

Follow-up Tool for Business Partners

Follow-up Tools Introduction

JFE Engineering have conducted a survey on the status of business partner's efforts and initiatives regarding CSR procurement, utilizing "CSR/Sustainable Procurement Self-assessment Questionnaire" issued by the Global Compact Network Japan (GCNJ). In particular, the topics shown from the next page are "Key Issues" on which we are enhancing.

For these "Key Issues," we organized reference information such as definitions, measures to be taken, and guidance. We hope you to find this report useful as a reference for your future initiatives and improvements.

We appreciate your cooperation in promoting sustainable procurement throughout the supply chain.

CSR/Sustainability Procurement Self-assessment Questionnaire - Key Issues

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***The follow-up material consists of three parts: for each question item, an overview, an action plan, and reference materials.**

[III-4 Prohibition of inhumane treatment]

It is essential to create a workplace that does not tolerate any forms of harassment to ensure all employees can work in a safe, healthy and secure environment

Overview (definition and examples of risks)

Definition of prohibition of inhumane treatment

- Companies have an important responsibility to promote a general environment of zero tolerance to violence and harassment and facilitate the prevention of such behaviours and practices.
- Acknowledging that gender-based violence and harassment disproportionately affects women and girls, and recognizing that an inclusive, integrated and gender-responsive approach, which tackles underlying causes and risk factors, including gender stereotypes, multiple and intersecting forms of discrimination, and unequal gender-based power relations, is essential to ending violence and harassment in the world of work.
(International Labour Organization Convention No. 190)

Violence and harassment

Article 1 on International Labour Organization Convention No. 190:

“Violence and harassment” in the world of work refers to a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.

Gender-based violence and harassment

Article 1 on International Labour Organization Convention No. 190:

“Gender-based violence and harassment” means violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment.

Examples of risks



Negative comments and remarks that deny one's personality.
Ex. Power harassment



Sexual harassment behavior including insulting remarks about sexual orientation or gender identity, or retaliatory reassignment or recruitment activities due to refusing sexual relations.



Demotion, dismissal, or no renewal of employment contracts due to pregnancy or childbirth.
Ex. Harassment related to pregnancy and childbirth



Negative comments and remarks about taking childcare leave or nursing care leave.
Ex. Harassment related to childcare leave, nursing care leave, etc.

[III-4 Prohibition of inhumane treatment]

Review the progress status of efforts and initiatives, and consider formulating internal rules, communicating messages from management, implementing whistle-blowing systems, conducting trainings, and conducting internal surveys

Action plans

Examples of action plans

- Based on the overview, review the progress status of company's efforts and initiatives.
- Depending on the progress, consider taking the following actions.



Formulate internal rules

– Formulate internal rules, policies, and codes of conduct that prohibit harassment, and ensure that all employees are informed.



Increase awareness from the management level

– Management actively leads an initiatives for prohibiting discrimination and displays its stance on eradicating harassment through executive messages.



Implement whistle-blowing systems

– Implement whistle-blowing systems where employees can anonymously report discriminatory behavior, and create an environment where employees feel safe to consult. Pay close attention to the handling of information of the consultation.



Educate and train

– Conduct trainings about respecting diversity, including unconscious bias* training outlining the different types of harassment which helps understand what types of behavior are considered as harassment.

*Unconscious biases, such as "men should devote themselves to work" and "women with children cannot be entrusted with important tasks," can be the remote cause of harassment.



Conduct internal surveys

– Ascertain whether any forms of harassment are prevalent.

[III-4 Prohibition of inhumane treatment]

The JFE Group has implemented a policy and is committed to employee training, hotline implementation (including response and complainant's privacy protection), and recurrence prevention

References

JFE Group Code of Conduct

8. Respect human rights

Respect all employees and members of the general public as individuals and refrain from any discrimination in corporate activities.

9. Provide challenging work environments

Provide employees with attractive, safe, healthy and challenging work environments.

JFE Group Human Rights Policy

(1) Non-discrimination and equality under the law

We respect every individual connected with our corporate and business activities and do not discriminate on the basis of race, nationality, ethnicity, creed, religion, social status, lineage, age, gender, sexual orientation, gender identity, disability, or any other such factor.

(3) Harassment

We do not engage in any kind of harassment based on gender, status, or any other factors, including through language or behavior that offends or violates the dignity of others.

JFE Engineering Procurement Guidelines

(4-4) Prohibition of inhumane treatment

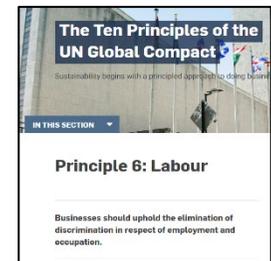
We respect employees' human rights and we ensure they are not subjected to any form of inhumane treatment, including abuse, corporal punishment or harassment.

- JFE Group distributes guidebooks on harassment.
- Corporate website has a corporate ethics hotline that allows users to report or consult with the compliance department or lawyers who serve as external contact points. The privacy of the complainants is protected, and any retaliation is prohibited.
- **The hotline is also available for issues related to harassment and discrimination.**

Sources: JFE website, "[Group Basic Policy on Prevention of Bribery of Public Officials](#)," "[Compliance](#)," ILO, "[C190 – Violence and Harassment Convention, 2019](#)," ILO, "[R206 – Violence and Harassment Recommendation, 2019](#)," UN Global Compact, "[The Ten Principles of the UN Global Compact – Principle 6 Labor](#)"

Materials and guidance

- For further information, the following website and guidance has been issued for reference:
 - [ILO, "C190 – Violence and Harassment Convention, 2019"](#): The first international labor standard to address the issue of violence and harassment at work. It defines "violence and harassment," reminds responsibilities, and calls for the enactment of laws prohibiting "violence and harassment" in ratifying countries.
 - [ILO, "R206 – Violence and Harassment Recommendation, 2019"](#): Provides supplements to implement C190 (above), such as ILO Conventions and Recommendations to be considered in the formulation of national legislation, and items to be considered in the implementation of inclusive initiatives and in the formulation of workplace policies and remedies.
 - [UN Global Compact, "The Ten Principles of the UN Global Compact – Principle 6 Labor"](#): Explains discrimination in employment and occupation and specifies what companies should do to eliminate discrimination.



[III-5 Payment of fair wages]

Salaries and wages are crucial for supporting workers' livelihoods, and improper wages leads to instability in their lives

Overview (definition and specific risks)

Definition of fair wage payment

- ILO (International Labor Organization) states that companies must comply with the following basic worker protection conventions to protect workers from unfair treatment:
 - ① Adequacy of wages: the wages paid shall consider the generally accepted standard of national wages and relative living wages insofar as possible and reasonable in relation to domestic practices and conditions.
 - ② Direct payments in legal tender: promissory notes, vouchers or coupons are not accepted.
 - ③ Transparency in the calculation of payments: clear presentation of total wages, deductions, and net amounts paid.
 - ④ Periodic payments, along with proper record-keeping practices.
 - ⑤ Equal remuneration for work of equal value.

- In recent years, "living wage*" has also been emphasized.
- The United Nations Global Compact has also released the [Living Wage Analysis Tool](#), an online platform that enables companies to identify actions and further opportunities to provide a living wage, and its importance is expected to grow. Since there has been an increasing demand for a commitment to a living wage, it is important to take into consideration when reviewing the policy and system.

* Living wage: The remuneration received by a worker in a standard working week in a specific location which is sufficient to provide a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, shelter, education, health care, transport, clothing and other critical needs, including preparation for unexpected events

Examples of risks



Incorrect calculation method of extra wages for overtime work, holiday work and late night work.



Arbitrary wage deduction without labor-management agreement.



Not paying the salary more than once a month.
(Long interval between due dates)



Paying wages and salaries below the statutory minimum wage.

[III-5 Payment of fair wages]

It is necessary to periodically review whether wages are paid properly, including the legal revision of premium wages and minimum wages

Action plans

Example of action plans

➤ Check if the following measures are taken and are functioning.



Review laws and regulations periodically regarding wage payment

- Ensure compliance with legal revision and proper understanding of the updated rules.



Capacity building and education

- Develop educational programs and campaigns to raise awareness among employers and workers about fair wage principles and practices.
- Train stakeholders on effective wage-setting mechanisms, including methodologies for determining fair compensation.



Confirm payment status

- Ensure wages are paid in compliance with the law.
For example:
 - Labor-management agreement is in place for wage deduction except for those specifically provided by law such as deductions of withholding of income tax, employment insurance premiums and social insurance premiums.
 - Appropriate premium rates are applied when paying overtime wages.
 - Wages are not below the minimum wage and a living wage is considered.



Monitor and report

- Establish mechanisms for monitoring compliance with wage laws and regulations, including conducting regular audits and inspections.
- Implement measures to prevent recurrence.
- Report violations to the legal authorities in accordance with laws and regulations.

[III-5 Payment of fair wages]

The JFE Group has established policies and is developing a salary system that meet a living wage standard that enable employees to maximize their abilities

References

JFE Group Human Rights Policy

(6) Working hours and livable wages

We comply with all laws and regulations concerning working hours and wages applicable in the countries and regions where we operate. We work to ensure wages that allow employees to enjoy an adequate standard of living.

Recruiting and Nurturing Diverse Human Resources (Labor Standards)

Promoting satisfying working environments

The JFE Group complies with laws and regulations related to salary payments and sets salaries above the minimum wage designated by country, region and industry sector to meet living wage requirements. In addition, the Group establishes challenging and satisfying working environments by providing employees with one of the top levels of employment conditions in the industry as well as performance-based bonuses linked to company profits.

JFE Engineering Procurement Guidelines

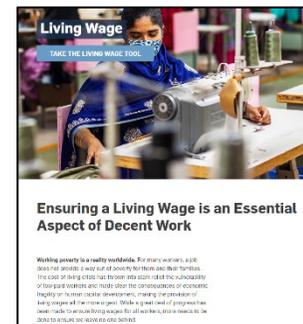
(4-5) Adequate wages

We comply with each country's minimum wage requirements, and we do not reduce wages unfairly.

Materials and guidance

➤ For further information, the following website and guidance has been issued for reference:

- UN Global Compact, "Living Wage – Take the Living Wage Tool": Presenting the issue of working poverty and introducing the Global Compact and the European Commission's initiative, the report states the need for companies to ensure a living wage for all workers.
- UN Global Compact, "Joint Statement at ILO meeting of experts on wage policies, including living wages": Calls on the ILO to provide a definition, methodology and roadmap of living wage for companies that have signed the living wage target to undertake a joint action plan.



[III-6 Fair practices of working hours, time off, paid time off, etc.]

Lack of consideration and proper management of working hours can harm mental and physical health and diminish work productivity

Overview (definition and specific risks)

Overview of working hours

- Based on ILO (International Labour Organization) 's conventions, internationally accepted good labor practices, the FLA (Fair Labor Association) defined Fair Labor Code.* This includes the following:
 - Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed.
 - The regular work week shall not exceed 48 hours.
 - Employers shall allow workers at least 24 consecutive hours of rest in every seven-day.
 - All overtime work shall be consensual.
 - Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate.
 - Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

*[Fair Labor Code](#): In addition to hours of works, definitions are provided for 9 human rights issues, including nondiscrimination, harassment or abuse, and child labor.

Examples of risks



Exceeding the legal limit of overtime work.



Not allowing legal holidays.



Not properly tracking working hours.



No labor-management agreement signed with union/employee.

[III-6 Fair practices of working hours, time off, paid time off, etc.]

Effective monitoring of working hours and initiatives aimed at minimizing overtime should be diligently encouraged

Action plans

Examples of Action Plans

- Review the progress status of the initiatives.
- Ensure the following measures are taken and are functioning when violations are identified.



Manage time reports

- Ensure that inappropriate practices such as cutting off overtime are avoided.



Increase awareness from the management level

- Have senior management send out messages on work style reforms.



Introduce and implement initiatives to enhance efficient work practices

- Establish a "No Overtime Day."
- Conduct management training on reducing extended working hours and integrate it into performance evaluations.



Grant and encourage the use of annual leave

- Allocate annual paid leave based on length of service.
- Monitor the appropriate uptake of annual paid leave.



Offer mental health support

- Provide medical interviews/guidance to employees experiencing fatigue from long work hours and is thus at risk of health issues.

Sources: ILO, "[International Labor Standards on Working time](#)," "[WORKING HOURS AND REST PERIODS](#)," Global Compact, "[Working Time • Business & Human Rights Navigator](#)," ILO, "[convention 001](#)," ILO, "[Recommendation 097](#)"

[III-6 Fair practices of working hours, time off, paid time off, etc.]

The JFE Group endeavors to ensure compliance with laws and regulations through the establishment of policies governing working hours, time off, paid leave, and other related matters

References

JFE Group Human Rights Policy

(6) Working hours and livable wages

We comply with all laws and regulations concerning working hours and wages applicable in the countries and regions where we operate. We work to ensure wages that allow employees to enjoy an adequate standard of living.

JFE Engineering Procurement Guidelines

(4-6) Management of working hours and holidays

We ensure working hours comply with relevant laws and regulations, and we manage employees' working hours, holidays, and vacation time appropriately.

- Under the theme of respecting workers' rights, the JFE Group website discloses its initiatives related to working hours and work-life balance as follows:

Promoting Satisfying Working Environments

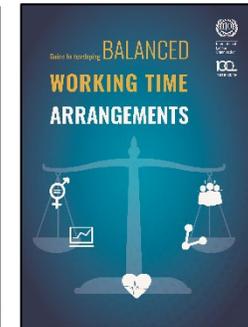
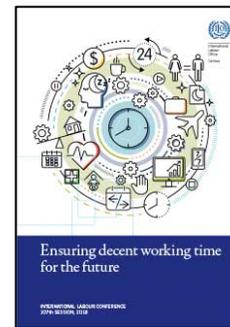
The JFE Group complies with laws and regulations related to salary payments and sets salaries above the minimum wage designated by country, region and industry sector to meet living wage requirements. In addition, the Group establishes challenging and satisfying working environments by providing employees with one of the top levels of employment conditions in the industry as well as performance-based bonuses linked to company profits.

Besides complying with regulations, such as on overtime limits, our meetings, including those of the Board of Directors, regularly address the status of working hours and workstyles at operating companies, and the members promote initiatives aimed at reducing total working hours and adapting to new workstyles.

Furthermore, the Group offers generous welfare benefits, including dormitories and company housing in order to provide a stable environment for our employees and encourage them to remain with the company for many years.

Materials and guidance

- ILO has released the following pamphlets and guidelines:
 - "General Survey concerning working-time instruments - Ensuring decent working time for the future": Information and reports on the application of conventions and recommendations related to working time.
 - "Working Time and Work-Life Balance Around the World": Introduction of the concept of working hours and measures to be taken by employers with working time and work-life balance around the world.
 - "Guide to developing balanced working time arrangements": A practical guide and "how-to" manual on working time arrangements - also known as "work schedules."



Sources: JFE website, "[Recruiting and Nurturing Diverse Human Resources \(Labor Standards\)](#)," "[Human Rights](#)," ILO, "[General Survey concerning working-time instruments - Ensuring decent working time for the future](#)," "[Working Time and Work-Life Balance Around the World](#)," "[Guide to developing balanced working time arrangements](#)."

[III-7 Prohibition of forced labor]

With the issue of foreign technical intern trainees, forced labor is a critical human rights issue in Japan

Overview (definition and specific risks)

Definition

- The ILO (International Labour Organization) explains forced labor as follows:
 - **Forced labor is any labor that a person is forced to perform under the threat of punishment and that the person does not voluntarily offer.**
 - **Forced labor is a violation of the basic human right to work of one's own free will and to freely choose one's own work.**
- Forced labor is characterized by two elements.

① Threat of punishment

- Punishment includes criminal punishment such as arrest or imprisonment, or deprivation of rights or privileges such as refusal to pay wages or prohibition of free movement of workers.
- The threat of retaliation can take many forms, from the most overt, including threats of violence, physical duty, and death, to the more insidious, psychological, such as threats to bring illegal workers to justice.

② Involuntary work or services

- Determining whether work is being performed voluntarily often involves consideration of indirect external pressures. Examples include withholding a portion of a worker's salary, non-payment of wages and compensation, and compulsory submission of a worker's identification documents as repayment of debt.
- The principle that all labor relations should be based on the consent of both contracting parties suggests that both parties may leave the labor relations at any time under national law or labor agreements provided that reasonable notice is given.
- If a worker cannot withdraw consent to a labor contract without fear of punishment, it may be considered forced labor from the point at which the worker is denied the right to refuse working.

Commentary on the definition

- Forced labor is mentioned in important international norms such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the ILO Core Labor Standards.
 - *International Labour Organization Convention No. 29: The term forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.
- Some financial institutions announce on their websites that they will not invest in or lend to businesses that cause forced labor.

Examples of risks

- Exceeding the legal limit of overtime work
- Not allowing legal holidays
- Forcing workers to work under poor conditions
- Violation of the freedom of private life of workers living in dormitories

Source: ILO, "Business and Forced labor (ilo.org)"

[III-7 Prohibition of forced labor]

As an initial step, it is imperative to verify that no practices falling under the category of forced labor have occurred within the company

Action plans

Examples of action plans

- Based on the overview, review the progress status of company's efforts and initiatives.
- Depending on the progress, consider taking the following actions.



Verify the current conditions within the company and its supply chain

- Assess whether any practices listed as an element of forced labor are observed within the company and in its supply chain.
 - Fines are not imposed upon resignation.
 - Contracts does not include provisions for unjust compensation.
 - Passports or residency cards are not withheld forcibly.
- It is crucial to conduct these checks to ascertain if any individuals are being coerced into working against their will.



Enhance disclosure aligned with human rights policies and procurement guidelines

- Where targets and information have not been disclosed within the company or at suppliers, encourage the disclosure of relevant targets and progress, as well as information on identified human rights violations in addition to remediation and response measures in accordance with the human rights policies and guidelines found in documents.



Conduct human rights due diligence

- Regularly monitor for the occurrence of forced and compulsory labor within your supply chain to assess risks.*
- *Investigate, measure, and evaluate the actual circumstances to identify potential human rights risks.



Establish a consultation service and disseminate cases of forced labor

- Internally and externally disseminate cases of forced labor, with a specific focus on primary suppliers and technical intern trainees.
- Establish internal and external consultation offices dedicated to addressing forced labor and fostering an environment where employees, suppliers, and customers feel safe to discuss related issues.



Establish policy

- Formulate and disclose human rights policy, including the company's view on respecting human rights and the support for human rights-related international norms.

Source: ILO, "[Business and Forced labor \(ilo.org\)](https://www.ilo.org/)"

[III-7 Prohibition of forced labor]

JFE Basic Policy on Human Rights and JFE Engineering's Procurement Guidelines stipulates prohibition of forced labor throughout the supply chain

References

JFE Basic Policy on Human Rights

(4) Forced labor and child labor

We never use forced labor or child labor in any country or region. We also do not tolerate or sanction any form of modern slavery, including bonded labor and human trafficking.

JFE Engineering Procurement Guidelines

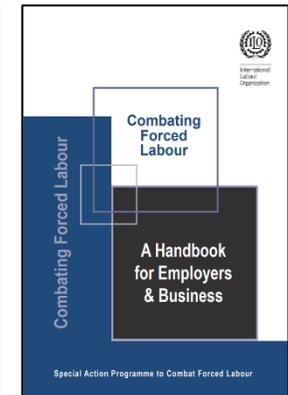
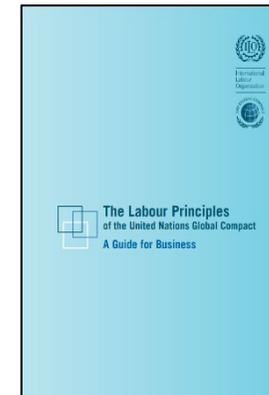
(4-2) Prohibition of forced labor

We ensure that employees are not being forced to work against their will, that employees are free to leave their jobs at any time, that employees are not forced to work under duress, and that employees are not forced to work overtime.

Materials and guidance

➤ For further information, the following website and guidance has been issued for reference:

- [ILO Helpdesk for Forced Labor](#) on the ILO website: Q&A on specific issues and issues related to forced labor.
- [The Labor Principles of the United Nations Global Compact - A Guide for Business](#): A brief description of each of the four Global Compact labor principles.
- [Combating forced labor - A handbook for employers and business](#): Provides guidance material and tools for employers and business to strengthen their capacity to address the risk of forced labor and human trafficking in their own operations and in global supply chains.



Sources: JFE Shoji, "[Sustainability Policy](#)," ILO, "[ILO Helpdesk Forced labor](#)," United Nations Global Compact, "[The Labor Principles of the United Nations Global Compact: A Guide for Business](#)," ILO, "[Combating forced labor: A Handbook for Employers and Business](#)"

[III-8 Prohibition of child labor]

Efforts to eradicate child labor are highly valued for sustainable development and children's future, and relevant actions are required globally

Overview (definition and examples of risks)

Definition of prohibition of child labor and consideration for young workers

- Labor under the age of 15 and hazardous or harmful work under the age of 18 is defined as "child labor."

Child Labor	<ul style="list-style-type: none"> • It refers to the work done by children under the age of 15 (or under 14 in some countries) who are of compulsory education age but are not attending school, and hazardous or harmful work done by workers under the age of 18.
Hazardous or harmful work	<ul style="list-style-type: none"> • Among child labor, it refers to forms of work that have particularly serious impacts on children. This includes work that, due to its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.* *Examples: work at night or for long periods of time, work exposed to physical, psychological or sexual abuse, work underground, underwater, high or confined spaces, work involving the use of dangerous machinery or tools, transportation of heavy objects, exposure to chemicals, high temperatures, and noise (ILO Convention on Worst Forms of Child Labor Convention(No. 182)).

- In particular, international conventions require immediate and effective measures to ensure the prohibition and elimination of the "worst forms of child labor," including sale and trafficking of children, prostitution and hazardous or harmful work by children under the age of 18.

Classification of work by age and type for children



Image Source: DTC, etc., "White Paper on Child Labor 2020"

Examples of risks



Employ children under the age of 15 years old, working age stipulated by national laws and regulations, or age of completion of compulsory schooling to engage in labor.
Ex: Involve junior high and high school students in unpaid internships, including work.



No age verification for employees at the start of recruiting or employment.



Workers under the age of 18 are working overtime, on holidays, and late at night.

Sources: ILO, "Guide to Child Labor for Business," Ministry of Justice Human Rights Protection Bureau, "Detailed version of 'Business and Human Rights Response' Required of Companies Today," Deloitte Tohmatsu Consulting LLC, Non-Profit Organization ACE, Owls Consulting Group Co., Ltd. "White Paper on Child Labour 2020," "Child Labour Exists in Japan," ILO and UNICEF, "Child Labour: Global estimates 2020, trends and the road forward"

[III-8 Prohibition of child labor]

It is essential to understand the definition of child labor and avoid its presence within the supply chain

Action plans

Action plans

- Based on the overview, review the progress status of company's efforts and initiatives.
- Depending on the progress, consider taking the following actions.



Develop and disclose human rights policies / procurement guidelines

- In instances where targets and information are not disclosed within the company or among suppliers, the company should clearly outline policies pertaining to child labor in alignment with human rights policies and guidelines and ensure their internal and external disclosure.



Introduce whistle-blowing systems and be aware of case studies

- Communicate incidents of child labor both internally and externally and acknowledge the possibility of such occurrences within the company, including issues such as unpaid internships.
- Establish an internal and external whistle-blowing system to foster an environment where employees, suppliers, and customers can feel safe and secure to report concerns.



Conduct human rights due diligence

- As part of the risk assessment process, presume the occurrence of child labor within the company's supply chain and thoroughly investigate the current situation.



Verify age and responsibilities

- Ensure age verification during the hiring process.
- Ensure that assigned tasks for workers under 18 do not involve hazardous or harmful work.
- Ensure that the process is in place to verify the presence of child labor and the remediation measure at suppliers.

[III-8 Prohibition of child labor]

The JFE Group stipulates the prohibition of child labor in its human rights policy, and each group company has established procurement guidelines which their suppliers are required to comply

References

Our initiatives

JFE Basic Policy on Human Rights

(4) Forced labor and child labor

We never use forced labor or child labor in any country or region. We also do not tolerate or sanction any form of modern slavery, including bonded labor and human trafficking.

JFE Engineering Procurement Guidelines

(4-3) Prohibition of child labor

We do not employ children under the legal working age in any country. We also do not allow any form of labor that could harm the health, safety, or moral integrity of children.

- Furthermore, the JFE Group explicitly expresses its endorsement of the International Covenant on Children and introduces initiatives such as educational programs for future generations on its website.

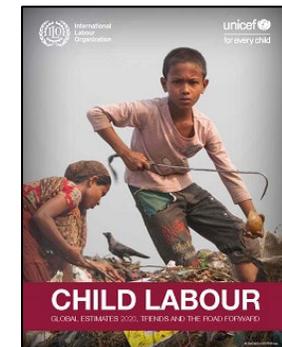
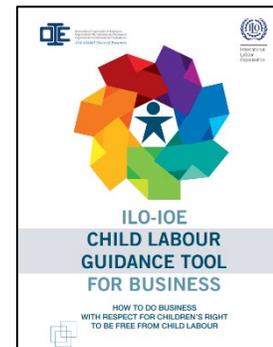
Respect for Children's Rights

The JFE Group supports the Convention on the Rights of the Child and Children's Rights and Business Principles and will seek to eliminate child labor and respect every child's right to survival, right to development, right to protection and the right to participation, the four pillars of the Convention on the Rights of the Child.

The JFE Group Human Rights Basic Policy upholds recognizing the diverse values held by each individual in all aspects of corporate activity as well as respecting and protecting the human rights of each person in compliance with international conventions. It also explicitly prohibits child labor and forced labor. To promote concrete initiatives, the JFE Group has focused on nurturing the next generation as a key area of its public service and is engaged in activities that support the sound development of younger generations.

Materials and guidance

- For further information, the following website and guidance has been issued for reference.
 - ILO, "Child Labor Guide for Business": Expected actions for companies and practical steps to take in relation to child labor.
 - ILO, "Child Labor - Global estimates 2020, trends and the road forward": Introduces the actual situation of child labor, trends, and the road forward and takes stock of the global effort to end child labor.
 - UNICEF, "Children's Rights and Business Principles": What companies need to do on children's rights.



[III-11 Appropriate management of employee health and safety]

Risk identification and mitigation in the workplace is necessary since failure to implement measures to provide a safe and hygienic workplace may lead to violations of employees' human rights

Overview (definition and specific risks)

Definition of appropriate management of employee health and safety

- The FLA (Fair Labor Association)'s [FLA Fair Labor Code](#) requires employers to:
 - **Provide a safe and healthy working environment** in order to **prevent accidents/health hazards** that occur during work or as a result of the operation of the employer's facilities.
 - Implement responsible measures to reduce the negative impact of the workplace on the environment.
- The International Labour Organization (ILO) defines occupational accidents as:

Occupational accident

An unexpected and unplanned occurrence, including acts of violence, arising out of or in connection with work which results in one or more workers incurring a personal injury, disease or death; as occupational accidents are to be considered travel, transport or road traffic accidents in which workers are injured and which arise out of or in the course of work, i.e. while engaged in an economic activity, or at work, or carrying on the business of the employer.

Examples of risks



Occupational accidents due to the failure to take measures against the possibility of falling and injury during work.



Employee's mental illness resulting from intense work-induced psychological stress.



Neglecting the deterioration of sanitary conditions at construction sites.



Employees are unable to have regular health checkups.



Not taking measures to prevent employees from being infected with COVID-19, etc.

[III-11 Appropriate management of employee health and safety]

Based on the existing safety and health management activities, it is necessary to consider taking additional measures based on the current situation, and to go through

PDCA cycle

Action plans

Examples of action plans

- Review the progress status of initiatives within the company and consider additional initiatives by referring to occupational safety and health management systems (ISO45001, OSHMS).



Develop and disseminate policy

- Develop safety and health policy and disseminate to employees and other related parties.



Set goals and plans

- Based on the safety and health policy, set safety and health targets for the occupational accident rate, total number of days lost, etc., and monitor performance.
- Formulate a safety and health plan including specific implementation action items and schedules for achieving targets.
- Employees' opinions are reflected in the establishment of goals and plans through the Health and Safety Committee, etc.



Arrange management system

- Appoint the responsible department and the executive officer of occupational health and safety, and notice this information to employees and other related parties.
- Hold regular meetings of the Health and Safety Committee, etc., to identify incidents such as near-miss incidents at the site and consider countermeasures.



Educate and train

- Conduct training including case studies (near-miss incidents, etc.) and small group discussions at each site.

[III-11 Appropriate management of employee health and safety]

The JFE Group stipulates a safe and healthy work environment in the Code of Conduct, and each group company has established procurement guidelines to which their suppliers are required to comply

References

JFE Group Code of Conduct

9. Provide challenging work environments

Provide employees with attractive, safe, healthy and challenging work environments.

JFE Engineering Procurement Guidelines

(4-8) Management of employee health and safety

1. We establish systems to ensure the health and safety of employees, and we work to maintain and improve these systems.
2. We comply with laws and regulations related to occupational safety. We also maintain safe, clean working environments and endeavor to prevent occupational accidents and illnesses. When we provide cafeteria or dormitory facilities for employees, we ensure that the facilities are safe and hygienic.
3. We provide education and training to employees to ensure they have necessary safety-related information regarding work-related hazards that they may be exposed to.
4. We ensure that the health of all employees is properly managed through regular health checkups and the like, and we give due consideration to employees' mental health.

(4-9) Health and safety guidance for subcontractors

When we hire subcontractors for construction work, we ensure that they comply with occupational safety laws, and we provide them with appropriate health and safety guidance.

Materials and guidance

➤ For further information, the following guidance has been issued for reference:

- [ILO, "C187 – Promotional Framework for Occupational Safety and Health Convention, 2006"](#): Called on ratifying Member States to promote the improvement of occupational safety and health by development of national policy, national system and national programme, in consideration of the principles set forth in the ILO instruments and urged Member States to consider ratifying the ILO Conventions.

C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)

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Preamble

The General Conference of the International Labour Organization,
Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Ninety-fifth Session on 31 May 2006,

[V-2 Building appropriate relationships with domestic and overseas local governments and public workers]

[V-3 Prevention of offering or receiving improper benefits with clients and business partners in sales or purchasing activities]

In order to protect corporate value, it is essential to establish and operate systems to prevent bribery of foreign public officials and to comply with relevant domestic and international laws and regulations

Overview (definition and specific risks)

Definition of building appropriate relationships with domestic and overseas local governments and public officials

- Appropriate relationship building with domestic and overseas local governments and public workers conducting business activities refers to maintaining sound relationships between companies and public workers including managing client entertainment for public officials to prevent corruption.
- The term 'foreign public official' shall mean any person holding a legislative, administrative or judicial office of a foreign country, whether appointed or elected; any person exercising a public function for a foreign country, including for a public agency or public enterprise; and any official or agent of a public international organization. (OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions)

Definition of prevention of exchanging improper advantages with clients and business partners in sales and purchasing activities

- Inappropriate exchange of profits with clients, business partners, etc. in sales or purchasing activities refers to exchanging exchanging business dinner, gifts, money, etc. beyond the scope of social norm with clients, business partners, etc.

Examples of risks



Benefits and payments to foreign public officials through subsidiaries and agents.



Securing overseas contracts, bids, and agreements through bribery.



Bribery related to customs clearance, tax filing, visa issuance and application on work permission.



Request for sponsorship for events that do not directly contribute to the sales promotion of suppliers.



Request for dispatch of workers that is not beneficial to business partners and non-payment of dispatch costs.

Sources: OECD, "[Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#)," UN Global Compact, "[The Ten Principles of the UN Global Compact - Principle 10 Anti-Corruption](#)"

[V-2 Building appropriate relationships with domestic and overseas local governments and public workers]

[V-3 Prevention of offering or receiving improper benefits with clients and business partners in sales or purchasing activities]

Monitor the internal situation to ensure actions that fall under bribery or inappropriate offering and receiving of benefits are not conducted

Action plans

Examples of action plans

- It is critical to establish and operate systems to prevent bribery of foreign public officials and comply with relevant domestic and international laws.
- Understand the risks of third-party bribery, such as liability for bribery by foreign public officials, and the risks of region and industry specific inappropriate exchange of benefits.



Develop basic policy

- Post a policy stating "strict compliance with laws and regulations," "no bribery," and "no offering or receiving of inappropriate benefits" on the corporate website to communicate the stance of top management.



Establish internal rules

- Establish rules that stipulate approval requirements, approval procedures, record keeping rules, and follow-up verification procedures according to actions, such as requiring approval by senior managements according to the type of risks.
- Stipulate that small facilitation payments (small payments to facilitate procedures of administrative services) are prohibited.
- Publicize the internal system for detailed recording payment activities, and check foreign public officials and clients who demand bribes or inappropriate benefits.



Develop organizational structures that address both prevention and emergency situations

- Appoint officers and supervisors in charge of compliance, and establish whistle-blower systems, etc.
- Ensure transparency within the organization so that frontline personnel can promptly report to and consult with superiors, compliance officers, and the head office.



Monitor

- Periodically monitor the status of implementation of the above basic policies and internal rules, and the effectiveness of the organizational structure, and make continuous improvements.



Develop sales division structure including subsidiaries

- Consideration should be given so as not to create an incentive for bribery or inappropriate exchange of profits. ex: seeking a result that is difficult to achieve.

Sources: OECD, "[Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#)," UN Global Compact, "[The Ten Principles of the UN Global Compact - Principle 10 Anti-Corruption](#)," Global Compact Network, "[Bribery Prevention Assessment Tool](#)"

[V-2 Building appropriate relationships with domestic and overseas local governments and public workers]

[V-3 Prevention of offering or receiving improper benefits with clients and business partners in sales or purchasing activities]

The JFE Group not only stipulate the relationship with politics and administration and the legal compliance in Code of Conduct , but also formulate a basic policy on the prevention of bribery and require all employees in the group to comply with it

References

JFE Group Code of Conduct

6. Maintain proper relations with governments and political authorities

Endeavor to build and maintain sound and proper relationships with governments and political authorities.

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

JFE Group Compliance (Basic Approach)

JFE believes it is extremely important that all members of the organization deepen their knowledge and awareness of compliance and perform their jobs accordingly. It conducts training on various topics such as the Antimonopoly Act, the Subcontract Act and anti-corruption, including prevention of bribery of public officials, using e-learning and compliance guidebooks and through guidebook reading sessions as well as by other means.

JFE Group Basic Policy on Prevention of Bribery of Public Officials

Bribery of public officials compromises the fairness and integrity of the officials in question, impedes fair competition, and threatens the social, economic, and democratic stability and sustainable development of countries. . . .

JFE Engineering Procurement Guidelines

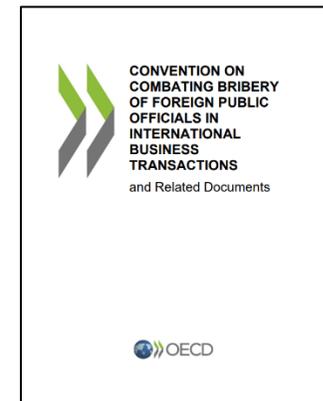
- (1-2) Fair and equitable trade
- (1-3) Prohibition of improper benefits
- (1-4) Prohibition of corruption and bribery

- The JFE Group distributes a guidebook about bribery violations.
- The JFE Group website has established a corporate ethics hotline that enables employees to report to and consult with the compliance department and lawyers who serve as external contacts.
- **The hotline can be used for reporting issues related to bribery.**

Sources: "JFE's Action Guidelines," "Compliance," "[Group Basic Policy on Prevention of Bribery of Public Officials](#)," "JFE Engineering's Procurement Guidelines," UN Global Compact, "[The Ten Principles of the UN Global Compact - Principle 10 Anti-Corruption](#)"

Materials and guidance

- For further information, the following guidance has been issued for reference:
 - [UN Global Compact, "The Ten Principles of the UN Global Compact - Principle 10 Anti-Corruption"](#): Explains anti-corruption and specifies what companies should do to work against corruption in all forms.
 - OECD, "[The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#)": Guidance on measures necessary to establish its jurisdiction over the bribery of a foreign public official.



[V-4 Prevention of competition law violation in business activities]

Preventing violations of the competition laws are necessary to avoid and reduce disadvantages, but also enhance competitiveness and reliability, promote high-quality products development, and maintain corporate value

Overview (definition and examples of risks)

Definition of prevention of competition law violations in business activities

- The purpose of the Competition Law is to “control or eliminate restrictive agreements or arrangements among enterprises, or mergers and acquisitions or abuse of dominant positions of market power, which limit access to markets or otherwise unduly restrain competition, adversely affecting domestic or international trade or economic development.”
 - The UN Set is a multilateral agreement on competition policy that provides a set of equitable rules for the control of anti-competitive practices, recognizes the development dimension of competition law and policy and provides a framework for international operation and exchange of best practices.
- The Competition Law consists of the following prohibited acts:

① Predatory behavior	<ul style="list-style-type: none"> • Predatory behaviour towards competitors, such as using below cost pricing to eliminate competitors.
② Discriminatory pricing	<ul style="list-style-type: none"> • Overcharging or undercharging for goods or services in transactions between related enterprises compared to prices outside the affiliated enterprises.
③ Fixing prices	<ul style="list-style-type: none"> • Fixing the prices at which goods sold can be resold, including those imported and exported.
④ Restrictions on the importation	<ul style="list-style-type: none"> • Restrictions on importation of goods with trademarks identical to or similar to protected trademarks in the importing country, if the trademarks are of the same origin and owned by the same entity or used by interconnected enterprises, with the purpose of artificially maintaining high prices.
⑤ Restrictions on trade terms, distribution, resale etc.	<ul style="list-style-type: none"> • Refusal to deal on customary terms. • Imposing restrictions on distribution or manufacture. • Imposing restrictions on resale or export. • Tying the supply to purchase of other goods or services.

Examples of risks



Following monopoly cases:

- Examples of abusive practices include predatory pricing, where a dominant firm lowers prices to eliminate competitors and then raises prices once competition has been reduced; exclusive dealing, where a firm ties its sales to exclusive agreements with distributors; and refusal to supply, where a firm with a dominant market position refuses to supply essential facilities to its competitors.
- In the Microsoft case, the company was found to have abused its dominant position in the operating systems market by leveraging its monopoly power to gain an unfair advantage in the market for web browsers.
- In some jurisdictions, cases such as the one involving a large telecommunications provider that engaged in predatory pricing to drive out smaller competitors have been used to illustrate the negative effects of monopolistic practices on competition and consumer welfare.

Sources: Fair Trade Commission, [“Antimonopoly Act you should know, Frequently Asked Questions \(Antimonopoly Act\)”](#), UNCTAD, [“The United Nations set of principles on competition”](#), European Commission, “Guidelines on the application of Article 102 of the Treaty on the Functioning of the European Union” (2009), OECD, “Roundtable on the Abuse of Market Power” (2007), UNCTAD, “Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices”

[V-4 Prevention of competition law violation in business activities]

It is necessary to develop an effective compliance system that predicts possible scenarios of law violations

Action plans

Examples of action plans

- In order to further promote fair competition in economic transactions, it is important to strictly enforce the competition laws and improve compliance.
- Developing effective systems and measures is fundamental to appropriately avoid and reduce disadvantages.



Develop and disseminate policy

- Top management regularly and continuously sends and communicates a clear message that no violation of the competition laws will be tolerated inside and outside the company.



Identify material risks related to Antimonopoly Act violations

- Extract competition laws violation risks by predicting specific scenarios in which the company is involved in competition laws violations.
- Focus on key risks that are likely to occur and have a high impact.



Develop internal rules

- Stipulate that in principle, contact with competitors is prohibited, and if there is an unavoidable reason to do so, it is obligatory to obtain prior approval from the compliance division.
- Stipulate strict confidentiality of the whistle-blower and prohibition of disadvantageous treatment such as dismissal on the ground that they report the case.



Prepare countermeasures in the event of suspected violations

- Prepare manuals for systems and procedures for handling suspected violations (Prohibition of destruction of evidence, such as how to use the leniency program, etc.) and shared among relevant parties.



Evaluate and update compliance initiatives

- Confirm the structure and operation status of competition laws, compliance through audits and implement necessary corrections and improvements if deficiencies are found.

[V-4 Prevention of competition law violation in business activities]

The JFE Group not only stipulate the prevention of competition law violation in its code of conduct and JFE Group Compliance , but also formulate a basic policy on the prevention of bribery and require all employees in the group to comply with it

References

JFE Group Code of Conduct

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

JFE Group Compliance (Compliance with the Antimonopoly Act)

The JFE Group views past violations of the Antimonopoly Act seriously and continues to implement thorough measures to eliminate the possibility of future infringements. The internal audit departments of JFE Steel and JFE Engineering are auditing transactions with other companies to ensure compliance with the Antimonopoly Act by confirming that no activities are suspected of violating the law. The audits are being conducted regularly at each office, including branches and branch offices. Each Group company is implementing similar measures to prevent violations of the Antimonopoly Act.

We are increasing the effectiveness of these recurrence prevention measures by regularly reporting relevant activities to the Compliance Committee.

JFE Engineering Procurement Basic Policy and Guidelines

Basic Procurement Policy: 3. Fair competition

With a global focus, we offer a fair opportunity to all motivated and competitive domestic and international business partners.

Guideline: (1-2) Fair and equitable trade

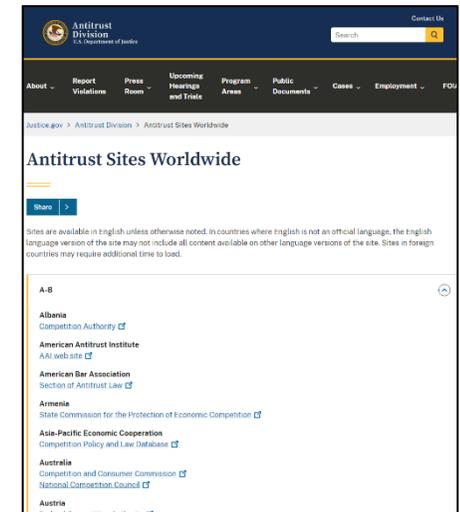
1. When selecting suppliers, we comprehensively evaluate their quality, technology, price, delivery times, stable supply capabilities, reliability, management stability and commitment to corporate social responsibility (CSR), and we maintain high ethical standards and engage in sound, fair and equitable transactions.
2. With respect to our business partners and our competitors, we do not abuse superior bargaining positions, unfairly coordinate orders or rig bids, participate in cartels, or engage in any behavior that obstructs fair business dealings.
3. We do not engage in any practice that would impair bidding fairness, such as obtaining information that is potentially illegal, including undisclosed prices from customers.

- The JFE Group distributes guidebooks containing information on violations of the Competition Law.

Sources: JFE HP, "Action Guidelines" and "Compliance," JFE Engineering HP, "Basic Procurement Policy" and "Procurement Guidelines," International Competition Network, "Members," Antitrust Division US Department of Justice, "Antitrust Sites Worldwide"

Materials and guidance

- For further information, the following website has been issued for reference:
- International Competition Network, "[Members](#)": A member list of International Competition Network.
 - Antitrust Division US Department of Justice, "[Antitrust Sites Worldwide](#)": A list of antitrust sites in the world.
- Both websites are available to search each country in A-Z order.



[V-5 Elimination of relationships with anti-social forces]

To prevent damage caused by anti-social forces, it is necessary for the entire organization to respond to this issue, including the top management

Overview (definition and examples of risks)

Definition of elimination of relationships with anti-social forces

- Antisocial forces refers to **groups or individuals that uses violence, power and fraudulent methods to pursue economic profit.**
- The takeover of a company by anti-social forces violates the human rights of other shareholders, business partners, employees, etc., and the management is carried out in such a way as to benefit only anti-social forces.
- There are two types of methods of making unreasonable demands by anti-social forces: "approach" and "attack."

Approach type

They approach in the form of "one-sided requests" or "solicitations," such as requesting the purchase of magazines, goods, donations, subcontracts, and others.

Attack type

They demand money by sending public inquiry letters and conducting street demonstration using corporate mistakes or executive scandals, and by making complaints about product defects or employee response.

Examples of risks



Transactions and financial provision to anti-social forces and front companies promote human rights violations.

- Induce illegal activities such as human trafficking, sale of illegal drugs and fraud.
- Front companies use violent methods to negotiate evictions of local residents.
- Front companies request a supplier for work at an unreasonably low price.



The takeover of a company by anti-social forces results in the management that benefits only these forces and sacrifices of other shareholders, business partners, and employees.



Business relationships with anti-social forces lead to unjust demands targeting individual employees.

[V-5 Elimination of relationships with anti-social forces]

Check the status of internal initiatives and consider issuing message by executives, adding a clause of eliminating organized crime groups, appointing a person and department responsible for response, and formulating a response manual

Action plans

Example of action plans

- It is recommended to deal with anti-social forces as an organization, not as individual employees, in cooperation with external organizations as appropriate.



Increase awareness of basic principles and policies by management

- Management actively leads initiatives to eliminate relationships with anti-social forces, and clarifies its stance toward these issues through executive messages.



Establish management structure

- Establish responsible persons and departments, response manuals, and reporting procedures, etc.



Include anti-organized crime clauses in contracts and terms and conditions

- When the other party engages in illegal or unjust actions, or states false facts, cancel the contract based on the exclusion clause.



Cooperate with external organizations

- Cooperate with the police, official authorities, lawyers, etc., and actively consult with anti-social forces when they make unjust demands.

[V-5 Elimination of relationships with anti-social forces]

The JFE Group stipulates in Code of Conduct the elimination of relationships with anti-social forces, and each group company has established procurement guidelines to which their suppliers are required to comply

References

JFE Group Code of Conduct

7. Maintain crisis readiness

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal or improper demands. Also, contribute to order and safety in society by thoroughly and methodically preparing for crises such as terrorism, cyberattacks, natural disasters and others, including by ensuring the stable availability of products and services.

JFE Group Compliance

Resisting Organized Crime

The JFE Group declares in its standards of business conduct that it will firmly resist all antisocial forces and has established the JFE Group Policies for Addressing Antisocial Forces and Regulations for Addressing Violence Directed at Companies to clarify the measures to be taken against antisocial forces, including an initial response manual.

JFE Engineering Procurement Guidelines

(1-5) Avoidance of organized crime

We refuse to have any relationship with criminals or criminal groups, including organized crime groups, racketeers and extortionists, and we never respond to demands from such entities.

Materials and guidance

➤ For further information, the following website has been issued for reference:

- The United Nations Convention against Corruption (UNCAC): It is a legally binding universal anti-corruption instrument. It approaches comprehensively to tackling corruption, emphasizing the importance of preventive measures, criminalization and law enforcement, international cooperation and asset recovery.



Sources: "JFE HP Action Guidelines" and ["Compliance,"](#) JFE Engineering HP, ["Procurement Guidelines,"](#) The United Nations Convention against Corruption (UNCAC) HP, ["Learn about UNCAC"](#)

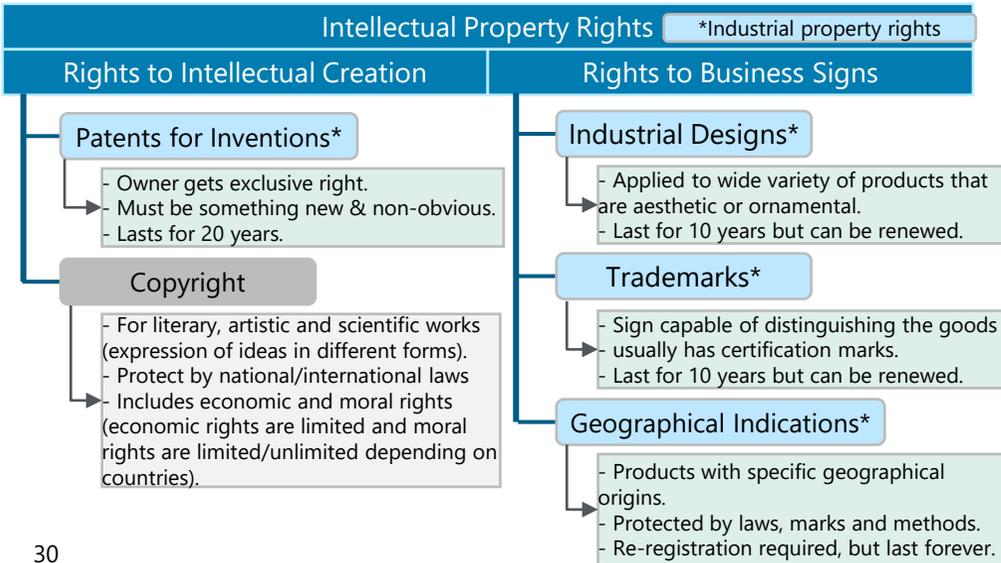
[V-6 Prevention of unauthorized use of intellectual property and illegal duplication of copyrighted material by third parties]

Initiatives related to intellectual property and intangible assets are essential to realize and preserve improved value

Overview (definition and specific risks)

Definition of intellectual property and copyrighted works

- Intellectual property rights system is a system designed to protect the creations of intellectual creative activities as the property of the creator.
- "Intellectual property (IP) refers to creations of the mind – everything from works of art to inventions, computer programs to trademarks and other commercial signs. IP covers a vast range of activities and plays an important role in both cultural and economic life. This importance is recognized by various laws which protect intellectual property rights." (World Intellectual Property Organization, 2020, "What is intellectual property?")
- Intellectual property rights are broadly divided into rights to intellectual creations for the purpose of promoting creative motivation such as patent rights and copyrights, and rights to business signs for the purpose of maintaining the credibility of users of trademark rights and trade names.



Examples of risks

Economic damage or damage to company's reputation due to financial loss from lawsuit through the following acts related to unfair competition:

- Use of famous product labels that causes confusion with other companies' product labels
- Use of famous product labels
- Use of counterfeit items
- Infringement of trade secrets

The following intellectual property risks are induced by digitalization:

- Failure to protect the rights of development products
- Infringement of other companies' rights by copying other companies' designs
- Leakage of development strategies and user data
- Violation of regulations on the use of data in business

Image Sources: World Intellectual Property Organization (2020). "What is intellectual property?" WIPO publication. <https://doi.org/10.34667/tind.42176>.

[V-6 Prevention of unauthorized use of intellectual property and illegal duplication of copyrighted material by third parties]

Establish internal regulations and a management system to prevent violation of intellectual property and illegal copying of copyrighted materials

Action plans

Example of action plans

- Based on the overview, review the progress status of company's efforts and initiatives.
- Depending on the progress, consider taking the following actions.



Develop internal rules and policies to prevent infringement of intellectual property

- Formulate guidelines of intellectual property and stipulate how to handle other companies' and others' confidential information.



Education and training programs for employees

- Conduct regular training and education programs for employees on the importance of intellectual property and the risks of illegal duplication, and notice the methods of protecting intellectual property and measures to prevent illegal activities.



Establish an appropriate management system

- Establish a management system to prevent infringement of intellectual property in the process of developing new products and technologies.
- In order to take prompt action in case of unauthorized use of intellectual property or illegal duplication of copyrighted materials, periodically review the measures of the management system.



Utilize company's intellectual property and develop strategies

- Maximize corporate value not by using intellectual property of third parties without permission, but by actively utilizing own intellectual property and formulating strategies.

Sources: World Intellectual Property Organization (WIPO), "[Website](#)," Study Group on Effective Disclosure and Governance of Strategies for Investing and Exploiting Intellectual Property, "[Guidelines for Governance of Intellectual Property and Intangible Assets](#)," Nippon Keidanren, "[Action Guidelines on Intellectual Property Rights](#)," METI, "[Guidelines on Disclosure and Governance of Investment and Utilization Strategies for Intellectual Property and Intangible Assets Ver. 2.0](#)"

[V-6 Prevention of unauthorized use of intellectual property and illegal duplication of copyrighted material by third parties]

The JFE Group stipulates respect for intellectual property in risk management, and each group company has established procurement guidelines to which their suppliers are required to comply

References

JFE Group Code of Conduct

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

Risk Management (Intellectual Property Management)

The JFE Group meticulously manages intellectual property across its diverse business activities. To prevent infringement on third-party intellectual property, it constantly monitors the latest information on intellectual property and implements all necessary measures.

JFE Engineering Procurement Guidelines

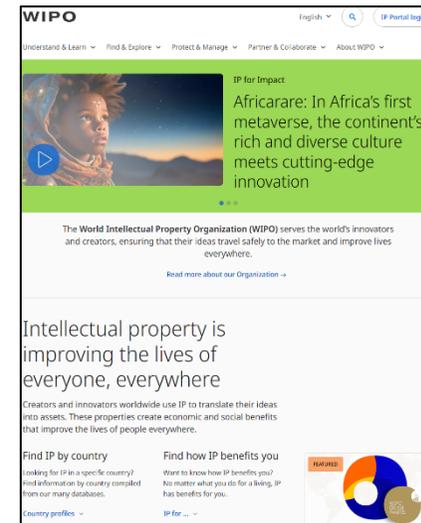
(1-6) Respect for intellectual property

We respect the intellectual property rights of third parties, including patents, copyrights and trademarks, and we do not obtain or use intellectual property improperly, nor do we infringe on such rights.

Materials and guidance

➤ For further information, the following website has been issued for reference:

- World Intellectual Property Organization (WIPO), "Website": The website of the United Nations specialized agency that aims to promote the protection of intellectual property rights worldwide, including information on intellectual property and news/reports published by the organization.



To protect personal information, privacy, and confidential information, it is necessary to pay attention not only to breaches caused by erroneous email transmission, but also to unauthorized access and inappropriate use/collection

Overview (definition and specific risks)

Defining of personal data and privacy protection

- **“Personal data” means any information relating to an identified or identifiable natural person** (‘data subject’); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person; In case of occurrence or possibility of occurrence of leakage, etc., it is necessary to promptly report to information society service and notify the person concerned.
- “Personal data breach” means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data transmitted, stored or otherwise processed.
- Laws on privacy protection is to protect the rights and interests of individuals while taking consideration of the usefulness of personal information, in view of a remarkable increase in the utilization of personal information due to development of the advanced information and communications society, by clarifying the responsibilities of the State and local governments, etc.

Definition of preventing unauthorized use of confidential information

- Trade secrets are **technical or business information useful for business activities, such as information concerning manufacturing processes, pharmaceutical test data, designs and drawings of computer programs, and commercial information, such as distribution methods, list of suppliers and clients, and advertising strategies.**

Examples of risks



Leakage of consumer phone numbers and e-mail addresses through unauthorized access from outside.



Misrepresent one's colleagues' private life.



Obtain candidates' race, medical history, criminal history, etc. information without their consent during recruitment activities.



Leakage of trade secrets of business partners due to erroneous email transmission by employees.

In addition to developing policies, establishing systems and operation rules, and conducting training, review the current measures for each leakage and consider additional measures

Action plans

Examples of action plans

➤ It is recommended to consider and implement countermeasures for each information leakage route.



Develop and disseminate policy

- Policy on personal information, privacy and confidential information developed and communicated to employees and other interested parties.



Formulate systems and operation rules

- Appoint the responsible department and the executive officer for protection of personal information, privacy, and confidential information, and notify employees and other related parties.
- Formulate rules and procedures for each step, such as collection, recording, storage, use, disclosure by transmission and leakage.



Consider each leak route

- For employees: Restrictions on the use of photograph devices in the factory.
- For retirees: Restriction of access to internal information after application for retirement.
- For business partners: Conclusion of confidentiality agreements on products and services, etc.
- For outsiders: Installation of firewalls, virus software, etc.



Educate and train

- Training including case studies and small group discussions at each business site.
- Since the definition of privacy changes daily, the training content should be updated according to the latest events.

[VII-3 Protection of Personal Information and Privacy; VII-4 Prevention of Unauthorized Use of Confidential Information] The JFE Group stipulates the protection of personal information in Privacy Statement, and each group company has established procurement guidelines to which their suppliers are required to comply

Reference Information

JFE Group Privacy Statement

1. Basic policies regarding protection of personal information

1) The JFE Group, in light of the growing use of personal information resulting from advances in data communications, endeavors to protect the rights and interests of individuals while also respecting the utility of said information.

2) The JFE Group adheres to Japan's Act on the Protection of Personal Information, Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures, and all other relevant laws and ordinances, both in the spirit and the letter of such laws, in order to protect personal information.

3) The JFE Group protects personal information by formulating internal rules for managing said information and by informing, educating and training employees on these rules as well as all applicable Japanese laws and ordinances.

The JFE Group also continuously reviews and improves its privacy policies and internal rules.

JFE Engineering Procurement Guidelines

(2-1) Defending against computer and network attacks

We protect against computer and network attacks and manage our computing and network resources as to prevent both internal and external damage from occurring.

(2-2) Personal data and privacy protection

Properly manage and protect the personal information of customers, third parties and employees.

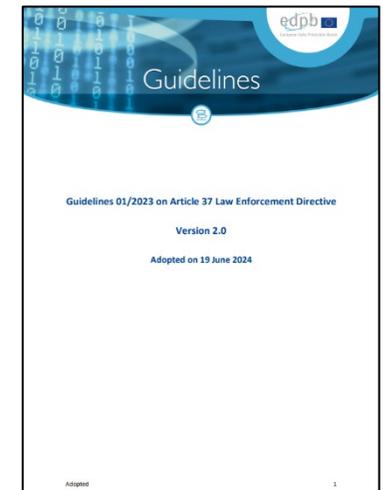
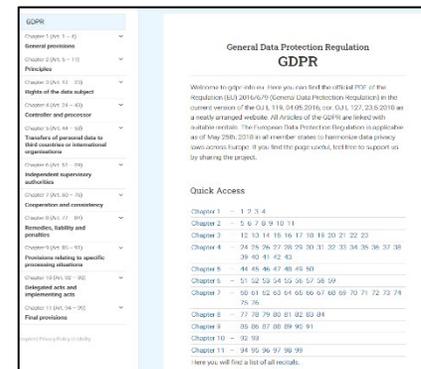
(2-3) Protection of confidential information

We appropriately manage and protect confidential information received from customers and other third parties to prevent unauthorized use and information leaks.

Materials and guidance

➤ For further information, the following guideline has been issued for reference:

- European Union "General Data Protection Regulation (GDPR)":
The GDPR focuses on the protection of personal data by requiring organizations to ensure that data is collected, processed, and stored in a secure manner. It mandates strict conditions for obtaining consent, imposes data breach notification requirements, and grants individuals' rights to access, correct, and delete their personal data.



[VIII-2 Initiatives against conflict minerals]

Companies are obligated to refrain from utilizing conflict minerals, which has potential to finance armed groups and address human rights violations

Overview (definition and specific risks)

Definition of conflict minerals (responsible sourcing of minerals)

- Conflict minerals are minerals that are used to finance conflicts, human rights abuses, and violence by conflict actors such as armed groups and the national military.
 - ✓ **Target Minerals:** Tin, Tungsten, Tantalum, and Gold (commonly referred to as "3TG," an acronym representing these four minerals)
 - ✓ **Eligible Countries:** Democratic Republic of the Congo and 9 neighboring countries (Angola, Uganda, Republic of the Congo, Zambia, Tanzania, Central African Republic, Burundi, South Sudan, and Rwanda)
*EU Conflict Minerals Regulation: Conflict areas and high-risk areas (CAHRAs)
- The OECD (Organisation for Economic Co-operation and Development) [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#) describes "responsible sourcing" as follows:
 - ✓ **"From a sustainability/ESG perspective, strive not to use minerals that pose risks such as human rights violations."**
*"Responsible mineral procurement" is highly related to "child labor" and "forced labor," which are risk items for others, so please refer to pages 12 -16 as necessary.

Examples of risks



Funding of armed groups that perpetuate human rights abuses and conflict, includes actions such as promoting inhumane acts such as killing, lynching, abduction, and sexual assault of local civilians by armed forces.



Conflicts stemming from the extraction of conflict minerals have disrupted agricultural activities, a vital sources of livelihood, and lead to the following consequences.

- ✓ Increased reliance on mining activities brought heightened control by armed group with violent methods including sexual violence.
- ✓ Local residents are trapped in a cycle of control, violence, and perpetual instability.

[VIII-2 Initiatives against conflict minerals]

Approaches for responsible sourcing on raw materials are expected to expand further, driven by regulatory pressures related to ESG risks and stakeholder demands

Risks and target minerals

Key elements to include and the initiative structure

- There are laws and regulations corresponding to the risks and minerals that companies must follow in the context of "human rights and business" as well as ESG.
- The target minerals and the main laws and regulations are as follows:
Conflict minerals and the proliferation of diverse laws, regulations, and frameworks

	OECD (OECD Due Diligence Guidance)	United States (Dodd-Frank Act)	EU (EU Conflict Minerals Regulation)
Regions covered	Conflict-affected and high-risk areas (CAHRAs)	Democratic Republic of the Congo and Neighboring Countries	Conflict-affected and high-risk areas (CAHRAs)
Target minerals and risks	3TG	Target that serves as a funding Sources for 3TG minerals and armed groups	3TG/OECD ANNEX II (overall human rights violations, including child labor)
Regulated parties	- All companies involved in the supply chain	- U.S. listed companies - All companies involved in the supply chain	- Importers in the EU - EU refiners
What should the business operator do?	*Explanation on the next page	- Survey on 3TG use and country of origin - Supply chain due diligence - Submission of annual reports	- Supply chain due diligence - Submission of annual reports - Follow-up checks by EU member states

- In addition to 3TG minerals, the RBA (Responsible Business Alliance) has extended coverage to include cobalt and mica (EMRT). Further expansions may be anticipated in the future.
- The scope of risks and geographic areas that companies must address is expected to continue broadening.

Explanation of names and various initiatives

- APPENDIX II. Risks: Refers to the risks listed in the OECD Guidelines, which includes human rights violations, support to armed groups, illegal activities such as collection of tolls, bribery, misrepresentation of the origin of minerals, tax evasion, etc.
- RBA (Responsible Business Alliance): The world's largest industry alliance promoting CSR in global supply chains, with more than 210 members in the electronics, automotive, and retail industries, including Japanese companies. It has formulated and published the RBA Code of Conduct.
- RMI (Responsible Minerals Initiative): A subsidiary organization of RBA with more than 480 member companies worldwide, including Japanese companies. They formulate and publish various resources, forms such as CMRT and EMRT, and formulate audit standards for RMAP.
- EMRT: Extended Minerals Reporting Template

Sources:
 JEITA, "Responsible Minerals Procurement Background and Research Practices," "Background of Responsible Minerals Sourcing," OECD, "Global Standards for Responsible Mineral Supply Chains," "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," JOGMEC, "Results of FY2023 Survey on Destination Clauses and Price Indices in Fixed-term LNG Sales and Purchase Agreements concluded by Japanese companies."

[VIII-2 Initiatives against conflict minerals]

As an initial step, conduct a thorough assessment of the current situation by disaggregating the supply chain into upstream and downstream components, following various guidelines to initiate a conflict minerals survey

Action plans

Examples of action plans

- The OECD has published [Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).
- To achieve these objectives, the guidance outlines a five-step framework that companies are encouraged to adhere to.



Establish robust corporate management systems

- Implement corporate guidelines pertaining to mineral supply chains originating from CAHRAs, clearly communicating them to suppliers and the public.
- Establish internal controls and grievance mechanisms to facilitate supply chain due diligence.



Conduct independent third-party audits to verify supply chain due diligence.

- Utilize institutionalized mechanisms for auditing and verification by independent third parties.



Identify and assess risk in the supply chain

- Evaluate the risk of negative impacts in accordance with the standards set forth in the Supply Chain Guidelines.



Report annually on supply chain due diligence

- Publish a public report on the guidelines and their implementation progress.



Design and implement a strategy to respond to identified risks

- Report results of the risk assessment to designated senior management within the organization.
- Develop and adopt a comprehensive risk management plan.
- Implement the risk management plan, monitor progress, track the content of risk mitigation initiatives, and report regularly to senior management.
- Conduct additional assessments of events and risks as needed for mitigating risks or responding to changing circumstances.

Sources: JEITA, "Responsible Minerals Procurement Background and Research Practices," "What is Responsible Minerals Procurement?," OECD, "Global Standards for Responsible Mineral Supply Chains," OECD, "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas"

[VIII-2 Initiatives against conflict minerals]

The JFE Group stipulates in JFE Basic Policy on Human Rights responsible mineral sourcing and sets forth sourcing guidelines for its subsidiaries

References

JFE Basic Policy on Human Rights

Given recent changes in human rights awareness and concerns, the JFE Group's Human Rights Basic Policy was revised in April 2023 to further strengthen the JFE Group's efforts to respect human rights. Under the new version of the policy, every operating company inspected and revised its **procurement guidelines and related materials**, thereby strengthening the JFE Group's efforts throughout the supply chain.

JFE Engineering Procurement Guidelines

(1-11) Responsible mineral procurement

Regarding certain minerals produced in conflict areas where human rights violations and other transgressions occur (including The Democratic Republic of the Congo and neighboring countries), which may be used to fund armed groups that carry out inhumane acts, we avoid using such minerals (tin, tantalum, tungsten and gold) in any of our products and take remedial steps if any such risk is identified.

Basic Procurement Policy

1. Compliance with applicable laws and social norms

Understanding that compliance is fundamental to our procurement activities, we comply with all relevant laws and social norms, and act in good faith in our business dealings.

2. Information management

We properly manage all information obtained through transactions and other business.

3. Fair competition

Taking a broad view of the world and working from a global perspective, we provide ambitious and competitive companies worldwide with fair opportunities to serve as our business partners.

4. Fair selection of business partners

When selecting business partners, we base our decisions on economic rationality as well as our thorough evaluation of their quality, technologies, prices, delivery times, stable supply capabilities, reliability, management stability and commitment to CSR initiatives.

5. Fostering trust

Through sound business dealings, we seek to deepen understanding with our business partners and to establish mutually beneficial win-win relationships built on trust.

6. Caring for the environment

In cooperation with our business partners, we seek green procurements with due consideration for environmental protection and environmental load reduction.

Materials and guidance

- For further information, the following website and guidance has been issued for reference.
 - OECD "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas": Outlines expected actions for companies to engage in conflict minerals and perspectives on due diligence actions to be taken by companies.
 - Japan Electronics and Information Technology Industries Association (JEITA) "Background of Responsible Minerals Sourcing": A brief introduction to the definition of mineral procurement based on OECD guidance and the practical steps and flow of actual surveys.
 - Japan Electronics and Information Technology Industries Association (JEITA) "Background and Survey Practices of Responsible Minerals Procurement": Introduces responsibilities and other trends in responsible mineral procurement as well as due diligence measures and precautions for downstream companies.



Sources: JFE Group, "Human Rights", JFE Engineering, "Procurement Policy" OECD, "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," JEITA, "Background of Responsible Minerals Sourcing," "Background and Survey Practices of Responsible Minerals Procurement"