Directors

Directors who are Audit & Supervisory Committee Members



Director, Member of the Board
(Senior Audit & Supervisory Committee Member) (Full time)

Kazumasa Shinkai

Apr. 1987: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer and Head of General Administration Division of NSC
Apr. 2021: Managing Executive Officer and Head of General Administration Division of NSC
Apr. 2023: Managing Executive Officer of NSC
Jun. 2024: Director, Member of the Board (Senior Audit & Supervisory Committee Member) (Full time) of NSC



Director, Member of the Board
(Audit & Supervisory Committee Member (Full Time))

Takeshi Yamane

Apr. 1993: Joined Nippon Steel Corporation (NSC)
Apr. 2020: General Manager, General Administration Division, Setouchi Works of NSC
Apr. 2022: Senior Manager, General Administration Division of NSC
Apr. 2023: General Manager, General Administration Division of NSC
Apr. 2024: Executive Officer and Head of Division, General Administration Division of NSC
Apr. 2026: Executive Officer to the President of NSC



Outside Director
Independent Director

Director, Member of the Board
(Audit & Supervisory Committee Member)

Kenji Hiramatsu

Apr. 1979: Joined Ministry of Foreign Affairs of Japan
Nov.2015: Ambassador of Japan to the Republic of India
Jan. 2016: Ambassador of Japan to the Republic of India and Ambassador of Japan to the Kingdom of Bhutan
Sep. 2019: Ambassador of Japan to the Kingdom of Spain
Nov.2022: Retired from the Ministry of Foreign Affairs of Japan
Dec. 2022: Chairman of the Institute for International Strategy, The Japan Research Institute, Limited
Jun. 2024: Director, Member of the Board (Audit & Supervisory Committee Member) (Outside Director) of NSC



Outside Director
Independent Director

Director, Member of the Board
(Audit & Supervisory Committee Member)

Aiko Sekine

Apr. 1981: Joined Citibank, N.A., Tokyo Branch
Sep. 2006: Partner of Arata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
Jul. 2016: Chairman and President of Japanese Institute of Certified Public Accountants
Jul. 2019: Advisor of Japanese Institute of Certified Public Accountants
Sep. 2020: Professor of Waseda University, Faculty of Commerce
Jun. 2024: Director, Member of the Board (Audit & Supervisory Committee Member) (Outside Director) of NSC



Outside Director
Independent Director

Director, Member of the Board
(Audit & Supervisory Committee Member)

Sumiko Takeuchi

Apr. 1994: Joined Tokyo Electric Power Company, Inc.
Jan. 2012: Director and Senior Fellow of Specified Nonprofit Corporation, International Environment and Economy Institute
Oct. 2018: Co-representative of U3 Innovations LLC
Apr. 2020: Specially Appointed Professor of Tohoku University
Jun. 2024: Director, Member of the Board (Audit & Supervisory Committee Member) (Outside Director) of NSC

Skill Matrix of Directors

Nippon Steel believes that its Board of Directors, as a whole, must have the necessary skills and experience based on the Group's corporate philosophy and Medium- to Long-term Management Plan, etc. The main skills and experience possessed by each Director are as shown in the table on the right.

Name	Position	Skills and experience								
		Corporate Planning / Business strategy	Finance / Accounting, Monetary / Economy	Personnel / Labor affairs / HR Development	Governance / Risk Management / Legal / Compliance	Technology / R&D	Sales / Purchase / Marketing	Global	Environment / Sustainability	Public Administration / Public Policy
Directors (excluding Directors who are Audit & Supervisory Committee Members)										
Eiji Hashimoto	Representative Director, Chairman and CEO	●			●		●	●	●	
Tadashi Imai	Representative Director, President and COO	●			●	●			●	
Takahiro Mori	Representative Director, Vice Chairman and Executive Vice President	●	●				●	●		
Naoki Sato	Representative Director, Executive Vice President				●	●			●	
Takashi Hirose	Representative Director, Executive Vice President	●					●	●		
Hirofumi Funakoshi	Representative Director, Executive Vice President	●		●	●				●	
Hiroyuki Minato	Representative Director, Executive Vice President				●	●			●	
Nobuhiro Fujita	Representative Director, Executive Vice President				●	●			●	
Jun Sawada	Director	●			●	●		●		
Miharu Koezuka	Director	●			●		●		●	
Directors who are Audit & Supervisory Committee										
Kazumasa Shinkai	Senior Audit & Supervisory Committee Member (Full Time)			●	●		●		●	
Takeshi Yamane	Audit & Supervisory Committee Member (Full Time)			●	●				●	
Kenji Hiramatsu	Audit & Supervisory Committee Member				●			●	●	●
Aiko Sekine	Audit & Supervisory Committee Member		●		●			●		
Sumiko Takeuchi	Audit & Supervisory Committee Member				●				●	●

* The round marks in the table indicate the main skills and experience (up to four in principle) possessed by each director candidate, based on their career history and experience.

Basic Information

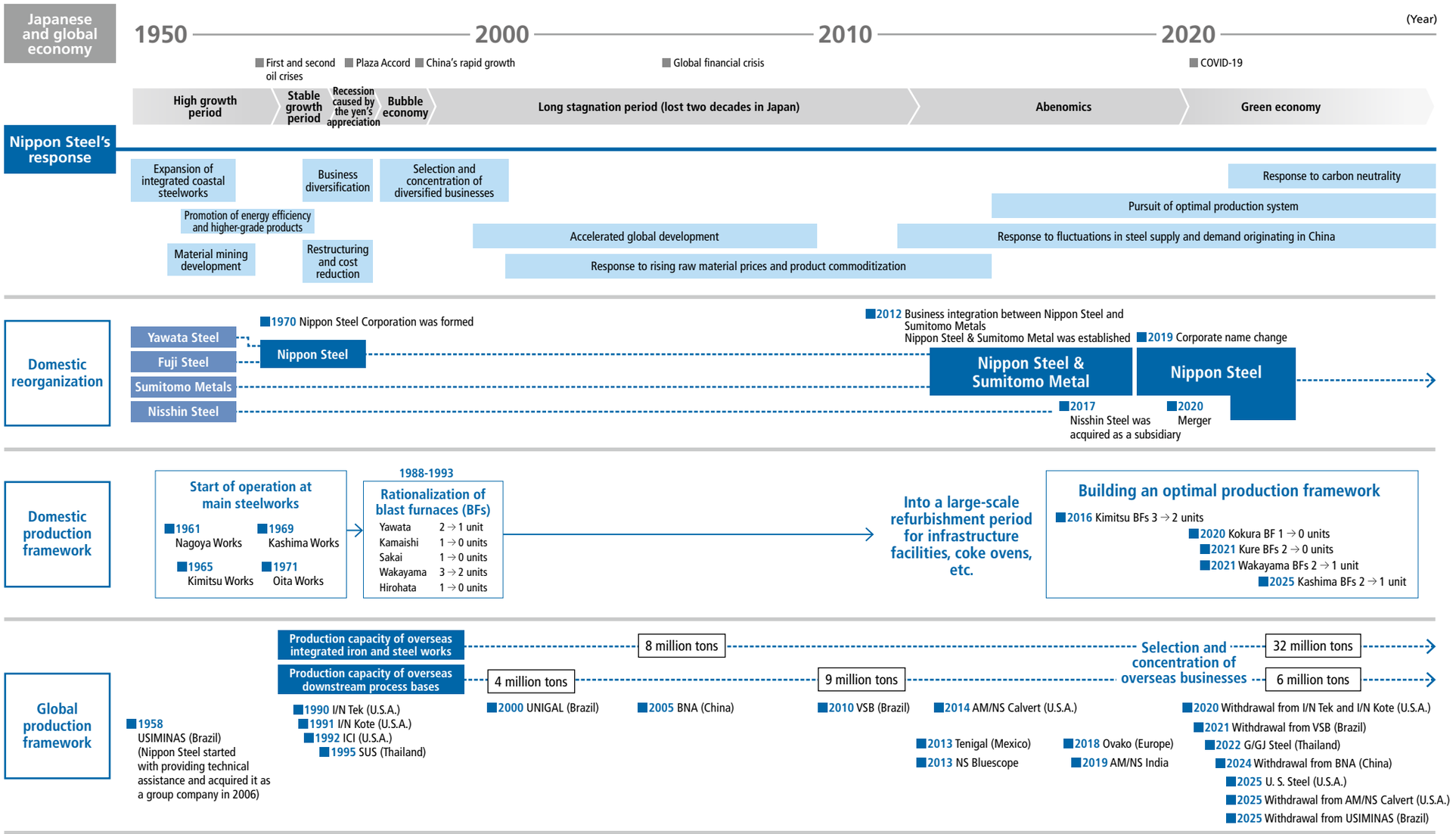
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History of Our Development

Basic Information

- History of Our Development
- Overview of the Group's Businesses
- Strategic Establishment of Brand Families
- Products and Applications
- Attractiveness of Steel
- Contribution to SDGs
- Financial Information

The Nippon Steel Group has driven its growth by aligning with the expanding applications and demand for steel, a foundational material essential to people's lives. Dedicated to overcoming crises caused by recent changes in the external environment, we proactively anticipate changes and initiate self-reform. As the world's leading steelmaker, we are committed to pioneering the future of steel while striving to maximize our corporate value.



Overview of the Group's Businesses

Basic Information

History of Our Development

▶ **Overview of the Group's Businesses**

Strategic Establishment of Brand Families

Products and Applications

Attractiveness of Steel

Contribution to SDGs

Financial Information

The Nippon Steel Group's business structure consists of steelmaking, system solutions, chemicals and materials, and engineering.
The steelmaking and steel fabrication business covers the upstream and downstream of the steel industry value chain, as well as domestic and overseas markets.
Nippon Steel Corporation, the operating holding company, is engaged in the core parent company steel business, while group companies handle steel group companies, which comprise functional, trading, secondary processing, electric arc furnace, overseas steelmaking business, and raw materials business.
The "three non-steel companies" engaged in the system solutions, chemical and materials, and engineering perform a supporting function in Nippon Steel's value chain of the steelmaking business and also operate businesses outside the Group by utilizing the technologies, products, and services that have been cultivated in the value chain.
We share important strategies throughout the Group and aim to maximize the value of the Group.

Segment	Domestic / Overseas		Business overview	Number of Group companies		Number of employees (consol.)
Steelmaking business	Domestic	1 Parent company steel business	Steel products manufactured at Japan's seven steelworks are sold in domestic and export markets. This is a core business of the Nippon Steel Group as these mother mills efficiently produce high-grade steel for contributing to solving social issues.	1 company <Nippon Steel Corporation>		32,102
		2 Other group companies	Other group companies support the steelmaking and steel fabrication business, from upstream to downstream in a variety of areas in the steel industry's value chain and enhance the value of these businesses. They consist of "functional" (equipment and construction, materials and equipment, subcontractors, slag recycling) companies, "trading" companies, and "secondary processing", and "electric arc furnace" steel companies.	<NS Texeng, Nippon Steel Trading, NS Coated Sheet, Osaka Steel, etc.>	521 companies	87,345
	Overseas	3 Overseas steel business	We have crude steel production capacity of 38 million tons and steel production capacity of 48 million tons at overseas manufacturing bases across some 40 consolidated subsidiaries and equity-method affiliates in at least 16 countries. We operate under two business models: integrated iron and steel works and downstream processing bases.	Consolidated subsidiaries <U. S. Steel, G/GJ Steel, NS-SUS, etc.> Equity method affiliates <AM/NS India, etc.>		
		4 Raw materials business	We have invested in mines that produce iron ore, coking coal, and other raw materials used in the steelmaking business. This business supports the stability of the earnings structure by securing stable procurement of high-quality raw materials and mitigating the impact of fluctuations in raw material market prices on consolidated results.	Iron ore: Robe River, etc. Coking coal: EVR JV, Blackwater, etc.		
System solutions business	Domestic	5 Three non-steel companies	With a track record of supporting large-scale steelworks operations 24 hours a day, 365 days a year, this business provides optimal, stable systems using cutting-edge IT to a wide range of customers in manufacturing, as well as in finance, distribution, and the public sector.	28 companies <NS Solutions, etc.>		10,398
Chemicals & materials business			In addition to the coal chemicals business, by recycling by-products generated in the steelmaking business, we will contribute to the realization of a prosperous society and the well-being of the global environment through advanced chemical and material technologies in the chemicals business and the functional materials business.	19 companies <Nippon Steel Chemical & Material, etc.>		3,277
Engineering business			We support infrastructure in Japan and overseas in a variety of fields, including the construction of plants related to the environment and energy, skyscrapers, and huge steel structures.	36 companies <Nippon Steel Engineering, etc.>		5,331
Total				606 companies <Nippon Steel, 493 consolidated subsidiaries, 112 equity method affiliates>		138,453

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1 Parent company steel business

The parent company steel business, which is the core business of our Group, is directly operated by Nippon Steel Corporation, an operating holding company. Through enduring partnerships with our customers, we have developed the world's most advanced product and solution-providing capabilities, cultivated by responding to our customers' demanding requirements. In addition, we have our large-scale blast furnaces, coastal steelworks, and also exceptional facilities and operating technologies, which have established an efficient and reliable production and supply system for high-grade steel. Our objective is to transform into a carbon-neutral steel product manufacturing process by 2050.

Value delivered by the steelmaking business

Compared to other materials, steel is used in a broader range of applications and significantly larger quantities. From large to small applications, steel is intricately woven into every facet of society, undoubtedly asserting its dominance as the most important material.

Steel products offer a wide variety of properties and unlimited potential. Steel can be tailored to meet specific requirements to achieve a range of properties, such as strength, formability, weldability, or corrosion resistance. This can be done by adding small amounts of alloying elements, such as manganese and vanadium, controlling the crystal structure through heat treatment, or applying zinc and tin plating. Steel products that exhibit these properties are referred to as "high-grade steel."

High-grade steel helps create value for customers in their steel processing operations. Its multiple benefits include weight reduction, omission of work processes, increased material yield, extended product life, and elimination of hazardous substances and maintenance. These outcomes help address social challenges such as achieving carbon neutrality, reducing environmental impact, ensuring safe and healthy living conditions, and strengthening national resilience.

Nippon Steel is at the forefront of the world's steelmakers, with leading technology in the field of high-grade steel.

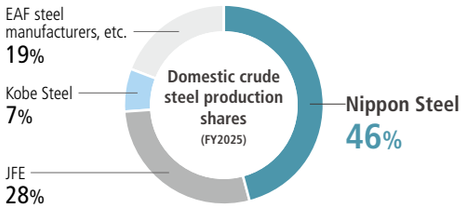
Production shares

Nippon Steel is Japan's top steelmaker, dominating roughly half of the market.

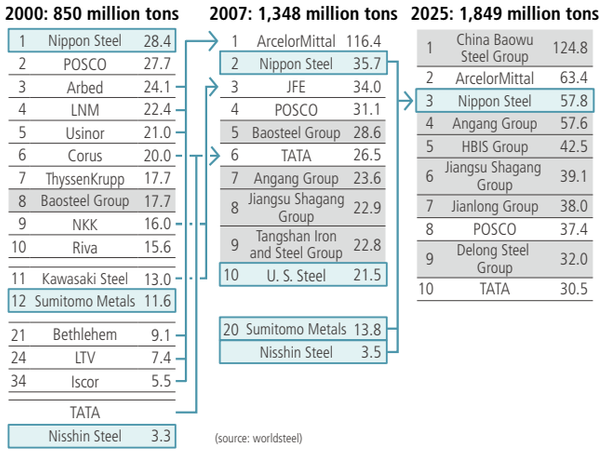
Globally, the former Nippon Steel held the No.1 share of crude steel production from 1970 to 2000 (except in 1998 and 1999). However, Nippon Steel fell to the world's third-largest steel producer in 2025 amid global steelmakers' consolidation and restructuring, as well as the rise and consolidation of Chinese steelmakers, driven by the rapid expansion of China's steel demand and production capacity.

We no longer aim to become the world's largest steelmaker in scale, but "become the best steelmaker with world-leading capabilities" based on "technology," "cost," and "global player."

[Domestic crude steel production shares]

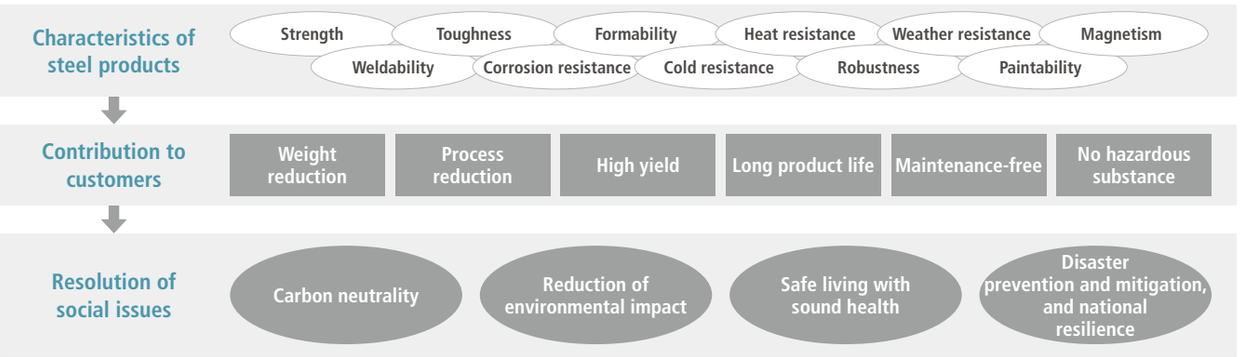


[Reference: World ranking in crude steel production volume]



(source: worldsteel)

[Impact of high-grade steel supply on solving social issues]



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Sales

Product expertise honed by working with customers in a variety of fields

Nippon Steel's domestic and export sales are about 60% from the manufacturing sector and about 40% from the civil engineering and construction sector. Its sales to the automotive industry account for as much as 30% of its total sales to the manufacturing sector. The proportion of sales to specific customers, which is based on long-term business relationships with our customers, is relatively high among sales contracts for the manufacturing industry.

Nippon Steel conducts collaborative research and development with our customers, built on long-term trust. We are meeting our customers' needs not only by developing and manufacturing high-grade steel with superior functions but also by providing solutions, including part designs and processing methods, as well as simply offering raw materials. Moreover, we strive to be a partner that creates value for our customers by establishing overseas supply networks for steel products to support their global expansion.

In an effort to satisfy the needs of customers in Japan's internationally competitive manufacturing industry, Nippon Steel has developed product technology and solution-providing capabilities for high-grade steel, as well as a global production framework that has supported customers' global expansion. All of these represent Nippon Steel's strengths.

Strong presence in growing Asia

Of the steel products Nippon Steel manufactures in Japan, roughly 50 to 60% are shipped for domestic use, with the remaining 40 to 50% exported to overseas markets. About 60% of the steel products we export head for Asian countries, including South Korea, China, and Taiwan, as well as ASEAN countries. Our geographical proximity to the Asian market, where steel demand is expected to continue growing, is one of our strengths.

Types of steel sales contracts

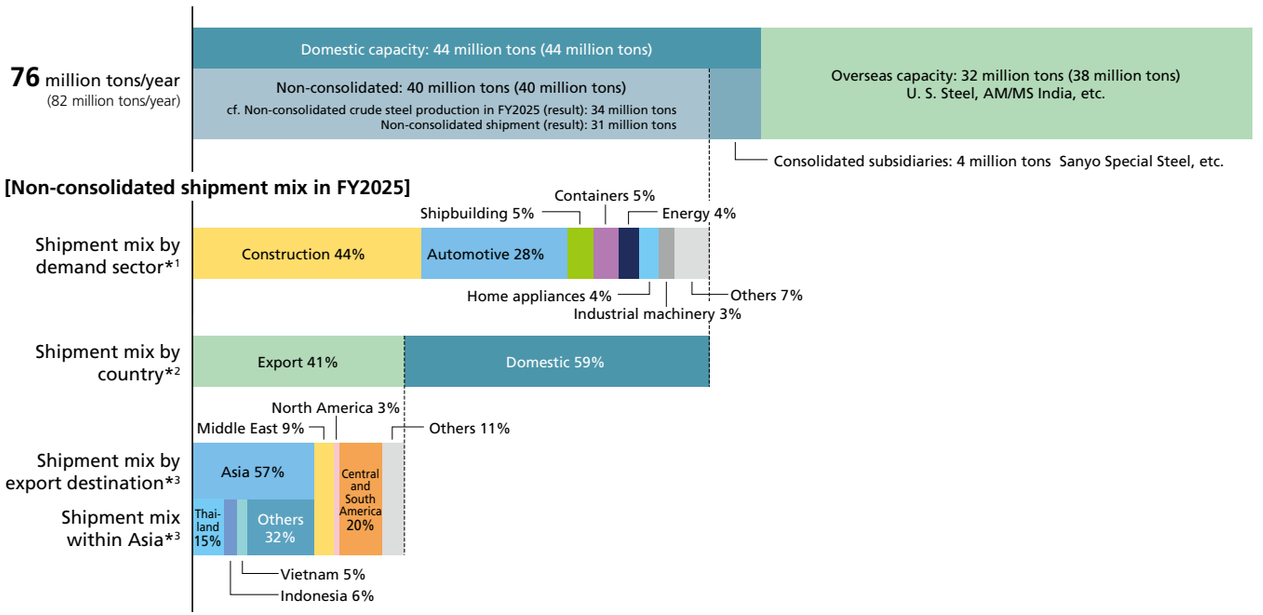
Steel sales contracts with customers are broadly classified as "sales to specific customers type" and "distribution sales type."

In "sales to specific customers" sales, each customer gives a steelmaker a specific order (with a contracted price, volume, specifications, etc.) Nippon Steel receives the order, then produces and sells the steel product to meet the specifications and needs. A trading company is acting as an intermediary for the contract. The selling price of the steel product is determined through direct negotiations with the customer.

In "distribution sales", a steelmaker sells steel products to a distributor or trading company without specifying end customers. The distributor or trading company stocks steel products at its own risk. It then sells the products through its own sales efforts, taking market conditions and other factors into account.

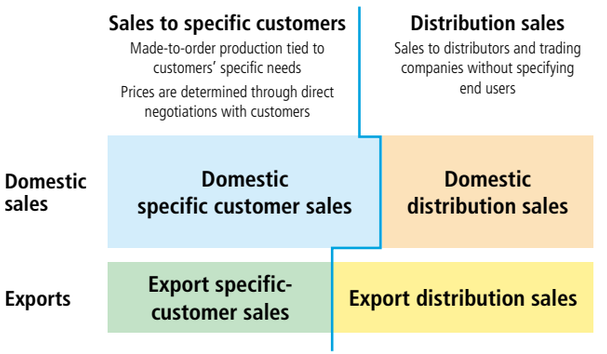
[Global crude steel production capacity at the end of FY2025]

Simple aggregate production capacity of consolidated subsidiaries + Attributable production capacity of equity-method affiliates (30% or greater ownership interest)
( )Production capacity including equity-method affiliates on a simple aggregate basis



*1 Based on non-consolidated order volume in FY2025 (excluding semi-finished products) *2 Based on non-consolidated sales in FY2025 *3 Based on non-consolidated shipment volume in FY2025

[Nippon Steel's types of steel sales contracts]



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Steel product manufacturing process

The steelmaking process is divided into the "upstream process," in which iron ore is melted and reduced at high temperatures and then solidified, and the "downstream process," in which the reduced metal is fabricated into products of the shapes and properties tailored to the needs of customers.

Upstream process (ironmaking process)

The upstream process consists of the pig-iron-making process, centered on a blast furnace that produces pig iron, and the steelmaking process, which produces steel products with diverse material properties from pig iron, scrap, alloys, and other raw materials. Because of their massive scale, upstream processing facilities require vast tracts of land to accommodate raw material receiving, energy supply, and by-product treatment, therefore requiring a huge initial investment. A blast furnace is a piece of equipment that continues to operate 24 hours a day, 365 days a year, for roughly 15 to 20 years after its "blowing-in" or the start of operation, with the exception of a few days of "blowing-down" several times a year. For this reason, many steel manufacturing facilities operate 24 hours a day in a 4-crew 3-shift system.

Downstream process

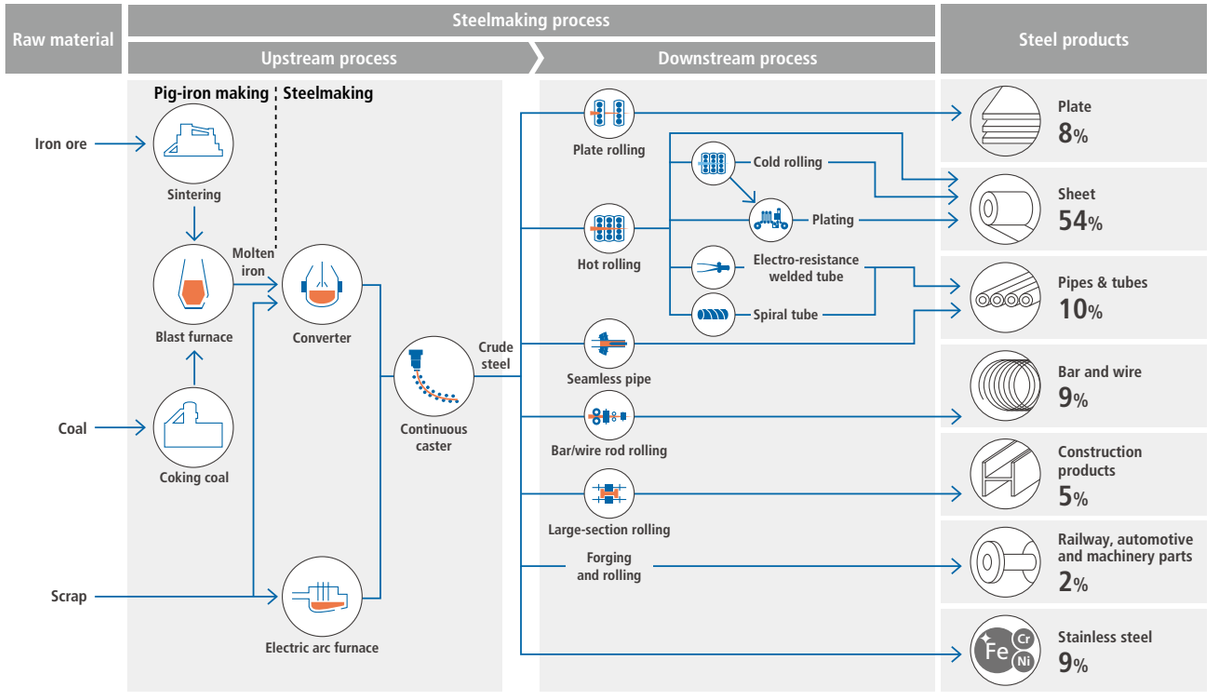
The downstream process is divided into rolling, plating, finishing, and inspection to manufacture products that meet our customers' specific requirements and quality standards.

Domestic manufacturing bases for efficient production of high-grade steel and R&D bases

In Japan, Nippon Steel operates 14 manufacturing bases across seven steelworks, some of which are operated by Group companies and are engaged in electric arc furnace steelmaking and secondary processing of steel products. The Group's domestic crude steel production capacity totals approximately 44 million tons per year.

At each steelworks and three large-scale R&D Centers in Japan, Nippon Steel has a framework that enables practical use of advanced technologies through equipment improvements aligned with our manufacturing sites and product development aligned with our customers, while leveraging research results from the R&D Centers. Our manufacturing bases and R&D bases have worked side by side with our customers for many years and will continue to do so. These bases drive our continual value creation in developing operational, equipment, product, and decarbonization technologies, which are our strengths. They are our "mother mills," the foundation for creating value as we expand our global operations.

[Steel product manufacturing process]



Efficient, high-grade steel production at large-scale blast furnace-based, coastal integrated iron and steel works

Nippon Steel's blast furnace-based, integrated iron and steel works in Japan are all located in coastal areas, which suits importing raw materials and exporting products in large quantities. Each integrated iron and steel works is designed to efficiently lay out everything from unloading raw materials to upstream and downstream processes, finished-product warehouses, and shipping docks. A blast furnace is a core facility in the upstream process. Nippon Steel currently operates ten blast furnaces (as of the end of FY2025), most of which are highly productive, super-large blast furnaces. Oita No.1 and No.2 blast furnaces are among the world's largest at a capacity of 5,775m^3. The average furnace capacity of these ten is approximately 4,800m^3.

The large-scale blast furnace-based, coastal integrated iron and steel works we operate are of a high-efficiency production model, originated in Japan. Our domestic manufacturing bases have achieved high productivity, cost competitiveness, the mass production/stable supply of high-grade steel, and enhanced quality levels by leveraging long-accumulated operational and equipment technologies based on the model of large-scale blast furnace-based, coastal integrated iron and steel works that we developed for the first time in the world.

Top-runner approach for continuous technology level improvements

Nippon Steel uses a PDCA system to improve its technical performance through the "top-runner approach," in which each steelworks shares its operational and technical KPIs daily and monthly and horizontally transfers best practices across all manufacturing sites. With each steelworks connected via a common equipment management system, we share enormous amounts of information, such as failure occurrence rates, part service life, and construction schedules utilizing DX technology, thereby achieving more efficient, optimal maintenance and repair operations.

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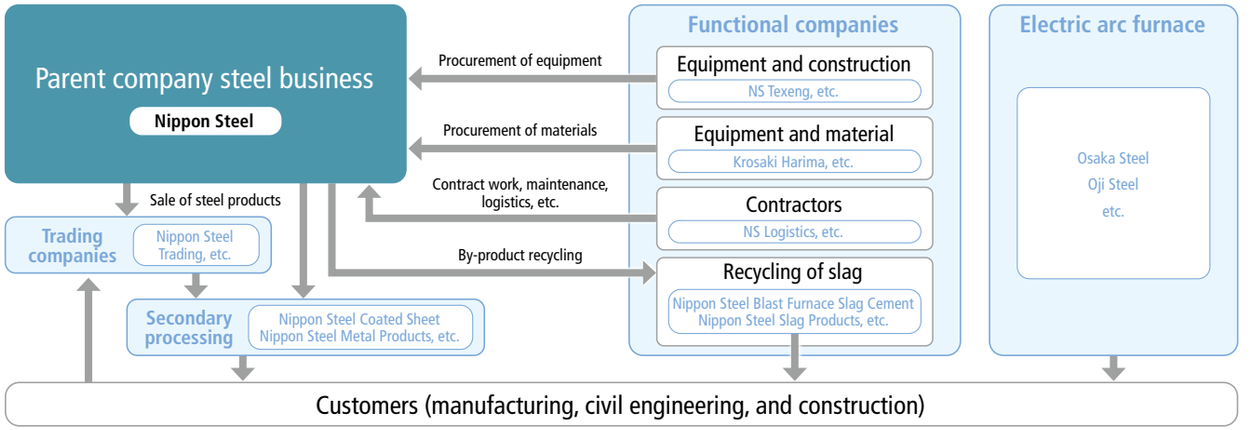
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2 Other Group Companies

Other group companies support the parent company steel business and drive its value creation across the steelmaking supply chain, from upstream to downstream. As with Nippon Steel, these companies have achieved stable earnings by strengthening their structure through reorganization and integration, consolidation of equipment, and spread improvements. We have strengthened corporate structures to create synergies by reorganizing our domestic steel group companies and maximizing the Group's overall strength, including transforming strategic companies into wholly owned subsidiaries, absorbing and merging them, and integrating group companies. As part of this initiative, we merged with Nippon Steel Stainless by absorption in April 2025. Furthermore, in April 2026, we made Krosaki Harima a wholly owned subsidiary. In May 2026, we decided to merge with Sanyo Special Steel by absorption to expand synergies in the bar and special steel business.

[Value chain of the steelmaking business and other group companies]



Functional companies (focusing on materials, equipment and construction, operation, maintenance and logistics, by-product recycling)

A group of companies responsible for production, logistics, maintenance, and other functions supports steelworks operations.

Major functional subsidiaries	Nippon Steel's ownership	Business domain
NS Texeng	100%	Engineering, maintenance, and operation of machinery, electrical instrumentation, systems, and construction of steel production facilities
Krosaki Harima	100%	Manufacture and sale of all refractory materials, design, installation, spare part manufacture, and repair of various kiln furnaces
NS Logistics	100%	Coastal shipping, in-plant handling and contracted work, port transportation, warehousing, truck transportation, and customs services
Nippon Steel Technology	100%	Material evaluation and analysis, instrumentation and inspection, intellectual property-related services, human resource development support, and related services
Nippon Steel Slag Products	100%	Manufacture and sale of steel slag products
Nippon Steel Blast Furnace Slag Cement	90%	Manufacture and sale of cement, steel slag products and quicklime products

Trading companies

Nippon Steel Trading serves as the core trading company of the Nippon Steel Group. The company became a subsidiary in April 2023 and a privately held company in June of the same year, further strengthening collaboration with Nippon Steel.

Major trading subsidiary	Nippon Steel's ownership	Business domain
Nippon Steel Trading	80% (80%)	Sales, exports, and imports of steel products and other products

( ) Percentage of voting rights

Secondary processing

We manufacture and sell higher-value secondary-processed products, mainly from steel materials manufactured by Nippon Steel, to meet end customers' needs by leveraging the Group's advanced technical capabilities.

Major secondary processing subsidiaries	Nippon Steel's ownership	Business domain
Nippon Steel Coated Sheet	100%	Galvanized sheet, colored galvanized sheet, coated steel sheet, construction materials
Nippon Steel Metal Products	100%	Construction materials, civil engineering materials, colored galvanized sheet
Nippon Steel Drum	100%	Drums
Nippon Steel SG Wire	100%	Piano wire, coated wire, oil tempered wire
Nippon Steel Welding & Engineering	100%	Welding materials, plasma devices, optical fiber products
Nippon Steel Stainless Steel Pipe	100%	Seamless stainless steel pipes
Nippon Steel Bolten	85% (85%)	High-tension bolts, etc.
Nippon Steel Processing	64.9% (68.3%)	Steel wire for cold heading, hard steel wire, high carbon chrome bearing steel wire

( ) Percentage of voting rights

Electric arc furnace

The electric arc furnace (EAF)-based steelmakers of the Nippon Steel Group manufacture and sell distinctive products and have top-class competitiveness in their respective fields.

Major EAF steelmaking subsidiaries	Nippon Steel's ownership	Business domain
Nippon Steel Structural Shapes	100%	Manufacture and sale of H-beams
Osaka Steel	39.7% (56.1%)	Manufacture and sale of equal angle, channel, I beam, round bar, deformed bar, joints for reinforcing bar, rails, elevator guide rails, rim bar, colored angle, etc.
Oji Steel	52.9% (52.9%)	Manufacture and sale of flat bar, square bar, and steel blocks

( ) Percentage of voting rights

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3 Overseas Steel Business

Nippon Steel is building a framework to ensure capturing local demand by extending the strengths cultivated in Japan-based "mother mills" to overseas sites and by expanding its integrated manufacturing bases and downstream process bases in the centers of demand, such as "regions where demand is expected to grow" and "sectors in which our technologies and products are appreciated." Currently, the Nippon Steel Group's total production capacity at its overseas manufacturing bases is approximately 32 million tons/year for crude steel and 38 million tons/year for steel products.

Capturing local demand in growing regions

Global steel demand is expected to continue to grow at a moderate pace. Steel demand is expected to grow steadily, especially in large, high-growth Asian markets (India, ASEAN countries, etc.), driven by infrastructure development, urbanization, and industrialization in the automotive and other industries. Furthermore, demand for high-grade steel to address social challenges is expected to continue rising, especially in developed countries.

To meet this overseas demand, we not only export high-grade steel products from Japan but also establish overseas production bases in regions where demand is expected to grow steadily and in sectors where we can leverage our technological and product strengths. These include 1) local production bases for downstream processes such as cold rolling and plating, and 2) integrated iron and steel production bases covering upstream processes (blast furnace, electric arc furnace) through downstream processes (rolling, etc.).

We are developing our overseas steelmaking business in several locations, focusing on the United States, where the high-grade steel market will continue to grow, Europe, a mature high-grade steel market, India, where demand is growing, and Thailand, our home market. As insiders in these markets, we will contribute to their economic growth and address their social issues.

Integrated iron and steel production bases

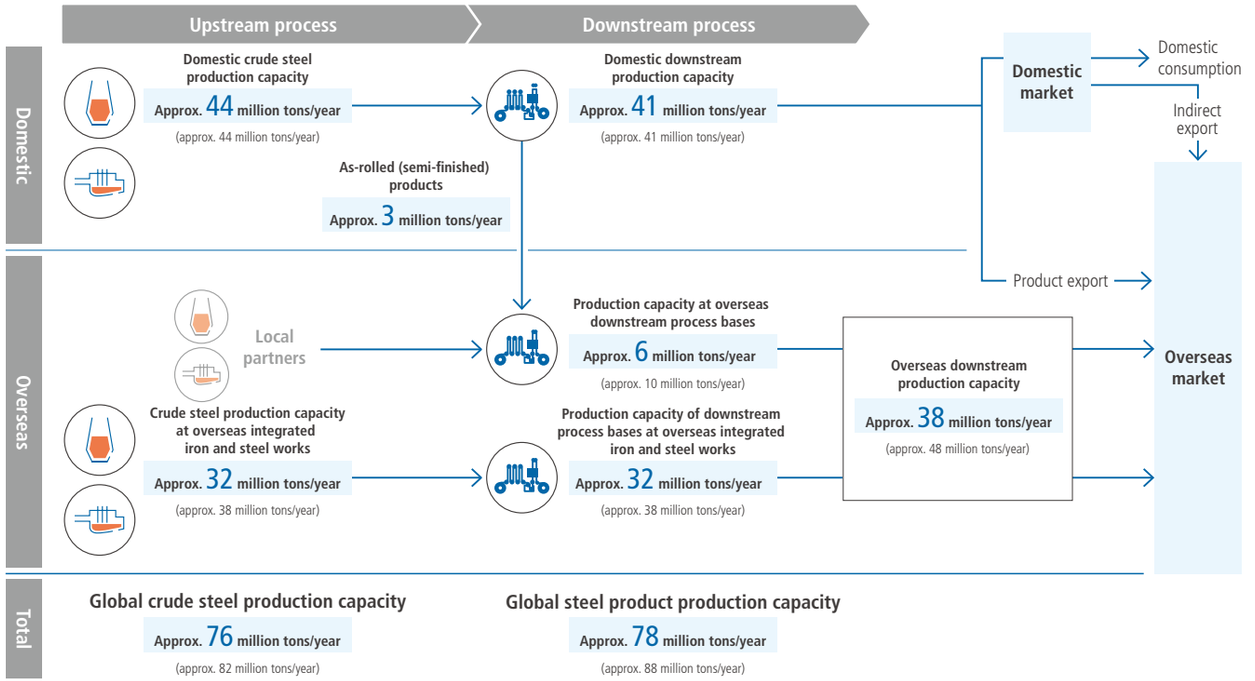
We have established an integrated iron and steel production framework in major overseas markets to capture expanding demand for steel in growing regions and countries and to add value through our integrated production. To expand our manufacturing capacity, we take a basic approach to acquire integrated iron and steel works through competitive brownfield investments or expand capacity at existing facilities. This strategy is based on the following considerations: 1) maintaining the supply/demand balance in markets characterized by persistent overcapacity, 2) mitigating the risks associated with launching new facilities, and 3) considering the difficulty of securing labor at new locations.

Downstream process bases

Regarding the demand for high-grade steel at local manufacturing bases of Japanese customers who manufacture automobiles and home appliances, we first supply semi-finished products from Japan or local joint venture partners to our local processing bases for cold rolling, plating, steel pipes, etc. We then deliver finished products to local customers.

[Global production framework*]

Simple aggregation of the nominal capacity of each company. Figures in parentheses reflect the equity ratio of companies with less than 50% ownership.
* This includes the nominal full capacity of companies with a 30% or more stake (including USIMINAS), subject to the crude steel production standard of the World Steel Association, and equity-method affiliates with less than a 30% stake to which Nippon Steel plays a significant role in supplying materials.



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4 Raw Materials Business

Nippon Steel aims to secure essential raw materials for carbon-neutral steel production, such as coking coal and high-grade iron ore, and strengthen its consolidated earnings structure to better withstand external pressures by investing in raw material interests. As part of these initiatives, we acquired a 20% interest in the Blackwater Coal Mine in Australia in March 2025. At the same time, we acquired a 30% interest in the Kami Iron Ore Mine Project in Canada. We also reached a master agreement with Champion Iron to establish a joint venture company to develop and operate a new mining area. Moving forward, we will continue to expand our investments not only to secure raw materials but also to build an integrated "business" structure that encompasses raw materials, product manufacturing, and distribution.

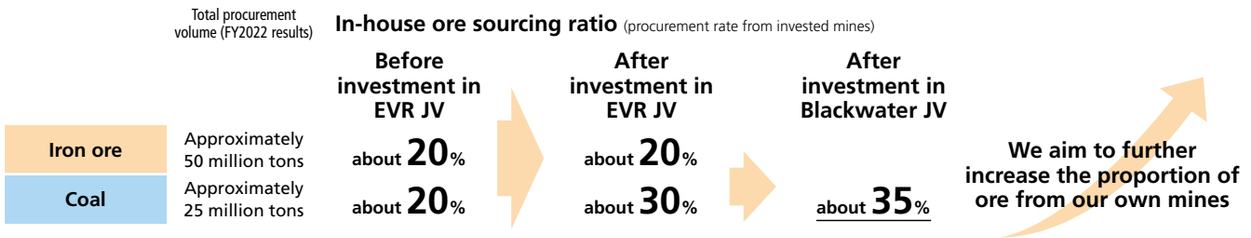
[Mines in which Nippon Steel has invested]

				Year of Nippon Steel participation	Equity ratio of Nippon Steel	Major investors	Production capacity (million tons/year)
NIPPON STEEL	Iron ore and pellet	Australia	Robe River	1977	14%	Rio Tinto 53%	70
		Brazil	NIBRASCO	1974	33%	VALE 51%	10
		Canada	Kami (under feasibility study)	2025	30%	Champion Iron 51%, Sojitz 19%	9
	Coal	Australia	Moranbah North	1997	6%	Anglo American 88%	12
			Warkworth	1990	10%	Yancoal 85%	8
			Bulga	1993	13%	Glencore 88%	7
			Foxleigh	2010	10%	Middlemount South 70%	3
			Boggabri	2015	10%	Idemitsu Kosan 90%	7
			Coppabella and Moorvale	1998	2%	Peabody 73%	5
			Equity method consolidation started in Q2 FY2025 Blackwater	2025	20%	Whitehaven 70%, JFE10%	10
		Canada	EVR JV	2024	20%	Glencore 77%	27
	Alloying elements (such as niobium)	Brazil	CBMM	2011	2.5%	Moreira Salles 70%	0.15

					Equity ratio of Nippon Steel	
USS	Iron ore and pellet*1	U.S.A	Minntac	Self-owned*2		16
			Keetac			6
AM/NS INDIA	Iron ore and pellet	India	Sagasahi	Mining right self-owned*2		5
			Thakurani			2

*1 Ore grades suitable for the production of high-grade (DR-grade) pellets
*2 Profit and loss are included in "Nippon Steel's overseas operations"

[Changes in raw material self-sufficiency ratios]



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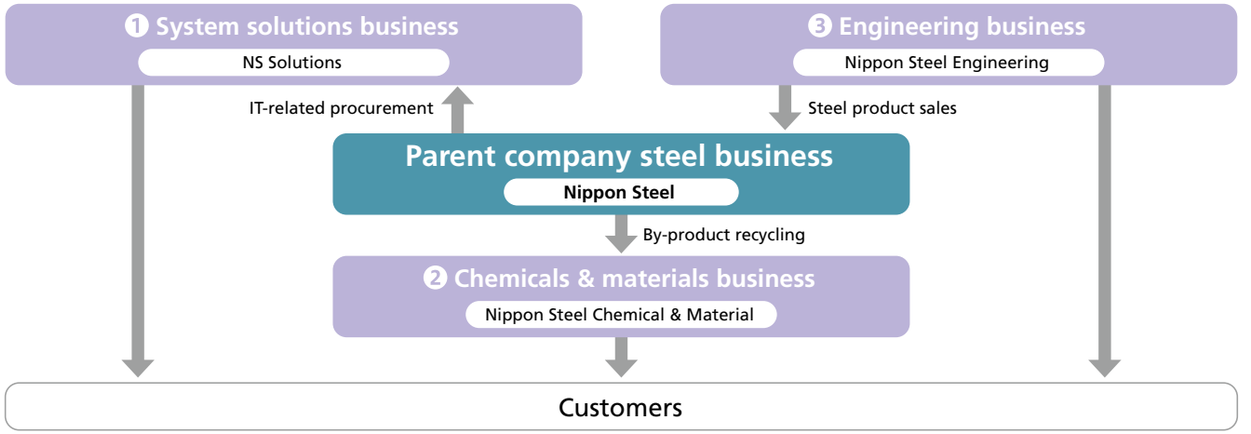
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5 Three non-steel companies

Originating from the steel business, Three non-steel segments create synergies with Nippon Steel while leveraging their technologies, products, and services to develop businesses beyond the Group. The accumulated technology, products, and services that these companies acquired are used as appropriate for the business pursuit of companies outside the Nippon Steel Group. Each business has approximately 300 billion yen in sales and aims to realize the top-tier earning power in its field.

[Steelmaking value chain and three non-steel segments]



	❶ System solutions business	❷ Chemicals & materials business	❸ Engineering business
Segment company	**NS Solutions**	**Nippon Steel Chemical & Material**	**Nippon Steel Engineering**
Synergies with the steelmaking business	Provision of IT solutions	By-product recycling Utilization of development seeds and basic technologies Use of multi-materials	Utilization of steel products in plants and buidings Social implementation of CCS, hydrogen, and ammonia technologies Utilization of power supply from steelworks
Revenue (FY2025)	381.3 billion yen	257.9 billion yen	394.4 billion yen
Percent of sales to the steelmaking business	About 20%	Less than 10% (Manufacture of coal chemical products from tar, a by-product of steel mills)	Less than 10%
History and business overview	The Electronics and Information Communication Division and the Information Systems Division of former Nippon Steel were established in 1986 and integrated and merged with Nippon Steel Computer Systems (established in 1980) to form ENICOM (Nippon Steel Information & Communication Systems) in 1988, and then became the current NS Solutions Inc. in 2001. With years of experience supporting steel industry systems 24 hours a day, 365 days a year, we provide an optimal, stable system that uses cutting-edge IT for a wide range of customers, including financials, retailers, and the public sector, in addition to the steel industry.	In October 2018, the businesses of Nippon Steel & SumikinChemical and Nippon Steel & Sumikin Materials were merged toform Nippon Steel Chemical & Material. By combining the material design and manufacturingtechnologies of Nippon Steel & Sumikin Chemical (aromaticchemical synthesis, refining and compounding) with the materialtechnologies of Nippon Steel & Sumikin Materials (thin foils,fine wires, and fine particles), the company plays a part instrengthening the comprehensive material support capabilities ofthe Nippon Steel Group.	In 2006, the engineering division of former Nippon Steel was spun off and established as an independent company. Leveraging the advanced technical expertise and project management capabilities it has cultivated through the steelmaking business, we provide engineering, procurement, and construction (EPC) services for environmental plants, energy-related facilities (such as offshore wind power generation facilities), and steel-structured buildings (such as logistics facilities). In addition, we are dedicated to developing service provider businesses, including sales of system-building components and seismic isolation devices, on-site energy supply, power solutions, and the operation and maintenance (O&M) of waste power generation facilities.

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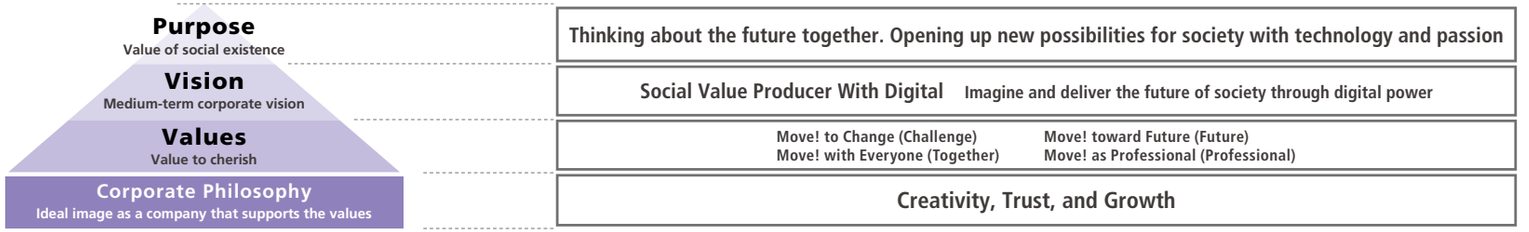
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❶ System solutions business NS Solutions

Our philosophy structure

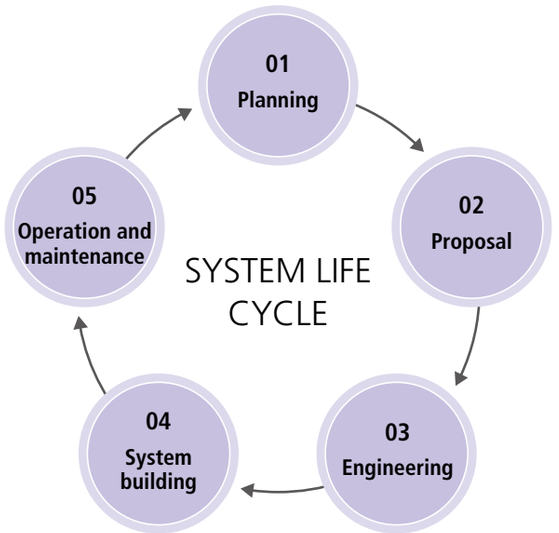


We will create social value by using our "Purpose," which is the reason for our existence in society, as our foundation, aiming for our "Vision" as our mid-term company image, and practice the "values" that we hold dear.

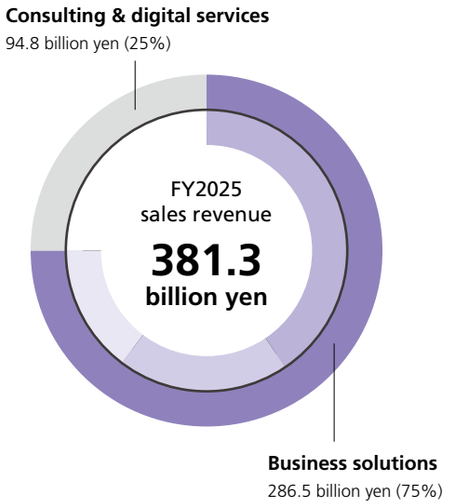
Our business

NS Solutions is a leading total information system integrator (SIer) in Japan

We offer comprehensive services for the entire system lifecycle, such as planning to proposal, engineering, system building, operation, and maintenance, to solve our customers' management issues and, ultimately, social issues.



FY2025 sales revenue by service and customer industry



Industry and steel 155.7 billion yen (41%)	• One-stop DX support and provision of various solutions for global manufacturers • IT support for the entire system lifecycle for Nippon Steel and its group companies
Distribution and platformer ¥75.4 billion (20%)	• Provision of solutions mainly for platformers engaged in online and offline channels in the distribution industry and online businesses
Finance ¥55.4 billion (15%)	• Provision of comprehensive support for the entire system lifecycle, from application development to maintenance, for major financial institutions, including huge banks
Consulting & digital services ¥94.8 billion (25%)	• Provision of cross-industry consulting applications • System building, operation, and maintenance for companies and government agencies that support social infrastructure

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Synergies in the Nippon Steel Group

To maximize synergies with the Nippon Steel Group, we are taking the following initiatives.

DX promotion

NS Solution supports achieving the three benefits of "location-free," "data-driven," and "empowerment" through "production reform," "business reform," and "strengthening the foundation of business management," which are the steel business process reforms Nippon Steel aims for.

We provide information system platforms to Nippon Steel Group companies in Japan and overseas, emphasizing the NS-Lib data utilization platform and including the NS-IoT remote equipment monitoring platform.

Recently, by combining the expertise in steel product logistics data we have cultivated over many years with the data utilization and visualization knowledge gained through our external sales business, we have established a support framework for logistics DX to achieve integrated efficiency improvements in domestic logistics.

This experience has become a logistics information solution and has begun to spread within the Nippon Steel Group.

Improving productivity through the use of AI and other technologies

We are using generative AI to radically improve the efficiency of system maintenance and operations in steelworks and to improve productivity in new system development, creating a structure that enables us to deliver highly precise maintenance, operations, and system development with a small team.

As another example of our AI-assisted solution for steelmaking operations, we provide an image AI analysis package, a platform for providing computer vision (PPCV). This package uses cutting-edge image-analysis AI to reduce the labor required for monitoring operations while maintaining accuracy.

Future risks and opportunities and our business strategy

In the IT business world, the environment is changing rapidly due to technological innovation and the growing use of digital technologies. Seeing this situation as an opportunity for growth, NS Solutions has formulated **"the NSSOL 2030 Vision"** and embarked on a transformation to achieve further growth.

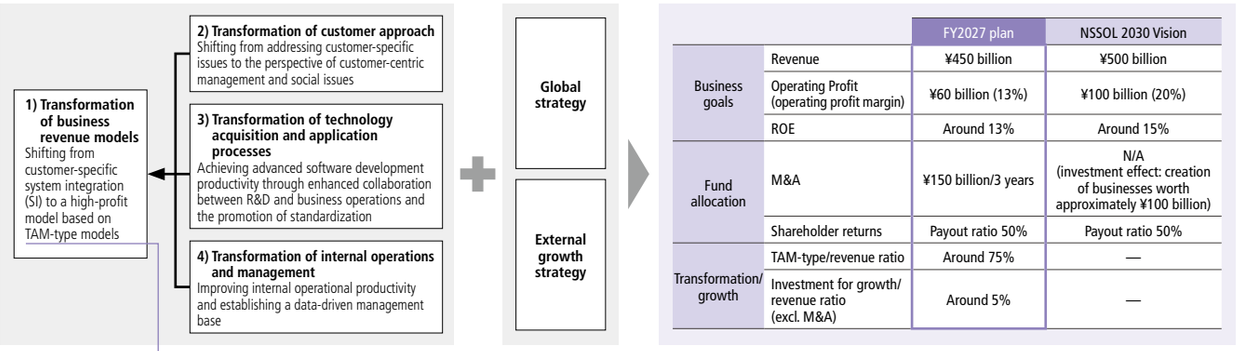
We are making steady progress in the **"2025-2027 Medium-Term Management Plan"**, the first half of the 2030 Vision, including its pillars: **"Four Transformations"**. Our specific progress in each pillar is: **1) Transformation of the operating revenue model**: steadily advancing the shift to the total addressable market (TAM-type) business model; **2) Transformation of customer approach**: the launch of the new brand "Corepeak;" **3) Transformation of technology acquisition and application processes**: steadily expanding the use of generative AI across the entire development process; **4) Transformation of internal operations and management**: proceeding with organizational integration and the development of our business infrastructure as planned.

In FY2025, our revenue, operating profit, and net profit all **marked record highs**. Our "2025-2027 Medium-Term Management Plan" targets 450 billion yen in revenue for FY2027, 60 billion yen in operating profit (13% operating profit margin), and around 13% ROE. To achieve these targets, we will continue to manage our business steadily.

<Introducing the new brand "Corepeak">
As we strive to become a "Social Value Producer with Digital," what we really want to deliver to our customers is "transformation for the future." We have launched "Corepeak" as our new brand to symbolize this "transformation."

We infuse the term "Corepeak" with the meaning that, while serving as the core of our customers' value creation process, we will guide them to new heights beyond their expectations. In addition to improving operational efficiency through system reforms, we will work together with our customers to solve their challenges in "transformation," such as organizational transformation, business strategy, and HR strategy, by presenting the optimal solutions derived from the expertise we have honed over the years as "transformation scenarios."

[Initiatives for achieving our Medium-Term Business Plan]



		FY2027 plan	NSSOL 2030 Vision
Business goals	Revenue	¥450 billion	¥500 billion
	Operating Profit (operating profit margin)	¥60 billion (13%)	¥100 billion (20%)
	ROE	Around 13%	Around 15%
Fund allocation	M&A	¥150 billion/3 years	N/A (investment effect: creation of businesses worth approximately ¥100 billion)
	Shareholder returns	Payout ratio 50%	Payout ratio 50%
Transformation/ growth	TAM-type/revenue ratio	Around 75%	—
	Investment for growth/ revenue ratio (excl. M&A)	Around 5%	—

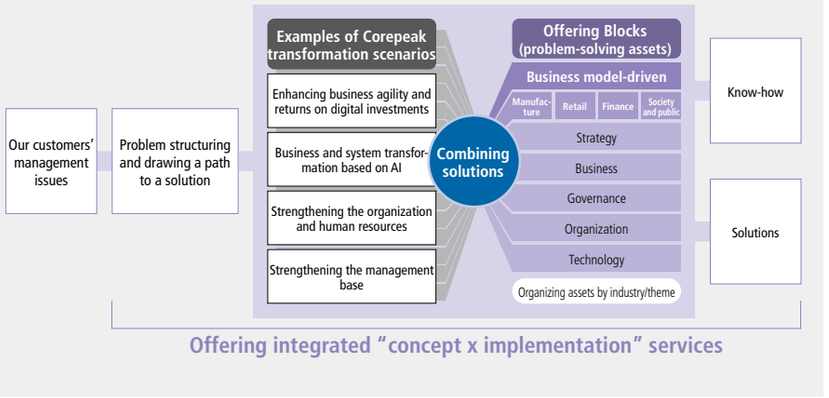
What is the TAM-type model?

SI Transformation
Next generation SI model (T type)
This model incorporates innovations such as generative AI into our value proposition process to provide customer-specific system development, operation, and maintenance services with high productivity

Asset Driven
Asset utilization type (A type)
This model uniquely turns company strengths into assets and offers them to multiple customers as best practices

Multi Company Platform
PF provision model (M type)
In this model, NSSOL provides platforms for shared use by multiple companies as the business operator

[Problem-solving with Corepeak]



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❷ Chemicals & materials business

Nippon Steel Chemical & Material

Our Mission

To realize an affluent society and contribute to the global environment through advanced chemical and material technologies
Strive for co-creation and co-prosperity with customers and the growth and happiness of our employees

In October 2018, Nippon Steel Chemical & Material was formed through the merger of Nippon Steel & Sumikin Chemical and Nippon Steel & Sumikin Materials. Under our Basic Principles of "Master Materials, Pioneer the Future," we are conducting our business activities with the aims of realizing an affluent society through advanced chemical and material technologies and contributing to the global environment. At the same time, we are striving for co-creation and co-prosperity with customers and the growth and happiness of our employees.

Mission of Nippon Steel Chemical & Material Group

■ Basic principles

We will contribute to the global environment by providing products and services that enrich people's lives through our own development and accumulation of advanced chemical and material technologies and through the sophisticated and diverse use of materials.

"Master Materials, Pioneer the Future" – For Your Dream and Happiness –

■ Management principles

We will develop our corporate activities with an emphasis on the matters listed below, maintain fair and transparent management, and continue to grow as a company trusted across society.

- Contribution to the global environment
- Realization of a healthy and humane society
- Co-creation and co-prosperity with customers
- Realization of the growth and happiness of our employees

■ Action guidelines

- Trust: We will comply with laws and social rules, always think about things from the perspective of society and our customers and aim to win the trust from society and our customers.
- Challenge: We hope that both ourselves and the company will grow together, and we will continue striving for our targets, being fully aware of our roles and never forgetting our high aspirations.
- Contribution: We will respect the diversity and individuality of every employee, and by supporting and encouraging each other with friendliness and rivalry, we will produce the best results as an organization and team and contribute to society.

Our business

In order to contribute to the development of growth fields such as high-speed communications, semiconductors, and automotive devices while steadily responding to the needs of global environmental measures, we will further enhance our long-accumulated comprehensive capabilities.

Coal tar chemicals

Pitch coke, pitch, naphthalene, phthalic anhydride, and carbon black

FY2025 consolidated revenue 52 billion yen



Needle coke for electric furnace electrodes

Chemicals

Aromatic chemicals, styrene monomers, divinylbenzene, functional chemicals, lubricating materials, and industrial gases

FY2025 consolidated revenue 91 billion yen

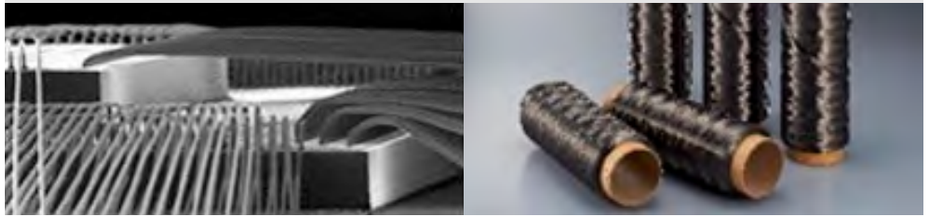


Various chemicals

Functional resins/printed wiring board (PWB) materials

Circuit board materials, epoxy resins, display materials, metal foil, metal carriers for exhaust gas purification, fillers for semiconductor encapsulants, bonding wire for semiconductors, carbon fiber composite materials, pitch-based carbon fibers, porous carbon materials

FY2025 consolidated revenue 115 billion yen



Bonding wire for semiconductors, and pitch-based carbon fiber

Major Group companies of Nippon Steel Chemical & Material Co., Ltd.

NS Styrene Monomer

Nippon Micrometal, Nippon Graphite Fiber

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Synergies in the Nippon Steel Group

For more than 100 years, we have been working to increase added value through the effective use of steel by-products, and our accumulated technologies for utilizing the various active ingredients contained in coal tar are now also used in the technologies of our functional materials and carbon fiber composite materials businesses, which have grown to become our core businesses.

In addition, based on the inorganic high-performance materials owned by our group, we are developing various application products, and we are also producing remarkable results from research and development collaboration utilizing the advanced technology of Nippon Steel R&D Laboratories (RE).

Increase in added value through effective use of steel by-products

Using steel by-products such as coal tar and coke-oven gas as raw materials, we produce needle coke for electric furnace electrodes, carbon black for automobile tires, and various chemicals.



Needle coke, carbon black, etc.

Expansion from Group materials to application products

We supply high-performance metal foil based on unique stainless steel materials supplied by the Nippon Steel Group, as well as applied products such as hard disk drive (HDD) suspension materials and metal carriers for exhaust gas purification.



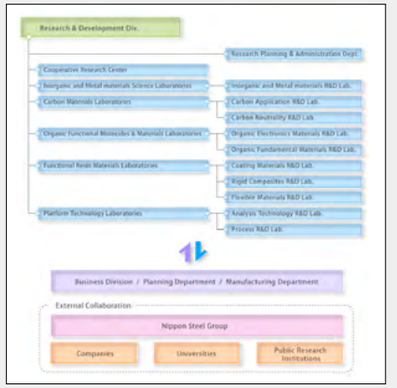
High-performance metal foil, HDD suspension, metal substrates

New business creation through collaborative R&D

On April 1, 2025, aiming to deepen collaboration between Nippon Steel and its R&D section, we launched the "Cooperative Research Center," as a new organization in the Integrated Research Sector. The Center is located in the Futtsu Area, where Nippon Steel has its R&D Laboratories (RE). At the Center, we are developing the R&D infrastructure and securing and training human resources to support R&D activities on short-, medium-, and long-term challenges across all business areas of our group, as well as future new business creation.



[R&D structure]



Future risks and opportunities and our business strategy

Risks

- Climate change, such as global warming, and deterioration of the global environment
- Soaring raw material and fuel prices and supply instability
- Intensifying development competition and obsolescence of existing products
- Intensifying competition for human resources
- Domestic demand contraction and geopolitical risks
- Business suspension due to natural disasters such as earthquakes and tsunamis

Opportunities

- Realization of carbon neutrality, and development of materials and technologies that contribute to global environmental protection
- Development of distinctive and differentiated technologies and products
- Efforts to improve productivity and diversify raw material and fuel sources

Our business strategy

- With safety, the environment, disaster prevention, quality, and compliance given our top priorities, we aim to achieve sustainable profit growth by building a robust earnings structure.
- We aim to become a de facto standard and gain a top share in growth markets by capturing new demand without fail in fields expected to grow and appropriately introducing differentiated and high-value-added products.
- We will continue to develop differentiated products that make full use of our unique advanced chemical and material technologies. We will develop various materials and members and supply them to society, including semiconductor peripheral materials, such as bonding wires, ceramic particulates, circuit boards, functional resins, and high performance metal foil, which are essential to the sophistication and functionality enhancement of various electronic devices, the advance of CASE, and the spread of 5G/6G communications. To this end, we will pursue technological synergies in the Nippon Steel Group, striving to further enhance our R&D capabilities.
- Through the stable production and quality improvement of "needle coke," which is used in steelmaking electric arc furnaces (EAFs) as a raw material for the graphite electrodes, we will contribute to the realization of carbon neutrality by producing high-grade steel in large EAFs.
- We will strengthen our business structure by planning equipment maintenance, improving production processes, and building optimal business portfolios from a long-term perspective.

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❸ Engineering business

Nippon Steel Engineering

Our purpose, vision, and values

Our purpose

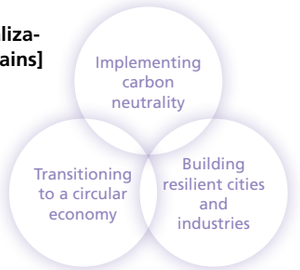
Shape the future.
Empower society.

2035 long-term vision

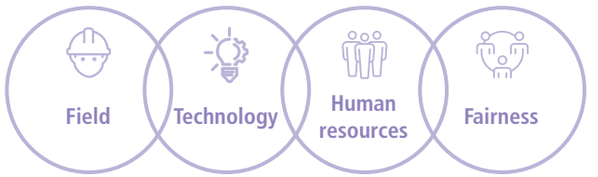
We take on increasingly complex and sophisticated challenges and design and realize a sustainable future through next-generation engineering

'Create a sustainable future through evolved Engineering'

[Value realization domains]



Our Values



Our business

We are involved in numerous projects in Japan and overseas, utilizing our comprehensive engineering skills.
We will contribute to implement carbon neutrality, transitioning to a circular economy, and building resilient cities and industries by actively promoting digital transformation (DX) and through our business activities.

Environment and energy

We are contributing to the creation of a sustainable, circular economy through the engineering, procurement, and construction (EPC) of environmental and energy-related facilities and plants, such as offshore wind power generation, waste power generation, and coke dry quenching equipment (CDQ).

FY2025 consolidated revenue **214.2** billion yen



Nippon Steel Engineering constructed 25 units of jacket-type foundations to support a 9.6 MW large-scale wind turbine / Kitakyushu Hibikinada Offshore Wind Farm (photo: Hibiki Wind Energy Co., Ltd.)



Nippon Steel Engineering contributed to resource circulation and reducing final disposal volumes using a shaft furnace-type gasification and melting furnace / Kitayatsu Waste-to-Energy Plant, Chiba City

Urban infrastructure

As a steel engineering company with deep expertise in steel materials, we support the creation of disaster-resistant cities by fully leveraging "Steel × Ideas = Power."

FY2025 consolidated revenue **73.1** billion yen

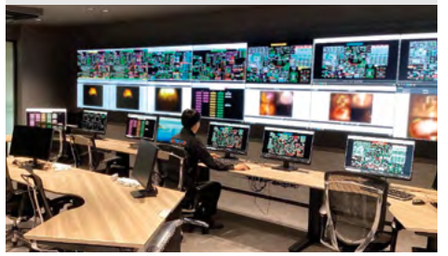


Nippon Steel Engineering contributed to the realization of a "smart energy warehouse that coexists with the waterfront" through steel construction technology and environmentally conscious design / MFLP Yokohama-Shinkoyasu

Service business

We are working on DX-assisted new value creation and solutions to social issues, including the operation and maintenance (O&M) of on-site energy supply, various types of power solutions, waste power generation, and power-saving facilities.

FY2025 consolidated revenue **110.3** billion yen



Nippon Steel Engineering contributed to advanced plant operations and ensuring safety through human-AI collaboration / Think Operation Center

Note 1: Since the above consolidated revenues by business sector are before adjustment of currency conversion, the combined amount differs by ¥3.2 billion in total from the revenue of ¥394.4 billion of Nippon Steel Engineering.

[Major Group companies of Nippon Steel Engineering]

Domestic subsidiaries	Nippon Steel Pipeline & Engineering Co., Ltd., Nippon Steel Environmental & Energy Solutions Corporation
Overseas subsidiaries	Nippon Steel Plant Engineering (Shanghai) Co., Ltd. (China), Beijing JC Energy & Environment Engineering Co., Ltd. (China), THAI NIPPON STEEL ENGINEERING & CONSTRUCTION CORPORATION, LTD. (Thailand), NS-OG ENERGY SOLUTIONS (THAILAND) LTD. (Thailand), NIPPON STEEL ENGINEERING INDIA PRIVATE LIMITED (India), PNS ADVANCED STEEL TECHNOLOGY, INC. (Philippines)

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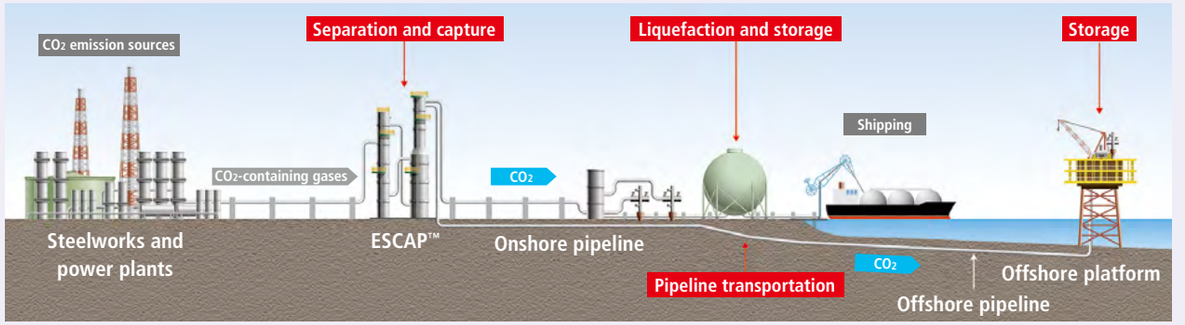
Synergies in the Nippon Steel Group

Aiming for the social implementation of CO_2 capture and storage (CCS) and hydrogen and ammonia utilization technologies, we will attempt to achieve the "Nippon Steel Carbon Neutral Vision 2050," jointly with the Group companies. We will maximize our value creation by leveraging the Nippon Steel Group's high-performance steel products and various types of products and services, and through the combination of the best technologies and techniques at each stage of engineering, procurement, and construction. We are also working to ensure a stable energy supply by optimizing electricity distribution using the steelworks' power infrastructure. As a member of the Nippon Steel Group, we are also contributing to the development of infrastructure for a carbon-neutral society.

CCS Initiatives

Nippon Steel Engineering possesses comprehensive engineering capabilities applicable to the entire CCS value chain, ranging from CO_2 separation and collection to transportation, liquefaction, and storage. In addition to "ESCAP™," our proprietary, energy-efficient CO_2 capture technology, we are taking steps to reduce CO_2 emissions from industrial sources, including steelworks, by leveraging the technology and expertise we have cultivated through engineering, procurement, and construction (EPC) projects for various energy plants and pipelines. In October 2024, we established the CCS Business Promotion Dept. to consolidate all CCS-related knowledge our internal departments possess, which builds a structure for offering one-stop solutions to our customers. We will leverage these strengths to contribute to the Nippon Steel Group's initiatives to realize a carbon-neutral society.

[Concept of CCS value chain of the Nippon Steel Group]



Future risks and opportunities and our business strategy

Risks

- Long-term contraction of domestic market
- Impact of the declining domestic workforce on supply chains (Future concerns about stable supply, quality, and delivery schedule of procured items and services)
- Soaring prices of equipment, materials, and fuel

Opportunities

- Globally accelerating carbon neutrality initiatives across all industries
- Increasing needs for resilient, disaster-resistant urban development and the maintenance and renewal of aging social and industrial infrastructures
- Accelerating the advance of digital technology and its social implementation

Our business strategy

With the vision of "designing and realizing a sustainable future through next-generation engineering," we will develop service-based businesses, such as on-site energy supply, power solutions, and operation and maintenance (O&M), in addition to the engineering, procurement, and construction (EPC) of various types of conventional plants. By accelerating the use of our proprietary DX and AI platforms, which we have developed over many years, we are driving new value creation and expanding our business areas.

- Efforts in carbon neutrality and resource recycling areas
  - We will establish a strategic position and strengthen our presence in the decarbonization infrastructure market, including offshore wind power generation, CCS (carbon capture, collection, and storage), and hydrogen and ammonia-related projects (pipelines, receiving, shipping, and storage facilities, etc.)
  - We will build an energy and resource recycling value chain, centered around waste power generation and waste treatment facilities
  - We will sophisticate energy management systems to enable the optimal operation of renewable energy sources, various types of power generation, and demand facilities
- We will take initiatives in the area of resilient urban and industrial infrastructure
  - Capturing demand for large-scale logistics facilities and data centers that support modern society
  - Expanding member sales business for seismic isolation devices, system construction, etc.
  - Responding to needs for renewal, maintenance, and repair of aging infrastructure in the fields of bridge products, gas pipes, and water works
- Promoting the digital transformation strategy
  - Expanding the implemented features of "Think Platform," our proprietary AI integration platform

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Nippon Steel Group's brand mark

As a global steelmaker with origins in Japan, Nippon Steel is incorporating a diversity of DNAs of people and companies, and growing into the future. Keeping that determination in mind, we renamed ourselves "Nippon Steel Corporation" on April 1, 2019. On that occasion, a common brand mark for Nippon Steel and the Nippon Steel Group companies was adopted in order to unify the branding of the entire group.

The brand mark is a combination of the corporate mark and the English logo. The font used in English is a roundish typeface, representing a strong yet flexible image of steel.

Our thoughts incorporated in the corporate logo

Aiming to become the best steelmaker with world-leading capabilities

Aiming at the summit

Representing the unlimited future of steel

The triangle in the logo represents a blast furnace and the people who create steel. It reflects the fact that steel, indispensable for civilization, brightens the world. The center point can be viewed as a peak, which represents the best steelmaker. It can be also viewed as the destination of a road, which represents the unlimited future of steel as a material. The blue color represents leading technology and reliability.

Brand system

We take a strategy to use " NIPPON STEEL " as a master brand to strengthen and disseminate our group identity, and to endorse our domain brand and product brand for the enhancement of the reliability and value of our products. Concerning the Nippon Steel Carbon Neutral Vision 2050 initiatives, we established an activity logo " NIPPON STEEL Green Transformation Initiative " in order to demonstrate our aggressive efforts for the realization of a carbon neutral society.

We are also strategically building domain brands that express the value (products and solutions) presented in our business domains, as well as product lines and brands that express their characteristics and value. The aim is to enable our customers to better identify the technological advances and environmental value of our products and solutions.



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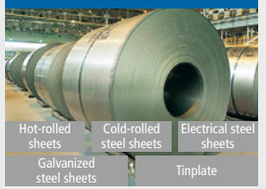
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The Nippon Steel Group covers almost all types of steel products manufactured around the world and has a comprehensive supply system, which includes secondary processed products. These applications also extend to the manufacturing, resources and energy, civil engineering and construction and all other industry sectors. What we offer includes materials that bring out diverse properties and infinite potential of steel, solutions such as for customer-specified component design and production method, and diverse secondary products. Reliably, globally, and over a long time, we have provided products and services that respond to customers' needs, contributing to their value creation and to the sustainable growth of society.

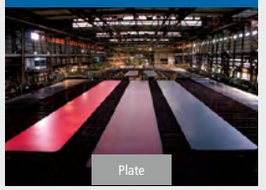
Wealth of product groups (1)

Product types

Steel sheets



Plate



Bar and wire



Construction products



Major applications and product examples

Automotive

High-tensile steel sheets

- High strength
- Workability
- Lightweight



Electrical appliances and office equipment

VIEWKOTE™ (pre-coated steel sheets)

- Corrosion resistance
- Process saving
- Appearance design



Containers

CANSUPER™ (tin-free steel)

- Corrosion resistance
- Printability
- Lacquer adherence



Energy

Grain-oriented electrical steel sheets

- Low iron loss
- Energy saving



Civil engineering and construction

ZEXEED™

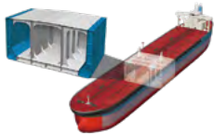
- Corrosion resistance
- Process saving



Shipbuilding

NSafe™-Hull (highly ductile thick steel plate)

- Absorbing collision energy
- Preventing oil spills



Industrial machines

ABREX™ (abrasion resistant steel plates)

- Abrasion resistance
- Weldability
- Workability



Energy

7% nickel steel

- Resource saving
- Ultralow-temperature strength and toughness



Civil engineering and construction

CORSPACE™

- Corrosion resistance
- Extended painting cycle



Automotive

Steel cords for tires

- Extra-fine and lightweight
- High strength
- Durability



Steel for high-strength gears

- High strength
- Lightweight
- Durability



Steel for high-strength suspension springs

- High strength
- Lightweight
- Durability



Industrial machines

Steel for high-function bearings

- Corrosion resistance
- Abrasion resistance
- Rolling fatigue strength



Civil engineering and construction

Steel for high-tension bolts

- High strength
- Durability
- Lightweight



Railway

150-meter rails

- No need for welding
- Reduced maintenance
- Enhanced passenger comfort



Civil engineering and construction

NSHYPER BEAM™

- Uniform depth and width within the same size series
- Design simplification
- Enhanced processing



Hat-type sheet piles

- Space saving
- Ease of construction
- Reduced construction time



NM-Segment

- Structural reliability
- Reduced construction time
- Reduced waste soil



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Wealth of product groups (2)

Product types

Pipes and tubes

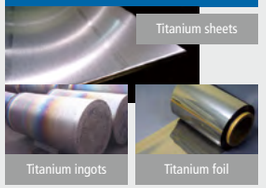


Welded pipes and tubes | Seamless pipes and tubes

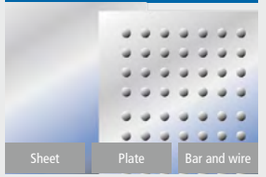
Railway, automotive and machinery parts



Titanium



Stainless steel



Major applications and product examples

Automotive

Hydroformed steel tubes for suspension components

Closed-section structure
High strength
Lightweight



Energy

Pipes and tubes for power generation

High-temperature strength
High-temperature corrosion resistance



Pipes and tubes for structures

High strength
High toughness
Corrosion resistance



Civil engineering and construction

Structural steel pipes

High strength
Corrosion resistance
Appearance design



Railway and aircraft

Railway wheels

High strength
Sound insulation
Brake heat resistance



Railway bogies

Durability
Enhanced passenger comfort
Facilitated maintenance



Automotive

Crankshafts

High strength
Durability
Safety



Industrial machines

Permanent magnet retarder

Energy saving
Lightweight
Safety



Automotive

Titanium alloys for mufflers

Corrosion resistance
Lightweight
High strength
Workability



Aircraft

Titanium alloys for aircraft

Lightweight
High-specific strength
Corrosion resistance



Construction

TranTixxii™

Appearance design
Corrosion resistance
Lightweight
Workability



Civil engineering

TP method and titanium foil method

Corrosion resistance
Ease of construction
Maintenance free



Automotive

Stainless steel cold-rolled sheets

Corrosion resistance
High-temperature resistance
Lightweight



Electrical appliances and office equipment

Stainless steel cold-rolled sheets

Corrosion resistance
Workability
Appearance design



Energy

Stainless steel plates

Corrosion resistance
High strength



Civil engineering and construction

Stainless steel cold-rolled sheets

Corrosion resistance
Lightweight
Appearance design



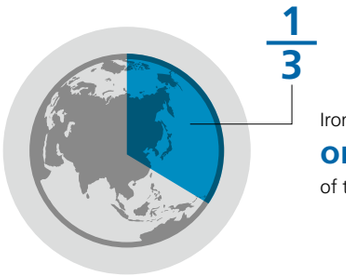
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Attractiveness of Steel

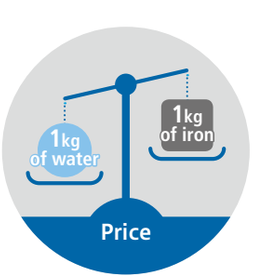
Steel provided by Nippon Steel is an indispensable material that supports our daily lives. With its diverse properties and unlimited potential, steel will continue to contribute to the realization of a sustainable society.

Steel is an abundant, sustainable material that can be recycled again and again

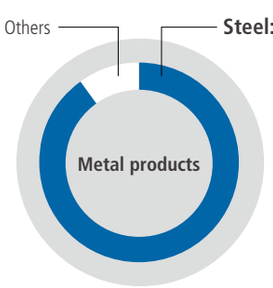


1/3

Iron constitutes **one-third** of the Earth's weight.



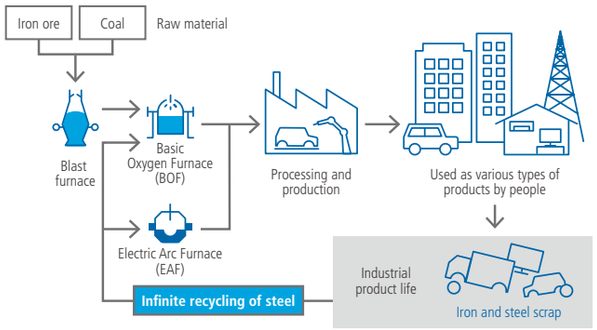
Steel is **cheaper** than PET bottled water on a per-unit- weight basis.



Because steel is abundant, affordable, and easy to process, it is used in a wide range of applications and accounts for **more than 90%** of all metal products.

Steel can be recycled repeatedly into a wide variety of steel products

Steel has unique characteristics over many other materials: it can be easily sorted and most impurities can be removed, allowing it to be recycled with little loss of quality. At the end of a product's life, steel can be recycled into a wide variety of other steel products. Its ability to be recycled repeatedly into virtually any steel product makes steel an ideal material for circular use.



Diverse properties and a wide range of applications

Steel is used in an extremely wide range of applications because of its many outstanding properties, including strength, workability and affordability. As a result, steel has become the material of choice for building the infrastructure that supports our daily lives and economic development.

Steel is such an integral part of our daily lives that modern life would be impossible without steel products. Steel is one of the materials closest to our everyday lives and has developed together with society.

Key properties that support a wide range of applications

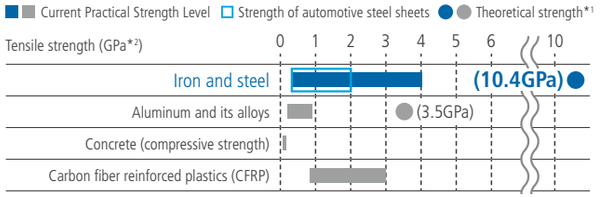
Strength	Weldability	Heat resistance
Toughness	Paintability	Low-temperature resistance
Durability	Magnetic Properties	
Workability	Corrosion resistance	Weathering Properties

Infinite potential

With a theoretical strength far exceeding that of other materials, steel offers enormous potential for future innovation and development.

Steel is a unique material whose properties can be significantly enhanced and diversified through adjustments to carbon and other alloying elements, the combination of temperature and rolling conditions during manufacturing, and the addition of relatively small amounts of alloying elements. By maximizing the value of these characteristics and optimizing its use, further advances can be achieved, unlocking new possibilities for steel.

Potential and Current Practical Strength Levels



*1: Theoretical strength is generally considered to be between 1/5 to 1/7.5 of the shear modulus. In this figure, theoretical strength is calculated as 1/7.5 of the shear modulus.
*2: GPa (gigapascal) is the unit of tensile strengths. G (giga) denotes 10^9.

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Steel: An Excellent Material from the Perspectives of LCA and Resource Recycling

Steel Has Lower Environmental Impacts from an LCA Perspective

The Life Cycle Assessment method (LCA) is an approach for evaluating environmental impacts of a product through its entire life cycle. While many aspects of environmental impacts are not visible, LCA makes them visible by assessing environmental impacts across the entire life cycle of a product, from manufacturing and use through disposal and recycling. From an LCA perspective, steel has incredibly low levels of environmental impacts compared to other materials in the manufacturing, use, and recycling stages, as well as throughout the entire life cycle (see the bottom-left figure).

Steel is Recycled Again and Again

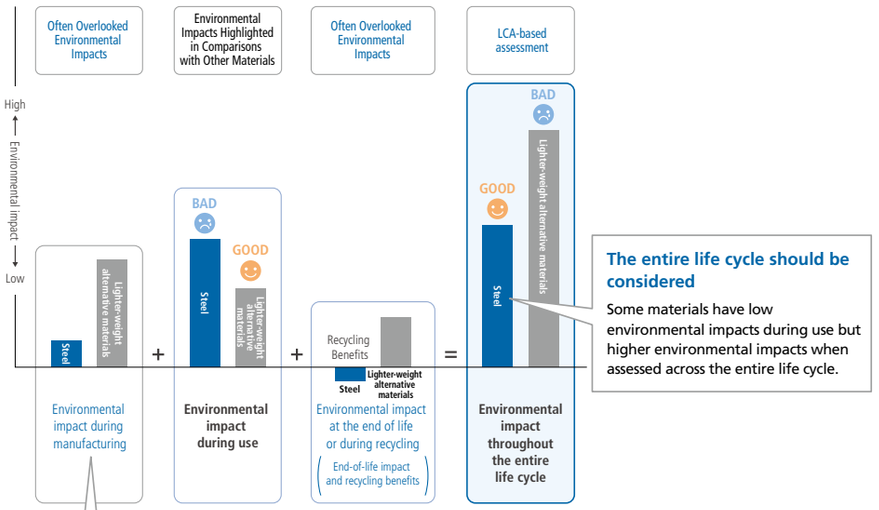
Once iron ore is reduced to iron and made into steel products, it can be recycled again and again into a wide variety of other steel products, enabling steel to remain in continuous circulation. This type of recycling is known as "closed-loop material recycling." Unlike product-level closed-loop, which requires the collection of scrap with the same chemical composition, steel can be recycled repeatedly as a substitute for virgin natural resources without the need for such segregation (see the figure below right). This unique recyclability is one of the characteristics that sets steel apart from other materials.

Environmental Impacts of BF and EAF Steel from an LCA Perspective

Because blast furnace (BF) steel generates large amounts of CO_2 during the reduction of iron ore to iron, it may appear to have a higher environmental impact than electric arc furnace (EAF) steel, which is produced by melting steel scrap using electricity. However, BF steel creates new steel scrap that will contribute to future CO_2 emission reductions through recycling. When the environmental value associated with this future scrap generation is taken into account, the environmental impact of BF steel production is offset. Over multiple recycling cycles, the environmental impact converges to the same level irrespective of the scrap input rate (recycled content) at the production stage.

This approach is specified in ISO 20915 and JIS Q 20915 and has become a global standard. In the automotive sector as well, LCA methodologies for steel that take future recycling benefits into account are becoming standardized.

Assessment of environmental impacts throughout the entire life cycle



The entire life cycle should be considered

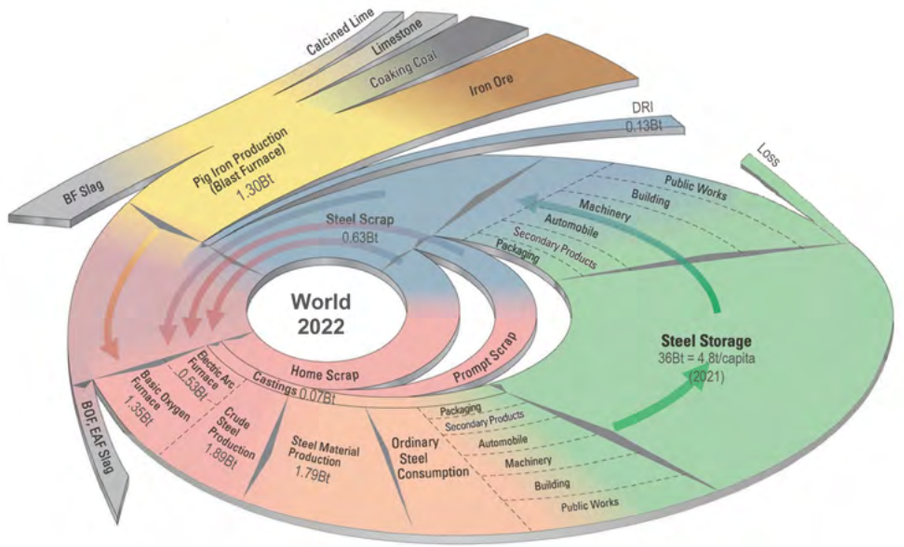
Some materials have low environmental impacts during use but higher environmental impacts when assessed across the entire life cycle.

Although some materials are lighter than steel, steel has much lower environmental impacts during manufacturing than other materials.

Moreover, high-strength steel enables approximately 25% weight reduction compared with conventional steel, resulting in lower environmental impacts.

Going forward, Nippon Steel will continue to advance the carbon neutrality of its steelmaking processes in order to further reduce its impact on climate change.

Steel Resource Recycling (Closed-Loop Recycling)



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Efforts to Disclose Environmental Data for Our Products

EPD Verification and Disclosure

Since 2019, Nippon Steel has promoted environmental information disclosure through the SuMPO EPD program and obtained more than 80 EPD verifications covering nearly all of its products and major product categories. This is one of the largest initiatives of its kind in the steel industry. Using primary data for Nippon Steel products, customers can conduct product LCAs and calculate their Scope 3 (upstream) emissions.

Verified products (as of July 2026)

- Seamless, high-frequency welded OCTG and line pipes
- H-shapes
- Steel plates for building and structural applications
- Tinplate, tin-free steel, and laminated steel sheets
- Steel bar and wire products
- Steel sheet products
- Process-saving steel bar and wire products
- Rails
- Electrical steel sheets
- Nickel-plated steel sheets
- Steel sheet piles
- General-purpose steel pipes and tubes (for piping and structural use)
- High-alloy OCTG and line pipes
- Welded steel pipes for mechanical use
- Hot-extruded steel shapes (ordinary steel, special steel, stainless steel)
- Spiral welded steel pipe piles and spiral welded steel pipe sheet piles
- Railway, automotive and machinery parts
- Stainless steel
- Titanium
- Pure nickel sheets

Click the URL below for Nippon Steel's EPD verifications
https://ecoleaf-label.jp/en/epd/search?keyword=Nippon%20Steel

Calculation and Disclosure of Carbon Footprints for Steel Products (CFP)

In October 2025, the Japan Iron and Steel Federation formulated the "Product-specific Guidelines for Calculating the Carbon Footprint of Steel Products"*2 as common calculation guidelines for the steel industry, in accordance with the "Carbon Footprint Guidelines"*1 prepared by the Ministry of Economy, Trade and Industry and the Ministry of the Environment. Furthermore, based on the guidelines above, the Federation established the "GX Steel Guidelines" and the "Guidelines for Calculating the Carbon Footprint of Non-Fossil, Electric Arc Furnace Steel Products," which set out methods for calculating achieved emission reduction amounts and rules for allocating them to products using the mass balance approach or the allocation approach.

Based on these guidelines, and with the aim of improving the calculation transparency and enhancing information provided to customers, Nippon Steel has been disclosing CFP data for all products on its website in FY2026.

*1 Ministry of Economy, Trade and Industry (METI) and the Ministry of the Environment (MOE), Carbon Footprint Guidelines, October 2023.
*2 GX Steel Guidelines and related guidelines: Japan Iron and Steel Federation (JISF).

Click the URL below for our CFP details
https://www.nipponsteel.com/en/product/cfp/certificate.html

COLUMN

Visualizing the Avoided Emissions of NSCarbolex™ Solution through LCA

For products and solutions under the NSCarbolex™ Solution brand, Nippon Steel has been quantifying their avoided emissions in accordance with relevant calculation guidelines.*3 The results for selected products have been disclosed on our website.*4 Since FY2023, Nippon Steel has quantified the avoided emissions of 13 products and solutions across a wide range of sectors, including automotive, home appliances and office equipment, shipbuilding, construction and industrial machinery, energy, civil engineering and construction, railway infrastructure, and containers. By visualizing these avoided emissions, we support our customers' decarbonization efforts in both the manufacturing process and the product-use stages.

*3 The Institute of Life Cycle Assessment, Japan, Guidelines for Calculating the Contribution to Greenhouse Gas Emission Reductions, 2nd Edition, and others
*4 https://www.nipponsteel.com/en/product/nscarbolex/

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Contribution to SDGs

The Nippon Steel Group is committed to SDGs through continually supplying steel, a basic element supporting society, in various parts of the world by using its world-leading manufacturing capability.

Steel contributes to make our life more convenient and pleasant, by being used everywhere in our life and society, and as an indispensable part of resilient infrastructure against natural disasters caused by earthquakes, abnormal weather driven by climate change, and other factors. Steel is also an indispensable material element for achieving SDGs, as it helps reduce environmental burden due to its weight reduction, extension of its product life, and others on top of being abundantly available and able to be recycled.

As a supplier of steel, we strive to implement our Three Ecos and innovative technologies and to advance the Carbon Neutral Vision as measures against climate change. We also promote sustainable measures so as not to waste resources. These measures include the use of by-product gases generated in steelmaking, the reuse of recycled water, and the recycling of by-products and waste generated in and out of the Company.

[Examples of specific initiatives]



- Job creation through the establishment of operating companies in emerging countries P.33
- Reduction of vulnerability to disaster based on the use of the Nonframe method (a construction method to stabilize slopes without damaging the natural environment)



- Use of converter slag fertilizer, a by-product of steelmaking, to improve farming productivity and salt damage on farmland P.109
- Provision of titanium and stainless steel, which have excellent seawater corrosion resistance, for seawater desalination plants, securing agriculture water



- Promotion of air, water, and soil risk management and chemical substance management P.93
- Development and provision of steel products that contain no substances of concern, such as lead and hexavalent chromium



- Promotion of employee training to raise skills (i.e., OJT, Off-JT, sending trainees to Junior College for Industrial Technology), hosting technology triathlon P.122
- Study sessions for teachers, internship for students P.128



- Improvement of the working environment for women, support for career development, and work-life balance P.124
- Increase in female employment and the number of female employees in management P.124
- Prevention of harassment P.125



- Recycling and reuse of limited water resources P.105
- Promotion of water quality risk management P.92
- Provision of titanium and stainless steel for seawater desalination plants
- Provision of lining steel pipes for delivery of clean water



- Efficient use of energy, such as 100% use of by-product gases P.105
- Provision of materials for fuel cells that produce energy from hydrogen
- Development and provision of steel materials for high-pressure hydrogen to support a hydrogen-oriented society



- Promotion of DEI P.123
  (i.e., female empowerment, how to work and how to take time off from work, health promotion, and employment of the elderly and the disabled)
- Promotion of DX for workstyle innovation, productivity improvement, and worker safety management P.64-66



- Pursuit of Eco Processes to help raise resources/energy efficiency and reduce environmental burden P.105
- Introduction of advanced technologies through bilateral cooperation (India, ASEAN, etc.) P.98
- Use of steel slag in roadbed materials and materials for civil engineering P.103



- Thorough compliance training, such as for the Anti-Monopoly Act
- Initiatives to respect human rights in accordance with the Nippon Steel Group Human Rights Policy P.126
- Expanded hiring of women and non-Japanese P.124



- Provision of various indispensable Eco Products™ for daily lives P.163-164
- Provision of earthquake-resistance steel materials
- Development of Nonframe method, which protects houses during disasters while maintaining views of nature



- Promotion of air, water, and soil risk management, and chemical substance management P.91-93
- Full recycling of by-products, including slag, dust, and sludge P.103
- Promotion of recycling of waste plastics P.104



- Promotion of measures against climate change by implementing the Carbon Neutral Vision P.43-57
- Development and provision of NSCarbolex™ Solution products that contribute to reducing CO_2 emissions in society P.52



- Regeneration of seaweed beds with the use of steel slag P.99
- Promotion of marine environmental improvement with the use of steel slag P.108
- Voluntary coastal clean-up activities near steelworks P.129
- Collaboration with an NPO, "Mori wa Umi no Koibito" P.128
  (Participation in tree-planting)



- Promotion of air, water, and soil risk management and chemical substance management P.93
- "Creation of Hometown Forests" to promote greenery within steelworks P.108-109
- Site cleaning activities around steelworks P.129



- Bribery prevention guidelines to be established and made well known P.93
- Elimination of antisocial forces
- Thorough confirmation of non-use of conflict minerals P.118
- Thorough management of security export control



- Development of Eco solutions to transfer and spread environmental, energy-saving technologies to emerging markets P.98
- Japan-India and Japan-ASEAN regular exchanges among public and private steel-related parties P.98
- Support for human resources development to build an energy management system in emerging countries

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Consolidated Statements of Financial Position

[Unit: million yen]	Previous term (FY2024) As of March 31, 2025	**Current term (FY2025) As of March 31, 2026**
Plan assets		
Current assets		
Cash and cash equivalents	672,526	**461,262**
Trade and other receivables	1,430,435	**1,768,226**
Inventories	2,199,096	**2,776,012**
Other financial assets	41,425	**54,705**
Other current assets	205,019	**229,363**
Total current assets	4,548,503	**5,289,570**
Non-current assets		
Tangible fixed assets	3,635,585	**5,899,583**
Right-of-use assets	101,934	**139,478**
Goodwill	71,639	**259,746**
Intangible assets	263,231	**832,800**
Investments accounted for using the equity method	1,600,366	**1,465,536**
Other financial assets	461,378	**536,875**
Defined benefit assets	116,415	**162,276**
Deferred tax assets	135,074	**42,280**
Other non-current assets	8,329	**32,436**
Total non-current assets	6,393,955	**9,371,013**
Total assets	10,942,458	**14,660,583**

[Unit: million yen]	Previous term (FY2024) As of March 31, 2025	**Current term (FY2025) As of March 31, 2026**
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	1,671,352	**2,340,108**
Bonds, borrowings, and lease liabilities	473,466	**506,004**
Other financial liabilities	823	**5,493**
Income taxes payable	126,428	**39,285**
Other current liabilities	63,421	**81,792**
Total current liabilities	2,335,493	**2,972,686**
Non-current liabilities		
Bonds, borrowings, and lease liabilities	2,034,026	**4,668,249**
Other financial liabilities	35	**884**
Defined benefit liabilities	111,552	**160,207**
Deferred tax liabilities	137,014	**335,144**
Other non-current liabilities	420,955	**498,851**
Total non-current liabilities	2,703,584	**5,663,337**
Total liabilities	5,039,077	**8,636,023**
Equity		
Capital	569,519	**569,519**
Capital surplus	578,457	**588,011**
Retained earnings	3,819,934	**3,752,153**
Treasury stock	(58,236)	**(59,023)**
Other components of equity	473,635	**679,786**
Total equity attributable to owners of the parent	5,383,311	**5,530,448**
Non-controlling interests	520,069	**494,111**
Total equity	5,903,380	**6,024,560**
Total liabilities and equity	10,942,458	**14,660,583**

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Consolidated Statements of Profit or Loss

[Unit: million yen]	Previous term (FY2024) April 1, 2024 to March 31, 2025	Current term (FY2025) April 1, 2025 to March 31, 2026
Sales revenue	8,695,526	**10,063,216**
Cost of sales	(7,323,874)	**(8,618,408)**
Gross profit	1,371,651	**1,444,808**
Selling, general and administrative expenses	(815,817)	**(993,968)**
Share of profit in investments accounted for using the equity method	126,900	**85,412**
Other operating income	79,845	**108,782**
Other operating expenses	(79,343)	**(130,906)**
Business profit (loss)	683,237	**514,128**
Losses on reorganization	(135,277)	**(271,225)**
Operating profit (loss)	547,960	**242,903**
Finance income	20,841	**31,132**
Finance costs	(44,423)	**(101,222)**
Profit (loss) before income taxes	524,377	**172,814**
Income tax expense	(141,405)	**(128,059)**
Profit (loss) for the year	382,972	**44,754**
Profit (loss) for the year attributable to		
Owners of the parent	350,227	**17,158**
Non-controlling interests	32,744	**27,596**
Profit (loss) for the year	382,972	**44,754**
Earnings (loss) per share (yen)		
Earnings (loss) per share (yen)	70.18	**3.28**
Diluted earnings per share (yen)	67.03	**3.28**

Consolidated Statements of Comprehensive Income or Loss

[Unit: million yen]	Previous term (FY2024) April 1, 2024 to March 31, 2025	Current term (FY2025) April 1, 2025 to March 31, 2026
Profit (loss) for the year	382,972	**44,754**
Other comprehensive income		
Items that cannot be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income	(22,747)	**72,502**
Premeasurement of defined benefit plans	14,546	**45,643**
Share of other comprehensive income of investments accounted for using the equity method	(4,613)	**6,167**
Total of items that cannot be reclassified to profit or loss	(12,815)	**124,313**
Items that might be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income	—	**(290)**
Changes in the fair value of cash flow hedges	10,222	**23,987**
Foreign exchange differences in translation of foreign operations	108,222	**204,930**
Share of other comprehensive income of investments accounted for using the equity method	3,004	**(39,099)**
Total of items that might be reclassified to profit or loss	121,449	**189,527**
Total other comprehensive income, net of tax	108,634	**313,841**
Total comprehensive income for the year	491,606	**358,595**
Comprehensive income for the year attributable to:		
Owners of the parent	438,493	**319,952**
Non-controlling interests	53,113	**38,643**
Total comprehensive income for the year	491,606	**358,595**

Independent Practitioner's Limited Assurance Report

To the Representative Director, President and COO of Nippon Steel Corporation

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in Nippon Steel Corporation's (the "Company") Nippon Steel Integrated Report 2026 (the "Report") for the year ended March 31, 2026 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "☆".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2026 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing a site visit at the Kyushu Works Oita Area of the Company which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/ Kazuhiko Saito

Kazuhiko Saito, Engagement Partner
KPMG AZSA Sustainability Co., Ltd.
Tokyo Office, Japan
October 28, 2026

Notes to the Reader of Independent Assurance Report:
This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

NIPPON STEEL

NIPPON STEEL CORPORATION

2-6-1, Marunouchi, Chiyoda-ku, Tokyo 100-8071, Japan

Important Notes Regarding This Integrated Report and Data Book

This integrated report and the accompanying data book (collectively, "this report") is not a disclosure document statutory required by the Act on Financial Instruments and Exchange and other laws and does not guarantee the accuracy and completeness of the information. This report may include expectations based on the assumptions, projections, and plans as of the published date of this report. It should be noted that actual business results and other matters could differ materially from the details contained in this report. This report is not prepared for the purpose of providing the basis for an investment decision.

UD FONT by MORISAWA

This report employs an easy-to-read, universal design font to enhance accessibility and readability.