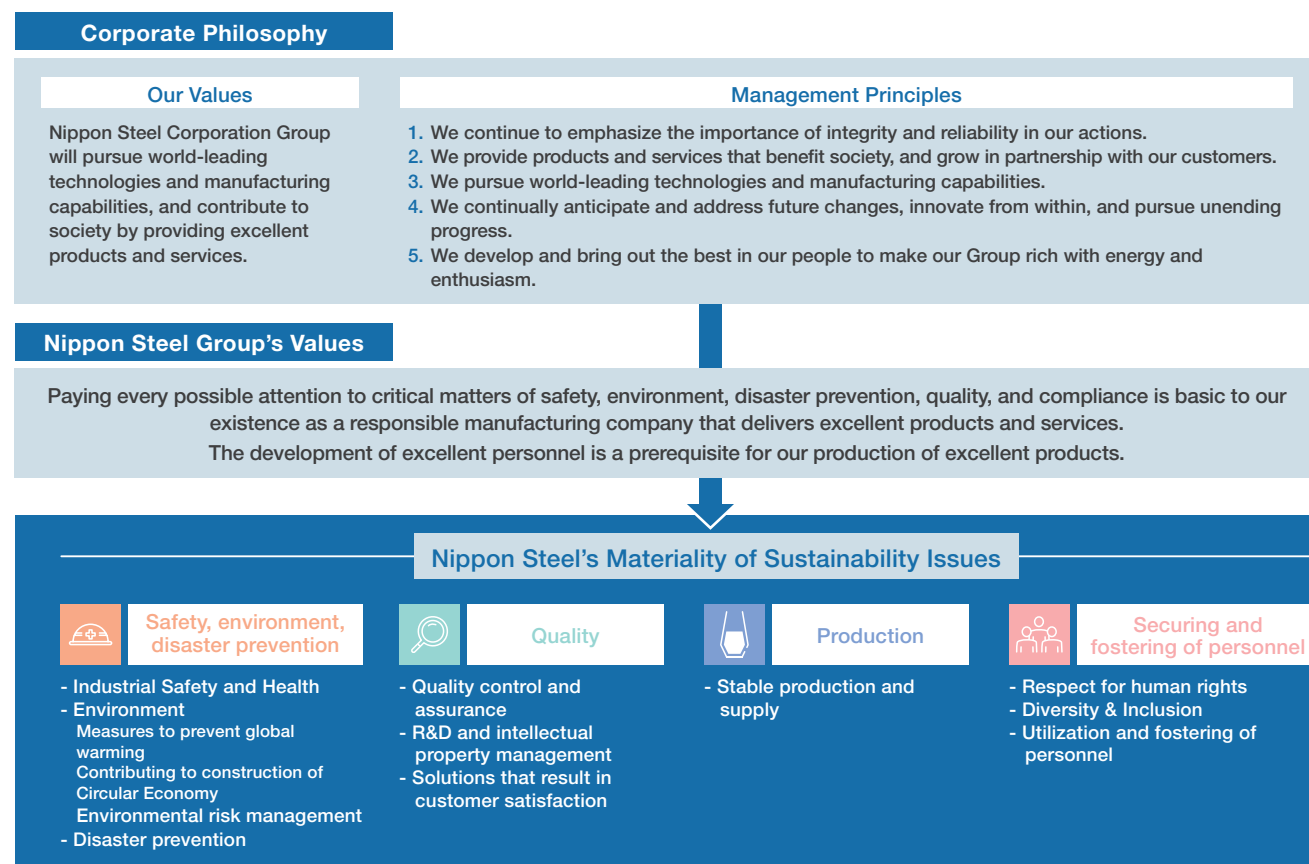


# Materiality of Sustainability Issues

Nippon Steel recognizes that sustainability initiatives are one of the priority issues and form the base that supports the very existence and growth of the company.

Among these initiatives we have identified our materiality in due consideration of requests from stakeholders, the corporate philosophy and values, as well as growth strategy.



## Nippon Steel's Materiality

### 1 Materiality with due consideration of the corporate philosophy and priorities in manufacturing

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

Concerning "provision of excellent products and services," our critical mission as a responsible manufacturing company is to reliably produce and deliver quality products that satisfy customers. Needless to say, the prerequisites to enable this mission include "safety, environment, and disaster prevention" as well as thorough compliance to rules and regulations.

The "world-leading technologies and manufacturing capabilities" are realized by our human capital. Securing and fostering of outstanding personnel is a critical challenge to be overcome in order to strengthen overall manufacturing capabilities. We firmly believe that respect for human rights, diversity & inclusion, and development of human capital are

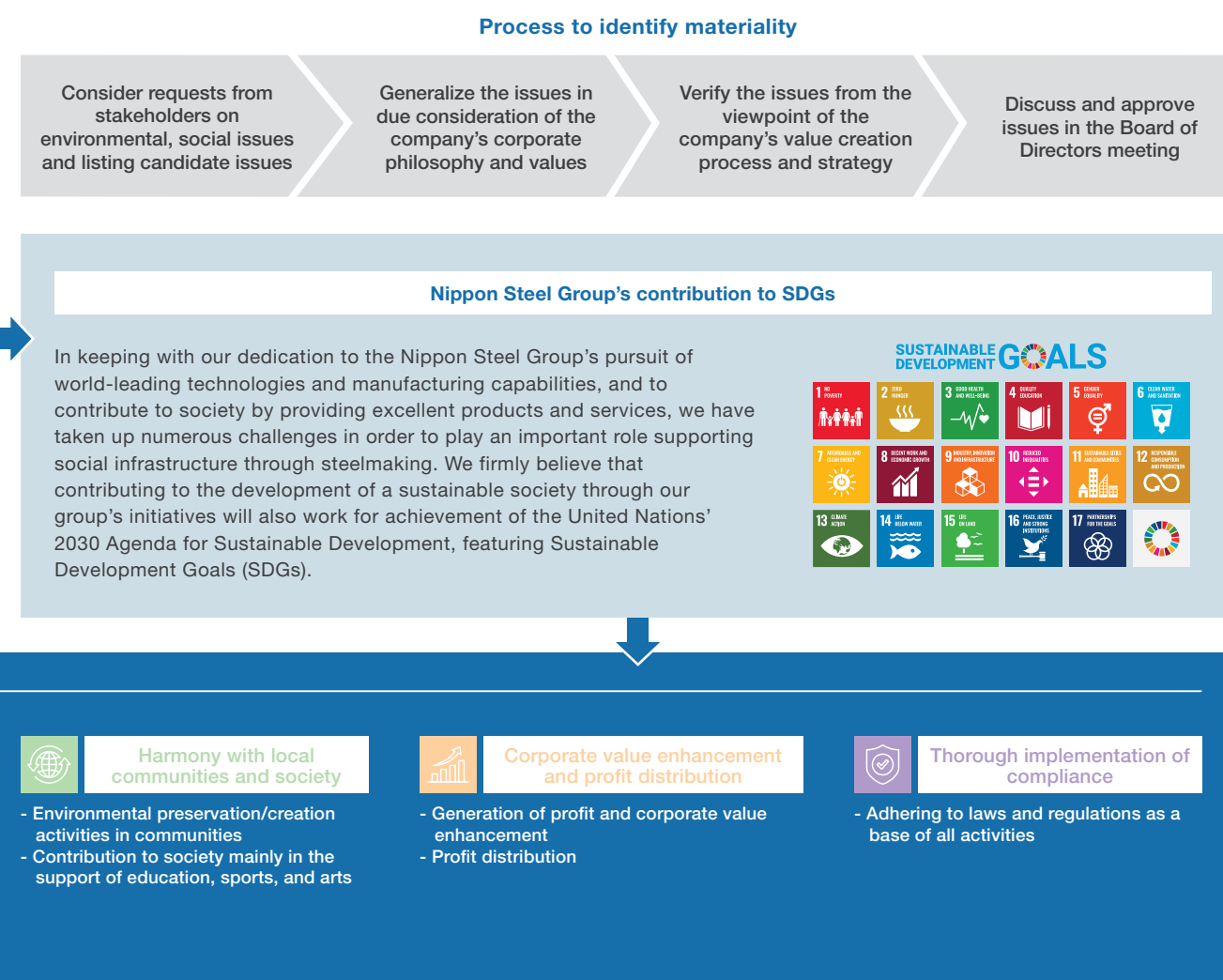
the basics for our employees to work vigorously.

With regard to the relationship with society, we must maintain good relationship with the community where our steelworks or other facilities are located. This is indispensable for us to continue operating business. We are pledged to operate in an environment-friendly manner and maintain good communication with local communities, as a corporate citizen.

### 2 Materiality with due consideration of the company's value creating process and potential changes in business environment

Basic to our value creation process is use of a diverse range of financial/non-financial assets and competitive advantages, and provision of products and solutions to customers. In order to reproduce such processes, stable production and continual profit generation are indispensable.

We place the environmental themes as the materiality positioned at the core of management. In order to contribute



to establishing a environment-friendly society, and do so with minimal environmental impact, we are engaged in reducing CO<sub>2</sub> emissions by the three "Eco" initiatives and innovative technology development, increasing effective use of internally-generated resources, and promoting zero emissions. In addition, we make efforts to build a circular economy through recycling of industrial waste (such as plastics) generated in society.

Concerning climate issues which threaten the future of mankind, we are advancing initiatives on two fronts: provision of high-function steel products and solutions for contributing to CO<sub>2</sub> emission reductions of the society; and breakthrough technology development for decarbonizing the steelmaking process. These initiatives are aimed at achieving carbon neutral by 2050.

### 3 Corporate value enhancement and profit distribution

We are committed to continuing operations as a sustainably growing company by generating profit and

raising corporate value from business activities, including sustainability initiatives. We will also contribute to society by providing excellent products and services, and distributing profit to employees, government, shareholders, and other stakeholders.

### 4 Thorough compliance

As a responsible leading company, we thoroughly adhere to laws and regulations, which is fundamental to all of our activities.

We believe compliance should be achieved by our independent efforts, based on our corporate philosophy, value, code of conduct and the like.