

NIPPON STEEL TRADING CORPORATION

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NIPPON STEEL TRADING CORPORATION INTEGRATED REPORT 2023



INTEGRATED REPORT 2023

Integrated Report 2023





As the true core trading company of the Nippon Steel Group,
**NST is beginning a new stage
as we aim for further growth.**

In April 2023, NST became a subsidiary of Nippon Steel Corporation. Based on a high level of strategy sharing with Nippon Steel Corporation, the stage on which we act will become much larger.

Rocky Mountains

The Rocky Mountains are a mountain range that traverses the western part of the North American continent from northwest to southeast, with a total length of more than 4,800 km. It is rich in plant life and ecosystems in all parts, and there remain many areas in which nature is untouched by human hands. It contains national parks, and natural heritage sites that are registered as World Heritage Sites. We believe that there is something in common between the Rocky Mountains with their undisturbed nature and NST as it pioneers an undiscovered future in its four business sectors.

Corporate Philosophy

- 1 Continuing to be a corporate group driven by the aspiration of providing goods and services that offer new value to the larger society
- 2 Putting trust and reliability first, and by doing so developing together with our customers
- 3 Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents

Management Principles

- 1 Strengthening and expanding the four areas of business that make Nippon Steel Trading Corporation the core trading company of the Nippon Steel Group
- 2 Accelerating global strategies
- 3 Bringing to bear all of our strengths as a multiple specialty trading company
- 4 Enforcing strict corporate compliance

Employee Code of Conduct

“Achieve organizational strength through integration of individuality.”

We maintain a flexible mind, breaking free of the confines of existing concepts. We bring together individual abilities to demonstrate comprehensive strength in all fields.

Borderless

Reliability

“Be the one that can be trusted and relied upon constantly.”

We invest time in daily communication. We establish solid relationships of reliability through mutual respect.

“Advance to a higher stage with enthusiasm!”

We never fear failure and willingly take the first step forward with a positive attitude, enthusiasm, curiosity, and the desire to improve. We are never satisfied with the status quo, have an awareness of potential and existing problems, and generate new value.

Challenge

Growth

“Realize corporate growth through personal growth.”

We constantly stay ahead of the times with a sense of professionalism. We study, conduct and take action proactively in order to achieve mutual growth.

Priority Issues (materiality) in ESG Management of the NST Group

Contributing to a decarbonized society and environmental conservation

Contributing to the development of land and local communities

Contributing to a recycling-oriented society and sustainable living

Optimization of the entire supply chain

Utilization of diverse human resources

Management based on trust and reliability

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Nippon Steel Trading Corporation Logo Mark



What we want to communicate by the logo mark

The logo mark uses four blue-based colors to express the “innovative” and “intelligent” nature of our four business areas, Steel, Industrial Supply & Infrastructure, Foodstuffs, and Textiles, and the four elements of our Employee Code of Conduct consisting of Growth, Reliability, Borderless, and Challenge. The white parts where the colors overlap represent shining light and suggest a blooming flower, expressing the image of a blooming flower to bring greater Shine into the future.



A trading company that is second to none in its areas of expertise

Nippon Steel Trading's strengths in pioneering an undiscovered future in four business sectors: Steel, Industrial Supply & Infrastructure, Foodstuffs, and Textiles

Human resources

Expertise

Combined power

Combined power

Challenging ourselves with a growth strategy involving the entire Group that goes beyond business boundaries in Japan and around the world

Implementing a growth strategy with a combination of a high level of expertise and industry-leading competitiveness in each business, a shared vision, and a sense of unity



Human resources

A group of professionals pioneering an undiscovered future

A group of professionals that is second to none in its areas of expertise; a team that always responds to customers' wishes, and creates new products and values at their own initiative

Employees (consolidated base) as of March 31, 2023

6,580





Steel

Meeting a wide range
utilizing our secondary

Expertise

Ability to provide secondary
process closer to the final product,
range of customer requirements by



Foodstuffs

Network of coil centers

Japan



Overseas



13 sites in 10 cities

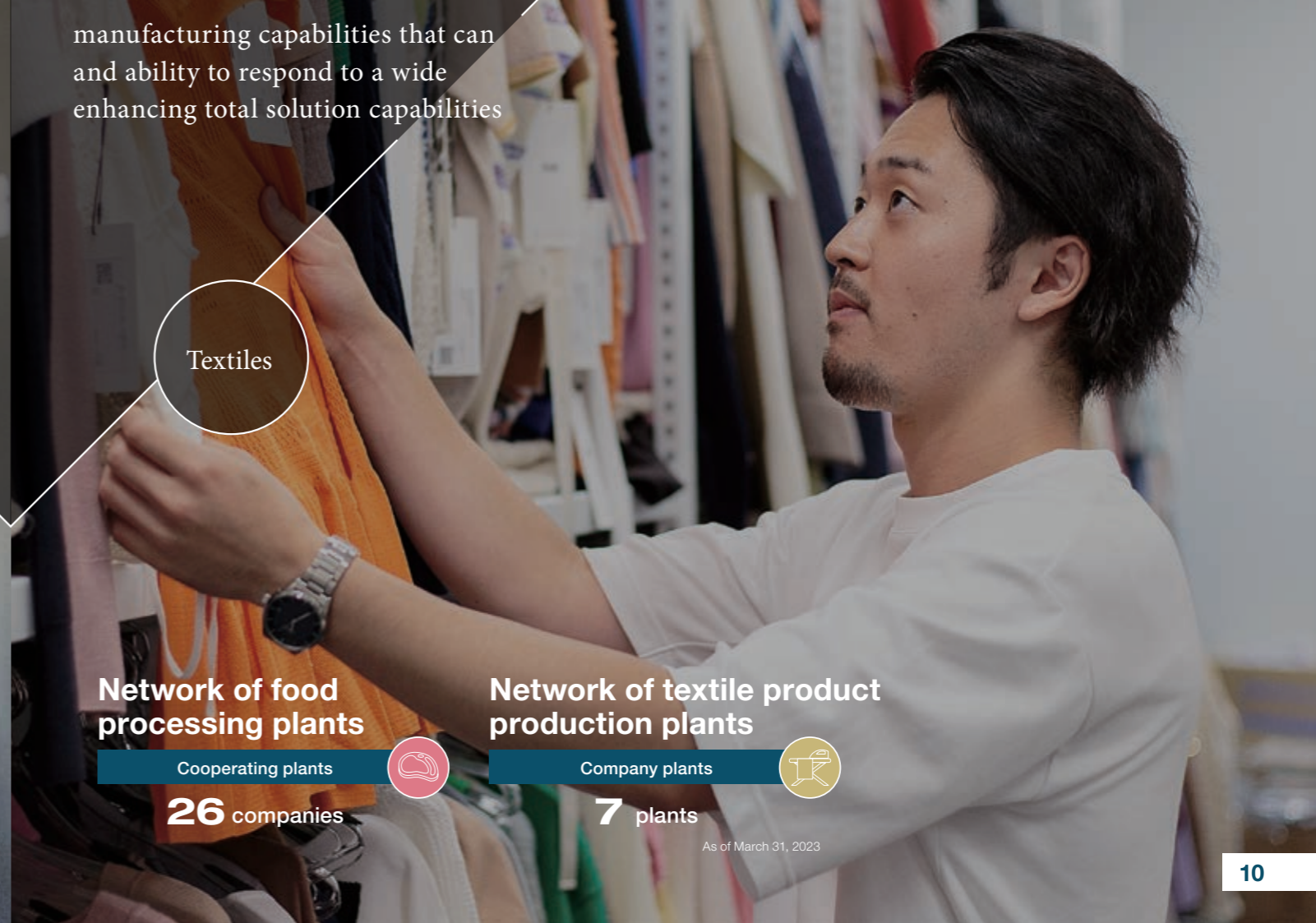
17 cities in 9 countries



Industrial
Supply &
Infra-
structure

of customer needs by
manufacturing capabilities

manufacturing capabilities that can
and ability to respond to a wide
enhancing total solution capabilities



Textiles

Network of food
processing plants

Cooperating plants



26 companies

Network of textile product
production plants

Company plants



7 plants

As of March 31, 2023

The role of Nippon Steel Trading in connecting manufacturers and user

The primary roles of Nippon Steel Trading as a trading company are “expanding sales opportunities for the manufacturers as the sellers,” and “procurement that is suitable for the needs of the users as the buyers.” Our company links manufacturers and users, and also identifies customer (user) needs and responds quickly and accurately to those needs in order to create products and services that provide new value to society (added value).

Nippon Steel Trading will make use of our strength in secondary manufacturing capabilities, digitalizing our trading company operations to improve the level of our logistics capabilities, information capabilities, and organization capabilities, and will invest funds and human resources in strengthening business development and management capabilities for carrying out our business. At the same time, we will create organic combinations of the various capabilities that Nippon Steel Trading possesses in order to provide total solution capabilities.

In our four business sectors of Steel, Industrial Supply & Infrastructure, Foodstuffs, and Textiles, each of which has an extensive history and is competitive at the top class of the industry, our employees will operate our business with advanced levels of expertise, and will carry out our growth strategy based on a strong sense of unity.

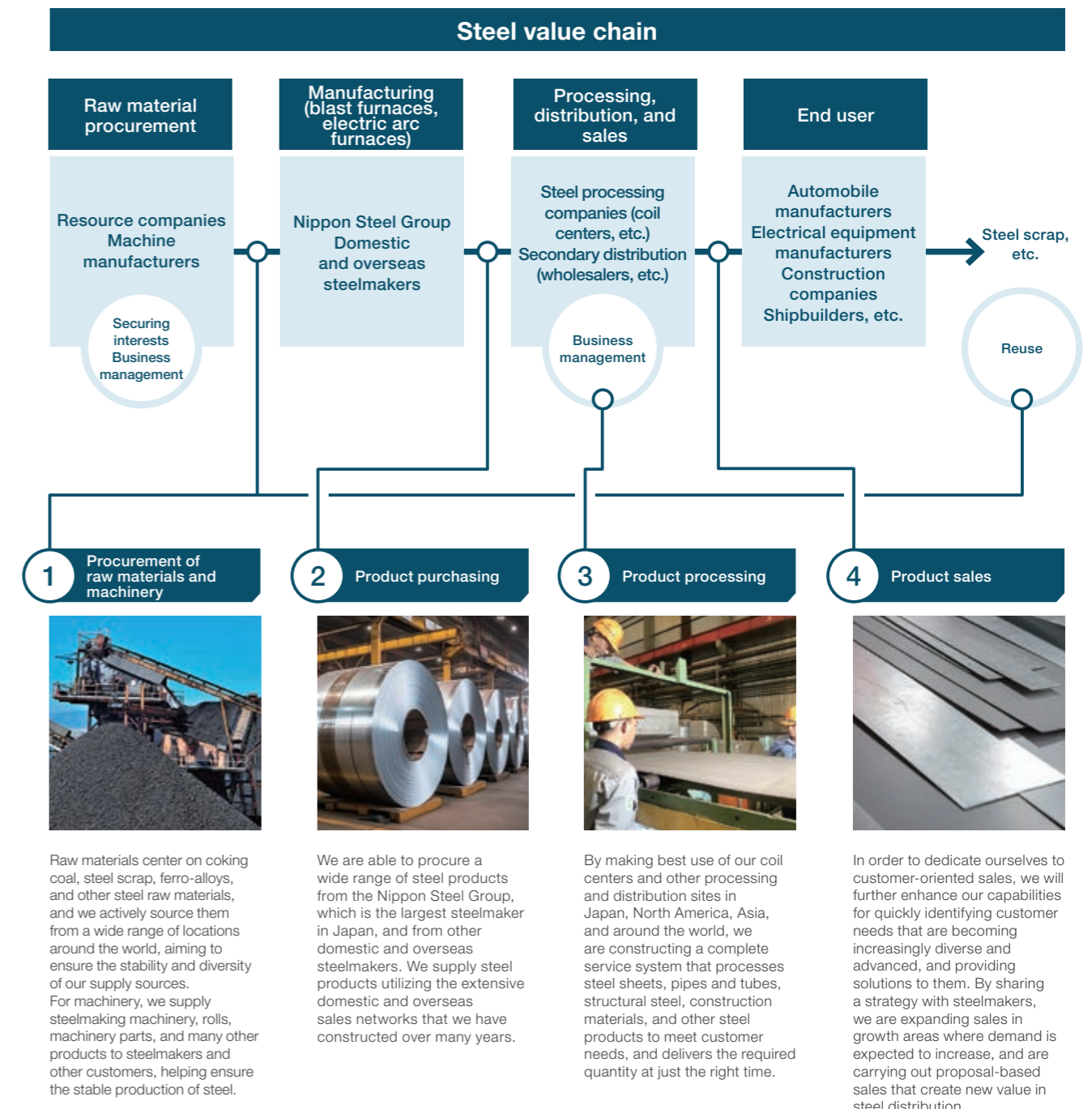


Roles and strengths of Nippon Steel Trading in the steel value chain

The value chain is the series of processes involved in the creation of value through corporate business activities. As such, it covers a wide range of areas including procurement of raw materials and machinery, manufacturing and processing of products, shipping and delivery, sales to customers, and after-sales services.

For example, in the steel supply chain, we sell products that were produced by steelmakers to manufacturers of products such as automobiles, electrical equipment, and ships, as well as construction companies. We also supply steelmakers with the raw materials and machinery that are essential for steel manufacturing.

As the core trading company of the Nippon Steel Group, NST offers comprehensive services as a steel professional ranging from procurement of raw materials and machinery to processing and delivery. Aiming to ensure the stability and diversity of our supply sources, we procure materials from locations around the world. We have also established processing companies and sales companies for steel business in high-demand regions in Japan and overseas. In these ways, we are making further advances in our value chain. As we share strategies with the Nippon Steel Group and the Mitsui & Co. Group, we are strengthening our systems for procurement, logistics, and processing to precisely match customer needs, and are working to further expand the value chain.



Raw materials center on coking coal, steel scrap, ferro-alloys, and other steel raw materials, and we actively source them from a wide range of locations around the world, aiming to ensure the stability and diversity of our supply sources. For machinery, we supply steelmaking machinery, rolls, machinery parts, and many other products to steelmakers and other customers, helping ensure the stable production of steel.

We are able to procure a wide range of steel products from the Nippon Steel Group, which is the largest steelmaker in Japan, and from other domestic and overseas steelmakers. We supply steel products utilizing the extensive domestic and overseas sales networks that we have constructed over many years.

By making best use of our coil centers and other processing and distribution sites in Japan, North America, Asia, and around the world, we are constructing a complete service system that processes steel sheets, pipes and tubes, structural steel, construction materials, and other steel products to meet customer needs, and delivers the required quantity at just the right time.

In order to dedicate ourselves to customer-oriented sales, we will further enhance our capabilities for quickly identifying customer needs that are becoming increasingly diverse and advanced, and providing solutions to them. By sharing a strategy with steelmakers, we are expanding sales in growth areas where demand is expected to increase, and are carrying out proposal-based sales that create new value in steel distribution.

The path that Nippon Steel Trading has traveled

In its history of more than 100 years, Nippon Steel Trading has prevailed in the top-class position in its Steel, Industrial Supply & Infrastructure, Foodstuffs, and Textiles business sectors, and has transformed itself by incorporating diverse corporate DNA in response to the changing business environment. Through the continued supply of socially valuable products and services, we will endeavor to be a strong growth company that contributes to society over the next 100 years.

Into the future:
Next 100 years
Becoming a strong growth company that contributes to society

Diversity:
Diverse DNA

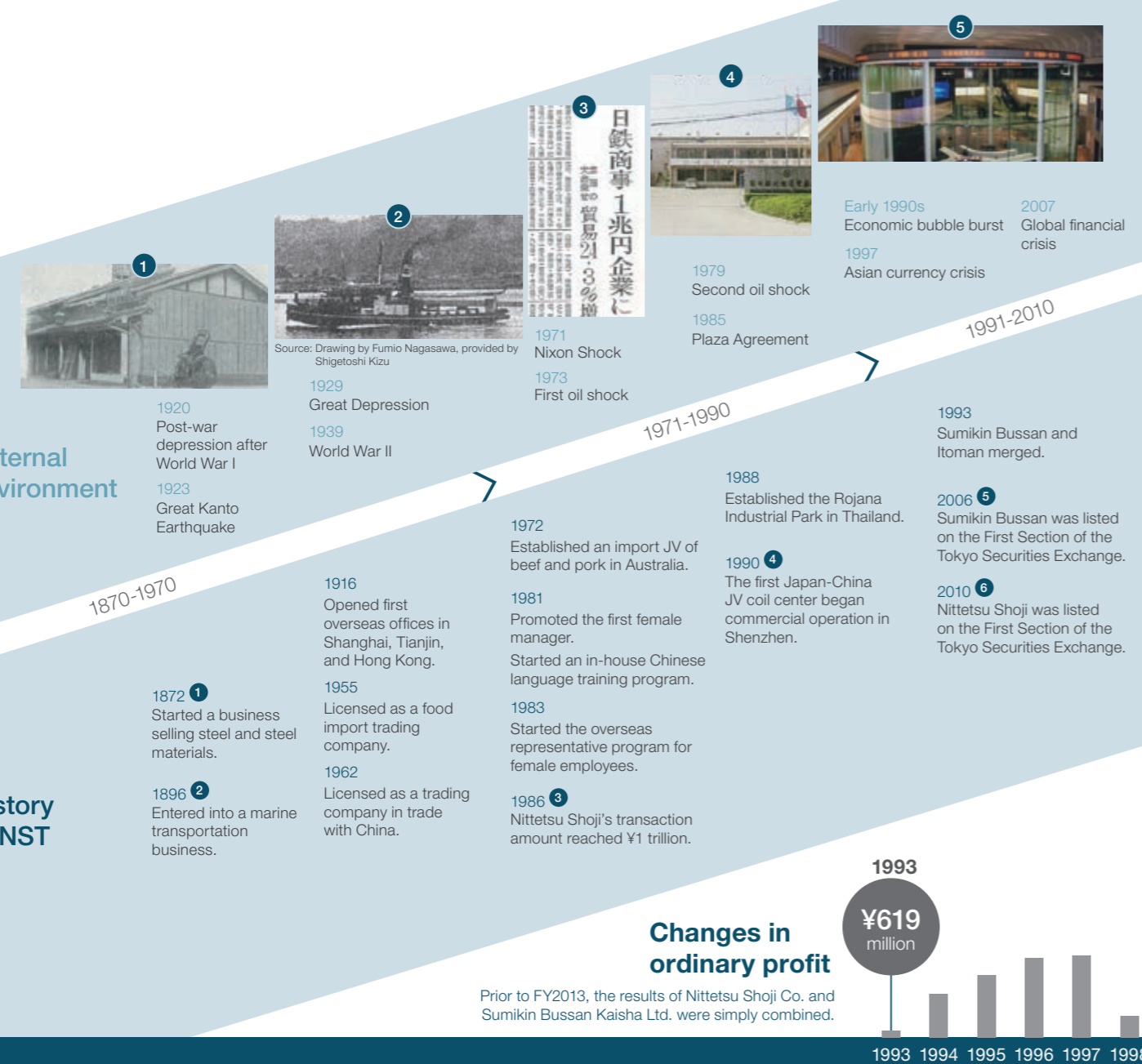
Resilience:
Self-transformation power

History:
Centennial company

2022
¥51.328 billion

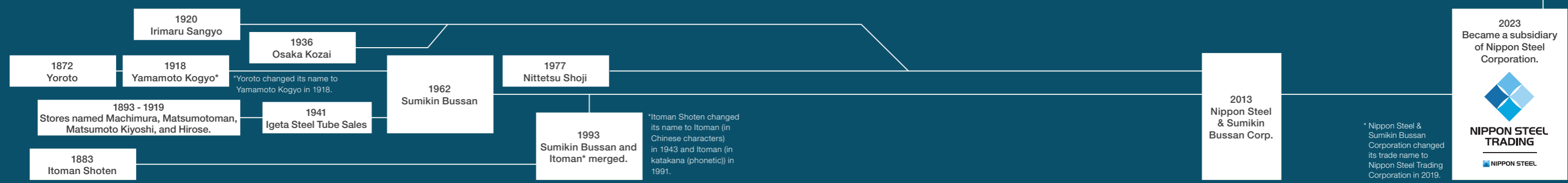
External environment

History of NST



Changes in ordinary profit

Prior to FY2013, the results of Nittetsu Shoji Co. and Sumikin Bussan Kaisha Ltd. were simply combined.



Becoming the true core trading company of the Nippon Steel Group

Nippon Steel Trading was formed from the merger of Sumikin Bussan and Nittetsu Shoji in 2013, and in 2018 we acquired part of the Steel Division of Mitsui & Co. Group, creating our current position as the core trading company of the Nippon Steel Group.

Since FY2021, we established the basic concept of “becoming a strong growth company that contributes to society” through the supply of socially valuable products and services. We have carried out a Medium- to Long-Term Management Plan that is based on three strategic measures: (1) Building a robust corporate structure by implementing measures to strengthen the business foundation, (2) Achieving sustainable growth by advancing growth strategies, and (3) Enhancing ESG management.

In April of this year, NST became a subsidiary of Nippon Steel as a result of a tender offer by Nippon Steel. In the future, in addition to the three strategic measures of the Medium- to Long-Term Management Plan, we will make every effort for further growth and development of the Group through initiatives such as sharing strategies with Nippon Steel and making use of both companies’ infrastructure.

Shinichi Nakamura

President and Representative Director

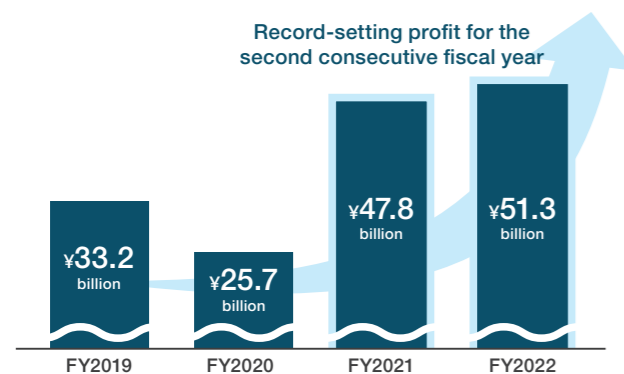


1 A Look Back at FY2022

The global situation in FY2022 was faced with rapid and large-scale interwoven changes including disruptions in the global supply chain resulting from the Russian invasion of Ukraine and the power struggle between the U.S. and China, growing inflation including rising prices of energy and resources, and the beginning of a full-scale movement toward achieving carbon neutrality.

In this difficult environment, this year NST made large progress in reinforcing its revenue base. By strengthening the business foundation, we have reorganized, consolidated, and eliminated our manufacturing and sales bases, and steadily carried out measures for a growth strategy tailored to each field and market. In this way, we are working to improve profitability. Despite worsening environmental factors including the quantity of steel sales, we again for the second consecutive fiscal year set a new record for consolidated ordinary profit of 51.3 billion yen, exceeding the 47.8 billion yen in the previous record-setting year, fiscal 2021. We consider this to be a result of the initiatives in our Medium- to Long-Term Management Plan.

Ordinary profit



2 Environmental Recognition

Global steel demand is unlikely to recover in 2023. In the largest steel producing and consuming country China, as a result of a macroeconomic slowdown and expansion of steel exports, no improvement in the profit margin* of the international market is expected. Domestic demand is also expected to gradually fall as a result of the declining population. More intense competition is expected in the distribution and processing fields due to expanding local production by customers, and to improving quality and larger volumes from overseas steel manufacturers. On the other hand, we expect that global steel demand centering on Asia (including India) will grow, there will be expanded demand for high-grade steel, and there will be an increase in business opportunities related to carbon neutrality.

In the Foodstuffs Division and Textiles Segment as well, we are facing a decline in domestic demand and changes in the market structure, however we expect the market to grow in Asia and other regions.

In ways such as these, we believe that we are facing a time of great competition for survival in a harsh environment where societies and industries in Japan and overseas are undergoing structural changes.

* Profit margin (difference between the steel product sales price and price of raw materials)

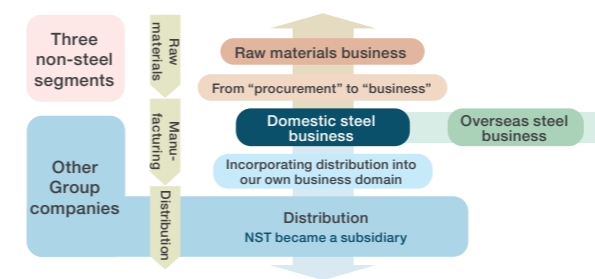
3 Tender Offer for NST Shares and Becoming a Subsidiary of Nippon Steel

Based on the above understanding of the environment, we believe that integrating our company with Nippon Steel, engaging in high-level sharing of information and sales strategies, making maximum use of both companies’ knowledge and infrastructure, and carrying out initiatives aimed at rapidly and appropriately achieving our strategies will contribute to expanding NST Group business, increasing competitiveness, and expanding corporate profits. For this reason, in December of last year, we accepted

the tender offer and adopted a Board of Directors resolution recommending the public offering to our shareholders. Following a series of procedures, in April of this year NST became a subsidiary of Nippon Steel.

Based on the understanding of our employees, customers, and other stakeholders, we will carry out initiatives that will help increase our competitiveness throughout the supply chain by optimizing and streamlining the entire series of processes from raw materials procurement to manufacturing, distribution, and processing in the Nippon Steel Group, and by creating new added value, thereby contributing to the Nippon Steel goal of “evolving into a vertically-integrated business structure.”

Evolving into a vertically-integrated business structure in the Nippon Steel Group



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4 Management Principles

No matter what kind of changes occur in the environment, a company must not stop on its path to growth. There are many companies that stopped, became comfortable with the status quo, and ended-up following the path of organizational decline. In order to be a company that can continue to contribute to our society and grow in any environment, I believe that we must establish a corporate culture where the growth of every employee leads to company growth.

Our company’s primary business resource is its people. When people take responsibility, make their own decisions, and take independent action, they are able to deploy their maximum abilities. Since taking office as President, I have asked all employees to dedicate themselves to “think, decide, and take action” in their everyday duties. As the business environment changes dramatically, we must combine everyone’s knowledge to strengthen the business foundation for ensuring and training the human resources necessary for future growth while also preparing for risks, and also to develop a new growth strategy that will allow us to seize opportunities. These must be discussed within the organization, with organization leaders making rapid and accurate decisions, and the decisions must be carried out with the entire support of the organization. I am confident that our company can achieve further growth and be advanced

as long as every individual employee grows, the strength of the organization is improved. The dual engines of “a stronger business foundation” and “growth strategy” run autonomously and continuously. This is something that has not changed as a result of our new status as a subsidiary of Nippon Steel. I believe that the sharing of strategies resulting from becoming a subsidiary will expand the opportunities for NST employees to shine, and will lead to further advances and growth among our employees.

Since becoming President, I have at least twice a year conducted discussions with all general managers, branch general managers, and presidents of major Group companies. Following the end of the COVID-19 pandemic, beginning from the end of last year, I have also personally visited branches, offices, and business sites in Japan and overseas, and have spoken directly with the local employees. In these ways, I am endeavoring to understand the business conditions, consider them together with others, and make decisions. As President, I will be focusing on the following key issues. At the same time, I will myself carry out the same “think, decide, and take action” that I have asked of all employees, and imagine a detailed future picture of Nippon Steel Trading as a trading company that continues to contribute to society and grow in any environment.

5 Key Issues

Based on implementation of the past Medium- to Long-Term Management Plan, FY2023 will be a year for us to enter a new stage, and the issues which we must address are the following.

1. Thorough commitment to safety, quality control, and compliance

These are the basis for corporate operations. Even a single major incident could deprive employees of their happiness, cause large damage to our customers and other related parties, lose the trust of society, and put our company into a crisis that risks our survival. While we have continued to carry out various steady activities, these activities are never-ending. We will also comprehensively and across the entire Group manage a wide range of risks surrounding our Group, centering on the Risk Management Committee, and will strive to construct a corporate structure that is resistant to risks and prevents risks from becoming manifest.

2. Sharing strategies with Nippon Steel and utilizing synergy

We are considering a review of the Medium- to Long-Term Management Plan in order to fulfill our functions as a sales coordinator and achieve further growth as the true core trading company of the Nippon Steel Group through the sharing of strategies with Nippon Steel. We will also consider jointly with Nippon Steel the synergy resulting from acquisition of our shares, and will take action at the appropriate times.

3. Building a robust corporate structure by expanding our human capital and other means

Beginning from FY2021, we have implemented measures to strengthen the business foundation, including reorganizing, consolidating, and eliminating our manufacturing and sales bases, and have succeeded in improving efficiency throughout the Group. This year in particular, we recognize the great importance of securing and training the human resources who will be

responsible for the next generation and who are essential to carrying out our growth strategies in Japan and overseas. Based on this, we will actively work to expand our human capital, carry out innovations in working styles, and reinforce our diversity & inclusion initiatives by means of the following.

- (1) Securing the human resources that will support profit growth
- (2) Training professional human resources
- (3) Making active use of human resources

Item	Measures
1 Securing the human resources that will support profit growth	Continue carrying out recruitment of new graduates aimed at future growth, improve the recruitment brand strength, and expand internships for students. Carry out mid-career recruiting based on the Medium- to Long-Term Management Plan.
2 Training professional human resources	Strengthen organizational and human resource management capabilities, reinforce issue formulation abilities and issue implementation abilities, and expand training to support independent skills improvement. Carry out training for improving the level of executives and management positions aimed at producing company growth and achieving the goals of the Medium- to Long-Term Management Plan, as well as training for future management positions, mid-level employees, and young employees.
3 Making active use of human resources	Carry out career development and talent management (visualization). Implement a human resources task force and create a system for human resource rotation based on a medium- to long-term perspective.

4. Achieving sustainable growth by advancing growth strategies

In order to successfully achieve sustainable profit growth, we must provide products and capture new demand based on social needs such as those defined by the SDGs. We will also expand our processing facilities and sales networks in overseas markets which are projected to grow. By diversifying our supply sources in addition to expanding our networks, we aim to move more of our business operations to overseas. It is also important that we respond to changes in the global supply and demand environment, so we are carrying out a detailed growth strategy for each sector/market.

As a specific example, we established our second coil center in India, where there has been significant growth in steel demand, and it began operating in August of this year. Based on strategy-sharing with Nippon Steel, we are now constructing a coil center for electrical steel sheet in Mexico, where our supply chain for electric vehicle motors is concentrated. It is scheduled to begin operating in 2025. In addition, we are focusing efforts on expanding sales of the “NSCarbolex® Neutral” low-CO₂ steel that is provided by Nippon Steel, and will continue to study and implement key

Five pillars supporting our growth strategy

- 1 **Capturing of new demand**
Focus on businesses that respond to SDGs-related social needs
- 2 **A global strategy aimed at deepening and expanding overseas businesses**
Accelerate the process of making overseas offices capable of independent management
- 3 **Increasing sales and improving profit by collaborating with major customers, strengthening our distribution and processing capabilities, and providing new solutions**
- 4 **M&As and alliances that will lead to more efficient distribution and new business creation**
- 5 **Digital transformation strategies**
Increase efficiency of the entire supply chain through digitalization of our trading company operations

measures such as the establishment of a DX platform that will lead to increased distribution efficiency and new business creation, as well as M&As and alliance formation.

5. Enhancing ESG management

We will continue with the same initiatives to enhance ESG management following our becoming a subsidiary of Nippon Steel and a privately-owned company.

1) Environment

In order to contribute to the realization of a carbon-free and recycling-based society which is increasingly demanded by society, we are working to make SDGs-related proposals to our customers through our business, in addition to our own Group’s efforts for environmental conservation and preventing climate change.

In terms of measures to deal with climate change, acting as a member of society, we have set targets of reducing carbon emissions by 30% by fiscal 2030 (compared to fiscal 2018) and achieving carbon neutrality by fiscal 2050, we aim to achieve these goals as early as possible through our Group-wide efforts to reduce CO₂ emissions.



In terms of our business-based eco-solution products for customers, we will make proposals including high-tensile steel sheet for automobiles, high-performance electrical steel sheet, materials for offshore wind power generation, a solar power generation business, biomass fuel, and recycled materials. We are also investing in a bio-carbon manufacturing and sales company.

2) Social

As a trading company, action is required to address diversity and inclusion and to ensure employee well-being, we are committed to creating a workplace and corporate culture where employees respect each other as individuals, thereby creating an environment where employees can comfortably work and grow.

As a business person, I believe it is important to maintain a healthy work-life balance. But during work hours it is also important to focus on improving oneself and one’s skills, and

to enjoy that process of self-improvement. Every day I work alongside our employees with the hope that we will keep refining the creativity, planning skills, and practical capabilities needed to thoroughly consider issues and fully enact a variety of initiatives.

3) Governance

Following our becoming a subsidiary, we are working to improve the effectiveness of our corporate governance and further strengthen risk management. At the ESG Committee and Risk Management Committee which meet twice a year, we are studying the directions we should be proceeding in and the specific actions to take. In regards to risk management, we are improving the overall effectiveness of the system so that management can function systematically when responding to risks in the critical areas of safety, quality control, compliance, or any other risk to NST. For example, we are strengthening our autonomous internal controls by constructing a three-line defense and by establishing theme-specific task forces within the Risk Management Committee. These steps will ensure that the problem is quickly discovered and corrected in the event that any operation is not properly carried out.

6 Conclusion

We anticipate that the future will bring a variety of changes to the business environment for our company to deal with. Regardless of what changes may occur, I am determined to take the lead in implementing our Medium- to Long-Term Management Plan and to realize our Corporate Philosophy, stated as follows:

1. Continuing to be a corporate group driven by the aspiration of providing goods and services that offer new value to the larger society,
2. Putting trust and reliability first, and by doing so developing together with our customers, and
3. Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents.

I would like to thank all of our stakeholders for their understanding and support.



Overview of the Medium- to Long-Term Management Plan



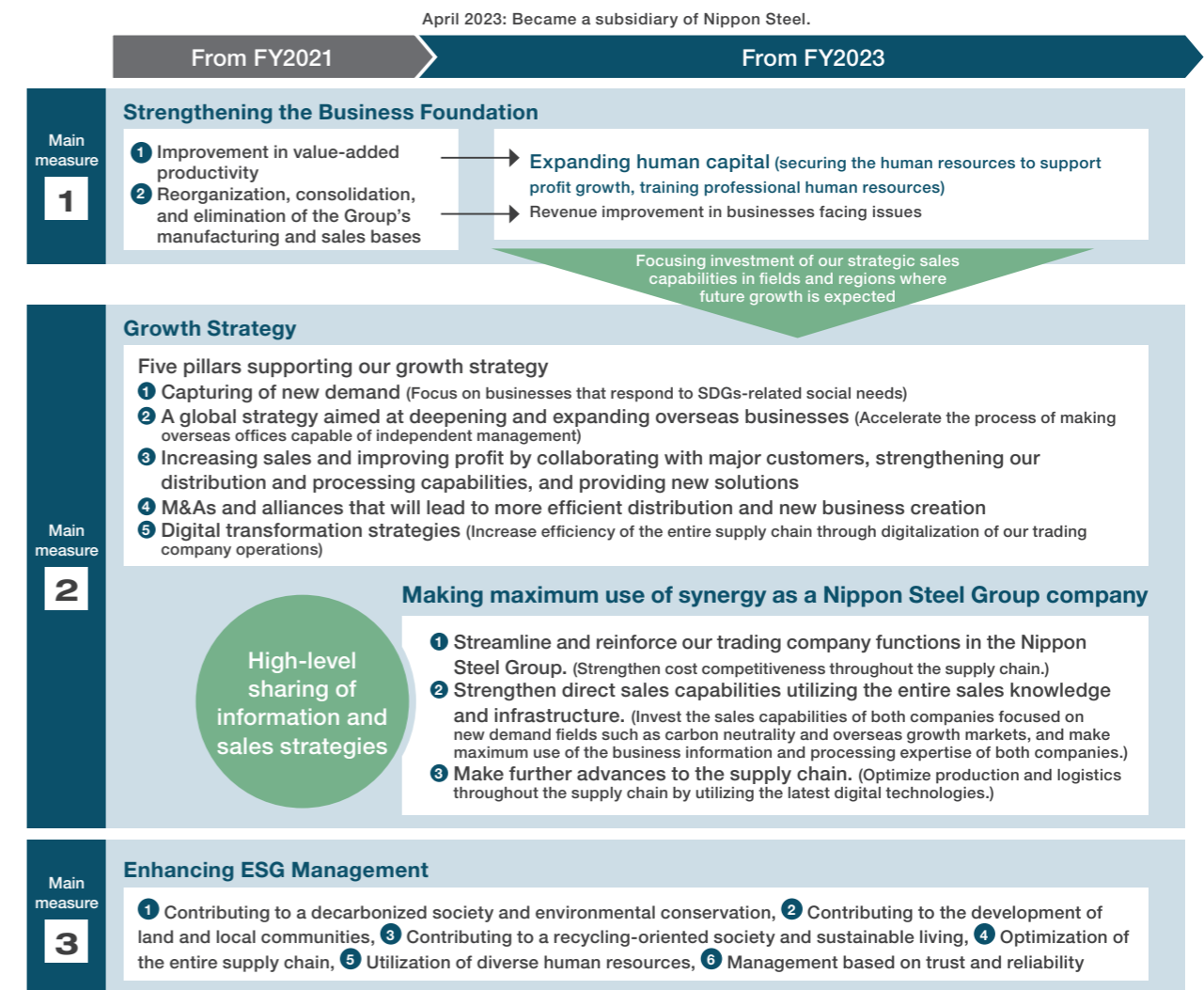
Review of the Medium- to Long-Term Management Plan

The Nippon Steel Trading Group is considering a review of the Medium- to Long-Term Management Plan that was formulated in May 2021 and that concludes in fiscal 2025.

As a result of becoming a subsidiary of Nippon Steel in April 2023, we have become integrated with Nippon Steel and it has become possible to engage in high-level sharing of information and sales strategies. As a result, we can make maximum use of the sales information and other resources of both companies in order to strengthen our ability to meet the needs of our increasingly diverse customers and to strengthen our overseas sales capabilities.

As a means of strengthening the business foundation, which is a key measure in the Medium- to Long-Term Management Plan, the NST Group has reduced fixed expenses and general & administrative expenses by “drastic improvement of value-added productivity” and “reorganization, consolidation, and elimination of the Group’s manufacturing and sales bases.” In order to achieve further future business growth in new demand fields such as carbon neutrality and overseas growth markets, we will focus on further expanding our human capital, securing the human resources to support profit growth, and training professional human resources, and will focus investment of our strategic sales capabilities in fields and regions where future growth is expected.

In addition to implementing an autonomous Medium- to Long-Term Management Plan, we will make maximum use of the synergy derived from being a Nippon Steel Group company, and will carry out our growth strategies and achieve sustainable growth.



Action Plan for the Future

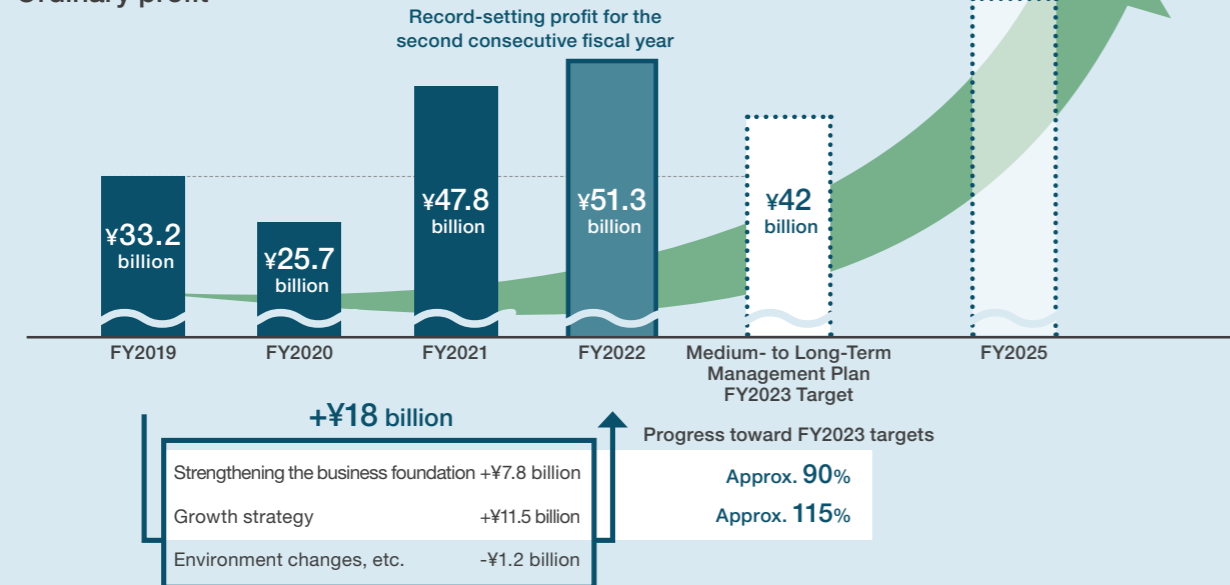
The Nippon Steel Trading Group has formulated and implemented a Medium- to Long-Term Management Plan based on the three measures of “Building a robust corporate structure by implementing measures to strengthen the business foundation,” “Achieving sustainable growth by advancing growth strategies,” and “Enhancing ESG management” in order to overcome structural changes anticipated in the business environment of the future and become a “strong growth company that contributes to society” through the supply of socially valuable products and services.

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Implementation Status of the Medium- to Long-Term Management Plan

Despite slow demand for steel materials, in addition to the effects of carrying out the Medium- to Long-Term Management Plan, we were backed by improving conditions in the domestic steel market and a recovery in Textiles Segment results. Consequently we recorded 51.3 billion yen in ordinary profit in fiscal 2022, setting a new record for the second consecutive fiscal year.

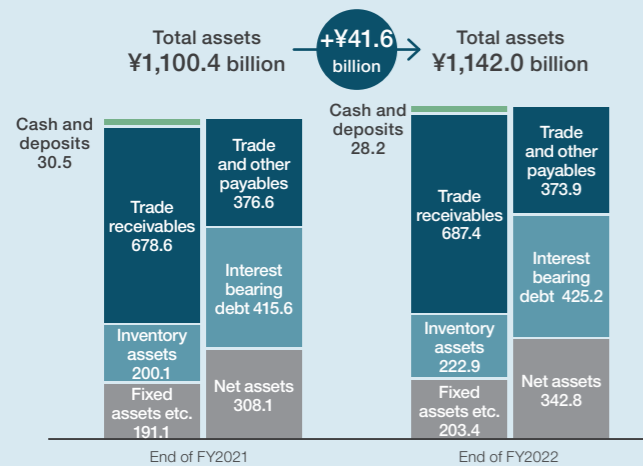
Ordinary profit



	FY2019	FY2020	FY2021	FY2022	Medium- to Long-Term Management Plan FY2023 Target
Ordinary profit	332	257	478	513	420
Net profit	207	159	354	335	260

Balance sheet (billion yen)

As a result of factors including an increase in inventory assets and accounts receivable, total assets increased by ¥41.6 billion from the end of the previous fiscal year to reach ¥1,142.0 billion. Total net assets increased by ¥34.6 billion from the end of the previous fiscal year to reach ¥342.8 billion.



Primary financial indicators

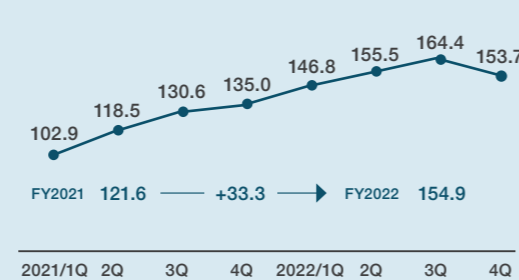
	FY2021	FY2022
Equity ratio	25.7%	27.5%
Net D/E ratio	1.36 times	1.26 times
ROE	13.2%	11.2%

Reference

Tonnage of consolidated steel sales (10,000 tons)

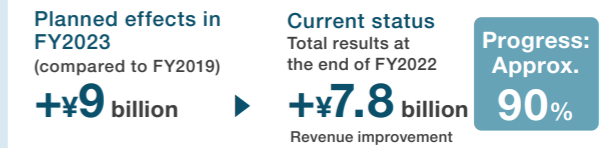
	FY2021	FY2022	Change
Consolidated total	1,865	1,652	-213
Non-consolidated	1,413	1,222	-191
Subsidiaries	452	430	-22

Steel sales unit price (¥1,000 / ton)

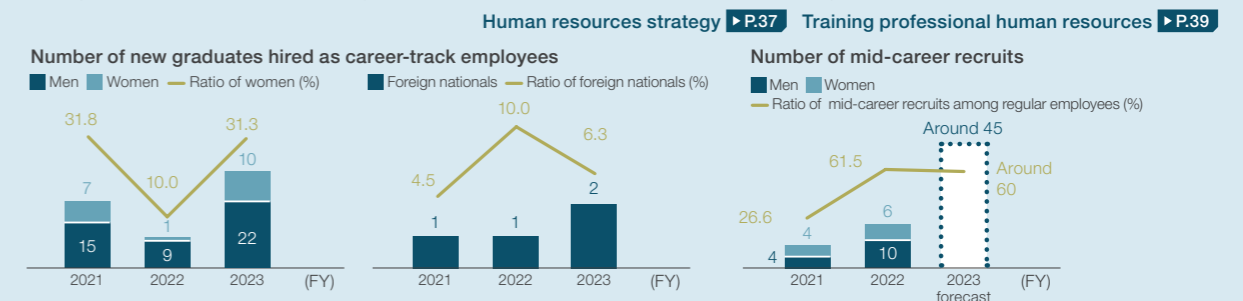


Main measure 1 Strengthening the Business Foundation

We reduced fixed expenses and general & administrative expenses by "drastic improvement of value-added productivity" and "reorganization, consolidation, and elimination of the Group's manufacturing and sales bases," and made progress that was generally on-plan (approximately 90%). In the future, we will focus on expanding human capital, securing the human resources to support profit growth, and training professional human resources.

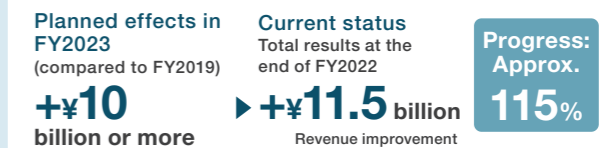


Expanding human capital (securing the human resources to support profit growth)



Main measure 2 Growth Strategy

We focused investment of management resources into growth fields and regions, steadily carried out initiatives aimed at constructing the foundation for next-generation profits, and exceeded the planned goals (approximately 115%).



Five pillars supporting our growth strategy

1 Capturing of new demand

- Steel**
 - Automotive sector (EV motors, battery materials, super-high tension steel, etc.)
 - Environmental materials (stainless steel for maritime scrubbers, materials for the renewable energy field, etc.)
 - High-performance materials for the information and communications fields (stainless steel for smartphones, etc.)
- Industrial Supply & Infrastructure**
 - Clean energy fields (expanding sales of products for wind power and solar power generation, and parts for EV and FCV)
- Foodstuffs**
 - Fields related to ethical consumption (hormone-free pork, plant-based meats, etc.)

2 A global strategy aimed at deepening and expanding overseas businesses

- Steel**
 - Expanding sales for automobiles (China hot press materials and high-tension steel, North America, etc.)
 - Working to become an integral member of overseas regions (sales utilizing local mills, establishing a coil center for electrical steel sheet in Mexico, etc.)
- Industrial Supply & Infrastructure**
 - Expanding overseas industrial park sales, promoting the railway ODA business, and expanding sales of aluminum and automobile components
- Foodstuffs**
 - Developing the Southeast Asia market, and expanding local sales overseas

3 Expanding sales and improving profit by collaborating with major customers, strengthening our distribution and processing capabilities, and providing new solutions

4 M&As and alliances that will lead to more efficient distribution and new business creation

5 Digital transformation strategies

Main measure 3 Enhancing ESG Management

The NST Group is enhancing its ESG management based on its materiality in order to contribute to the realization of a sustainable society.

The ESG Committee has been established to discuss comprehensive and Group-wide basic policies and measures for issues related to "enhancing ESG management." It carries out discussion of policies, strategies, plans, and measures related to ESG management in the NST Group, and monitoring of plan implementation status. The Environment Meeting, Social Meeting, and the Governance Meeting were established as subordinate bodies, and carry out activities in various areas related to sustainability.



Value Creation Process

Nippon Steel Trading contributes to the realization of a sustainable society.

Nippon Steel Trading Corporation (NST) has been expanding our business in Japan and abroad, mainly in trading, by integrated operation of the Steel Division (the main business), Industrial Supply & Infrastructure Division, Foodstuffs Division, and Textiles Segment. As action focused on sustainability is accelerating throughout the world, we are necessarily committed to contributing to the realization of a sustainable society. We have therefore developed and are implementing growth strategies to realize a strong growth company that contributes to society, by overcoming challenges in the future business environment.

Corporate Philosophy
of the NST Group

▶ P.03

Continuing to be a corporate group driven by the aspiration of providing goods and services that offer new value to the larger society.

Putting trust and reliability first, and by doing so developing together with our customers.

Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents.

Inputs

Financial capital

A sound financial structure and a stable earnings structure

Net assets

¥342.8 billion

Equity ratio

27.5%

Human capital

A group of professionals that is second to none in their fields, professionals who ceaselessly respond to customers' wishes and from time to time create new products and values by themselves

Employees (consolidated)

6,580

Employees (non-consolidated)

1,294

Natural capital

Resources required for business activities (FY2022)

Amount of energy used

283,761GJ

CO₂ emissions (Scope 1 + 2)

30,000 t-CO₂

Amount of paper used (non-consolidated)

9,650,000 sheets

Organizational and Group capital

A diverse and extensive network in Japan and overseas

Japan sales bases

24 cities

Overseas subsidiaries and offices

33 cities in 18 countries

Group companies in Japan and overseas

Subsidiaries 83

Affiliated companies 43

Global processing bases

Network of coil centers

Japan 13 sites in 10 cities

Overseas 17 cities in 9 countries

Network of food processing plants

Cooperating plants 26 companies

Network of textile product production plants

Company plants 7 plants

Intellectual capital

Accumulated business knowledge
Regulations and manuals, IT systems (core business management systems, others), use of RPA

Brand capital

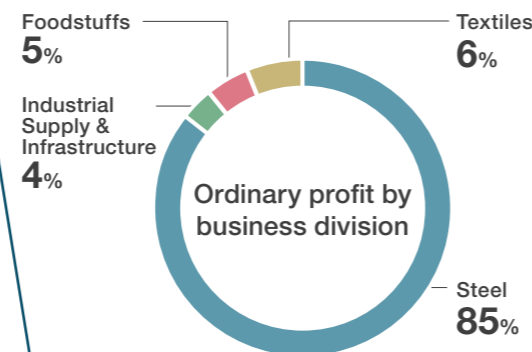
Core trading company of the Nippon Steel Group



As of March 31, 2023

Business activities ▶ P.55

Current business activities



- Steel Division ▶ P.57
- Industrial Supply & Infrastructure Division ▶ P.61
- Foodstuffs Division ▶ P.63
- Textiles Segment ▶ P.65

Safety ▶ P.53

Management infrastructure that supports growth

Outputs and outcome

Realization of a strong growth company that contributes to society

Main measures in the Medium- to Long-Term Management Plan ▶ P.22

Building a robust corporate structure by implementing measures to strengthen the business foundation | Achieving sustainable growth by advancing growth strategies | Enhancing ESG management

Economic value

		FY2022 result	FY2025 target
Growth potential	Ordinary profit	¥51.3 billion	
Profitability	Net profit	¥33.5 billion	
Return on invested capital	ROE	11.2%	9-10%
Financial health	Net D/E ratio	1.26 times	1.0 times or less

Social value

	Target indicators	Value generated over the medium- to long-term	
	FY2018 result	FY2030 target	FY2050 target
CO ₂ emission reduction	About 33,000 tons	30% reduction	Carbon neutrality
SDGs	Contributing to the sustainable growth of society	SUSTAINABLE DEVELOPMENT GOALS	

Value provided to stakeholders

- Customers** Creating products and services that offer new value to the larger society ▶ P.11
- Employees** Creating work-friendly workplaces where every employee can grow
Developing human resources through rewarding work ▶ P.37
- Shareholders** Continual growth and improving the medium- to long-term corporate value ▶ P.20
- Society** Cooperating and collaborating to resolve problems
- The environment** Contributing to a decarbonized society and environmental conservation
Maintaining a sustainable global environment

Quality control ▶ P.53

Compliance ▶ P.54

Corporate governance ▶ P.49

Risk Management ▶ P.51

Priority issues (materiality) in ESG management ▶ P.25

Contributing to a decarbonized society and environmental conservation

Contributing to the development of land and local communities

Contributing to a recycling-oriented society and sustainable living

Optimization of the entire supply chain

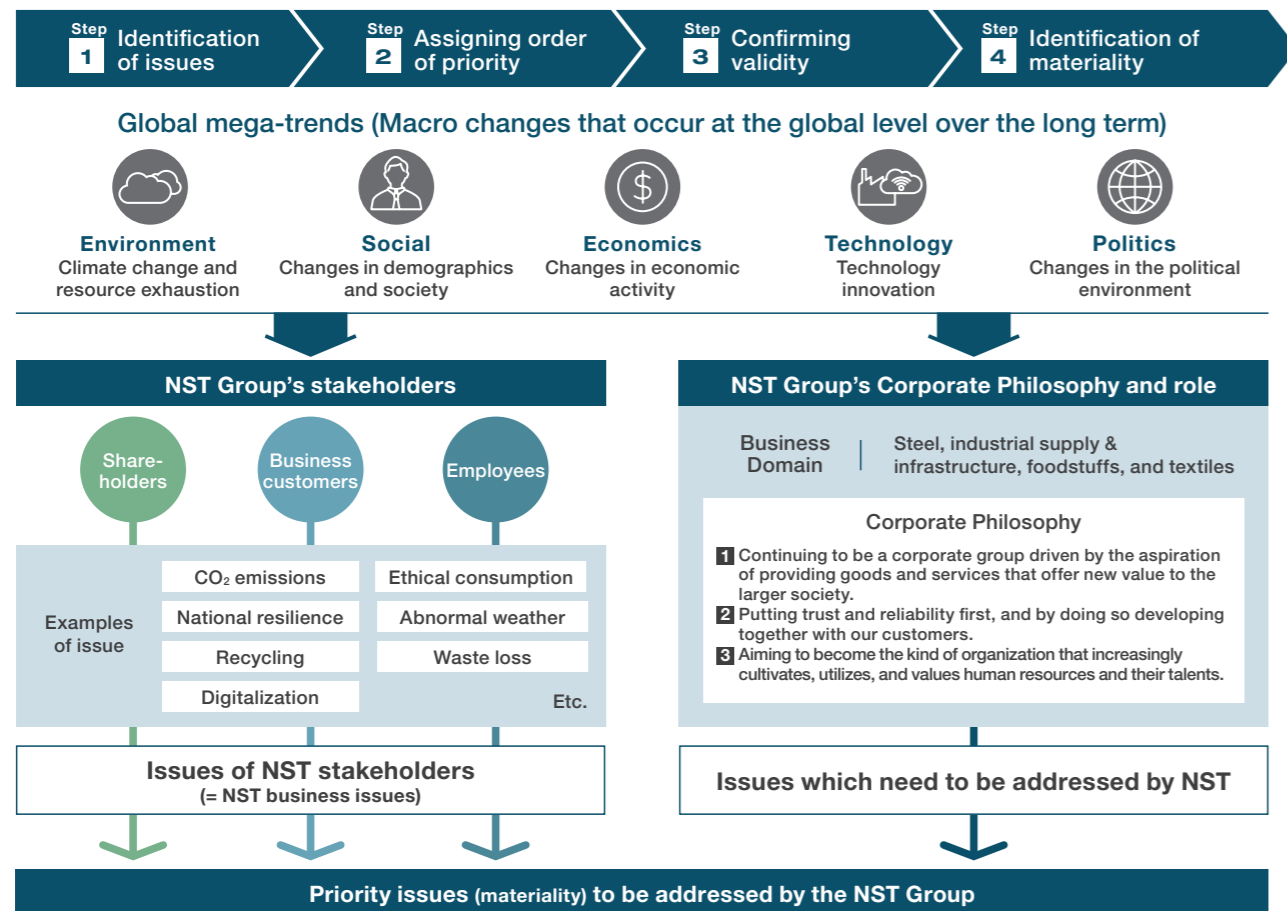
Utilization of diverse human resources

Management based on trust and reliability

Priority Issues (materiality) in ESG Management of the NST Group

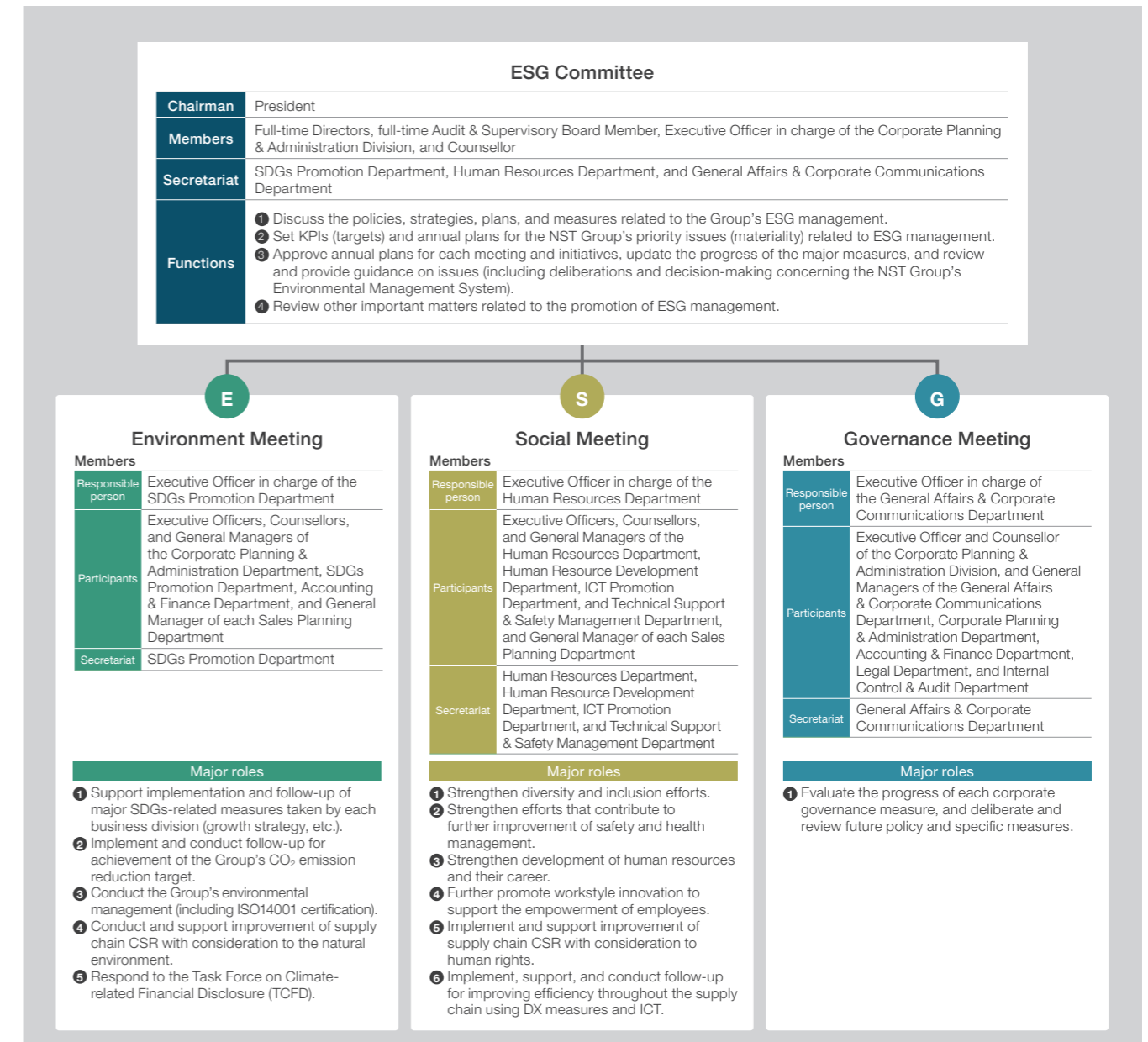
Identification process and materiality

NST organizes the stakeholder issues (NST business issues) that were identified through discussion between the President and the general managers of sales departments based on the 17 goals and 169 targets of SDGs, which are considered to comprehensively represent global social issues, and based on the international frameworks for CSR and ESG (such as ISO26000 and GRI standards). We also organize the issues which need to be addressed by NST, and consider the strengths of the NST Group and the roles it should play in the future. Based on these results, NST identifies social issues which are of particular importance and which the company should give priority to addressing. A wide range of input regarding the identified important issues is obtained from within and outside the company, and the issues are discussed and approved by the Management Meeting and Board of Directors to decide materiality.



ESG Promotion System

In order to create sustainable social and economic value through our business activities, we have established an ESG Committee chaired by the President. As we find it important to incorporate sustainability into business strategy and to conduct the PDCA cycle, the ESG Committee has the Environment Meeting, Social Meeting, and Governance Meeting as its subordinate bodies with executive officers as the head of each to promote activities in each respective area concerning sustainability.



Primary matters discussed by the ESG Committee

First meeting (Nov. 2021)	Second meeting (March 2022)	Third meeting (Sept. 2022)	Fourth meeting (March 2023)
<ol style="list-style-type: none"> Second half of the FY2021 plan in each committee Selection of important SDG-related business themes to be given priority attention 	<ol style="list-style-type: none"> Progress of the second half of the FY2021 plan and the FY2022 plan in each committee Progress of important SDG-related business themes Roadmap for reduction of NST Group CO₂ emissions 	<ol style="list-style-type: none"> Progress of the FY2022 plan in each committee TCFD measures Initiatives related to human rights 	<ol style="list-style-type: none"> Progress of the FY2022 plan and the FY2023 plan in each committee FY2022 management review of the NST Group environmental management system (ISO14001) Review of the governance system following our becoming a privately-owned company

Initiatives and KPIs to Address Priority Issues (materiality)

In order to contribute to the realization of a sustainable society, the NST Group has identified six priority issues (materiality) related to ESG management that must be focused on, based on the issues of stakeholders, the Group's corporate philosophy and roles, and growth strategies.

Initiatives related to these issues will lead us to the achievement of SDGs corresponding to each of the materiality

components we identified. Recognizing the role that our stakeholders and society expect us to play, we are actively working to resolve the issues and achieve the SDGs.

Each division selects priority themes to address and creates a detailed action plan, which it then carries out. The ESG Committee also conducts regular monitoring of progress and operates a PDCA cycle in connection with the business strategy to reliably achieve results. We will utilize key performance indicators (KPIs) that evaluate the results from efforts to address materiality to conduct proper follow-up and ensure full implementation, thereby contributing to sustainable social growth and enhancing corporate value.

Materiality	Item (important business theme)	SDG targets	Main initiatives (results) and KPI	Reference page																
E	Contributing to a decarbonized society and environmental conservation	PRIMARY GOALS 	Materials that contribute to reducing automobile weights Focus on obtaining orders for high-tensile steel sheet, hot-stamped steel sheet, and aluminum – materials where further use is expected for model changes and new models. Materials that contribute to the needs for electric vehicles Expand sales of and construct a supply chain for the high-performance electrical steel sheet used in EV motors and for EV components. (Capture growing demand for motors from OEM and parts manufacturers in Japan, Asia, and the North American region.) Products that contribute to achieving zero-carbon emissions Reliably capture demand related to electric vehicles and environmentally friendly automobiles. (Expand sales channels for CNG/LNG/FCV fuel tanks, and create new sales channels for aluminum parts, tire pressure monitoring systems (TPMS), and other detection systems.)	▶ P.60																
			Underwater foundations for offshore wind power generation Continued sales of jacket thick plates for Japan and Taiwan Carbon fibers Sales of carbon fibers to the overseas blade pultrusion manufacturers selected by major European manufacturers of wind power generators Solar power frames Continued sales of high corrosion-resistant plated steel (SuperDyma, ZAM, others) for solar panel frame use in Japan and overseas Hydrogen-related equipment Sales of steel tubes for hydrogen gas vessels (HRX19 [®]), steel tubes for hydrogen circulation in overseas hydrogen towns, and titanium foil for fuel cell stack separators Scrubbers (desulfurization equipment) Fuel tanks for LNG fuel ships and ammonia fuel ships	▶ P.35																
	2. NST Group's CO ₂ emissions reduction (starting year 2018: 33,000 tons)		Steel raw materials Program for sales of black pellets from the U.S. company Aymium Introduction of electrical power from renewable energy sources at the NST Head Office Creation of a roadmap for reducing CO ₂ emissions by 2030, aiming to achieve medium- to long-term environmental targets	<table border="1"> <thead> <tr> <th>KPI</th> <th>FY2022 result</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>CO₂ emissions</td> <td>30,000 tons</td> <td>2030: Reduction by 30% (compared to 2018) 2050: Carbon neutrality</td> </tr> </tbody> </table>	KPI	FY2022 result	Targets	CO ₂ emissions	30,000 tons	2030: Reduction by 30% (compared to 2018) 2050: Carbon neutrality	▶ P.32									
KPI	FY2022 result	Targets																		
CO ₂ emissions	30,000 tons	2030: Reduction by 30% (compared to 2018) 2050: Carbon neutrality																		
	Contributing to the development of land and local communities		Distributed solar power generation We have established a power generation company jointly with Loop Inc. and are operating a roof-mounted solar power generation business (PPA) overseas (Thailand).																	
S	Contributing to a recycling-oriented society and sustainable living		Scrap (high-grade scrap, SUS scrap) Expanding sales of high-grade scrap and SUS scrap for Nippon Steel Group blast furnaces and electric arc furnaces Black pellets fuel for biomass power generation Developing power companies and other users for a mass production plan starting in 2024																	
			Lighter weights Creating thinner can products Longer lifetimes Expanding use of SuperDyma and ZAM in Japan and overseas for solar power frames and other applications that require corrosion resistance Balancing environmental and economic performance Expanding sales of NS Eco-Pile, which is effective in reducing noise and vibration, and reducing the amounts of waste soil, while allowing work to be performed in narrow spaces Energy-saving materials Use of wire materials where heat treatment can be omitted during wire processing in large-scale bridge and other projects																	
	2. Promotion of supply chain CSR that takes into account the working and natural environment		Plant based meat Sales of DAIZ Co. ingredients to major ham and sausage manufacturers, and promoting further product development and customer development Pork free of antibiotics and growth hormones Focusing on expanding sales of Finnish Pure Rare pork to volume retailers through collaboration with major food product manufacturers Chicken raised using only plant-based proteins Expanding sales of chicken raised using 100% plant-based protein feed that contains no animal proteins such as fish powder or oils Recycled fibers Development and sales of fabrics and products using fibers from discarded banana tree stems																	
	Optimization of the entire supply chain (use of information and technology)		CSR procurement controls Independent audits and improvement support for working environments and general CSR Recycled products Production of original recycled products such as the next-generation REVIBELE leather made from recycled cut scraps																	
G	Utilization of diverse human resources (Nurturing people, making proper use of people, and taking care of people)		• DX strategy: Four systems related to improvement of steel ordering operations, automation of financial resource management in repeat transactions, operations and business management at processing sites, and the information interface with customers began full-scale operation during the period from fiscal 2021 to the first half of fiscal 2023. We are continuing with functional expansion, increasing the number of product categories, and expanding the number of sites as a medium- to long-term project.	▶ P.45																
			• Promoting and supporting women's empowerment, and providing support for balancing work with childcare and nursing care • Promoting employment and empowerment of persons with disabilities, preventing harassment, support for LGBTQ • Further working style innovations to support the empowerment of employees, promoting staggered shifts, making effective use of remote working and mobile working, reducing overtime work	<table border="1"> <thead> <tr> <th>KPI</th> <th>FY2022 result</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>Ratio of female new graduates hired as career-track employees Ratio of employees with disabilities</td> <td>10% 2.3%</td> <td>Over 30% 2.3% or more</td> </tr> </tbody> </table>	KPI	FY2022 result	Targets	Ratio of female new graduates hired as career-track employees Ratio of employees with disabilities	10% 2.3%	Over 30% 2.3% or more	▶ P.38									
KPI	FY2022 result	Targets																		
Ratio of female new graduates hired as career-track employees Ratio of employees with disabilities	10% 2.3%	Over 30% 2.3% or more																		
	2. Enhanced efforts that contribute to further improvement of safety and health management		• Carrying out autonomous safety activities, preventing work injuries • Constructing a health management system (involvement of management), expanding it among employees, and enacting measures based on KPI	<table border="1"> <thead> <tr> <th>KPI</th> <th>FY2022 result</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>Major accidents</td> <td>None for four consecutive years</td> <td>Zero major accidents, elimination of lost-worktime and non-lost-worktime accidents</td> </tr> <tr> <td>Regular medical check participation rate</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Ratio of high stress employees in stress check</td> <td>8.8%</td> <td>10% or less</td> </tr> <tr> <td>Percentage of paid annual leave taken by employees</td> <td>69.0%</td> <td>Over 70%</td> </tr> </tbody> </table>	KPI	FY2022 result	Targets	Major accidents	None for four consecutive years	Zero major accidents, elimination of lost-worktime and non-lost-worktime accidents	Regular medical check participation rate	100%	100%	Ratio of high stress employees in stress check	8.8%	10% or less	Percentage of paid annual leave taken by employees	69.0%	Over 70%	▶ P.53 ▶ P.38
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Percentage of paid annual leave taken by employees	69.0%	Over 70%																		
G	Management based on trust and reliability		• Review of an effective governance system based on our change to a privately-owned company																	
			• Continual improvements to autonomous internal controls, strengthening the PDCA for continuation and improvement of effective self-checks, holding internal control lectures, carrying out support for key improvements through risk-based internal audits	<table border="1"> <thead> <tr> <th>KPI</th> <th>FY2022 result</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>Response rate to the awareness survey of NST and Group company employees</td> <td>99.7%</td> <td>100%</td> </tr> </tbody> </table>	KPI	FY2022 result	Targets	Response rate to the awareness survey of NST and Group company employees	99.7%	100%	▶ P.54									
KPI	FY2022 result	Targets																		
Response rate to the awareness survey of NST and Group company employees	99.7%	100%																		
	3. Advancement of management based on the costs of funds and capital		In addition to strengthening the business foundation, concentrated investment of management resources in growth fields and regions	<table border="1"> <thead> <tr> <th>KPI</th> <th>FY2022 result</th> <th>Targets</th> </tr> </thead> <tbody> <tr> <td>ROIC</td> <td>5.5%</td> <td>2025: Approx. 6%</td> </tr> <tr> <td>ROE</td> <td>11.2%</td> <td>2025: 9 – 10%</td> </tr> </tbody> </table>	KPI	FY2022 result	Targets	ROIC	5.5%	2025: Approx. 6%	ROE	11.2%	2025: 9 – 10%							
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Enhancing ESG Management

What Nippon Steel Trading can do to realize a sustainable society



Environmental Initiatives

The Nippon Steel Trading Group (NST Group) is engaged in diverse business activities throughout the world, providing products and services in a wide range of fields. In order to reduce the various environmental impacts that arise from daily business activities, NST and its Group employees are now committed to a sustainable global environment by making efforts to preserve and improve it.

Contributing to a decarbonized society and environmental conservation ▶ P.31

- Environmental management
- Measures against climate change
- Information disclosure based on TCFD recommendations
- [Business introduction](#)
- Working to expand the use of green hydrogen

Contributing to the development of land and local communities ▶ P.36

- [Business introduction](#)
- Working to expand the use of copper wire fishing nets for fish farms



For our People

The NST Group is striving to create a “worker-friendly workplace” where each employee can grow while respecting each other’s individuality and diversity and working hard and encouraging one another, and to develop human resources that are trusted by stakeholders through “challenging and rewarding work.”

Utilization of diverse human resources (nurturing people, making proper use of people, and taking care of people) ▶ P.37

- Human resources strategy
- Training professional human resources
- Introducing the Head Office
- Discussion meetings for younger employees

Optimization of the entire supply chain (utilization of information and technology) ▶ P.45

- DX strategy

Contributing to a recycling-oriented society and sustainable living ▶ P.47

- [Business introduction](#)
- Making beef that satisfies environmental and social issues more common
- [Business introduction](#)
- Bringing a sustainable choice to the apparel industry with WA.CLOTH® ESSENTIAL

Together with Society

The NST Group will capture new demand that meets social needs in order to contribute to a recycling-oriented society and sustainable living, and will actively promote the use of various technologies to optimize the entire supply chain.



Corporate Governance

Based on its Corporate Philosophy, Management Principles, and Employee Code of Conduct, the NST Group strives to build a fair and favorable relationship with stakeholders and to achieve sustainable growth and increase corporate value over the medium- to long-term. The NST Group has established a business execution system that ensures soundness, transparency, and efficiency in management as well as an effective corporate governance system that appropriately incorporates monitoring and supervision functions and risk management.

Management based on trust and reliability ▶ P.49

- Overview of corporate governance
- Risk management
- Safety, quality control, compliance

Contributing to a decarbonized society and environmental conservation

Environmental management

Environmental Policy

The environmental policy for the NST Group was reviewed in October 2023 in order to address the environmental issues that are required in recent years, and to clearly show to the stakeholders how all of the NST and Group employees will continue to contribute to the realization of a sustainable society in the future.

Basic Philosophy

The NST Group recognizes that contribution to a decarbonized society and environmental conservation is an issue of top priority for business management. Through a wide range of global business activities, we will strive to protect the global environment, aiming for the achievement of a sustainable society.

Action Policy	
1	Compliance with Environment-related Laws and Regulations We will observe domestic and overseas environment-related laws and regulations as well as other agreements we have signed.
2	Measures against Climate Change To address climate change, we will strive to reduce greenhouse gas emissions. In addition, we will contribute to greenhouse gas reduction throughout the supply chain by selling eco-products and proposing eco-solutions.
3	Consideration for the Natural Environment In our business activities, we will give full consideration to the effects on natural ecosystems and strive to maintain and conserve biodiversity.
4	Efficient Use of Resources and Energy Based on our recognition that the Earth's resources and energy are finite, we will promote their efficient use. In addition, we will promote initiatives for the 4Rs (Reduce, Reuse, Recycle, and Renewable) of waste management and contribute to a recycling-oriented society and sustainable living.
5	Continual Improvement of the Environmental Management System We will establish an environmental management system based on our Environmental Policy. To further increase our environmental performance, we will implement the PDCA (Plan-Do-Check-Act) cycle effectively and strive for a continual improvement and enhancement.
6	Communication of and Thorough Compliance with the Environmental Policy We will communicate this Environmental Policy to all Group employees, conduct training activities, and enhance environmental awareness among all Group employees, aiming to develop corporate personnel who are able to understand the importance of protecting the global environment and take actions toward that goal.
7	Information Disclosure We will disclose this Environmental Policy to the public and strive to actively disclose environment-related information, aiming to be a company trusted by society.

Environmental Management System

NST has established the Environment Meeting as a subordinate body of the ESG Committee, and has constructed an environmental management system chaired by the President.

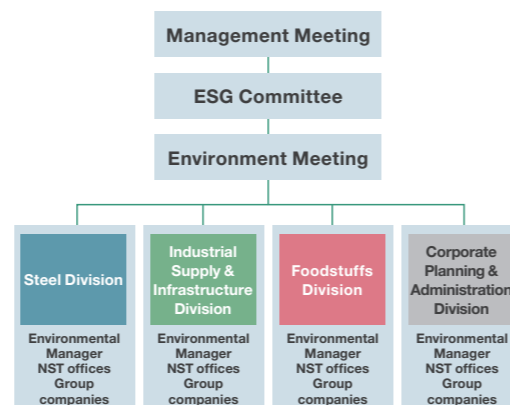
In Japan, we acquired ISO14001 international environmental management certification in 2002. Our top management including the President operates an effective PDCA (plan, do, check, act) cycle, and we engage in Group-wide activities for environmental conservation and reduction in environmental impacts, observe environment-related laws and regulations, conduct environmental training, and take other actions.

Overseas as well, all Group companies are already actively involved in environmental management, and we are striving to improve the management level globally.

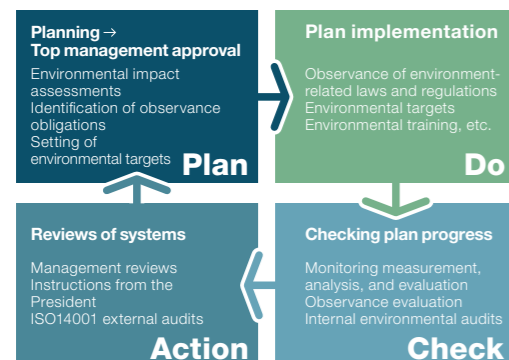
Status of NST Group ISO14001 acquisition

- NST: **23** sites
- Domestic Group companies: **38** sites at **16** companies (certified as a group), **5** companies (certified individually)
- Overseas Group companies: **10** companies (certified individually)

Diagram of the Environmental Management System



Environmental management cycle



Strengthening environmental management



Measures against climate change

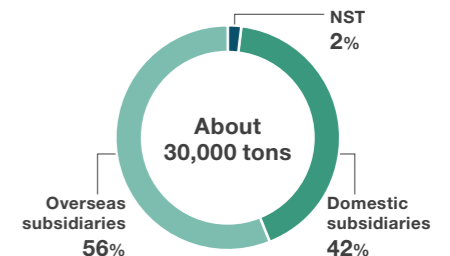
CO₂ emission results (thousand t-CO₂)

The CO₂ emissions (Scope 1, Scope 2) of the NST Group are as follows. We are also working to calculate indirect CO₂ emissions (Scope 3) resulting from business activities through the NST supply chain.

▶P.73 ESG Data

Scope	FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1 (direct emissions)	7.0	7.2	5.8	6.8	6.4
Scope 2 (indirect emissions)	26.8	26.2	23.0	24.3	23.4
Scope 1+2	33.9	33.4	28.8	31.1	29.8

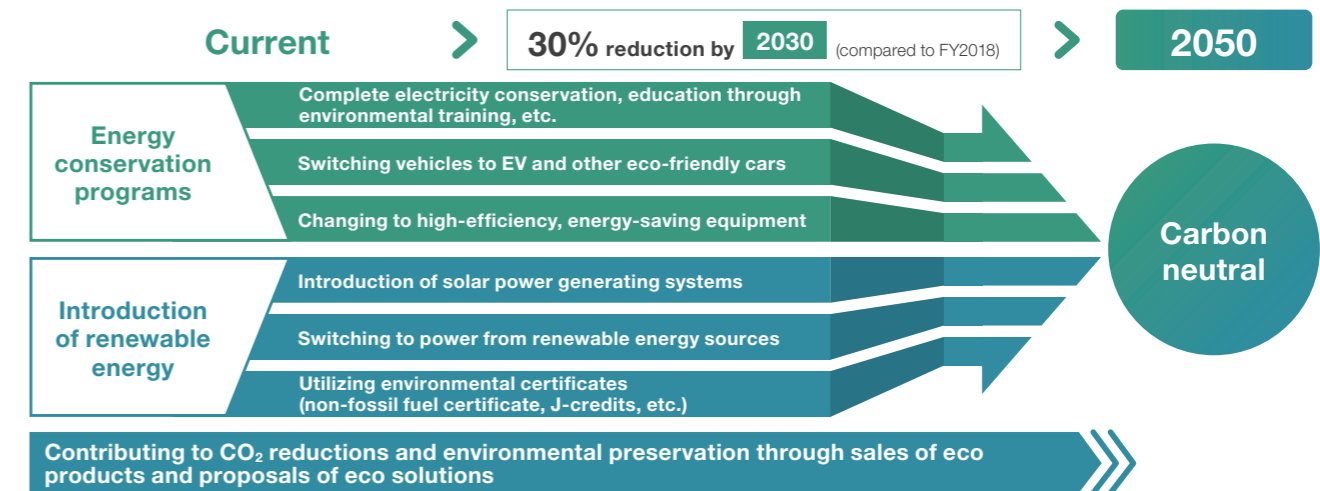
Breakdown of FY2022 CO₂ emissions



Targets and initiatives related to reducing CO₂ emissions

Based on increasingly severe environmental problems and growing demands for global decarbonization, the NST Group has established CO₂ emission reduction targets consisting of a 30% reduction by fiscal 2030 (compared to fiscal 2018) and achieving carbon neutrality by 2050. For Scope 1 and Scope 2 reductions, we are carrying out a variety of energy conservation programs, including changing the lighting at Group company plants and offices to LEDs, and turning lights off during the lunch break. At the Head Office and some Group companies, we are steadily installing solar power generation systems and switching to CO₂-free electricity from renewable energy sources. At other bases as well, we will continue to carry out energy conservation programs, switch to power from renewable energy sources, and systematically utilize environmental certificates (non-fossil fuel certificate, J-credits, etc.), in order to achieve our targets.

In order to contribute to achieving global carbon neutrality, we are actively working to sell eco-products and propose eco-solutions, and are endeavoring to realize a low-carbon society.



Topics

Introduction of solar power generating systems

At NST Coil Center (Thailand) Ltd., we introduced a solar power generating system in fiscal 2019 and have utilized it to reduce CO₂ emissions. We also newly installed a solar power generating system at Neemrana Steel Service Center India Pvt. Ltd. in fiscal 2023.

We will continue to actively study the introduction of solar power generating systems at bases in Japan and overseas, and make maximum effective use of renewable energy in order to broadly contribute to the creation of a low-carbon society.



Roof-mounted solar power generating system at Neemrana Steel Service Center India Pvt. Ltd

Contributing to a decarbonized society and environmental conservation

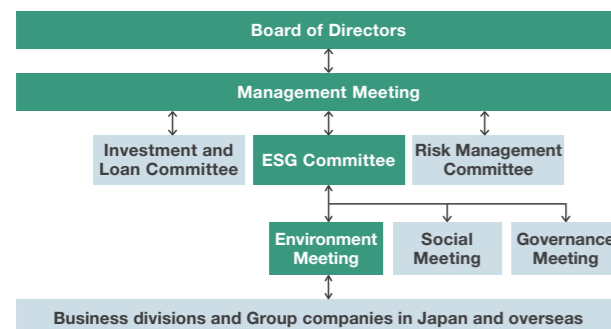
Information disclosure based on TCFD recommendations

The NST Group has established "contributing to a decarbonized society and environmental conservation" as one materiality related to ESG management. By reducing CO₂ emissions, proposing eco-solutions through our business, and other means, with the goal of becoming carbon neutral in 2050, we are aiming to achieve both preservation of the global environment and economic activity, and contribute to the creation of a sustainable society. In May 2022, we announced our agreement to the TCFD* recommendations, and we have been carrying out information disclosure in line with the TCFD framework regarding the impacts of our business activities on climate change.

* Task Force on Climate-related Financial Disclosure

1 Governance

From the perspective of promoting sustainability, NST has constructed a Sustainability Promotion System intended to improve corporate governance, enhance ESG management, and further strengthen risk management. As part of this, the ESG Committee that is chaired by the President is held twice every year, and we consider basic policies and measures related to promotion of our ESG management, including matters related to climate, comprehensively and across the entire NST Group. The Environment Meeting is a subordinate body of the ESG Committee and carries out implementation and follow-up of various climate-related and other measures. The issues considered and discussed by the ESG Committee are reported to and discussed by the Management Meeting and Board of Directors at least once each year. The Board of Directors carries out regular supervision of this process, and provides instructions for action as necessary.



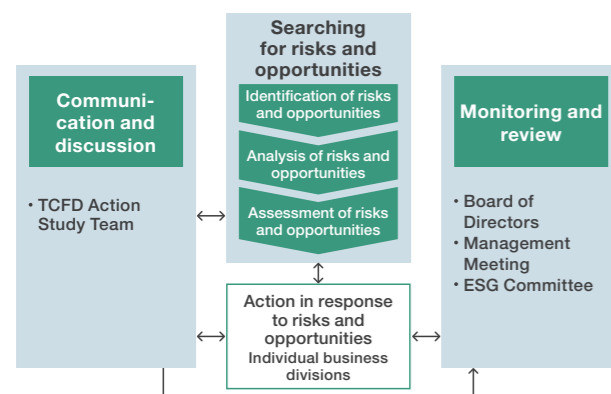
▶ P.26 ESG promotion system

▶ P.49 Sustainability (Corporate Governance, etc.) Promotion System

3 Risk management

NST identifies the risks and opportunities resulting from climate change at the Environment Meeting, and operates an effective PDCA (plan, do, check, act) management cycle in order to carry out improvements. For identification, analysis, assessment, and action in response to climate change risks and opportunities, an internal cross-organizational project team (hereafter, the "TCFD Action Study Team") has been established and is conducting studies. The ESG Committee considers and discusses the risks and opportunities which were identified by the TCFD Action Study Team, and then reports the results for discussion by the Management Meeting and Board of Directors.

Climate change risk management system (diagram)



2 Strategies

The TCFD recommendations include performing analysis based on multiple climate scenarios when disclosing strategies. In our primary business area of steel, our company has analyzed risks and opportunities, and studied the impact on our business, using 2030 as the time frame and based on two scenarios: one scenario in which the measures necessary are carried out to limit the average rise in global temperatures to less than 1.5°C compared to pre-industrial revolution times, and one scenario in which these measures are not carried out and global average temperatures rise by 4°C.



Considered scenarios

Category	Reference scenario	Explanation
1.5°C scenario	IEA "NZE" (Net Zero Emissions)	In this scenario, the world carries out strong policies related to clean energy and energy conservation, and achieves net zero GHG emissions in 2050.
4°C scenario	IEA "CPS" (Current Policy Scenario)	In this scenario, the world continues on its present course and does not carry out additional policy changes.

IEA (International Energy Agency)

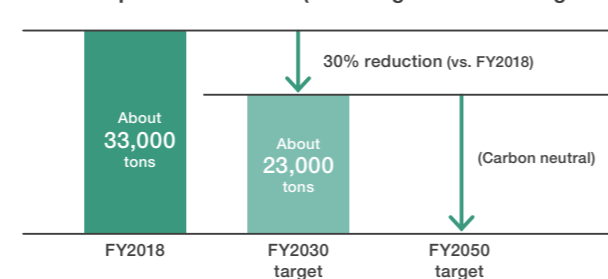
Because the rise in temperatures by 2030 is mostly the same at around 1.5°C for both the 1.5°C scenario and the 4°C scenario, the physical risks cannot be separated in the two scenarios, and it is assumed that the same conditions will exist in 2030.

4 Indexes and targets

In May 2021, the NST Group identified six priority issues (materiality) related to ESG management, one of which is "contributing to a decarbonized society and environmental conservation." We have decided CO₂ emission reduction targets for Scope 1 and Scope 2 consisting of a 30% reduction (as compared to fiscal 2018) in fiscal 2030 and achieving carbon neutrality in fiscal 2050, and are taking action to eliminate carbon emissions.

For the NST Group, because approximately 80% of CO₂ emissions are caused by the use of electrical power, we are carrying out a variety of energy conservation programs including introducing solar power generating systems, switching vehicles to EV and other eco-friendly cars, and changing to high-efficiency, energy-saving equipment, and are also systematically switching to power from renewable energy sources and utilizing environmental certificates (non-fossil fuel certificate, J-credits, etc.), in order to achieve our targets.

NST Group's CO₂ emissions (excluding the Textiles Segment)



▶ P.32 Measures against climate change

Scenario analysis and evaluation of opportunities and risks in the steel business

	Considered scenario	Opportunities and risks / Impact on our company	NST strategy (including future actions)	
1.5°C scenario	Transition opportunities	1 Progress in changing vehicles to EVs <ul style="list-style-type: none"> Although there is progress in the change to EVs and the share of steel demand for vehicles with internal combustion engines declines, the total number of vehicles worldwide increases and steel demand for automobiles grows. Demand for high-performance steel materials such as electrical steel sheet for EVs increases. 	<ul style="list-style-type: none"> Profits grow as a result of growing demand for steel used in automobiles. Profits grow as a result of capturing new demand for EV-related products. 	<ul style="list-style-type: none"> Focus investment of our strategic sales capabilities and enhance sales strength through maximum utilization of the sales information and processing knowledge possessed by Nippon Steel and the NST sales bases, coil centers, and other processing bases in Japan and overseas. Expand sales of high-performance electrical steel sheet for use in EV motors and electrified parts, and construct a supply chain network.
		2 Progress in changing to lightweight materials as a result of strengthening fuel economy regulations and other means (change to multi materials) <ul style="list-style-type: none"> Progress is made in changing to lightweight materials from the perspective of strengthening fuel economy regulations. 	<ul style="list-style-type: none"> Profits increase as a result of growing demand for high-strength steel materials such as high-tension steel sheet and for titanium and other materials. 	<ul style="list-style-type: none"> Focus on obtaining orders for high-tension steel, hot stamped steel sheet, and aluminum – materials where further use is expected for model changes and new models.
		3 Growing needs for related products and solutions resulting from a renewable energy and hydrogen society <ul style="list-style-type: none"> There is an increase in the share of renewable energy among global power generation, and in global hydrogen production. 	<ul style="list-style-type: none"> Profits increase as a result of sales of products and providing solutions that support a renewable energy and hydrogen society. 	<ul style="list-style-type: none"> Expand sales including underwater foundations (jacket thick plates) for offshore wind power generation, solar panel frames (high corrosion-resistant plated steel), and other products. Expand sales of steel tubes for hydrogen gas containers, steel tubes for hydrogen circulation in overseas hydrogen towns, titanium foil for fuel cell stack separators, and other products.
		4 Growing purchasing needs for low-carbon raw materials and parts <ul style="list-style-type: none"> There is growing attention on electric arc furnaces with low carbon emissions, and demand for iron scrap grows. The need for environmentally friendly raw materials and fuels grows as a result of initiatives aimed at achieving carbon neutrality in steel production, power companies, and elsewhere. 	<ul style="list-style-type: none"> Profits increase as a result of growing scrap sales. Profits increase as a result of growing sales of biomass fuels and reducing agents. 	<ul style="list-style-type: none"> Expand sales of high-grade scrap and SUS scrap for blast furnaces and electrical arc furnaces in the Nippon Steel Group. Expand users of black pellets for biomass power generation fuel, centering on power companies.
Transition risks	1.5°C scenario	1 GHG emissions regulations, carbon pricing <ul style="list-style-type: none"> GHG emission regulations are strengthened and as a result of carbon emission targets and policies in each country. Carbon pricing (carbon tax, emissions trading) is introduced. 	<ul style="list-style-type: none"> Costs for compliance increase as a result of stronger GHG emissions regulations and the introduction of carbon pricing (carbon tax, emissions trading). 	<ul style="list-style-type: none"> CO₂ emissions decline steadily as a result of achieving medium- to long-term targets based on the CO₂ emissions reduction roadmap (FY2030: 30% reduction from FY2018, FY2050: carbon neutral).
		2 Increased demand for action to combat climate change <ul style="list-style-type: none"> Demand related to action for decarbonization grows. Demand for information disclosure related to climate change grows. 	<ul style="list-style-type: none"> Trust and evaluations by the customers drop due to insufficient action to combat climate change or insufficient information disclosure, resulting in lost business opportunities. 	<ul style="list-style-type: none"> Achieve both preservation of the global environment and economic activity by reducing CO₂ emissions to achieve medium- to long-term targets and providing eco-solutions, and contribute to the realization of a sustainable society. Carry out suitable information disclosure in line with the TCFD recommendations.
Physical risks	4°C scenario	1 Increasingly abnormal climate <ul style="list-style-type: none"> Abnormal climate events increase in frequency, and wind and flood damage becomes worse. 	<ul style="list-style-type: none"> Business bases or the supply chain are damaged by large-scale natural disasters, resulting in slower sales and production activities and reduced sales. 	<ul style="list-style-type: none"> Identify products where there are high procurement risks resulting from natural disasters, and carry out diversification of risks. Expand the supply chain for stable procurement of raw materials.
		2 Sea level rise and increased damage due to storm surge <ul style="list-style-type: none"> Rising sea levels cause flooding of buildings and equipment, and immersion of inventory products, at NST Group processing bases (coil centers) in coastal areas. 	<ul style="list-style-type: none"> It is estimated that the sea level rise by FY2030 will be approximately 2.4 cm above the current level. In addition, because the majority of NST Group processing bases are located outside flooding zones, the impact on operations is small. 	<ul style="list-style-type: none"> Formulate a BCP (Business Continuity Plan), conduct disaster readiness training, and take other action.

Contributing to a decarbonized society and environmental conservation

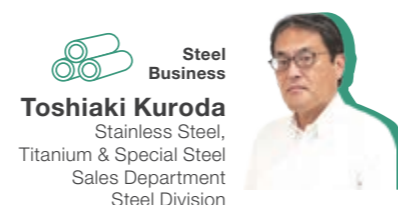
Contributing to the development of land and local communities



Aiming for the realization of a decarbonized society
Working to expand the use of green hydrogen

Expanding sales of water electrolyzer component stacks

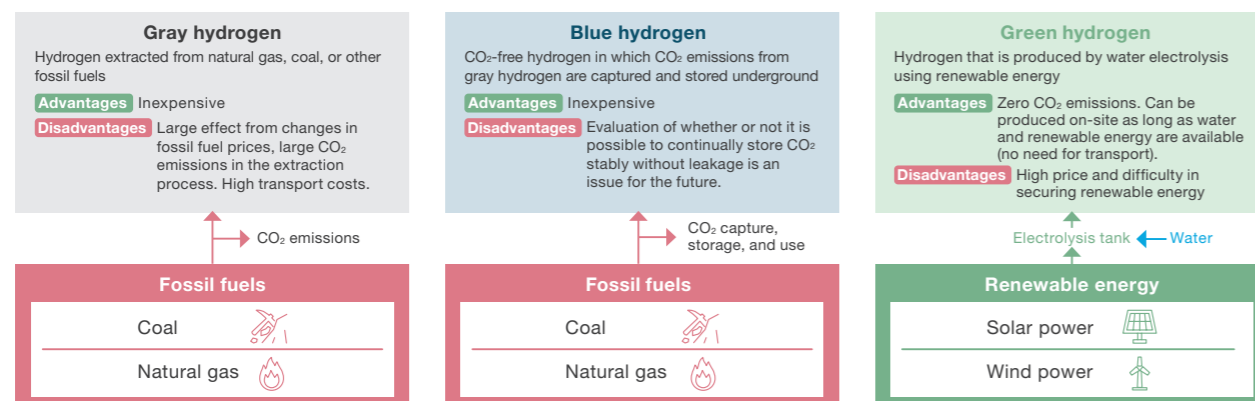
In order to capture the demand for green hydrogen that is expected to grow worldwide in the future on the path to achieving carbon neutrality, in September 2022 NST invested in the Norwegian electrolyzer manufacturer HYSTAR AS (hereafter referred to as “HYSTAR”).



What is green hydrogen?

Hydrogen is classified into three types: gray, blue, and green. Green hydrogen is hydrogen that is produced by water electrolysis using renewable energy, and can be produced without emitting CO₂. At present, development is proceeding centered on Europe and the United States. In Europe where environmental awareness is high, the European Commission in July 2020 announced “A hydrogen strategy for a climate-neutral Europe” and identified the promotion of green hydrogen. The use of

renewable energy is already expanding in the EU, and introduction should be easy. In addition to these reasons, the fact that hydrogen is seen as an effective alternative which can reduce dependence on Russian natural gas has also boosted the promotion of green hydrogen. Reducing dependence on Russia became a critical issue following the Ukraine crisis. Full-scale development is underway, and the pace of expanding use is accelerating.



Functions that NST aims to make use of

HYSTAR is a company that develops, manufactures, and sells water electrolyzers for production of green hydrogen. The stack is the core component of a water electrolyzer, and the company produces the stack itself. Other ancillary equipment is ordered from outside the company. HYSTAR engages in the actual manufacture and sales of the water electrolyzers.

As a specific measure for sales of high-performance materials, which is one element of our growth strategy, NST has entered the hydrogen-related business through its investment in HYSTAR, and intends to capture the following growth opportunities.

1. Priority deliveries of titanium, stainless steel, and other materials and parts when HYSTAR procures materials
2. Creation of new business related to hydrogen through collaboration with HYSTAR when selling HYSTAR water electrolyzer equipment in Asia

We will focus on the supply of materials for stacks and work to expand the use of green hydrogen through our business, aiming to contribute to the realization of a decarbonized society.



Stack
Source: From the HYSTAR website



Opening up the future of fisheries with new materials
Working to expand the use of copper wire fishing nets for fish farms

Expanding sales of fishing net copper wire for fish farms

We are focusing on expanding sales of fishing net copper wire for fish farms to major aquaculture system companies in the United States and major fishery companies in Japan. Here I will explain the background and initiatives for capturing demand for changing from existing steel nets and chemical fiber nets.



What are fishing net copper wires for fish farms?

At present, the standard nets used in fish farms are of two types: steel nets and chemical fiber nets. These fishing nets accumulate algae over time when they are immersed in the ocean, and if the parasites produced in the algae attach to the fish, the fish may no longer be marketable. Algae covering the nets may also impair the flow of water in the fish preserve, reducing fish growth. However due to the characteristics of copper, copper wire has superior resistance to algae and bacteria, and it has been proven to prevent the formation of algae and increase fish yield and growth rate. Because its advantages enable fish to be raised faster, larger, and more efficiently, we aim to expand sales of this fishing net copper wire to capture demand for changing from existing steel nets and chemical fiber nets.

NST functions as a coordinator, purchasing copper wire and processing it in Japan, maintaining its function and strength, and selling it in Japan and overseas.

As a sales policy, NST considers the areas where needs are present and then takes action. In recent years, the growing global population and increasing consumption of fish has produced problems such as overfishing, and the transition to a sustainable fishing industry has become a critical issue. These conditions have resulted in a reexamination of production by fish farming, and because this fishing net copper wire for fish farms can increase the growth rate, we are focusing on it as an area that can contribute to sustainable fishery development from the perspective of SDG No. 14 “Life below water.”

Reason for becoming involved in this business

We learned that a high-performance materials manufacturer that we do business with was considering exporting copper wire materials for fish farms to companies in the United States, and we began studies once we agreed to participate.

Copper wire nets can be recycled after use, and because the material itself is used, it can be resold in a form that has recycling value. As a result, compared to steel nets coated with anti-rust treatment or chemical fiber nets, they are superior in terms of environmental performance and economics. For these reasons, we decided to enter this business.

Future prospects

In addition to sales to companies in the United States, we are now carrying out sales activities for use in projects with companies in South America and major Chinese food product manufacturers. We are also conducting verification testing for use at an aquaculture company which is a subsidiary of a Japanese food product manufacturer.

While paying close attention to the global background, we are engaged in sales activities aimed at expanding the use of fishing net copper wire for fish farms in order to pioneer the future of fisheries with new materials.



Utilization of diverse human resources (nurturing people, making proper use of people, and taking care of people)

Human resources strategy

Our company's most valuable asset is its people. In order to overcome future structural changes in the business environment and continually improve our corporate value and become a strong growth company that contributes to society as the business environment changes dramatically, it is extremely important that we accept a diverse range of human resources and prepare work environments where every individual can put their abilities to maximum use in their respective business areas. By constructing and implementing a human resources strategy that is linked to our business strategies, we aim to carry out a growth strategy and continually improve our corporate value.

Expanding human capital

Item	Measures	FY2022 results	
1 Securing the human resources that will support profit growth	Continue carrying out recruitment of new graduates aimed at future growth, and improve the recruitment brand strength. Expand internships for students. Carry out mid-career recruiting based on the Medium- to Long-Term Management Plan.	Joining the company in April 2022: 10 persons Joining the company in April 2023: 34 persons	By creating and implementing a skills development menu tailored to changes in the times and business needs, we will secure and train the superior human resources that will drive our business.
2 Training professional human resources	Strengthen organizational and human resource management capabilities, and reinforce issue formulation abilities and issue implementation abilities. Expand training to support independent skills improvement. Carry out training for improving the level of executives and management positions aimed at producing company growth and achieving the goals of the Medium- to Long-Term Management Plan, as well as training for future management positions, mid-level employees, and young employees.		
3 Making active use of human resources	Carry out career development and talent management (visualization). Implement a human resources task force and create a system for human resource rotation based on a medium- to long-term perspective.		

Further innovations in working styles to support the empowerment of our employees

Item	Measures	FY2022 results	
Achieving diverse working styles that utilize our human resources Considerations for work-life balance Legal compliance	1 Promote staggered shifts, and make effective use of remote working and mobile working.	Overtime: 28.6 h Annual leave-taking rate: 69%	Implement working styles with a good work-life balance, and improve labor productivity and employee engagement.
	2 Reduce overtime work (target: 24 h).		
	3 Achieve an annual leave-taking rate of more than 70%.		
	4 Review the evaluation system including performance focus, multilateral evaluations, and utilization of senior citizens.	Now preparing a project for review of the personnel system.	
	5 Prepare the work environment.		

Improvement of efficiency throughout the supply chain by utilizing DX measures and ICT

Item	Measures	FY2022 results	
Implementation of DX measures (5 projects) to contribute to improving efficiency throughout the supply chain, and maximum utilization of ICT tools (including introduction and expanding the use of new tools)	DX projects 1 N-SCM integrated inventory management system 2 SPOD improved order entry system 3 EXCS new coil center system 4 NST Business Online information exchange portal 5 Business Watcher visualization of company KPI	Now progressing with development and introduction for both measures mostly within the planned fiscal year.	Carry out efficiency improvements throughout the supply chain and introduce tools to support diverse working styles.
	Introduction of new ICT tools 1 CONTRACTHUB electronic external documents (Japan) 2 DocuSign electronic external documents (overseas) 3 Paples saving of electronic account books 4 kintone data utilization tool		

Risks	Opportunities
If correct action is not taken, labor productivity may decrease, outflow of human resources may occur, business opportunities may be lost, and medical expenses may increase.	By preparing comfortable workplaces and rewarding work, we can improve labor productivity, promote physical and mental health, secure superior human resources, and capture business opportunities.



Improving labor productivity – Individual and company growth – Improving corporate value

Improving labor productivity

Consolidated employees (million yen/person)

FY	2016	2017	2018	2019	2020	2021	2022
Value	5,900	6,073	6,461	6,681	6,783	6,442	6,442

Consolidated ordinary profit per employee (million yen/person)

FY	2016	2017	2018	2019	2020	2021	2022
Value	4.3	5.2	5.0	4.3	3.6	7.5	7.5

* Excludes consolidated personnel from the former Textiles Division.

Individual and company growth

Expanding NST Group business, strengthening competitiveness, expanding corporate profits

External evaluations

- Acquired the Platinum Kurumin certification from the Ministry of Health, Labor and Welfare in August 2021.
- Certified for the fourth consecutive year as a 2023 Outstanding Health & Productivity Management Organization (large corporation category).
- Acquired the Eruboshi certification as an excellent company based on The Act on Promotion of Women's Participation and Advancement in the Workplace.

Further strengthening of diversity and inclusion efforts

Item	Measures	FY2022 results	
1 Promoting and supporting women's empowerment	Over 30% ratio of female new graduates hired as career-track employees Maintaining a 10% ratio of foreign national new graduates hired as career-track employees Preparing work environments where female employees can be active in management positions. 80% or higher ratio of female employees promoted to manager class compared to male employees 80% or higher retention ratio of female career-track employees after around 10 years compared to male employees	10% 10% 63% 63%	Prohibit all kinds of discrimination based on age, gender, nationality, or other characteristic, and respect human rights. Prepare an environment where employees can actively participate even when their working is restricted due to child care, nursing care, illness, or other factor.
2 Providing support for balancing work with childcare and nursing care			
3 Promoting employment and empowerment of persons with disabilities	Expanded working areas and preparing a working environment for persons with disabilities. (Achieved a 2.3% ratio of employees with disabilities.)	2.3%	
4 Preventing harassment	Communication of messages from the President Harassment elimination campaign		

Enhanced efforts that contribute to further improvement of safety and health management

Item	Measures	FY2022 results	
Carrying out autonomous safety activities and preventing work injuries	Zero major accidents Elimination of lost-worktime and non-lost-worktime accidents (reduce by half from the previous year)	No major accidents for four consecutive years	Prevent work injuries by carrying out autonomous safety activities. Work to maintain and improve employee health, which is an important foundation for responding to management issues. Construct a system to support a balance with work for employees who have cancer or other long-term illnesses.
	Steadily carrying out safety initiatives in the NST Group		
Key initiatives for health management	Constructing a health management system (creating organization that operates a PDCA cycle)	100%	
	Sharing health initiatives through training seminars and office organization	8.8%	
	Promotion based on KPI		

Utilization of diverse human resources
(nurturing people, making proper use of people, and taking care of people)

Training professional human resources

As prescribed in our Corporate Philosophy, we are “aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents,” and human resources development is an important management theme. As a strong growth company that contributes to society, professional human resources are essential in order to realize the company growth strategies through initiatives such as development of new products and services, opening new markets, and improving productivity so that we can continually improve our corporate value. NST provides a wide range of opportunities for growth that support the ambition and efforts of each individual employee for self-improvement. We also have prepared skills development programs including training the next generation of management and management candidates, and strengthening global abilities and expertise, and we are focused on training professional human resources.



Basic approach to human resources development

1

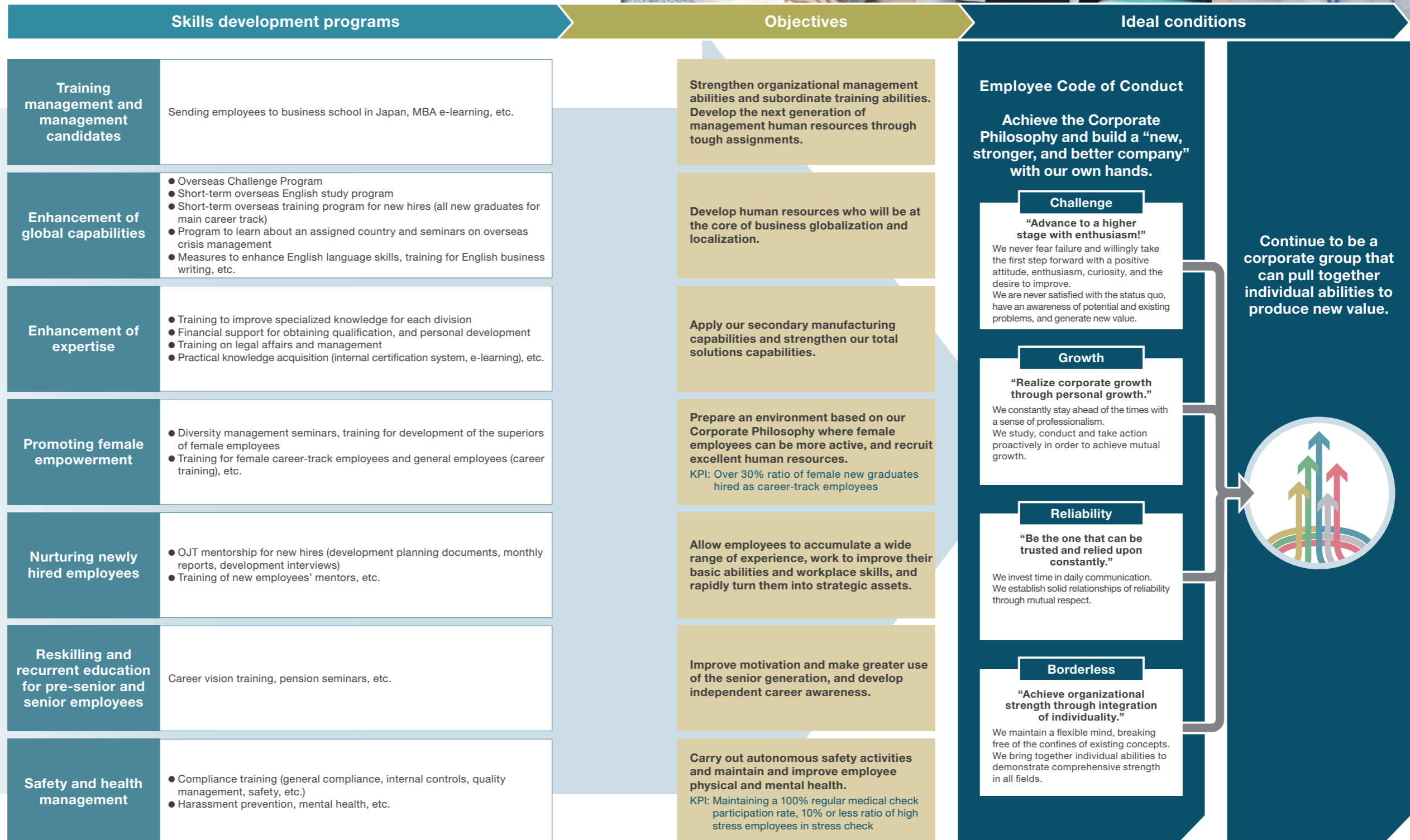
Promote the training of human resources who can achieve our business strategies while following our Corporate Philosophy and Management Principles.

2

Carry out skills development programs linked with the personnel system for the purpose of “cultivating, utilizing, and valuing human resources” that is part of our Corporate Philosophy.

3

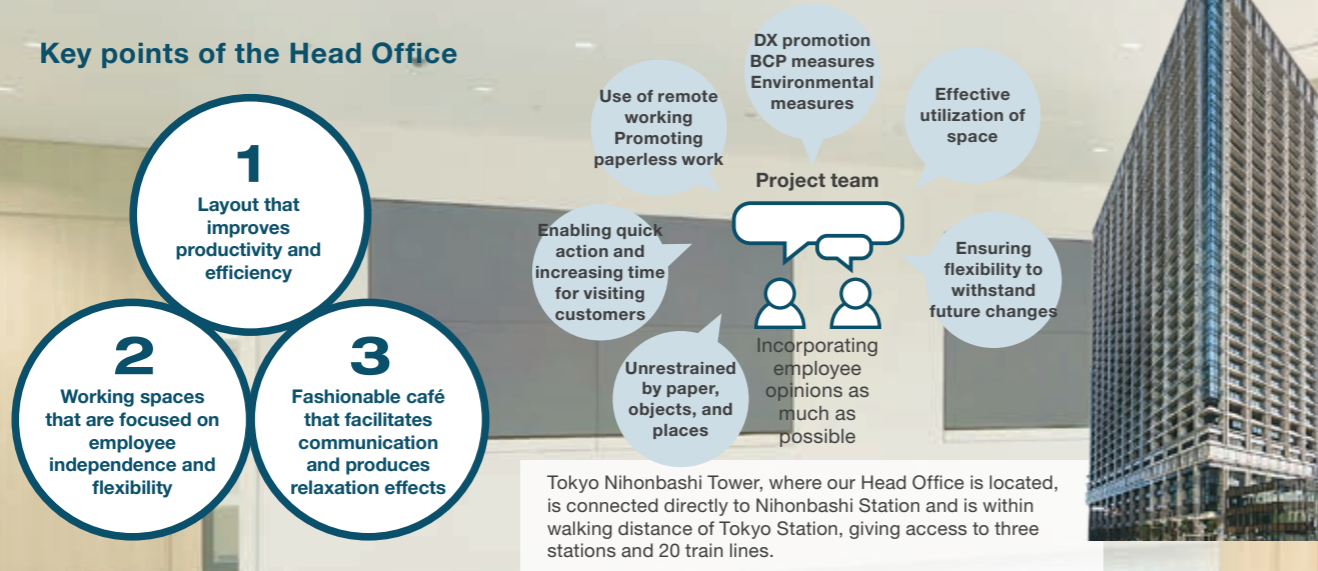
Provide support for the ambition and efforts of each individual employee for self-improvement.



Preparing an office environment with improved motivation and working comfort

In February 2022, our Head Office was relocated from Akasaka in Minato-ku, Tokyo to Nihonbashi in Chuo-ku. In the new office, we have prepared an environment where all employees respect the individuality (diversity) of the others, and where the employees can grow while working hard and encouraging one another. It aims to be a place which supports employee well-being. Repeated studies were conducted by the project team, and an office environment was created which incorporated employee opinions as much as possible. A wide range of improvements were enacted in order to improve employee productivity and efficiency, and allow them to exercise their creativity and conception abilities, by supporting flexible working styles and more active communication, and preparing an office environment which boosts motivation and ease of working.

Key points of the Head Office



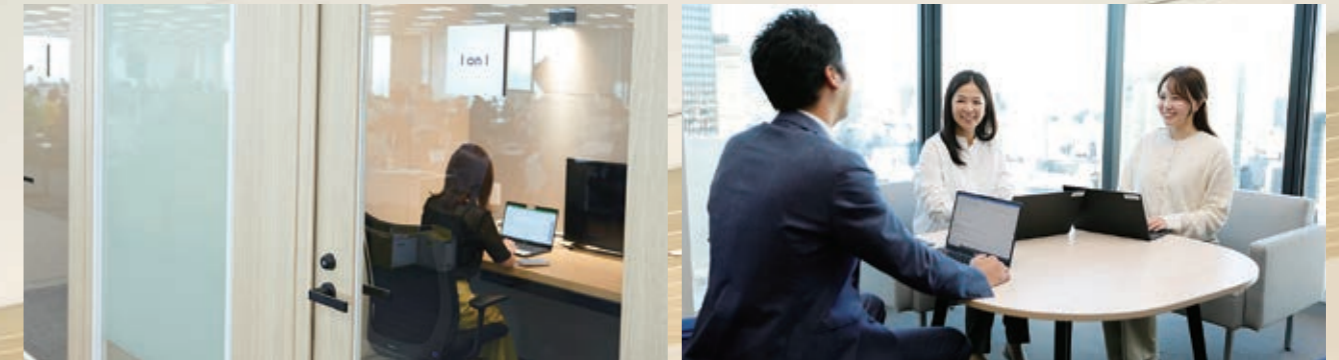
1 Layout that improves productivity and efficiency

In addition to changing to a free-address system, the layout is focused on communication, including the placement of working spaces where employees can choose their working style according to the contents of their work.



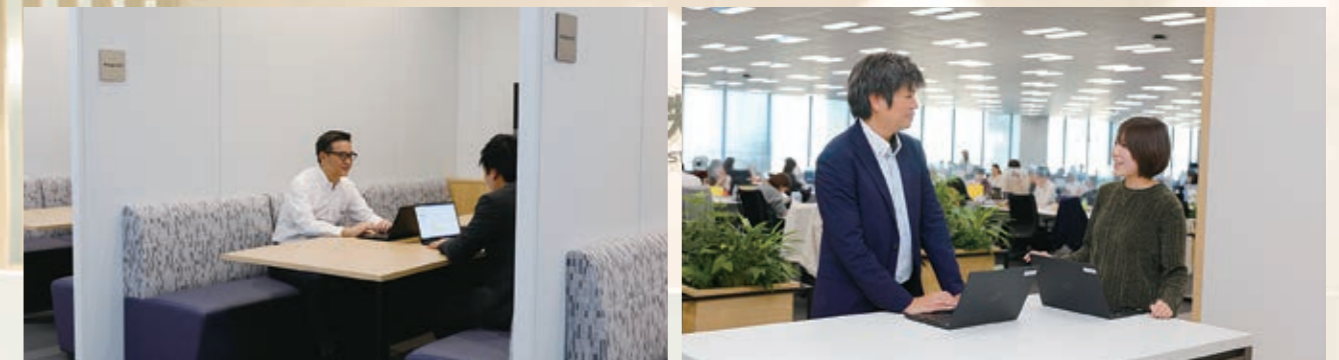
2 Working spaces that are focused on employee independence and flexibility

Places with a diverse range of types were created to enable employees to freely choose their work location according to the contents of the work, and to independently carry out their work without being restricted by time or place.



Telephone box, telephone booth seats

Casual meeting sofa seats



Anagura (bench seat table)

Standing table (work table)

3 Fashionable café that facilitates communication and produces relaxation effects

The cafeteria in the Head Office does more than just provide meals. It is a multi-function area that can be used in a wide range of situations. The casual atmosphere creates cross-organizational communication, and allows working with a relaxed feel, letting employees make best use of their idea strength, creativity, and concept ability.



Describing their honest thoughts

Discussion meetings for younger employees

We listened to honest discussion among the younger employees who are the future of Nippon Steel Trading about subjects such as their reasons for joining the company, the people and culture of NST, and their future career plans.



Yuji Tanaka

Steel Division
Automotive Flat Products Sales
Department 1
Joined the company in fiscal 2021.



Casey-Yume Kikuchi

Foodstuffs Division
Meat Department No. 1
Joined the company in fiscal 2021.



Sangyeop Lee

Industrial Supply & Infrastructure
Division
Functional Materials Department
Joined the company in fiscal 2020.



Yoshino Hirakawa

Corporate Planning & Administration
Division
Accounting & Finance Department
Joined the company in fiscal 2020.

Q How did you feel while you were looking for a job?



To be honest, I did not know about Nippon Steel Trading until I began looking for a job. When I tried searching for a few keywords, it came up. One thing that was important to me when job-seeking was being able to meet many people at the company. I thought that I could not really know a company without meeting a large number of its people. It was good that NST created many opportunities for discussion meetings. I was also impressed by the way that the employees directly and enthusiastically answered the interns' questions during the internship.



I was looking specifically for a job at a trading company, however I only came across Nippon Steel Trading by chance. An event was held so I took part. After the event was finished, I thought, "That was fun." I listened to the stories of the Human Resource Department members and other employees, and I thought that this was a company where there were many interesting people full of vitality.



I also learned about Nippon Steel Trading through my job activities. I participated in an event, and became more attracted to the company during the selection process as I felt it was a good fit for me, and eventually decided to join. It is not excessively formal, but not unserious. In any case, I felt it was a company with a good atmosphere.



I was looking for a job at a manufacturer or trading company where I could be active globally. I learned about Nippon Steel Trading by participating in an internship. During the internship, I was impressed by the way NST was centered on its people. The Corporate Philosophy states that a goal is "nurturing people, making proper use of people, and taking care of people." Accordingly, the corporate culture is open, with flat vertical relationships, and the

company is completely focused on its actual workplaces and products. As a result, I felt it was an attractive environment where I could play an important part in a central role.

Q What is your impression of working at Nippon Steel Trading?



I am assigned to Automotive Flat Products Sales Department 1, and primarily handle steel sheet and aluminum products. The NST steel business is notable for the many highly unique people in it, due in part to the fact that it is the result of multiple different companies coming together over its history. There is much diversity, or perhaps it is that not everyone comes from the same background. As a result, each employee functions like a "private shop" and the company feels like a "shopping mall." In the "shopping mall" with units of departments and sections, everyone shares the same direction for their targets and objective goals, but each person works based on their own decisions and takes responsibility for their own work.



My work is related to importing of frozen beef in Meat Department No. 1. It is the same in my department. The feeling is that each individual conducts their own business independently. Continuously sharing information within the team and working towards the same goals forms the base, and on that base each individual creates his or her own trading style to produce sales and profits.



I work in overseas sales of carbon fibers in the Functional Materials Department. The Industrial Supply & Infrastructure Division also gives the employees authority over their work and creates an environment that enables free styles of working so that the employees can make decisions themselves and act on their initiative in order to promote their growth. My superiors and senior coworkers listen actively to the opinions of the younger

employees, allowing us to challenge ourselves in new business while receiving advice.



I am in my fourth year in the Accounting & Finance Department. To train new employees in the Accounting & Finance Department, first the employees learn the basics by taking over the work of more senior employees, and there is a system for gradually taking on more management work over the years. Now I am working in operations such as financing that are related to the core of the company.

Q Do you feel any nervousness associated with the keywords "freedom" and "decision-making," or the responsibilities that come with them?



There is a company-wide mentorship system, and there is a culture where traditionally the senior employees provide much support to the junior employees. As a result I do not feel nervous. In particular, there are many senior coworkers around me who will stop their work to help me when I have a problem or something to discuss, so I am working to treat my junior coworkers in the same way.



In order to make decisions myself and act independently, it is necessary to have some degree of understanding regarding the overall work, and be equipped with the knowledge required to make decisions. The mentors recognize the range which I can work freely in, and respect my autonomy and independence, and allow me to make decisions, within that range. If I go beyond that range, they provide advice and support, so I can go about my work without feeling nervous.



NST has prepared a wide range of training so that each employee can make maximum use of his or her abilities. The expertise that is required varies with each division, so in addition to training for each

level, there is training to acquire the knowledge necessary for each division, and training to strengthen global working capabilities. This results in a system that provides support for self-improvement. In my division, there is a system for sending employees to coil centers at Group companies, and I feel that my experience learning extensively about that workplace is of use to me now in my current work.



In my division, I think that we have relatively close relationships with one another within our workplace, and this helps with effective instruction. It may be rare nowadays, but sometimes members of our division spend private time together on our days off. Through this kind of communication with superiors and senior coworkers, they understand what kind of person I am, including aspects outside of work, and provide instruction that is suitable for me.

Q What kind of future do you see for yourself at Nippon Steel Trading?



I want to master the work I am doing now. I hope to become an expert in at least two fields over the next 10 years, and I want to be recognized by the people around me, and be an employee who can be relied upon.



I want to continue working in my current position until the project now underway is completed. Then I would like to work globally at a post overseas.



After learning the basics of trading in Japan and gaining more experience in the export team, in the future I would like to be a person who can work in Southeast Asia or other places overseas.



I want to steadily gain operational knowledge and experience in a wide area in the Accounting & Finance Department, and in 10 years I would like to still be working in the finance field.

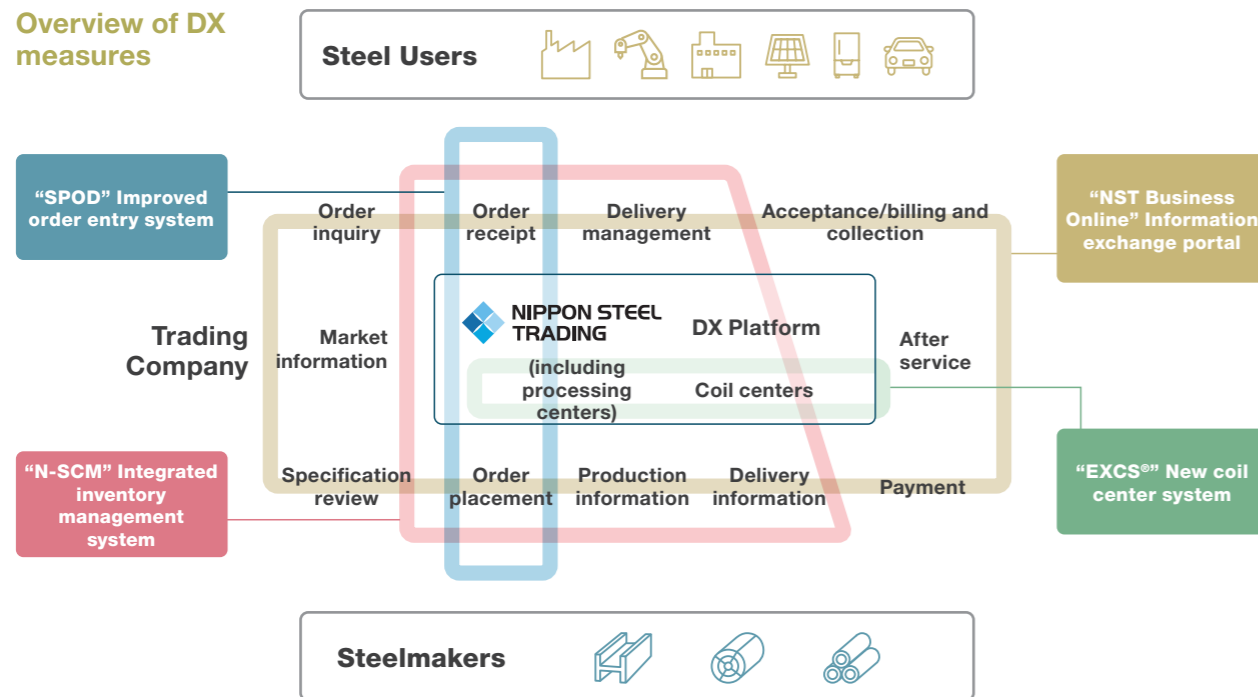
Optimization of the entire supply chain (utilization of information and technology)

DX strategy

Advanced use of ICT to create new value throughout the supply chain

NST is aiming to achieve a revolution in distribution by thoroughly digitalizing trading company operations and pushing for efficiency throughout the supply chain. In the steel business, as a steel distribution DX platform covering a wide range including the processing centers, we deployed four systems before the first half of fiscal 2023, as shown in the overview below, in relation to order placement work, inventory management, exchange of transaction data, and processing site management. We will continue to enhance the functions and expand the bases in the future. Through this DX strategy, NST will realize sustainable distribution reform and aim to create new value in society.

Overview of DX measures



"SPOD" Improved order entry system	Standardization of order placement work and strengthening the check functions are intended to improve accuracy and efficiency, and work towards zero human errors.
"N-SCM" Integrated inventory management system	Automation of inventory control in repeating transaction fields is intended for quicker responses to changes in the situation.
"NST Business Online" Information exchange portal	A new interface infrastructure for business partners that will yield smoother and more efficient exchange of transaction data
"EXCS" New coil center system	The core business management systems at NST subsidiary coil centers will be updated and consolidated.

In conjunction with the above DX measures, we are integrating efficiency tools such as RPA (Robotic Process Automation) and electronic signature services to promote comprehensive digitalization and paperless operations of our business processes.

DX promotion system

The DX Promotion Department was established in July 2020. Some members of the Department are concurrently placed in business divisions, and the Department studies and implements business process improvements utilizing ICT not just for the steel business but for the entire company. To ensure operations are integrated with management, the DX project roadmap is regularly reported to the Management Meeting.



Training of DX human resources

To make full use of the systems that have been put into operation and to drive distribution and corporate transformation at a global level, it is important to develop talent that can think systematically and in a data-driven way, and who can create value from a digital perspective, in response to a shift in the mindset of executive management.

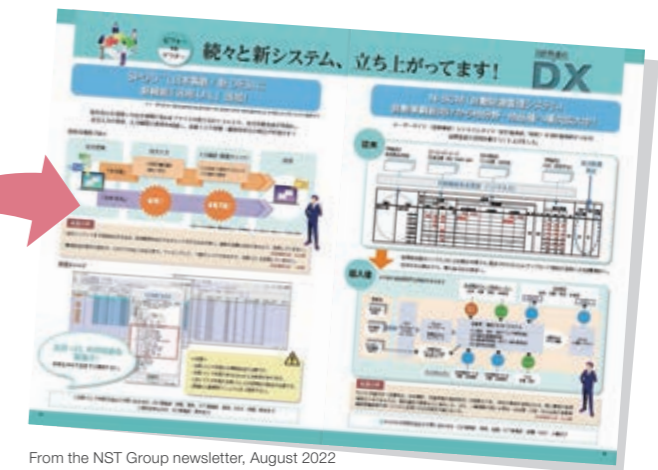
In the first half of fiscal 2023, NST conducted a lecture for executives and senior management, and is also planning training to develop the leaders who will drive DX in each workplace. In addition to recommending that all employees take the IT Passport examination, we also conduct training for the use of ICT tools in everyday work, and are working to improve the ICT literacy of all employees.



Communication of DX-related information

At NST, we introduce the progress of DX at appropriate times in the Group newsletter for Nippon Steel Trading Group employees, and are working to improve employee awareness.

Issue date	Subject
Nov. 2021	NST DX strategy
Jan. 2022	Electronic signature service
May 2022	Introduction of BI tools
Aug. 2022	Integrated inventory management system, improved order entry system
Nov. 2022	Status of BI tool use within the company
Jan. 2023	ICT terminology used in the company
May 2023	RPA for work efficiency improvements
Aug. 2023	Introduction of an in-house app development tool



From the NST Group newsletter, August 2022

Topics NST DX: Work efficiency improvements through the introduction of RPA (Robotic Process Automation)

NST began the full-scale introduction of RPA* in 2019, and fiscal 2023 marks its fifth year. Each year we develop around 20 robots, and 82 were operating (under development: 8) as of the end of April 2023. The departments using them account for more than half of the company, and they have contributed to improving the work efficiency of many users. We will continue introducing RPA at suitable times in the future.

* This is software that teaches a robot to perform routine work that people perform on a PC so that the robot can perform the work itself. It is used for simple repetitive work and work spanning multiple systems (such as copying data), and can greatly improve work efficiency and eliminate simple errors in copying or other work.

Status of introduction at NST

- Number of operating RPA units: 82**
Sales departments: 36
Corporate Planning & Administration: 46
- Effects in work reduction: More than 18,000 hours annually**
Equivalent to the annual working time of around 10 persons
- Departments using RPA: More than 50% of all departments**
40 departments

At NST, we are proceeding with the introduction of NoCode tools* and generative AI tools, and are also working for further DX.

* A method of conducting development without writing code. It does not require programming knowledge, and can be used to develop web apps and produce websites. Using this method can shorten the time required for development and reduce outsourcing expenses.

Contributing to a recycling-oriented society and sustainable living

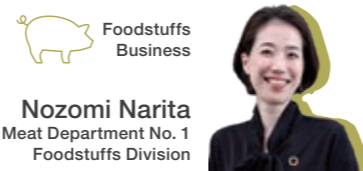


Utilizing the food value chain that we have constructed over many years
Making beef that satisfies environmental and social issues more common

Introducing businesses that respond to SDGs-related social needs

Business with Australia's H.W. Greenham & Sons

The Foodstuffs Division has for many years sold natural beef from southern Australia including the state of Tasmania. As a pioneer in imports of meat products, we noticed that the products are safe, reliable, and provide high added-value from an early stage, and constructed a value chain. The specific initiatives are introduced here.



About Greenham

As a leading natural beef company, Greenham engages in fully integrated production including breeding, growing, slaughtering, and processing of cows for high-quality beef based on its own original program that satisfies requirements including not using antibiotics, growth promoting agents, or genetically modified crops.

In particular, Tasmania, where one of the Greenham production sites is located, is known as "the cleanest place on Earth" because measurements by the Australian Bureau of Meteorology have shown the air to be the cleanest of anywhere on the planet. The natural beef produced here is popular among customers not only across Australia but also around the world.

Beef that satisfies a wide range of environmental and social issues

Greenham has established an original standard called "The Greenham Beef Sustainability Standard," and is engaged in animal welfare, sustainable management, and environmental conservation. It is also focused on regenerative agriculture, and is producing beef that is not only high quality but also friendly to people and the environment through increasing soil organic matter to promote biodiversity, reducing climate change by storing carbon in the soil, and improving animal welfare and reducing producer workloads through pasturing.

The reason why NST was chosen by Greenham

As a pioneer in imports of meat products, NST has an industry position and product knowledge that it has developed over many years. The stable supply system and sales network that can adapt to changes in the environment have earned the trust of Greenham and many other overseas suppliers, putting us among the top class of importers in Japan.

We started doing business with Greenham around 20 years ago, and began selling natural beef from this company at an early stage.

Experience in meeting high customer requirements

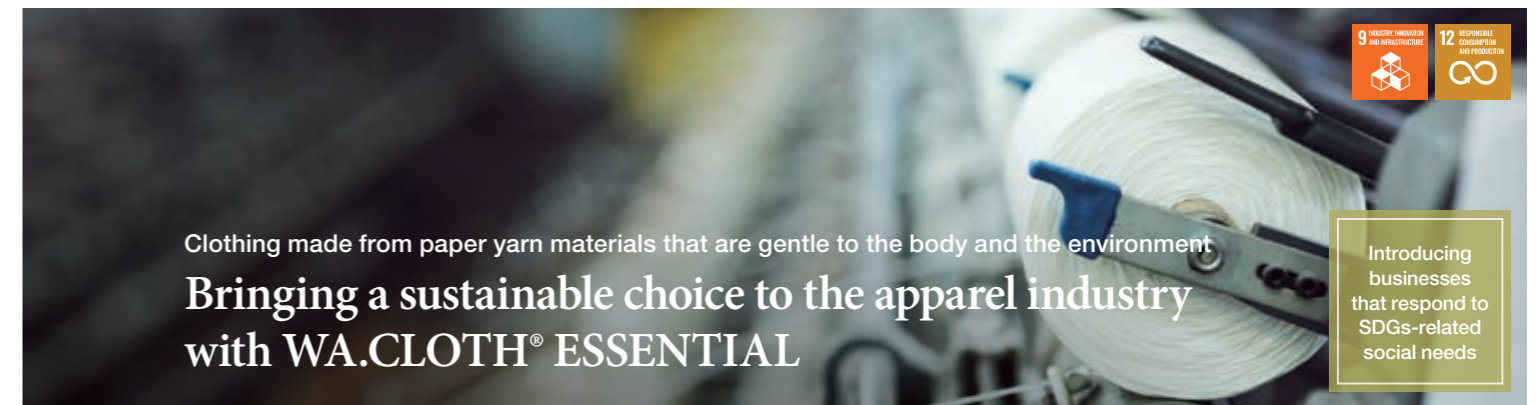
Around 20 years ago, based on a request from a major restaurant chain, we began searching for a supplier of natural beef. The standards required by the customers call for high safety and quality, and it is necessary to involve the farmers in order to achieve them. At the time, the company that could meet those customer requirements was Greenham. Subsequently Greenham improved these standards and formulated its own original natural beef program (NEVER EVER: see logo below), and has applied it in countries around the world including the United States. This relationship continues today, and in recent years based on demands from the customers, the company has eliminated excessive packaging of its products and is contributing to reducing the use of plastic.



Future prospects

Although the price is higher because the company raises beef based on an original program that satisfies social issues, the role of our company is to find and connect with customers who understand and approve of this concept.

Greenham natural beef is a unique product that can differentiate itself from other brands. Customer awareness of the environment and a wide range of other social issues grows year by year, and by utilizing NST experience to broadly sell this natural beef, we will contribute to a recycling-oriented society and sustainable living, which is one of our materialities.

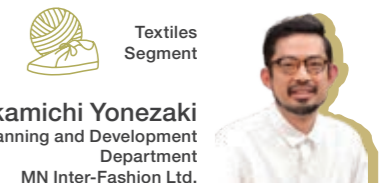


Clothing made from paper yarn materials that are gentle to the body and the environment
Bringing a sustainable choice to the apparel industry with WA.CLOTH® ESSENTIAL

Introducing businesses that respond to SDGs-related social needs

WA.CLOTH® ESSENTIAL – a sustainable Japan-made brand

Under the WA.CLOTH® ESSENTIAL brand, MN Inter-Fashion offers original products made with paper yarn thread using Manila hemp as the raw material.



WA.CLOTH® paper yarn

The paper raw material used in WA.CLOTH® is called abaca (Manila hemp)*, and is a member of the hemp family.

Paper yarn made from abaca has been used since ancient times, and its fibers are so strong that it has long been used for boat ropes in The Philippines. It is now possible to slit it finely, increasing its versatility, and allowing it to be used in making fabric for clothing. Clothing using the paper yarn made from this abaca is approximately one-third lighter than cotton. It also provides good breathability, as well as excellent deodorizing effects, wear resistance, and water resistance.

* This is a fast-growing plant originally from Southeast Asia that grows to a height of five meters in around three years. It has a structure similar to the mitsumata (paper bush) that is used to make Japanese traditional handmade paper, and is similar in appearance to a banana tree. It is a sustainable plant that will quickly regrow from its remaining roots after the tree is harvested, and because the fibers are long and flexible while also tough and lightweight, it is used in items that require durability, such as currency paper and boat ropes, as well as clothing.



How we came to notice paper yarn that had been used since ancient times

In Japan where the birthrate is shrinking, the population buying clothing is decreasing, and it became necessary to develop products and conduct business with a global perspective. That is how we found the paper yarn that had been used in Japan since ancient times. Previous paper yarn products centered on Japanese traditional handmade paper and other crafts. Their uses were limited, however we realized that if we could make products that could be used in everyday items, then they would be useable worldwide and would be bought by a larger number of people. The environmental problems which surround the apparel industry have recently gained much attention. Abaca matures quickly and produces little environmental impact from its cultivation. From that perspective as well, we believe that proposing fashion products using paper yarn made from abaca bringing a structural innovation to the apparel industry.

A structural innovation in the apparel industry?

The apparel industry has involved mass production, mass consumption, and mass disposal, and faces large problems such as the environmental impact resulting from the CO₂ emitted during this process. In order to resolve these problems and achieve a sustainable society, it is necessary to change the way the apparel industry works. From the SDG perspective, this corresponds to No. 12, "Responsible consumption and production." The apparel industry as the production side has begun programs for shifting from mass production to production of suitable quantities, and on the consumption side there are also growing numbers of consumers who are aware of how clothing is made, rather than chasing trends and buying and wearing clothing as if it were disposable. In this sense, we believe that creating WA.CLOTH® clothing featuring wear resistance and durability is the ideal approach.

Future prospects

The largest feature of WA.CLOTH® is a good material with a balance of sustainability and functionality. We believe it is our mission to carry out further research in the future and to supply this value in the best way. Although we are of course aiming for improved recognition in the market, we are also working to boost overall demand throughout the market. Rather than producing a large number of product items, we want to generate demand through customers who experience the good qualities of the materials.



Management based on trust and reliability

Overview of Corporate Governance

Through reliable operation of its Basic Policy about Internal Control System, NST further enforces its corporate governance, ensures “compliance with laws and ordinances,” “reliability of financial reporting,” and “effectiveness and efficiency of operations,” and aims to improve it continuously.

NST has also adopted the Executive Officer System and aims at the efficient operation of the Board of Directors by separating the function of decision-making and supervision and the function of business execution, and has adopted a system to promptly cope with changes in the management environment.

Board of Directors

The Board of Directors is composed of all Directors and in general meets once a month. It decides important matters regarding company management, and supervises the execution of duties by the Directors.

Audit & Supervisory Board Members

In order to monitor and supervise the execution of duties by the Directors, the Audit & Supervisory Board Members attend important meetings of the Board of Directors, the Management Meeting, and other committees, and can view all drafts and reports in the database. As necessary, they request reports from the Directors and others, and state their opinions.

Management Meeting

The Management Meeting is composed of Directors who also serve as Executive Officers or Advisors, and in general meets twice a month. It discusses important operational policies and other important matters related to company management, and advises the President. The meetings are also attended by Audit & Supervisory Board Members, who can state their opinions.

Establishment of committees within the governance system

In order to further promote sustainability (including corporate governance), various committees have been established as advisory bodies to the Management Meeting. (a) Investment and Loan Committee, (b) ESG Committee, (c) Risk Management Committee

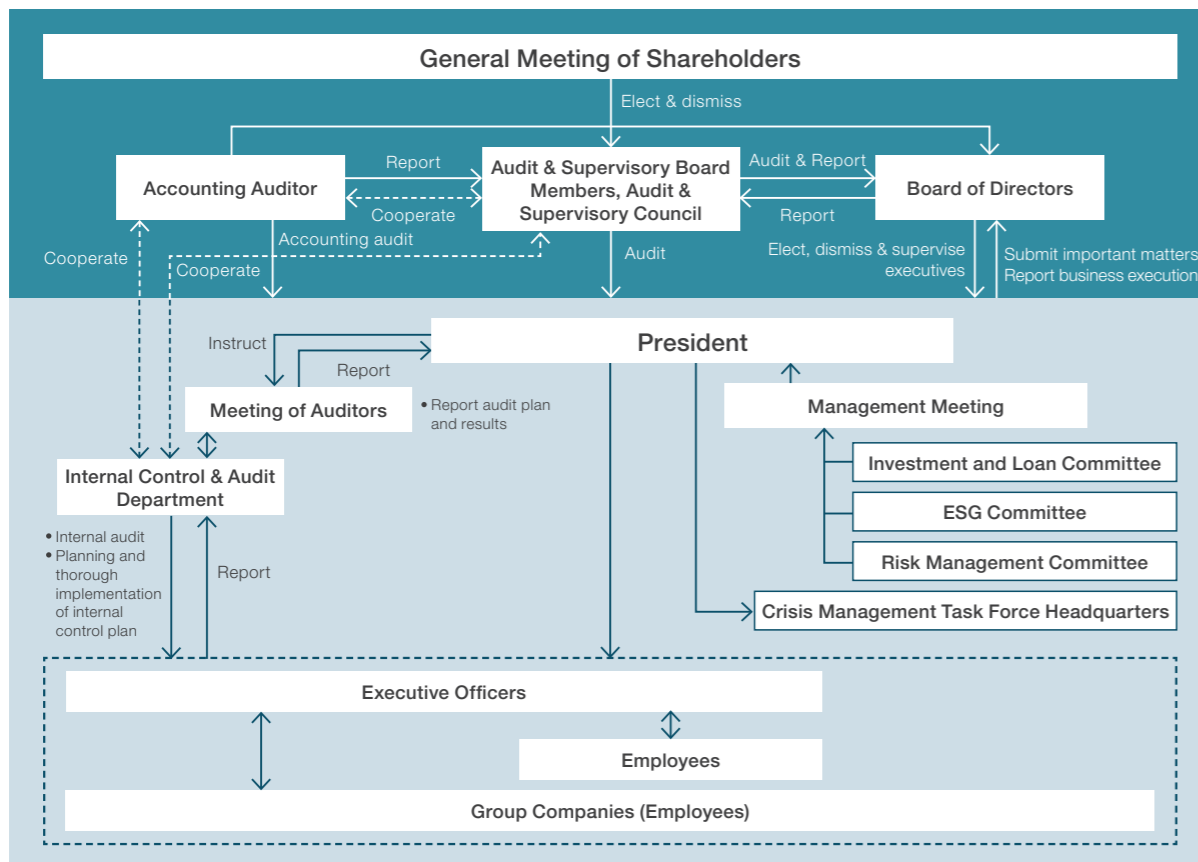
Internal audits

The Internal Control & Audit Department is established as the department for internal controls and auditing, and regularly conducts audits of suitability, efficiency, and other matters in the operations of NST and its subsidiaries in Japan and overseas.

Important risks and other matters identified at the audits are reported at suitable times to the Risk Management Committee. For the company-wide risks identified by the Risk Management Committee, the Department cooperates with the department(s) engaged in functions, provides support and instruction for improvements, and checks the implementation status through internal audits.

As programs for ensuring the effectiveness of internal audits, the audit results are reported to the full-time Audit & Supervisory Board Members at the Audit Liaison Meeting that is held each month, and the annual audit plan, audit results, and other matters are reported to the Directors at the Meeting of Auditors that is held twice annually.

Sustainability (corporate governance, etc.) promotion system



Executive Team (as of June 30, 2023)

Directors



President and Representative Director
Shinichi Nakamura

April 1982 Joined Nippon Steel Corporation (current Nippon Steel Corporation)
April 2018 Representative Director and Executive Vice President, Nippon Steel & Sumitomo Metal Corporation (current Nippon Steel Corporation)
June 2022 President and Representative Director, the Company (present)



Director, Member of the Board, and Senior Managing Executive Officer
Kazuhiro Koshikawa

April 1986 Joined Nippon Steel Corporation (current Nippon Steel Corporation)
April 2018 Executive Officer, Nippon Steel & Sumitomo Metal Corporation (current Nippon Steel Corporation)
April 2023 Director, Member of the Board, and Senior Managing Executive Officer, the Company (present)



Director, Member of the Board, and Managing Executive Officer
Jun Terada

April 1988 Joined Nittetsu Shoji Co., Ltd. (current Nippon Steel Trading Corporation)
April 2018 Executive Officer, the Company
June 2023 Director, Member of the Board, and Managing Executive Officer, the Company (present)



Director, Member of the Board (part-time)
Koichi Fujita

April 1987 Joined Mitsui & Co., Ltd.
April 2020 Managing Officer, Mitsui & Co., Ltd. (present)
April 2023 Director, Member of the Board, the Company (present)



Director, Member of the Board, and Executive Vice President
Hidetake Ishihara

April 1985 Joined Nippon Steel Corporation (current Nippon Steel Corporation)
April 2019 Managing Executive Officer, Nippon Steel Corporation
June 2022 Director, Member of the Board, and Executive Vice President, the Company (present)



Director, Member of the Board, and Managing Executive Officer
Yasuyuki Tomioka

April 1983 Joined Itoman Co., Ltd. (current Nippon Steel Trading Corporation)
April 2011 Executive Officer, Sumikin Bussan Corporation (current Nippon Steel Trading Corporation)
June 2016 Director, Member of the Board, and Managing Executive Officer, the Company (present)



Director, Member of the Board (part-time)
Ryuichi Nagai

April 1991 Joined Nippon Steel Corporation (current Nippon Steel Corporation)
April 2021 Executive Officer, Nippon Steel Corporation (present)
June 2023 Director, Member of the Board, the Company (present)

Audit & Supervisory Board Members



Audit & Supervisory Board Member (full-time)
Tadayoshi Minatani

April 1983 Joined Itoman Co., Ltd. (current Nippon Steel Trading Corporation)
April 2011 General Manager, Audit Department, Sumikin Bussan Corporation (current Nippon Steel Trading Corporation)
June 2017 Audit & Supervisory Board Member, the Company (present)



Audit & Supervisory Board Member (part-time)
Eiji Sogo

April 1989 Joined Nippon Steel Corporation (current Nippon Steel Corporation)
April 2022 Managing Executive Officer, Nippon Steel Corporation (present)
June 2023 Audit & Supervisory Board Member, the Company (present)



Audit & Supervisory Board Member (part-time)
Shigeji Sugimoto

April 1974 Joined Tohatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)
April 1978 Registered as a certified public accountant
July 1989 Partner, Tohatsu Awoki
January 2016 Established Shigeji Sugimoto Certified Public Accountant Office (present)
May 2016 Outside Audit & Supervisory Board Member, AEON Fantasy Co., Ltd. (present)
June 2016 Outside Audit & Supervisory Board Member, the Company
June 2020 Outside Audit & Supervisory Board Member, Osaka Steel Co., Ltd. (present)
June 2023 Audit & Supervisory Board Member, the Company (present)

Executive Officers

Name	Position	Name	Position	Name	Position	Name	Position	Name	Position
Shinichi Nakamura	President	Masanori Tochika	Managing Executive Officer	Hideki Takahara	Managing Executive Officer	Toshiaki Iwata	Executive Officer	Kenji Okada	Executive Officer
Hidetake Ishihara	Executive Vice President	Hiroyuki Okayama	Managing Executive Officer	Masahiro Hattori	Managing Executive Officer	Katsunori Suzuki	Executive Officer	Yuji Fujimoto	Executive Officer
Kazuhiro Koshikawa	Senior Managing Executive Officer	Takaaki Hirose	Managing Executive Officer	Yasuhiro Nomura	Executive Officer	Masayasu Abiko	Executive Officer		
Yasuyuki Tomioka	Managing Executive Officer	Kazuyuki Isobe	Managing Executive Officer	Hiroyuki Ueda	Executive Officer	Nobuyuki Watanabe	Executive Officer		
Jun Terada	Managing Executive Officer	Satoru Ohashi	Managing Executive Officer	Masato Ikura	Executive Officer	Kazuaki Hata	Executive Officer		
Hiroshi Tashiro	Managing Executive Officer	Tetsuya Okamoto	Managing Executive Officer	Shigehiro Yoshinaga	Executive Officer	Takayuki Kawamura	Executive Officer		

Management based on trust and reliability

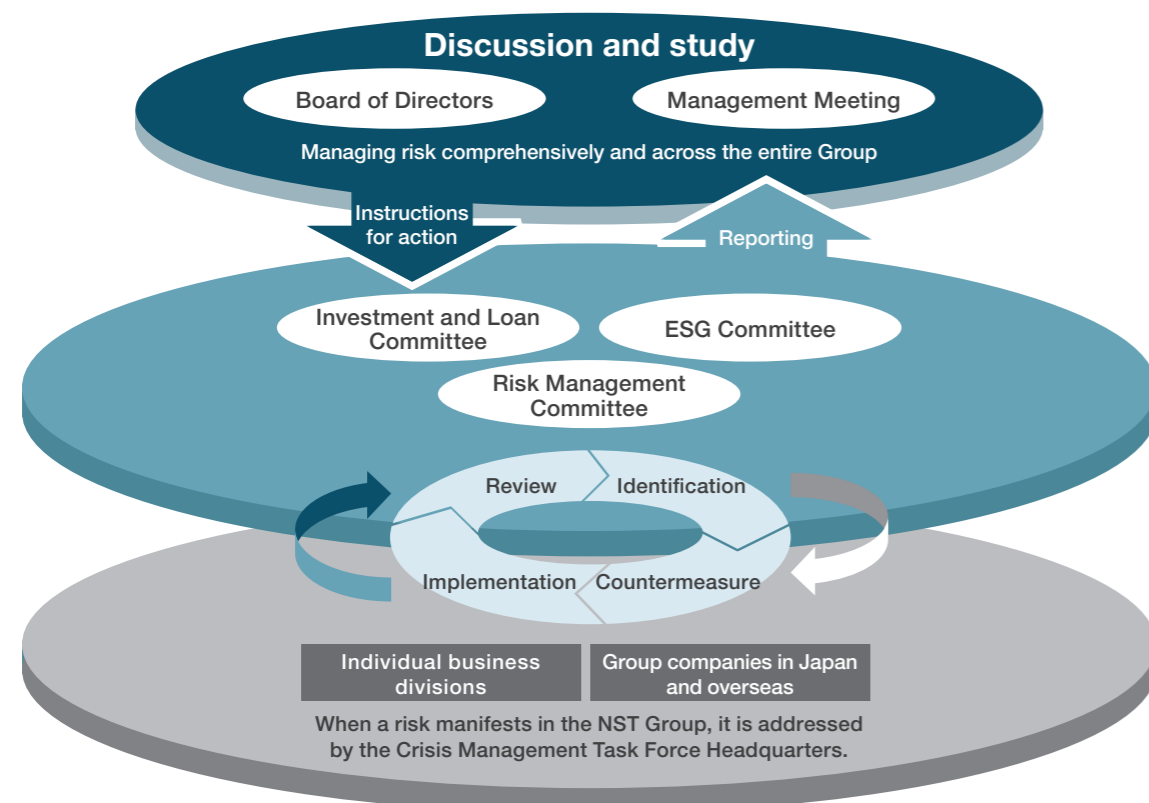
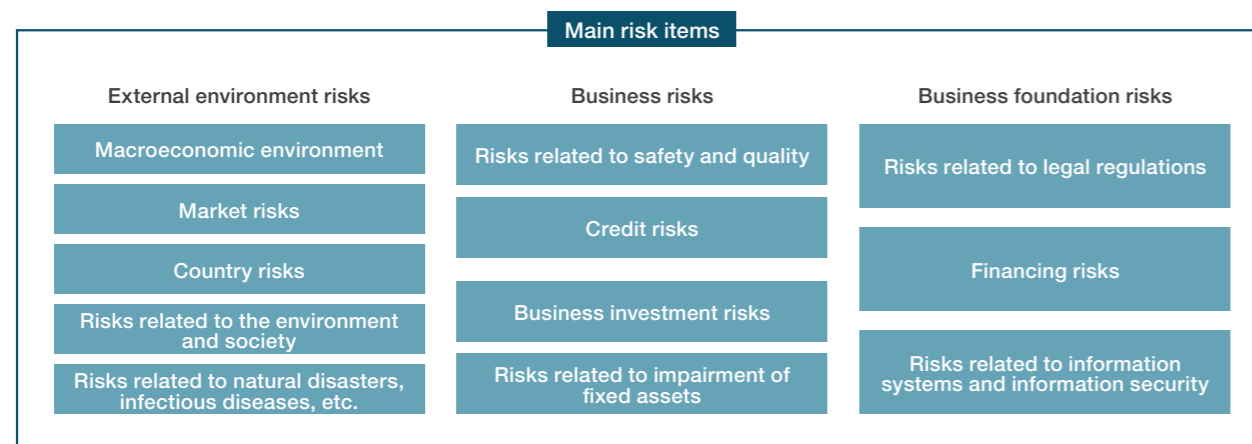
Risk Management

The NST Group operates a wide range of businesses in Japan and overseas including various products, business investments, and provision of services. This exposed us to various risks including political and geopolitical risks, investment risks, and risks related to business operations. These risks have in recent times become increasingly diverse, advanced, and complex. We recognize that risk management for suitably managing and addressing these various risks is essential to ensure the soundness of business management and to maintain and improve corporate value. We have prepared the necessary risk management system and management methods, and are addressing these risks.

Risk management system

We have prepared a system to address changes in the macro political and economic environment that surrounds our company management. This involves reliable discussion and consideration of these changes at suitable times by the internal Management Meeting, ESG Committee, and other bodies, and quickly linking the results to action. Furthermore, aiming to manage the risks that surround our Group comprehensively and across the entire organization and take rapid action, we have established the Risk Management Committee, which is specifically intended for identifying, discussing, and studying risks. In order to improve our ability to respond to risks, this committee discusses and considers the specific action to take in response to an individual specific risk, and gives instructions for carrying out this action to related departments.

Through this risk management system, we endeavor to prevent risks from manifesting, and take precise, rapid action in response when a risk does manifest.



Action taken in response to business and other risks

Risk item	Description	Primary action in response
External environment risks		
Macroeconomic environment	<ul style="list-style-type: none"> Effects of economic trends and changes in demand in major regions (Japan, North America, Asia) Effects on existing business models 	<ul style="list-style-type: none"> Implementing growth strategies through global strategies for capturing new demand related to SDGs and other social needs, and extending and expanding overseas business
Market risks (exchange rate risks, interest rate risks, product price risks, share price risks)	<ul style="list-style-type: none"> Risk of exchange rate changes in transactions conducted in foreign currencies Risk of interest rate fluctuations in the procurement of business funds Price fluctuation risk inherent in some of the products that we sell Risk of valuation loss on securities resulting from changes in the price of shares that we own in business partners 	<ul style="list-style-type: none"> Use of forward exchange contracts based on actual demand Reducing interest rate fluctuation risks using interest rate swaps and other means Reducing risks and preventing losses related to business transaction risks based on business management regulations Regular monitoring of stocks that we own (share price)
Country risks	<ul style="list-style-type: none"> Risk that claims, loans, or investments may become impossible or difficult to recover due to policy changes or changes in the politics, society, economy, environment, or other area in countries where we engage in trade, overseas investments, or loans 	<ul style="list-style-type: none"> Preventing unexpected losses resulting from increases in country risks based on the country risk management regulations
Risks related to the environment and society	<ul style="list-style-type: none"> Risks of business delays or interruptions, diminished corporate reputation, or other consequences in the event of a problem related to the environment or society 	<ul style="list-style-type: none"> Identification of important issues (materiality) related to ESG management Scenario analysis based on TCFD recommendations Calculating CO₂ emissions, setting reduction targets, and taking action to reduce emissions Acquisition of environmental management system (ISO14001) certification Formulation of policy to address human rights and formulation of human rights due diligence guidelines (now being studied)
Risks related to natural disasters, infectious diseases, etc.	<ul style="list-style-type: none"> Effects on business from earthquakes and other natural disasters, or from the COVID-19 pandemic Effects from large-scale accidents, terrorism, or other unforeseeable events 	<ul style="list-style-type: none"> Formulation of a BCP (Business Continuity Plan); implementation of disaster preparedness measures, disaster drills, etc.
Business risks		
Risks related to safety and quality	<ul style="list-style-type: none"> Effects on the lives and health of NST Group employees, as well as effects on society's trust and other consequences in the event of a problem in health and safety, quality control, or similar area Risk of expenses for product recall, repair, and other measures in the event of a quality problem occurring in the products that we sell 	<ul style="list-style-type: none"> Group-wide activity to eliminate occupational accidents; ensuring quality based on regulations related to safety, reliability, labeling, and other matters for products that we sell; measures to secure the trust of customers and end users
Credit risks	<ul style="list-style-type: none"> Risk of deteriorating credit status at customers in Japan and overseas, and problems in meeting loan obligations to the NST Group 	<ul style="list-style-type: none"> Quantitative and qualitative evaluation of customers based on credit management regulations and other regulations, setting credit limits (Expiration dates are set for credit limits, which are renewed regularly.)
Business investment risks	<ul style="list-style-type: none"> Investment recovery risk in the event that corporate value of an investee company declines due to worsening of business results 	<ul style="list-style-type: none"> Investment management based on standards for new investment and standard for business assessments
Risks related to impairment of fixed assets	<ul style="list-style-type: none"> Risk of declining asset value resulting from a drop in the current price of business real estate, a decline in profitability, or other factor Risk of declining asset value of other tangible or intangible fixed assets (including goodwill) 	<ul style="list-style-type: none"> Regular monitoring of current commercial real estate prices and profitability
Business foundation risks		
Risks related to legal regulations	<ul style="list-style-type: none"> Risk of effects on NST Group business activities resulting from new or changed laws or regulations in Japan or overseas 	<ul style="list-style-type: none"> Complete observance of laws and regulations related to our business activities based on the Compliance Manual
Financing risks	<ul style="list-style-type: none"> Risk of inability to procure funds from financial institutions and investors, and risk of increasing financing cost, in the event of a disruption in financial systems in major financial markets 	<ul style="list-style-type: none"> Dispersing financing sources and diversifying financing means Ensuring a certain amount of long-term funds through long-term bank loans and issue of corporate bonds
Risks related to information systems and information security	<ul style="list-style-type: none"> Risk of loss or leakage of important information, and risk of system stoppage, resulting from cyber attacks Risk of system stoppage due to server or network damage Risk of system stoppage due to natural disaster 	<ul style="list-style-type: none"> Preparation of regulations related to suitable protection and management of information assets, and complete information security training for employees Continual monitoring for cyber attacks by specialist security vendors Strengthening measures against failure through duplication of important servers and networks, and through Cloud use

Management based on trust and reliability

Safety, Quality Control, Compliance

Among the various risks, NST focuses its attention on further strengthening company-wide efforts concerning risks related to safety, quality, and compliance. It includes cooperative efforts with the business and functional divisions to identify the critical risks that could have a serious impact on management, and to examine and implement measures to eradicate them.

Initiatives for safety

Steel Division (Technical Support & Safety Management Department)

The Steel Division aims to eliminate the danger of serious disasters and prevent disasters and accidents causing lost worktime. It is carrying out independent safety activities focusing on the two priority measures listed at right.

(Priority measures)

- 1 Complete safety initiatives backed by rules**
 - ① **Complete safety initiatives**
 - Fully prepare work standards free of omissions and unclear expressions.
 - Ensure rule compliance through the use of monitoring cameras.
 - Communicate work procedures and implement measures, etc. through holding of reliable TBM (Tool Box Meetings).
 - ② **Redevelopment of safety awareness using training and other means**
 - Reliably carry out exercises, risk simulation training, case studies of disasters at similar organizations, etc.
 - Carry out key training programs for new employees and transfers, and continue conducting reliable follow-up monitoring.
 - Further develop safety awareness using DVDs, VR (Virtual Reality), and the Web.
- 2 Reliable compliance with new laws and regulations**
 - Compliance with adoption of autonomous management for chemical substances, etc.

Industrial Supply & Infrastructure Division (Industrial Supply & Infrastructure Planning Department)

- 1 Follow-up by checking the progress of the voluntary safety audit**
 - Support was provided to enable each manufacturing site to establish and further strengthen a system in which it can continue its own efforts to identify and resolve improvement issues based on independent safety audits.

Examples at Group companies

Nippon Steel Trading Metals Co., Ltd.: Initiatives for work safety

- Holding monthly meetings of the Safety and Health Committee
- Continually setting new records for zero accidents. Target: 1,250 days (expected to be achieved on January 10, 2024)

(Note) Information about preventing foreign substance contamination of processed foods in the Foodstuffs Division is listed in its initiatives on quality control.

Initiatives for quality control

DX Promotion Department

In quality control, operations requiring manual operation cannot be zero risk. At NST, the DX Promotion Department addresses the challenge of eliminating this quality risk by digitalizing operations across all manufacturers, distributors, and customers.

- 1 “N-SCM” Integrated inventory management system**
 - Automation of inventory control in repeating transaction fields in order to produce faster responses to changes in conditions, and to prevent shipping problems caused by missing materials or wrong materials.
- 2 “SPOD” Improved order entry system**
 - Standardization of order placement operations and strengthening of the check functions to improve accuracy and efficiency, and to eliminate human errors.
- 3 “EXCS®” New coil center system**
 - Updating and consolidating the core business management systems at NST subsidiary coil centers. (N-SCM and SPOD began operation in the second half of FY 2021. We are continuing to expand the functions and increase the number of product categories. The EXCS® infrastructure was launched in the first half of FY2023. Since then, we have been expanding the functions and increasing the number of sites as a medium- to long-term initiative.)

Steel Division (Technical Support & Safety Management Department)

The Division has designated the period up to system implementation by the DX Promotion Department as the priority management period, and is reducing the numbers of check items and carrying out thorough double- and triple-checking.

- 1 Double-checking through monitoring of the sales department’s order entry operations**
 - Confirm and optimize the double-checking conditions, and apply them to work standards, in order entry and processing order operations.
 - Create and maintain order data masters.
- 2 Support for improvement of priority management items in affiliated companies**
 - Utilize bar coding, and conduct automatic transmission and judgment of measured values with the aim of reducing reliance on human resources.
- 3 Activities to support sales and affiliated companies**

Industrial Supply & Infrastructure Division (Industrial Supply & Infrastructure Planning Department)

- 1 Thorough guidance and continuous monitoring of key suppliers in the Mobility Business Department and the Functional Materials Department**
- 2 Establishment of a technology quality assurance manager in the division, carrying out quality action for car manufacturers and other customers, and constructing a quality management system for each supplier**

Foodstuffs Division (Food Quality Assurance Department)

In the Food Quality Assurance Department, we are carrying out measures against foreign matter inclusion (including allergens) in processed foods.

- 1 Stringent selection of processing plants, and thorough analysis and tracing of ingredients, including sub-materials**
- 2 Strengthening of recall training on the production side and study of recall training in cooperation with sales partners**
- 3 Engagement of insurance to insure against damages in cases when responsibility is not clear**
- 4 Expansion of support for human resources development (further improvement of safety measures through the use of highly skilled employees)**

Initiatives for compliance

Basic approach to internal control systems

NST has clarified its basic attitude to emphasize compliance in accordance with the Corporate Philosophy, Management Principles, and Employee Code of Conduct. NST implements and operates internal control appropriately, further strengthens its corporate governance, endeavors to ensure “compliance with laws and ordinances,” “reliability of financial reporting,” and “effectiveness and efficiency of operations,” and aims to improve them continuously.

1 Internal control in business execution (three defense lines)

NST has constructed and maintains an internal control system based on three defense lines: the first defense line comprised of departments engaged in sales, etc.; the second defense line including functional departments, mainly comprised of the Corporate Planning & Administration Division and its departments as well as each sales planning department; and the third defense line comprised of departments engaged in internal controls and auditing.

<p>First Defense Line (Sales departments, others)</p> <p>We have constructed and implemented internal control systems based on autonomous internal controls, and each department manages the operation of internal control at its own initiative under the responsibility of each Executive Officer who supervises such department.</p>	<p>Second Defense Line (Functional departments)</p> <p>We have identified and evaluated risks surrounding the company, constructed a framework to control risks in cooperation with the departments engaged in sales, etc. and provide them with necessary support, as well as take appropriate action including education and enlightenment.</p>	<p>Third Defense Line (Departments engaged in internal controls and auditing)</p> <p>We confirm and evaluate the appropriateness of the structural and operational conditions of the internal controls system of the entire Group, and promote improvements to them, while ensuring independence and keeping an objective standpoint.</p>
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2 NST Group’s internal controls systems

NST and each subsidiary shall establish internal regulations to ensure the appropriateness of business in accordance with the Corporate Philosophy, Management Principles and Employee Code of Conduct, and hold business strategy in common based on the business characteristics of each division and subsidiary. Thus, NST and each subsidiary shall operate as a single group.

Each Executive Director, Executive Officer and general manager in NST and the directors of each subsidiary shall have employees fully understand the Corporate Philosophy, Management Principles, Employee Code of Conduct and regulations, and perform self-checks and monitoring. The department in charge of the management of each subsidiary shall operate the subsidiary appropriately in accordance with the “Subsidiary Management Regulations,” the “Subsidiary Management Standards,” etc., under the responsibility of the Executive Officer who supervises such department. NST shall dispatch its Executive Directors, Executive Officers or employees to subsidiaries as Directors or Audit & Supervisory Board Members in case of necessity, and ensure the appropriateness of business execution.

The department(s) engaged in internal controls and auditing shall cooperate with the department(s) engaged in functions, instruct and support the internal controls system of NST and its subsidiaries, hold information with the subsidiary in common, and aim to fulfill the requirements of internal controls.

Internal reporting system (Compliance Hotline)

NST has established and operates the Compliance Hotline for employees and others at NST and its subsidiaries as a contact for internal reporting and consultations related to risks in the conduct of our operations. It protects confidentiality for reporting, and protects whistleblowers from retaliation. This contact system was established based on contracting to an outside party so that whistleblowers can report and consult with confidence, and we are working to expand and continually improve it.

Topics **Fiscal 2022 safety awards: “Creating people, companies, and a Group that have absolute strength in safety”**

The Safety Conference was conducted in May 2023, and an awards ceremony was held for Group companies with a superior record of safety during fiscal 2022. Safety is the foundation of corporate operations, and is positioned as an issue of the highest priority in the NST Group. We will continue to reinforce a range of initiatives aimed at improving the quality of our safety activities.

- Companies achieving a continuous three-year record of zero accidents**
 - Igeta Sunrise Pipe Corporation
 - Shenzhen NS Steel Centre Co., Ltd. ■ Dongguan Tetsuwa Metals Co., Ltd.
- Safety activity contribution award (companies recognized as making a special contribution to safety activities)**
 - Tokyo Seisen Co., Ltd. (conduct of efficient and effective safety activities utilizing Cloud services)
- Priority measure activity award (companies implementing activities that are a model for the entire Group)**
 - Nippon Steel Trading Metals Co., Ltd. ■ Shenzhen NS Steel Centre Co., Ltd.
 - Shanghai Nippon Steel Trading Automotive Parts Co., Ltd.
 - Bangkok Eastern Coil Center Co., Ltd.



President Tsurumi of Igeta Sunrise Pipe Corporation (right), receiving the award on behalf of the three companies (left: President Nakamura)

Nippon Steel Trading business at a glance FY2022 results

Steel Division

Ordinary profit ratio
85%
(43.7 billion yen)

Industrial Supply & Infrastructure Division

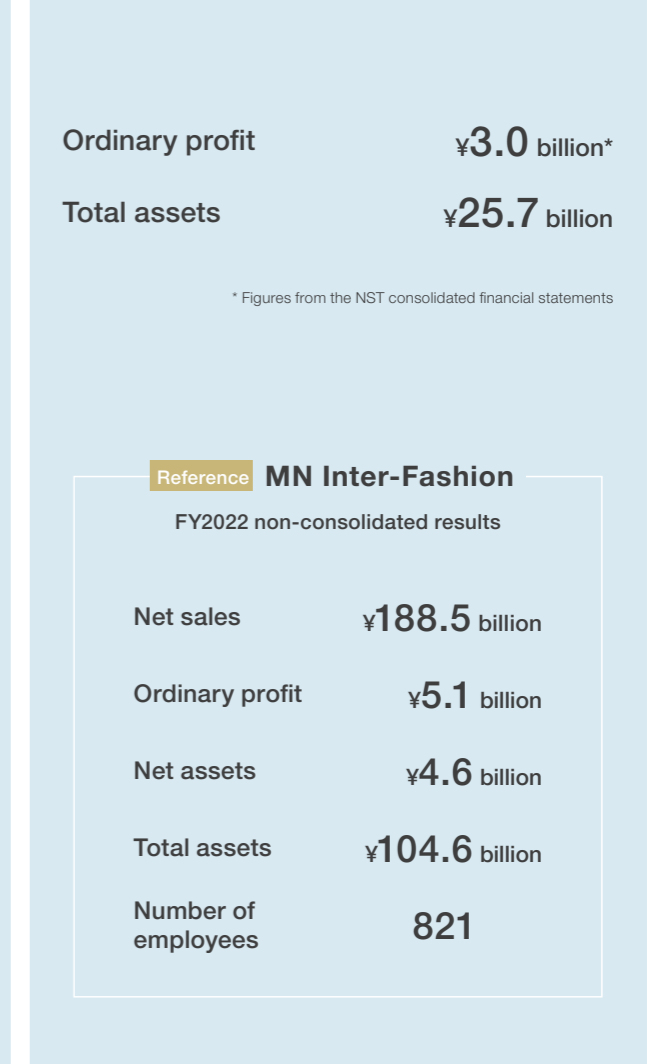
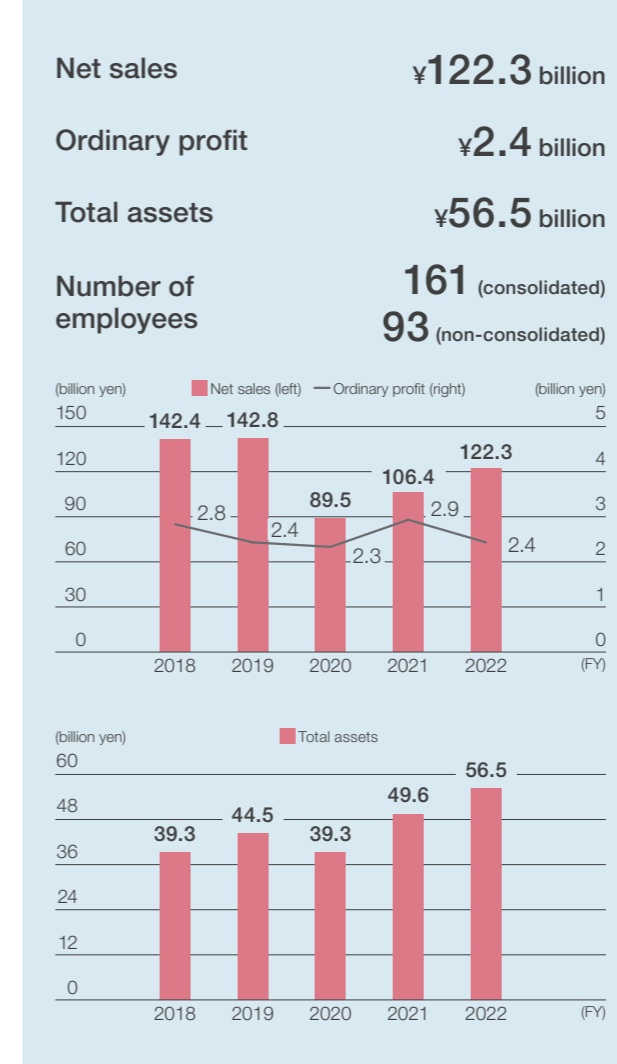
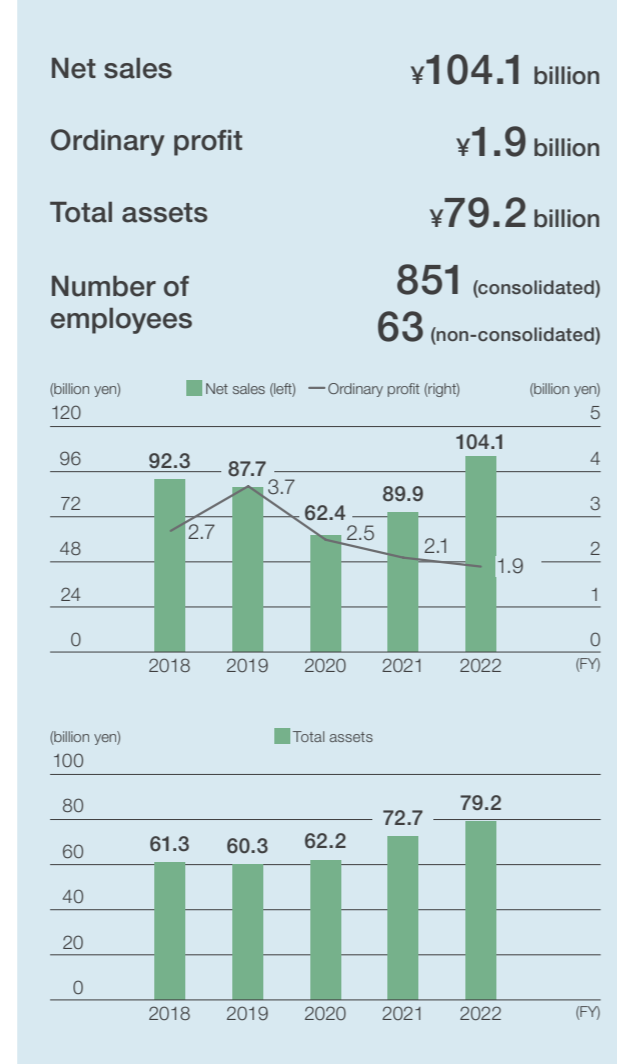
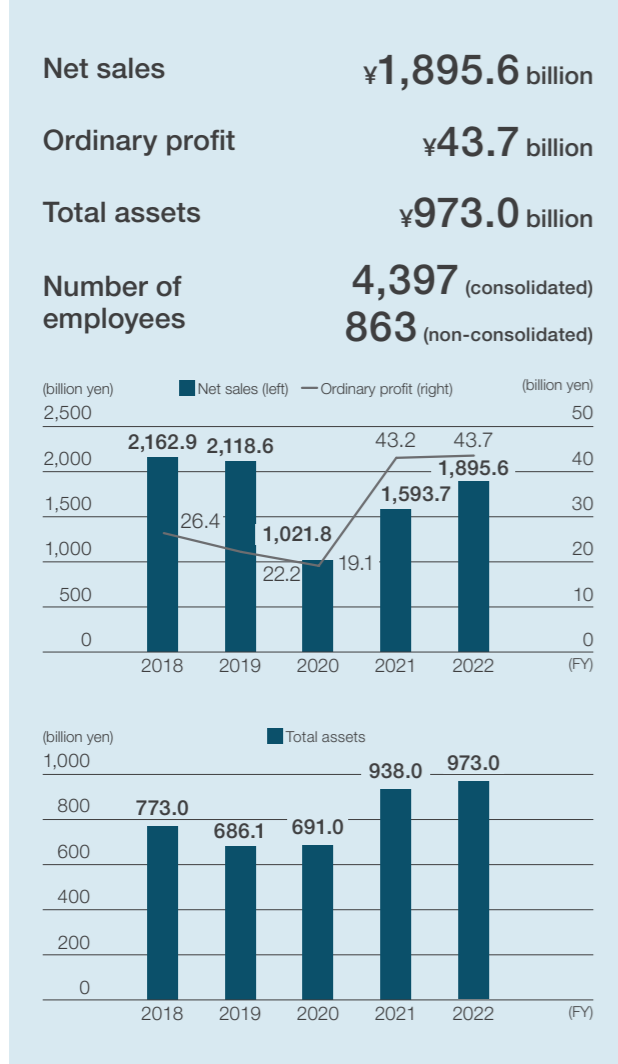
Ordinary profit ratio
4%
(1.9 billion yen)

Foodstuffs Division

Ordinary profit ratio
5%
(2.4 billion yen)

Textiles Segment

Ordinary profit ratio
6%
(3.0 billion yen)



* The Accounting Standard for Revenue Recognition and other standards were applied beginning from the start of fiscal 2021. The important management indexes and other numbers related to fiscal 2020 that are listed here are those following retroactive application of these accounting standards.

Steel Division

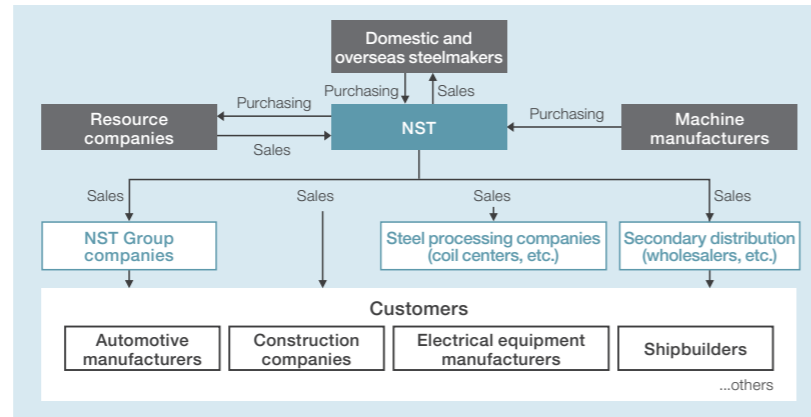
As a steel professional, we will provide optimal total solutions.

Business activities

The Steel Division uses its domestic and overseas sales networks to provide comprehensive services, from raw material procurement to product delivery to customers.

Through thorough customer-oriented sales, we will enhance the function and ability to rapidly grasp customers' requirements, which are becoming increasingly diversified and advanced, provide solutions, and make efforts to construct a new value chain in steel distribution.

Business flow



	Major products	Overview
Steel and steel products	<ul style="list-style-type: none"> Steel sheet (hot rolled coils, cold rolled coils, coated steel sheets, plates, electrical steel sheets, tinplate, and others) Steel pipes and tubes (seamless pipes and tubes, welded pipes and tubes, large-diameter pipes, pipes for piling, fittings, and others) Structural steel (rails, section steel, wide flange shapes, light H-shaped steel, steel sheet piles, reinforcing bars, and others) Rods, bars, and specialty steel (bars, wire rods, bars in coils, cold finished steel bars, welding materials, and others) Construction materials (steel sheet piles, structural materials for civil engineering and construction, and others) Other types of steel and steel products, stainless steel, titanium 	<p>We have established a processing service organization for pressing, cutting, and machining of steel products including steel sheets, steel pipes and tubes, structural steel, and construction materials.</p>
Raw materials	<ul style="list-style-type: none"> Coking coal, coke, pig iron, steel scrap, reduced-iron, ferro-alloys, blast-furnace slag, heavy oil, oil products, LPG, and others 	<p>We are working for stable and diverse supply sources centering on steelmaking raw materials such as coking coal, steel scrap, and ferro-alloys.</p>
Machinery	<ul style="list-style-type: none"> Steelmaking machinery, machine tools, metal processing machinery, machinery parts, energy-related machinery, construction machinery, general industrial machinery, rolls, and others 	<p>We supply a wide range of products including steelmaking machinery, rolls, and machinery parts to steelmakers, contributing to their stable steel production.</p>

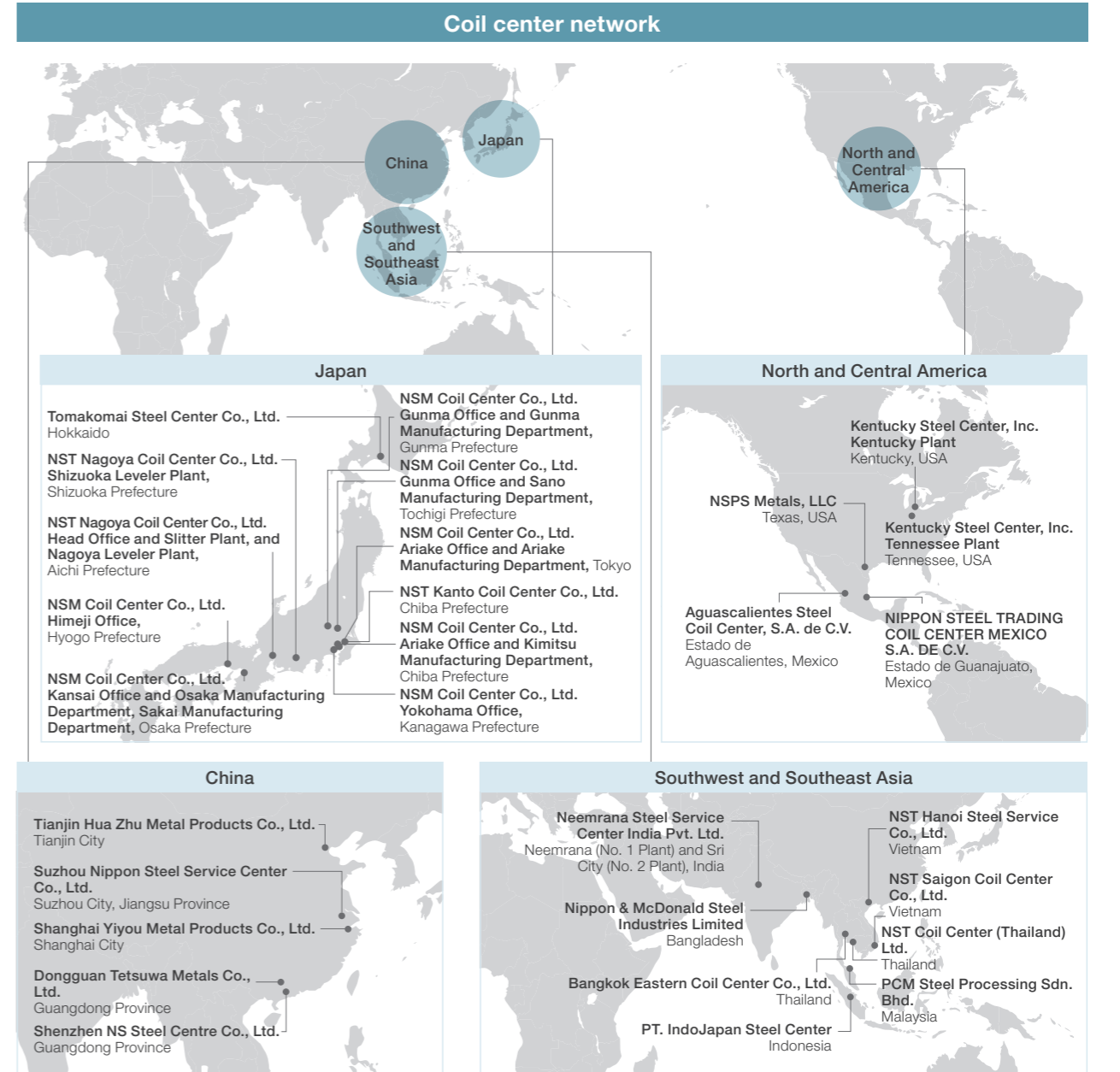
Competitive advantages

- Business development through strategic collaboration with the Nippon Steel Group**
By integrating our company with Nippon Steel and sharing information and sales strategies on a high level, we will invest business resources focusing on new demand areas such as carbon neutrality, and overseas growth markets, where demand is expected to increase, and will pursue proposal-based sales that create new value-added distribution in the steel business.
- Total solutions capabilities that match the global needs of our customers**
In overseas markets where steel demand is growing, with the aim of capturing demand of not only Japanese companies but also local companies, we are working to make maximum use of the business foundations and business competitiveness of the NST Group and accelerate our global strategy.
- Stable procurement capabilities based on a diverse range of supply sources**
We are able to procure a wide range of steel products from the Nippon Steel Group, which is the largest steelmaker in Japan. As a result of diversifying our supply sources, we supply steel products utilizing the extensive domestic and overseas sales networks that we have built over many years.

Growth strategy

- Capturing new demand that meets social needs related to SDGs**
 - Automotive field (EV motors, fuel cell materials, super-high tension steel, etc.)
 - Environmental materials (stainless steel for maritime scrubbers, materials for the renewable energy field, etc.)
 - High-performance materials for the information and communications fields (stainless steel for smartphones, etc.)
- Carrying out global strategies for deepening and expanding overseas business**
 - Expanding sales for automobiles (China hot press materials and high-tension steel, North America, etc.)
 - Working to become an integral member of overseas regions (expanding sales utilizing local mills, establishing a coil center for electrical steel sheet in Mexico, etc.)
- Cooperation with major users to improve sales and profitability**
 - Expansion of raw materials business (scrap, black pellets, etc.)
 - Expansion of sales in the construction field (marketing of TIO/NEO system construction standard products, etc.)
- M&A and alliance strategies**
- DX strategy to improve steel distribution**

Business operations



Message from the Top Management of the Steel Division

Beginning of a new era and aiming for further growth

Kazuhiro Koshikawa
Senior Managing Executive Officer



The global economy has now reached a major turning point. Changes must be made to the strategies of globalization of pre-pandemic, and it is necessary to review the supply chains and strengthen competitiveness for all resources and products based on an economic security perspective. Steel products are no exception, and at the same time the global-scale movement toward carbon neutrality (CN) is continuing to accelerate.

NST became a subsidiary of Nippon Steel in April 2023, and will contribute to expanding the business areas as the company in charge of distribution, aiming to build a vertically-integrated business structure in the Nippon Steel Group. For this purpose, it is now possible to share information and sales strategies with Nippon Steel on a higher level than ever before, and make maximum use of both companies' knowledge and infrastructure to rapidly and correctly achieve our sales strategies, and as a result strengthen competitiveness and expand profits throughout the Group. This essentially means that NST is now standing on a new stage, and has obtained new opportunities for growth. As the true core trading company of the Nippon Steel Group, we will continue to contribute to society through sales of CN-related products. All employees will also join together and aim for new heights through initiatives such as development of new demand, investment in new business, and construction of a new supply chain.

Strategic collaboration with Nippon Steel

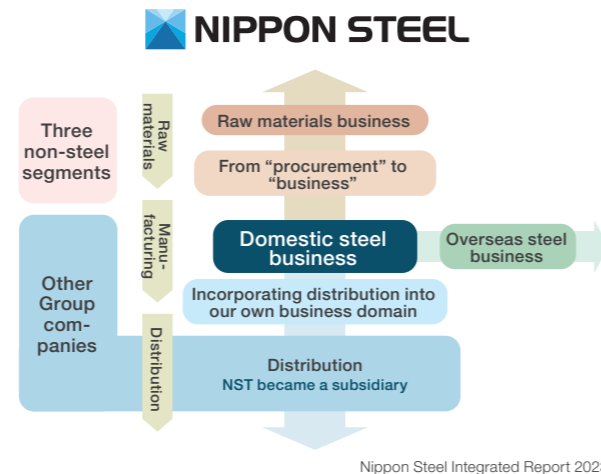
In the environment surrounding our steel business, we expect increasingly intense competition in the distribution and processing fields in the future as a result of declining domestic demand, expanding local production by customers, and improving quality and increasing production volumes at overseas steel manufacturers.

In this kind of environment, NST became a subsidiary of Nippon Steel in April 2023. As a result, it has become possible for our company to join together with Nippon Steel and share information and sales strategies on a high level. This will enable us to make maximum use of the knowledge and infrastructure of both companies, and rapidly and correctly achieve our strategies in order to expand the NST Group business, strengthen competitiveness, and expand profits.

Nippon Steel business strategy: “Evolving into a vertically-integrated business structure”

Based on the roles that the steel industry should play in addressing the long-term structural changes in the steel demand environment, and in resolving social issues such as achieving carbon neutrality, Nippon Steel is steadily carrying out its sales strategies. As it does so, it keeps in mind the goal of continual growth aiming to be the “global No. 1 steel manufacturer in terms of overall strength” that will support the competitiveness of Japanese industry into the future.

Among these strategies, it has established the goal of “evolving into a vertically-integrated business structure,” and is constructing a business structure that integrates all stages from raw materials to manufacturing and distribution, and is strengthening the competitiveness of its entire supply chain. It is also carrying out initiatives to create a more resilient business structure, aiming to achieve carbon neutrality.



Tender offer for NST shares and becoming a subsidiary of Nippon Steel

In order to achieve the goal of “evolving into a vertically-integrated business structure,” and to expand its business areas into the distribution field and incorporate this field into its business, Nippon Steel made a tender offer for NST shares and in April 2023, NST became a subsidiary of Nippon Steel. As a result, Nippon Steel has become able to enhance its ability to implement integrated operations related to steel business on its own, and it is now possible to strengthen the competitiveness of the entire supply chain through integrated optimizing and streamlining of all operations from manufacturing to distribution and processing, and through the creation of new added value.

Role of NST in the Nippon Steel Group

As the core trading company of the Nippon Steel Group, NST is responsible for the distribution field in the supply chain. In the steel business that is the primary business area, we can join together with Nippon Steel and share information and sales strategies on a high level, make maximum use of the knowledge and infrastructure of both companies, and rapidly and correctly achieve our strategies.

As the core trading company of the Nippon Steel Group, we will exercise our trading company functions in order to further expand the scale of business for Nippon Steel products in Japan and overseas, and will expand our business into growing overseas markets and new fields such as carbon neutrality. In this way, we will play a role in strengthening the competitiveness of the entire supply chain and contribute to “evolving into a vertically-integrated business structure.”



Making maximum use of synergy resulting from strategic collaborations

In addition to exercising the trading company functions that NST has developed over its history, we will further deepen our collaboration with the Nippon Steel Group and will apply the following synergy in order to contribute to “evolving into a vertically-integrated business structure.” We will also work to improve our corporate value in order to achieve our goal of being “a strong growth company that contributes to society.”

- 1 Streamline and reinforce our trading company functions in the Nippon Steel Group.**
We will strengthen the cost competitiveness of the entire supply chain through means including strengthening and expanding direct sales to customers throughout the Nippon Steel Group, improving the office work efficiency of our trading business operations, and improving the operating rates and constructing optimal systems at our processing bases.
- 2 Strengthen direct sales capabilities utilizing the entire sales knowledge infrastructure.**
We will further share sales strategies with Nippon Steel, and focus investment of the strategic sales power of both companies in new demand fields such as carbon neutrality and in overseas growth markets. We will also make maximum use of the sales information and processing knowledge possessed by NST sales bases, coil centers, and other processing bases in Japan and overseas in order to strengthen our ability to meet diversifying customer needs and strengthen our overseas sales capabilities.
- 3 Make further advances to the supply chain. (Designing a new business model)**
We will utilize the advantages resulting from the new ability to share sales information and to coordinate the production, inventory, logistics, delivery dates, and other data of both companies, Nippon Steel as it engages in steel production and Nippon Steel Trading as we engage in distribution and processing. We will make use of the latest digital technologies to work for integrated optimization of production and logistics (optimizing inventory levels, shortening lead times throughout the supply chain, improving processing yield and other elements of manufacturing efficiency). In the future, we will also study strengthening cooperation in new expanding fields such as GX (Green Transformation).

Topics

Establishment of a new coil center for electrical steel sheet in Mexico

Based on the expectations for stable growth in the North American electric vehicle market, we are collaborating with Nippon Steel to establish a new coil center, “Nippon Steel Trading Coil Center Mexico S.A. de C.V.” (hereafter, “NSTCCM”), specializing in processing of high-grade electrical steel sheet* in Mexico, where the supply chain for electric vehicle motors is concentrated. As a base responsible for inspecting, conditioning, and slitting of high-grade electrical steel sheet, NSTCCM will function as an important supply chain for pressing manufacturers that produce motor cores and vehicle manufacturers.

This project was selected for the “Indo-Pacific and Central and South America Region Supply Chain Participation Support Project” operated by the Ministry of Economy, Trade and Industry. The project is aimed at promoting initiatives that contribute to improving supply chain resilience in Japan, the Indo-Pacific and Central and South America region. As we are seeing dramatic growth in demand for high-grade electrical steel sheet centering on North America, through this project we will construct a resilient supply chain throughout the Nippon Steel Group that can provide a high-quality and stable supply of competitive products. In this way, we will contribute to global carbon neutrality and ensuring a superior position for the Japanese manufacturing industry.

* High-performance material used in electric vehicle motor cores



Industrial Supply & Infrastructure Division

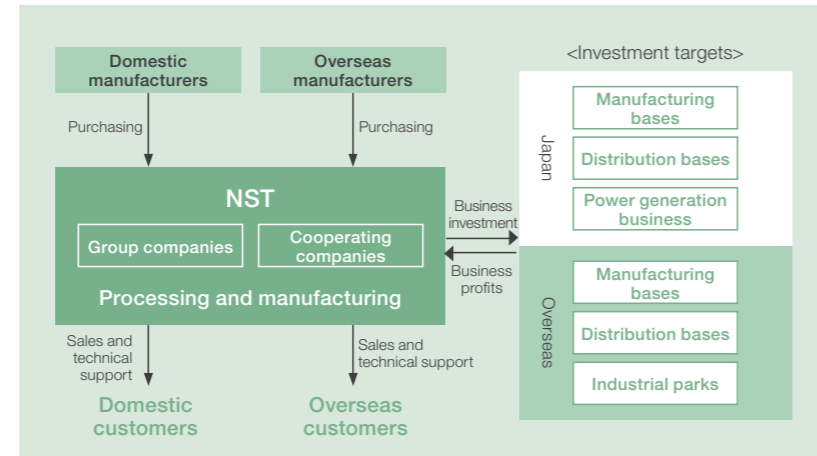
We aim to be a top player in our global niche and deepen our global consolidated management.

Business activities

The Industrial Supply & Infrastructure Division is composed of three Departments. We provide integrated services including raw materials, machining, unit parts, and installation and sale of machine tools, as well as industrial parks with infrastructure including the electricity supply.

We are also working to establish and reinforce quality control and maintenance functions, to strengthen partnerships with other divisions and open up new areas of business, and to collaborate with partners in order to increase the added-value of our business.

Business flow



Department	Major products	Overview
Functional Materials	Aluminum products, copper products, metal silicon, magnesium, carbon fibers, etc.	We sell non-ferrous metal materials, and provide proposals combining multiple materials with different characteristics for parts where a single steel material is currently used.
Mobility Business	Cast forged steel parts, precision machined parts, fuel tanks, automotive seat parts, etc.	We provide a variety of automotive parts including engine components and parts for low-emission vehicles.
Infrastructure, Machinery & Railway	Operation and sales of industrial parks, electric power business, machine tools, general industrial tools, railway vehicles, railway equipment, etc.	We develop, operate, and sell industrial parks and supplies electrical power in order to provide support for Japanese companies entering overseas markets. We also engage in export of machine tools to North America and Europe, and domestic sales and exports of railway wheels, axles, and other components.

Competitive advantages

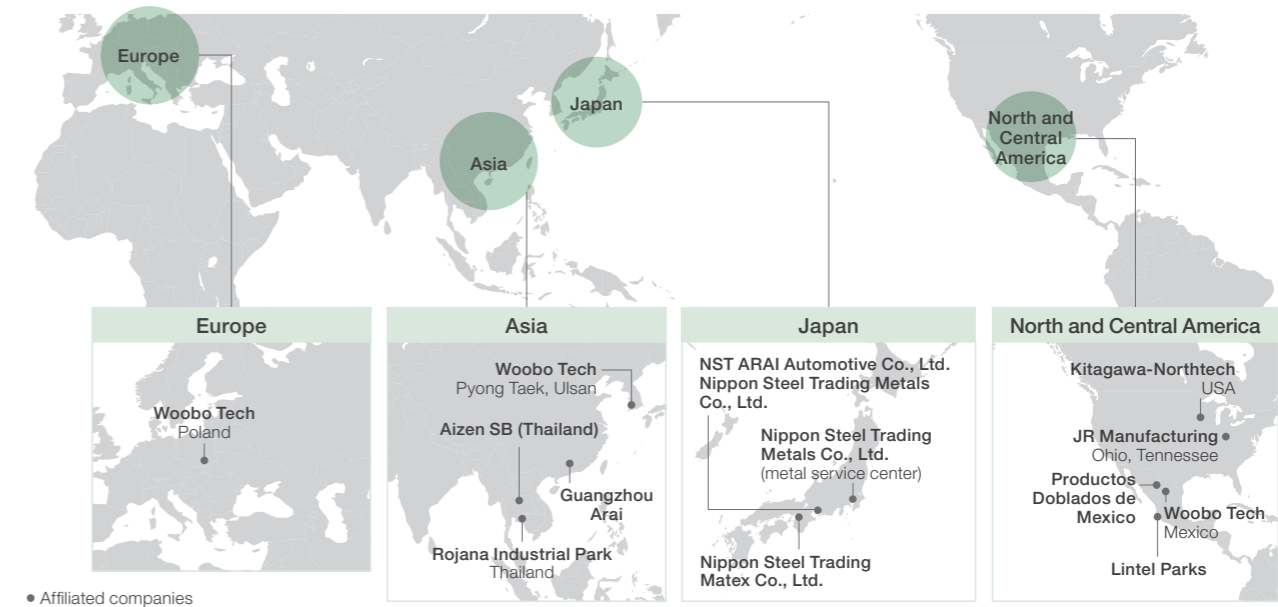
- Functional Materials Department**
We are capable of proposing high-performance materials that meet a wide range of industry needs for lighter weights and the use of multi-materials. We also provide a supply chain fully supported by our network of branches located in Japan and around the world.
- Mobility Business Department**
Centered on the crankshafts that we developed in our business for commercial vehicles over many years, we provide a wide range of automotive parts (primarily cast and forged products) including engine components and parts for low-emission vehicles (LEVs). We also have constructed a global supply system consisting of 12 sites in seven countries around the world that provide parts such as headrest stays and other seat components.
- Infrastructure, Machinery & Railway Department**
Utilizing the expertise in industrial park operations that we have developed over 30 years at the Rojana Industrial Park, which is one of the largest in Thailand, we provide overseas business solutions in Thailand, Vietnam, and Mexico—three countries where Japanese companies are particularly active. We control the largest domestic share of Nippon Steel Corporation railway car wheels, axles, and other products, selling these products in Japan and also exporting them. We also sell welding machines, track maintenance equipment, instruments, and other products produced overseas to railway companies in Japan and other countries. In addition, we have created a maintenance system and provide services which contribute to improving the efficiency of customer work.

Growth strategy

- Developing and promoting new business that meets social needs related to SDGs**
 - Construction of a closed recycling system for aluminum
 - Expanding the lineup of energy-saving devices and devices for reusing recycled materials
 - Expanding sales of carbon fibers for wind power generation and materials for storage batteries
- Further strengthening the domestic and overseas networks**
 - Utilizing the global network centering on the automotive parts business
 - Expanding the network of overseas industrial parks and power generation business
 - Expanding sales of ODA orders in the railway business
- Development and expansion of products and materials focused on the green transformation**
 - Expanding sales of EV and FCV components
 - Expanding sales of solar panel building materials, lightweight panels, roof-mounted solar power PPA business, etc.
 - Studies for bioenergy and related business

Business operations

Automotive parts and multi-material business network



Overseas industrial parks business



Message from the Top Management of the Industrial Supply & Infrastructure Division
Understanding change as an ordinary state of affairs, and becoming a Group with high aspirations that continually accepts new challenges

Hiroshi Tashiro
 Managing Executive Officer



The Industrial Supply & Infrastructure Division conducts business centered on the three business areas of the Functional Materials Department which sells non-ferrous metals and high-performance materials, the Mobility Business Department which is responsible for business related to automotive parts, and the Infrastructure, Machinery & Railway Department which operates the railway and machinery business and industrial parks business. We utilize the strengths of each department and are deepening the consolidated management of the entire division in order to reinforce our business foundation.

We recognize that the business environment in Japan and overseas is entering a period of large changes, and as our future growth strategy, we intend to develop and promote new business focused on the green transformation. We will challenge ourselves in a variety of initiatives including constructing a closed recycling system for aluminum, entering the railway construction business in emerging countries, strengthening our solar, wind power, and other renewable energy business, studying a possible bio-energy business, and operating a business based on the trends toward the use of EV and FCV. Through these initiatives, we will make steady progress towards expanding the profit base and contributing to society and the environment.

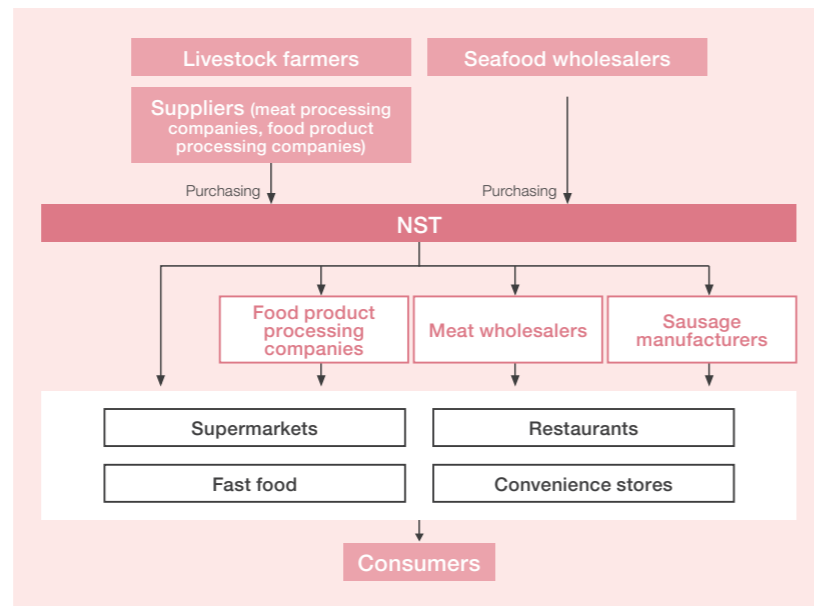
Foodstuffs Division

As a creator of food value, we provide new food value and solutions that are environmentally friendly and prioritize reliability and safety.

Business activities

The Foodstuffs Division is engaged mainly in the import and export and trilateral intermediate trading of beef, pork, and chicken meat, as well as processed meat and fishery products. We are promoting the development of high-value-added products, strengthening the departments dedicated to safety and quality control, and further extending our food value chain to respond appropriately to consumer needs.

Business flow



Major products	Overview
Beef, pork, chicken, and processed meat products	Based on the industry knowledge, field capabilities, and pioneering efforts to food safety accumulated in our business, we provide high-quality, safe, and reliable foodstuffs that match the tastes of Japanese in food. In addition, we are contributing to the enhancement of food culture by expanding globally to the growing overseas markets. Demand for food is expected to increase further, particularly in emerging countries, and we are actively promoting business related to food SDGs.
Fishery products such as shrimp and crabs, and processed fishery products	
Agricultural products, processed agricultural products, and other foods	

Competitive advantages

- A pioneer in imported meat products**
We have an industry position and product knowledge that were developed over many years in areas of imported meats such as beef, pork, and chicken, where we became involved long before other companies.
- Top share in Japan for imports of these products**
In coordination with major overseas suppliers, and the production plants involved in all steps from raising to processing, we carry out stable imports and have maintained our position with the top market share for sales of imported meat.
- Stable supply system and a sales network capable of adapting to changes in the environment**
We purchase safe and reliable meat and processed foods from countries around the world, and provide the information we have collected from overseas suppliers to our customers.

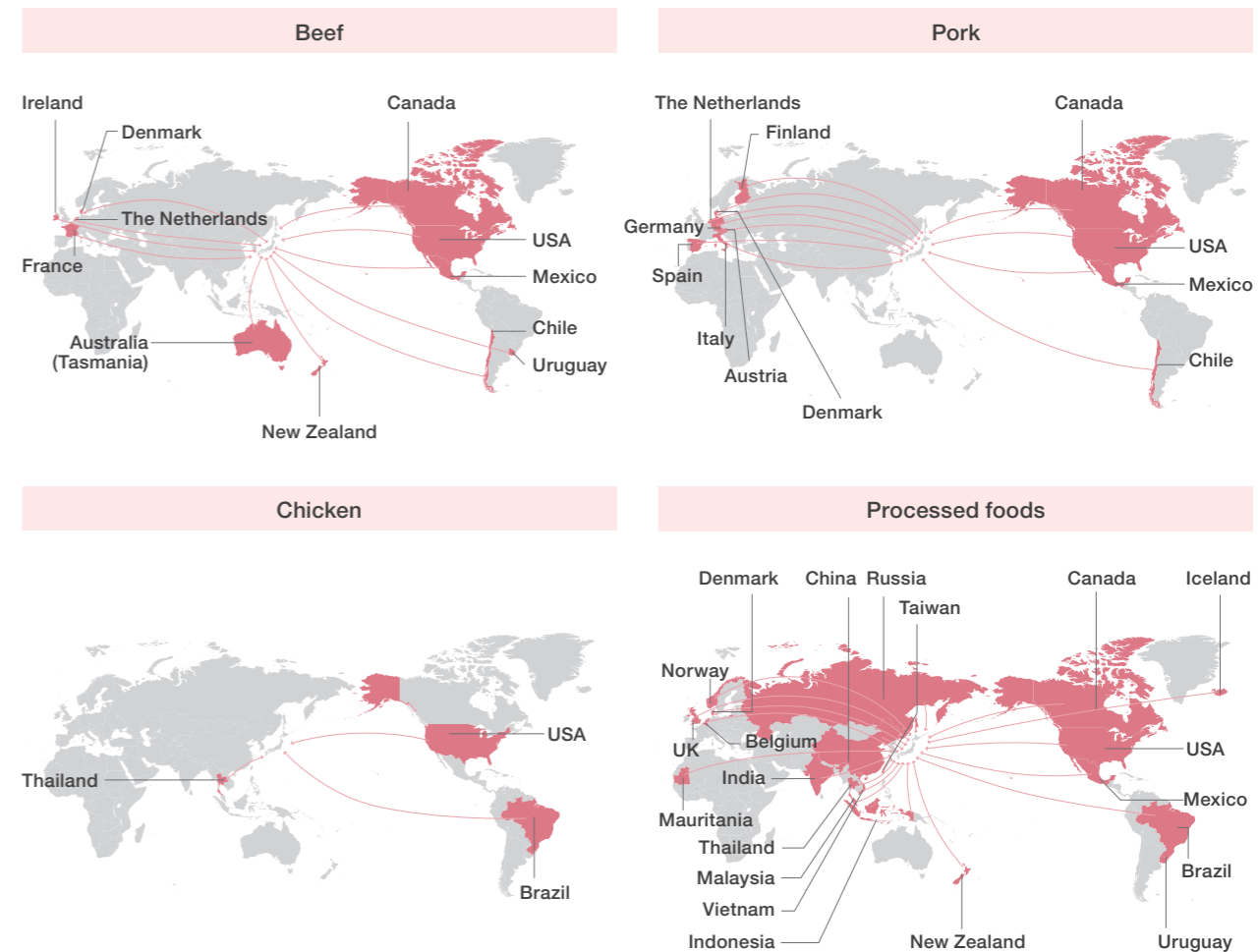
Growth strategy

- Expanding sales of products that meet social needs related to SDGs**
■ Fields related to ethical consumption (hormone-free pork, plant-based meat, etc.)
- Development of Southeast Asia markets and expansion of local sales overseas**
- Strengthening the value chain by carrying out M&A and an alliance strategy**
- Strengthening the personnel needed to carry out our growth strategy, assigning the most suitable personnel to each position, and hiring local staff in order to expand local sales overseas**
- Increasing the efficiency of office work through system development, and creating order receipt and placement work systems that connect with distributors and customers**

Business operations

Global meat purchasing network

As a pioneer in the field of importing meat products, NST imports safe, reliable, and high-quality foodstuffs from overseas, contributing to the expansion of Japanese food culture. We offer a wide lineup of foodstuffs centering on beef, pork, chicken, and processed foods from countries in North America, South America, Oceania, Asia, and Europe. We have prepared a system that can provide both proposals and products to the customers.



Message from the Top Management of the Foodstuffs Division

Overseas business expansion and SDG-compliant products at the heart of our growth strategy

Yasuyuki Tomioka
Managing Executive Officer



In addition to maintaining and expanding our existing business, the Foodstuffs Division has established a growth strategy that includes expanding sales overseas and developing and expanding sales of SDG-compliant products, and we are focusing efforts on achieving our targets.

In particular, expanding overseas sales is at the heart of our growth strategy, and we are making active use of the recognition and resources of Nippon Steel around the world in order to develop and expand suppliers and sales channels.

For SDG-compliant products, we are carrying out the following initiatives, aiming to contribute to society.

- Development and sales of plant-based meat in order to avoid a shortage in the consumption of protein as a result of global population growth
- Expanding sales of pork raised without the use of antibiotics, which reduces the impact of pig excrement on the environment
- Expanding sales of chicken raised using 100% plant-based protein feed
- Product proposals and expanding sales from suppliers who are efficiently using energy at beef plants and actively working to reduce greenhouse gas emissions

By reliably carrying out these initiatives, we will play a part in the growth of the Nippon Steel Group.

Textiles Segment

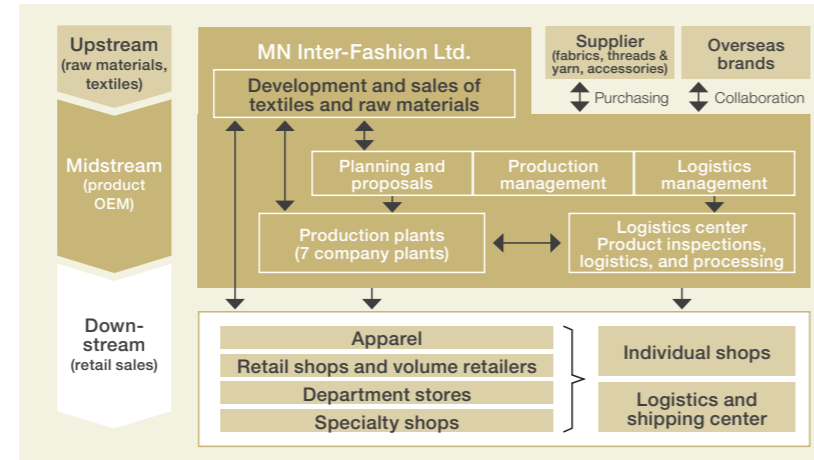
MN Inter-Fashion Ltd.

Enriching people's hearts through fashion and delivering excitement

Business activities

Founded as a joint venture with 50% investment from NST and 50% from Mitsui & Co., Ltd, MN Inter-Fashion is now an equity method affiliate of NST. Based on the concept, positioning, and targeting, we are reinforcing our total solution functions that provide one-stop service to meet a wide range of client needs including brand development, product planning and purchasing, investment in production equipment, logistics design, and global market deployment. We procure the optimal materials and utilize our wide network of sewing sites centering on Asia to supply high-quality fashion and textile products.

Business flow



Business activities	Major products, brands	Overview
OEM/ODM Business	Fashion apparel (men's, ladies') Sports and outdoor functional apparel Home fashion (bedding, interior products) Miscellaneous fashion goods, innerwear, etc.	We propose, produce, and sell a wide range of products that are needed by the customers.
Functional Textiles & Materials Business	PERTEX® CHIKARA (fire-retardant uniforms) TISSAVEL (eco fur piles), etc.	Using our extensive network in Japan and overseas, we continually supply materials such as high-performance textiles and materials to the markets.
Brand Business	HANAE MORI DEDICATED. NAILS INC Pierre Cardin, etc.	With licensed, imported, and original brands, we operate a variety of products that enrich everyday life through brands.
Digital Business	As one initiative for DX in textile products, we are digitalizing woven fabrics, knitted fabrics, pattern data, and other data, and are producing 3D samples using high-definition 3D computer graphic (3DCG) technologies in order to improve work efficiency and carry out eco-friendly and sustainable production.	

Competitive advantages

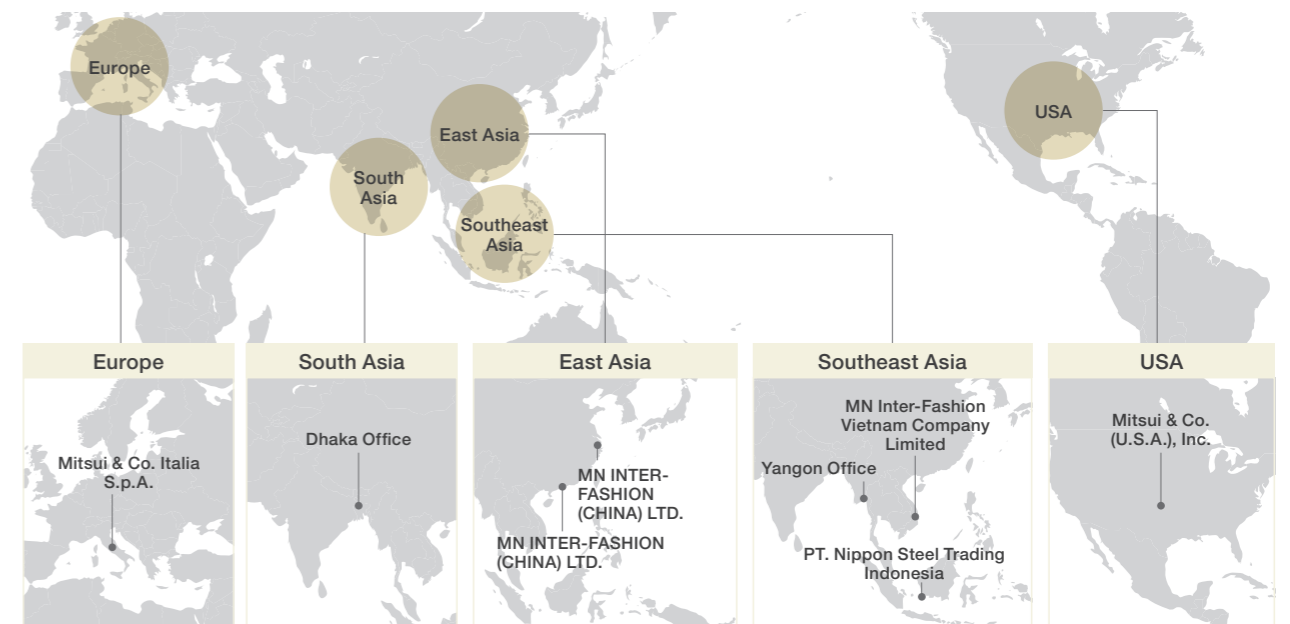
- Strength of our employees**
The source of the company's power comes from each of its individual employees. In an open and natural corporate culture, a large number of talented individuals are working with a high professional sense and high motivation.
- Diverse portfolio (PF)**
MN Inter-Fashion Ltd. is a company established through a merger of Nippon Steel Trading Corporation's textile business and Mitsui Bussan I-Fashion Ltd. As a result of this merger, the company's PF became increasingly diverse with OEM/ODM, exports of textiles and raw materials, brand licensing, and other business. Customer assets also largely increased, and we will conduct our business with an agile combination of a diverse business PF and customer PF.
- Comprehensive capabilities (network of global Group companies)**
In the fashion and textiles field, the distance between industry types is small, and through collaboration and cooperation with our shareholders Mitsui & Co., Ltd. and Nippon Steel Trading, we are able to access all sectors globally.

Growth strategy

- Rapid return to profitability and advancing to a new growth stage**
Not limited to our existing business areas, we will challenge ourselves in new fields such as lifestyle products, and will focus on developing growing global markets. In addition to the trading business, we will also carry out an asset utilization and project type businesses, with our partner strategy in particular at the core of new business. In all business areas, we will work with sustainability and DX positioned as important themes.
- Optimizing the organization and personnel assignments**
We will boldly shift resources to new business areas that are showing sprouts of growth.
- A limitless chain of improving employee engagement and company growth**
We believe that improving the engagement of each individual employee will lead to company growth and expanded profits, remuneration, and welfare, thereby further boosting engagement. In order to create and operate this cycle, we will formulate and implement policies in management and personnel areas.

Business operations

The globe-spanning MN Inter-Fashion network



Corporate Philosophy (PVV)

Purpose
Design the future, and deliver value and excitement to the world.

Vision
We are creating the future of fashion together with a combination of diverse personalities, free thinking, and organizational strength.

Values

- Set No Limits**
Go beyond borders. Take another step forward.
- Be Professional**
Be fully polished. Carry all tasks through as a professional.
- Respect Others**
Respect diversity. Fulfill trust.
- Be Positive**
Failure is just another experience.

Group companies

- Domestic**
- AGL Corporation
 - SB Knit Co., Ltd.
 - SB Planning Co., Ltd.
 - SB Living Co., Ltd.
 - SERVO Corporation
 - SUMI'SACCS Corporation
 - Fashion Net Inc.
- Overseas**
- Qingdao Home Fashion Textile Co., Ltd. (China)
 - Zhuhe Fashion Garment Co., Ltd. (China)
 - Shanghai Echo Fashion Co., Ltd. (China)
 - Shanghai ER Knitwear Ltd. (China)
 - SB Saigon Fashion Co., Ltd. (Vietnam)
 - Suitstar Garment Co., Ltd. (Myanmar)
 - PT. Bengawan Solo Garment Indonesia (Indonesia)

Shinichi Kihara
President and Representative Director

Kazumi Yoshimoto
Executive Vice President and Representative Director



Message from the Top Management of the Textiles Segment

Maximizing the effects of combining our strengths, and pursuing an expansion of sales through global business

Our company was started on January 1, 2022 as a new textiles trading company. In October of the same year, we established our Corporate Philosophy PVV (Purpose, Vision, Values), and are creating new added value through a global business in a wide range of business areas. We are a group of professionals that boldly and flexibly accepts challenges, aiming to maximize the effects of combining the strengths of our organization and those of our employees with diverse backgrounds. We have positioned the key fields of global, sports, and uniforms as growth areas, and are focusing on strategies for expanding sales on a net sales basis. By first setting our target level of net sales, we will produce the approach and sense of speed required for future growth. We will also actively consider investment and M&A for new business in order to achieve continual growth. A trading company is in a position where it has a bird's eye view of the entire value chain, and in that position we will propose combinations that are adapted to market changes for the supply chain from manufacturers to apparel and retail while applying our company's own originality, and will introduce fresh ideas that will generate added value and contribute to resolving issues at our partners and in society.

People Traveling Four Paths

Nippon Steel Trading Group
Employee Code of Conduct

Growth
Realize corporate growth through personal growth.

Reliability
Be the one that can be trusted and relied upon constantly.

Borderless
Achieve organizational strength through integration of individuality.

Challenge
Advance to a higher stage with enthusiasm!



Continuing to grow in my own way after a dream comes true

Nippon Steel Trading (Thailand) Co., Ltd.
Kaoru Yokota

Ms. Yokota joined the company in 2013. She has worked in marketing of wire rods and bars, and in September 2019 was assigned to a local subsidiary in Thailand. She is involved in sales of flat products including cold-rolled and coated steel sheets.

Ms. Yokota works in marketing of flat products at a Thai subsidiary of Nippon Steel Trading. Since before joining the company, she has aspired to a position overseas.

"I chose a trading company because my dream is to work overseas." Although she had hoped to be sent overseas right away, after joining the company she became involved with exports and domestic sales in the Wire Rod & Specialty Bar Sales Department at the Head Office. "Looking back on it now, the six and a half years that I spent in wire rod and bar sales was the most important time for me working at the entry level.

While learning about operations at the Head Office, she actively worked to acquire the necessary qualifications, and steadily gained practical skills and trust. "Building a new business is extremely difficult but also very interesting." While working to improve her own level, she also became able to challenge herself in acquiring new customers and new orders.

In dealings with a major general contractor which she had approached in hopes of gaining new business, NST lost out in competition with another company. However she could not give up and when she visited the customer again, she was able to get an unexpected order for flat products.

"We must not let our work end when we get or fail to get a deal. Regardless of the result of negotiations, I believe the answer to improving customer satisfaction will become visible if we continue to engage directly and in good faith with the customer."

She then worked to expand the business until she was entrusted with more and more larger orders. "Perhaps as a result of dealing directly and honestly with the customers, I received the greatest possible praise from the customers, who said that they feel secure asking Ms. Yokota when it came to all matters regarding steel."

After gaining experience at the Head Office and earning the recognition of her superiors, her dream came true in her seventh year at the company. She was sent to a position in Thailand.

"I worked surrounded by Thai people, and handled flat products which I had not experienced before at the Head Office. I also had subordinates working under me. However even if the environment changes, I feel that the essence of the work remains unchanged. It is important that work be built on trust, and that we always look at things from the customer's perspective. For this purpose, I am striving to understand the other party through daily communication, and at the same time to clearly communicate my own thoughts and ideas."

She says her current goal is to expand new business in Thailand, train staff, and work in management. "I want to make our Thai subsidiary even larger, and make it an organization that takes more initiative and is more vibrant. I will try to lead by example and create opportunities for our staff to grow. I believe this is my role now."

Bright, fun, and individualistic, she is continuing to work for growth overseas.



OFF TIME

Taking up golf in Thailand

She has become immersed in golf – a sport she took up in Thailand! On the weekends, she sometimes gathers a group of her women coworker friends from Japan and goes to play a round. The photo shows her favorite golf course, which has a view of the sea. Her favorite club is the putter.



Trust is at the root of global business.

Nippon Steel Trading Americas, Inc.
Takashi Kimura

Mr. Kimura joined the company in 2008. He was assigned to what was then the Railway, Automotive, and Machinery Parts Department in the Machinery and Metals Company. After working at an overseas Group company, he has been consistently involved in sales of automotive components.

Mr. Kimura works in sales of aluminum and other non-ferrous metal products and automotive components at Nippon Steel Trading Americas in the United States. At present, while based in Chicago, he travels around the country to maintain existing sales and develop new business. He says that for 10 years after joining the company, he worked in the railway, automotive, and machinery parts business in Japan.

"Although I was interested in working overseas, my English skills were poor, and while I felt a sense of pressure at seeing the active roles my colleagues were playing, it took 10 years before I finally took action."

Even so, once he made up his mind, Mr. Kimura applied for the "Overseas Challenge Program" in the last year he was eligible. He passed the rigorous selection process with flying colors, and gained the opportunity for overseas language study and operational training at an automotive components manufacturer in Mexico.

Following this training, he was assigned to work as a member of the same automotive components manufacturer. "I was happy to get a position at an automotive components manufacturer in Mexico, but there were difficulties. I think that everyone around me viewed me suspiciously, wondering what use a newcomer from a Japanese trading company could be. Even so, as I had learned in sales over 10 years in Japan, I never forgot that the key to earning trust is sincere dedication to work, and I was sure to fulfill every request."

As a result of steady efforts, he gradually became recognized for his abilities by those around him. Just when he was put in charge of finances at that company, he was transferred to a subsidiary in the United States.

"For better or for worse, I feel that everything in America is rational. One can gain or lose trust by how one handles a particular situation. Although it was quite a severe environment, in the end the key to gaining trust in America was also sincere dedication. I gained a renewed recognition of the fact that the basis of business in Japan, Mexico, the United States, or any other country is 'relationships of trust between individuals.' I felt that this lesson was the most valuable asset I gained from my experience working overseas."

At present, he says he is engaged in completing each individual task that is in front of him, while also paying attention to the EV trends, in order to create a business that will be a new base business in the United States.

When asked about the sense of accomplishment he felt from his past work, he replied, "I was very happy that when I left Mexico, someone said to me, 'It will be difficult here without you.'"

Always remembering that relationships of trust are the basis of business, he is continuing to challenge himself on the world stage.



OFF TIME

A normal weekend with the family

His family, who had been separated from him due to the pandemic, began living with him this autumn. They spend their weekends playing at the park or going shopping. He is fully enjoying the time now that he can at last spend it with his family.

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Experience in other divisions and posts are a driving force that generates added value.

Meat Department No. 3, Foodstuffs Division
Naoki Tanabe

Mr. Tanabe joined the company in 2012. After being assigned to what was then the Men's Apparel Department in the Textiles Division, in 2015 he was transferred to Meat Department No. 3 in the Foodstuffs Division. Following posts at Group companies in Japan, he is now involved in imports and in purchasing and sales of domestic chicken.

For three years after joining the company, Mr. Tanabe was assigned to what was then the Textiles Division. He was then transferred to the Foodstuffs Division, and currently works in purchasing and sales of chicken.

He says that he always strives to deliver proposals with added value to the customers.

"In the Textiles Division, I sometimes felt frustrated because I was unable to perform satisfactory work as I had only just joined the company. Although I was nervous about my transfer to the Foodstuffs Division, I also had large expectations and ambitions for my new assignment."

Mr. Tanabe says that he has always enjoyed both eating and sales work. He feels that all of his experiences, including the transfers, have contributed to the work that he does today.

"Compared to clothing, it is difficult to make chicken stand out on its own as a product. For that reason, this work tests my sales abilities and proposal abilities. It is necessary to frequently go personally to the sales sites, and produce new value based on consumer needs. My experience in the Textiles Division is useful in this thinking as well.

In the Foodstuffs Division, I also experienced postings to domestic Group companies which are close to the end users. At the places I was posted, I learned how to polish the contents of my proposals through an active approach to repeated trial and error. I want customers to choose our products not only based on price competitiveness, but also on a proposal ability which adds value to them. This is the true appeal of sales work at a trading company."

At present, Mr. Tanabe is working on developing new production sites. He told us about the new challenges.

"When I investigated a production site where we had not done import business before, I discovered something unexpected. There was the possibility that characteristics associated with the local food culture were a match for consumer needs in Japan. I collected information about the area from the ambassador of that country, and began taking other steps to develop a new site. It involves a lot of time and effort, but I think that it will produce large results if it succeeds."

With development of new production sites and a new picture of the market that lies beyond, where Mr. Tanabe is looking lies a broad new landscape which nobody has ever seen before.



OFF TIME

Eating tours and running

Mr. Tanabe lives in Osaka – a city known for its food. During his off time, he enjoys taking eating tours that also contribute to his work, and he combines these with running in order to maintain his health (body weight). He has always liked running, and has experience participating in marathons.



I want to deliver a presence as a member of a leading company in the global EV market.

Electrical Steel Sheet Sales Department,
Steel Division
Yosuke Kurobe

Mr. Kurobe joined the company in 2011. He was assigned to the Flat Products Sales Department at the Osaka Branch Office, and in 2015 was posted to the Indian coil center Neemrana Steel Service Center India (NSSI). He returned to Japan in 2020, and after being in charge of automobile-related customers in Japan in the Automotive Flat Products Sales Department, he now works in sales of electrical steel sheets.

After joining the company in 2011, Mr. Kurobe experienced work in sales of flat products to home appliance manufacturers in Osaka. He was then posted overseas to India, and now is assigned to the Electrical Steel Sheet Sales Department at the Head Office. He is directly facing large changes in society including the realization of a decarbonized society and the shift to EV (electric vehicles).

"For five years from 2015, I was posted at NSSI in India, where I was challenged with developing new business for high added-value manufacturing in the form of progressive press parts for automobiles." "At that time, the company lacked knowledge and precedent, and it was an unknown business where failure was not an option. However all of the employees came together to face the challenge, and with the help of many different persons, we created a new supply system. We finally delivered our first product nearly three years after the start of operation. Now, it has grown to be one of the primary businesses of NSSI, and I feel a great sense of accomplishment."

Looking back at that time, Mr. Kurobe describes his experience. "Through my experience in India, I understood and felt the strength of an organization that joins together to strive for the same goal more than just work by individuals. This team awareness is something that I continue to strive for today as a means of producing results at work."

"We recently announced that we will establish a new coil center for electrical steel sheet in Mexico. Growing global demand for electrical steel sheet is expected as part of the trend toward decarbonization. The new coil center will be a new supply base for the vast North

American market, the world's second largest automobile market, where the EV shift is progressing rapidly. This project represents one of the largest overseas business investments in our history, and is being carried out jointly by the Electrical Steel Sheet Sales Department and a new organization, the Electrical Steel Sheet Mexico Project Department. As the world is undergoing large changes, I am happy to be in my current department," Mr. Kurobe says with a smile.

"As society moves toward decarbonization and the shift to EVs, the products that we sell can play a large role. By supplying electrical steel sheet as a member of a leading company in the industry, we should be able to deliver a presence in the global EV market."

As the company enters a new stage where it fully focuses its efforts on the electrical steel sheet business, the goals are firmly focused on the future.

Mr. Kurobe continues to challenge himself on the frontlines of such large changes, happening on a scale said to occur only once in a century.



OFF TIME

Father of two young children

With his second daughter just born at the end of March, he does not have a lot of time for hobbies, and he has temporarily given up his favorite sport of golf. He is devoting himself to work and child-raising, made brighter by the smiling faces of his children.

11-year Financial Summary

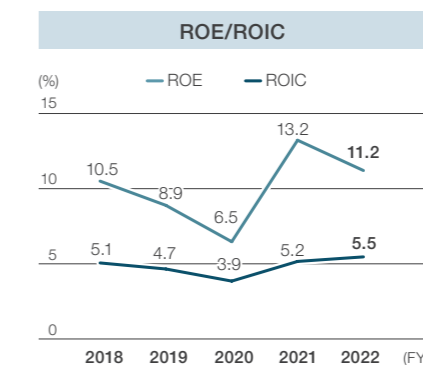
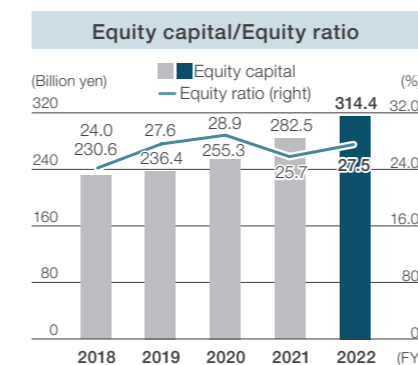
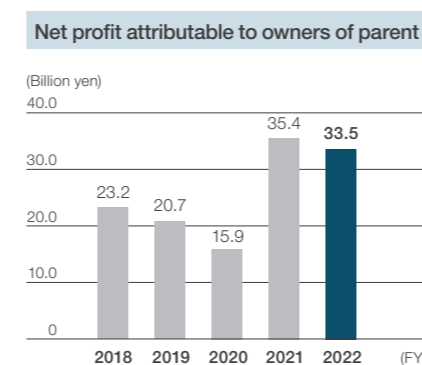
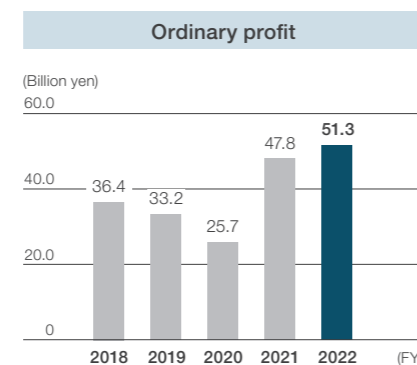
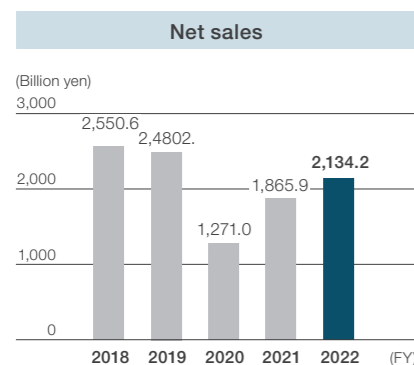
		36th term	37th term	38th term	39th term	40th term	41st term	42nd term	43rd term	44th term	45th term	46th term
	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales		1,815,130	1,991,577	2,104,606	1,930,845	1,841,353	2,062,316	2,550,612	2,480,256	1,271,050	1,865,907	2,134,280
Ordinary profit		26,533	27,306	30,573	29,025	30,915	35,188	36,427	33,244	25,772	47,810	51,328
Net profit attributable to owners of parent		16,505	25,670	17,434	17,329	18,238	21,726	23,249	20,708	15,992	35,417	33,512
Comprehensive income	Million yen	23,797	37,840	29,879	11,866	21,562	28,018	19,745	14,462	21,321	39,806	47,777
Net assets		140,640	157,554	183,693	190,264	206,187	227,968	249,356	254,877	278,090	308,198	342,828
Total assets		618,423	642,304	692,899	660,664	673,078	776,395	960,173	857,744	883,285	1,100,441	1,142,057
Interest-bearing debt		160,861	189,501	206,282	205,612	196,100	247,622	329,004	300,177	298,398	415,600	425,278
Net assets per share	Yen	—	—	5,394.28	5,612.63	6,143.38	6,815.75	7,150.13	7,329.73	7,917.51	8,759.36	9,748.73
Earnings per share (EPS)		—	—	563.89	560.55	589.96	702.86	720.68	641.97	495.79	1,098.03	1,039.00
Equity ratio	%	20.6	22.2	24.1	26.3	28.2	27.1	24.0	27.6	28.9	25.7	27.5
Net interest-bearing debt ratio (Net D/E ratio)	Times	1.02	1.14	1.06	1.07	0.91	1.04	1.32	1.16	0.95	1.36	1.26
Return on equity (ROE)	%	13.8	19.0	11.2	10.2	10.0	10.8	10.5	8.9	6.5	13.2	11.2
Return on invested capital (ROIC)		5.7	5.2	5.8	5.5	5.9	6.0	5.1	4.7	3.9	5.2	5.5
Cash flow from operating activities		13,319	-16,946	5,234	146	22,282	-29,528	9,386	39,732	47,255	-113,001	6,959
Cash flow from investing activities	Million yen	-7,139	-11,889	-11,568	-3,054	-4,043	-8,842	-76,339	-5,736	-6,451	-5,327	-2,218
Cash flow from financing activities		-9,312	21,369	4,027	-4,855	-14,788	44,064	63,812	-32,679	-9,993	100,633	-9,443

Indicators related to cash flow

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Cash flow to interest-bearing debt ratio	Years	12.1	—	39.4	1,401.8	8.8	—	35.1	7.6	6.3	—	61.1
Interest coverage ratio	Times	5.1	—	2.0	0.1	8.3	—	2.2	9.6	19.3	—	1.2

* The Accounting Standard for Revenue Recognition and other standards were applied beginning from the start of fiscal 2021. The important management indexes and other numbers related to fiscal 2020 that are listed here are those following retroactive application of these accounting standards.

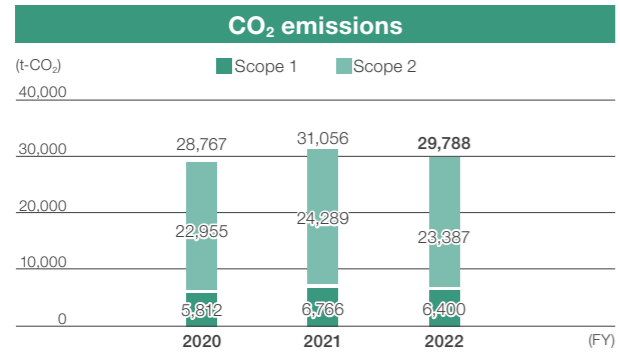
(Note) Prior to FY2013, the results of the Nittetsu Shoji Co. and Sumikin Bussan Kaisha, Ltd. were simply combined.
Equity ratio (%): Capital equity divided by Total assets
Cash flow to interest-bearing debt ratio (Years): Interest-bearing debt divided by Operating cash flow
Interest coverage ratio (Times): Operating cash flow divided by Interest payments



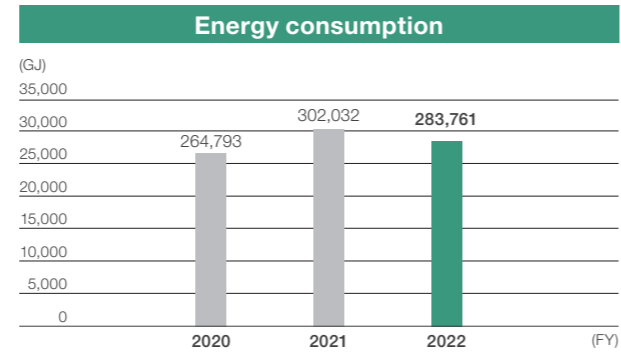
ESG Data

Environment						
	Subject range	Unit	FY2020	FY2021	FY2022	
Scope 1+Scope 2 *1			28,767	31,056	29,788	
CO ₂ emissions	Scope 1	Consolidated	5,812	6,766	6,400	
	Scope 2		22,955	24,289	23,387	
	2. Capital goods *3		416	5,814	699	
	3. Fuel and energy-related activities		257	255	152	
	4. Transport, shipping (upstream)		2,960	3,170	4,498	
	5. Waste produced from business activities		173	279	60	
	Scope 3 *2	Non-consolidated	419	613	1,379	
	6. Business travel		419	613	1,379	
	7. Employee commuting		542	535	380	
	8. Lease assets (upstream) **		0	0	0	
	13. Lease assets (downstream) **		0	0	0	
	14. Franchises *5		0	0	0	
	Amount of power used	Consolidated	MWh	46,647	50,728	49,066
	Energy consumption *6	Consolidated	GJ	264,793	302,032	283,761
Paper usage *7	Non-consolidated	1,000 sheets	16,707	14,070	9,648	
Amount of waste produced	Non-consolidated	t	320	521	278	

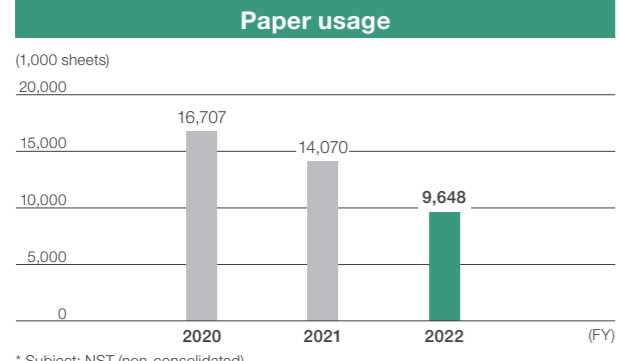
*1 Because there were some corrections to the results, Scope 1 and Scope 2 have been retroactively corrected for the past fiscal years.
 Fuel emission factors: (Japan) Greenhouse gas emission quantities based on "List of Calculation Methods and Emission Factors for Greenhouse Gas Emissions in the Calculation, Reporting and Publication System" from the Ministry of the Environment are used.
 (Overseas) "2006 IPCC Guidelines for National Greenhouse Gas Inventories" are referenced for the fossil fuel unit calorific values and carbon intensity.
 Electrical power emission factors: (Japan) In fiscal 2022, the adjusted emissions factor in the emission factors for each electrical power company is used. In fiscal 2021 and earlier, the basic emission factor is used.
 (Overseas) The CO₂ emissions factor for each country as reported by the International Energy Agency (IEA) is used.
 *2 Scope 3 is disclosed only for limited categories where it was judged that calculation is possible.
 *3 Increased in fiscal 2021 due to acquisition of fixed assets resulting from the relocation of the Head Office.
 *4 This is 0 because it is included in Scope 1 and 2.
 *5 This is 0 because there is nothing which would be classified as a franchise business.
 *6 A unit calorific value for electrical power of 3.6 GJ/MWh is used. Consumption of power from renewable energy sources is not included. Calculations for fuel are made using the unit calorific values in the Act on the Rational Use of Energy.
 *7 The results for past fiscal years have been corrected due to a change in the calculation methods.



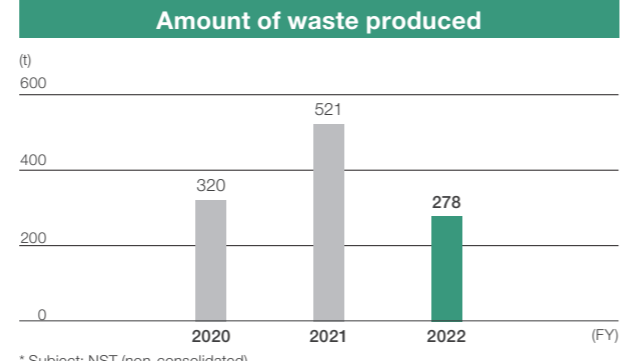
* Subjects: NST and consolidated domestic and overseas subsidiaries



* Subjects: NST and consolidated domestic and overseas subsidiaries



* Subject: NST (non-consolidated)



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 * Emissions increased in fiscal 2021 due to relocation of the Head Office.

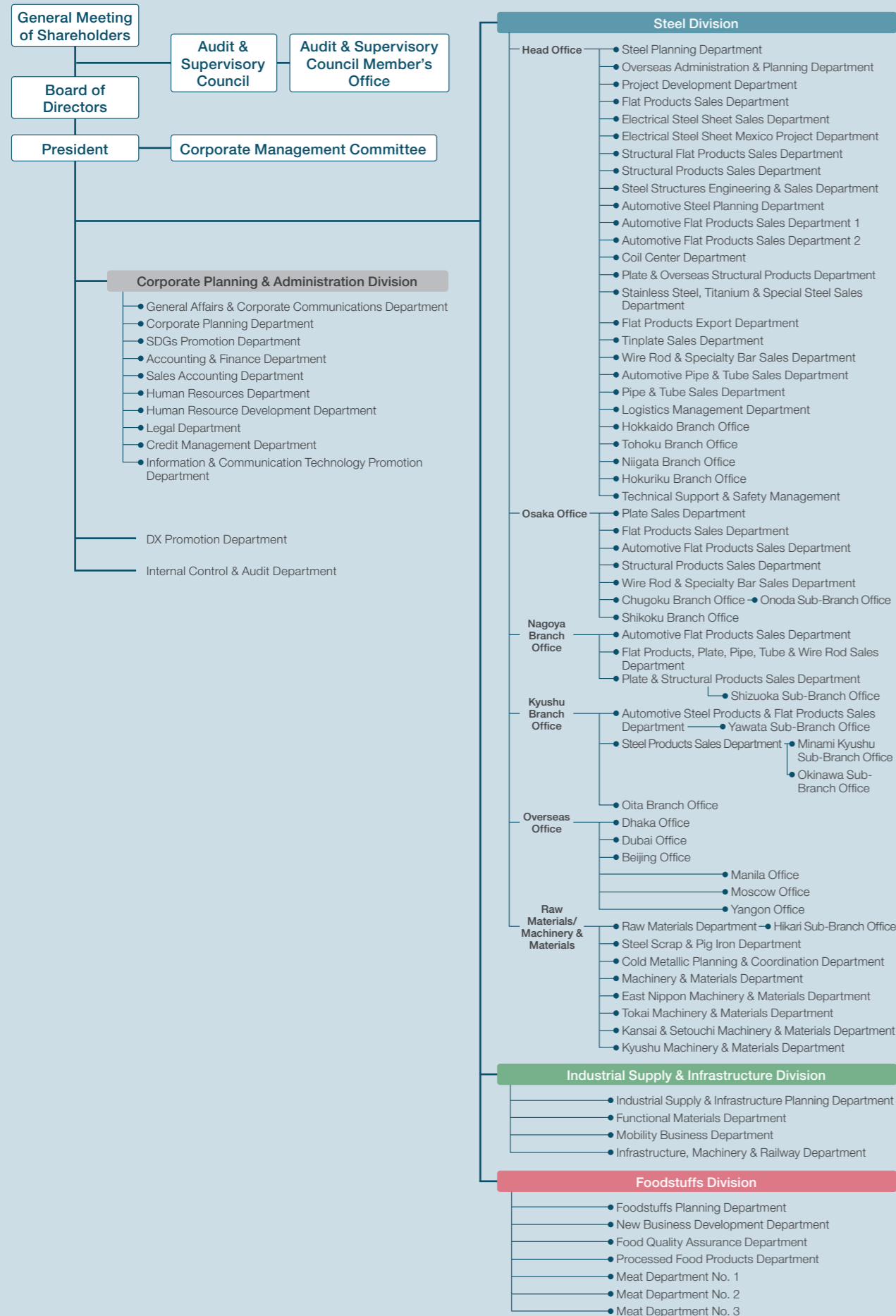
Social (personnel data)					
	Subject range	Unit	FY2020	FY2021	FY2022
Number of employees	Consolidated	Persons	9,028	6,584	6,580
	Non-consolidated		1,840	1,327	1,294
Number of new graduates hired as career-track employees		Persons	48	22	10
	Men		32	15	9
	Women	Non-consolidated	16	7	1
	Ratio of women	%	33.3	31.8	10.0
	Foreign nationals	Persons	5	1	1
Number of management positions		%	10.4	4.5	10.0
		Persons	676	591	588
	Men	Non-consolidated	659	577	571
Number of foreign national employees	Women		17	14	17
	Ratio of women in management positions	%	2.5	2.4	2.9
Number of foreign national employees	Non-consolidated	Persons	41	31	31
Mid-career recruits among regular employees	Non-consolidated	%	23.8	26.7	61.5
Employment of persons with disabilities	Non-consolidated	%	2.0	2.3	2.3
Average years of service			14.0	15.6	15.8
	Men	Non-consolidated	15.1	16.6	16.4
Average age	Women		12.5	14.0	14.9
		Non-consolidated	43.1	44.5	44.0
	Men	Non-consolidated	44.5	45.7	45.1
	Women		41.4	42.2	42.6

Social (working styles, health)					
	Subject range	Unit	FY2020	FY2021	FY2022
Monthly average overtime hours	All employees		26.5	30.8	28.6
	Non-management positions	Non-consolidated	25.3	29.2	26.3
Average days of paid annual leave taken by employees	Non-consolidated	Days	12.0	12.1	13.2
Percentage of paid annual leave taken by employees	Non-consolidated	%	62.9	63.2	69.0
Absences for child care (Total days and total persons including special leave)	Total days	Days	35	36	29
	Total persons	Non-consolidated	48	42	43
Number of employees taking nursing care leave	Non-consolidated	Persons	0	0	1
Number of employees taking pre- and post-childbirth leave	Non-consolidated	Persons	21	19	20
Number of eligible employees taking childcare leave		Persons	33	40	32
	Men	Non-consolidated	13	18	17
	Women		20	22	15
Percentage of eligible employees taking childcare leave		%	61.1	58.8	64.0
	Men	Non-consolidated	39.4	39.1	57.1
	Women		95.2	100	100
Percentage of employees returning to work after childcare leave		%	96.9	100	96.8
	Men	Non-consolidated	100	100	100
	Women		94.7	100	92.8
Average days of childcare leave taken by male employees	Non-consolidated	Days	4.5	7.0	12.5
Number of violations of the Labor Standards Act	Non-consolidated	Incidents	0	0	0
Percentage of employees undergoing stress checks	All employees	Non-consolidated	95.4	93.4	96.0
Percentage of high stress employees	All employees	Non-consolidated	8.2	8.8	8.2
Percentage of employees undergoing regular medical check	All employees	Non-consolidated	100	100	100
Percentage of employees undergoing detailed health examinations	All employees	Non-consolidated	(No data)	86.5	89.8
Percentage of employees who smoke	Men	Non-consolidated	35.4	33.3	33.0
	Women		7.5	7.3	5.9

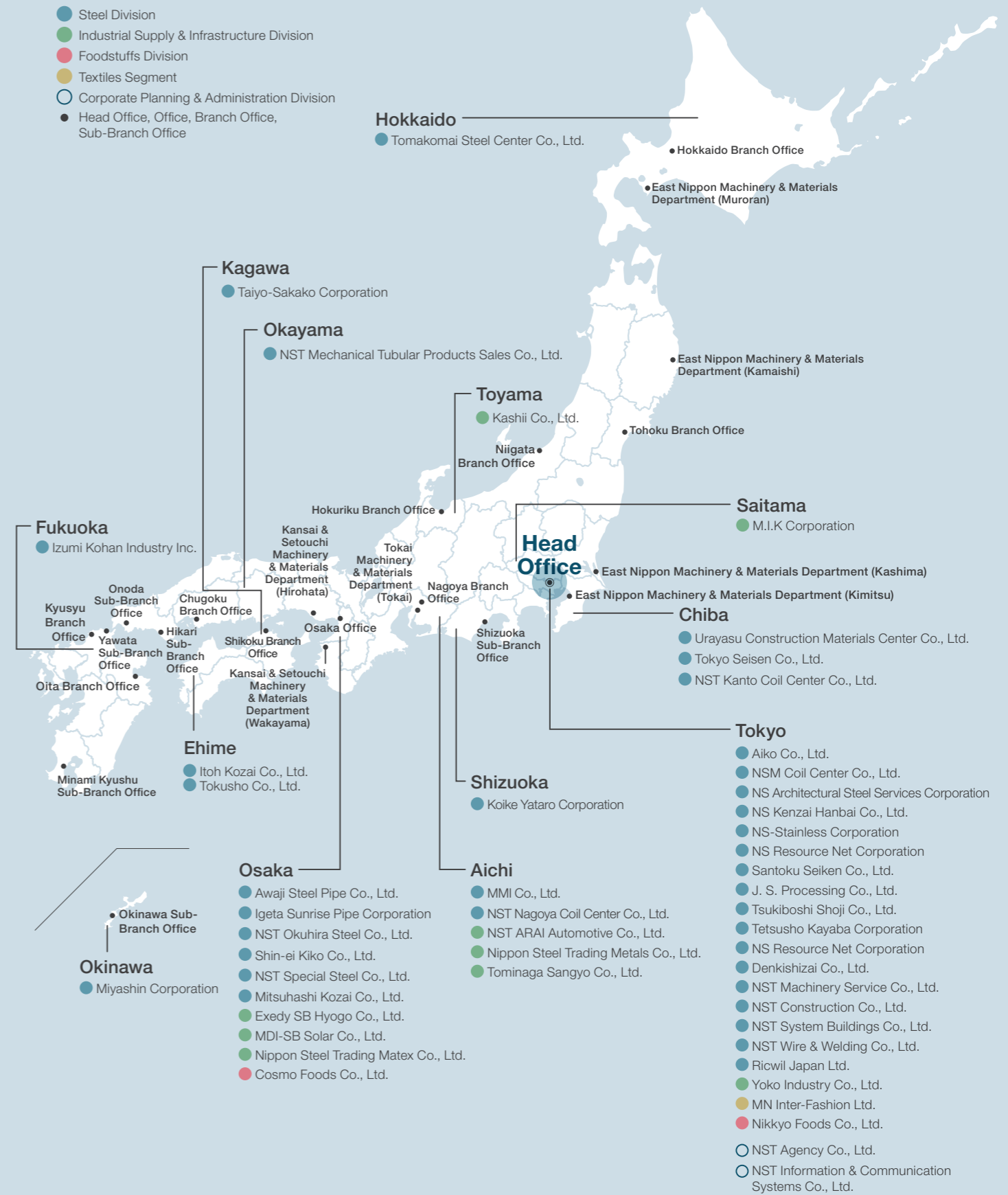
Social (human resources development)					
	Subject range	Unit	FY2020	FY2021	FY2022
Skills development training	Total training sessions	Non-consolidated	23	20	14
	Number of training participants	Persons	676	445	367
Number of employees posted overseas	Expatriate staff	Non-consolidated	180	167	153

* Skills development training shows the number of training sessions and number of participants for group training.

Organizational Chart



Domestic Network



Overseas Network

- Steel Division
- Industrial Supply & Infrastructure Division
- Foodstuffs Division
- Overseas subsidiaries and offices



China

- Shanghai Yiyou Metal Products Co., Ltd.
- Tianjin Hua Zhu Metal Products Co., Ltd.
- Shenzhen NS Steel Centre Co., Ltd.
- Dongguan Tetsuwa Metals Co., Ltd.
- Shanghai Nippon Steel Trading Automotive Parts Co., Ltd.
- Suzhou Nippon Steel Service Center Co., Ltd.
- Guangzhou Arai Auto Parts Co., Ltd.
- Shenzhen Tsingtao Beer Asahi Co., Ltd.
- BEIJING OFFICE
- NIPPON STEEL TRADING (CHINA) CO., LTD.
- NIPPON STEEL TRADING (CHINA) CO., LTD. (QINGDAO BRANCH)
- NIPPON STEEL TRADING (CHINA) CO., LTD. (GUANGZHOU BRANCH)



Korea

- Kasco Co., Ltd.
- Korea Express SB Co., Ltd.
- Woobo Tech Co., Ltd.
- NIPPON STEEL TRADING KOREA CO., LTD.
- NIPPON STEEL TRADING KOREA CO., LTD. (BUSAN BRANCH)



Taiwan

- Kanpai Co., Ltd.
- TAIWAN NIPPON STEEL TRADING CO., LTD. (TAIPEI HEAD OFFICE)
- TAIWAN NIPPON STEEL TRADING CO., LTD. (KAOHSIUNG OFFICE)



Hong Kong

- NIPPON STEEL TRADING (HK) CO., LTD.



Vietnam

- NST Saigon Coil Center Co., Ltd.
- NST Hanoi Steel Service Co., Ltd.
- NIPPON STEEL TRADING VIETNAM CO., LTD. (HO CHI MINH HEAD OFFICE)
- NIPPON STEEL TRADING VIETNAM CO., LTD. (HANOI OFFICE)



Philippines

- MANILA OFFICE



Malaysia

- Associated Steel Industries (M) Sdn. Bhd.
- PCM Steel Processing Sdn. Bhd.
- Kemuning NST Sdn. Bhd.
- NST TRADING MALAYSIA SDN. BHD.



Indonesia

- PT. IndoJapan Steel Center
- PT. IndoJapan Wire Products
- PT. NIPPON STEEL TRADING INDONESIA
- PT. NIPPON STEEL TRADING INDONESIA (BANDUNG BRANCH)



Australia

- NS Resources Australia Pty. Ltd.



Singapore

- NST WIRE & WELDING (S) Pte. Ltd.
- NIPPON STEEL TRADING (SINGAPORE) PTE. LTD.



U.S.A.

- Kentucky Steel Center, Inc.
- NSPS Metals, LLC
- Kitagawa-Northtech Inc.
- JR Manufacturing, Inc.
- NIPPON STEEL TRADING AMERICAS, INC. (CHICAGO HEAD OFFICE)
- NIPPON STEEL TRADING AMERICAS, INC. (SB MACHINE TOOLS OFFICE)
- NIPPON STEEL TRADING AMERICAS, INC. (LOS ANGELES BRANCH)
- NIPPON STEEL TRADING AMERICAS, INC. (PITTSBURGH BRANCH)
- NIPPON STEEL TRADING AMERICAS, INC. (HOUSTON BRANCH)



Mexico

- Aguascalientes Steel Coil Center, S.A. de C.V.
- Productos Doblados de Mexico, S.A. de C.V.
- NIPPON STEEL TRADING MEXICO, S.A. de C.V.



Russia

- NSE Ltd.
- MOSCOW OFFICE



Austria

- NIPPON STEEL TRADING AUSTRIA GmbH



India

- Neemrana Steel Service Center India Pvt. Ltd.
- SWASTIK ARAI Tubular Pvt. Ltd.
- NIPPON STEEL TRADING INDIA PVT. LTD.
- NIPPON STEEL TRADING INDIA PVT. LTD. (MUMBAI OFFICE)



UAE

- DUBAI OFFICE



Bangladesh

- Nippon & McDonald Steel Industries Ltd.
- DHAKA OFFICE



Myanmar

- YANGON OFFICE



Thailand

- NST Coil Center (Thailand) Ltd.
- NST Tubular Processing (Thailand) Co., Ltd.
- NST WIRE & WELDING (Thailand) Co., Ltd.
- Bangkok Eastern Coil Center Co., Ltd.
- Yawata Electrode (Thailand) Co., Ltd.
- Central Motor Wheel (Thailand) Co., Ltd.
- Nichiwa (Thailand) Co., Ltd.
- Thai Special Wire Co., Ltd.
- Rojana Industrial Park Public Co., Ltd.
- Rojana Power Co., Ltd.
- Rojana Energy Co., Ltd.
- Aizen SB (Thailand) Co., Ltd.
- NIPPON STEEL TRADING (THAILAND) CO., LTD.
- SIAM LOTUS CO., LTD.

Group Companies

Steel Division

Domestic	
Aiko Co., Ltd.	Sales of steel materials and contracting of reinforcement work
Awaji Steel Pipe Co., Ltd.	Processing and sales of steel pipes and accessories
Igeta Sunrise Pipe Corporation	Sales, cutting, and processing of steel pipes and tubes
Izumi Kohan Industry Inc.	Cutting and shearing of steel sheet
Itoh Kozai Co., Ltd.	Processing and sales of steel materials
Urayasu Construction Materials Center Co., Ltd.	Manufacture and sales of construction materials
NSM Coil Center Co., Ltd.	Cutting and processing of steel sheet (coil centers)
NS Architectural Steel Services Corporation	Sales of steel products, processed steel products, and construction material products
NS Kenzai Hanbai Co., Ltd.	Sales and processing of steel products
NS-Stainless Corporation	Processing and sales of stainless steel sheet and other materials
NST Okuhira Steel Co., Ltd.	Forming and sales of steel roof materials, etc., and construction of roofs and exterior surfaces
NS Resource Net Corporation	Import of raw materials
MMI Co., Ltd.	Design and production of cranes, automated transport systems, and other equipment
Koike Yataro Corporation	Forming of roofing materials and wall materials
Santoku Seiken Co., Ltd.	Processing and sales of polished bar steel
Sanwa Precious Steel Co., Ltd.	Processing of steel materials, non-ferrous metals, and other materials
J. S. Processing Co., Ltd.	Scrap processing business
Shin-ei Kiko Co., Ltd.	Cutting, processing, and sales of stainless steel, titanium, and other materials
Taiyo-Sakako Corporation	Manufacture of metal products
Tsukiboshi Shoji Co., Ltd.	Wholesale of steel primary products
Tetsusho Kayaba Corporation	Sales of steel materials, steel raw materials, industrial machinery, and other products
Denkishizai Co., Ltd.	Sales and processing of electrical steel sheet, steel sheet, and non-ferrous metals
Tokyo Seisen Co., Ltd.	Manufacture and sales of secondary products of wire materials
Tokusho Co., Ltd.	Wholesale and processing of boiler components and accessories
Tomakomai Steel Center Co., Ltd.	Cutting and processing of steel sheet (coil centers)
NST Kanto Coil Center Co., Ltd.	Cutting and processing of steel sheet (coil centers)
NST Machinery Service Co., Ltd.	Purchasing agent for materials and equipment
NST Construction Co., Ltd.	Construction and management of steel structure construction and other works
NST System Buildings Co., Ltd.	Design and construction of system architecture
NST Special Steel Co., Ltd.	Sales and machining of ordinary steel and special steel
NST Nagoya Coil Center Co., Ltd.	Cutting and processing of steel sheet (coil centers)
NST Mechanical Tubular Products Sales Co., Ltd.	Cutting, processing, and sales of steel pipes, tubes and bars
NST Wire & Welding Co., Ltd.	Sales of special steel, welding materials, and wire material products
Ricwil Japan Ltd.	Manufacture of heat insulating steel tubes
Mitsuhashi Kozai Co., Ltd.	Melt-cutting and sales of steel plates
Miyashin Corporation	Sales of steel tubes and tube materials

Overseas	
U.S.A.	
Kentucky Steel Center, Inc.	Cutting and processing of steel sheet (coil center)
NSPS Metals, LLC	Cutting and processing of steel sheet (coil center)
Mexico	
Aguascalientes Steel Coil Center, S.A. de C.V.	Cutting and processing (coil center) of steel sheet, and manufacture and sales of press molded products
China	
Shanghai Yiyou Metal Products Co., Ltd.	Manufacture and sales of stainless steel, non-ferrous metal, and other metal products
Tianjin Hua Zhu Metal Products Co., Ltd.	Cutting and processing of steel sheet (coil center)
Shenzhen NS Steel Centre Co., Ltd.	Cutting and processing of steel sheet (coil center)
Dongguan Tetsuwa Metals Co., Ltd.	Cutting and processing of steel sheet (coil center)
Shanghai Nippon Steel Trading Automotive Parts Co., Ltd.	Manufacture and sales of steel products for automobiles, appliances, electronic devices, and buildings
Suzhou Nippon Steel Service Center Co., Ltd.	Cutting and processing of steel sheet (coil center)
Korea	
Kasco Co., Ltd.	Expansion processing of steel tubes
Korea Express SB Co., Ltd.	Warehousing and delivery business
Thailand	
NST Coil Center (Thailand) Ltd.	Cutting and processing of steel sheet (coil center)
NST Tubular Processing (Thailand) Co., Ltd.	Processing and sales of steel pipes and tubes
NST WIRE & WELDING (Thailand) Co., Ltd.	Sales of wire material products and special steels
Bangkok Eastern Coil Center Co., Ltd.	Cutting and processing of steel sheet (coil center)
Yawata Electrode (Thailand) Co., Ltd.	Manufacture and sales of welding materials
Central Motor Wheel (Thailand) Co., Ltd.	Manufacture of steel wheels for automobiles
Nichiwa (Thailand) Co., Ltd.	Sales of weld nuts and cold-forged products
Thai Special Wire Co., Ltd.	Manufacture and sales of wire materials
Vietnam	
NST Saigon Coil Center Co., Ltd.	Cutting and processing of steel sheet (coil center)
NST Hanoi Steel Service Co., Ltd.	Cutting and processing of steel sheet (coil center)
Indonesia	
PT. IndoJapan Steel Center	Cutting and processing of steel sheet (coil center)
PT. IndoJapan Wire Products	Wire drawing of wire materials
Malaysia	
Associated Steel Industries (M) Sdn. Bhd.	Forming and installation of long roofs and side walls
PCM Steel Processing Sdn. Bhd.	Cutting and processing of steel sheet (coil center)
Bangladesh	
Nippon & McDonald Steel Industries Ltd.	Shearing and sales of steel sheet
India	
Neemrana Steel Service Center India Pvt. Ltd.	Cutting and processing (coil center) of steel sheet, and manufacture and sales of press molded products
Singapore	
NST WIRE & WELDING (S) Pte. Ltd.	Sales of wire material products and special steels
Russia	
NSE Ltd.	Import and sales of construction equipment, machinery, and steel products
Australia	
NS Resources Australia Pty. Ltd.	Australian raw material investment business

Industrial Supply & Infrastructure Division

Domestic	
Exedy SB Hyogo Co., Ltd.	Sales of electricity through solar power generation
M.I.K Corporation	Sales of kitchen equipment
MDI-SB Solar Co., Ltd.	Sales of electricity through solar power generation
Kashii Co., Ltd.	Manufacture of aluminum balconies and other exterior products and billboards
Tominaga Sangyo Co., Ltd.	Sales of non-ferrous metals and ordinary steel materials
NST ARAI Automotive Co., Ltd.	Manufacture of automotive parts such as headrests and stays
Nippon Steel Trading Matex Co., Ltd.	Sales of industrial machinery
Nippon Steel Trading Metals Co., Ltd.	Cutting, processing and sales of non-ferrous metals
Yoko Industry Co., Ltd.	Sales of non-ferrous metals

Overseas	
U.S.A.	
Kitagawa-Northtech Inc.	Sales of hydraulic chucks and cylinders for NC lathes
JR Manufacturing, Inc.	Manufacture of automotive parts
Mexico	
Productos Doblados de Mexico, S.A. de C.V.	Manufacture of headrest stays, seat wires, etc.
China	
Guangzhou Arai Auto Parts Co., Ltd.	Manufacture of headrest stays and seat parts
Korea	
Woobo Tech Co., Ltd.	Manufacture of automotive headrests and armrests
Thailand	
Rojana Industrial Park Public Co., Ltd.	Creation of and lot sales at industrial parks
Rojana Power Co., Ltd.	Sales of electricity and steam from natural gas fired power generation
Rojana Energy Co., Ltd.	Sales of electricity through solar power generation
Aizen SB (Thailand) Co., Ltd.	Manufacture of automotive parts and other products
Malaysia	
Kemuning NST Sdn. Bhd.	Sales of electricity through solar power generation
India	
SWASTIK ARAI Tubular Pvt. Ltd.	Manufacture of automotive parts such as headrests and stays

Foodstuffs Division

Domestic	
Cosmo Foods Co., Ltd.	Development and sales of processed meat products
Nikkyo Foods Co., Ltd.	Sales of meat and processed meat products

Overseas	
China	
Shenzhen Tsingtao Beer Asahi Co., Ltd.	Beer production
Taiwan	
Kanpai Co., Ltd.	Chain operation of yakiniku restaurants and other businesses

Textiles Segment

Domestic	
MN Inter-Fashion Ltd.	Purchasing and sales of functional materials, functional textiles, industrial materials, apparel, fashion goods, home fashion, and other products; brand marketing and other business related to textiles and fashion

Corporate Planning & Administration Division

Domestic	
NST Agency Co., Ltd.	Property insurance agency business, general travel agency business, contracting business
NST Information & Communication Systems Co., Ltd.	Contracting of computer operations, software development

Company Outline

Corporate name	Nippon Steel Trading Corporation	Number of employees (March 31, 2023)	Non-consolidated 1,294 (1,591 including 297 seconded employees in Japan and overseas) Consolidated 6,584
Date of establishment	August 2, 1977	Sales bases (March 31, 2023)	Japan 24 (1 head office, 1 office, 9 branch offices, 6 sub-branch offices, and 7 others) Overseas offices and subsidiaries in 33 cities, 18 countries
Representative	Shinichi Nakamura, President and Representative Director	Main banks	MUFG Bank, Sumitomo Mitsui Banking, Mizuho Bank, and Sumitomo Mitsui Trust Bank
Paid-in capital	16,389,059,776 yen	Fiscal year-end	March 31
Location	Tokyo Nihonbashi Tower 23 - 26F, 2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6025, Japan		
Business activities	Sales and imports/exports of steel, industrial supply & infrastructure, foodstuffs, textiles, and others		

Participation in initiatives



In May 2022, NST announced its agreement to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and participated in the TCFD Consortium composed of supporting companies, financial institutions, and others.

Other initiatives Japan Foreign Trade Council, Inc.



SDGs (Sustainable Development Goals)

As a trading company, the NST Group operates a wide range of businesses, and we believe that we can make broad contributions to these goals. We will continue working to expand awareness of SDGs to carry out our business with attention given to contributing to SDGs, and will carry out business activities with a clear association between the NST Group materiality and SDGs.

Evaluations by society



NST obtained the Minister of Health, Labor and Welfare certification (Kurumin certification) in 2018 as a childcare supporting company based on the Act on Advancement of Measures to Support Raising Next-Generation Children. In 2021 we were also certified as Platinum Kurumin, which is recognized for a Kurumin certified company which is an exceptional childcare supporting company that has conducted initiatives on a higher level and meets certain requirements.



In 2018, NST obtained the Eruboshi certification (2 stars) from the Ministry of Health, Labor and Welfare, making the company certified as an excellent company promoting the participation and advancement of women in the workplace.



NST was certified for the fourth consecutive year as a 2023 Outstanding Health & Productivity Management Organization (large corporation category), selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The company is working together with the health insurance society and putting efforts into health management.

Editorial note: Message from the SDGs Promotion Department for the Integrated Report 2023

Thank you for reading to the end of the NST Group's Integrated Report 2023.

NST first published its Integrated Report in fiscal 2021 in order to improve the understanding of our company among stakeholders. In the report, we introduce the company's strategies and initiatives for increasing its corporate value by aiming to achieve the "becoming a strong growth company that contributes to society" as prescribed in the basic concept of the Medium- to Long-Term Management Plan, and by contributing to the creation of a sustainable society.

In April 2023, NST took a new step forward. Because this report is the first report issued as a subsidiary of Nippon Steel, it is focused on "improving corporate value," "securing human resources," and "improving employee engagement." The contents have been expanded in order to provide useful information in particular to employees of the NST Group, students who are potential employees, mid-career transfers, and customers. So that readers can feel a sense of closeness to the company, it features many Group employees, and uses figures, graphs, and data to provide clear explanations.

Through sharing of strategies with Nippon Steel on a high level, we will greatly expand the stage on which we are acting. We hope that this report has helped you to understand how NST is challenging itself in a new stage working towards further growth as the true core trading company of the Nippon Steel Group.

We will continue to receive suggestions through dialogue with everyone and work to improve the contents of this report. We ask for your continued support.

Finally, many employees of the NST Group cooperated in the production of this report. We would like to express our deep thanks to them for their cooperation.



Communications tools

Integrated Report

This booklet is intended to communicate general information about company management to stakeholders.

https://www.nst.nipponsteel.com/en/corporate/ir/integrated_report/



Website

Used to provide comprehensive disclosure of business contents, company outline, financial information, recruitment information, and sustainability information.

<https://www.nst.nipponsteel.com/en/>



Guidelines Followed

- International Integrated Reporting Council (IIRC) International Integrated Reporting Framework
- Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry) (Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation - ESG, Non-Financial Information and Intangible Asset Investment)
- In identifying materiality related to ESG management, the following guidelines were used as a reference.
 - Global Reporting Initiative GRI Standards
 - Sustainable Development Goals (SDGs)
 - ISO26000

Period Covered

April 1, 2022 - March 31, 2023 (Including some information after April 2023)

Organizations Covered

Nippon Steel Trading Corporation and Nippon Steel Trading Group companies 126 companies as of March 31, 2023 (83 subsidiaries and 43 affiliated companies)

Publication Date

November 2023

Topics **Operating the Japan-India Institute for Manufacturing (JIM) activity to support human resources development in India**

Activities for developing vigorous human resources
 At Neemrana Steel Service Center India (hereafter, "NSSI"), a Group company operating a steel sheet processing business in the Indian state of Rajasthan, five divisions consisting of the Coil Center Division, Pressing Division, Quality Management Division, Maintenance Division, and the Warehousing and Shipping Division are operating a vigorous human resources development activity with a curriculum of "Dojo" classroom learning, OJT, and other training.

Japan-India Institute for Manufacturing (JIM) certification
 As the background of this initiative, NST approved of the concept behind the Japan-India Institute for Manufacturing (JIM)* project for development of human resources that was an initiative of the Ministry of Economy, Trade and Industry and the government of India. We began activities focused on JIM certification in order to contribute to society by developing not only NSSI employees but also young local workers who will be the future of the manufacturing industry in India.

We accepted 10 local trainees in January 2023, and began a training program for knowledge and technologies related to steel product manufacturing, and we obtained JIM certification in April 2023.

* JIM is a human resources development support activity that is based on the Memorandum of Cooperation for a Manufacturing Skill Transfer Promotion Program that was signed by the governments of Japan and India in 2016. It is intended to instill in young human resources in India the concepts and skills of Japanese-style manufacturing in order to develop human resources who will become leaders in the manufacturing workplaces of Japanese corporations. It has set a target of training 30,000 manufacturing personnel over 10 years.



Local trainees and instructors



JIM certification ceremony
 From left: Indian ambassador to Japan George, Senior Managing Executive Officer Koshikawa, Senior Vice Minister of METI Nakatani, and Deputy Director-General of METI Tokiwa