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Message from the Officer in Charge of Promoting ESG

In 2022, we established our Purpose, “Material Revolution, making the world sustainable and prosperous,” and identified six material issues as priority themes to address to realize this Purpose.

However, we received feedback that it was not clear how our products contribute to a sustainable society. Accordingly, in this Integrated Report, we outline how our products and technologies contribute to the realization of a plastic-resource-recycling society, a low-carbon society, and a super-smart society, along with the social impact of our representative products. Going forward, we will further enhance this content by incorporating additional details and new technologies to illustrate the progress of our materiality initiatives amid a rapidly changing environment.

In April 2025, in conjunction with the revision of the Group’s Basic Sustainability Policy, we introduced the Five Guiding Principles for Action, which were primarily established by young managers as part of the Organizational Culture Reform Project. These principles serve as principles for realizing the “reforms and challenges for new growth” stated in the medium-term management plan JGP2028 and are closely linked to addressing our material issues. By promoting the widespread adoption of these guidelines, we will strengthen sustainability management, enabling us to achieve the goals of the medium-term management plan and enhance corporate value as we pursue further growth over the next five to ten years.

Foundations for Creating Value: Contents

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The Japan Steel Works Group Basic Sustainability Policy

Based on its Purpose—“Material Revolution, making the world sustainable and prosperous”—JSW Group will contribute to stakeholders as follows through the development and implementation of industrial machinery and new materials that solve social issues, and simultaneously ensure thorough organizational crisis management as it works to create social value and sustainably enhance its corporate value.

| | |
|---------------------------------|--|
| For Our Customers and Society | Through our supply of highly reliable products that emphasize quality and appropriate levels of communication, we aim to solve the problems faced by customers and society, and to realize a sustainable and prosperous society. |
| For the Global Environment | We will strive to reduce the environmental impact of our business activities and the entire supply chain and contribute to enhancing a circular economy and curbing a climate change. |
| For Our People Working Together | As well as developing ways of working that raise individual capabilities and respect diversity, we respect human rights and provide a healthy, safe, and open working environment where everyone can find their work rewarding. |
| For Our Business Partners | Through fair and equitable transactions, we create social value together and build partnerships for co-existence and co-prosperity. |
| For Local Communities | We engage actively in community involvement activities and contribute to community development as a good corporate citizen. |
| For Shareholders and Investors | We will ensure the transparency, soundness, and efficiency of management, and strive to continuously improve corporate value. In addition, as well as striving to disclose appropriate corporate information in a timely and appropriate manner, we undertake constructive dialogue with stakeholders. |


In putting the above into practice, we will respect human rights and strive to ensure compliance, and in addition to clarifying these, work to enhance corporate governance.

Governance and Promotion System for Sustainability

Sustainability promotion activities are carried out by the ESG Promotion Committee, which was established in April 2021 and chaired by the officer in charge of promoting ESG.

In addition to considering strategies related to climate change, the committee also discusses all manner of ESG-related issues. The Board of Directors exercises appropriate oversight on the basis of input such as reports on the ESG Promotion Committee’s activities.

In April 2022, we established our ESG Promotion Office as an organization dedicated to promoting ESG activities throughout the entire Group. The ESG Promotion Committee plays a central role in the Group’s climate change response and ESG-related activities, which are promoted through the ESG Promotion Office in cooperation with head office divisions, business divisions, plants and Group companies.

 Visit our website to view the ESG Activities Promotion Organization Chart.
Sustainability Management: https://www.jsw.co.jp/en/sustainability/sustainability_management.html

Environmental Management

Basic Approach

Our Group has established the JSW Group Basic Sustainability Policy, under which we pledge to reduce the environmental burdens generated by our business activities and entire supply chain and to contribute to the creation of a recycling society and the mitigation of climate change. The specific policies are set out in the Environmental Policy. For details on the Environmental Policy, please refer to our website.

 **Environmental Management:** <https://www.jsw.co.jp/en/sustainability/environment/ems.html>

Targets and Progress of the Medium-Term Environmental Plan

| Priority Issues | FY2024 Targets | FY2024 Actual Results | Achievement Level | Medium-Term Environmental Plan FY2025 Targets |
|--|---|--|-------------------|---|
| Environmental Management | Maintain existing ISO 14001 certifications | Maintenance of existing ISO 14001 certifications | ◎ | Maintain existing ISO 14001 certifications Obtain new ISO 14001 certification of domestic manufacturing Group companies |
| Climate Change Measures | 41.3% reduction in CO ₂ emissions (compared with FY2013) | 46.5% reduction in CO ₂ emissions (compared with FY2013) | ◎ | CO ₂ emission reduction targets relative to FY2013 levels 45% reduction by FY2025, 60% reduction by FY2030 |
| | Improvement of 1% or more in energy usage intensity (year-on-year and average change in intensity over 5 fiscal years) | 0.6% worsening from the previous fiscal year 5.2% improvement over average change in intensity over 5 fiscal years | △ | Improvement of 1% or more in energy usage intensity (year-on-year and average change in intensity over 5 fiscal years) |
| Promotion of Resource Conservation and Recycling | Recycling rate of 95% or higher (excluding slag and refractories) | Recycling rate of 96.6% (excluding slag and refractories) | ◎ | Recycling rate of 95% or higher (excluding slag and refractories) |
| Management of Chemical Substances | Improvement of 1% or more emissions and transfers intensity of chemical substances subject to the PRTR ^{*1} law (year-on-year and average change in intensity over 5 fiscal years) | 5.0% worsening from the previous fiscal year Improvement of 4.5% in the average change in intensity over 5 fiscal years | △ | Improvement of 1% or more emissions and transfers intensity of chemical substances subject to the PRTR law (year-on-year and average change in intensity over 5 fiscal years) |
| Compliance | Legal or regulatory violations: 0 | Legal or regulatory violations: 0 | ◎ | Legal or regulatory violations: 0 ^{*2} |
| | Treat low-concentration PCB waste by March 2027 | Progressing appropriately | ◎ | Treat low-concentration PCB waste by March 2027 |
| Raising Environmental Awareness | Issuance of integrated report Conduct training for employees | Issuance of integrated report Conduct training for employees | ◎ | Disclose environmental management activities in an integrated report Conduct training for employees |

^{*1} PRTR: Pollutant Release and Transfer Register
^{*2} In FY2025, a violation of environmental regulations was identified, and we are taking appropriate corrective action. No penalties, fines, or other sanctions have been imposed in association with this violation.

Environmental Management Structure

The Environmental Management Committee, headed by the officer in charge of environmental management who is appointed by the Board of Directors, formulates groupwide annual environmental management policies and action plans, and oversees and evaluates the progress of environmental management activities. Each plant has its

own environmental supervisory committee and works to promote environmental management activities as part of JSW Group’s unified approach to reducing its environmental impact. In addition, all of the Company’s plants and several of its Group companies have obtained ISO 14001 certification. Please refer to our website for more details.

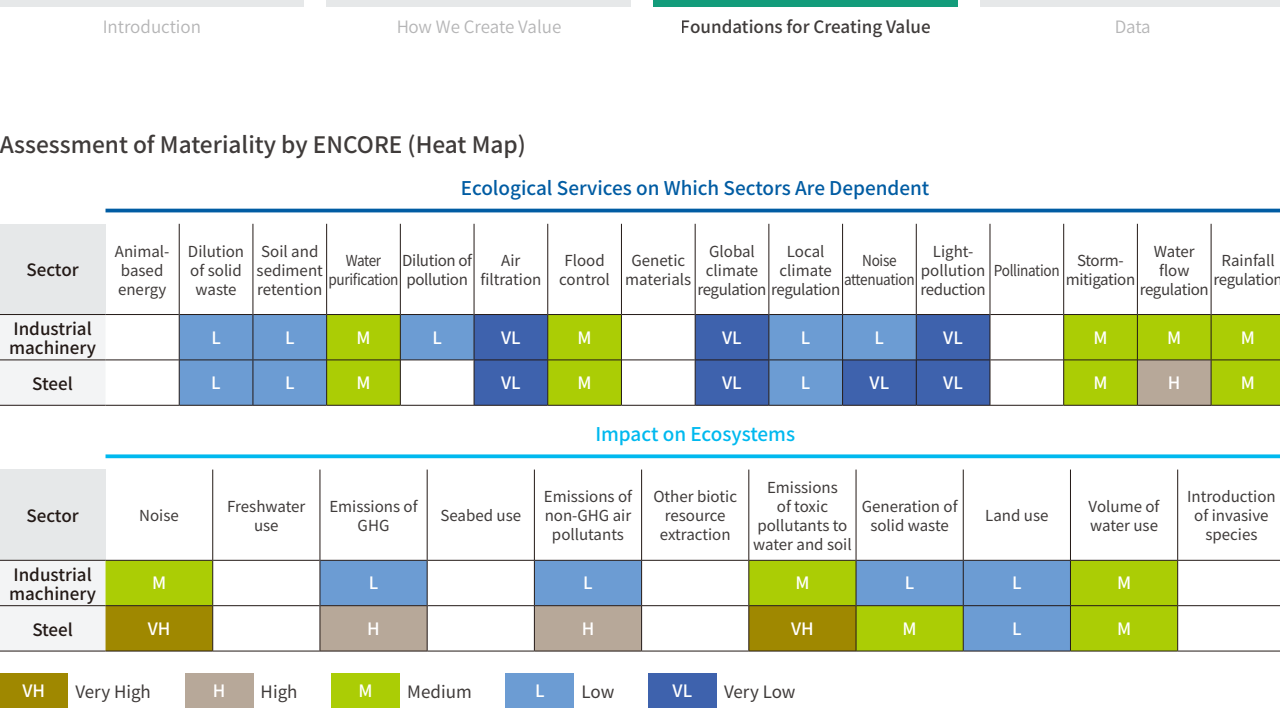
 **Environmental Management:** <https://www.jsw.co.jp/en/sustainability/environment/ems.html>

Dependence and Impact Related to Biodiversity

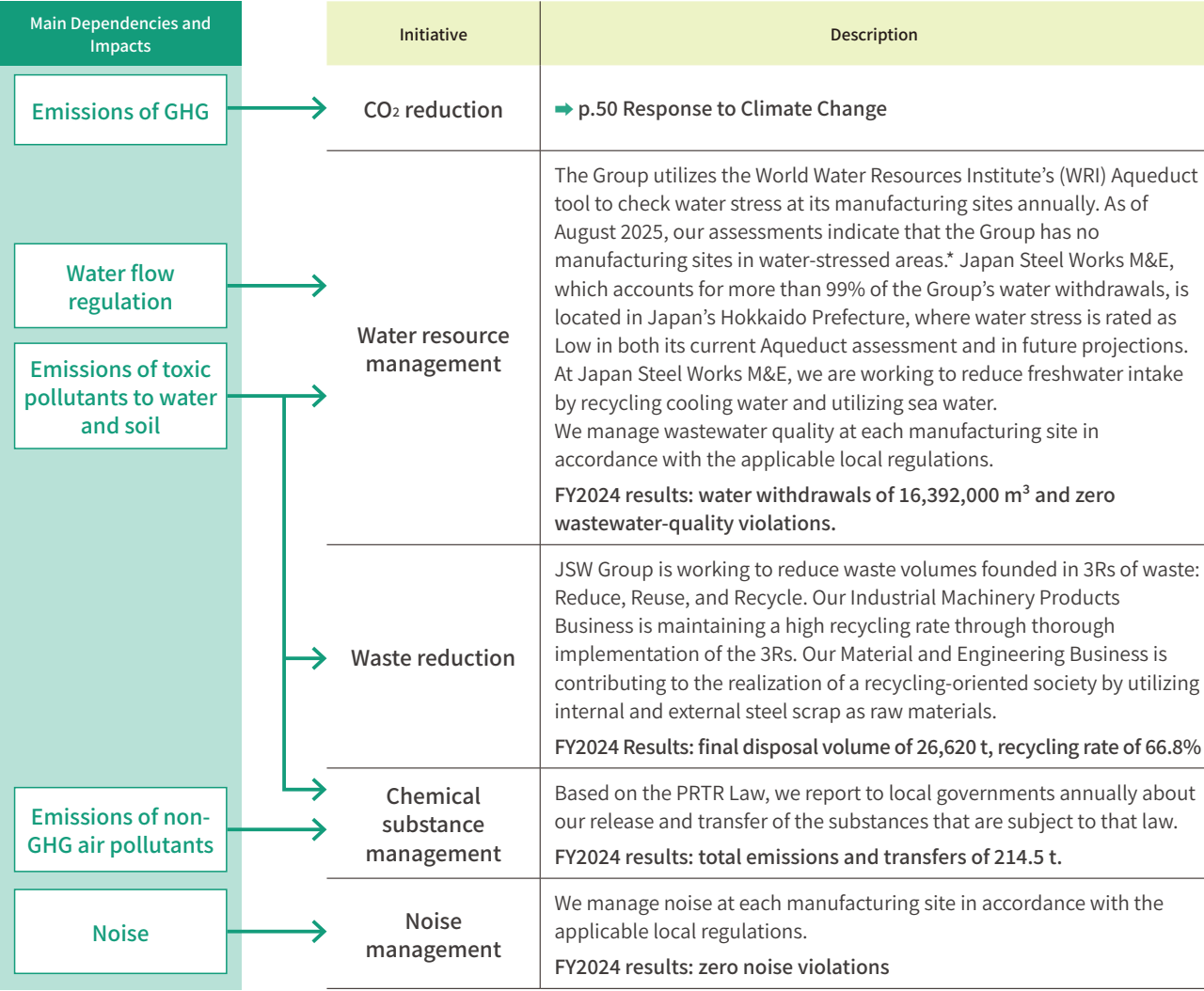
We used the latest version of ENCORE^{*1} as recommended by the TNFD to assess JSW Group’s dependence and impact on the ecosystem services relevant to the industrial machinery and steel sectors^{*2} in which our Group operates.

^{*1} ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a tool for assessing business sectors and production processes for their dependence and impact on natural capital. ENCORE was developed under the leadership of the Natural Capital Finance Alliance in collaboration with United Nations Environment Programme (UNEP), the World Conservation Monitoring Centre (WCMC) and other organizations.
^{*2} The sector names corresponding to industrial machinery and steel in ENCORE are as follows:
Industrial machinery: Manufacture of special-purpose machinery Steel: Manufacture of basic iron and steel

Achievement Level:
◎ Fully achieved
○ 80% or more achieved
△ Less than 80% achieved



The assessment confirmed that our operations are dependent on water-related ecosystem services, and significantly impact ecosystems with noise, emissions of GHG, emissions of non-GHG air pollutants, and emissions of toxic pollutants to water and soil. We will keep these findings in mind as we continue to take action to manage our environmental impacts and dependencies.




Only key results are shown in the table above. For details, please refer to our website.

 **Non-financial data:** <https://www.jsw.co.jp/en/sustainability/esgdata.html>

Response to Climate Change

Support for the TCFD Recommendations

Please refer to our website for details.

 Climate change response:
<https://www.jsw.co.jp/en/sustainability/environment/climatechange.html>



Governance

JSW Group considers climate change as an important management issue, and in June 2022, we expressed our endorsement for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In the same year, we completed a scenario analysis and impact assessment. In accordance with the TCFD’s disclosure framework, we analyze and consider the impact of climate-related risks and opportunities on the Group’s business activities and earnings, and disclose the resulting information.

Strategy

As stated in Indicators and Targets, we were able to achieve our Scope 1 and 2 reduction targets for fiscal 2025 one year ahead of schedule. We were able to do this through various measures such as electrifying equipment at each production site and introducing green power. Accordingly, we have revised reputational risk downward. Regarding opportunities, we have revised the impact of those for which significant changes in the external environment are prompting an ongoing course correction in business strategy.

Financial “Risk” Impact Assumed for FY2030 (Extracted)

Impact on annual operating income: Minor (less than ¥100 million); Moderate (¥100–1,000 million); Major (¥1,000 million or more)

| Category | Type | Details | Degree of Impact | |
|------------------|--------------------------|---|------------------|----------|
| | | | 2°C | 4°C |
| Transition risks | Policies and regulations | Imposition of a carbon tax | Moderate | — |
| | | Introduction of border adjustment tax | Minor | Minor |
| | Technology | Cost of switching fuels at production facilities and R&D | Moderate | Moderate |
| | Markets | Decrease in demand for the products due to the reduction in the construction of conventional thermal power plants | Minor | Minor |
| | | Decrease in demand for the products due to the reduction in the construction of conventional thermal power plants | Moderate | Moderate |
| | Reputation | Damage to our ESG evaluation and reputation due to delays in CO ₂ emission reduction measures at the product manufacturing stage | Minor | Minor |

Financial “Opportunity” Impact Assumed for FY2030 (Extracted)

Impact on annual operating income: Minor (less than ¥100 million); Moderate (¥100–1,000 million); Major (¥1,000 million or more)

| Category | Type | Details | Degree of Impact | |
|---------------|-----------------------|---|------------------|----------|
| | | | 2°C | 4°C |
| Opportunities | Markets | Expansion of the EV market | Moderate | Minor |
| | | Expansion of power electronics market and 5G infrastructure market | Moderate | Moderate |
| | Energy sources | Increased demand for renewable energy power generation | Moderate | Moderate |
| | Resource efficiency | Tax relief after the introduction of carbon pricing on CO ₂ emissions from production facilities | Moderate | — |
| | Products and services | Expansion of products and services that contribute to the demand for the reduction of CO ₂ emissions (shafts for high-efficiency thermal power plants, pelletizers for producing raw materials for solar panel protective sheets, and magnesium injection molding machines that contribute to weight reduction in automobiles) | Major | Major |
| | | Response to the demand for plastic recycling, contribution to social implementation of non-fossil-fuel-derived plastics | Minor | Minor |
| | | Response to demand for nuclear power plants | Major | Major |

Assessment of Risks

Imposition of Carbon Tax

The revised GX Promotion Act (Act on the Promotion of Smooth Transition to a Decarbonized Growth-Oriented Economic Structure) was enacted in May 2025, and the Japanese government has mandated that companies whose direct CO₂ emissions (Scope 1) exceed 100,000 tonnes per year (averaged over the most recent three years) participate in the emissions trading system GX-ETS, which is to be rolled out in full from April 2026. Since the average Scope 1 emissions of our Group for the three years from 2023 to 2025 (latest forecast) is approximately 60,000 tonnes, our Group is not expected to be obliged to participate in GX-ETS under this legislation. However, to achieve the target we set out in Indicators and Targets of reducing our Scope 1 and 2 emissions by 60% by fiscal 2030, we will, in addition to various other energy-saving measures, continue to introduce renewable energy power

generation, expand solar power generation facilities, and plan and develop non-carbon-emitting facilities that utilize hydrogen and ammonia as fuel.

In fiscal 2024, the Group increased the percentage of electricity generated from green energy sources to 45% of Scope 2 at the Hiroshima Plant, 27% at the Yokohama Plant, and 20% at the Meiki Plant. Furthermore, the Hiroshima Plant continued to expand its solar power generation facilities in fiscal 2024.



Solar power generation facilities at the 9th assembly plant



Solar power generation facilities at the 10th assembly plant

Assessment of Opportunities

Response to Demand for Nuclear Power Generation and Expansion of Products and Services That Contribute to Meeting Demand for Reduction of CO₂ Emissions

Europe, seeking to break its dependence on imported natural gas from Russia and pursue decarbonization, is actively promoting the construction of nuclear power plants. Construction of 1.6-million-kW class large reactors in the UK and France is progressing smoothly, and new 1-million-kW class nuclear power plants are being planned for Eastern European countries such as Poland and Bulgaria.

In North America, licensing to extend the operating life of existing nuclear power plants (to 80 years) is moving forward.

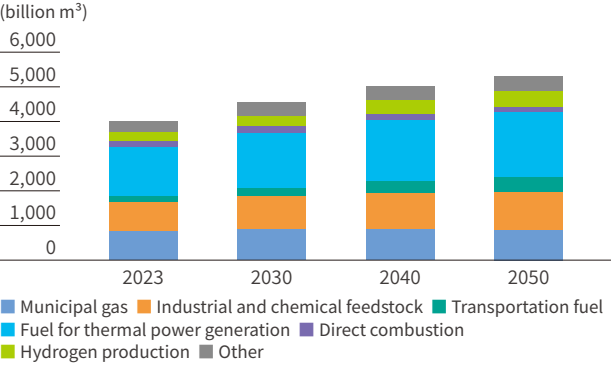
Amid the rapid growth of data centers and the semiconductor industry and the resulting long-term increase in worldwide electricity demand, high-efficiency gas-fired power generation using liquefied natural gas, which emits relatively little CO₂ for thermal power generation, is expected to be in high demand in the medium to long term as a means of transitioning to carbon neutrality by 2050 and as a dispatchable power source that can compensate for fluctuations in renewable energy output.

In this market environment, demand is expected to be strong for primary and secondary components for nuclear power plants, to rise due to replacement cycles in North America for ultra-large turbines and generator shafts, and to remain stable for rotor shafts used in high-efficiency thermal power generation such as GTCC.* To meet this vigorous

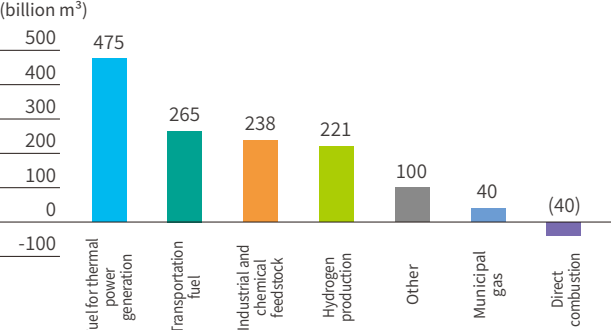
* GTCC: gas turbine combined-cycle power generation

demand, Japan Steel Works M&E is proceeding with refresh investments in its facilities and is giving active consideration to further increases in production capacity.

Global Natural Gas Demand Forecast by Sector



Increase by Sector (2023→2050)



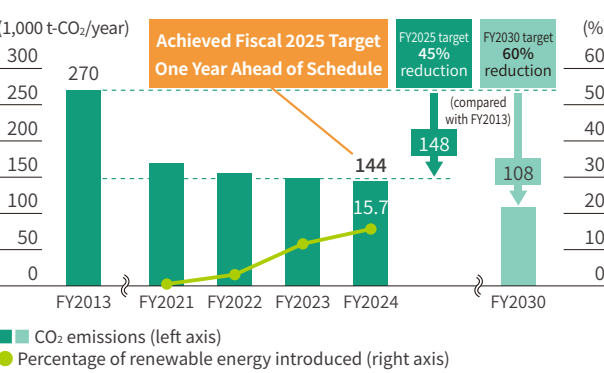
Source: Global Gas Outlook 2050 by Gas Exporting Countries Forum, March 2025 Version, prepared in-house

Indicators and Targets

| Classification | Management Indicator | Target | |
|--|---|---------------|---------------|
| | | FY2025 | FY2030 |
| Reduction of CO ₂ emissions in production activities (Scope 1, 2) | CO ₂ emissions reduction rate (compared with FY2013) | 45% reduction | 60% reduction |
| Promotion of the introduction of renewable energy | Percentage of renewable energy among all energy used (Scope 1, 2) | 25% or more | 40% or more |

For Scope 1 and Scope 2, our Group achieved a 45% reduction from the base year (fiscal 2013) in fiscal 2024, one year ahead of the fiscal 2025 target. We have disclosed three years of Scope 3 emissions (upstream and downstream emissions in the supply chain).

CO₂ Emissions (Scope 1 and 2) Reduction Plan



Scope covered by CO₂ emissions calculations:

Head office and the Group’s main manufacturing sites [Hiroshima Plant, Yokohama Plant, Meiki Plant, Japan Steel Works M&E (including affiliated companies on Company premises)]

Scope 3 Emissions Calculation Results for FY2022 to FY2024

| Unit: 1,000 t-CO ₂ /year | | | |
|--|--------|--------|--------|
| Category | FY2022 | FY2023 | FY2024 |
| 1 Purchased products and services | 543 | 509 | 523 |
| 2 Capital goods | 22 | 36 | 51 |
| 3 Energy-related activities | 23 | 22 | 25 |
| 4 Transportation and distribution (upstream) | 21 | 28 | 15 |
| 5 Waste generated in operations | 2 | 1 | 2 |
| 6 Employee business travel | 2 | 4 | 5 |
| 7 Employee commuting | 3 | 3 | 3 |
| 9 Transportation and distribution (downstream) | 7 | 13 | 10 |
| 11 Use of sold products | 3,650 | 3,618 | 3,293 |
| 12 End-of-life treatment of sold products | 1 | 1 | 1 |
| 13 Leased assets (downstream) | 3 | 1 | 1 |
| Scope 3 total | 4,275 | 4,236 | 3,929 |

Scope covered by CO₂ emissions calculations:

Head office and the Group’s main manufacturing sites [Hiroshima Plant, Yokohama Plant, Meiki Plant, Japan Steel Works M&E (including affiliated companies on Company premises)] (includes CO₂ volumes from overseas activities such as overseas procurement and exported products)

Quality Management

Quality Management Approach and System

At JSW Group, divisions collaborate to conduct quality management activities at the plant level with the aim of providing meticulous support for each product. In order to strengthen the corporate monitoring and supervision functions for these activities at each plant, we established the Quality Management Office, headed by an officer in charge of quality management, in September 2022.

Our quality assurance system ensures neutrality across plants and eliminates bias by having members of the Quality Management Office concurrently serve as heads of the quality

assurance departments at each plant, including M&E. The participation of these plant quality assurance department heads, who also serve as Quality Management Office members, in plant-level quality management activities ensures the effectiveness of the oversight function. We also established the Muroran Branch of the Quality Management Office in April 2023 and the Hiroshima Branch in April 2025, further strengthening supervision and guidance functions for quality management activities.

JSW Group

Quality Policy and Quality Code of Conduct

Quality Policy

JSW Group contributes to sustainable and prosperous lives for people around the world by providing products of high quality and superior reliability.

Quality Code of Conduct

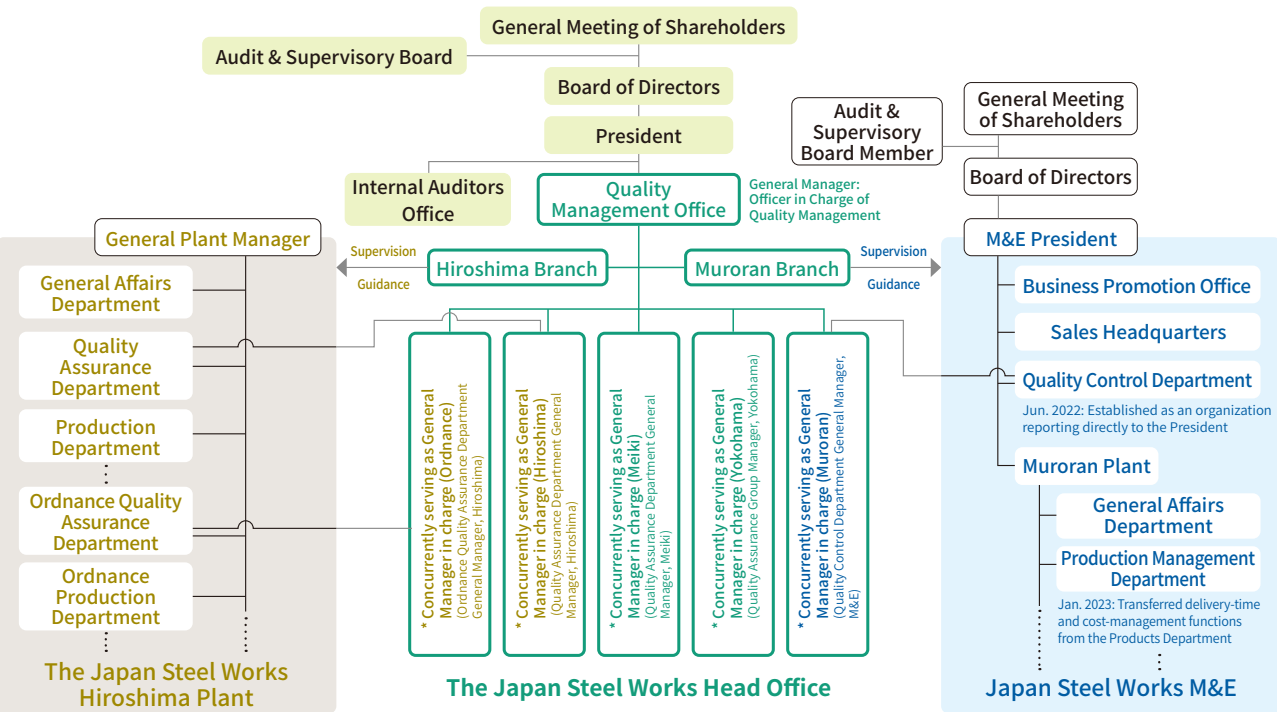
1. Uphold strong ethics and ensure full compliance with laws, regulations, customer requirements, and internal rules.

2. Take your role seriously and foster a sense of safety and trust.

3. Continually strive to maintain, improve, and deliver appropriate quality.

4. Enhance awareness of quality through the transfer of technology and skills and through the development and education of personnel.

5. Contribute to society through your own growth.



Note: The three research institutes not shown in the diagram, as well as affiliated companies that manufacture products and issue inspection records and inspection certificates, are also subject to quality audits and other reviews.

Continuous Efforts to Strengthen Quality Management

Measures initiated in response to inappropriate conduct in quality inspection practices are now implemented on a regular basis to enhance quality management under everyday conditions. We are continuously strengthening our efforts from the four perspectives of “quality assurance system,” “organizational culture,” “quality assurance process,” and

“governance,” and, as shown in the table below, advancing these initiatives as a unified Group. The Quality Management Office provides supervision and direction as the second line in the implementation of these measures, and the Internal Auditors Office is the third line, auditing progress periodically and reporting results to the Board of Directors.

| Category | Measure | Main Initiatives in Past Year |
|---------------------------|--|---|
| Quality Assurance System | Building and bolstering the system | <ul style="list-style-type: none">Established Hiroshima Branch (Apr. 2025) |
| Organizational Culture | Strengthening and improving compliance consciousness | <ul style="list-style-type: none">Key activities during Quality Compliance Month (May) and Quality Month (November) (two months designated as activity enhancement months each year to promote initiatives across the entire Group)<ul style="list-style-type: none">Communication of message from top management (May: the president; November: officer in charge of quality management)Created quality compliance posters in May and displayed these until the end of the fiscal yearFormulated quality compliance statements for workplaces in May and displayed these until the end of the fiscal yearQuality audits conducted by the Quality Management Office (3 plants, 3 research institutes, and 15 affiliated companies (including M&E))Conducted quality compliance video training and e-learning education<ul style="list-style-type: none">Created materials in English and Chinese versions in addition to Japanese; conduct education that included international locationsQuality workshop training (face-to-face) (September: Yokohama, M&E; January: Meiki, Hiroshima)Held human error prevention training (inculcate materiality of errors and mistakes; 10 sessions)Implemented mutual monitoring of quality (guided as autonomous activities by each department to promote interdepartmental cooperation)President town meeting (factory tour, lunch meeting, exchanges of opinion)Confirmed status of quality compliance invocation via surveys (to strengthen measures) |
| | Organizational culture reform | <ul style="list-style-type: none">Implemented a project to raise awareness of the Purpose<ul style="list-style-type: none">Workplace small meetings (about 4,500 employees of the Company and affiliates in attendance)Purpose training (training of candidates for leaders to raise awareness of the Purpose at Hiroshima Plant and Muroran Plant)Promote Organizational Culture Reform ProjectLaunched the Culture Renewal Review Group with ten young managers to formulate new behavioral standards<ul style="list-style-type: none">January: Presented draft Guiding Principles for Action to Management / April: Five Guiding Principles for Action went into effect |
| Quality Assurance Process | Digitize inspection work | <ul style="list-style-type: none">Digitized test and inspection records and began partial operation of the QDAS* automated report-generation system |
| Governance | Deploying appropriate management resources | <ul style="list-style-type: none">Increased quality assurance personnel at M&E (twice the June 2022 level) and promoted greater personnel mobilityCapital investment to enhance inspection operations efficiency (automation of various inspection processes) |
| | Strengthening internal controls | <ul style="list-style-type: none">Strengthened internal audit functions<ul style="list-style-type: none">Conducted self-inspections and evaluations of the establishment and operation of internal controls for the Company and its affiliated companiesStrengthened the whistleblowing system<ul style="list-style-type: none">Distributed a compliance handbook and pocket cards to all employeesAdded internal sanction mitigation regulations for voluntary self-reporting of violationsFormulated and enforced escalation regulations |

* QDAS: Quality Data Assurance System. Manages quality data (mainly test and inspection records) and revision histories digitally from a centralized base, and enhances the reliability of performance reports.



President town meeting



Human error prevention training



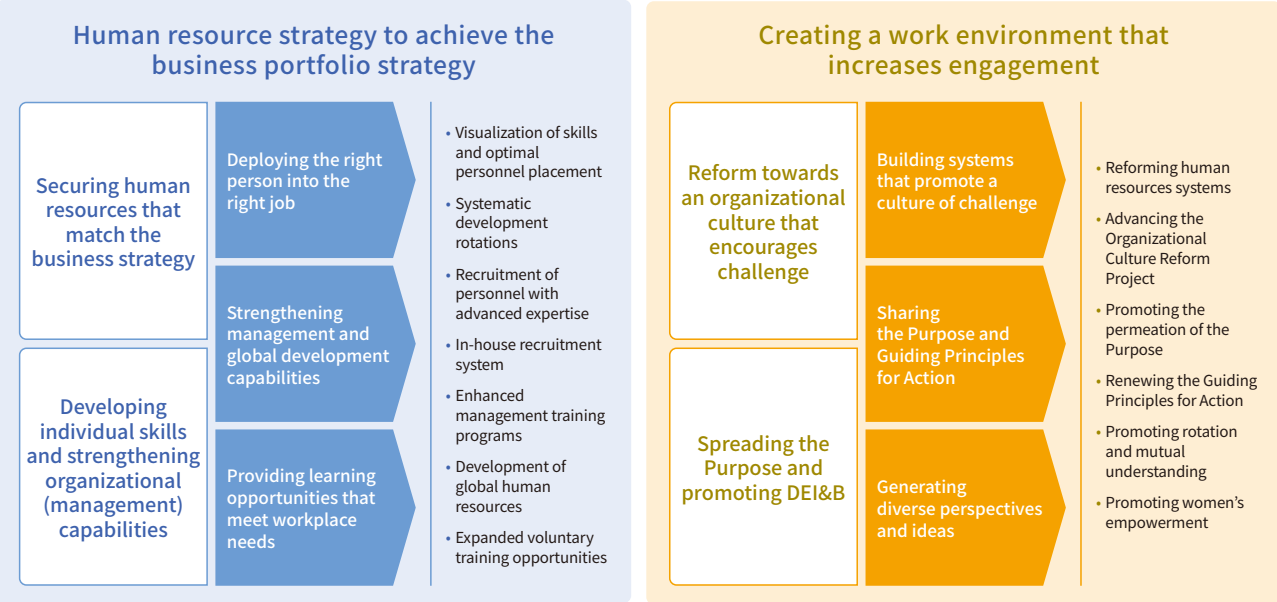
Quality workshop training

Human Capital Management

The corporate image that JSW Group is aiming for is one where “individual self-realization” and “sustainable growth of the organization” mutually circulate, and the individual and organization continue to thrive together. To this end, we are linking various human resources initiatives based on business strategies to achieve autonomous growth and active participation of diverse individuals and maximizing of

organizational performance, thereby realizing sustainable growth and improved corporate value. In addition, as a foundation for implementing these strategies, we are promoting measures to increase engagement, thereby creating a work environment where employees can reach their full potential.

JGP2028 Human Resources Initiatives



Human Resource Strategy to Achieve the Business Portfolio Strategy

Deploying the Right Person into the Right Job

To ensure that we deploy the right person into the right job in executing our business strategies, we are developing a talent management system. By visualizing not only employees’ career histories but also their individual skills, we will promote the optimal allocation of personnel to address a wide range of business challenges.

In addition, while taking into account each individual’s aptitude and personality, we are systematizing personnel rotations based on a medium-term development vision to achieve placements best suited to business execution.

In addition, we are embarking on initiatives that will promote autonomous career development, including implementing planned internal open recruitment in certain divisions, with the aim of developing personnel by encouraging them to take on the challenge of developing new businesses.

In recruiting new graduates from science and engineering backgrounds, we offer opportunities during the selection process for applicants to meet with senior employees, thereby deepening their understanding of our business. In

the actual interviews, department heads from the divisions where candidates are expected to be assigned after joining the Company serve as interviewers, ensuring the recruitment of students who are expected to contribute actively to our business operations. For new graduates from humanities backgrounds, we also emphasize applicants’ willingness to take on the global business challenges the Company is pursuing as part of our selection criteria.

When recruiting candidates who already have experience in the requisite field, interviewers are selected from business divisions to ensure alignment between applicants’ career backgrounds and aspirations and the direction of our business.

Going forward, we will also focus on expanding the recruitment of personnel with advanced expertise directly connected to business needs, such as those holding doctoral degrees.

Strengthening Management and Global Development Capabilities

Based on the results of the engagement survey, we believe that to raise the level of performance for the organization as

a whole, it is important to enhance the skills of organizational managers who drive the workplace to achieve strategic goals.

Firstly, we consider it important for the organizational managers to develop the skills to enhance the psychological safety and job satisfaction of workplace members, and therefore have strengthened the training to acquire management skills with a view to contributing not only to improved engagement but also to organizational change and innovation.

We also implement educational programs, particularly for young employees, to help them acquire global business skills. In addition to improving skills such as negotiating and giving presentations in English, this training also gives participants the opportunity to learn styles of thinking that have global resonance.

Moreover, we provide the basic and specialized education required for global business, such as language training including study abroad, and workplace rotation for personnel development, including to the Company’s international locations, to drive the global expansion of the Group’s business.

Going forward, we will increase opportunities for employees to acquire management skills that encompass the formulation and execution of growth strategies, the establishment of corresponding management structures, and knowledge of M&A.

Providing Learning Opportunities That Meet Workplace Needs

Since personnel composition and challenges differ across workplaces, we believe that expanding diverse educational content to meet various learning needs—rather than relying solely on uniform company-wide training—will enable timely and appropriate educational opportunities suited to each workplace’s actual circumstances. To this end, we are expanding our lineup of voluntary training programs. In addition, to support self-development, we have established an online learning platform to create an environment where employees can learn the skills they wish to acquire.

As part of the Group’s ongoing DX initiatives, we are also focusing on DX education. All employees have been categorized into levels according to responsibilities and IT skills, and the target percentage of employees at each level has been set. As we work to achieve these percentages, we are developing an environment to provide appropriate educational content to employees with various skill levels, thereby working to improve IT literacy throughout JSW Group. In addition to the foregoing, we will also work to develop department leaders, familiar with business as well as IT, who will promote digitization of business operations to derive concrete results from DX activities.

Beyond education and training programs, we also actively fast-track young high performers into management in anticipation of future advancement to senior management. We also actively conduct development measures through internal recruitment and rotation.

| Indicators | FY2022 | FY2023 | FY2024 |
|---|--------|--------|--------|
| Training cost per employee (thousands of yen) | 53.3 | 58.8 | 65.8 |
| Number of participants in job level-specific training | 266 | 317 | 305 |
| Completion rate of job level-specific training (%) | 98.1 | 98.1 | 98.0 |
| Number of employees newly certified under The National Trade Skill Test & Certification (NTSTC) | 100 | 98 | 104 |

Creating a Work Environment That Increases Engagement

Building Systems That Promote a Culture of Challenge

Sharing the Purpose and Guiding Principles for Action

We have been advancing organizational culture reform activities since the fiscal 2023, and to further accelerate these efforts, we established the Five Guiding Principles for Action in fiscal 2025. These guidelines serve as principles for employees’ daily decisions and actions, fostering a culture where all employees are encouraged to take on challenges with courage and to grow through failure rather than fear it.

We are also reviewing our personnel systems to incorporate mechanisms that evaluate and reward employees who take on

challenges. We are currently developing plans to revise the management position system, after which we plan to update the personnel system for general employees.

Regarding the Purpose established in fiscal 2022, we are implementing initiatives led by organizational managers to ensure that all officers and employees can empathize with and internalize it. Since its establishment, organizational managers at each workplace have taken the lead in conducting workshops where employees discuss the relationship between the Purpose and their daily work, thereby promoting a more profound understanding and adoption throughout the organization.

Generating Diverse Perspectives and Ideas

The Group recognizes that the execution of its business strategy hinges on the active participation of diverse human resources that can bring about new added value through a variety of thinking styles and ideas. As a foundation for achieving this, in addition to securing a diverse workforce, we are promoting DEI&B based on the belief that it is essential to ensure equity that enables individuals with different personalities to perform equally well, foster inclusion by creating environments where differences are respected, and cultivate a sense of belonging that inspires strong motivation to contribute to the team through empathy with the Company’s Purpose and Vision.

To ensure diversity in attributes, we are focusing our energies on increasing the ratio of female employees, which currently remains low. In particular, we are working to increase the ratio of female recruits by having female employees actively provide follow-ups to female candidates during the selection process. We also obtained Kurumin certification in fiscal 2025. We are likewise advancing initiatives to recruit persons with disabilities and foreign nationals by utilizing multiple channels and emphasizing alignment between each applicant’s career aspirations and the Company’s opportunities.

To promote diversity in terms of qualities, we launched the Special Talent Recruitment Course for new graduates in fiscal 2024—a recruitment track designed to attract unique individuals through a selection process that differs from conventional methods. This has enabled us to hire students with distinctive experiences and backgrounds that we had not previously been able to reach. We are also strengthening our recruitment of individuals who already have experience in the requisite fields, welcoming those with a wide range of experience, backgrounds, and skills, thereby enhancing workforce diversity. Furthermore, through a rotation system centered on developing young employees and promoting personnel exchange, we are creating an environment where employees with diverse career paths inspire one another as they work toward shared goals.

To ensure that employees with diverse personalities and circumstances can thrive, we continue to promote flexible workstyles while implementing initiatives to enhance communication and mutual understanding within workplaces.

We also provide opportunities for managers to acquire organizational development skills and conduct onboarding programs for recruits with experience to support their smooth integration and success. When hiring individuals with disabilities, we provide pre-hiring training to the receiving departments to ensure a thorough understanding of the necessary considerations.

While we already have female managers active in departments such as sales, technology, and corporate functions, we are further enhancing career training programs for female career-track employees to foster the next generation of leaders.

In addition, we hold roundtable discussions between female employees and female directors and Audit & Supervisory Board members to collect opinions on workplace environments and further improve conditions for women.

As part of our DEI&B initiatives, we also conduct unconscious bias training for all employees to ensure that individuals with diverse personalities and circumstances do not unconsciously restrict their own or others’ opportunities to succeed.



| Indicators | FY2022 | FY2023 | FY2024 |
|---|--------|--------|--------|
| Percentage of female new graduate hires for career-track positions (%) ¹ | 15.6 | 25.0 | 22.4 |
| Percentage of women among assistant managers (%) | 10.1 | 10.1 | 10.1 |
| Number of employees who took childcare leave | 38 | 60 | 61 |
| Percentage of employees with disabilities (%) ² | 2.46 | 2.42 | 2.61 |

1. The percentage of female new graduate hires for career-track positions is based on the number of women who were offered employment during the fiscal year in question and who joined the Company on April 1 of the next fiscal year.
2. As of June 1 of each fiscal year



Occupational Health and Safety

Policy for Health and Safety Activities

In JSW Group, which operates primarily in manufacturing, ensuring the health and safety of employees has always been a top priority. We consider our health and safety initiatives to be part of a corporate foundation and corporate culture rooted in

an emphasis on human capital and respect for human rights. We are carrying out these activities in accordance with the policy below, with the aim of maintaining and improving the health of employees and preventing occupational accidents.

1. Basic Philosophy

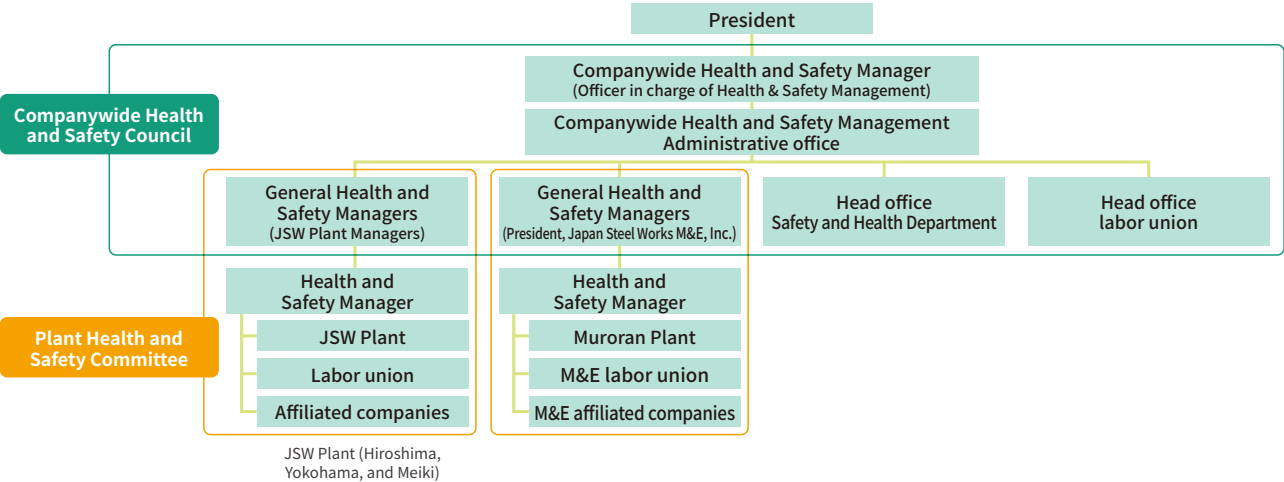
- To fulfill our social responsibility, we have positioned health and safety as a vital part of our management policy, and work to ensure the health and safety of everyone involved in our business.
- We have established and operate an occupational health and safety management system, and prioritize health and safety in all of our business activities to foster workplaces where employees can work safely and with peace of mind.

2. Basic Policy

- (1) We will comply with health- and safety-related laws and regulations, as well as internal standards, and steadily promote their establishment as rules, customs, and culture.
- (2) Based on strong leadership from top management, employees, the labor union, and JSW Group will work in unison to establish a safety management system to prevent occupational accidents and health hazards.
- (3) We will invest the resources necessary for effective workplace improvements.

Health and Safety Promotion Structure

The promotion structure for health and safety activities in JSW Group is as follows.

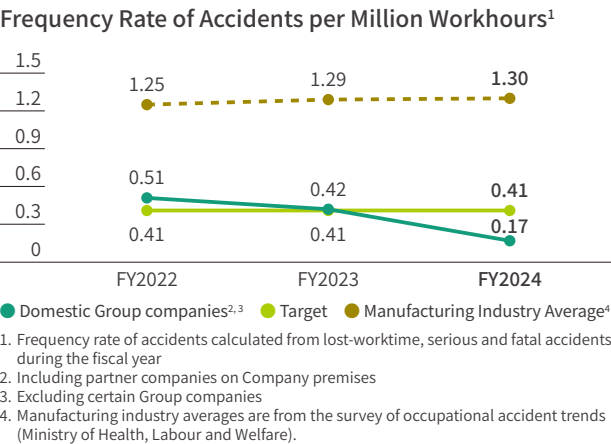


Health and Safety Initiatives and Results

In JSW Group, we specify priority items for health and safety activities each fiscal year, and the Group (as well as the labor union) and suppliers of each plant work together on activities aimed at achieving zero occupational accidents.

Our major sites have acquired certification for their occupational health and safety management systems, and are enhancing the effectiveness of their activities.

To promote employee health, including mental health care, the Group conducts periodic stress checks and strives to properly manage working hours, among other activities.



| Site | Certification | Date Acquired/ Renewed |
|-----------------------|---------------|------------------------|
| Hiroshima Plant | ISO 45001 | August 27, 2024 |
| Japan Steel Works M&E | ISO 45001 | July 10, 2024 |

Respect for Human Rights

JSW Group respects internationally recognized codes such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We also promote efforts to respect human rights based on international guidelines such as the United Nations' Guiding Principles on Business and Human Rights.

In accordance with these, we have established The Japan Steel Works Group Human Rights Policy, which clearly prohibits discrimination, harassment, child labor, and forced

labor; indicates our respect for basic labor rights; and expresses our commitment to respecting all human rights in all aspects of our business activities.

As stated in the supplier survey results, according to the CSR Procurement Survey conducted in fiscal 2023 and the individual confirmations conducted in fiscal 2024, no serious human rights risks were identified among the major suppliers that responded to the questionnaire.

 **Respect for human rights:** <https://www.jsw.co.jp/en/sustainability/social/diversity.html>

Supply Chain Management

Our Perspective and Basic Procurement Policy

JSW Group has established the JSW Group Basic Sustainability Policy, which expresses our commitment to co-creating social value through fair and equitable transactions. In addition, to promote the procurement of goods and services that take into account human rights, labor practices, health and safety, the environment, and information management in pursuit of a sustainable society, we have established the JSW Group Basic Procurement Policy. As a supplementary document, we have also formulated the Request to Business Partners, which outlines

the specific initiatives we ask suppliers to undertake. These policies and requests are disclosed on our website, and through the supplier survey described later, we confirmed the agreement of suppliers who responded. Going forward, we will continue to ensure thorough awareness of these policies and requests, while advancing activities to assess the sustainability initiatives of key suppliers. When necessary, we will also conduct dialogue and other forms of engagement with suppliers to further strengthen risk management and sustainability across the supply chain.

 **Supply Chain:** <https://www.jsw.co.jp/en/sustainability/social/supplychain.html>

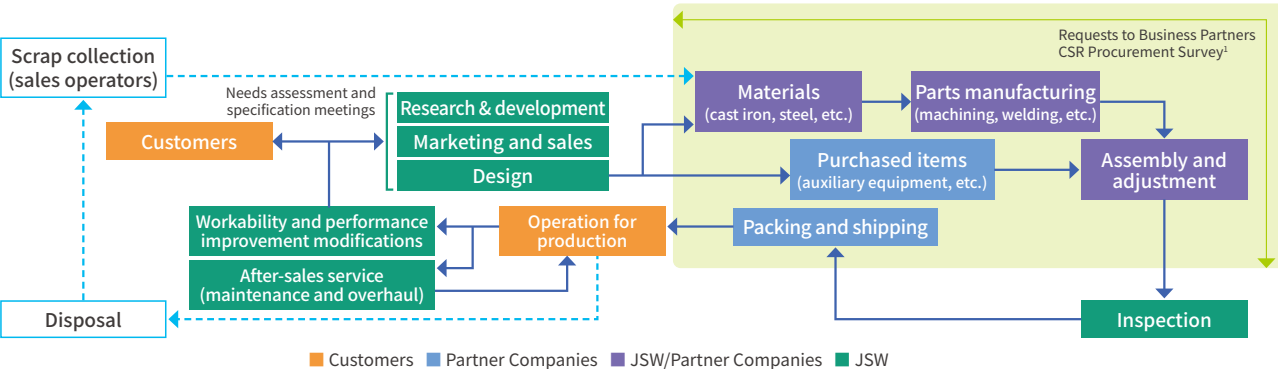
Supply Chain of the Industrial Machinery Product Segment

An overview of the supply chain for the industrial machinery product segment is shown in the diagram below.

The Group's products are generally manufactured by incorporating customer needs into standardized series of equipment.

We promote in-house production mainly for large-scale and specialized processing, while combining this with the facilities of partner companies to deliver equipment of

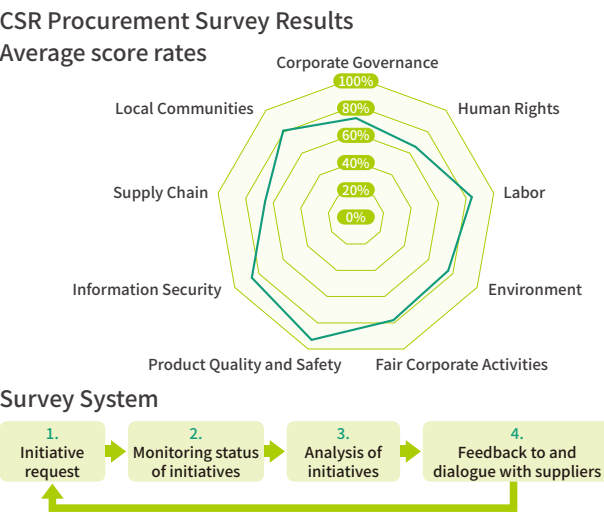
consistently high quality to our customers. To ensure our products continue contributing to production over the long term after delivery, we also place strong emphasis on after-sales services. Some components, once they have fulfilled their function and been disposed of, are reused as materials. Details on how the Muroran Plant manages major raw materials as part of the Group's recycling initiatives are presented on the facing page.



***1 CSR Procurement Survey (Supplier Survey Results)**

In fiscal 2023, we conducted a CSR Procurement Survey with 40 business partners in Japan and overseas, and received responses from 31 companies. As shown in the chart on the right, the results for “Human Rights” and “Supply Chain” were relatively low. We contacted the business partners that scored low on questions that could indicate potential serious risks, and confirmed that the low scores were attributable to differences in interpretation or underestimation of their own initiatives, rather than the presence of any serious risks.

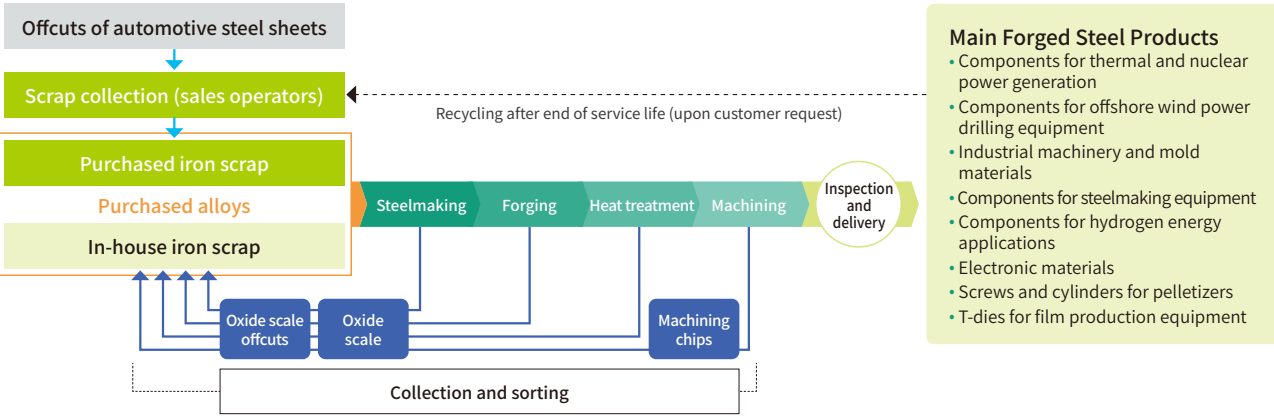
Going forward, we will work to establish a regular survey framework, including revisions to make the questions easier to understand and periodic updates to the survey targets.



JSW M&E Muroran Plant – Iron Scrap Recycling Chain

At JSW M&E's Muroran Plant, iron scrap is melted in an electric furnace to produce ingots weighing up to 670 tonnes. These are forged, heat-treated, and machined to supply forged steel products of the shapes and qualities required by customers. Because the iron scrap used must be of high

purity, we purchase offcuts generated during steel sheet processing at automobile manufacturers, and also collect, sort, and reuse cutting scraps, oxide scale, and machining chips generated during production within the Muroran Plant (see diagram below).



In addition to iron scrap, we purchase and use alloys such as nickel, chromium, and tungsten. We require suppliers that provide these alloys to ensure strict management to prevent the use of conflict minerals.

Initiatives for Stable Procurement

To respond to various risks surrounding the supply chain, such as major earthquakes, other natural disasters, and geopolitical risks, we are working to establish a more stable procurement framework.

Through regular discussions at the Risk Management Committee, procurement departments at our production sites take the lead in promoting initiatives to reduce

procurement risks.

In addition, for raw materials and components essential to business continuity, we are implementing a multi-supplier strategy to transition from single-source to multiple-source purchasing, thereby enhancing both the diversification and stability of our procurement activities.

Corporate Governance

Basic Approach

Based on our Philosophy and the JSW Group Basic Sustainability Policy, the Group recognizes that it is essential to earn the trust of all stakeholders, including shareholders, customers, business partners and employees, in order to simultaneously create social value and enhance sustainable corporate value. We therefore continue to strengthen corporate governance to ensure the transparency, soundness and effectiveness of management.

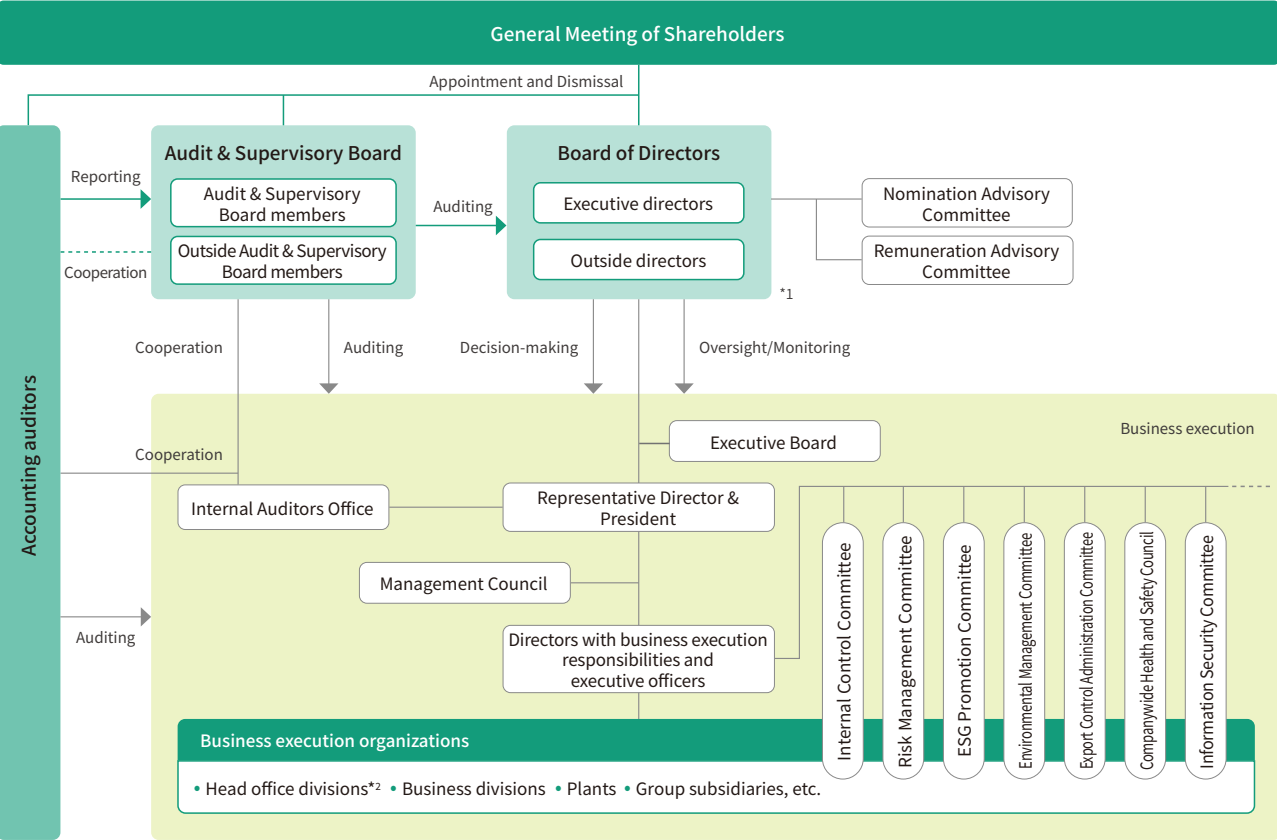
Overview of Corporate Governance Structure

The Japan Steel Works, Ltd. (“the Company”) has adopted the structure of a company with an audit and supervisory board. The Board of Directors consists of ten directors (five of whom are outside directors) and the Audit & Supervisory Board consists of four Audit & Supervisory Board members (two of whom are outside Audit & Supervisory Board members).

The term of office for directors is set at one year. The Company has also introduced an executive officer system that separates management decision-making and supervisory functions from business execution functions conducted by executive officers, thereby speeding up decision-making, strengthening supervision and improving business execution. The Company has implemented a system that, in principle, ensures that in the case of head office divisions directors and executive officers, and for business divisions executive officers and other employees, are each responsible for oversight and business execution for the tasks they are delegated or assigned by the Board of Directors. This clearly delineates business execution of the business divisions from supervision by the Board of Directors.

Audit & Supervisory Board members attend important meetings including those of the Board of Directors, the Executive Board and the Management Council. Once every fiscal half in principle they visit plants, sales locations and Group companies, and receive reports on necessary information from each division. They also exchange opinions with directors, executive officers and other keypersons, and based on these exchanges, advise management from an objective and impartial standpoint, while strictly monitoring the execution of duties by directors.

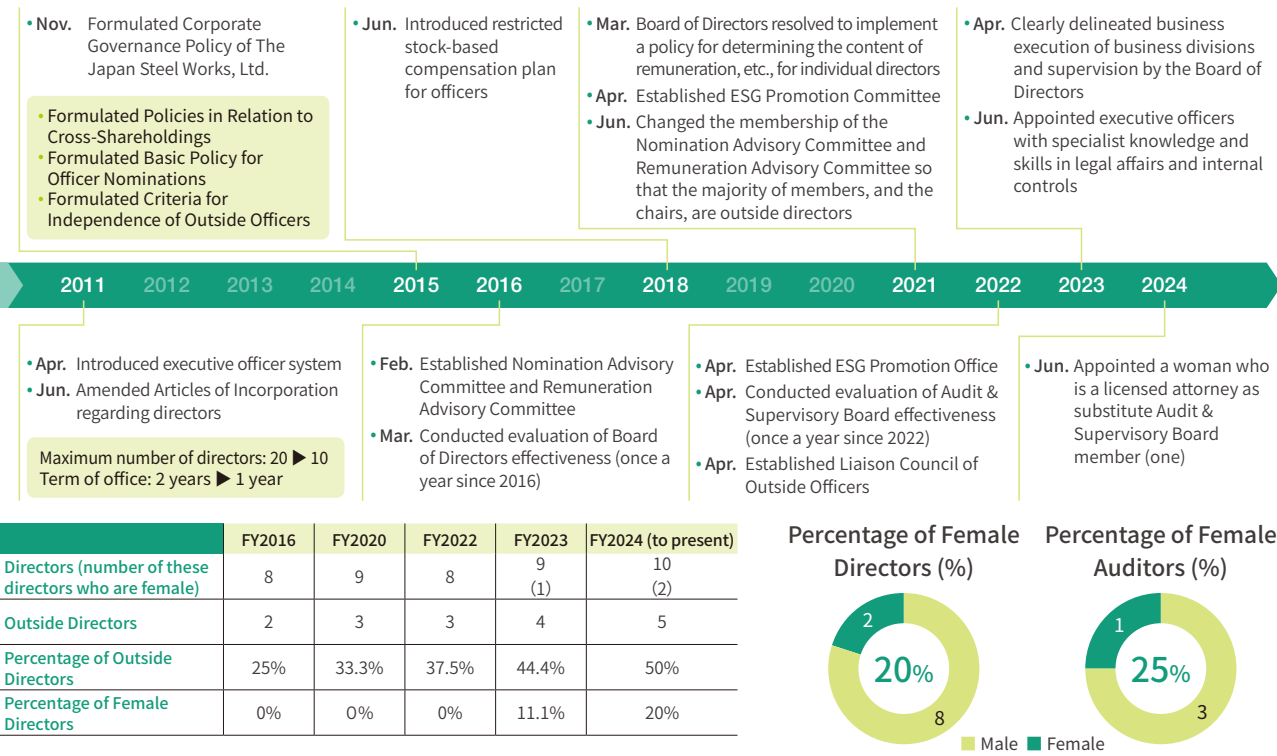
Corporate Governance Structure



*1 The Liaison Council of Outside Officers was established as a venue to provide outside officers with advance explanations about the agenda for Board of Directors meetings, and as a forum for outside directors and executive officers to verify, report on, and exchange opinions about business execution.

*2 The quality assurance system involves the Quality Management Office, a head office division, overseeing and guiding quality management activities at the business division or plant level, including those of Japan Steel Works M&E.

Building a Stronger Governance System



Role and Composition of Governance Bodies (As of June 30, 2025)

| | | Board of Directors | Audit & Supervisory Board | Nomination Advisory Committee | Remuneration Advisory Committee |
|-----------------------------------|-------------------------------|--|--|--|---|
| Composition | Attendees (with voting right) | Directors (5 inside, 5 outside) | Audit & Supervisory Board members (2 inside, 2 outside) | President (1) Officer in charge of Personnel Department (1) Outside directors (5) | |
| | Attendees (no voting rights) | Audit & Supervisory Board members (2 inside, 2 outside) | — | — | |
| | Chairperson/Committee Chair | President | Internal auditor | Outside director | |
| Objectives and Areas of Authority | | Decides and reports on basic management policies, matters stipulated by laws and regulations, and other important management matters, and monitors the execution of duties by directors and executive officers | Reports, discusses and makes resolutions on important matters relating to auditing; this does not preclude the exercise of individual Audit & Supervisory Board members' authority | As an advisory body to the Board of Directors, deliberates on matters relating to the nomination and dismissal of directors, Audit & Supervisory Board members and executive officers, and reports the results to the Board of Directors Consults on the succession planning for the president, and reports the results to the Board of Directors | As an advisory body to the Board of Directors, deliberates on matters relating to the remuneration of directors and executive officers, and reports the results to the Board of Directors |
| Meetings in FY2024 | | 14 | 14 | 6 | 4 |

| | | Executive Board | Management Council | Liaison Council of Outside Officers |
|-----------------------------------|------------------------------|--|---|---|
| Composition | Attendees | Inside directors (5) Non-director executive officers (6) | Inside directors (5) Inside Audit & Supervisory Board members (2) Non-director executive officers (8) Business division directors and business division deputy directors, general plant managers, head office division managers | Directors (3 inside, 5 outside) Audit & Supervisory Board members (2 inside, 2 outside) |
| | Observers (no voting rights) | Inside Audit & Supervisory Board member (1) | — | — |
| | Chairperson | President | President | President |
| Objectives and Areas of Authority | | Deliberates and decides on important management matters and matters that have a significant impact on the Company's profit and loss Discusses and reports on basic management policies and matters relating to overall management | Coordinates and reports on the following important management matters and shares management information 1. Analysis of business environment, progress of business plans 2. Important matters relating to research and development 3. Matters relating to Group companies 4. Matters that have a significant impact on management including those relating to sales, production, funding, profit and loss 5. Other important management matters | Gives advance explanation of the resolution matters and deliberation matters of the Board of Directors, and reports on the status of operations and important management matters of the Company and the Group |
| Meetings in FY2024 | | 42 | 11 | 12 |

Major Matters Discussed at the Board of Directors Meetings in FY2024

| | |
|---|--|
| <ul style="list-style-type: none">• Formulation of new medium-term management plan JGP2028• Basic business portfolio policy• Executive appointments and governance structure• Reviewing our organizational design• Annual activity plan for Board of Directors• Evaluation of the effectiveness of the Board of Directors• Changes to rules for approval requests• Status of operations of internal control systems• Report on the status of compliance line operations• Risk management• Verification of the rationale for cross-shareholdings | <ul style="list-style-type: none">• Analysis of voting results• Feedback on IR/SR activities• Medium-term personnel plan• Analysis of engagement survey results• Report on intellectual property activities• IT governance policy• Progress status of new businesses• Measures to prevent recurrence of inappropriate conduct• Integrated report• Corporate governance report |
|---|--|

Evaluation of Board of Directors’ Effectiveness

The Board of Directors continues to enhance its functions by conducting an annual questionnaire-based analysis and evaluation. The following is a summary of the analysis and evaluation for fiscal 2024.

Analysis and evaluation methodology

- (1) During January 2025, an anonymous questionnaire was administered to all directors and Audit & Supervisory Board members. The planning of the subjects covered and the collection and tabulation of the survey results were outsourced to a third-party organization.

(2) The Board of Directors Secretariat compared the results of the questionnaire with previous evaluations, and recompiled and analyzed the results, including identifying subjects given low evaluations and extracting important comments from the open-ended responses. In addition, the secretariat compiled and analyzed data on discussion times in fiscal 2024 and verified differences between annual activity plans and actual results.
- (3) At the March 2025 Board of Directors meeting, the board discussed its effectiveness from the perspective of improving the medium-to-long-term corporate value of the entire Group, based on the compiled results of the questionnaire, the re-tabulation and analysis of those results by the Board of Directors Secretariat, and advice from a third-party organization.

Questionnaire content

- I. Appropriateness of purpose, structure, and management of the Board of Directors
- II. Adequacy of monitoring and deliberation by the Board of Directors
- III. Director performance
- IV. State of information sharing and disclosure, including shareholder response

Analysis & Evaluation Results and Future Initiatives

Our Board of Directors has been advancing initiatives to address the issues identified in the effectiveness evaluation for fiscal 2023, as shown in the table below. We confirmed in the effectiveness evaluation for fiscal 2024 that this has resulted in steady improvement on each issue and that the effectiveness

of the Board of Directors is generally being ensured.

We also shared the view that, in fiscal 2025, we should continue to examine the issues listed in the table below in greater depth and pursue them on an ongoing basis to further strengthen the effectiveness of the Board of Directors.

| Issue | Initiatives in FY2024 | Deep-Dive Issues and Initiatives for FY2025 |
|---|---|---|
| (1) Enhancement and strengthening of human capital, and verification and discussion through visualization | <ul style="list-style-type: none">• Formulation of a medium-term personnel plan addressing talent acquisition amid declining birthrates, promotion of greater diversity through more proactive hiring of women, reinforcement of employee training systems, and related initiatives from a medium-to-long-term perspective | <ul style="list-style-type: none">• Reviewing further advancement of our human capital strategy, including systemic revisions, based on analysis of the engagement survey results• Ramping up positive action to promote women’s careers |
| (2) Enhancement, strengthening, verification, and discussion of value creation capabilities and innovation management | <ul style="list-style-type: none">• Formulating and disclosing 5-year medium-term management plan JGP2028• Laying the groundwork for business transformation through the use of digital technologies and recognition as a DX Certified Company by METI• Progress report on the current status of new business development | <ul style="list-style-type: none">• Supervision by the Board of Directors of progress under the medium-term management plan and whether execution of individual businesses and our strategy are aligned• Initiatives to expand production capacity through capital investment, manufacturing in optimal locations, and mutual complementation• Reviewing establishment of a new R&D center to develop innovative technologies |
| (3) Current analysis and evaluation of capital profitability as well as the creation, implementation, verification, and discussion of plans to achieve management with an awareness of stock prices | <ul style="list-style-type: none">• Calculating ROIC for each business division and verifying the appropriateness of the capital profitability business portfolio | <ul style="list-style-type: none">• Conducting biannual reviews of the business portfolio and reporting to and deliberating with the Board of Directors• Conducting regular follow-up on resolution matters of the Board of Directors• Selecting and selling designated holdings to reduce cross-shareholdings |

| Introduction | How We Create Value | Foundations for Creating Value | Data |
|--|---|--|------|
| Issue | Initiatives in FY2024 | Deep-Dive Issues and Initiatives in FY2025 | |
| (4) Enhancement, verification, and discussion of information disclosure and dialogue with stakeholders, including shareholders and employees | <ul style="list-style-type: none">• Expanding reporting to the Board of Directors on SR/IR meetings from twice yearly to quarterly based on the policy under the new medium-term management plan and providing feedback from investors to the Board of Directors• Conducting shareholder surveys to understand the needs of individual shareholders | <ul style="list-style-type: none">• Improving engagement through frequent dialogue with shareholders and investors and reflecting the insights gained in business strategy and capital policy through detailed reporting to the Board of Directors• Publicly communicating the status of dialogue with shareholders and investors• Strengthening English-language disclosure and bringing forward its timing | |
| (5) Enhancement, strengthening, verification, and discussion of Group governance, compliance, internal control, risk management, and organizational culture reform efforts | <ul style="list-style-type: none">• Discussion by the Board of Directors on the optimal organizational design at present, including whether to transition to a company with committees• Revising approval standards and enhancing delegation of authority to executive officers to facilitate faster decision-making involving business execution• Establishing the Risk Management Group, bringing to light potential risks and recognizing issues in each division, and institutionalizing regular reporting to the Board of Directors• Establishing Five Guiding Principles for Action and Company Commitments to facilitate cultural renewal | <ul style="list-style-type: none">• Strengthening internal control promotion activities• Reinforcing the Group’s governance structure, including at international locations• Rolling out new whistleblowing systems at international locations• Establishing an IT Governance Committee, strategically leveraging IT, and strengthening information risk management | |

Evaluation of the Audit & Supervisory Board’s Effectiveness

The Audit & Supervisory Board conducts an annual effectiveness evaluation to improve the quality of its audits and its effectiveness overall. In the evaluation in fiscal 2024, the four Audit & Supervisory Board members, the president, one outside director, and the general manager of the Internal Auditors Office, answered a questionnaire about the effectiveness of the board’s responsibilities, composition, and operations; Group audits; interaction with the Board of Directors; its three-way audits; and internal controls.

Fiscal 2024’s evaluation results verified that audit activities were generally implemented appropriately and effectively in response to the areas for improvement, which were (1) ensuring sufficient opportunities for deliberations by the Audit & Supervisory Board, (2) auditing of divisions and locations at the middle and end of the fiscal year, (3) sharing group issues with outside directors (by holding exchange of opinion meetings four times a year), (4) exercising rigorous judgment regarding compensation for accounting auditors, (5) verifying the full-scale rollout of the enterprise risk management (ERM) system, (6) confirming that employees are fully aware of the establishment and enforcement of the escalation regulations,

and (7) verifying the information security systems at overseas subsidiaries. The results also identified additional areas that if improved would allow the Audit & Supervisory Board to be even more effective, which among others included (1) utilizing outside experts in the Audit & Supervisory Board, (2) enhancing internal control system auditing at Group companies, (3) bolstering cooperation with the Internal Audit Division, and (4) strengthening auditing of ERM activities.

As audit policies for fiscal 2025, we are actively (1) auditing internal controls of the corporate group from the perspective of group management and group governance, (2) verifying proper companywide risk control based on the three lines model to support efforts toward the goal set forth in JGP2028, (3) focusing on the construction and operation status of internal controls and the state of efforts in each division to address issues during the term, and on follow-up and the execution status of the PDCA cycle in business execution at the end of the term, (4) developing a cooperative system with JSW Group auditors, and (5) bolstering cooperation with the Internal Auditors Office and accounting auditors.

Skill Matrix

We recognized the importance of materiality and selected the skills needed to implement management initiatives aimed at resolving the associated issues. During the selection of candidates for directors at the Annual General Meeting of Shareholders in June 2025, we increased and strengthened

human resources with a global perspective and broad marketing skills and knowledge, and are working to create value through our Group’s businesses and resolve social issues.


➡ p.66 Management Team

Reasons for Appointment of Outside Directors

JSW believes that the function and role of outside directors in corporate governance is to strictly supervise the execution of duties by directors and to make management judgments and decision-making from a neutral and objective standpoint with no conflict of interest with the Company, and from an

independent standpoint with no risk of conflict of interest with general shareholders. To that end, the Company has appointed five outside directors.

The roles expected of outside directors are stipulated in the Corporate Governance Policy.

 For information on the Corporate Governance Policy of The Japan Steel Works, Ltd., please refer to our website.

https://www.jsw.co.jp/pdf/sustainability/governance/governance/GovernancePolicy_en.pdf

Officers’ Remuneration

The Company’s policy for determining the directors’ remuneration (the “policy for determining”) was partially revised at the Board of Directors meeting held on April 5, 2024, with the aim of enhancing incentive effectiveness for achieving the medium-term management plan JGP2028 and further promoting shared interests with shareholders.

(Outline of the revision of the policy for determining and review of the officers’ remuneration system)
The Company has eliminated bonuses across the board and increased the proportion of stock-based remuneration as a long-term incentive for representative directors. The Company has also changed evaluation indicators for performance- and results-linked remuneration (variable remuneration) to include consolidated operating income, consolidated ROE (return on equity), and results of medium-to-long-term initiatives. These changes are designed to fortify incentives (short and medium-to-long term) to achieve the JGP2028 medium-term management plan.

Analysis and Evaluation Method

1 Basic Policy for Directors’ Remuneration

The maximum amount of directors’ remuneration is decided by resolution of the General Meeting of Shareholders. Remuneration is positioned as an incentive for executing sustainability management to realize our Purpose and Vision. The basic policy is to set remuneration at a level corresponding to respective roles and responsibilities, ensure objectivity and transparency in the decision-making process, and establish a remuneration system that aligns the interests of directors with those of shareholders.

The Company regularly verifies the appropriateness of the level and composition of directors’ remuneration based on benchmarks from companies of similar size and relevant industry/type and salary levels of the Company’s employees.

2 Procedures for Determining Directors’ Remuneration

The directors’ remuneration is determined by the Board of Directors after receiving a report from the Remuneration Advisory Committee. However, the allocation of annual remuneration by position and individual allocation may be delegated to the president by resolution of the Board of Directors. In this case, the president makes decisions in accordance with the content of the report.

3 Composition of Directors’ Remuneration

The composition and percentage breakdown of directors’ remuneration are as follows:

(1) Representative director & president and representative director & executive vice president

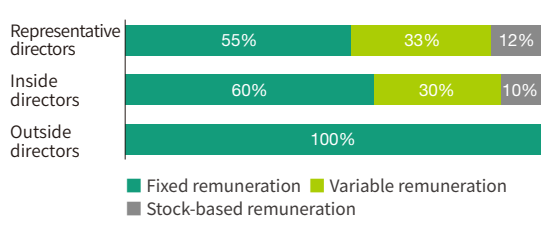
The composition shall be annual remuneration (1) base portion, (2) companywide performance-linked portion, and (3) efforts to improve medium-to-long-term corporate value and stock-based remuneration. The approximate ratio of fixed remuneration (1) base portion: variable remuneration (2) and (3): stock-based remuneration is 55:33:12.

(2) Inside directors

The composition shall be annual remuneration ((1) base portion, (2) companywide performance-linked portion, (3) results-linked portion, and (4) efforts toward medium-term action plan items and quality/safety/compliance initiatives as medium-to-long-term measures) and stock-based remuneration. The approximate ratio of fixed remuneration ((1) base portion): variable remuneration ((2), (3) and (4)): stock-based remuneration is 60:30:10.

(3) Outside directors

Outside directors, who are responsible for supervisory functions, shall be paid only fixed remuneration (base portion of annual remuneration) in consideration of their independence from management, objectivity, and in light of their supervisory duties, which include mutual checks on directors.



4 Matters Relating to the Method of Calculation of Directors’ Remuneration, etc.

The summary of each type of remuneration is as follows. Variable remuneration is calculated by comparing actual performance against quantitative evaluations such as companywide performance and results-linked portions, as well as qualitative assessments of efforts contributing to medium-to-long-term growth and other indicators, and multiplying the percentage of achievement by the base amount of remuneration for each position.

(1) Base portion

The base portion is fixed remuneration determined on the basis of the particular position.

(2) Companywide performance-linked portion

The companywide performance-linked portion is variable remuneration that is determined on the basis of the consolidated performance of the previous fiscal year and consists of a consolidated operating income portion and a consolidated ROE (return on equity) portion.

This indicator was selected because of its importance in terms of indicating how performance directly links to the companywide performance targets in the medium-term management plan.

(3) Results-linked portion

The portion linked to results is determined as variable remuneration based on the performance evaluation for the previous fiscal year of the division for which the director is in charge.

(4) Evaluation of representative directors’ efforts to improve medium-to-long-term corporate value

The Company consults the Remuneration Advisory Committee on the results of efforts to achieve materiality (Creating Value and Solving Social Issues through JSW Group’s Businesses and Bolstering JSW Group’s Management Foundation for Sustainable Growth), which it then reviews and incorporates into remuneration.

(5) Evaluation of inside directors’ efforts toward medium-to-long-term measures

The Company consults the Remuneration Advisory Committee on the results of efforts toward medium-term action plan items and quality/safety/compliance initiatives, which it then reviews and incorporates into remuneration.

(6) Stock-based remuneration

Stock-based remuneration is granted in the form of restricted transferable shares as remuneration for the purpose of providing medium-to-long-term incentives to increase corporate value and to further the sharing of value with shareholders. The number of shares to be allocated shall be the number of shares obtained by dividing the standard amount by position according to the director’s position by the closing price of the Company’s shares on the Tokyo Stock Exchange on the day before the date of resolution by the Board of Directors regarding the execution of the restricted stock remuneration allocation agreement. Moreover, in consideration of the period of time it takes management measures to contribute to business performance, the restricted transfer period is set by the Board of Directors in advance for a period between three and five years (currently five years in accordance with the five-year medium-term management plan JGP2028).

5 Remuneration for Audit & Supervisory Board Members, etc.

The remuneration of each Audit & Supervisory Board member shall consist only of fixed remuneration (base portion of annual remuneration) from the viewpoint of emphasizing independence and objectivity with respect to management.

Group Governance

For Group companies, the JSW business division with primary responsibility leads the formulation of management policies and management plans and monitors their progress. In order to enhance the effectiveness of these efforts, we assign full-time or part-time directors or Audit & Supervisory Board members with the responsibility of supervising and auditing the execution of duties at Group companies, in principle, thereby ensuring that the execution of duties at Group companies complies with laws and regulations and the Articles of Incorporation. In addition, regarding risks relating to specific functions, such as quality control, health and safety, environmental management, and export control administration, each Group company participates in the various committees formed by the relevant divisions of the Company, or follows the regulations developed by the Company, and appropriately manages these risks. We also intend to carry out the absorption-type merger of Japan Steel Works M&E, a major subsidiary of our Group, into the parent in April 2026, thereby further strengthening governance

through the unification of corporate functions.

Each company in the Group also appoints individuals to be in charge of general affairs, accounting, and IT matters related to internal control. The appointed individuals receive guidance and training from the Internal Control Committee Office and conduct self-assessment of implementation and operation of internal control in step with risk assessment. The status and results of the self-assessment of internal control operations are systematically reported to the office and each company. The Internal Audit Division also monitors the governance and risk management status of each company by directly or indirectly auditing the status of each company and the methods and results of self-assessments.

In addition to domestic Group companies, the whistleblowing system has been deployed in Group companies in China and South Korea, and in the future we intend to roll out the system sequentially in other overseas Group companies in countries such as the United States.

Cross-Shareholdings

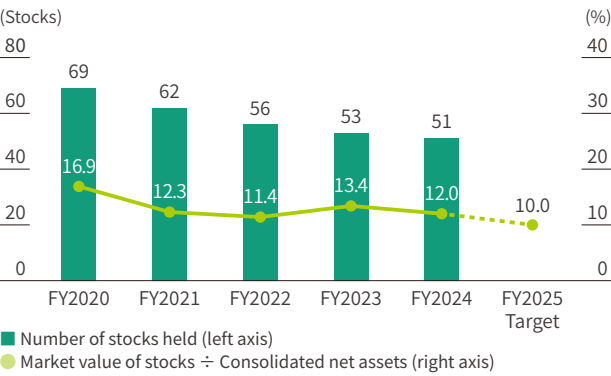
| | |
|--|--|
| 1 Policy on Cross-Shareholdings | The Company holds shares that it judges to be necessary for policy purposes through regular confirmation and review and that contribute to the Company’s businesses over the medium to long term in ways such as maintaining and strengthening sound, ongoing relationships with business partners, forming business alliances, and supporting the sound development of investee companies. |
| 2 Regular Confirmation and Review of Shareholdings | Each year, the Company confirms the purpose of individual cross-shareholdings and current transaction status, etc., and the Board of Directors verifies whether shareholdings are appropriate by comprehensively considering the significance and purpose of the Company’s acquisition and holding of the shares, as well as the safety, profitability, economic viability, risks and other factors associated with the shareholdings. |
| 3 Policy on Exercise of Voting Rights | The Company makes decisions on the exercise of voting rights by confirming the details of each proposal from the standpoint of the business conditions of the investee company, its business relationship with the Company, improvement in its medium-to-long-term corporate value, and its social responsibilities, while following predetermined voting rights exercise standards. |

Based on the Corporate Governance Policy of The Japan Steel Works, Ltd., we regularly confirm and review the significance of our cross-shareholdings, and we are gradually selling shares whose significance has diminished.

In addition, the medium-term management plan JGP2028 sets forth a cash allocation plan to ensure an appropriate balance between investment in growth and shareholder returns in order to sustainably increase corporate value, and as part of this, the Company plans to reduce its cross-shareholdings to less than 10% of net assets by the end of fiscal 2025. We report and review the status of this initiative regularly at meetings of the Board of Directors.

Status of Holdings



Number of listed and unlisted stocks held; Market value of cross-shareholdings on balance sheet ÷ Consolidated net assets



Management Team (As of June 30, 2025)

Directors / Audit & Supervisory Board Members

| | | | | | | |
|---------------|--|---|--|---|---|---|
| |  |  |  |  |  |  |
| Name | Toshio Matsuo | Hiroki Kikuchi | Shigeki Inoue | Seiji Umamoto | Hideo Nakanishi | Yoshiyuki Nakanishi |
| Title | Representative Director & President | Representative Director & Executive Vice President | Director & Senior Managing Executive Officer | Director & Senior Managing Executive Officer | Director & Executive Officer | Director Independent Officer |
| Career | Apr. 1984 Joined the Company Apr. 2013 Deputy General Plant Manager, Hiroshima Plant Apr. 2015 General Plant Manager, Hiroshima Plant Apr. 2016 Executive Officer Apr. 2017 Managing Executive Officer; Director of Injection Molding Machinery Business Division; In charge of Hiroshima Plant Jun. 2017 Director & Managing Executive Officer Apr. 2020 Representative Director & Executive Vice President; In charge of Export Control Administration; In charge of Plastics Machinery Business Division, Injection Molding Machinery Business Division, Industrial Machinery Business Division; In charge of Meiki Plant Apr. 2021 In charge of Ordnance Business Headquarters; In charge of Business Development Office; In charge of Hiroshima Plant and Yokohama Plant Apr. 2022 Representative Director & President (current position) | Apr. 1985 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) Apr. 2012 General Manager, Nihonbashi-Higashi Corporate Business Office, Sumitomo Mitsui Banking Corporation Apr. 2015 Joined the Company Jul. 2015 General Manager, General Affairs Department Apr. 2016 General Manager, Secretary Office Apr. 2018 Executive Officer Jul. 2018 General Manager, Corporate Planning Office (current position) Apr. 2020 Chief Financial Officer (current position), In charge of Finance & Accounting Department (current position); General Manager, Business Development Office Jun. 2020 Director & Executive Officer Apr. 2021 Director & Managing Executive Officer Apr. 2022 In charge of Plastics Machinery Business Division, Injection Molding Machinery Business Division; General Manager, Innovation Management Headquarters (current position) Apr. 2023 General Manager, Business Development Office Apr. 2024 Representative Director & Executive Vice President (current position); In charge of Export Control Administration (current position) Apr. 2025 In charge of Material and Engineering Business (current position) | Apr. 1986 Joined the Company Apr. 2015 Deputy General Plant Manager, Hiroshima Plant Apr. 2017 General Plant Manager, Hiroshima Plant Apr. 2018 Executive Officer Apr. 2021 Managing Executive Officer; Director of Industrial Machinery Business Division, General Manager, Business Development Office Apr. 2022 Chief Technology Officer (current position); In charge of Quality Management (current position); In charge of Intellectual Property Department (current position); In charge of Yokohama Plant Jun. 2022 Director & Managing Executive Officer Sep. 2022 General Manager, Quality Management Office (current position) Apr. 2023 In charge of New Business Promotion Headquarters (current position); General Manager, Innovation Management Headquarters (current position) Apr. 2024 Director & Senior Managing Executive Officer (current position) | Apr. 1986 Joined the Company Apr. 2016 Deputy Director of Machinery Business Division Apr. 2019 Representative Director & President, GM Engineering Co., Ltd. Apr. 2020 Executive Officer; General Manager, Plastics Machinery Business Division Apr. 2022 Managing Executive Officer Apr. 2024 Senior Managing Executive Officer; In charge of Industrial Machinery Product Business Segment (Plastics Machinery Business Division, Injection Molding Machinery Business Division, and Industrial Machinery Business Division) (current position) Apr. 2025 CISO (current position); In charge of Office of Information Technology & Office of Digital Transformation (current position); General Manager, Business Development Office (current position) Jun. 2025 Director & Senior Managing Executive Officer (current position) | Apr. 1990 Joined the Company Jun. 2015 General Manager, General Affairs Department, Muroran Plant Apr. 2020 General Manager, Personnel Department Apr. 2022 General Manager, General Affairs Department (current position) Apr. 2024 Executive Officer; In charge of Promoting ESG; In charge of Environmental Management Jun. 2024 Director & Executive Officer (current position) Apr. 2025 In charge of Export Control Administration (current position) | Apr. 1978 Joined Daiinippon Ink and Chemicals, Incorporated (currently DIC Corporation) Apr. 2010 Executive Officer, DIC Corporation Jun. 2011 Director and Executive Officer, DIC Corporation Apr. 2012 Representative Director; President and CEO, DIC Corporation (retired in December 2017) Jan. 2018 Chairman of the Board of Directors, DIC Corporation (retired in January 2021) Jun. 2020 Director, the Company (current position) Jun. 2020 Outside Director, IHI Corporation (current position) Jan. 2021 Director, DIC Corporation (retired in March 2021) Mar. 2021 Executive Advisor, DIC Corporation (retired in March 2023) Jun. 2021 Outside Director, Shimadzu Corporation (current position) |

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|---|---|---|--|---|--|--|--|
|  |  |  |  |  |  |  |  |
| Hisao Mitsui | Junko Kawamura | Yasuyuki Kuriki | Nobuko Mizumoto | Shingo Mito | Motoyuki Shiba | Saori Yamaguchi | Shinya Unno |
| Director Independent Officer | Director Independent Officer | Director Independent Officer | Director Independent Officer | Audit & Supervisory Board Member (Full-Time) | Audit & Supervisory Board Member (Full-Time) | Audit & Supervisory Board Member Independent Officer | Audit & Supervisory Board Member Independent Officer |
| Apr. 1978 Joined Kao Soap Co., Ltd. (currently Kao Corporation) Jun. 2006 Executive Officer, Kao Corporation Jun. 2010 Director and Executive Officer, Kao Corporation Jun. 2012 Director and Managing Executive Officer, Kao Corporation (retired in March 2014) Apr. 2015 Auditor, National Institute of Technology and Evaluation (retired in June 2019) Jun. 2020 Director, the Company (current position) Jun. 2020 Outside Auditor, LiveDo Corporation (current position) | Apr. 1979 Joined the Ministry of Education (currently Ministry of Education, Culture, Sports, Science and Technology, Japan) Aug. 1988 Councilor, Legislative Bureau of the House of Representatives Apr. 2006 Board Member, National Institute of Technology Jul. 2008 Director of Private Education Institution Department, Higher Education Bureau, Ministry of Education, Culture, Sports, Science and Technology Sep. 2011 General Manager, Department of Facilities Planning, Minister's Secretariat, Ministry of Education, Culture, Sports, Science and Technology Jan. 2012 Deputy Commissioner, Agency for Cultural Affairs Jul. 2014 Director-General, Lifelong Learning Policy Bureau, Ministry of Education, Culture, Sports, Science and Technology Jan. 2016 Director General, National Institute for Educational Policy Research Jun. 2016 Counsellor, Cabinet Secretariat (retired in September 2017) Apr. 2018 President, Japan Arts Council (retired in March 2023) Jun. 2023 Director, the Company (current position) | Apr. 1979 Joined Tokyo Electron Ltd. Apr. 1999 Executive Officer, Tokyo Electron Ltd. (retired in March 2005) Apr. 2005 President & Representative Director, Tokyo Electron Korea Ltd. (retired in May 2010) Jun. 2010 President & Representative Director, TOKYO ELECTRON DEVICE LIMITED (retired in December 2014) Jan. 2015 Corporate Director, TOKYO ELECTRON DEVICE LIMITED (retired in June 2015) Jul. 2015 Representative Chairman, Tokyo Electron Korea Ltd. (retired in June 2019) Jul. 2018 Chairman, Tokyo Electron Korea Ltd. (retired in June 2019) Jul. 2019 Senior Advisor, Tokyo Electron Korea Ltd. (retired in March 2020) Jun. 2023 Director, the Company (current position) | Apr. 1982 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation) Oct. 2008 General Manager, Recruiting Group, Personnel Division, IHI Corporation Apr. 2012 General Manager of Corporate Social Responsibility Division, IHI Corporation Apr. 2014 Executive Officer, General Manager of Group Business Process Platform Control Division, IHI Corporation Apr. 2016 Executive Officer, General Manager of Procurement Strategy Planning, IHI Corporation Apr. 2017 Managing Executive Officer, General Manager of Procurement Strategy Planning, IHI Corporation Apr. 2018 Managing Executive Officer, General Manager of Intelligent Information Management Headquarters, IHI Corporation Apr. 2020 Director, IHI Corporation (retired in June 2020) Jul. 2020 Advisor, Executive Fellow, IHI Corporation Apr. 2021 Advisor, IHI Corporation (retired in June 2023) Jun. 2021 External Director who is an Audit and Supervisory Committee Member, Tokuyama Corporation (current position); Outside Director, Taikisha Ltd. (retired in June 2023) Jun. 2023 Outside Director, Okamura Corporation (current position) Jun. 2024 Director, the Company (current position) | Apr. 1984 Joined the Company Jul. 2006 General Manager, Personnel Department Jul. 2011 Deputy General Plant Manager, Hiroshima Plant Apr. 2014 Deputy Director of Machinery Business Division Apr. 2016 Deputy Director of Research and Development Headquarters Apr. 2017 Executive Officer Oct. 2017 Deputy Director of New Business Promotion Headquarters Apr. 2021 Director of New Business Promotion Headquarters Jun. 2021 Director & Executive Officer Apr. 2022 Director & Managing Executive Officer Apr. 2023 Director, the Company Jun. 2023 Audit & Supervisory Board Member (Full-Time) (current position) | Apr. 1986 Joined the Company Jun. 2015 Deputy General Plant Manager, Hiroshima Plant Apr. 2018 General Manager, Finance & Accounting Department Apr. 2020 Director, Japan Steel Works M&E, Inc. General Manager, Business Promotion Office Apr. 2022 Executive Officer, the Company; In charge of Export Control Administration; General Manager, Personnel Department Apr. 2023 In charge of Health & Safety Management Jun. 2023 Director & Executive Officer Apr. 2024 Director & Managing Executive Officer, CISO; In charge of CSR & Risk Management Jul. 2024 In charge of Personnel Department Apr. 2025 Director Jun. 2025 Audit & Supervisory Board Member (Full-Time) (current position) | Apr. 1982 Joined MITSUBISHI GAS CHEMICAL COMPANY, INC. (retired in July 1985) Oct. 1986 Joined Tohmatsu Awoki & Sarwa (currently Deloitte Touche Tohmatsu LLC) Aug. 1990 Registered as a Certified Public Accountant Jun. 2005 Appointed Partner at Deloitte Touche Tohmatsu LLC (retired December 2019) Jan. 2009 Member of the Defense Equipment Procurement Council, Ministry of Defense (retired in December 2018) Dec. 2019 Established Yamaguchi Saori Certified Public Accountant Firm Representative (current position) Jun. 2023 Audit & Supervisory Board Member, the Company (current position) | Apr. 1980 Joined The Long-Term Credit Bank of Japan, Ltd. Oct. 1999 Joined Chugai Pharmaceutical Co., Ltd. Mar. 2005 General Manager of Corporate Planning Department, Chugai Pharmaceutical Co., Ltd. Mar. 2006 Executive Officer, Chugai Pharmaceutical Co., Ltd. Mar. 2010 Managing Executive Officer, Chugai Pharmaceutical Co., Ltd. Apr. 2016 Senior Executive Officer, Chugai Pharmaceutical Co., Ltd. Apr. 2020 Vice President & Executive Officer, Chugai Pharmaceutical Co., Ltd. Apr. 2022 Advisor, Chugai Pharmaceutical Co., Ltd. (retired in March 2023) Jun. 2023 Chairman and Park President, Sankeien Hoshokai Public Interest Incorporated Foundation (current position) Jun. 2024 Audit & Supervisory Board Member, the Company (current position) |

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|---|--|---|---|---|---|---|
| Number of shares of the Company held | 25,987 | 14,097 | 13,489 | 8,758 | 3,181 | 0 |
| Record of attendance at Board of Directors meetings (FY2024) | 100% (14/14) | 100% (14/14) | 100% (14/14) | – | 100% (11/11) | 93% (13/14) |
| Committee | Nomination Advisory Committee Remuneration Advisory Committee | ○ ○ | ○ ○ | ○ ○ | ○ ○ | ○ (Chair) ○ (Chair) |
| Skill Matrix | Corporate Management and Governance Finance and Accounting Legal Affairs, Internal Controls, and Risk Management Personnel, Labor Administration, and Human Capital Information Systems and Digital Transformation Sales and Marketing Overseas Business & Global Manufacturing, Technology, R&D, and Quality Environment & Energy | ○ ○ ○ ○ ○ ○ ○ ○ ○ | ○ ○ ○ ○ ○ ○ ○ ○ ○ | ○ ○ ○ ○ ○ ○ ○ ○ ○ | ○ ○ ○ ○ ○ ○ ○ ○ ○ | ○ ○ ○ ○ ○ ○ ○ ○ ○ |

| | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 463 | 0 | 0 | 0 | 15,238 | 6,137 | 0 | 0 |
| 100% (14/14) | 100% (14/14) | 100% (14/14) | 100% (11/11) | 100% (14/14) | 100% (14/14) | 100% (14/14) | 100% (11/11) |
| ○ | ○ | ○ | ○ | | | | |
| ○ | ○ | ○ | ○ | | | | |
| ○ | ○ | ○ | ○ | | | | ○ |
| | ○ | | | | ○ | ○ | ○ |
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Executive Officers

| | | | | | | | |
|---|--|--------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---|--------------------------------------|
| Shoji Nunoshita Managing Executive Officer | Takeshi Shinmoto Managing Executive Officer | Masayuki Aoyama Executive Officer | Miki Sawai Executive Officer | Kengo Takeya Executive Officer | Sadao Tanigawa Executive Officer | Toshiyuki Ninomiya Executive Officer | Tadashi Chimura Executive Officer |
|---|--|--------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|---|--------------------------------------|

Roundtable Discussion with Outside Directors



A roundtable discussion was held with five outside directors to examine the evolution of governance and management, the two synergistic drivers of our next stage of growth. Participants gave candid views on, among other topics, changes over the past year, progress in addressing management issues, and matters that needed to be shored up going forward.

Changes in Management and Governance over the Past Year

Moderator: I would like to begin by looking back over the past year and asking for your comments on the changes you have observed in management and governance.

Nakanishi: Until recently, I would say we continued with a defensive approach to management aimed at gaining a firmer footing, but over the past year I feel we have been gradually shifting toward more aggressive management. Our investments and other initiatives have become more dynamic, and I believe this past year marked the point at which we took our first steps toward the Vision for FY2033, with its stated target of growing into a corporate group with net sales of 500 billion yen.

Mitsui: The sheer magnitude of the recent changes in the business environment is particularly striking to me. It was a year in which I felt an urgent need for management to respond with greater flexibility to major

changes, such as declining demand for separator film manufacturing equipment even as demand for defense equipment and materials for power plants surged.

Kawamura: As Japan’s declining birthrate becomes an ever more serious issue, I believe that staying on top of developments in the labor market is gaining importance, and at an accelerating pace. I believe that for our Group to improve corporate value over the medium to long term, it will be critically important for us both to promote DX in our operations to save labor and improve efficiency, and to consider and implement measures to secure personnel for the future.

Kuriki: I make a point of attending the president’s briefing sessions held at each plant, and I’ve sensed an air of openness among everyone at the plants. This was a year in which, having seen everyone report to the president and officers without fear of speaking up, I truly felt the reforms to our organizational culture were steadily moving in the right direction.

Mizumoto: I was appointed as an outside director in June 2024. I spent the first half of my time at my previous manufacturing employer as a researcher. I then worked in several head office departments and was also involved in DX toward the end of my tenure. It has only been a year since my appointment, so I have not had much time to observe changes, but my impression is that our Group possesses truly outstanding technologies. Our Purpose, Material Revolution, resonates with me powerfully, and I hope to work together with all of you to consider the strategies through which our Group will grow by embodying “making the world sustainable and prosperous.”

Progress to Date and Future Plans for Key Areas Requiring Action Identified in Last Fiscal Year’s Evaluation of the Effectiveness of the Board of Directors

Enhancing Value Creation and Innovation Management

Moderator: Some of the key areas requiring action identified in last fiscal year’s evaluation of the Board of Directors included “enhancing value creation capabilities and innovation management,” “current analysis and evaluation of capital profitability and plans to achieve management with an awareness of stock prices,” and “enhancing information disclosure and dialogue with stakeholders, including shareholders and employees.” First, how do you view the progress that has been made on “enhancing value creation capabilities and innovation management,” and what are your thoughts on issues such as areas where further strengthening may be needed?

Mitsui: I have heard that in the past horizontal partnership between our plants was inadequate, but with the establishment of the Innovation Management Headquarters in 2023, I feel that such partnership has been gaining momentum. We also plan to build a new research and development center, and going forward I anticipate that integrated, overarching insight into each R&D “seed” will be strengthened, leading to even greater utilization and implementation across our various businesses.

Kawamura: I also feel that we are managing our intellectual property better. For example, we have also been able to share information on and discuss not only domestic but also overseas patent acquisition and utilization more

extensively than before. I think things will improve even further as the organization as a whole sharpens its sense for how intellectual property is intertwined with business.

Mizumoto: I believe that “co-creation” will be the key concept involved in the strengthening of our value creation capabilities. We could, of course, collaborate more actively with other industries, such as chemical manufacturers, but also more actively within the Company.



Nakanishi: In today’s climate, it has become difficult to operate in a self-contained manner. I think we should broaden our areas of engagement beyond their current scope and collaborate in various ways with businesses different from those of our Group, such as businesses upstream and downstream from us in the supply chain.

Kawamura: I believe that existing businesses should be discussed separately from new businesses at meetings of the Board of Directors. As you all have noted, our existing businesses are at a stage where two axes need to be strengthened: cross-organizational leveling-up of technological innovation, and execution of initiatives to improve profitability and to open up and expand markets. Meanwhile, we need a new axis for the creation of new businesses that is not overly constrained by short-term economic rationality but instead approaches initiatives from a medium-to-long-term perspective, taking into account factors such as social impact and the sustainability of the business.

Nakanishi: With regard to our new business development efforts, the Board is discussing the organizational design and system of the new R&D center, as well as the functions it should have. What I believe will be important going forward is strengthening the mechanisms that will carry the “seeds” generated in R&D through to their implementation in society.



Mitsui: It will also be necessary to conduct management while looking ahead to when the seeds we sow will be ready to harvest. We must also discuss in greater depth what sort of time horizon is appropriate for which research theme.

Kuriki: I have the impression that our Group exhibits exceptional perseverance in its R&D efforts. I feel that the plans for tackling our R&D themes aimed at developing new businesses and products on a ten-year timeline are rather conservative. I feel that it might be better for certain themes to be handled with a greater sense of urgency.

Nakanishi: I think it would also be beneficial to better visualize the overall picture so that we can see at a glance the current level of our innovation themes, the time horizons for bringing each to profitability, and their current progress.

Current Analysis and Evaluation of Capital Profitability and Plans to Achieve Management with an Awareness of Stock Prices

Moderator: Next, let’s discuss “current analysis and evaluation of capital profitability and plans to achieve management with an awareness of stock prices.” How is that coming along?

Nakanishi: We have made progress on the analysis of the current status of each business from the standpoint of capital profitability. An overarching view of the business portfolio, detailing for example where each business is positioned, has also been shared at the Board of Directors. Moreover, with these being concretely illustrated through such means as ROIC trees for each business and with KPIs and action policies also being incorporated, we are able to see, in addition to the measures themselves, other information such as how they are progressing.

Kawamura: We have begun describing how things are looking from an ROIC management perspective not only at the Board of Directors but also during briefings at each plant, and I feel that over the past year we have made significant progress in terms of how well this way of viewing things has been instilled within each department.

Mitsui: As we manage our business portfolio, we need more in-depth discussion on how to deploy management resources effectively to support the development of each business.

Kuriki: For that reason as well, my understanding is that the role of outside directors is to further stimulate discussion of what each business should be aiming to do and what will be required for that, and then offer recommendations on the way forward.



Kawamura: I believe it is important that the need for stronger awareness than at present of how each business is connected to our Purpose and Vision be taken as a basic premise for such discussions. I want us to always keep in mind both the financial goal of increasing the profitability of our own business units and the concurrent achievement of sustainability objectives through the embodiment of our Purpose.

Nakanishi: I interpret our share price to be the result of an assessment that is based on our Group’s current business environment and factors in expectations for future growth.

Kuriki: While there is no need to overreact to day-to-day swings in the share price, I believe we must consistently keep working to create social value and enhance corporate value.

Mitsui: I also believe we should devote ourselves to creating social value and enhancing corporate value. The results of those efforts show up in the share price.

Enhancing Information Disclosure and Dialogue with Stakeholders, Including Shareholders and Employees

Moderator: For our final topic, I would like to hear your comments on “enhancing information disclosure and dialogue with stakeholders, including shareholders and employees.”

Nakanishi: I feel that in recent years we have been strengthening our dialogue with investors, including those overseas.

Kawamura: Feedback obtained from investors through our dialogue with them as stakeholders is shared on a quarterly basis and is reflected in discussions by the Board of Directors.



Kuriki: I think expanding our base of individual investors is also important. To that end, I would like us to be creative in our branding — for example, by clearly communicating how the things made from the products our Group provides are closely connected to, and of benefit in, everyone’s daily lives.

Mizumoto: Last year and this year, the General Meeting of Shareholders was alive with questions about our defense equipment business. This has been a business of ours for some time, but it would be good if everyone could recognize and understand that defense plays an important role in protecting the safety and security of everyday life. I feel that the state of affairs is similar for nuclear power.

Nakanishi: I believe that over the past one to two years, people have come to understand the social value of defense equipment and nuclear power generation. We also need to effectively communicate the trajectory of our businesses as a Group.

Mitsui: Employees are also stakeholders, and I feel that dialogue with them, carried out by management with the president playing a central role and involving visits to each plant to communicate directly and closely through town meetings and other forms of engagement, has now begun to show significant effect. As Director Kuriki mentioned at the outset, communication in the organization now feels more open and free-flowing than ever before.

Nakanishi: That is something I feel very keenly. I think that over the past one to two years, the distance between management and employees has narrowed.

Kuriki: I think that management has become more transparent as communication has become more open and free-flowing, and that this has also had a positive effect on our risk management. In that sense as well, this is a theme we should continue working on.



Mizumoto: I think we need to do more to promote women’s careers. Led by Director Kawamura, three female outside officers are taking the lead in engaging in dialogue with female employees and working on awareness-raising and related initiatives.

Kawamura: This is something that is relevant to more things than just promoting women’s careers, but a team of younger employees took the lead and, incorporating input from various people, established the Five Action Guidelines. In response to this, the Company also established Company Commitments paired with the Five Guiding Principles for Action expressing its intent to recognize employees who take on challenges and act accordingly. I hope that as these initiatives take hold, they will lead to further progress in conduct reform.

Risk Management

Basic Approach

The Company and other companies in the Group work to avoid and mitigate different types of risk, and manages these to keep their impact to a permissible amount. In this way, the Group recognizes that working on continuous development and sufficiently fulfilling its social responsibilities are important management issues. In selecting materiality, the Group considers two perspectives: creating value and solving social

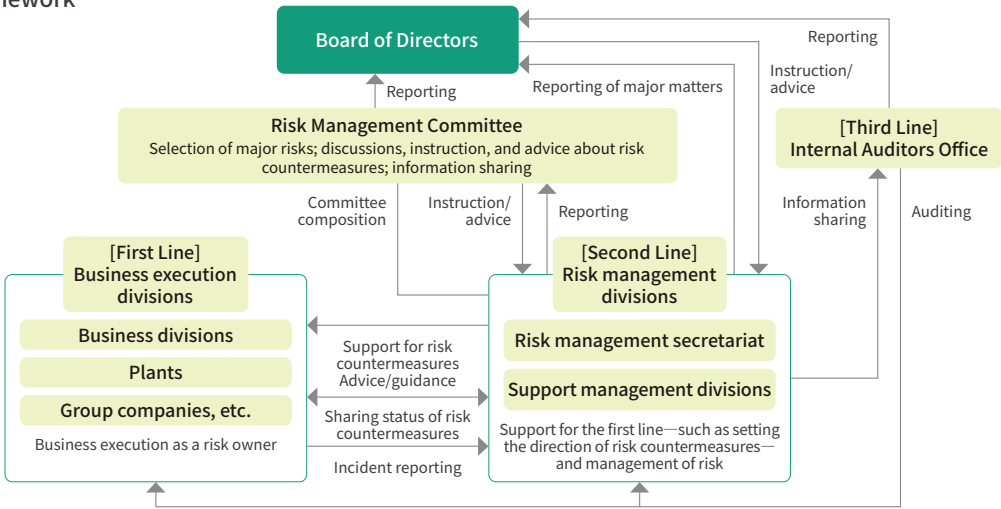
issues through JSW Group's businesses, and bolstering JSW Group's management foundation for sustainable growth. Based on these, we will encourage awareness that there are both risks for the sake of sustainable growth that should be taken actively and risks that should never be taken, even if for the sake of making profits. We will also carry out appropriate and efficient risk management.

Framework

The Group has established JSW Group Risk Management Regulations, which clearly stipulate that all officers and employees of the Company and Group companies are responsible for implementing risk management in accordance with their respective roles. In addition, the Company has appointed an officer in charge of risk management (CRO), who oversees risk management of the Company and Group companies. The Risk Management Committee, chaired by the CRO, is convened semiannually to deliberate on the identification of key risks and the formulation of risk responses. The Operations Management Division acts as the risk management secretariat, and the Company has constructed a risk management framework based on the three lines model. In doing so, it has strengthened the risk management divisions forming the second line, while reporting the status of risk management to the Board of Directors and the Executive Board every six months. The Internal Auditors Office acts as the Group's internal auditing body, and which serves as the third line, monitors the status of risk management and reports annually to the Board of Directors and the Executive Board. Major risks and corresponding initiatives are disclosed each year in documents such as the financial report.

Furthermore, the Risk Management Group within the Corporate Planning Office promotes and oversees companywide risk management activities. Also, to deal with risks by divisional function such as quality management, health and safety, environmental management, export control, and information security, each division has formed committees or put in place regulations from a companywide, cross-sectional perspective to reduce risk through training, guidance, and supervision. With regard to companywide risk management, the Risk Management Committee, as stated above, deliberates on these matters, and the details of its discussions are reported to the Board of Directors twice a year as the Risk Management Report. Furthermore, where necessary, the committee utilizes the lines of reporting shown in the risk management framework diagram to guide or instruct relevant divisions. In addition, escalation regulations have been established along with a system for the immediate reporting of incidents and materialization of significant risks that includes Group subsidiaries. In the event of a major accident, disaster or any other risk that could cause serious damage to JSW Group, the Crisis Management Headquarters, led by the CRO, is promptly established to offer a response.

Risk Management Framework



Compliance

Basic Approach

JSW Group has established its JSW Group Basic Sustainability Policy and engages in business activities in compliance with ethics, laws and regulations, and international rules in both letter and spirit. In addition, the Board of Directors has decided on the Basic Policy on Internal Control and is developing internal control systems, and with the recognition of the importance of the proper operation of these systems, we regularly report on matters relating to internal control and its operational status to the Board of Directors. Regarding compliance with codes such as laws and regulations, and internal rules, on a regular or as-needed basis,

the Internal Auditors Office audits the overall operations of JSW, and reports the results annually to the Board of Directors and Audit & Supervisory Board, as well as the representative director & president and, the Executive Board or the Management Council, or other relevant parties. In fiscal 2024, there were no violations of relevant laws and regulations* that resulted in fines or penalties. Relevant laws and regulations: Laws and regulations regarding the environment, Industrial Safety and Health Act, Financial Instruments and Exchange Act, laws and regulations regarding export control administration, laws and regulations regarding competition, laws and regulations regarding bribery, and Whistleblower Protection Act

Promotion of Compliance Training

The Company is implementing the following measures to further enhance compliance awareness.

- E-learning for JSW employees and Group company officers and employees is conducted annually to enhance compliance awareness and ensure thorough risk management. (In fiscal 2024, the participation rate was 98%)
- Regular harassment prevention training is conducted by our corporate divisions for subsidiaries. (5 companies in fiscal 2024)
- Information and articles are posted and continually updated on the in-house portal site, intranet noticeboard, posters, and newsletters to help raise awareness of compliance.
- E-learning for employees of the Company and Group companies is conducted annually to ensure compliance with laws, regulations and internal rules on export control administration. (In fiscal 2024, the participation rate was 100%)
- Internal mock examinations, preparatory courses for examinations and e-learning are conducted annually to increase the number of current employees who pass the export control administration

- practical skills certification examination.
- Information security training is conducted annually for all employees. (In fiscal 2024, the participation rate was 100%)
- As part of Quality Compliance Month each May, the Company streams a video message from the president and conducts e-learning and quality compliance training via educational videos. (In fiscal 2025, the participation rate was 100%)
- For National Product Quality Month each November, the Company streams a video message from the officer in charge of quality management and conducts e-learning and quality compliance training via educational videos. (In fiscal 2024, the participation rate was 100%)
- E-learning is conducted on patents for employees involved in technology development at the Company and Group companies who have worked for a certain number of years.

Whistleblowing System

JSW Group has formulated and operates whistleblowing rules for the purpose of strengthening and promoting compliance management, and has established a system for the proper handling of reports and consultations from employees and others regarding potential organizational or individual violations of laws and regulations that may have been committed by employees or others associated with JSW or Group companies. This system allows for anonymous reports and consultation and stipulates that those who use it will not receive disadvantageous treatment. It is available not only to employees of the Company and Group companies but also to employees of sales agents, service agents, and other commissioned or subcontracted business operators. In addition, we have established a leniency system that allows for reduction or exemption of internal disciplinary action through voluntary

self-reporting of misconduct, thereby strengthening our response to organizational misconduct and harmful practices. The Whistleblowing Committee, chaired by the CRO, investigates reported cases, and if a problem is identified, the committee will take appropriate action and implement corrective measures. The office of the committee and Audit & Supervisory Board members share information as appropriate, while the Audit & Supervisory Board members monitor the progress made in individual cases and the status of operation of this system. In principle, the Board of Directors confirms proper operations of the whistleblowing system twice a year, as based on reports from the committee. The number of reports made was 42 in fiscal 2023 and 32 in fiscal 2024. Most reports were consultation cases on workplace environments, including harassment incidents, which were investigated by the committee and appropriately addressed.