

Materiality and Indicators/Targets

1 A green society is not limited to the narrow meaning of a society that merely uses natural energy, but is defined as a society that addresses climate change and resource recycling.
 2 Although CO₂ emissions in fiscal 2021 increased compared to fiscal 2020 due to an increase in crude steel production, impacted by the recovery from the COVID-19 pandemic, our initiatives to reduce CO₂ emissions are progressing as planned.
 3 Three main items: Slag, dust, and sludge 4 S+3E = Safety + Energy Security, Economic Efficiency, and Environment
 5 Indicator was changed to verify initiatives using more detailed quantitative data.
 6 Progress rates of the plan to rebuild existing IT systems excluding the mainframe, which was planned at the time of formulation of the Medium-Term Management Plan (FY2021–2023).
 7 a: IT evangelists (DX personnel who utilize IT to plan and implement business reforms in their own divisions), b: Data scientists (DX personnel capable of advanced data analysis)

Materiality of the KOBELCO Group		Indicators and Targets				Main Initiatives in FY2021
		Indicators	Targets	Actual (FY2020)	Actual (FY2021)	
Contributing to a green society¹ 	Response to climate change	(1) Reduction of CO ₂ emissions in production processes	2030: Down 30–40% (compared to FY2013 levels) 2050: Taking on the challenge of realizing carbon neutrality	Down 21%	Down 16% ²	<ul style="list-style-type: none"> Promote energy-saving activities and implement initiatives in line with the Roadmap toward Carbon Neutrality in the Ironmaking Process.
		(2) Contribution to reduction of CO ₂ emissions through technologies, products, and services	2030: 61 million tons (including at least 45 million tons through MIDREX [®] Process) 2050: 100 million tons or more	40.77 million tons	44.91 million tons	<ul style="list-style-type: none"> Expand sales of technologies, products, and services that contribute to CO₂ reduction.
		(3) Reduction of CO ₂ emissions in the electric power business	2030: Increasing efficiency of coal-fired power plants to the USC level or higher 2050: Taking on the challenge of realizing carbon neutrality	—	—	<ul style="list-style-type: none"> Implement initiatives in line with the Roadmap toward Carbon Neutrality in the Electric Power Business, including ammonia co-firing/firing and the use of biomass.
	Response to resource recycling	(4) Water recycling rate	Maintaining at 95% or higher	95.9%	95.7%	<ul style="list-style-type: none"> Promote efficient use and thorough recycling of water.
		(5) By-product recycling rate	Recycling of three main items ³ FY2025: 99%	98.9%	99.3%	<ul style="list-style-type: none"> Promote recycling of the three main items and reduce final disposal amounts.
Ensuring safety and security in community development and manufacturing 	Supplying energy focused on S+3E ⁴	—	—	—	—	
	Providing materials and machinery that meet needs	(6) Percentages of target products in the product mix	FY2025: Percentage of wire rods/bars and high-strength steel in the steel products: 52%	44%	46%	<ul style="list-style-type: none"> To secure stable earnings at 6.3 million tons of crude steel production, strengthen the earnings base of the steel business and expand the ratio of high-value-added products, such as special steel and high-strength steel.
	Improving safety and productivity	—	—	—	—	
Providing solutions for the future connecting people and technology 	Reforms in manufacturing and operations through digital transformation (DX)	(7) Hours of office work streamlined by digitization ⁵	FY2023: 125,000 hours/year FY2025: 250,000 hours/year	—	76,000 hours/year	<ul style="list-style-type: none"> Automation of routine work: 40,000 hours Streamlined communication: 10,000 hours Streamlined translation work: 10,000 hours Digitization of business processes through development by users: 5,000 hours Others (simplified approval process, outsourcing, etc.): 11,000 hours
		(8) Progress rates of reconstruction of existing systems ⁶	FY2025: 100%	—	18.4%	<ul style="list-style-type: none"> Started integration/overhaul of SAP ERP system (finance and accounting in the machinery businesses) and large-scale reconstruction of design system
	Integration and innovation of diverse intellectual assets	(9) Number of DX personnel trained	a. IT evangelists ⁷ FY2023: Approx. 500 b. Data scientists ⁷ FY2023: Approx. 140	a. 35 b. 99	a. 128 b. 113 (cumulative)	a: Enhanced the follow-up after training, shared internal activities on the IT Evangelist Activity Portal Site, conducted in-house publicity activities for distributing training videos, etc. b: Created training materials for practical training, created machine learning training contents for in-house use, held on-the-job training on data analysis for operators, etc.
		(10) New business creation	FY2025: Multiple task forces (TFs) to move toward creating new businesses FY2030: Multiple TFs to launch new businesses (Annual target earnings: 1 billion yen or more per business)	—	Two businesses	<ul style="list-style-type: none"> Established the KOBELCO Start-Up Motivation System (KOSMOS), a new business creation management system that supports, accelerates, and monitors new business planning, and commenced its operations.
Promoting active participation of diverse human resources 	Diversity and Inclusion (D&I)	(12) Percentage of women in new graduate hires	FY2023: a. Career-track administrative positions: 50% or more b. Career-track technical positions: 15% or more c. General technical positions: 15% or more	a.34% b.16% c.9%	a.35% b.6% c.8%	<ul style="list-style-type: none"> Career-track positions: Introduced scout-type service and participated in seminars for female students General technical positions: Increased recruiting at schools
		(13) Percentage of female managers	Double the percentage from fiscal 2020	2.7%	2.8%	—
		(14) Employment rate of people with disabilities	2.3% (statutory employment rate)	2.34%	2.56%	<ul style="list-style-type: none"> Conducted recruiting activities based on the statutory employment rate
		(15) Number of non-Japanese employees	—	87	76	<ul style="list-style-type: none"> Conducted recruiting activities at universities in China
		(16) Percentage of male employees taking special leave for childcare	FY2023: 100%	77.8%	78.5%	<ul style="list-style-type: none"> Raised awareness at various D&I seminars, etc.
		(17) Turnover of employees with less than 10 years of service	Less than 15%	15.8%	19.5%	<ul style="list-style-type: none"> Conducted various activities to improve work styles and activities to support work-life balance, etc.
	Work style reforms	(18) Overtime hours	—	16.6 h (per month/employee)	17.2 h (per month/employee)	<ul style="list-style-type: none"> Conducted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc. Carried out activities for improving business operations to increase operational efficiency
		(19) Number of annual paid leave days taken	15 (per year/employee)	11 days	13.9 days	<ul style="list-style-type: none"> Encouraged the taking of annual leave based on annual plans created through two-way communication between supervisors and individual employees in a planned manner
		(20) Total hours worked	Under 2,000 hours/year	1,978 h	2,057 h	<ul style="list-style-type: none"> Promoted activities at each business unit, such as finishing work by 7:00 pm and setting a day with no overtime work, etc. Carried out activities for improving business operations to increase operational efficiency
		(21) Continuation of employee awareness survey	—	Ongoing	Ongoing	<ul style="list-style-type: none"> Continued to implement the survey in fiscal 2021
	Human resources development	(22) Improving and expanding employee training a. Total hours trained (across all employees) b. Average hours of training per employee	—	a.210,948 h b.18 h	a.215,667 h b.19 h	<ul style="list-style-type: none"> In addition to stratified training that is programmed according to issues in each division and open training that can be selected by individuals, we conducted leader development training for selected employees. We established training formats that take advantage of face-to-face group training and online training, and also promoted the development of human resources aimed at DX strategy and KOBELCO Total Quality Management (TQM) activities.
Pursuing governance that supports sustainable growth 	Compliance and risk management	(23) Number of internal reporting (whistleblowing) cases	—	112	113	—
	Human rights	(24) Participation rate in employee training ⁵	Implementation of Groupwide human rights training	—	76.4% E-learning participation rate at Kobe Steel	<ul style="list-style-type: none"> Conducted e-learning on harassment at Kobe Steel (for staff, foremen, and managers) Plan to conduct video-based training Groupwide in FY2022 (Implementation overseas is under discussion)
		Safety and health	(25) Lost time injury frequency rate	0.10 or less	0.24 (calendar year)	0.14 (calendar year)
	(26) Improving and expanding supervisor training		—	65	778	<ul style="list-style-type: none"> Implemented new employee training, new supervisor training, and line manager training to help them acquire knowledge and skills related to safety and health.
	Quality assurance	(27) Accreditation rate in compliance with Quality Guidelines in internal quality audit	FY2023: 70% of internal quality audit target locations	—	Progress during fiscal 2021: 35% (8 of 23 sites)	<ul style="list-style-type: none"> Under the current Medium-Term Management Plan (FY2021–2023), 126 locations are subject to audit (as of the first quarter of fiscal 2022). In fiscal 2021, due to the COVID-19 pandemic, 23 local locations were designated as locations that require audit for certification (another 23 locations that were remotely audited were not eligible for certification), and eight of these were certified (certification rate: 35%).
(28) Automation rate of testing and inspection equipment as defined by the Company		—	—	—	<ul style="list-style-type: none"> While promoting automation based on our existing automation plan we are discussing a medium- to long-term automation plan that includes partial automation of the process from data acquisition to issuance of inspection results, aimed at improving soundness of testing and inspection data. 	
(29) Continuation of customer satisfaction survey		—	Ongoing	Ongoing	<ul style="list-style-type: none"> Conducted surveys with questions tailored to each business division. 	
Corporate governance	(30) Improving the effectiveness of the Board of Directors	—	Ongoing	Ongoing	—	