

INTEGRATED REPORT 2021

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



NIPPON STEEL TRADING's strengths in navigating the future in the Steel, Industrial Supply & Infrastructure, Textiles, and Foodstuffs Division

Human resources

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

Expertise

Ability to provide secondary manufacturing capabilities and ability to respond to a wide range of customer requirements by enhancing total solution capabilities

Combined power

Business development benefitting from the combination of a high level of expertise and industry-leading competitiveness generating synergies with each other



Pan-American Highway in Chile

The Pan-American Highway stretches from a town near the Arctic Circle to the southern tip of South America, for 48,000 km in total length, across 14 countries of diverse environments, including cold climates and tropical rain forests. This highway is a backbone of a network connecting many countries and regions with a diversity of environments and culture. We believe that it has some similarity to Nippon Steel Trading, which is composed of diverse corporate DNAs.



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

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





Management Principles



Nippon Steel Trading Corporation Logo Mark



What we have wanted to communicate by the logo mark

The logo mark uses four blue-based colors to express the “innovative” and “intellectual” nature of our four business areas, Steel, Industrial Supply & Infrastructure, Textiles, and Foodstuffs, 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.

The path that Nippon Steel Trading has been taking

External environment

- | 1920 Post-war depression after World War I
- | 1923 Great Kanto Earthquake
- | 1929 Great Depression
- | 1939 World War II
- | 1971 Nixon Shock
- | 1973 First oil shock
- | 1979 Second oil shock
- | 1985 Plaza Agreement
- | Early 1990s Bubble burst
- | 1997 Asian currency crisis
- | 2007 Global financial crisis

History of NST

1870 - 1970

- | **1872 ①**
Started a business selling steel and steel materials.
- | **1896 ②**
Entered into a marine transportation business.
- | **1916**
Opened first overseas offices in Shanghai, Tianjin, and Hong Kong.
- | **1955**
Licensed as a food import trading company.
- | **1962 ③**
Licensed as a friendly trading company in trade with China.

1970 - 1990

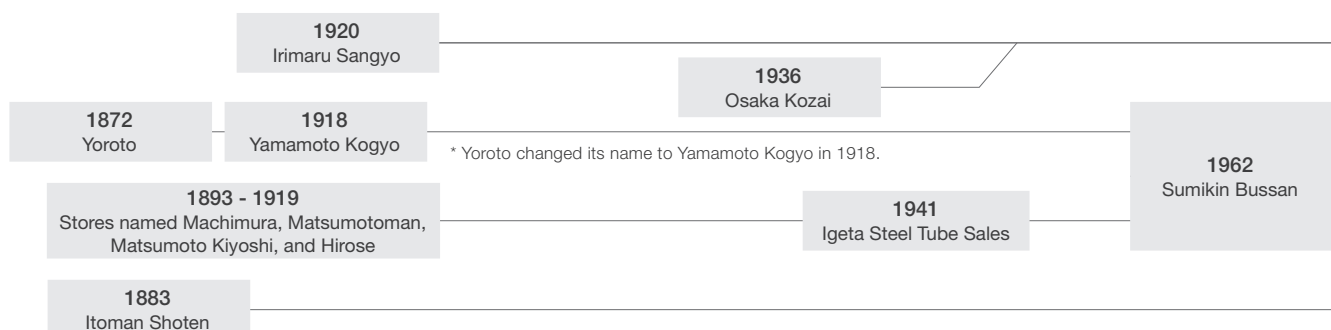
- | **1972**
Established an import JV of beef and pork in Australia.
- | **1981**
Promoted the first female executive. Started an in-house Chinese language training program.
- | **1983**
Started the overseas representative program for female employees.
- | **1986 ④**
Nittetsu Shoji's transaction amount reached ¥1 trillion.
- | **1988**
Established the Rojana Industrial Park in Thailand.

1990 - 2010

- | **1990 ⑤**
The first Japan-China JV coil center began commercial operation in Shenzhen.
- | **2006 ⑥**
Sumikin Bussan was listed on the First Section of the Tokyo Securities Exchange.



② Source: Drawing by Fumio Nagasawa, provided by Shigetoshi Kizu



In its history of more than 100 years, Nippon Steel Trading has prevailed in the top-class position in the Steel, Industrial Supply & Infrastructure, Textiles, and Foodstuffs Division, and has transformed itself by incorporating diverse corporate DNAs in response to the changing business environment. In conformity with our Corporate Philosophy, we will endeavor to continue developing together with society through the supply of socially valuable products and services over the next 100 years.

2011 Great East Japan Earthquake

2020 COVID-19 pandemic

From 2010

2010 ⑦

Nittetsu Shoji was listed on the First Section of the Tokyo Securities Exchange.

2013

Merged to form Nippon Steel & Sumikin Bussan Corporation.

2018

Acquired a part of the Steel Division of the Mitsui & CO. Group.

2019 ⑧

Changed the trade name to Nippon Steel Trading Corporation.

Diversity:
Diverse DNAs

Resilience:
Self-transformation power

Long history:
Centennial company

Into the future:
Next 100 years



1977
Nittetsu Shoji

* Itoman Shoten changed its name to Itoman (in Chinese characters) in 1943 and Itoman (in katakana (phonetic)) in 1991.

1993
Sumikin Bussan and Itoman* merged

2013
Nippon Steel & Sumikin Bussan Corp

2018
Acquired a part of the Steel Division of the Mitsui & CO. Group

2019
Corporate name change



NIPPON STEEL TRADING

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Editorial Policy

This Integrated Report 2021 is Nippon Steel Trading's first of its kind. By keeping in mind the value of better knowledge about our company on the part of customers, stakeholders, and our own international workforce, we have prepared this report with focuses on the message from the President, the Medium- to Long-Term Management Plan, initiatives to deepen ESG management, and our people, which are precious assets for a trading company.

We sincerely hope that this integrated report will help our stakeholders better understand the company.

We intend to continue improving the Integrated Report to make it easier to read with more content and a better structure.

Guidelines Followed

- The International Integrated Reporting Council (IIRC) International Integrated Reporting Framework
- The 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, 2020 - March 31, 2021
(Including some information after April 2021)

Organizations Covered

Nippon Steel Trading Corporation and Nippon Steel Trading Group companies

157 companies as of March 31, 2021
(113 subsidiaries and 44 affiliated companies)

Publication Date

November 2021



A company achieving strong growth and contributing to society

— Message from the President —

President and Representative Director **Yasumitsu Saeki**

In May 2021, Nippon Steel Trading Corporation (NST) announced a new medium- to long-term management plan aimed at overcoming structural changes in the business environment, achieving strong growth, and contributing to society by supplying products and services essential to our society.

Our medium- to long-term management plan is based on three strategic measures: 1) Building a robust corporate structure by implementing measures to strengthen the foundation of our business; 2) Achieving sustainable growth by advancing growth strategies; and 3) Enhancing ESG management.

1 Environmental Awareness

Although the business environment in which the NST Group operates in is currently showing signs of recovery, looking at the environment long-term reveals a harsh future. In the steel market, domestic demand is projected to decrease due to factors such as population decline and the increasing number of businesses producing their products overseas, while competition within international markets is expected to intensify even further. In addition, our textiles business' main business domain, the domestic apparel market, is also expected to continue shrinking due to population decline. Meanwhile, new demand in response to social needs including SDGs, and outside Japan, particularly in Asia and North America, is expected to expand.

Up until now we have expanded our business operations mainly by developing our trading business domestically and globally in the steel (the main business), industrial supply & infrastructure, textiles, and foodstuffs industries. However, given the unavoidable structural changes in the business environment, we believe that in order to continue to grow we must do more than develop our existing business model.

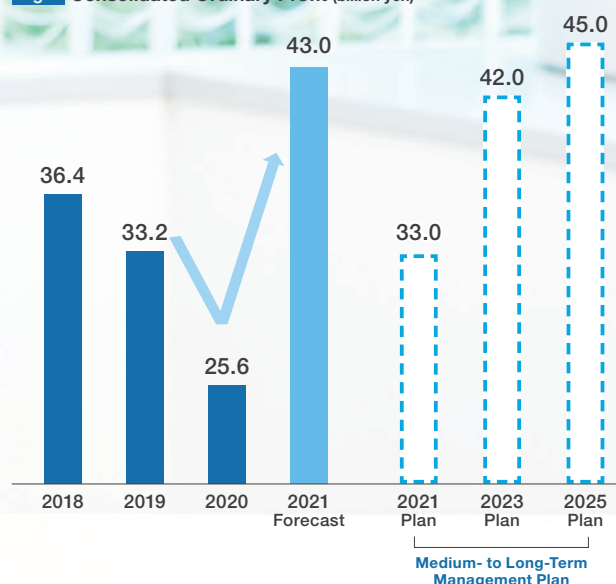
Formulation of Our Medium- To Long-Term Management Plan

We released the "NST Group Medium- and Long-Term Management Plan" on May 10, 2021, to properly address to these circumstances, overcome structural changes in the business environment in the future, and achieve strong growth and contribute to society through the supply of socially valuable products and services. I am currently leading efforts to achieve the plan by mobilizing and coordinating the many different entities within the NST group. Creating the plan took

about a year, a provided me with an opportunity to rethink my management philosophy and role.

In the occasion of this first integrated report, I would like to take this occasion to explain my management philosophy since I became president in June 2018, and explain my thoughts on the basic concept of our Medium- to Long-Term Management Plan: "A company achieving strong growth and contributing to society." **Fig.1**

Fig.1 Consolidated Ordinary Profit (billion yen)



2 The Values Behind the Basic Concept of Our Medium- to Long-Term Management Plan

1) My Management Philosophy

I strongly agree with the idea that companies are public institutions of society. Companies should be expected to use management resources such as human and financial resources, which are provided by society, to give due consideration to the needs of society and customers, and grow together with society through provision of products and services that satisfy their needs. This means that corporate activities must be fair and square and that companies are permitted to survive in society as a result of the efforts of employees and of the trust extended by various stakeholders.

Globally, since the beginning of the 21st century, corporate social responsibility (CSR) has grown greatly in importance, but I think that such ideas have existed as ethical values long before that in Japan.

In Japan we often say “a company is its people”. In order for companies to grow alongside society, the most important task is the development of employees who can accurately grasp the needs of society and customers and act to answer those needs in an earnest and transparent way.

Let me present specific examples of how I have been engaged in corporate management based on this management philosophy.

2) Foundations of Corporate Management

I believe that safety, quality control, and compliance are the bedrock on which successful corporate management is built. Since I made my first annual greeting as president to our employees, I have been working hard on these issues.

First, safety comes as our top priority. None of our domestic or overseas employees should ever be harmed during their work, and we are constantly working to ensure the safety of our

employees. To be more specific, we thoroughly research any potential safety hazards that could befall employees through means such as investigation of past incidents in order to understand their causes. Through this research we understand how to prevent future incidents, and have made every effort to re-examine what must be done at the company and individual level in order to ensure the safety of our employees.

Next, with regard to quality control, we strive to ensure that our products and services are of the quality required by our customers. However, any operation that involves humans is prone to error. In order to control such quality-related risks we established the DX (Digital Transformation) Promotion Department in July 2020, an organization under my direct control created to implement the digitalization of trading operations across manufacturers, distributors, and customers. We believe that these DX measures will not only eliminate or greatly reduce quality risk, but also reduce inventory and loss through improving operational efficiency and making conditions visible in real time. **Fig.2**

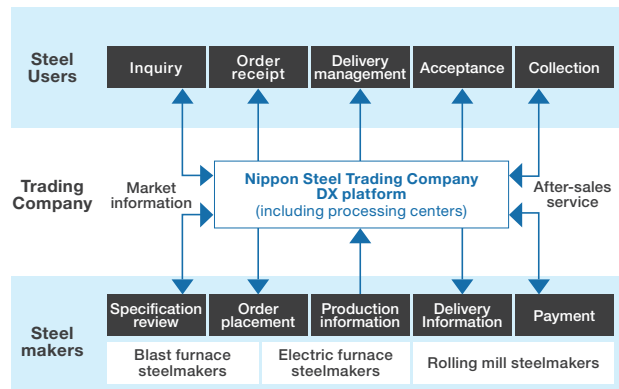
Finally, compliance means adherence to laws, regulations, and rules. In the past there have been countless companies that have violated the law, lost social trust, and then disappeared. Compliance is a necessary condition for a company to survive in a society governed by law. We strive to educate each employee concerning compliance and employ an organizational check system.

3) Human Resource Development

In regards to human resource development, I believe that employees should constantly strive to grow within their daily work. Specifically, this means that everyday employees should ask themselves whether they have made good

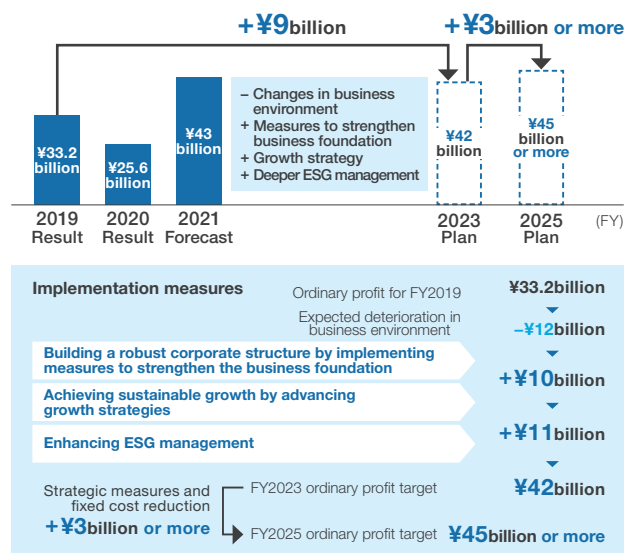
Fig.2 DX Solution (diagrammatic)

- Greatly improve efficiency, operational accuracy, and quality control throughout users, distributors, and manufacturers
- Reduce inventory and loss, and improve logistics efficiency and productivity through enabling real-time visibility of information



- ◆ Full-scale launch of internal systems, such as the Entry System Improvement and Automatic Financial Source Management System, in the second half of fiscal 2021, will continue to expand their functions and coverage of products.
- ◆ Work on external collaboration systems, such as the New Coil Center System and Portal Site, will start in the first half of fiscal 2022. Aim to expand their functions and points of operation over the medium term.

Fig.3 Revenue Improvement Plan



judgment calls, thought of new proposals, and if they have made improvements within their work. This will lead to the development of personnel who thoroughly consider the needs of society and suppliers, act fairly, and become the driving force for sustainable growth of the company.

To this end, I do my best to lead by example. I make sure to visit sites where our company has business so I can understand the situation on the ground. I constantly think to myself what's truly necessary for our company currently, make sure to discuss matters with other employees and endeavor to make fair and rational decisions. I strive to make concrete proposals, and aim to be the first to act upon new ideas. Throughout my career I've learned that only by embodying the ideals I wish to instill can I raise employees who are able to think logically and act with integrity.

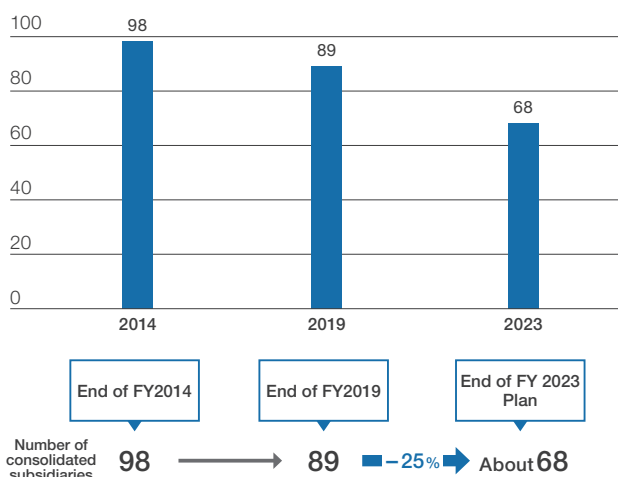
4) Formulation of our Medium- To Long-Term Management Plan

As we were working to build a new foundation for the corporate management of our company, in the middle of 2019 it became apparent that structural changes were occurring in the business environment surrounding the steel and other industries we work in. In addition, in 2020 the novel coronavirus (COVID-19) pandemic began sweeping the world.

Based on my belief that the essence of corporate management is to realize "achieve strong growth and contribute to society" through the supply of socially valuable products and services, I started to formulate a Medium- to Long-Term Management Plan, which is comprised of three key strategies. I presented this basic concept to executives and senior managers in August 2020, had numerous discussions with them, and we completed the plan in about a year.

Fig.4 Building a robust corporate structure

Increase the efficiency of the entire Group and reduce the scale of fixed costs by reorganizing, integrating, and withdrawing from manufacturing and sales bases. Inject management resources into areas of growth and regions through means such as M&A and alliance formation, and build sources of next-generation revenue.



3 Three key strategies of the Medium- to Long-Term Management Plan

Fig.3



1) Building a Robust Corporate Structure by Implementing Measures to Strengthen Our Business' Foundation

Structural changes within the business environment currently threaten to impact NST's earnings performance. To overcome this risk, we plan to drastically improve the value-added productivity of our Group employees, and to selectively reorganize, integrate, or withdraw from our manufacturing and sales bases, thereby increasing the efficiency of the entire Group and reducing the scale of fixed costs. We have clarified the goals of each organizational unit and are working to achieve 70% of the medium-term targets in fiscal 2021. **Fig.4**

Five Pillars Supporting Growth



2) Achieving Sustainable Growth by Advancing Growth Strategies

In order to successfully advance our new growth strategies and achieve sustained profit growth, we will seek to capture new demand born from social needs such as those defined by the SDGs, and will also expand our processing facilities and sales networks in overseas markets projected to grow. By diversifying our supply sources in addition to expanding our networks, we aim to move more of our business operations overseas. We also believe it is important that we respond to changes in the global supply and demand environment, so we have formulated concrete strategies for profit growth in each sector/market and are working to achieve more than 40% of the medium-term targets in fiscal 2021. In addition, we will focus on implementing key 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.

3) Enhancing ESG Management

1 Environment

In order to contribute to the realization of a carbon-free and recycling-based society, we are working on making SDGs-related proposals to our customers in addition to our own group's efforts towards environmental conservation and preventing climate change.

We have set targets of reducing carbon emissions by 30% by fiscal 2030 (as compared to fiscal 2018) and achieve carbon neutrality by fiscal 2050, we aim to achieve these goals as early as possible through our group-wide efforts to reduce CO₂ emissions. [Fig.5](#)

We will also redouble our efforts to disclose information regarding our environmental activities, using the recommendations set forth by the Task Force on Climate-related Financial Disclosure (TCFD) as a reference.

In terms of our business-based eco-solution products for



customers, we offer high-tensile steel sheets for automobiles, high-performance electrical steel sheets, materials for offshore wind power generation, a solar power generation business, biomass fuel, recycled materials and antibiotics-free growth-hormone free pork.

2 Social

As I stated at the beginning, “a company is its people” and thus “people” are the most important management resource NST has. As a trading company operating in this era of diversity and inclusion, 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 working person, I believe it is important to maintain a healthy work-life balance. But during work hours it is also important to focus on honing oneself and one's skills, and to enjoy that process of self-improvement. Every day I work alongside our employees with the hope that they will give their all and continue refining their creative, planning, and practical capabilities.

3 Governance

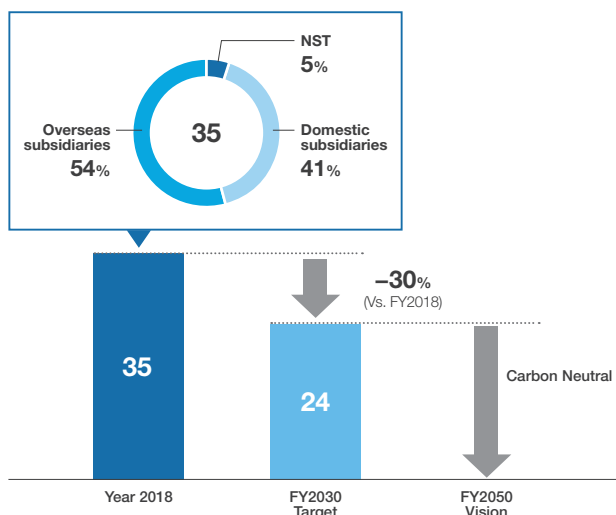
In November 2021, a Governance Committee was established in addition to the existing Personnel and Remuneration Committee, while the ESG Committee and the Risk Management Committee were also established as subordinate bodies of the Management Meeting. Furthermore, we will establish a Crisis Management Headquarters to strengthen our ability to respond swiftly to serious risks in the event they emerge. We are thus improving our corporate governance and risk management capabilities.

To speak more regarding risk management, if management of the previously mentioned safety, quality control, compliance or any other risk to NST is not systematically functioning or not being properly carried out, a mechanism for quickly

Fig.5 The NST Group's scenario for CO₂ emission reduction

CO₂ emissions from the NST Group

(Thousand t-CO₂)





discovering and correcting the problem is necessary. We are therefore strengthening our autonomous internal control through the formation of a three-line defense, and the establishment theme-specific task forces within the Risk Management Committee in order to improve the overall effectiveness of the system.

④ Identification and Promotion of Materiality

In May 2021, we identified six key issues related to ESG management (materiality) to focus on, based on internal and external opinions regarding what is required to realize the basic concept of our Medium- to Long-Term Management Plan, “a company that achieves strong growth and contributes to society.”

In order to further promote ESG Management within NST, we have established the ESG Committee, as well its subordinate bodies the Environment Meeting, Social Meeting, and the Governance Meeting, to deliberate how our company should proceed with ESG management and to take concrete actions to further ESG management within NST.

Materiality

- Contribution to a decarbonized society and environmental conservation
- Contribution to the development of land and regions
- Contribution to a recycling-oriented society and sustainable living
- Optimization of the entire supply chain (use of information and technology)
- Utilization of diverse human resources (Nurturing people, making proper use of them, and taking care of them)
- Management based on trust and reliability

4 In Conclusion

We anticipate that the future will bring a variety of changes to the business environment for our company to grapple with. Regardless of what changes may occur, I am determined to take the lead in the implementation 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.
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.

SUSTAINABLE DEVELOPMENT GOALS



Nippon Steel Trading contributes to the realization of a sustainable society

Corporate Philosophy of the NST Group **P3**

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.

Global mega-trends affecting NST



Materiality **P17**



Inputs

Financial capital

A sound financial structure and a stable earnings structure

Net assets **¥278.2 billion**

Equity ratio **28.9 %**

Human capital

A group of professionals that is second to none, professionals who ceaselessly respond to customers' wishes and sometimes create new products and values by themselves

Employees (non-consolidated) **1,840**

Employees (consolidated) **9,028**

Intellectual capital

Each of the Steel, Industrial Supply & Infrastructure, Textiles, and Foodstuffs Division has a high level of expertise and industry-leading competitiveness, and operates by generating synergies with each other at times.

Organizational and Group capital

A diverse and extensive network in Japan and overseas

Japan **30 locations**

59 companies

Overseas **18 countries**

52 companies

NST's global processing bases

Coil centers, etc. **29 bases**

Sewing factories **10 bases**

Response to a variety of customer needs by providing secondary manufacturing capabilities and enhanced total solution capabilities

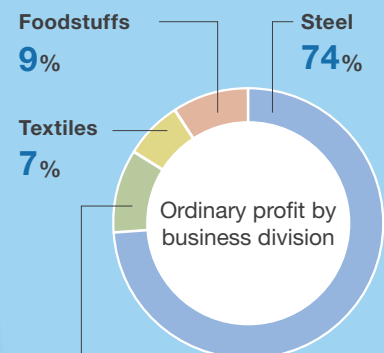
Brand capital



* As of March 31, 2021

Business activities **P57**

Current business activities



Industrial Supply & Infrastructure
10%

Steel Division **P59**

Industrial Supply & Infrastructure Division **P63**

Textiles Division **P65**

Foodstuffs Division **P67**

Safety

Nippon Steel Trading Corporation (NST) has been expanding our business in Japan and abroad, mainly in trading, by leveraging the diversified development of Steel Division (the main business) and industrial supply & infrastructure, textiles, and Foodstuffs Division. 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.

Outputs and outcome

The realization of a strong growth company that contributes to society

The three major measures of the Medium- to Long-Term Management Plan P21

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

P22

		P24	P25	P27
	Target indicators	Value created by 2025		
		FY2020 results	FY2025 plan	
Growth potential	Ordinary profit	¥25.6 billion	¥45 billion or more	
Profitability	Net profit	¥15.9 billion	¥28 billion or more	
Return on invested capital	ROE	6.5%	9-10%	
Financial health	Net D/E ratio	0.95times	1.0times or less	

Social value

P38

	Target indicators	Value created by 2050		
		FY2018 results	FY2030 target	FY2050 target
CO ₂ emission reduction	About 35,000 tons		-30%	Carbon neutrality
SDGs	Contributing to the sustainable growth of society			

SUSTAINABLE
DEVELOPMENT
GOALS



Realization
of a
sustainable
society

Quality
control

Compliance

Management infrastructure and corporate governance that support growth

P47

Priority issues (materiality) in ESG management of the NST Group

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 committed to resolving the issues and achieving the SDGs.

Initiatives and KPIs to address priority issues (materiality)






























We check the implementation of priority issues (materiality) on ESG management by using key performance indicators (KPIs) that evaluate the results of these efforts, and make sure to promote them, thereby contributing to sustainable social growth and enhancing corporate value.

Materiality		Main Initiatives
E	1 Contributing to a decarbonized society and environmental conservation	1. Eco solution proposals <ul style="list-style-type: none"> 1 Making proposals for reduction in automotive CO₂ emissions and for EV/FCV related products <ul style="list-style-type: none"> High-tensile steel sheet for automobiles, HS aluminum sheet (aluminum-plated stainless steel plate) High-performance electrical steel sheet Materials for EV battery cases and FCV fuel cells, stainless steel for hydrogen stations, etc. 2 Making proposals for products related to renewable energy and emission regulations (SO_x, NO_x) <ul style="list-style-type: none"> Materials for offshore wind power generation (large single-heavy high-tensile thick plates) Roof-mounted solar power generation business Stainless steel for scrubbers of environmentally friendly maritime vessels
	2 Contributing to the development of land and local communities	2. The NST Group's CO₂ emissions reduction (35,000 tons since 2018) <ul style="list-style-type: none"> 1. Contributing to the creation of towns that are resistant to disasters and that create vitality in the region <ul style="list-style-type: none"> 1 Response to the national resilience basic plan of Japan, etc.
	3 Contributing to a recycling-oriented society and sustainable living	1. Eco solution proposals <ul style="list-style-type: none"> 1 Expanded supply of recycled steel raw fuels <ul style="list-style-type: none"> Expanded supply of scrap (iron, stainless steel, etc.) (for electric arc furnaces of Nippon Steel, etc.) Expanded supply of biomass fuels and reducing agents 2 LCA (Life Cycle Assessment) <ul style="list-style-type: none"> Expanded supply of related products <ul style="list-style-type: none"> Lightweight steel can material (tin), high corrosion resistance SuperDyma (high corrosion resistance plated steel) NS ECO-PILE (screw piling method), ultra-high-tensile wire materials with reduced environmental load, etc.
S	4 Optimization of the entire supply chain (use of information and technology)	1. Improvement of efficiency throughout the supply chain by utilizing DX measures and ICT <ul style="list-style-type: none"> 1 Digitization of steel trading business <ul style="list-style-type: none"> Contributing to the improvement of efficiency across society by building a platform for linking ordering, materials, and trading information in the supply chain (supplier - company - customer)
	5 Utilization of diverse human resources (Nurturing people, making proper use of them, and taking care of them)	1. Further strengthening of diversity and inclusion efforts <ul style="list-style-type: none"> 1 Maintaining over 30% as the ratio of female new graduates hired as career-track employees 2 Creation of an environment where diverse human resources play active roles and are challenged and rewarded (e.g., teleworking, childcare and nursing care support, enhanced initiatives for personal development, etc.) 2. Enhanced efforts that contribute to further improvement of safety and health management <ul style="list-style-type: none"> 1 Enhanced efforts aimed at eliminating lost-worktime accidents 2 Enhanced efforts of health management (continuing to be certified as an excellent corporation for health management, and setting of priority issues)
G	6 Management based on trust and reliability	1. Enhancement of governance system and improved effectiveness of the Board of Directors to enhance management transparency and efficiency <ul style="list-style-type: none"> Further enhancement of discussions at the Board of Directors (medium- to long-term strategy, investment discussions, etc.) 2. Improved effectiveness of risk management through the enhancement of autonomous internal controls on each of three Defense Lines 3. Advancement of management based on capital and cost of capital <ul style="list-style-type: none"> Improvement of capital and capital efficiency in light of ROIC and other factors (restructuring of business portfolios based on ROIC, etc.) 4. Enhancement of shareholder return based on stable profit growth

Previous efforts on behalf of SDGs

In order to make the initiatives on SDGs more fully functional, in February 2020 we established the SDGs Promotion Group in the Corporate Planning Department to identify the themes of SDG-related initiatives in our business. To raise employee awareness we have sent an explanatory message from the President to all employees, distributed SDGs pin badge to them, held briefing sessions, and conducted in-house training. In October 2020, an SDGs Promotion Department was established to strengthen planning and promotion functions. We are making groupwide efforts based on our belief that each employee will be a vital player in achieving the SDGs.

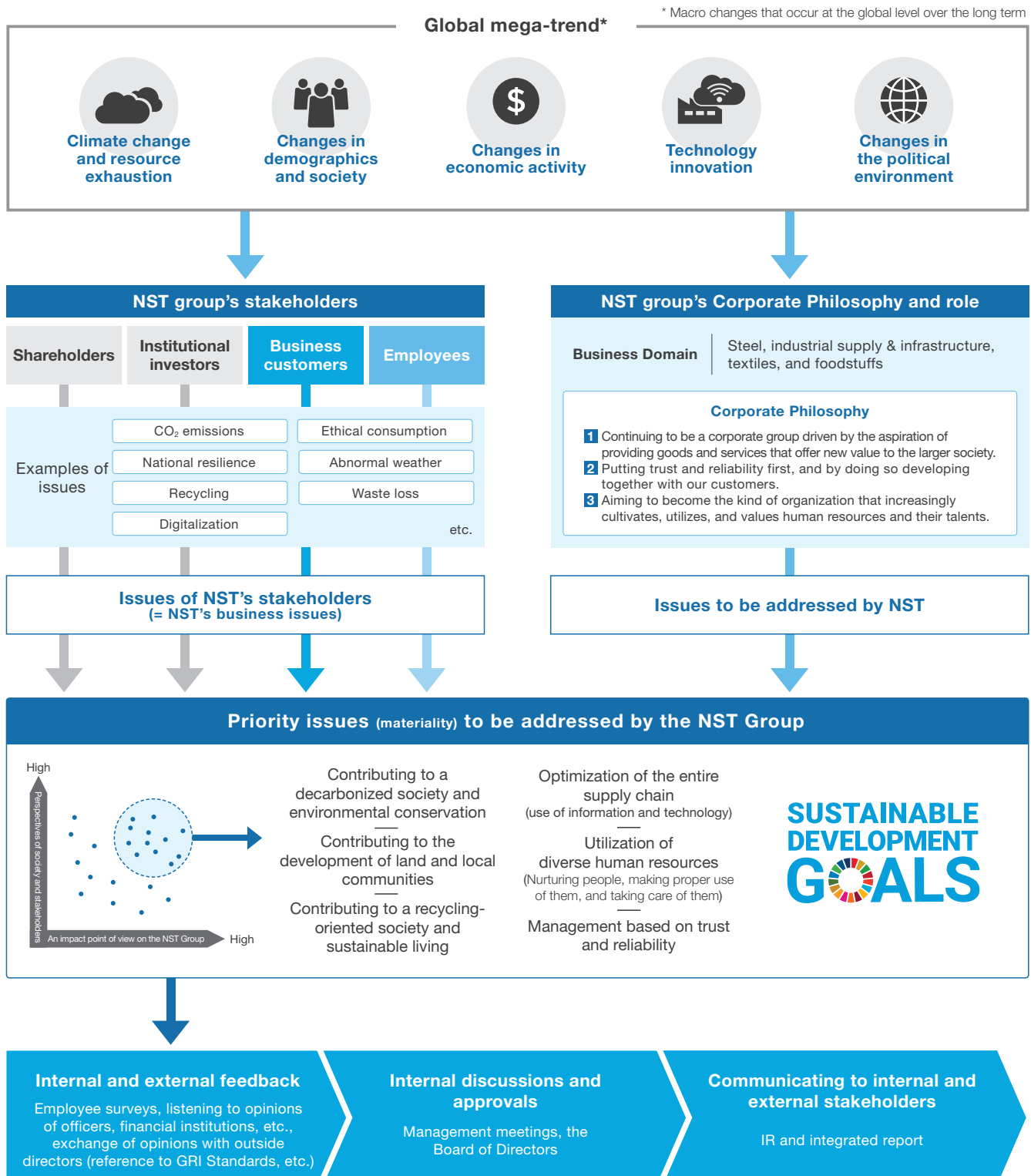
Identified “SDGs Initiative Themes” with each business division.		<ul style="list-style-type: none">Conducted dialogues between the President and all sales line managers. → Determined the challenges our clients face and began relating SDGs initiatives to growth strategies.Established the SDGs Promotion Department.		<ul style="list-style-type: none">Identified priority issues (materiality) and announced them publicly. → Identified the materiality based on employee questionnaires and discussions with executives and managers.		
2020 February	Up to July	July – Sep.	Sep. – Oct.	Nov. - 2021 March	March - May	June to present
Established the SDGs Promotion Group in the Corporate Planning Department.	Implemented the following measures from the viewpoint of raising employee awareness of SDGs. ① Distributed the message from the President and the SDGs pin badge in July. ② Held the first SDGs internal briefing session (introduction to SDGs). → Held 16 sessions with 1,622 attendants in total (approximately 88% attendance rate).			1) Conducted internal awareness activities. ① Training by internal ranks ② Posting a series in the Group Newsletter (from Winter 2020) 2) Launched the integrated report project. → Issued the first integrated report.	Held the second SDGs internal briefing session (materiality). → Held 8 sessions with 1,534 attendants in total (approximately 83% attendance rate).	

		Reference page	SDGs										
<div>③ Proposal and cooperation for Nippon Steel's Carbon Neutral Vision 2050</div> <div>• Environmentally friendly raw materials</div>		P34	<div>Key goal</div> <div><div>13</div><div>CLIMATE ACTION</div><div></div></div> <div><div>7</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div></div></div> <div><div>9</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div> <div><div>12</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>17</div><div>17 PARTNERSHIPS FOR THE GOALS</div><div></div></div>										
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<div>2. Promotion of supply chain CSR that takes into account the working and natural environment</div> <div>① Provision of services to meet social needs such as ethical consumption and enhanced CSR initiatives in the supply chain</div> <div>• Sustainable textiles (organic cotton, recycled lyocell, recycled polyester, bamboo, kapok, kenaf, etc.)</div> <div>• Foodstuffs (alternative plant- based meat, antibiotic and growth hormone free pork)</div> <div>• Expanded transaction of fair-trade certified products</div> <div>• Consideration given to the working environment by enhanced CSR audit at production sites, including overseas cooperation plants</div> <div>• Expansion of green purchasing in procurement materials and supplies</div>		P39	<div><div>13</div><div>CLIMATE ACTION</div><div></div></div> <div><div>12</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>9</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div> <div><div>11</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div><div>14</div><div>14 LIFE BELOW WATER</div><div></div></div> <div><div>2</div><div>2 ZERO HUNGER</div><div></div></div> <div><div>3</div><div>3 GOOD HEALTH AND WELL-BEING</div><div></div></div> <div><div>10</div><div>10 REDUCED INEQUALITIES</div><div></div></div> <div><div>17</div><div>17 PARTNERSHIPS FOR THE GOALS</div><div></div></div>										
		P42	<div><div>12</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div><div>8</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div></div></div> <div><div>9</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div> <div><div>17</div><div>17 PARTNERSHIPS FOR THE GOALS</div><div></div></div>										
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Materiality identification process

Based on the 17 goals and 169 targets of SDGs, which are considered to comprehensively represent global social issues, and the international frameworks for CSR and ESG (such as ISO26000 and GRI standards), Nippon Steel Trading (NST) has identified priority issues that are considered particularly important and should be prioritized.

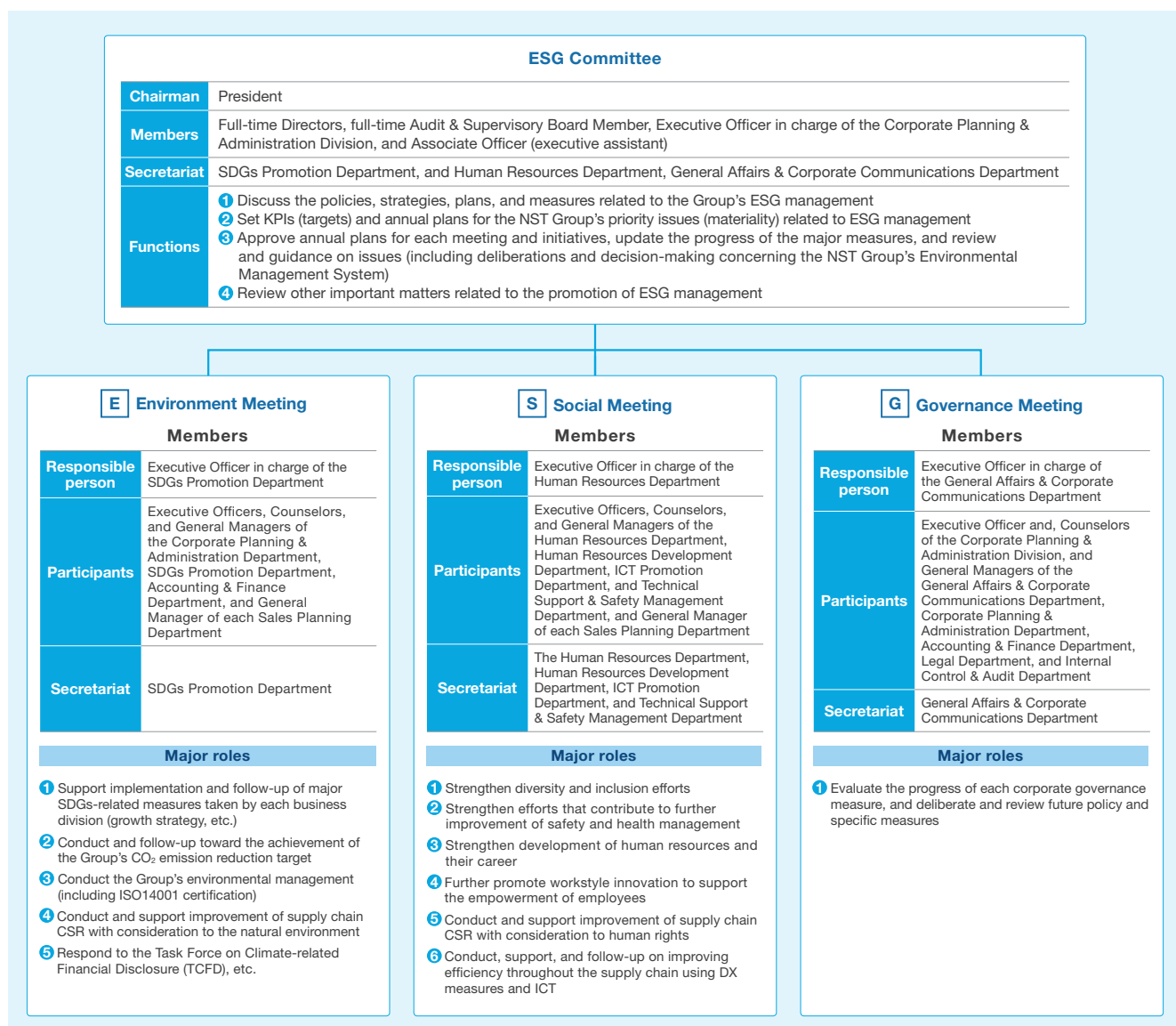
In this process, the stakeholders' issues (= NST's business issues), as defined through dialogues between the President and sales managers, as well as the issues to be addressed by NST were compiled, and the NST Group's strengths and role to be played in the future were taken into consideration.



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 EST 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.



A cycle to incorporate sustainability into the business strategy



Action Plan for the Future

(Medium- to Long-Term Management Plan)

Nippon Steel Trading Corporation has formulated a new management plan with the two aims of overcoming structural changes anticipated in the business environment of the future and becoming a “strong growth company that contributes to society” through the supply of socially valuable products and services.

Business environment

P23

Three main measures

P24

Building a robust management
base and a stable profit structure

P29

Targets and initiatives by
business division

P31

Basic Concept

A company achieving strong growth and contributing to society

Main measure

1

Building a robust corporate structure by implementing measures to strengthen the business foundation

P24

Main measure

2

Achieving sustainable growth by advancing growth strategies

P25

Main measure

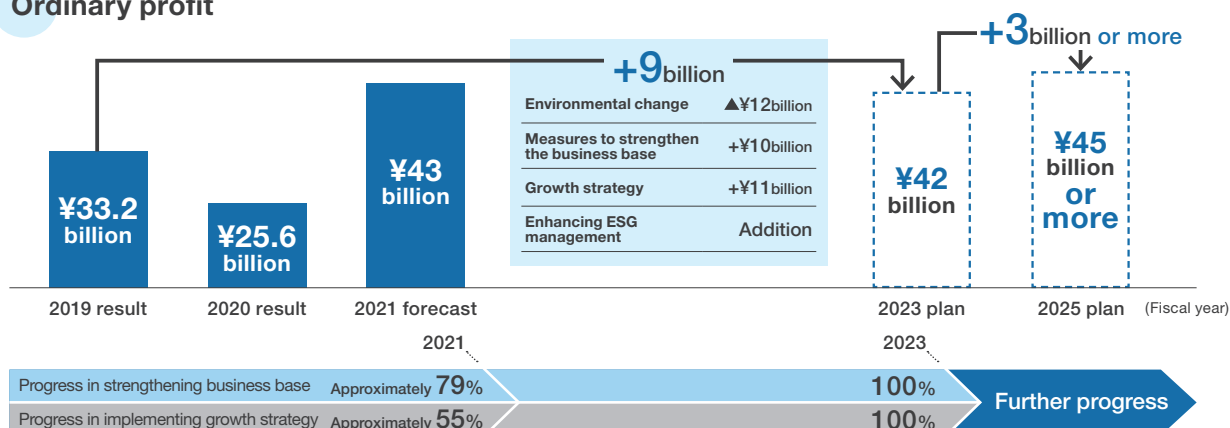
3

Enhancing ESG management

P27

Medium- to Long-Term Management Plan Management Targets

Ordinary profit



Quantitative targets

• Ordinary profit targets

¥42 billion (FY2023) → ¥45 billion or more (FY2025)

• ROE

9-10%

• ROIC

Around 6%

• Net profit targets

¥26 billion (FY2023) → ¥28 billion or more (FY2025)

• Net D/E ratio

1.0 times or less

• Payout ratio

30% or higher

Investment plan

• Investment plan

¥75 billion (FY2021-2025)

• System input plan

¥17 billion (FY2021-2025)

Long-term CO₂ emission reduction target

-30%

(FY2030)
Vs. FY2018

Carbon neutrality

(FY2050)

Business environment

NST's business environment is expected to recover from the COVID-19 pandemic, but is structurally very problematical.

In the main Steel Division, domestic demand for steel products is projected to decrease mainly due to a declining population and an increasing shift to overseas production by our customers. [Ref. 1](#)

As for the Textiles Division, the domestic apparel market, which is NST's main business domain, is expected to continue shrinking along with a declining population and some lesser factors. [Ref. 2](#)

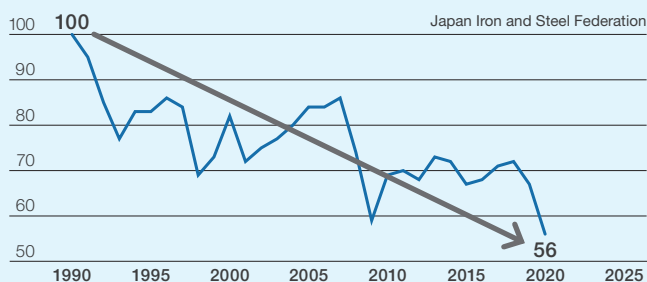
Meanwhile, new demand in response to social needs

including those related to the SDGs and global demand, mainly in Asia and North America, is forecasted to expand.

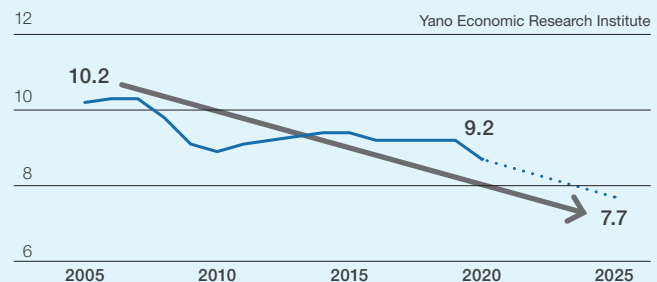
We have been engaged in expanding business in Japan and abroad, mainly in trading, by the diversified development of Steel Division (the main business) and Industrial Supply & Infrastructure, Textiles, and Foodstuffs Division.

However, as structural changes in the business environment are expected, we believe that we cannot expect growth if we just retain our existing business model unchanged on the premise of maintaining the current fixed costs.

Ref. 1 Japan's steel consumption (million tons)



Ref. 2 Japan's apparel market (trillion yen)



Business environment that affects the NST Group

Japanese economy

- Japan's real GDP is expected to recover to the level of 2019 (before the COVID-19 pandemic) in or after fiscal 2022.
- The real GDP growth rate in Japan for a decade up to fiscal 2030 is expected to remain low at 1.5% per year on average.

World economy

- The overall world economy is expected to recover to the pre-COVID-19 level in FY2021.
- Growth will continue mainly in Asia and North America.

Steel supply and demand

There is a recovery from the COVID-19 pandemic but the following development is expected toward FY2025:

- Structural decrease in domestic demand and in exports, mainly of general materials
- Decrease in domestic production
- Increase in global demand and new demand in response to social needs

Apparel market

The domestic market is expected to decrease by about 15% from FY2019 to FY2025.

In order to respond appropriately to the above situation, NST will drastically improve the value-added productivity of employees by implementing measures to strengthen its business foundation, and build a robust corporate structure by reducing the scale of fixed expenses through reorganization, integration, elimination, etc. of the Group's manufacturing and sales bases.

In addition, in order to sustainably expand profits by promoting new growth strategies, we will capture new demand in response to such social needs as achieving the SDGs. We will also meet the expansion of global demand, such means as shifting to becoming a so-called integral member by expanding processing bases and sales networks in each region in growing overseas markets.

Moreover, we will make groupwide efforts for various improvements of distribution efficiency and new business creation through M&A, alliances, and digital transformation strategies.

Furthermore, we will strongly enhance ESG management as part of our social contribution efforts. We will contribute to a carbon-free and recycling-based society by proposing eco solutions. In addition, we will give consideration to diversity and inclusion to develop human resources to lead the next generation and further improve safety as well as health and productivity management. We will conduct management based on trust and reliability, and believe this will work to generate favorable shareholder returns.

NST's business structure and issues to be addressed

Reduce fixed costs

Decrease in value-added productivity due to an increase in fixed costs, etc.
(Increase in fixed costs due to expansion of the scale since the merger)

	FY2017	FY2019	FY2020
Profit per person	¥23mn	¥18mn	¥14mn

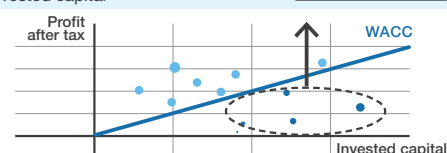
Expand in growth sectors and regions

Taking up the challenge of expanding in new demand sectors and global and other growth sectors and regions, so as to depend less on existing domestic businesses

Improve ROIC

Depressed corporate performance by businesses and units with a return rate that does not match the cost of invested capital

	FY2017	FY2019	FY2020
ROIC	6.0%	4.7%	3.9%



Improvement of low-margin businesses and units

Outline of specific measures

Main Measure

1

Building a robust corporate structure by implementing measures to strengthen the business foundation

We will reduce general and administrative expenses by “drastic improvement of value-added productivity” and “reorganization, integration, and elimination of the Group’s manufacturing and sales bases.”

Effects in FY2023 (compared to FY2019)

Achieve approximately 70% of the effect in FY2021

+¥10billion

Drastic improvement in value-added productivity

→ +¥5billion Ordinary profit per person 1.4 times
incl. benefits from growth strategies

■ Drastic improvement in efficiency of the workforce thorough improvement of business processes, utilization of ICT tools, etc.

Staffing level adjustments at the headquarters

+¥3billion

(Workforce -19%
Of which, -27% in the
administrative departments)

Personnel measures → Optimal personnel allocation within the group, placement to customer companies, natural attrition, etc.
December 2020: Establishment and start of functioning of the Human Resources Development Department

■ Reduction in fixed costs (general and administrative expenses) other than labor costs

Reduction in general and administrative expenses

-¥2billion (-15%)

Reorganization, integration, and elimination of the Group’s manufacturing and sales bases

→ +¥5billion

■ Efficiency of subsidiary personnel

+¥3billion (-12% in workforce)

■ Reduction in general and administrative expenses of subsidiaries

-¥2billion (-15% for general and administrative expenses)

Consolidated subsidiaries

98

(March 2015)

89

(March 2020)

-25%

About 68

(Plan for March 2024)

To optimize the Group structure by “selection and concentration,” we will identify issues and implement countermeasures for low ROIC units. Meanwhile, we will focus on growth areas where we can demonstrate our competitive advantage in the future and heavily inject and allocate management resources in these areas so as to build the foundation of next-generation profitability.

Streamlining of NST’s organization

Number of departments

92

(March 31, 2020)

86

(Sep. 31, 2021)

Closed 9

Established 3

Companies for reorganization, integration, and elimination, already executed or planned

Segment	Business	Before reorganization	After reorganization	When
Reorganization and integration	Steel	NSM Coil Center NST Coil center	NSM Coil Center	April 2021
		Part of NST’s mechanical steel pipe business Okayama Harada Pipe & Tube Furushou Sangyo	NST Mechanical Tubular Products Sales	April 2021
		NST Special Steel Nishinippon NST Special Steel Chubu	NST Special Steel	April 2021
		Takahashi Steel NST Welding Materials Co., Ltd	NST Wire & Welding	April 2020
		NST Nagoya Coil Center San-ei Daimaru	NST Nagoya Coil Center	April 2022
		Dongguan Tetsuwa Metals (China) Dongguan Sumikinbussan Metal Products Co.,Ltd (China)	Dongguan Tetsuwa Metals (China)	June 2021
		NST SANKOHAN NST Wire & Welding NS Kenzai Hanbai NST Tekken Kanto	NST Wire & Welding NS Kenzai Hanbai	April 2022
Elimination	Textiles	Ruigeng Garments (Dalian) (men’s suit sewing)	Withdrawal	Dec. 2021*

* Scheduled to complete liquidation

Main Measure

2

Achieving sustainable growth by advancing growth strategies

We will focus our management resources on growth sectors and regions, building the foundation of next-generation revenue

Positive impacts to be generated in FY2023 (compared to FY2019)

**+¥11 billion
or more**

1

Capturing of new demand

Focus on businesses that respond to SDGs-related social needs

**+¥4
billion**

2

A global strategy aimed at deepening and expanding overseas businesses

Accelerate the process of making overseas offices capable of independent management

**+¥3.5
billion**

3

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

**+¥3.5
billion**

Consolidated steel transaction volume
Incl. diversified supply sources
≥ 21 million tons

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 the digitalization of our trading business

+α

Capturing of new demand

Steel

- Automotive sector: EV, FCV, motor cell components, and lightweight materials
- High-performance materials for information communication and medical devices
- Multi-materials
- Renewable energy sector: Wind and solar power generation components
- Environmentally friendly raw materials

Industrial Supply & Infrastructure

- Roof-mounted solar power generation business

Textiles

- Expanded handling of sustainable recycled materials

Foodstuffs

- Plant based meat (PBM) business expansion



EV, FCV batteries, and motor battery components



Roof-mounted solar power generation



"Miracle meat" (PBM business)



Revibe leather: Recycled leather fabric

Global strategies

Steel

- Further promotion of becoming an integral member in each region (alliances with local coil centers, FAB (steel frame production plants), etc.)
- Sales expansion in cooperation with local mills (ASEAN, North America, India, etc.)
- Expanded sales of high-performance materials such as electrical steel sheets, ultra-high-tensile steel sheets, and special steel

Industrial Supply & Infrastructure

- Expanded sales of aluminum and carbon fibers overseas
- Expansion of the global development of the headrest (stay) parts business



Headrest (stay) parts

Collaboration with major users, strengthening distribution and processing functions, and providing solutions

- Pursuit of synergies from the integration of NST, NST Nihonteppan, Tsukiboshi Shoji, and NST Sankohan
- Strengthening response to Japan's national resilience plan and construction projects

DX strategies

Development of a new steel distribution DX platform (including processing centers) to digitize trading operations

- Improved efficiency throughout users, distributors, and manufacturers, and significant improvement in operational integrity and quality control
- Real-time visualization of information to improve inventory, loss, logistics efficiency and productivity
- Creation of new businesses through the above efforts

Main Measure

3

Enhancing ESG management

We will promote environmental, social, and governance (ESG) initiatives in order to realize sustainable social development.

Environment

P34

Contributing to a decarbonized society and environmental conservation

Making proposals for reduction in automotive CO₂ emissions and for EV/FCV related products



High-tensile steel sheet for automobiles, HS aluminum sheet (aluminum-plated steel plate)

High-performance electrical steel sheets

Materials for EV battery cases and FCV fuel cells, stainless steel for hydrogen stations, etc.

Making proposals for products related to renewable energy and emission regulations (SO_x, NO_x)



Materials for offshore wind power generation (large single-heavy, high-tensile thick plates)

Roof-mounted solar power generation business

Stainless steel for scrubbers of environmentally friendly maritime vessels

Expanded supply of recycled steel raw fuels



Expanded supply of scrap (iron, stainless steel, etc.) for electric arc furnaces of Nippon Steel, etc.)

Expanded supply of biomass fuels and reducing agents

Expanded supply of LCA-related products



Lightweight steel can materials (tin) and high corrosion resistance SuperDyma (plated steel)

NS ECO-PILE (screw piling method), ultra-high-tensile wire materials with reduced environmental load, etc.

CO₂ emission reduction

CO₂ emission reduction
(vs. 35,000 tons in 2018)

FY2030

30% reduction

FY2050

Carbon neutrality

Proposal and cooperation for Nippon Steel's Carbon Neutral Vision 2050

Environmentally friendly raw materials

Contributing to the development of land and local communities

Contributing to the creation of towns that are resistant to disasters and that create vitality in the region

Response to the national resilience basic plan of Japan, etc.

Social P39

Contributing to a recycling-oriented society and sustainable living

Promotion of supply chain CSR that takes into account the working and natural environment

- Provision of services to meet social needs, such as ethical consumption, and enhanced in the supply chain CSR initiatives
Sustainable fabrics (organic cotton, recycled lyocell, recycled polyester, bamboo, kapok, kenaf, etc.), sustainable foodstuffs (alternative plant-based meat, antibiotic and growth hormone free pork of Atria, Finland)
- Expanded transaction of fair-trade certified products
- Consideration given to the working environment by enhanced CSR audits at production sites, including overseas cooperation plants
- Expansion of green purchasing in procurement materials and supplies



Optimization of the entire supply chain

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

- Digitization of steel trading business and contributing to the improvement of efficiency across society by building a platform connecting ordering, materials, and trading information in the supply chain (supplier - company - customer)



Utilization of diverse human resources

Further strengthening efforts for diversity and inclusion

Realization of an action plan based on the currently promoted Act on Promotion of Women's Participation and the Act for Measures to Support the Development of the Next Generation (further raising the level of Kurumin and Eruboshi certifications)

- Maintaining over 30% as the ratio of female new graduates hired as career-track employees, improving the ratio of women in management, and promoting continued employment of career-track female employees
- Creation of an environment where diverse human resources play active roles and are challenged and rewarded (e.g., teleworking, childcare and nursing care support, enhanced initiatives for personal development, etc.)
- Enhanced development of human resources and their career (advancement in career through systematic job rotation, execution of development programs, etc.)



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

- Enhanced efforts aimed at eliminating lost-worktime accidents
- Enhanced efforts in health management (continuing to be certified as an excellent corporation for health management, and setting of priority issues)



Governance P47

Management based on trust and reliability

1. Enhancement of the governance system and improved effectiveness of the Board of Directors to enhance management transparency and efficiency

- Further enhancement discussions at the Board of Directors (medium- to long-term strategy, investment discussions, etc.)

2. Improved effectiveness of risk management through the enhancement of autonomous internal controls on each of three Defense Lines*

* Three Defense Lines

First Defense Line: Departments engaged in sales to assess and manage own risks as the first line of business activities.

Second Defense Line: Functional departments to establish rules and systems for risk management, monitor the status of front-line activities, and guide improvement as needed.

Third Defense Line: The risk management status of the first and second Defense Lines to be reviewed and the evaluation results to be reported to the management.

3. Advancement of management based on capital and cost of capital

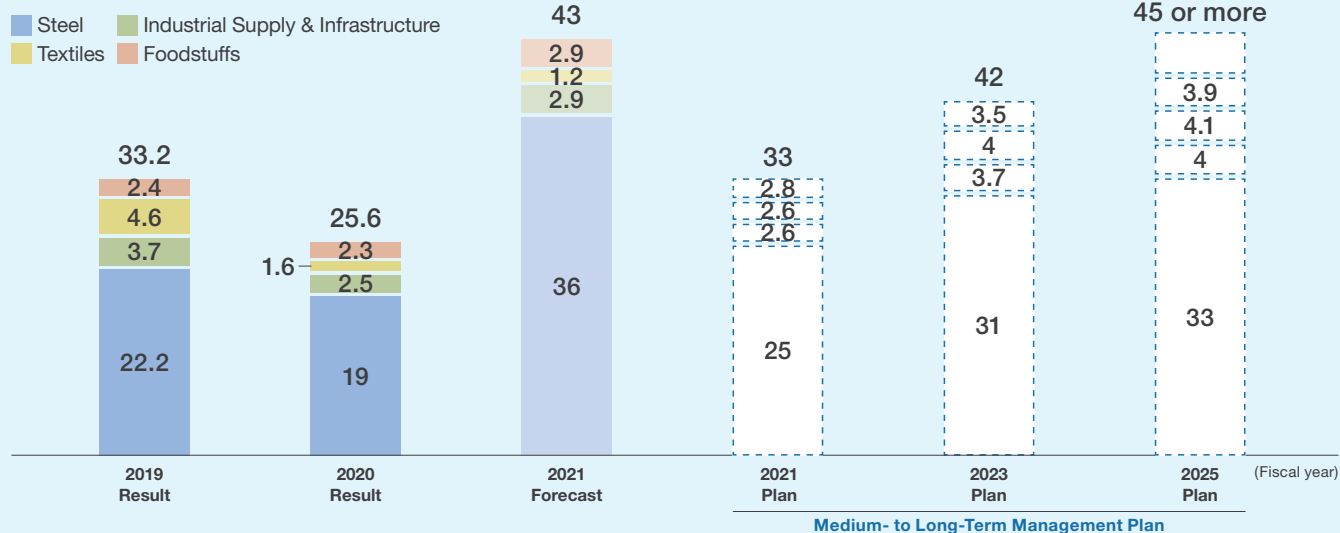
- Improvement in capital and capital efficiency in light of ROIC and other factors (ROIC-based business portfolio restructuring, etc.)

4. Enhancement of shareholder return based on stable profit growth (target: dividend payout ratio of 30% or more)

Building a robust management base and a stable profit structure

Quantitative plan

Ordinary profit target by business division (billion yen)



Revenue and financial structure targets (FY2023 and FY2025)

By implementing various measures of the Medium- to Long-Term Management Plan and improving funding and capital efficiencies through ROIC/ROE management, NST will strive for sustainable profit growth with the aim of achieving the following indicators in FY2023 and FY2025.

	FY2020 Results	FY2021 Forecasts	FY2023 Plan	FY2025 Plan
Ordinary profit	¥25.6billion	¥43billion	¥42billion	¥45billion or more
Net profit attributable to owners of parent	¥15.9billion	¥30billion	¥26billion	¥28billion or more
ROE	6.5%	Around 11%	9 - 10%	
ROIC	3.9%	Around 5.2%	Around 6%	
Net D/E ratio	0.95 times	About 1.2 times	1.0 times or less	

Aim to achieve ordinary profit of **¥45billion or more** in FY2025 by strengthening the business base and promoting growth strategies.

Breakdown of difference in consolidated ordinary profit (vs. FY2019)

	FY2023	FY2025
Structural changes in the business environment, etc.	– ¥12billion	– ¥14billion
Implementation of measures to strengthen the business base	+ ¥10billion	+ ¥11billion or more
Deployment of growth strategies	+ ¥11billion	+ ¥15billion or more

Financial strategy

Maintaining a bond credit rating of A

Maintain stability of the net D/E ratio of about 1.0 to facilitate low-cost financing through issuance of corporate bonds and CP

(As of March 31, 2021)

Rating Agency	Long-term rating	Short-term rating
Rating and Investment Information Center (R&I)	A	a-1
Japan Credit Rating Agency (JCR)	A+	J-1

Profit indicators

1 ROIC of around 6%

Securing ROIC of around 6%, exceeding NST's weighted average capital cost (WACC) of 4%

2 Profit per share (EPS) growth rate of around 6%

(Reference) Nikkei Average EPS Yield (FY2000-2020): 6% per annum

3 ROE of 9-10%

Securing a level that exceeds NST's cost of equity of 8%

Active investments to realize growth strategies

- 1 Business investment and capital investment will be ¥75 billion (cumulative for 5 years), and strategic investment including M&A will be actively considered and executed in each business area to improve distribution efficiency and create new businesses.
- 2 Through flexible recruitment activities, etc., NST will work to secure diverse human resources who will be leaders in the next generation.
- 3 NST will invest ¥17 billion yen in system costs over the next five years for measures such as promoting DX strategies, and strengthen its competitiveness based on digitalization of trading operations.

Investment plan

Investment plan **¥75billion** (FY2021-2025)

System input plan **¥17billion** (FY2021-2025)

Shareholder Return Policy

Dividend-related indicators

	FY2019	FY2020	FY2021 Forecasts	
			First Half	Second Half
Net profit	¥20.7billion	¥15.9billion	¥15.9billion	¥14.1billion
Dividends	200 yen	160 yen	160 yen	140 yen
Payout ratio	31.2%	32.4%	32.3%	

We believe that returning profits to shareholders is one of our management priorities, and we aim to achieve a consolidated dividend payout ratio of 30% or more while making active investments to realize our growth strategies.

Dividend payout ratio (as current)

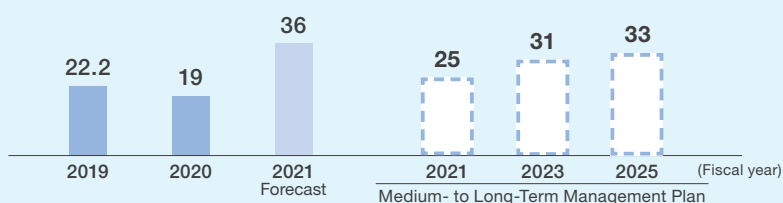
Target for **30% or higher** (32.4% in FY2020)

Targets and Initiatives by Business Division

Steel Division

Ordinary Profit Target (billion yen)

FY2019 → FY2023 **+¥9 billion**



Key growth strategies

- Acquiring new demand related to the environment, etc.
- Global strategies for becoming an integral member in each region
- Cooperation with major users to improve sales and profitability
- M&A and alliance strategies
- DX strategy to reform steel distribution

Environmental change

-¥7.5 billion

- ⬇️ Structural decrease in both domestic demand and exports of general materials from Japan
- ⬆️ Increase in global steel demand and demand for high-performance steel

Enhancing ESG management

Strengthening of business base

+¥7.5 billion

Growth strategies

+¥9 billion

Initiatives in the Medium- to Long-Term Management Plan

Our growth strategy in the Steel Division is to capture new demand, collaborate with key users, strengthen distribution and processing, and provide solutions, so as to expand sales and improve profitability.

Four enhancement measures

- 1 Acquire new demand that meets social needs such as related to SDGs (EV/FCV and lightweight materials in the automotive sector, offshore wind power/solar power generation in the renewable sector, and high-performance materials for information communication and medical devices, etc.)
- 2 Promote alliances with local manufacturers in Asia, North and Central America, etc. and work at becoming an integral member in each region, as global strategies for deepening and expanding overseas business.
- 3 Pursue comprehensive synergies with subsidiaries and adopt building information modeling (BIM) and other tools to strengthen capacity in relation to the national resilience plan and construction projects
- 4 Strengthen cooperation with major customers and distribution and processing, and propose solutions, so as to expand sales and improve profitability.

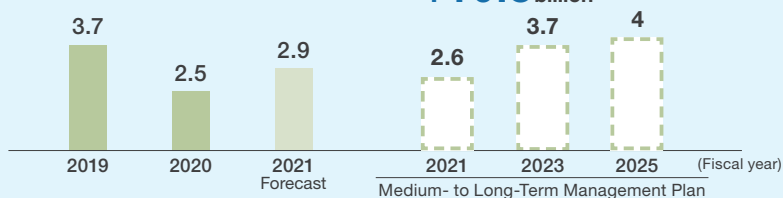
By promoting the diversification of supply sources, which will be needed for implementing the above measures, our target is a consolidated transaction volume of at least 21 million tons of steel.

In addition, in order to reform distribution of steel products through DX strategies, we will digitalize steel trading operations, which enables us to 1) improve efficiency in integrated ordering operations among manufacturers, distributors, and customers, 2) enhance operational accuracy and quality control, and 3) reduce inventory and losses and raise productivity via real-time information. We also intend to provide solutions to make our customers' production plan and purchasing strategy more sophisticated.

Industrial Supply & Infrastructure Division

Ordinary Profit Target (billion yen)

FY2019 → FY2023 **±¥0 billion** 2019 ex. one-off factors **+¥0.8 billion**



Key growth strategies

- Promotion of multi-materials (collaboration with steel)
- Strengthening of response to the expansion of worldwide demand for aluminum
- Global expansion of the headrest parts business
- Expansion of exports of railroad track equipment and kitchen automation equipment
- Expansion of roof-mounted solar power generation business

Environmental change

-¥1.6 billion

Including adjustment for one-off factors in FY2019

- ⬇️ Decrease in domestic capital investment
- ⬆️ Increase in demand for high-performance materials such as aluminum

Enhancing ESG management

Strengthening of business base

+¥1 billion

Growth strategies

+¥0.6 billion

Initiatives in the Medium- to Long-Term Management Plan

We seek to become global niche leaders and deepen our global consolidated management.

Four enhancement measures

- 1 Maximize profit and sales from existing investments.
- 2 Strengthen relationships with partners, develop new businesses, and expand horizontally to other businesses.
- 3 Collaborate with the Steel Division in multi-materials (diversification of suppliers).
- 4 Assess existing investments and select new investments in the GHS (Global Headrest) business.

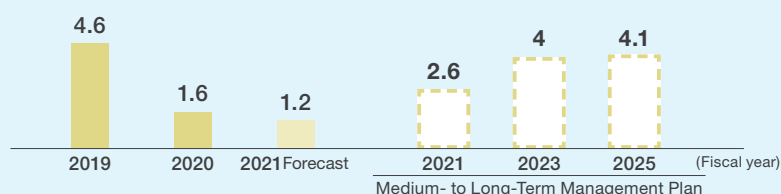
Concerning our invested businesses, we intend to support their businesses, and flexibly allocate personnel as needed, and review the amount of investment. We will dig deeper in each respective sector and accelerate the development of new businesses through information exchange with other sectors.

In addition, we will work with other business divisions to capture our customers' overseas investment demand, such as in aluminum, automobiles, and railways, at an early stage so as to create new business.

Textiles Division

Ordinary Profit Target (billion yen)

FY2019 → FY2023 **−¥0.6 billion**



Key growth strategies

- Development and deepening of business with growing users and sectors (lifestyle markets, etc.)
- Global business expansion (Europe, China, etc.)
- Development of new businesses (mail order, e-commerce, fitness-related, etc.)
- Broadening of products to meet social needs such as ethical consumption (recycling, up-cycle products, etc.)

Growth strategy through alliance with Mitsui & Co.
(outside the Plan in revenue and profit)

Environmental change

−¥3 billion

- ➡ Domestic market | FY2019: ¥9.2 trillion
FY2025: ¥7.7 trillion (Yano Economic Research Institute)
- ➡ Growth in overseas markets and sustainability-related demand

Enhancing ESG management

Strengthening of business base

+¥1.7 billion

Growth strategies

+¥0.7 billion

Initiatives in the Medium- to Long-Term Management Plan

The Plan's main theme is to "deepen existing businesses and explore new areas," with the following three major measures:
We will steadily expand our Textiles Division portfolio by supporting growth strategies of our affiliates engaged in non-fashion areas.

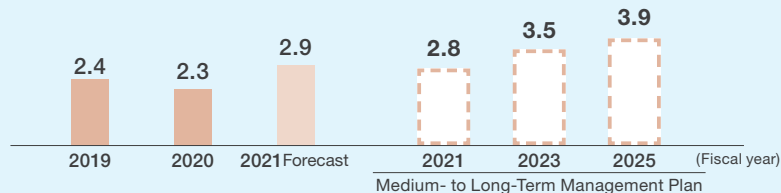
Three enhancement measures

- 1 Strengthen core business base. Our focus is to expand the functions of items that the Textiles Division Unit excels at. Other targets are to improve digital utilization, response capabilities for low-cost, small-lot transactions, and QR (Quick Response).
- 2 Expand global trading. With a key focus on China and Hong Kong, we aim to strengthen our overseas companies' ODM (design and manufacturing based on our customer's brand) business, and grow our materials business. We will also encourage third-country trade, not involving Japan.
- 3 Develop new markets for business portfolios, such as to commercialize sustainable-related measures, including recycling.

Foodstuffs Division

Ordinary Profit Target (billion yen)

FY2019 → FY2023 **+¥1.1 billion**



Key growth strategies

- Sales expansion of plant based meat and antimicrobial-free pork (antibiotics and growth-hormone-free pork)
- Development of the Southeast Asian market
- Enhanced sales to mass-market and Take-out businesses
- M&A to enhance the value chain

Environmental change

±¥0 billion

- ➡ Expect the restaurant industry to come out of the COVID-19 slump, and inbound demand to recover in FY2023.

Enhancing ESG management

Strengthening of business base

+¥0.4 billion

Growth strategies

+¥0.7 billion

Initiatives in the Medium- to Long-Term Management Plan

We aim to further grow and deepen to become a "creator of food value," which was one of the themes of the previous medium-term management plan. As basic measures, we have the following four themes for business growth and aim to expand business base by steadily implementing them.

Four enhancement measures

- 1 Strengthen sales to end-customers, including restaurants, mass-merchandisers, and take-out businesses, and expand the existing transactions.
- 2 Expand the value chain by implementing M&A and investment in fabless manufacturers and secondary wholesalers.
- 3 Further expand overseas bases, particularly in Southeast Asia, grow local sales of meat, meat processed products, and fishery processed products, and strengthen overseas sales.
- 4 Strengthen development and sales of plant based meat, Finnish ABF (antibiotic and growth hormone free) pork, and consumer pack products for supermarkets, and accelerate the initiatives that respond to SDGs.

Enhancement of ESG management

What Nippon Steel Trading can do to realize a sustainable society

Environmental initiatives

P34

Materiality

- M** Contributing to a decarbonized society and environmental conservation
 - M** Contributing to the development of land and local communities
- Nippon Steel Trading Group's environmental activities

Together with society

P39

Materiality

- M** Contributing to a recycling-oriented society and sustainable living
- M** Optimization of the entire supply chain

For our people

P43

Materiality

- M** Utilization of diverse human resources

Corporate Governance

P47

Materiality

- M** Management based on trust and reliability

E

Environment

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, employees of NST and its Group employees are committed to the maintenance of a sustainable global environment by making efforts to preserve and improve it.

M Contributing to a decarbonized society and environmental conservation

1 Sales of eco-products



Steel Business



Industrial Supply & Infrastructure Business



Kotaro Morioka
Stainless Steel, Titanium &
Specialty Steel Sales Department
Steel Division



Yoshiaki Maeda
Functional Materials Department
Industrial Supply & Infrastructure Division



Steel is a material that has a very low environmental impact and can be recycled infinitely when its value is repeatedly used throughout its life cycle. In addition to expanding the sales of steel, the Steel Division also focuses on the sales of eco-products, including the following:

Sale of high-tensile steel sheets for automobiles and aluminum-plated steel plates for hot stamps	Ensure safety in case of a vehicle crash, reduce the vehicle weight, and improve fuel economy. → Contribute to CO ₂ emissions reduction. Figure
Sale of HRX19 stainless steel for high-pressure hydrogen environments	Achieve high safety, compactness and longer product life. Have anti-hydrogen brittle properties. Use in high-pressure areas of commercial-use hydrogen stations. → Contribute to infrastructure development for the realization of the hydrogen society.
Sales of NS Eco-Pile	Steel pipe piles for civil engineering and construction that are driven into the ground by rotating vanes. → Achieve low vibration, low noise, and low earth removal, as well as high support and high durability.
Sales of SuperDyma high-durability plated steel plate	High corrosion resistance and anti-rust properties that eliminate the need for coating after processing. → Contribute to the reduction of life cycle costs by shortening the construction period and expanding service life.

Meeting the needs of the new era

In the Industrial Supply & Infrastructure Division, we are focusing on expanding sales of aluminum and carbon fibers. In response to the needs of new multi-material products, we are proposing new materials and building supply chains that use our domestic and overseas sales networks.

Figure Comparison of greenhouse gas emissions in producing an automotive part that has the same strength as conventional steel (100kg)

	230	173 (kg, CO ₂)
	Conventional steel	High-tensile steel
Weight per equivalent performance (kg)	100	75
CO ₂ emissions per unit weight (kg-CO ₂ /kg)	2.3	2.3

Prepared based on the data of the WorldAutoSteel (World Steel Association's Automotive Subcommittee)
Source: Nippon Steel Integrated Report 2020

2 Efforts to generate solar power from water



Steel Business



Takanori Murakami
Structural Products
Sales Department,
Osaka Office
Steel Division



Floating solar power generation system

In April 2020, NST, Environmental-Resources Development Consultant, Sekisui Plastics Industries, Ltd., and Smart Energy Co., Ltd. established a joint venture company called "Floating Solar GK", which sells floating solar power generation systems. These systems can increase the supply of renewable energy.

NST is contributing to the construction of floating solar power generation systems by supplying surface-treated plated steel plates with high strength and high corrosion resistance for use in corner plates, floor surfaces, and platforms in sea or lake areas. Use of steel has made Suijo Solar's system more robust than a system made of conventional plastic materials and more resilient to a typhoon or other disaster.

The floating solar power generation system makes effective use of water space, such as ponds and lakes. Compared to the ground-based system, construction costs for land development and (when applicable) fixed asset taxes are not

required, and costs are reduced thereby, and water-cooled effects enable high-efficiency power generation. Because of these benefits, the floating solar power generation systems have attracted attention in recent years.

In Japan there are approximately 210,000 reservoir of water, which may potentially be used in the future. According to the New Energy and Industrial Technology Organization's (NEDO) white paper on renewable energy technologies, the potential for the introduction of solar power generation using such freshwater sites is estimated to be approximately 38,800 MW. Currently, only about 1% of that estimated power generation has been introduced and construction of more systems is expected in the future.



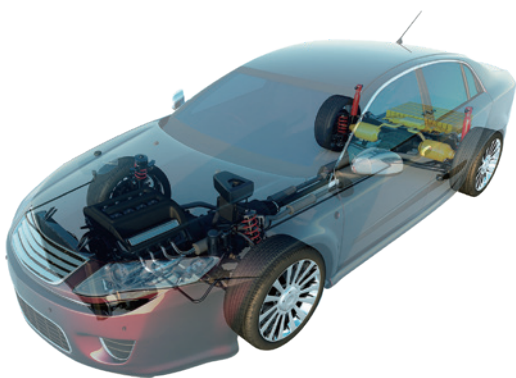
3 Initiatives in the automotive sector

Efforts toward carbon neutrality are accelerating worldwide, regulations on the sale of gasoline powered vehicles and announcements by automobile manufacturers of discontinuation of making such vehicles have been made, and the worldwide ratio of xEV (electric vehicle or plug-in hybrid vehicle) in automobile sales is expected to increase rapidly.

We are actively working to expand our business in the fields of drive motors and batteries, which are the main components of xEV.

In the field of drive motors, while we sell high-performance electrical steel sheets, which are materials for motor cores, we are more focused on technology development to improve performance.

Lithium-ion batteries are currently the dominant battery, but the



Kenya Uda
Automotive
Steel Planning
Department
Steel Division



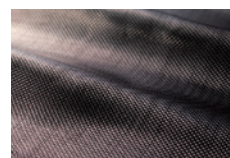
development of next-generation batteries is progressing with the aim of higher performance and safety. We will continue to capture demand while understanding these technological innovations.

In addition, as a trend toward carbon neutralization in the automotive sector, the weight reduction of the bodies is an important issue for both engine-driven cars and EVs. Use of advanced steel materials to reduce weight and needs of multi-materials will continue to grow.

There are also movements to consider material selection from the perspective of LCA (Life Cycle Assessment), which takes into account the entire product life – from manufacturing of materials, parts, and bodies, to operation, disposal, and recycling of a vehicle. We are carefully monitoring and adapting to these developments.



Tow carbon fiber



Prepreg carbon fiber



Aluminum coil



Lithium-ion battery

4 Efforts toward a hydrogen society



Naoya Kadowakii
Project Development
Department
Steel Division



NST is taking initiatives in each aspect of hydrogen production, storage and transportation, and utilization.

We are getting involved in transaction of components of water electrolytic devices on the production side, and of tanks for piping and storage at hydrogen stations on the storage and transportation side, as well as of separator materials for FC (fuel cells) stacks for FCV (fuel cell vehicle) on the utilization side.

We are also actively promoting business development, in

cooperation with manufacturers and related companies, targeting 1) products to be adopted for hydrogen-fueled vessels, railways and others, which are expected to be in widespread use by around 2030, 2) hydrogen power generation in the industrial sector, 3) the process of producing hydrogen reduction steel, and 4) a type of fuel cells for the home sector, among others. In the future, we will strengthen our functions in order to participate in the hydrogen strategy as a national project.



M Contributing to the development of land and local communities

1 Efforts toward distributed solar power generation



Shingo Ishikawa
Infrastructure
Department
Industrial Supply &
Infrastructure Division



NST has been providing stable, environmentally friendly clean energy through natural gas and solar power generation in the Rojana Industrial Park in Thailand, which NST has been operating for more than 30 years. In Japan, too, we operate the mega-solar business. In April 2020, we established RLN Energy Co., Ltd. (RLN) in Thailand to operate a distributed solar power generation business, in a joint venture with Rojana Energy Co., Ltd. (NST's 30%-owned affiliated company of a solar power generation business) in Rojana Industrial Park and Looop Inc., which operates a power retail and solar power generation business in Japan.

RLN sells electricity to corporate customers at a lower price than at the market by providing them with all the services they need for solar power generation – from installation of equipment and systems to subsequent after-maintenance, for free. In Mexico, we are conducting a feasibility study of a distributed solar power generation business in the Lintel Industrial Park. In response to the

recent global increase in environmental awareness, we are aiming to build a new distributed solar power generation business in Thailand and Mexico in order to improve infrastructure services within industrial parks through the supply of lower-cost power, in addition to satisfying an increasing need for clean energy.



2 Joint research on cotton with Punjab Agricultural University in India



Kohei Kawanabe
Project Development
Department
Textile Division



NST's Textile Business Division is strengthening sustainability efforts in the supply chain of apparel products. Based on the basic research of Dr. Sakae Suzuki, an associate professor at Tokyo University of Agriculture and Technology, which includes tissue culture technology in plants and gene isolation and analysis technology for pigment synthesis, we are conducting research on unconventional high-chromatic cotton in collaboration with the Punjab Agricultural University, which has extensive research facilities and farms in India, the major producer of cotton.

Originally, cotton produces white seeds, but in this joint research, we are aiming to develop cotton that will produce unconventional, high-chromatic seeds such as red and yellow seeds. This development enables the production of yarn, fabric, and clothing that skips the dyeing process required for normal clothing production. Our target is to

produce seeds that can be cultivated on a large scale by 2024. When commercialized, it will become possible to produce and supply environmentally friendly clothing without producing waste liquids generated by dyeing.

As a trading company that supplies clothing in Japan and overseas, we aim to build a more environmentally friendly supply chain, further contributing to society.



Nippon Steel Trading Group's environmental activities

1 Environmental management



Sou Arai
SDGs Promotion Department
Corporate Planning &
Administration Division



Nippon Steel Trading Group Environmental Policy

Basic Philosophy Nippon Steel Trading Corporation (NST) recognizes that protection of the global environment is an issue of top priority for business management, and will work to balance global environmental protection and economic activities in all areas of the Group's global business, aiming for the development of a sustainable society.

Action Policy

1 Full environmental compliance	3 Efficient use of resource energy	5 Communication and complete observance of the Environmental Policy
2 Consideration for the natural environment	4 Continual improvement of the environmental management system	

Environmental management

■ In Japan, NST obtained ISO 14001, the international standard for environmental management, in 2002. (This for NST and 26 domestic Group companies. Six other companies have separately obtained ISO 14001.) The plan-do-check-act (PCDA) cycle is effectively followed by top management, including the president, and the entire Group is engaged in activities to protect the environment and reduce environmental impact, compliance with environmental laws and regulations, and environmental education.

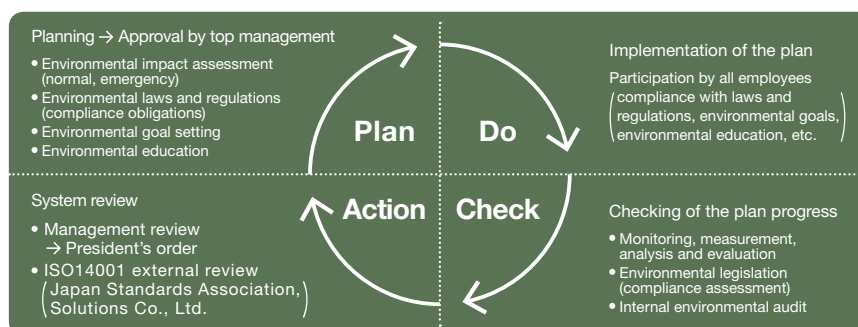
■ We have developed the ISO Plaza as an important web tool for promoting environmental management and have realized timely sharing of information and complete paperless operation by the entire Group.

■ Overseas Group companies have also been actively engaged in environmental risk management. We will continue to improve the level of management globally, mainly by NST. (11 overseas Group companies have separately obtained ISO 14001.)

Management System



Environment management cycle



2 CO₂ emissions reduction targets

Governments of Japan and other countries made commitment to achieve carbon neutrality by 2050 and are accelerating efforts for reduction in CO₂ emissions and decarbonization. The response of companies to climate change is also becoming more important for the sustainability of society. The NST Group considers various risks and opportunities associated with climate change as one of its most important management issues and set a target for carbon neutrality in May 2021.

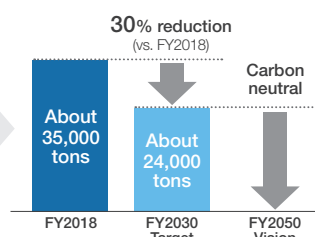
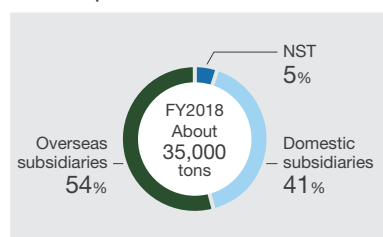
We will accelerate efforts to reduce CO₂ emissions, including switching the source of purchased power to renewable energy.

Target NST and consolidated subsidiaries in Japan and overseas

Goals 2030: 30% reduction in CO₂ emissions (compared to 2018)
2050: Carbon neutrality

NST Group's scenario for reduction CO₂ emissions

NST Group's CO₂ emissions



Breakdown of the NST Group's CO₂ emissions (Thousand t-CO₂)

	FY2018	FY2019	FY2020
Scope1 (Direct emission)	5.9 (17%)	6.1 (18%)	4.9 (16%)
Scope2 (Indirect emission)	29.1 (83%)	28.3 (82%)	25.0 (84%)
Total CO ₂ emissions	35.0	34.4	29.9

In the NST Group, **approximately 80%** of the total CO₂ emissions is derived from the indirect CO₂ emissions (Scope 2) by power consumption by domestic and overseas operating companies.

Key reduction measures

- 1 | Reduce power consumption (conserving power consumption by NST and Group companies)
- 2 | Accelerate switching energy sources to renewable energy
 - ① Switching purchased power to renewable energy
 - ② Adoption of solar power generation system
- 3 | Change corporate cars to EVs, etc. Conversion of company vehicles, trucks, etc. to hybrid vehicles and EVs
- 4 | Convert facilities to high-efficiently, energy-saving types

Efforts to address climate change

The TCFD recommends to disclose items of Governance, Strategy, Risk Management, and Indicators and Targets. By referring to the TCFD's recommendations, we will strengthen our governance system and improve risk management and the disclosure of information related to climate change.

Topics

Challenge 30

As part of our environmental activities with participation by all companies, the NST Group has tackled the Eco-Challenge (internally-developed initiatives to be carried out in and out of companies, such as to reduce paper consumption and power consumption, sort and reduce waste, provide education, etc.)

In fiscal 2021, we have further evolved and developed the Eco-Challenge and set the "Challenge 30" as our slogan so as to make all of our Group employees get actively engaged in efforts to contribute to the realization of a decarbonized and recycling-oriented society.

Challenge 30

- Reduce CO₂ emissions by 30% by 2030 (early realization)
- Contribute to achieving the environmental SDGs in 2030



- Save resources and reduce copy paper
- Promote recycling and reduce waste
- Raise environmental awareness (holding study sessions, etc.)

S

Social

Together with Society

The Nippon Steel Trading Group (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 supply chain.

M Contributing to a recycling-oriented society and sustainable living

1 “Miracle Meat,” a high-quality meat substitute derived from germinated soybeans



Toru Adachi
New Business
Development
Department
Foodstuffs Division

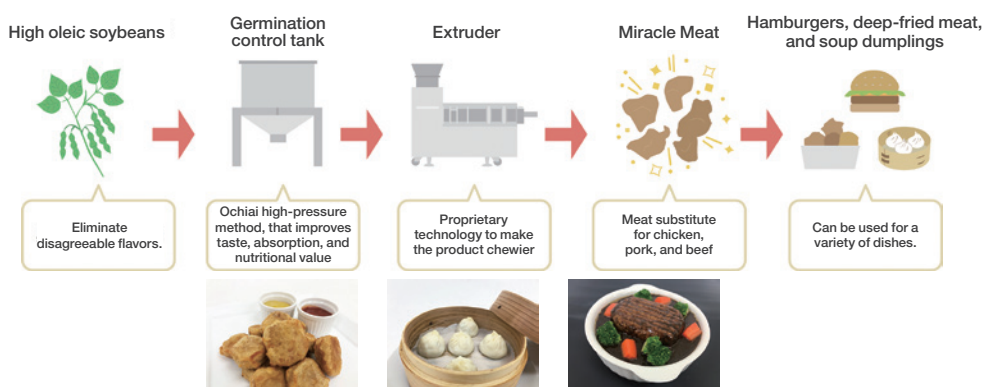


The global environment surrounding the food we eat is becoming more severe due to population growth and abnormal weather such as droughts and floods caused by global warming.

It is said that what may be called the food crisis has already begun, meaning that production and supply cannot satisfy the demand for food. Since November 2020, NST has formed a capital business alliance with DAIZ Co., a domestic startup that develops and manufactures high-quality Miracle Meat — the company’s brand name for a meat substitute derived from germinated soybeans — and is working to expand the sales of the meat substitute, emphasizing new values that differentiate it from the image of conventional meat substitutes.

Miracle Meat is characterized by the use of whole soybeans in order to improve flavor and texture compared with other plant-based meat substitutes that use defatted soybeans (residue after extracting the bean oil) as main raw material. Miracle Meat is expected to overcome consumers’ negative perception of the substitutes, such as the inherent smell of soybeans, unaccustomed texture, and inorganic taste. It will also alleviate supply limitations of animal meat.

By utilizing the Foodstuffs Division’s broad sales channels, that have become well established over the division’s long history in transactions of meat, we look forward to expanding the sales of Miracle Meat and processed foods using Miracle Meat.



2 Thai chicken consumer pack



Naoki Tanabe
Meat Department No. 3



NST is developing brand products for poultry with Saha Farms Co., Ltd. in Thailand.

Saha Farms has adopted X-ray inspection machines leased from NST to enforce its measures against foreign materials contamination. Saha Farms has branded only those products that have been X-rayed during the inspection process immediately prior to shipment and NST exclusively sells them. We thus supply safe and secure products to the market.

As the chicken is cut in easy-to-use size, frozen, and packed in a food storage bag, consumers can defrost and

cook only a portion they need. We therefore expect this product to contribute to the reduction of food loss.



3 ABF pork made in Finland

In February 2020, NST became Japan's first importer of antibiotic-free (ABF) and growth-hormone-free pork produced by Atria Plc in Finland.

ABF pork is made from pigs raised using 100% natural material free of hormones or antibiotics starting with the breeding process. Geographically based on one-third of the country in the arctic region, Finland is also known for its severe cold weather, leads to kill pests and keeps the soil in good condition.

It is said that Finnish water is the safest in the world. In such an environment, pigs are raised without being medicated and high-quality ABF pork contained high nutritional value is produced.

In addition, healthy pigs need to have a healthy intestinal environment. Salmonella in feed is



Toshiki Komatsu
Meat Department No. 2
Foodstuffs Division



said to be the major cause of deterioration of the intestinal environmental of farm-raised pigs. Finland guarantees that all the livestock in the country are salmonella-free, and boasts the world's highest safety in meat production.

As Japan's only trading company that imports and sells Finnish pork, we are dedicated to supply healthy, safe, and sustainable delicious pork.



4 Tire Pressure Monitoring System (TPMS)

A Tire Pressure Monitoring System (TPMS) is an electronic system in your vehicle that monitors a pressure and a temperature of tires. An installation of TPMS is mandatory for all vehicle models sold in the United States, Europe, and China. In Japan, the mandatory installation of TPMS is scheduled to start from commercial vehicles. NST is Japan's sales agent for TPMS made by Orange Japan Inc. (Taiwan).

The introduction of this monitoring system will greatly facilitate a maintenance of the appropriate air pressure and a



Tomoyuki Nakano
Automotive, Industrial
Supply Department
Industrial Supply &
Infrastructure Division



reduction of fuel consumption. Through a data visualization and IoT cloud, it can be a help for new fleet management systems and measurement of the impact of heat island phenomena on tires, which contributes to the realization of a safer society by preventing tire-related accidents.

Through these efforts, we intend to spread the next-generation driving control system, which is safer and trustworthy.



TPMS, under the concept "easy installation and maintenance," allows secure installation and communication.



5 COCOROSUS: sustainability initiatives



Shunsuke Shiga
Ladies' Wear
Department No. 6
Textiles Division



Yuzuki Kimura
Ladies' Wear
Department No. 5
Textiles Division



"COCOROSUS" is a collective term for sustainability-related initiatives of the Textile Business Division. In 2018, NST became a member of the Sustainable Apparel Coalition (SAC)*, and is committed to sustainable manufacturing from the perspective of materials, products, the environment, and labor affairs.

* The SAC is a global alliance for the apparel industry established in 2011, and as of 2020 consists of approximately 255 companies that share the goal of providing environmentally friendly products to consumers. Seven companies, including NST, are participating from Japan.



"COCOROSUS" offers products, each of which focuses on various different aspects, from materials to fabrics, products, and recycling.



"e_th" is a new brand that has been launched to promote the development and recognition of ecology-friendly, ethical material. As a company active in many countries in the entire range of processes, from material development to product planning, production, and logistics, NST is promoting "e_th" as a sustainability brand that offers consumers safe and secure initiatives that are friendly to the natural environment, the living environment, and the working environment.



"Kamala" is a non-fluorine water-repellent coating that is environmentally friendly. In addition to water repellent properties, Kamala enables treated fabrics to safely undergo dry cleaning and be stain-resistant.



Four key points of the RWS

- 1 | Prohibiting mulesing treatment of sheep
- 2 | Preserving land health
- 3 | Protecting animal welfare
- 4 | Ensuring supply chain

Responsible Wool Standard (RWS) is an international certification standard that certifies traceability from wool raw material to final products. For the benefit of producers and consumers, RWS certification ensures that product characteristics are reliable and truly stated by the maker, assuring satisfactory health and environmental aspects in all processes up to the delivery of products. This is a testament to embracing strict standards. In 2020, NST obtained RWS certification, and Group plants and cooperative plants have also acquired it. We are working on commercializing RWS-certified products.

Raw materials

Fabrics and Processing



Recycling

Products



"BRiCO" is a system to recycle or upcycle used clothes to yarns. Used clothes collected are separated by color and are made into yarn without the use of any dyes and with very little water. We have acquired exclusive sales rights for Japan.



"Revibele leather" is a brand of recycled leather developed by NST. This is a sustainable next-generation leather material that is made from trimmed pieces generated in the production process, which are then compacted into sheets and given a surface coating.



"Gabria" is a coined word that is a backward reading of "airbag". It is a brand for bags made of discarded airbags and seatbelts. Recycling of airbags to new vehicles at present is prohibited and the used airbags are incinerated. Gabria recycles these used airbag fabrics to make bags under the bag brand "GABRIA AIRBAG."



DEDICATED.

"Dedicated." is a Swedish brand created in 2006, used for products that have been manufactured ethically by taking into account the global environment and human rights. NST manages the licensing of this brand in Japan and uses it for certain products.

Naming

"COCOROSUS" is a coined word created from our desire to "aim" ("cocorozas" in pronunciation of the equivalent word in Japanese) sustainable society by creating new values using our technologies, knowledge, and sensibility for the sake of the future planet and children.

M Optimization of the entire supply chain Utilization of information and technology

1 DX strategies

Through the use of ICT, we aim to achieve distribution reform by thoroughly digitizing trading company operations and promoting efficiency throughout the supply chain.

In the current steel distribution business, we have many diverse suppliers and users, as well as great diversity of product types, demand for smaller quantities, and highly rigorous requirements for delivery times and quality control. Therefore, it is a challenge to improve the adequacy of operations in a situation where productivity and operational efficiency are increasingly difficult to be achieved. For this reason, we have developed a new steel distribution DX



Osamu Nakagawa
DX Promotion
Department



platform that covers a wide range of areas, including processing centers, and have decided to digitize the entire trading company operations, from order inquiry to quotation, order receipt and placement, processing, shipping, and money collection. This will lead to 1) improved efficiency of the entire flow involving users, distributors, and suppliers, 2) significant improvement in accuracy of operations and quality control, and 3) reduction in inventory and loss through use of real-time information and visualization of information, and improvement in logistics efficiency and productivity.

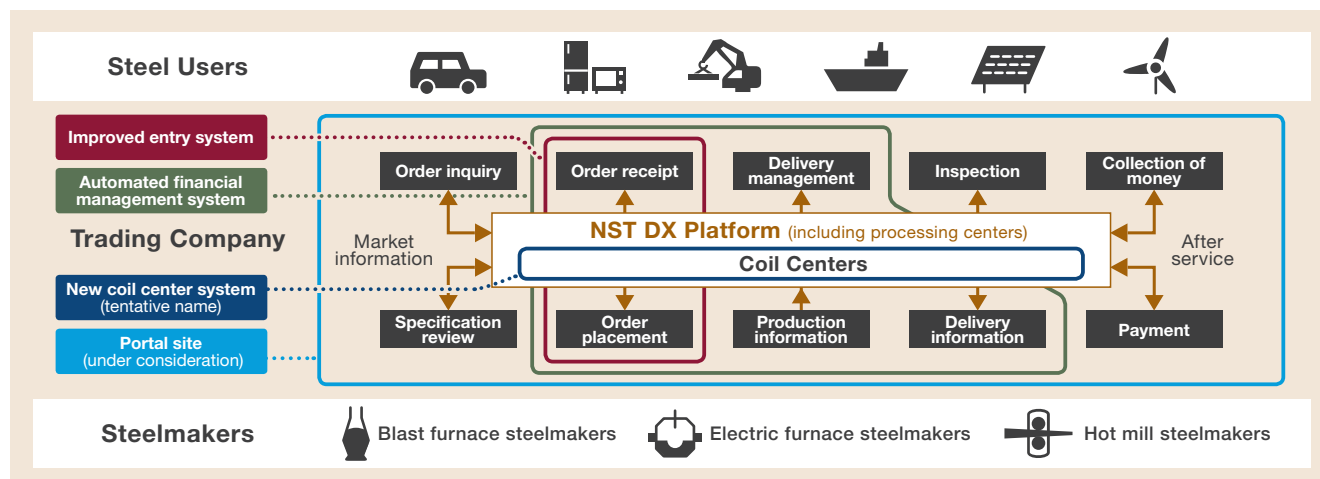
NST's Solution

Issues related to steel distribution Diversity of makers and users in steel distribution
Great diversity of product types, demand for smaller quantities, and rigorous requirements for delivery times and quality control

- Need for radical improvement in productivity and operational efficiency
- Pursuit of adequacy

We have developed a steel distribution DX platform (including processing centers) to digitize our trading business.

- Improvement in efficiency of the entire flow involving users, distributors, and suppliers, adequacy of operation, and quality control
- Real-time visualization and visualization of information to improve inventory, loss, logistics efficiency and productivity



In-house systems such as the improved entry system and automated financial management system will be fully launched in the second half of fiscal 2021, and continue to expand functions and develop product categories.

A new coil center system, a portal site, and other external collaboration systems will be established as the foundation in the first half of fiscal 2022, with the aim of further expanding their functions and expanding their bases over the medium term.

In order to promote this strategy, the DX Promotion Department was established directly under the President in July 2020. The DX Promotion Department also has personnel from each business division, and is conducting review and development in response to the actual state of sales operations. The Steel Division is the first to develop full digitalization in distribution of steel products, but the Industrial Supply & Infrastructure Division, the Textiles Division, and the Foodstuffs Division will also promote the study and development of DX measures from their

unique business perspective. In order to improve the environment for the latest ICT use, we plan to spend ¥17 billion over the five years from fiscal 2021 to fiscal 2025 for the introduction of systems including the DX platform.

In addition, in order to operate in an integrated manner with management, the roadmap of the DX project is reported and reviewed to the executive level as needed, and we are also working to develop human resources that contribute to the improvement of ICT literacy among employees as a whole.

S

Social

For our people

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

Employee Code of Conduct

The Employee Code of Conduct (EECC) is a concise statement that describes the mindset and attitude required of each employee in order to make our Corporate Philosophy a reality. The EECC was created in 2013 by a diverse task force composed of 23 manager-class employees from all four of our sales divisions (Steel, the Industrial Supply & Infrastructure, Foodstuffs, and Textiles) and our Corporate Planning and Administration Divisions, with members hailing from our Tokyo, Osaka, Nagoya, and Kyushu branches.

We strive to embody the values written in the EECC and put them into practice during our daily work so we can continue to grow as a company.

“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.

Human resources strategy to foster expertise and professionalism in each business

We place great importance on further expanding our strengths: employee training and development and our secondary manufacturing capabilities. First, in regards to employee training and development we have variety of programs designed to facilitate employee growth. One example is our short-term overseas training program for new hires, where new employees visit one of our overseas secondary manufacturing centers. The program provides an opportunity for students to deepen their understanding of NST’s global network and products.



Nurturing young employees	<ul style="list-style-type: none"> • OJT mentorship for new hires (development planning documents, monthly reports, development interviews) • Training of new employees’ mentors, etc.
Enhancement of expertise	<ul style="list-style-type: none"> • Training to improve specialized knowledge for each division • Financial support for obtaining qualification, and personal development • Training on legal affairs and management • Practical knowledge acquisition (internal certification system, e-learning, IT training sessions), etc.
Enhancement of global capabilities	<ul style="list-style-type: none"> • Overseas Challenge Program (two-year foreign language study and work training; sent to USA, Mexico, China, Hong Kong, Thailand, Vietnam, France, Australia, and Brazil) • Short-term overseas English study program • Short-term overseas training program for new hires (all new graduates for main career track) • Program to learn about an assigned country and seminars on overseas crisis management • Measures to strengthen English language skills, training in English-language business writing, etc.

--o The total of 60 employees have completed the Overseas Challenge Program, which began in fiscal 2009.

Overseas Challenge Program participants by language

Language	Steel	Industrial Supply & Infrastructure	Textiles	Foodstuffs	Planning and Administration	Total
English	12	5	10	2	4	33
Chinese	1	1	10	5	1	18
Spanish	5	0	0	2	0	7
Portuguese	0	0	0	1	0	1
Thai	0	0	0	1	0	1
Total	18	6	20	11	5	60

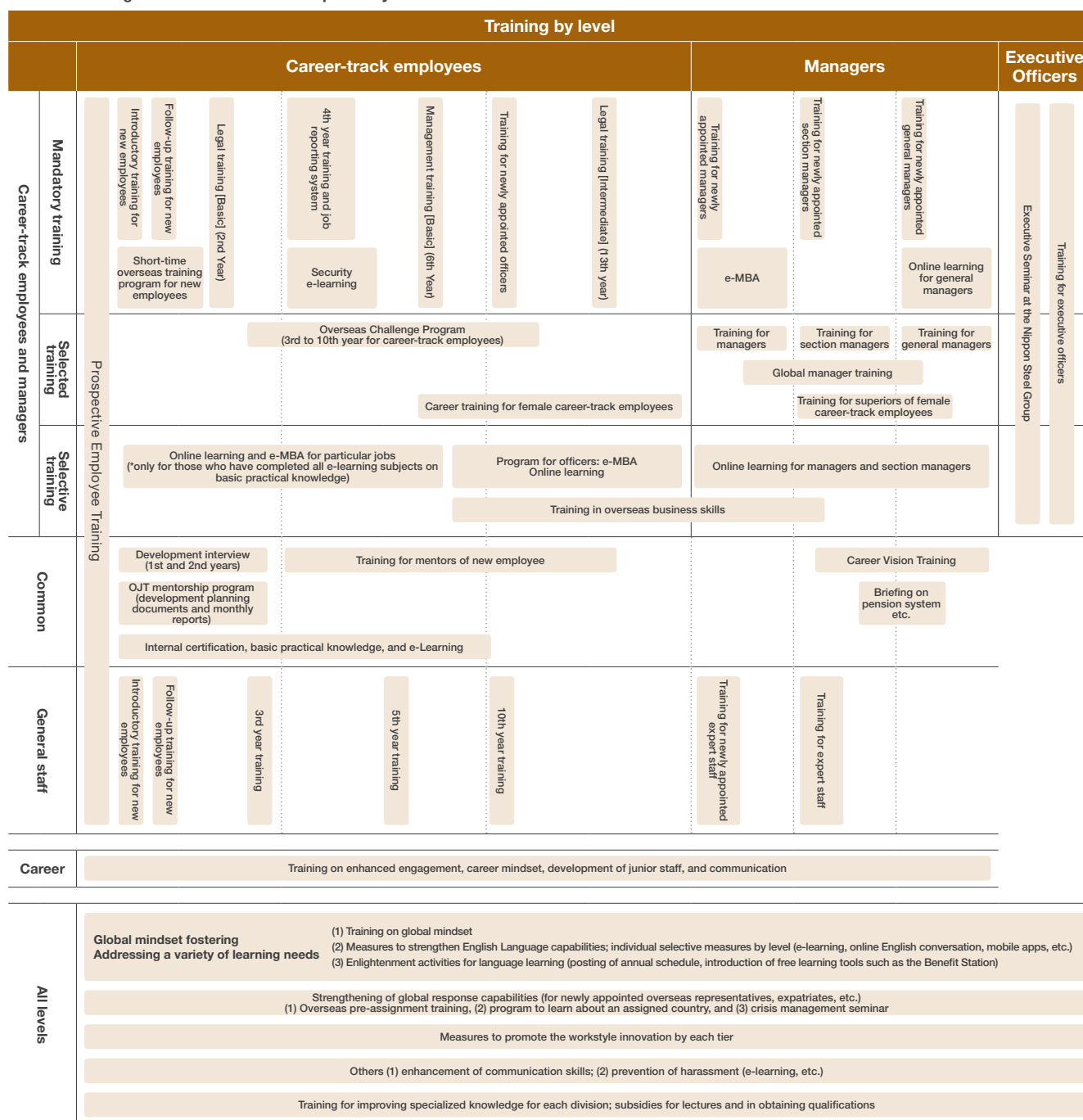
Basic Approach to Abilities Development

- 1 | Promote the training of personnel who can achieve our business strategies while following our Corporate Philosophy and Management Principles.
- 2 | Encourage employees to do self-directed learning and support those who are proactive for skill development.
- 3 | Give consideration to the realization of time productivity, diverse workstyles, and work-life balance, as well as the provision of educational opportunities to local and overseas workers.

In order to further realize our business strategies, we have developed a comprehensive training system for every level of employees up to the management level to teach the skills required of them at their level. In particular we focus on

training for managers who will become driving force for business transformation and the training of younger/middle employees. By providing opportunities for our staff to grow we aim to grow stronger as a company.

Fiscal 2020 Diagram of the abilities development system



M Utilization of diverse human resources

Nurturing people, making proper use of them, and taking care of them

1 Diversity & Inclusion

At present, the environment surrounding Nippon Steel Trading (NST) Corporation is constantly changing and, as globalization continues, we are committed to realizing our corporate philosophy and management policies and to achieving sustainable growth. We will create a workplace environment where diverse human resources, including women, the elderly, non-Japanese, and people with disabilities can continue to work. We will strengthen efforts to diversify our organization, and aim to become an inclusive company where all diverse employees can grow and play an active role.

Efforts to promote women's empowerment

Based on the corporate philosophy of cultivating, utilizing and valuing human resources, we have formulated an action plan to create an environment in which female employees can play an active role, and we are actively working on it.

1 Plan period

April 01, 2021



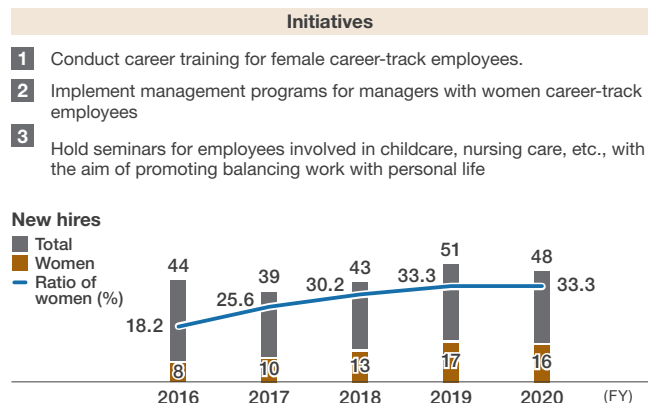
March 31, 2024 (3 years)

2 Our challenges

- Challenge 1** Raise the ratio of women in management.
- Challenge 2** Increase the duration of continued employment of female career-track employees.
- Challenge 3** Eliminate anxiety about enabling a balance of work and personal life events for female career-track employees and create an environment that will enable them to look forward to career advancement.

3 Targets and commitments

Target 1 Increase the percentage of women employees promoted to manager-class to 80% or more of that of men employees.



Efforts to recruit non-Japanese employees

As we are working at increasing the global scale of our business, we actively recruit non-Japanese employees, and as of April 1, 2021, 42 non-Japanese employees are working at NST. In addition the value of their native language skills in connection with international transactions, they engage in in-depth dialogues and play an essential role based on their understanding of the culture and economy of both Japan and their native country. We aim for non-Japanese employees and Japanese employees to stimulate each other and create synergies.

Commitment to LGBT

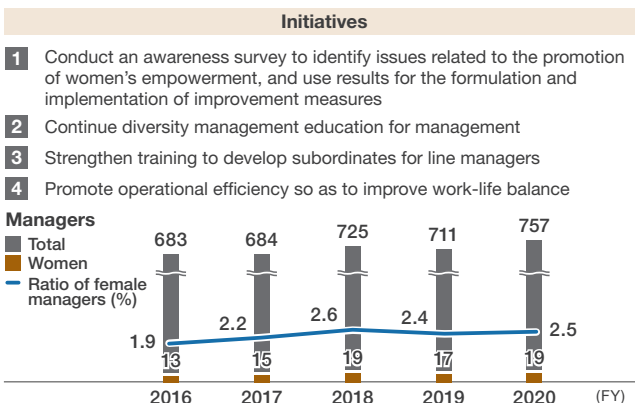
In addition to further strengthening diversity and inclusion efforts, the LGBT Awareness Survey was conducted in July 2021 to take measures to prevent offensive behavior



Anri Kitasaka
Yuka Ashizawa
Yuui Ishii

In charge of supporting women's employment and next generation development
Human Resources Department
Planning and Administration Department

Target 2 Aim the retention ratio of female career-track employees in around the 10th year to be 80% or more of the ratio of male career-track employees by fostering a corporate culture in which female employees can continue to work with favorable motivation.



Number of non-Japanese employees

By nationality	2018	2019	2020	2021
China	21	20	21	22
South Korea	11	12	14	14
Taiwan	0	0	3	1
India	2	2	2	2
USA	0	0	2	2
Malaysia	0	1	1	1
Total	34	35	43	42

regarding sexual Orientation & Gender Identity (SOGI) harassment and "outing" (exposing the SOGI of the individual to third parties without their consent).

2 Work-life balance



“Health Declaration”

The NST Group is committed to “cultivating, utilizing and valuing human resources” as one part of its corporate philosophy. We believe that maintaining and improving the health of each employee is an important basis for implementing management policy. To that end, the company and the health insurance association will work together to promote health management.

- 1 | NST and the health insurance association will work together to support the health improvement of each employee.
- 2 | In order to achieve a “work-friendly, work-challenging” situation, NST and its employees work together to create an working environment where everyone is excited and rewarding.
- 3 | NST will promote work-way reform and productivity improvement, and enhance work-life balance.

“Support for Next-Generation Development” efforts to support child-rearing

In accordance with the gist of the Act on Advancement of Measures to Support Raising Next-Generation Children, NST supports maintaining a balance between work and child-rearing, promotes work-life balance among employees, and strives to create an employment environment in which children responsible for the next generation are nurtured in a healthy manner.

1 Plan period

April 01, 2021

 March 31, 2024

2 Targets and commitments

Target 1

Establish an environment that makes it easy to utilize systems related to child care and vacation acquisition.

Initiatives

- Education for female employees to promote support for the balance between childcare and work
- Education to bosses of female employees to promote support for the subordinates' child care and work compatibility
- Introduction of systems related to childcare, etc., preparation of case studies and thorough awareness of how to use them

Target 2

Promote increase of the duration (number of days) of childcare leave for male employees.

Initiatives

- Education to reform the awareness of male employees concerning raising children
- Educational activities to ensure that applications for male leave acquisition are submitted within the deadline

Target 3

Promote a flexible way of working that allows parents to continue their work while raising children.

Initiatives

- Creating an environment that makes teleworking easier
- Examples of improving operational efficiency by promoting IT adoption and use of teleworking are provided to help illustrate the balance between work and child-rearing

Childcare leave system for male employees

In the 2019 fiscal year, the Human Resources Department began to send employees recommendations urging utilization of the benefit of childcare leave, via the head of the department, for male employees who had submitted a report of family changes. Subsequently, the acquisition rate has increased significantly.

In order to further improve work-life balance, we have advocated a 100% acquisition of the childcare leave for male employees. We will continue to promote the use of the system and increase the acquisition rate and the number of leave days.

Acquirers of the Childcare Leave



Tatsuya Shinogi

Steel Structures Engineering & Sales Department
Steel Division

Joined NST in 2016.

His first son was born in July 2020.

Took childcare leave for 5 days in September 2020.

I organized my work task for about a week before the childcare leave, and my colleagues and seniors in the workplace gave me a nice send-off. My manager took over my task during my leave.

I took the childcare leave when my wife came back home from her parents' house. My wife, who was worried about our new life with a baby, was also very pleased because I was able to get involved in preparation for welcoming the baby, our first child.



Daijiro Inayoshi

Ladies' Wear
Department No. 5
Textiles Division

Joined NST in 2013.

His first son was born in June 2019.

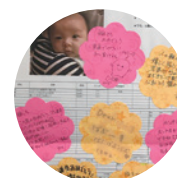
Took childcare leave for 5 days in August 2019.

My boss recommended I take child care leave, and thanks to them and the support of my department members I was able to take my leave smoothly.

I went to the home of my in-laws, where my wife was staying during postpartum. As they live far away, I was glad to take summer holidays and childcare leave consecutively. My wife, who got exhausted with childcare, was also very pleased.

From a colleague

When I took childcare leave, many working mom colleagues warmly sent me off, saying “Enjoy the time for childcare.” Employees who are raising children help each other and look after each other even in case of a sudden leave of absence.



Acquired the Eruboshi certification

On June 13, 2018, NST obtained the Eruboshi certification (2 stars) from the Ministry of Health, Labour and Welfare, making the company certified as an excellent company promoting the participation and advancement of women in the workplace.



Acquired the Kurumin certification

In September 2018, based on the Act on Advancement of Measures to Support Raising Next-Generation Children, NST was certified by the Ministry of Health, Labour and Welfare as a childcare supporting company, and acquired authorization to use the Kurumin mark certifying NST as a company that supports the raising of the next generation. We also received the second certification on August 27, 2021.



Acquired the Platinum Kurumin certification

On August 27, 2021, NST was certified as Platinum Kurumin by the Minister of Health, Labour and Welfare as a good childcare supporting company. Platinum Kurumin status is recognized for a Kurumin certified company that meets certain requirements for a higher level of commitment.



G

Governance

Corporate Governance

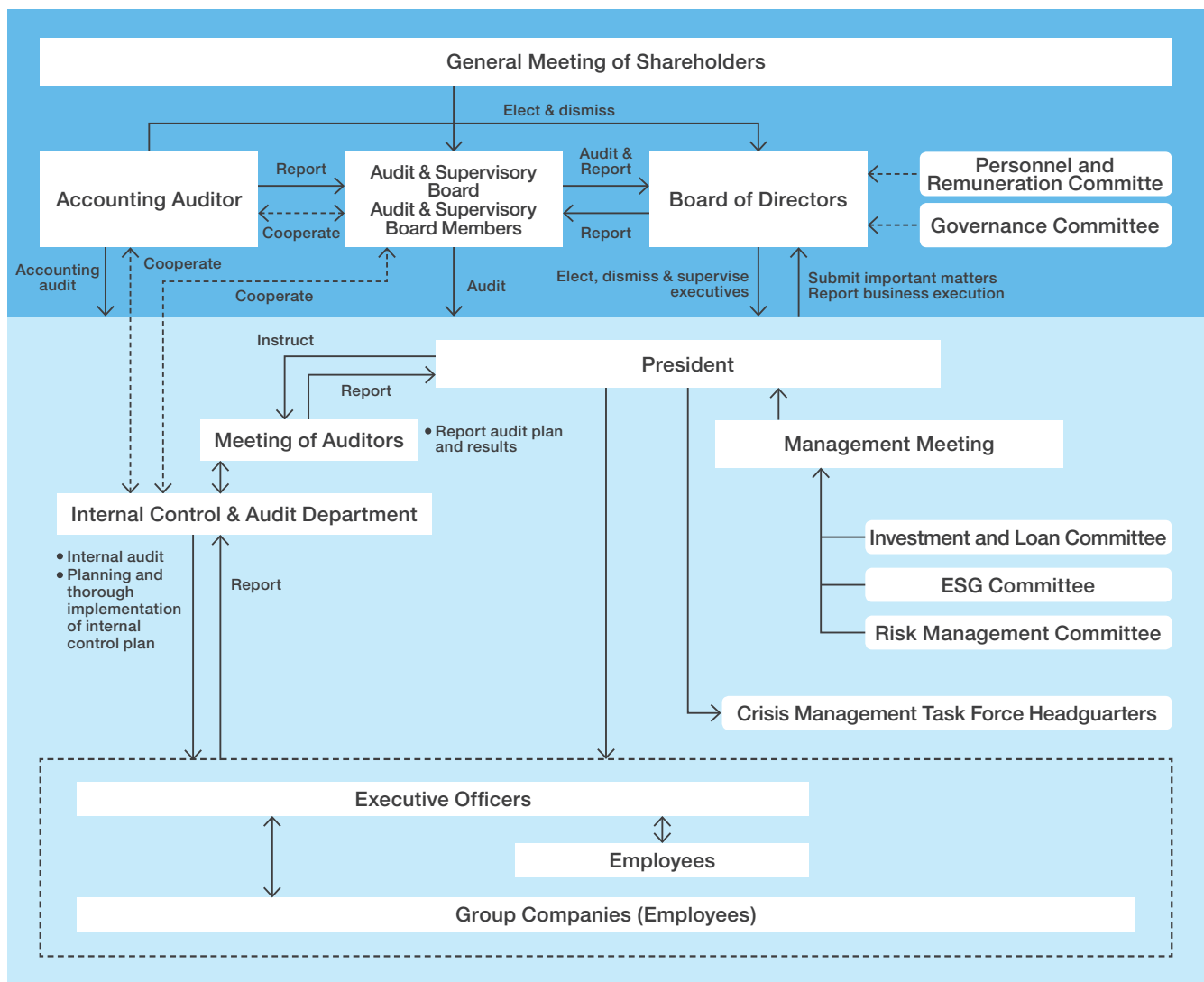
M Management based on trust and reliability

1 Corporate Governance System

Based on its Corporate Philosophy, Management Principles and Employee Code of Conduct, the Nippon Steel Trading Group (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

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 the risk management.

2 Sustainability (Corporate Governance, etc.) Promotion System



3 Basic Views on Corporate Governance

- 01** Nippon Steel Trading (NST) has established its Corporate Philosophy, Management Principles and Employee Code of Conduct, and its Directors, Audit & Supervisory Board Members and employees strive to put them into practice in the daily management and business of NST.
- 02** NST works on enhancing its corporate governance based on the principles of the Corporate Governance Code in order to continue to implement the Corporate Philosophy, etc.
- 03** NST endeavors to achieve sustainable growth and the increase of its corporate value over the mid- to long-term through the continuous improvement of corporate governance under consolidated management.
- 04** NST has resolved a Basic Policy about Internal Control System at the meeting of the Board of Directors. By appropriately operating this policy, 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.

◆ Board of Directors

The Board of Directors is composed of all Directors. A meeting of the Board of Directors is held once every month. The Board decides important matters and supervise the business execution of each director.

◆ Personnel and Remuneration Committee

The appointment of senior management and the nomination of director and Audit & Supervisory Board Member candidates are resolved by the Board of Directors following the deliberation by the Personnel and Remuneration Committee, which is composed of the President and Outside Directors. Each Director's remuneration is also decided by a resolution of the Board of Directors following the deliberation by the Personnel and Remuneration Committee.

◆ Governance Committee

The Governance Committee is composed of the President, Director in charge of the Corporate Planning & Administration Division, Outside Directors and Outside Audit & Supervisory Board Member. The Committee discusses basic policy and measures to advance corporate governance from broad perspectives based on the principles of the Corporate Governance Code, and the results of discussions are submitted to the Board of Directors.

◆ Audit & Supervisory Board Member

Audit & Supervisory Board Member attend important meetings such as those meetings of the Board of Directors or the Management Meetings to supervise the status of business execution by Directors. Audit & Supervisory Board Member have the right to inspect all proposals including resolution proposals and reports on the database, request reporting by Directors when necessary, and to express opinions at the meetings.

◆ Accounting Auditor

Deloitte Touche Tohmatsu LLC is appointed to execute financial audits in accordance with the Companies Act, and financial statement audits and internal control audits in accordance with the Financial Instruments and Exchange Act. The Accounting Auditor, Audit & Supervisory Board Member,

- 05** NST's Board of Directors is composed of Executive Directors with thorough knowledge about the business and management of NST and two or more Outside Directors with a wealth of experience and deep insight in the area of corporate management. The Board makes decisions about the basic policy of management and important business executions, and also supervises the execution of duties by Directors. Furthermore, Audit & Supervisory Board Member, who have strong authority, attend the meetings of the Board of Directors and audit the business executions of Directors, etc., from an independent standpoint. NST judges that such structure is effective to ensure the efficiency and soundness of management, and adopts the governance system of a “Company with an Audit and Supervisory Board.”
- 06** NST has 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.

and the Internal Control & Audit Department exchange information regularly and cooperate with each other.

◆ Management Meeting

The Management Meeting is composed of Directors who serve as Executive Officers or Senior Advisors concurrently. In principle it is held twice per month. The Meeting deliberates on policies on important business execution and other important matters related to management and responds to inquiries of the President. Audit & Supervisory Board Member have the right to attend the Meeting and give their opinion.

◆ Internal Auditing

The Internal Control & Audit Department audits on a regular basis the validity and efficiency of business execution by NST and Group companies in Japan and foreign countries.

◆ Committees in the execution system

Various committees have been established as advisory bodies of the Management Meeting, to further promote sustainability including corporate governance.

a Investment and Loan Committee

The Committee investigates and examines investment and loan matters before the holding of a Management Meeting.

b ESG Committee **P20**

The ESG Committee considers basic policies and measures concerning issues related to promotion of ESG management of the NST Group comprehensively and across the entire Group.

The Environment Meeting, Social Meeting, and Governance Meeting have been established as subordinate bodies of the ESG Committee.

c Risk Management Committee **P51**

For the purpose of managing risk comprehensively and across the entire Group, and of building a company structure that is strong against risk, the Risk Management Committee checks the status of each risk management operation, identifies the Group's risks including new risks, develops measures to deal with these risks, and strives to ensure that the measures are implemented throughout the entire Group.

4 Enhancement of the Auditing System

01 Auditing by Audit & Supervisory Board Member

Two of the four Audit & Supervisory Board Member are Outside Audit & Supervisory Board Member. These Outside Audit & Supervisory Board Member have a wealth experience and a broad perspective in various fields such as that of a CPA or in the management of companies. By appointing such Audit & Supervisory Board Member, NST strengthens the monitoring and supervisory function of the Board of Directors, which has decision-making and business supervisory authority. Audit & Supervisory Board Member cooperate with one another to execute the daily audit engagements according to the schedule and determines about the legitimacy of the Directors' business execution and the validity and rationality of operational judgement from independent perspectives, and do so at the meeting of the Board of Directors or other important meetings.

02 Cooperation among Audit & Supervisory Board Member, Accounting Auditors and the Internal Audit Department

The Audit & Supervisory Board Member receives audit reports from the Accounting Auditor, and full-time Audit & Supervisory Board Member have meetings to exchange information with the Accounting Auditors and the Internal Audit Department once every three months, so as to enhance cooperation.

Audit & Supervisory Board Member attend Auditing Meetings and Audit Liaison Meetings, which are composed of Directors, etc., and exchange opinions regarding the annual auditing plan, auditing results or measures for improvement, so as to strengthen internal control functions for sound management.

5 Board policies and procedures for the nomination of candidates for Directors and Audit & Supervisory Board Member and the appointment/dismissal of senior managers

01 Policies for the appointment/dismissal and the nomination of candidates for Directors and Audit & Supervisory Board Member

For the appointment of senior management and the nomination of candidates for Directors and Audit & Supervisory Board Member, NST's policy is to consider not only each candidate's experience, insight and expertise, but also the overall size of the Board of Directors and the Audit & Supervisory Board, and a good mix of members including the candidates for each board so that there is an optimum board composition in which each member is able to appropriately

fulfill his or her role and responsibilities and properly respond to management issues of the NST Group's business. It is NST's policy to dismiss an individual senior manager if, for example, the person no longer is considered to have the required qualifications outlined above.

02 Procedures for the appointment/dismissal and the nomination of candidates for Directors and Audit & Supervisory Board Member

Concerning the appointment/dismissal of senior managers and the nomination of candidates for Directors and Audit & Supervisory Board Member, such decisions are made by the Board of Directors taking into account recommendations by the Personnel and Remuneration Committee, a majority of which are Independent Outside Directors. Regarding Audit & Supervisory Board Member candidates, prior approval by the Audit & Supervisory Board must be obtained.

6 Board policies and procedures in determining the remuneration of Directors

NST has established the Policy and Procedures Determination of the Amount of Remuneration for Directors, Etc. regarding the policies in determining the details of remuneration of each Director, etc. Each Director's remuneration (excluding that of Outside Directors) consists only of monthly remuneration in cash, and is based entirely upon the operating performance of NST, in order to provide incentives for the NST Group's sustainable growth and the improvement of its corporate value. Specifically, NST sets the base amount of remuneration for each Director's rank taking into consideration each Director's required skills and responsibilities, and this base amount varies within a specific range, depending on NST's consolidated profit or loss (consolidated ordinary profit or loss, and profit or loss attributable to owners of parent) and each division's consolidated profit or loss, in view of the connection with the annual management plan and the medium-term management plan, and the amount and other details of each Director's remuneration are determined by the Board of Directors within the limits approved by the General Meeting of Shareholders after the deliberations by the Personnel and Remuneration Committee. In addition, remuneration for Outside Directors consists only of monthly remuneration in cash in view of their roles and independence from business execution. Remuneration for Audit & Supervisory Board Member consists of monthly fixed remuneration in cash in consideration of the details of duties independent from business execution. The amount is determined through consultation with the Audit & Supervisory Board within the limits approved by the General Meeting of Shareholders.

7 Analysis and Evaluation of the Effectiveness of Board of Directors

NST's Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole once a year based on the results of quantitative analysis comparing performance with prior years as to the number of proposals submitted and reported to the Board of Directors and



discussion time, etc.. The analysis is conducted by the Office of the Board of Directors, at which time reference is made to the results of self-evaluation and opinions regarding the operation, etc. of the Board of Directors, as obtained through a questionnaire and an interview of each Director and Audit & Supervisory Board Member. The Board of Directors makes use of the results of the analysis and evaluation to improve the future operation, etc. of the Board of Directors. Based on the evaluation results of the effectiveness of the Board in FY2020 (at the meeting of the Board of Directors held in June 2021), the Board of Directors was evaluated to be effective from the comprehensive viewpoint then held. This was mainly because respective proposals submitted and reported to the Board of Directors were resolved through questions and deliberations from diverse perspectives by inside and outside officers in accordance with the Companies Act and internal rules. Going forward, from the viewpoint of improving effectiveness, NST shall strive to strengthen the function of the Board of Directors by making the work more sharply focused, richer in content, and more prompt, based on the opinions from Directors and Audit & Supervisory Board Member as to the evaluation of effectiveness in FY2020. NST will also reinforce the function of supervision and ensure the transparency of management primarily by deepening discussions on overall management issues under the governance system in which at least one-third of the Directors are Independent Outside Directors.

8 Training of Directors and Audit & Supervisory Board Member

NST explains its Corporate Philosophy, the details of NST Group businesses, etc., to each Outside Director and Outside Audit & Supervisory Board Member when they are appointed to their position. NST also explains to Internal Directors and Audit & Supervisory Board Member, when they are appointed, their responsibilities based on the Companies Act and other important laws and regulations as well as systems related to the operations.

For all Directors and Audit & Supervisory Board Member, NST conducts necessary training as appropriate.

9 Independence of Outside Directors

NST judges the independence of Outside Directors in accordance with the independence standards set by the Tokyo Stock Exchange, considering each individual's personal relationship, capital relationship, transactional relationship and other interests with NST.

10 Supporting System for Outside Directors and Audit & Supervisory Board Member

To support the duties of Outside Directors, the General Affairs & Corporate Communication Department serves as a point of contact and supplies necessary information appropriately. To support the duties of Outside Audit & Supervisory Board Member, NST has established Audit & Supervisory Board Member's office and has assigned two employees to it. The General Affairs & Corporate Communication Department also

supplies Outside Directors and Audit & Supervisory Board Member with necessary support such as provision of the notice of the Board meetings or of its change, advance provision of the materials for the Board meetings, and advance explanation of the resolution matters.

11 Cross-Shareholdings

01 Policy on cross-shareholdings

Regarding basic policy on cross-shareholdings (all holding shares except shares of NST Group companies), the Group conducts regular evaluations of the holdings' significance, economic rationale, etc. Shares for which the validity of holding is not recognized are to be reduced through adequate dialogue with the counterparty company, and other action.

02 Examination of holdings' significance and economic rationale

In addition, the Board of Directors regularly verifies and examines whether these cross-shareholdings serve the purpose of holding from the medium- to long-term perspective and whether the benefit and risk of holding them are appropriate for the cost of capital, on an individual company basis, to confirm the appropriateness of continuation of those shares.

03 Policy on the exercise of voting rights

Regarding voting rights concerning cross-shareholdings, the assumption is that said shares contribute to NST's financial performance. The votes are approved internally in accordance with the prescribed procedure following the responsible division's appropriate deliberation and judgement based on the investee company's financial performance and other factors and in order to contribute to its sustainable growth and higher mid- to long-term corporate value.

12 Policy for dialogue with shareholders

NST responds to requests for dialogue from shareholders as follows and within reasonable limits, in order to contribute to its sustainable growth and improvement of medium- to long-term corporate value.

The Director in charge of the Accounting & Finance Department responds to the overall dialogue with shareholders, with the help of relevant executive officers, the Corporate Planning Department, the General Affairs & Corporate Communications Department, and other departments. In addition to actively providing information to shareholders and making careful questions and answers at the General Meeting of Shareholders, NST regularly holds IR briefing sessions for institutional investors, and responds to requests from institutional investors for individual meetings. Opinions received from shareholders and investors through these efforts are reported to the Board of Directors and other relevant parties. In dialogues with shareholders, the purpose of the Fair Disclosure Rules is respected and the insider information (important facts not disclosed) is properly managed in accordance with the Compliance with Insider Trading Regulations.

Risk management to support enhancing ESG management

NST handles a wide range of products and services and does so on an international scale, and has a management goal of contributing to the development of a sustainable society (i.e., enhancement of ESG management). In order to support this enhancement of ESG management, the Risk Management Committee has been established and given the mandate to manage risk comprehensively and across the entire Group, to check the status of each risk management operation, and to anticipate future issues. NST's aim is to build a company structure that is strong against risk by deriving and carrying out measures to identify new risks and promoting the penetration and retention of risk management throughout the entire Group.

Risk Management Committee

Chairman: President

Members: Five full-time Directors, Executive Officer in charge of the Planning & Administration Department, and Associate Officer (executive assistant)

Meeting: Held once a quarter, in principle (occasional meetings if necessary).

Key items	Main activities
Safety	<ul style="list-style-type: none"> Enhance and enforce safety management system
Quality	<ul style="list-style-type: none"> Enhance and enforce quality control systems
Information security	<ul style="list-style-type: none"> Identify risks related to information security and consider countermeasures
Credit	<ul style="list-style-type: none"> Assess credit risks, etc., and consider countermeasures
Compliance	<ul style="list-style-type: none"> Establish a compliance system and evaluate, improve, and strengthen its effectiveness
Security exports	<ul style="list-style-type: none"> Check the status of compliance with laws and regulations regarding security export control and trade (import and export) and take necessary corrective actions
Trade operations management	<ul style="list-style-type: none"> Formulate policies and strategies to respond to changes in laws and systems in trade control and import/export regulations in other countries
Legal	<ul style="list-style-type: none"> Share the progress of litigation and dispute cases of the NST Group, and review and determine countermeasures Manage contract risks and prevent risk occurrence
BCP	<ul style="list-style-type: none"> Assess risks (such as large-scale disasters, infectious diseases, and terrorism) in BCP and review and improve countermeasures
Disaster prevention	<ul style="list-style-type: none"> Build and support disaster management systems for the entire group

Crisis Management Headquarters

In the event that the above risks occur, the President (Head) will establish a Crisis Management Headquarters as necessary.

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 on safety

Steel Division (Technical Support & Safety Management Department)

The Steel Division and the Industrial Machinery & Infrastructure Division aims to eliminate danger from serious disasters and prevent disasters and accidents causing lost worktime. The Divisions concentrate on the following three priority measures:

(Priority measures)

- 1 Ensure rule compliance
- 2 Further strengthen facilities measures
- 3 Advance systems to thoroughly follow the rules

Implementation of repeated risk assessment in response to changes in the external environment

- 1 Safety audit
 - Continued promotion of autonomous safety diagnosis by utilizing check sheets (with use of a web conference to confirm and follow-up on audit results)
 - Study for implementing a remote assistance system
- 2 Affiliated companies' risk assessments by full participation
 - Improvement in the level of safety sensitivity and safety activity by sharing risk points and hazardous events
- 3 Use of Virtual Reality (VR)
 - Training on real-life risk experience by use of VR (40 offices of 16 companies in the first half of 2021)

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 derive and resolve improvement issues based on independent safety audits.
- 2 Sharing of information and continuing global liaison meetings for disaster prevention among the Global Headrest System (GHS) groups

Textiles Division (Textiles Quality & Security Department)

The Textiles Division identifies unsafe conditions through self-assessment and provides support to improve the unsafe condition.

- 1 New risk response caused by changes in the external environment
 - Conduct factory audits by staff of overseas subsidiaries
- 2 Reliable implementation of improvements to combat risk

Note: The Foodstuffs Division's initiatives on food safety and security is listed in its initiatives on quality control.

Initiatives for quality control

Steel Division (Technical Support & Safety Management Department)

The Division undertakes thorough double- and triple-checking by designating a period up to system response by the DX Promotion Department as the priority management period.

- ① Thorough monitoring of the sales department's order entry operations
 - Confirmation of the status of double-checking in order entry and processing order operations
 - Maintenance of order data masters
- ② Support for improvement of priority management items in affiliates
 - Promoting of bar coding and automatic transmission of measured values with the aim of reducing reliance on human resources
- ③ Study of remote support measures
 - Study of remote support systems such as using a wearable camera, etc.

Establishment of DX Promotion Department

In quality control, operations requiring manual operation do not have zero risk. In June 2020, NST established the DX (Digital Transformation) Promotion Department, under the direct control of the President, to address the challenge of eliminating this risk by digitalizing trading operations across manufacturers, distributors, and customers.

(System for Quality Control Measures)

- ① System for steel DX
 - SCM system: DX to prevent material shortages and shipping problems with different materials by digitalizing order placement and inventory management operations for automotive steel sheets (scheduled to start implementation in the second half of FY2021)
 - Order input system that prevents shipping of different materials: DX of the order placement/receipt operation to eradicate trouble from the delivery of different materials (scheduled to start implementing in the second half of FY2021)
 - Unified coil center system: Aim to modernize the operating system of coil centers of affiliated companies and to eliminate errors caused by mixing up of products (scheduled to start implementing in the second half of FY2022)

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

- ① Thorough guidance and continuous monitoring of key suppliers in the Automotive, Industrial Supply Department and the Functional Materials Department
- ② Measures against mistakes in order entry: Consider introducing a scheme to prevent mistakes in order entry, in cooperation with the Steel Division
- ③ Study of advanced, automated inspection process of the GHS Group (scheduled to install a prototype in March 2022)

Textiles Division (Textiles Quality & Security Department)

The Textiles Division implements CSR procurement controls for major supplier plants and inspection stations, and carries out its own auditing and improvement support for CSR, hazardous goods, and inspection stations by auditing type.

- ① Review of the quality control status during factory audits and sharing with sales departments (experimental implementation of live audit using video)
- ② Holding of study sessions for quality control personnel in each division and enforcement of internal rules
- ③ Response to the Act against Unjustifiable Premiums and Misleading Representations

Foodstuffs Division (Food Quality Assurance Department)

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 Adoption of recall training on the production side and study of recall training in cooperation with sales partners
- ③ Provision of insurance to ensure damage if accountability is not clear
- ④ Expanding human resources (further improvement of safety measures through the use of veteran employees)

Initiatives on compliance

Initiatives on compliance

The "Compliance Hotline System" has been established and operated to serve as an internal reporting reception and consultation point for risks related to business performance to employees of NST and its subsidiaries. Confidentiality regarding reports and other matters is maintained, and the informant will not be unfairly treated. A contact point with commissioned

outside experts has also been set up so that the informant can report and consult with them with confidence, and NST will make efforts to enhance the system and continuously improve it. In addition, NST and its subsidiaries have no relationship with anti-social forces, and will respond with a firm attitude when receiving unreasonable requests from them.

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.

01 Internal control in business execution (three defense lines)

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

The departments engaged in sales, etc. construct and implement their internal control systems based on autonomous internal control, and each department manages the operation of internal control at its own initiative under the responsibility of each Executive Officer who supervises such department.

The functional departments identify and evaluate risks surrounding the companies, construct 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.

The departments engaged in internal controls and auditing confirm and evaluate appropriateness of the structural and operational conditions of the internal control system of the entire Group while ensuring independence and keeping the objective standpoint.

02 NST Group's Internal Control 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 Member 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 control system of NST and its subsidiaries, hold information with the subsidiary in common, and aim to fulfill the requirements of internal control.

Directors



President and
Representative Director
Yasumitsu Saeki

April 1979 Joined Nippon Steel Corporation
(Current Nippon Steel Corporation)

April 2016 Representative Director and
Executive Vice President,
Nippon Steel & Sumitomo Metal
Corporation (current Nippon
Steel Corporation)

June 2018 President and Representative
Director, the Company (present)

In charge of the Steel Division and the
Industrial Supply & Infrastructure Division



Director, Member of the
Board, and Executive Vice
President
Yutaka Takeuchi

April 1980 Joined Nippon Steel Corporation
(Current Nippon Steel Corporation)

June 2015 Audit & Supervisory Board
Member, Nippon Steel &
Sumitomo Metal Corporation
(current Nippon Steel
Corporation)

June 2019 Director, Member of the Board,
and Executive Vice President,
the Company (present)

In charge of the Textiles Division and the
Foodstuffs Division
In supervision of General Affairs &
Corporate Communications, Corporate
Planning, SDGs Promotion, Accounting &
Finance, Sales Accounting, Legal, Credit
Management, ICT Promotion, and Internal
Control & Audit.



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

In charge of the Foodstuffs Division



Director, Member of the
Board, and Managing
Executive Officer
Shuichi Yoshida

April 1981 Joined Mitsui & Co., Ltd

April 2018 Executive Vice President, Mitsui
& Co. Steel Ltd.

June 2020 Director, Member of the Board,
and Managing Executive Officer,
the Company (present)

In charge of the Steel Division and the
Industrial Supply & Infrastructure Division



Director, Member of the
Board, and Managing
Executive Officer
Kazumi Yoshimoto

April 1986 Joined Itoman Co., Ltd. (current
Nippon Steel Trading Corporation)

April 2018 Executive Officer, the Company

June 2020 Director, Member of the Board,
and Managing Executive Officer
(present)

In charge of the Textiles Division



Director, Member of the
Board, and 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)

June 2021 Director, Member of the Board,
and Managing Executive Officer
(present)

In charge of the Steel Division

Outside Directors



Outside Director
(Independent Director)
Keishiro Kinoshita

- July 1971 Joined The Industrial Bank of Japan, Limited (current Mizuho Bank, Ltd.)
- April 2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.)
- June 2007 Director, Senior Managing Executive Officer, Sampo Japan Insurance Inc.
- June 2013 Outside Board Member, Nippon Suisan Kaisha, Ltd.
- June 2016 Outside Director, the Company (present)



Outside Director
(Independent Director)
Ryuko Inoue

- April 1981 Joined the Ministry of Agriculture, Forestry and Fisheries
- April 2016 Deputy Director-General, Agriculture, Forestry and Fisheries Research Council, Ministry of Agriculture, Forestry and Fisheries
- November 2017 Registered as attorney-at-law, Atsumi & Sakai (present)
- February 2019 Member of Employers Committee, Central Labour Relations Commission (present)
- June 2019 Outside Director, the Company (present)
- June 2021 Outside Director, Cosmo Energy Holdings CO., Ltd. (present)

Significant concurrent positions

Attorney-at-law, Atsumi & Sakai
Member of Employers Committee,
Central Labour Relations Commission
Outside Director, Cosmo Energy Holdings CO., Ltd.



Outside Director
(Independent Director)
Ryu Matsumoto

- April 1975 Joined The Seibu Department Stores, Ltd. (current Sogo & Seibu Co., Ltd.)
- May 2013 Representative Director and President, Sogo & Seibu Co., Ltd.; Director, Seven & i Holdings Co., Ltd.
- June 2017 Outside Director, PALTAC Corporation
- November 2019 Director, G Three Holdings Corporation (present)
- June 2021 Outside Director, the Company (present)

Significant concurrent positions

Director, G Three Holdings Corporation

Audit & Supervisory Board Members



Audit & Supervisory
Board Member
(full-time)

Shingo Maeda

- April 1983 Joined Nittetsu Shoji Co., Ltd. (current Nippon Steel Trading Corporation)
- April 2018 Managing Executive Officer, the Company
- June 2019 Audit & Supervisory Board Member, the Company (full-time, present)



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 (full-time, present)



Outside Audit &
Supervisory Board
Member
(Independent Member)
**Shigeji
Sugimoto**

Mr. Sugimoto appropriately performs the duties as an Outside Audit & Supervisory Board Member by reflecting his financial and accounting expert insight and experience through his duties as a certified public accountant in the Company's auditing.

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

Significant concurrent positions

Shigeji Sugimoto Certified Public Accountant Office
Outside Audit & Supervisory Board Member, AEON Fantasy Co., Ltd.
Outside Audit & Supervisory Board Member, Osaka Steel Co., Ltd.



Outside Audit &
Supervisory Board
Member
**Hirofumi
Funakoshi**

Mr. Funakoshi appropriately performs the duties as an Outside Audit & Supervisory Board Member by reflecting his many years of experience in and deep insight about the steel industry in the Company's auditing.

- July 1987 Joined Nippon Steel Corporation (Current Nippon Steel Corporation)
- April 2021 Managing Executive Officer, Nippon Steel Corporation (present)
- June 2021 Audit & Supervisory Board Member, the Company (present); Director, NS Solutions Corporation

Significant concurrent positions

Managing Executive Officer,
Nippon Steel Corporation
Director, NS Solutions Corporation

Message from Outside Directors

A trading company is a business model unique to Japan. Organizations that combine multifunctional functions, such as product brokerage, finance, investment, manufacturing and sales, cannot be found overseas.

It is said that the main driving force that has enabled Japan to overcome the scarcity of resources and achieve modernization and high economic growth was the high educational standards and the use of excellent human resources.

For trading companies, human resources are also the most valuable management resource.

Many seniors who were open-minded and imbued with go-ahead spirit have made efforts to create business opportunities through their creativity and ingenuity, and have contributed greatly to the development of society through growth in a wide range of fields.

In this sense, I believe that, as an important ESG issue to be tackled by NST, the utilization of diverse human resources is the lifeblood.

In general, expertise (such as product knowledge, experience and business practice know-how) is regarded important in organizations that adopt the business division system but in the future, I think diversity in the workforce, ideas, values, etc. needs to be increasingly considered. I believe that free and flexible thinking and ideas from a team of diverse personnel, including different nationalities, races, gender, and language, are the sources to develop new business opportunities agilely in an increasingly fast-changing society and environment.



— Keishiro Kinoshita —

Mr. Kinoshita became an Outside Director of Nippon Steel Trading Corporation (NST) in June 2016. Utilizing his numerous years of experience at financial institutions and knowledge and experience gained through his career with listed companies, as well as international experience, he provides much useful advice and performs supervisory functions, mainly from a management perspective.

The opportunities for independent Outside Directors, like myself, to have direct contact with employees are limited. Whenever I visit NST's workplaces, including overseas offices, I try to engage in conversations with mid-level executives and employees, including local staff, in addition to be taken around by a manager in charge. During open, free dialogues and discussions I am mindful of seeing whether young people work vigorously and with a purpose.

The future of NST depends on those who should be responsible for tomorrow and I can read a lot from their faces.

The elements of diverse and flexible thinking and values are also important in governance.

At meetings I try to make recommendations from diverse perspectives and values. There is no risk-free business opportunity. An important

thing is to make assessment on how much and what kind of risks are involved. It is important to manage the change in risk magnitude appropriately and at all times, to oversee potential risks. For this purpose, we must mobilize as much knowledge as possible and secure a free, out-of-box perspective if needed.

I believe that a trading company, which is a collective body of different cultures, is able to overcome reluctance to interact and share, and sectarianism, and to use the energy gained by positive chemical reactions between employees within the company to overall development. As an Independent Outside Director, I would be fortunate if I could serve as a catalyst for this purpose and contribute to the development of NST.

[Aiming to improve corporate value from an external perspective]

As an Outside Director, with the aim of enhancing NST's governance, I try to ask candid questions and give opinions at meetings of the Board of Directors and on other occasions, given my experience as an administrative officer and an attorney, and from the viewpoint of shareholders and various stakeholders, in order to contribute to NST's sustained growth and to improve its corporate value in the medium- to long-term.

While many female and non-Japanese employees already play active roles and are empowered in important posts in NST, I hope to contribute to developing the movement that will enable diverse officers and employees to play more active roles.

[NST's strengths and challenges]

From a governance standpoint I believe that NST's history of establishing a multiple-specialty trading company that operates a main business in Steel as well as businesses in the areas of Industrial Supply & Infrastructure, Textiles, and Foodstuffs, through the integration of companies, has brought about benefits in our present-day social and business environment fast-changing times. I understand that one of NST's challenges is

I would like to discuss how a company should aim to evolve by broadening the perspective on corporate governance to ESG and SDGs. First of all, a company is a "hojin" in Japanese. I think there are many ways to define a "hojin", but the term consists of two Chinese characters of "ho" (laws) and "jin" (person). It can therefore be defined as "a group that has been recognized as a person by law." The important thing here is "person". In other words, "hojin" is an "extended presence of person." Do you know the "Vitruvian Man" (the proportions of the human body according to Vitruvius) drawn by Leonardo da Vinci? This is a drawing of a bare man with both hands and feet spread apart, inscribed in the superimposed square and circle. If the circle is enlarged bigger and bigger, that is a "hojin" meaning a company. Here the central figure is very important.

A person is evaluated by personal quality and character and the same is true for a company. Think about ESG and SDGs as the areas that represent the personal quality and character of the company, then it might be easier to understand. Nevertheless, it's a little hard to be mindful of the 17 SDGs every day. Recently, I received a briefing by the staff in NST's SDGs Department and learned that



Ryuko Inoue

Mrs. Inoue became an Outside Director of NST in June 2019. Utilizing her many years of career at the Ministry of Agriculture, Forestry and Fisheries and her knowledge and experience gained as an attorney-at-law, she provides much useful advice and performs supervisory functions, mainly from a multilateral perspective and legal aspects.

how the strength that has thus been obtained can be further enhanced. The key is human resources and I am confident of NST's future whenever I meet NST's positive, bright employees who play an active role at the forefront of overseas operations.

[Important issues for ESG management, and expectations for the NST Group]

In order to realize a sustainable society, companies nowadays are required to contribute to solving social issues while generating profits and increasing corporate value. NST generates 70% of operating profit from the Steel Division, which is primarily involved in trading of steel. I believe that it is important for NST to contribute to a decarbonized society, environmental conservation, and sustainable living. I am

expecting NST to help realize carbon neutrality through the supply of environmentally friendly products, including offshore wind and solar power generation materials, and battery components for hydrogen and EVs. By the efforts made by the Industrial Supply & Infrastructure, Textiles, and Foodstuffs Division, I am also looking forward for NST to contribute to enhancing people's eco-friendly, enriched living in terms of food, clothing and housing.



Ryu Matsumoto

Mr. Matsumoto became an Outside Director of NST in June 2021. He has a long history of working in the distribution industry and served as president of Sogo Seibu Co., Ltd. Utilizing his knowledge and experience in general management, he provides many useful advice and plays supervisory functions, mainly from a management perspective.

the relevant SDGs for NST were well classified as Materiality. I thought this process of identifying Materiality was really a good approach to change behavior.

Among the Materiality, I find it important to contribute to society and the environment for solving the issues of stakeholders. In the past, I was involved in corporate contribution efforts to society and learned that expensive measures do not last for a long time.

I therefore believe that profit-seeking businesses that contribute to society will ultimately be the most sustainable.

Fortunately, NST is a multiple specialty trading company, and operates business in key materials of steel, textiles, and foodstuffs, which relate to main daily life elements of food, clothing, and housing. If described by a person, NST would be a talented person with several

excellent professional skills.

NST is now committed to a new growth strategy. I believe that it is essential to create new growth businesses in the field of society and the environment.

Since I have long worked in the industries close to the consumer, I intend to make efforts to help NST create new growth businesses.

Business at a Glance



Steel Division

Ordinary
profit ratio
74%
(¥19.0billion)



Industrial Supply & Infrastructure Division

Ordinary
profit ratio
10%
(¥2.5billion)

FY2020 results

Net sales

¥1,767.6 billion

¥76.9 billion

Ordinary profit

¥19 billion

¥2.5 billion

Total assets

¥691.2 billion

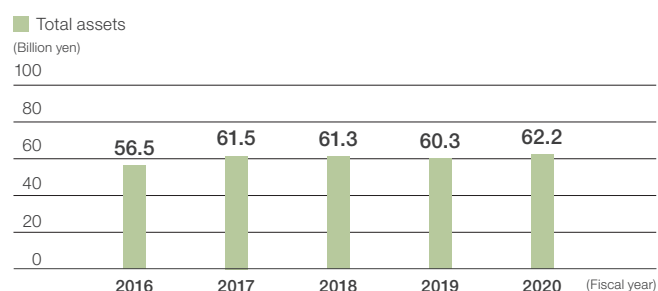
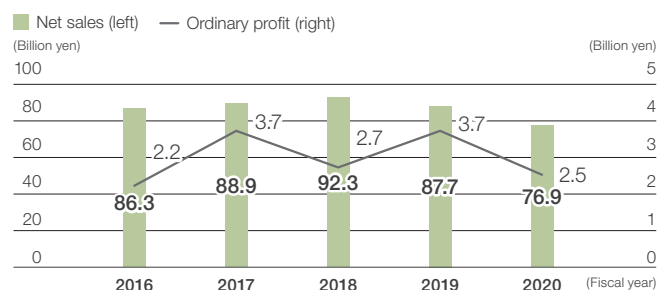
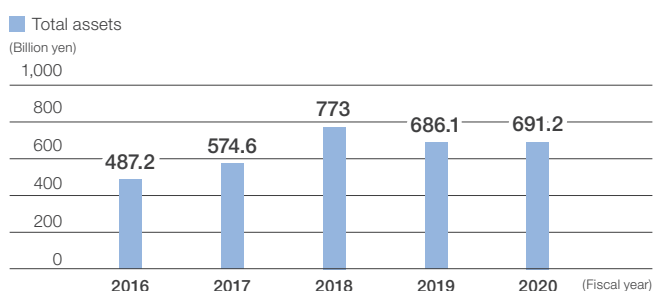
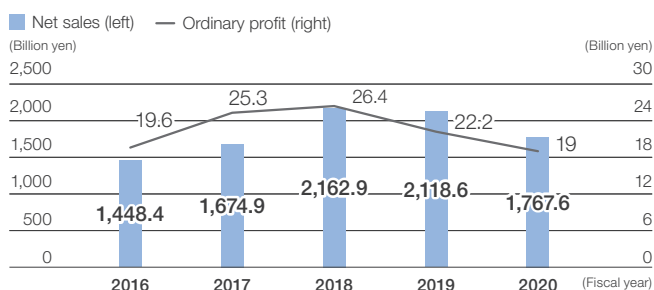
¥62.2 billion

Number of employees

4,463 (consolidated)
929 (non-consolidated)

928 (consolidated)
67 (non-consolidated)

Five-year trend





Textiles Division

Ordinary
profit ratio
7%
(¥1.6billion)



Foodstuffs Division

Ordinary
profit ratio
9%
(¥2.3billion)

¥98.4 billion

¥129.8 billion

¥1.6 billion

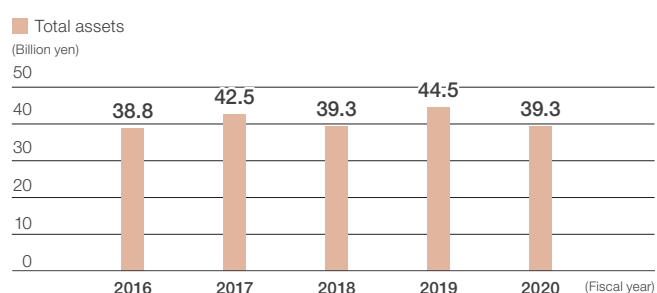
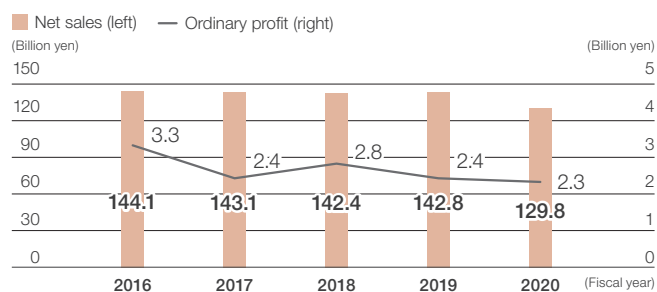
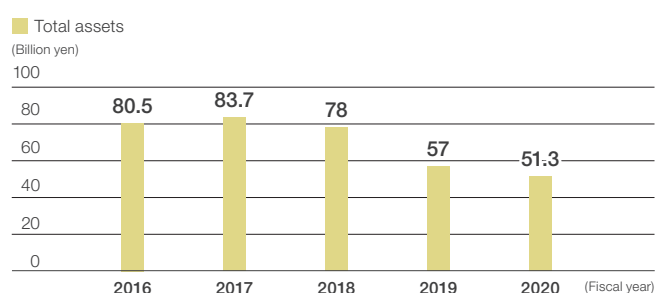
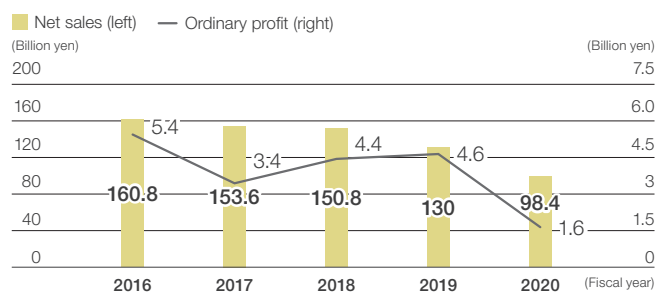
¥2.3 billion

¥51.3 billion

¥39.3 billion

2,245 (consolidated)
412 (non-consolidated)

159 (consolidated)
95 (non-consolidated)



Steel Division

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

Shuichi Yoshida
Managing Executive Officer

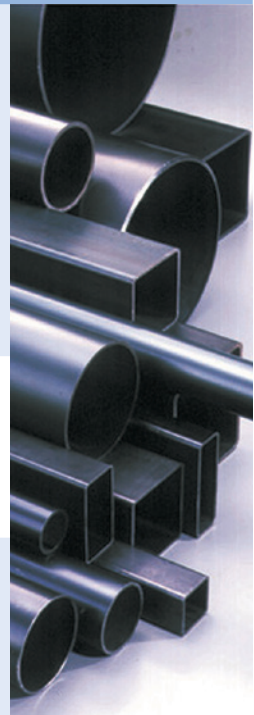


Kazuhiro Koshikawa
Managing Executive Officer



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 timely grasp customers' increasingly diversifying, advancing requirements and provide solutions, and make efforts to build a new value chain in steel distribution.

Major products	Business activities
<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 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>
<ul style="list-style-type: none"> Raw materials (coking coal, coke, pig iron, steel scrap, reduced-iron, ferro-alloys, blast-furnace slag, heavy oil, oil products, LPG, and others) 	<p>The raw materials business consistently works at securing stable, diverse supply sources worldwide for steelmaking, such as coking coals, steel scrap, and ferro-alloys.</p>
<ul style="list-style-type: none"> Machinery (steelmaking machinery, machine tools, metal processing machinery, machinery parts, rolls, and others) 	<p>The machinery business provides various types of products including steelmaking machinery, rolls, and machinery parts to steelmakers and contributes to their stable steel production.</p>



Strengths

The Steel Division transacts many types of steel products made by Nippon Steel Corporation, one of the world leading steelmakers, and its group companies. We provide many customers with these products by making use of the domestic and global sales network built through the long-term business partnership. Focusing on customer-oriented sales, we will

strengthen our function and ability to grasp customers' diversifying, advancing requirements and resolve them properly. Entering the steel market deeply and sharing the strategy with the steelmakers, we invest our resources in the growth areas where demand is expected to increase, and we pursue the creation of value-added distribution in the steel business.

Collaboration with Mitsui & Co.

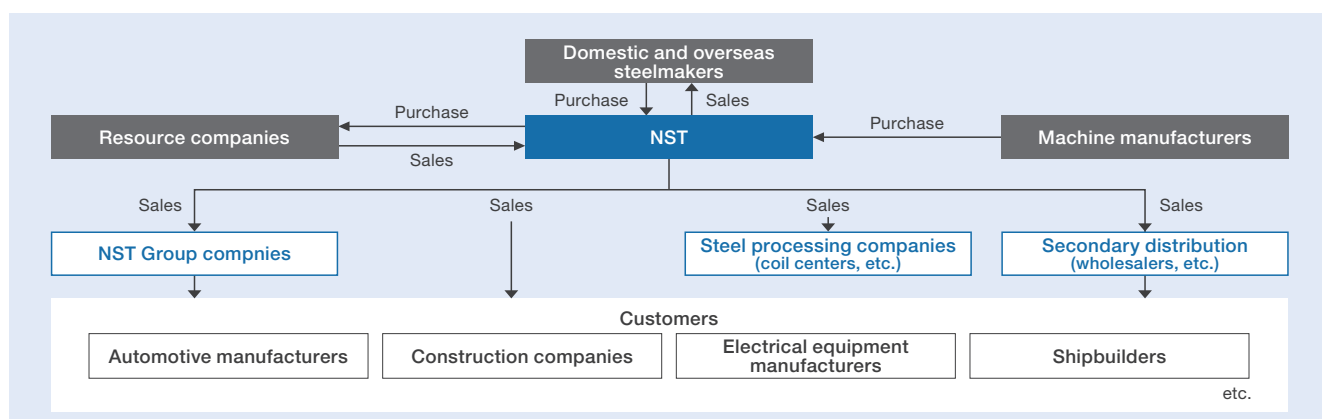
Enhanced supply chain from raw materials to final products

We acquired a part of the steel business of the Mitsui & Co. Group. By utilizing the knowledge, comprehensive capabilities, and value chain that both companies have developed over many years, we aim to provide better services to our customers. By combining and mutually reinforcing the sales strength, customer base, specialty products and services, sales network, and manufacturing sites of the two companies, we are working to expand the steel business. We also aim to improve competitiveness by maximizing the

comprehensive capabilities and synergistic effects.

In overseas markets, 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 both companies, and to be a best partner that can plan and propose total solutions that match the global needs of a wide range of customers around the world.

Business flow chart



FOCUS

Further enhancement of production and processing bases

We are now enhancing our secondary manufacturing capabilities in Japan and overseas. This can be seen, for example, at NSPS Metals, LLC.

NSPS Metals, LLC.



Opening of a new coil center in the United States

Steel demand in the U.S. continues to be strong, with one result being a shift of production to the south. To capture demand for the steel sheet market in the Southern U.S., a coil center NSPS Metals was opened in Houston, Texas, and began operation in fiscal 2020.

Thorough, local-based sales activities

NSPS Metals responds to the needs of local customers in various industries, including electrical goods, building materials, and automotive parts, by performing the processing and distribution function of the NST Group, and by building a local-based supply chain.

Timely understanding of customer requests and inter-city cooperation

Anticipating more active trade in North America under the U. S.-Mexico-Canada Agreement (USMCA), which came into effect in 2020, NSPS Metals has partnered with two companies' three North American processing bases in Kentucky, Tennessee, and Aguascalientes, Mexico, improving our ability to respond to the needs of customers in North America and Mexico.

Topics

Reorganization and integration of affiliated companies in order to strengthen response to customer needs

Among the methods used to improve response is to strengthen relations among Group companies. This was done, for example, by acquisition of shares in Tsukiboshi Shoji, owned by Nippon Steel Corporation, by NST's subsidiary NST NIHONTEPPAN Co. This was carried out on September 30, 2020.

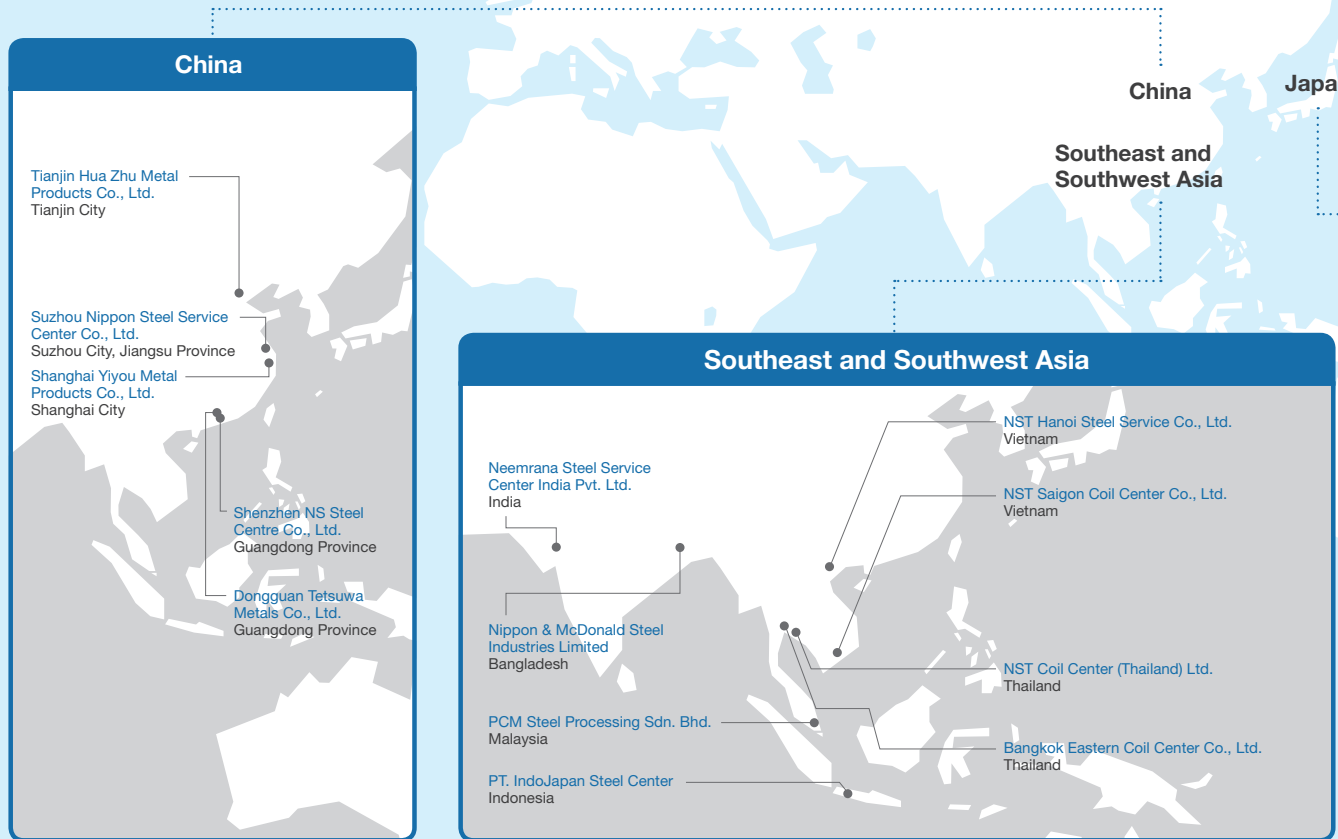
To strengthen solution proposals and delivery capabilities

In the field of sheet materials for roof and wall construction, demand is expected to shrink over the medium- to long-term. However, high-performance materials such as titanium roofing, which feature high anti-seismic and durability performance as well as high installation efficiency, are expected to exhibit growth in demand, including demand for new or advanced applications or products.

Tsukiboshi Shoji has a high level of expertise in this field, with its capabilities in solution proposals and delivery arrangement, and responds to the needs of dealers, sheet metal processors, installers, and other customers. By taking advantage of this important distribution processing function of Tsukiboshi Shoji, NST NIHONTEPPAN will respond appropriately to changes in the environment and further strengthen the customer response capabilities, which are based on the supply chain of the Nippon Steel Group.



Business development and coil centers



Major consolidated companies in Japan	Product	Consolidated subsidiary	Equity ratio	Business activities
	Structural steel and construction materials	NST System Buildings Co., Ltd.	50.00%	Design and construction of system architecture
		NST Okuhira Co., Ltd.	98.00%	Forming and sales of steel roof materials, etc., and construction of roofs and exterior surfaces
		NS Kenzai Hanbai Co., Ltd.	52.94%	Sales and processing of steel products
		NST Construction Co., Ltd.	85.00%	Construction and management of steel structure construction and other works
		NST Special Steel Co., Ltd.	100.00%	Machining and sales of special steel, ordinary steel, forged products and bar-abrasion steel
		NST Tekken Kanto Co., Ltd.	100.00%	Processing and sales of steel
	Wire materials	Tokyo Seisen Co., Ltd.	100.00%	Manufacture of secondary products of wire materials
		NST Wire & Welding Co., Ltd.	83.61%	Processing of special steel and sales of welding materials
		NST SANKOHAN Co., Ltd.	100.00%	Sales of steel products
	Steel sheet (coil centers)	NST Nagoya Coil Center Co., Ltd.	60.00%	Cutting and processing of steel sheet (coil centers)
		NST Kanto Coil Center Co., Ltd.	60.00%	
		San-ei Daimaru Corp.	92.00%	
		Tomakomai Steel Center Co., Ltd.	70.00%	
		Sanwa Steel Co., Ltd.	99.83%	
		NSM Coil Center Co., Ltd.	76.52%	
	Steel sheet (construction material sheet)	Tsukiboshi Shoji Co., Ltd.	54.07%	Wholesale of steel primary products
		NST NIHONTEPPAN Co., Ltd.	66.00%	Processing and sales of steel products and construction materials
	Steel plates	Shin-ei Kiko Co., Ltd.	100.00%	Processing and sales of stainless steel sheet, etc.
		Izumi Kohan Industry Inc.	85.00%	Cutting and shearing of steel sheet
		Mitsuhashi Kozai Co., Ltd.	100.00%	Melt-cutting and sales of steel plates
	Steel pipes and tubes	Igeta Sunrise Pipe Corp.	100.00%	Sales, cutting and processing of steel pipes and tubes
		NST Mechanical Tubular Products Sales Co., Ltd.	100.00%	Cutting, processing, and sales of steel pipes, tubes and bars
		Awaji Steel Pipe Co., Ltd.	100.00%	Sales of steel pipes and accessories
	Machinery	MMI Co., Ltd.	100.00%	Manufacture and sales of cranes and cargo handling machines
		NST Machinery Service Co., Ltd.	100.00%	Sales agent for materials and equipment

As of June 30, 2021

North and Central America

North and Central America

Japan

Tomakomai Steel Center Co., Ltd.
HokkaidoSan-ei Daimaru Corp.
Shizuoka Leveler Plant
Shizuoka PrefectureSan-ei Daimaru Corp.
Head Office and Slitter Plant
Aichi PrefectureNST Nagoya Coil Center Co., Ltd.
Aichi PrefectureNSM Coil Center Co., Ltd.
Kansai Office and Osaka
Manufacturing Department
Sakai Manufacturing Department
Osaka PrefectureSanwa Steel Co., Ltd.
Hyogo PrefectureNSM Coil Center Co., Ltd.
Gunma Office and Gunma
Manufacturing Department
Gunma PrefectureNSM Coil Center Co., Ltd.
Gunma Office and Sano
Manufacturing Department
Tochigi PrefectureNSM Coil Center Co., Ltd.
Ariake Office and Ariake
Manufacturing Department
TokyoNST Kanto Coil Center Co., Ltd.
Chiba PrefectureNSM Coil Center Co., Ltd.
Ariake Office and Kimitsu
Manufacturing Department
Chiba PrefectureNSM Coil Center Co., Ltd.
Yokohama Office
Kanagawa PrefectureKentucky Steel Center, Inc.
Kentucky Plant
Kentucky, USAKentucky Steel Center, Inc.,
Tennessee Plant
Tennessee, USANSPS Metals, LLC
Texas, USAAguascalientes Steel Coil Center, S.A. de C.V.
Aguascalientes, MexicoMajor
overseas
consolidated
companies

Country	Consolidated subsidiary	Equity ratio	Business activities
USA	Kentucky Steel Center, Inc.	97.15%	Cutting and processing of steel sheet (coil center)
	NSPS Metals, LLC	70.00%	
Mexico	Aguascalientes Steel Coil Center, S.A. de C.V.	100.00%	Cutting and processing of steel sheet (coil center)
China	Shanghai Yiyou Metal Products Co., Ltd.	85.00%	Cutting and processing of stainless steel and high-grade carbon steel sheets (coil center)
	Shenzhen NS Steel Centre Co., Ltd.	89.63%	Cutting and processing of steel sheet (coil center)
	Shanghai Nippon Steel Trading Automotive Parts Co., Ltd.	100.00%	Processing and sales of steel materials
	Dongguan Tetsuwa Metals Co., Ltd.	65.00%	Cutting and processing of steel sheet (coil center)
	Suzhou Nippon Steel Service Center Co., Ltd.	85.00%	
Thailand	NST Coil Center (Thailand) Ltd.	86.95%	Cutting and processing of steel sheet (coil center)
	Bangkok Eastern Coil Center Co., Ltd.	65.00%	
	SB Showa Pipe (Thailand) Co., Ltd.	60.00%	Processing and sales of steel pipes and tubes
Vietnam	NST Hanoi Steel Service Co., Ltd.	90.00%	Cutting and processing of steel sheet (coil center)
	NST Saigon Coil Center Co., Ltd.	80.00%	
Indonesia	PT. IndoJapan Steel Center	80.00%	Cutting and processing of steel sheet (coil center)
	PT. IndoJapan Wire Products	100.00%	Wire drawing of wire materials
India	Neemrana Steel Service Center India Pvt. Ltd.	84.97%	Cutting and processing (coil center) of steel sheet, and manufacture and sales of press molded products
Russia	NSE Ltd.	100.00%	Import and export of machinery and equipment
Australia	NS Resources Australia Pty. Ltd.	100.00%	Australian raw material investment business

As of June 30, 2021

Industrial Supply & Infrastructure Division

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

Shuichi Yoshida
Managing Executive Officer



The Industrial Supply & Infrastructure Division is composed of four business units. We provide redundant services, including raw materials, machining, unit parts, installation and sale of machine tools, and electricity supply. We are also working to establish and reinforce quality control and maintenance functions, strengthen partnership with other divisions, for instance, the Steel Division, to open up new areas of business and to give added-values to our business.

Business unit	Business activities	Products handled
Functional materials	We sell a lineup of non-ferrous materials including aluminum, copper, carbon fiber, plastic, silicon, and glass products, and propose materials that meet a wide range of industry needs for lighter weights and the use of multiple materials. We also provide a supply chain fully supported by our network of branches located in Japan and around the world.	Aluminum products, copper products, metal silicon, magnesium, carbon fibers, etc.
Automotive parts	Centered on the die-forged parts (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 13 sites that provide parts such as headrest stays and other seat components to eight countries (Japan, China, South Korea, USA, Mexico, Vietnam, Poland, and India).	Cast forged steel parts, precision machined parts, fuel tanks, automotive seat parts, etc.
Machinery and railways	In the industrial machinery field, we primarily focus on export of machine tool products to North America and Europe. We also sell equipment, machinery, and related materials for other industrial applications through affiliated companies in Japan and overseas. In the railway equipment field we deliver Nippon Steel Corporation's railway car wheels and shafts to railway companies in Japan, and also import and sell products from Europe, including rail corrective grinding vehicles and instruments that are necessary for railway maintenance.	Machine tools, general industrial tools, railroad vehicles, railway equipment, etc.
Infrastructure	Aiming to provide complete support to Japanese companies that conduct business overseas, we are engaged in the development, operation, and sale of sites of industrial parks, as well as the business of electrical power supply, water supply, and drainage systems. Utilizing the expertise in industrial park operations that we have developed over 30 years at the Rojana Industrial Parks, 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.	Operation and sales of industrial parks, electric power business, etc.



Functional materials



Automotive parts



Machinery and railways



Infrastructure

Strengths

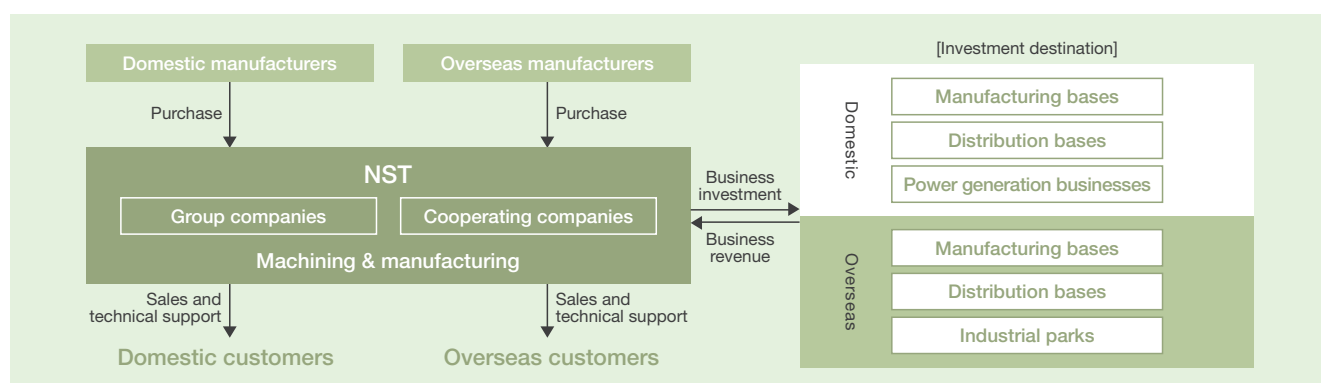
In addition to purchasing and sales of metal materials industrial parts, and products, the Industrial Supply & Infrastructure Division is engaged in a wide range of businesses, including solar power generation and industrial park operation. Our business portfolio is well balanced with trading business and business investment, and our business operation are stable and capital efficient.

Business areas is widespread, ranging from Japan, the Americas, East Asia, Southeast Asia, to the Middle East and

Europe. By diversification of business in various countries and regions helps to capture customer needs in various countries and regions, we seek to capture customer needs in multiple and complex ways, and lead them into business opportunities.

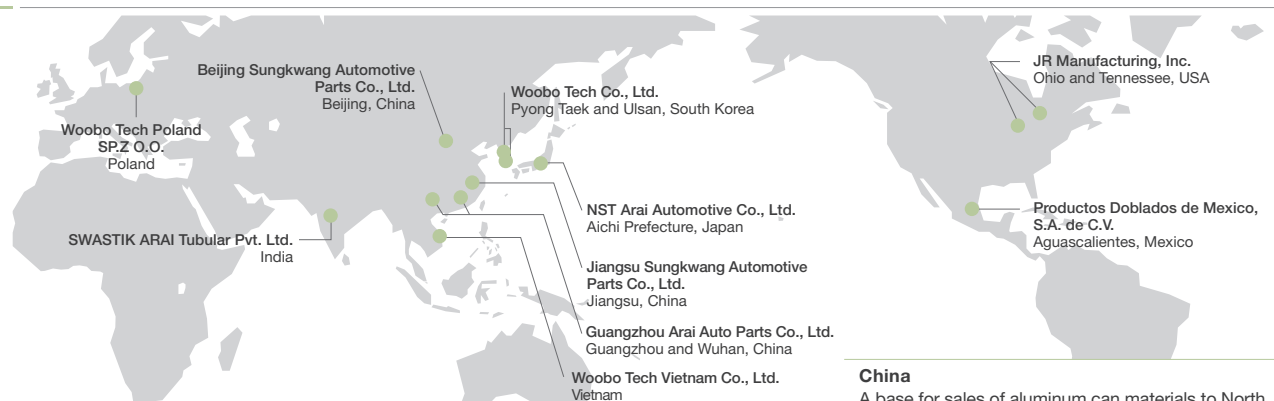
We are also working on new business development utilizing a wide range of business opportunities. We focus on developing next-generation project leaders and management personnel by encouraging junior employees to gain experience through projects.

Business flow chart



Business development

Bases of production and sales for headrest parts



Industrial park business overseas

Southeast Asia



North and Central America



China

A base for sales of aluminum can materials to North America and Southeast Asia, as well as sales to local customers such as Tesla, exports of carbon fiber to the same area for sports equipment, exports of glass for solar panels to Japan, and supplies and sales of automotive parts

Southeast Asia

Industrial park business, solar power generation business, and purchase and sales of forged products and aluminum materials for automotive parts

North America

Sales of automotive parts, machinery equipment and auxiliary devices, kitchen equipment, and non-ferrous metals (can materials, etc.)
Looking for industrial park business opportunities and solar power generation business in Mexico

Major consolidated companies in Japan

Business unit	Consolidated companies	Equity ratio	Business activities
Functional material	Nippon Steel Trading Metals Co., Ltd.	100.00%	Cutting, processing and sales of non-ferrous metals
Automotive parts	NST Arai Automotive Co., Ltd.	98.42%	Manufacture of automotive parts such as headrests and stays
Machinery and railways	Nippon Steel Trading Matex Co., Ltd.	100.00%	Sales of industrial machinery
	M.I.K. Corp.	100.00%	Sales of kitchen equipment
Infrastructure	Exedy SB Hyogo Co., Ltd.	60.00%	Sales of electricity through solar power generation

Major overseas consolidated companies

Country	Consolidated companies	Equity ratio	Business activities
America	JR Manufacturing, Inc.	99.24%	Manufacture of automotive parts
	Kitagawa-Northtech Inc.	80.00%	Sales of hydraulic chucks and cylinders for NC lathes
Mexico	Productos Doblados de Mexico, S.A. de C.V.	89.95%	Manufacture of headrest stays, seat wires, etc.
China	Guangzhou Arai Auto Parts Co., Ltd.	73.10%	Manufacture of headrest stays and seat parts

As of June 30, 2021

Textiles Division

This Textiles Division is evolving its functions as a manufacturer-oriented trading company engaged in everything from materials development to product planning, production, and distribution, centering on OEM production for apparel makers

Kazumi Yoshimoto
Managing Executive Officer



The Textiles Division's main theme is to strengthen the core business base and expand into growth fields by enhancing existing businesses and searching for new areas. Its four major initiatives are:

- ① Strengthen the core business base (Address the changing demand structure and shift to offensive OEM)
- ② Expand global trading (Go deeper into the growing global market)
- ③ Manage the business portfolio (Explore and expand business areas)
- ④ Incorporate alliances

Main products	Business activities
Clothing for men, women and children	<p>A focus on contract production of brand-name apparel (OEM) is an important aspect of NST's manufacturing function that produces high-quality textile products by procuring optimal materials from all over the world and using overseas production bases spread across China and ASEAN countries. We also offer a total solution function that extends from material development to product planning, production, and logistics.</p> <p>In addition, we have strengthened our original design production (ODM) business, in which we propose products from the planning stage, by strengthening our material purchasing and development capabilities cultivated in the OEM business, and pursuing comfort (such as coolness and warmth) and functions (such as water repellency and suitability for home laundering.)</p>
School uniforms Sportswear Workwear	
Sleepwear Interior goods Accessories and others	



Strengths

1 Unique positioning, unlike traditional trading companies

Mainly for apparel manufacturers in Japan of ladies' wear, men's wear, functional wear, and home fashion, we have built production bases and distribution networks in China and ASEAN countries as a manufacturer-oriented trading company, and continue to evolve as a global OEM manufacturer.

2 Total solution capability that surpasses others

We provide total solutions that extend from material development to product planning, production, and logistics. In addition, we provide supply chain management (SCM), which enables real-time information sharing from procurement of materials to sales in stores by connecting production and distribution bases, and from headquarters to retail stores through a network.

Business alliance with Mitsui & Co., Ltd.

NST and Mitsui & Co. have agreed on a partnership in the Textiles Division, centered on the integration of Mitsui Bussan I-Fashion Ltd. (MIF), a subsidiary of Mitsui & Co., into NST. In August 25, 2021, NST, Mitsui & Co., and MIF concluded a shareholders' agreement regarding an alliance in Textiles Division, and NST and MIF also exchanged a basic merger agreement and an absorption-type split agreement regarding the merger between MIF and NST's Textiles Division.

The alliance aims at promoting collaboration between NST and Mitsui with focus on the integration of NST's Textiles Division with MIF's, in order to realize the following:

1 Strengthening of the the foundation of the core OEM business

NST and Mitsui aim to improve competitiveness and build a robust business base by maximizing the synergy benefits resulting from the combination and complementation of marketing capabilities, customer networks, and the two companies' respective areas of strength in terms of products and services, and by using the increased scale resulting from the merger to enhance efficiency and strengthen functions, especially in relation to procurement.

2 Creation of business opportunities in new growth areas

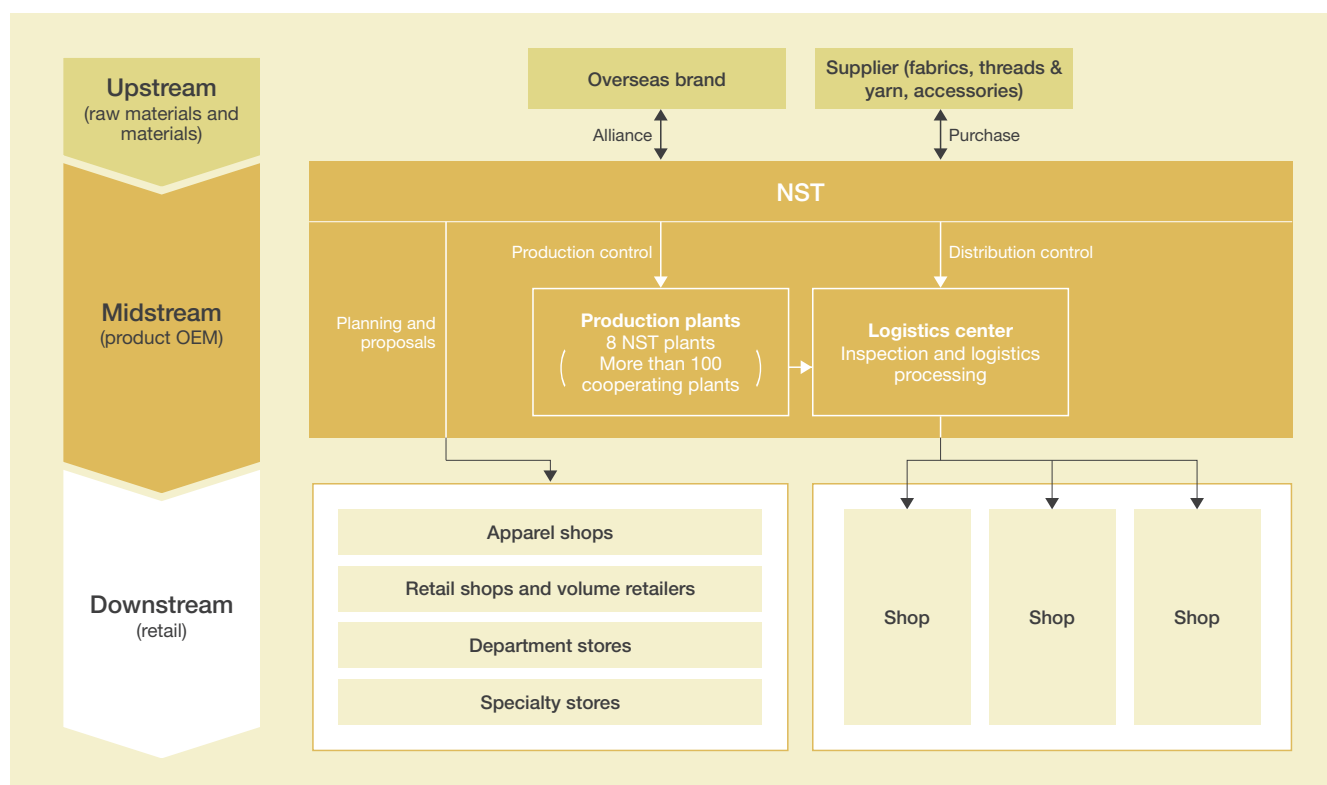
NST and Mitsui will make optimal use of their business resources across the entire relevant supply chains from upstream to downstream areas to expand business in overseas markets with growth potential. Both companies will also work to achieve sustainable growth through the use of digital technology to provide new services, as well as the creation of new business opportunities focusing on sustainability, through means such as the utilization of recyclable materials, and the establishment of a product recycling system.

3 Deepening of value provided to customers

NST and Mitsui aim to help customers to achieve innovation (such as cost reduction, business process digitalization, and sustainability response) through new initiatives based on the application of digital technology to functional processes, such as planning, production, and logistics, using Textiles Division knowledge that they have accumulated over many years, together with their integrated strengths and procurement networks.

Preparations have been made for the integration of NST's Textiles Division with MIF on January 1, 2022. Through this partnership, NST and Mitsui will make complementary use of their management resources, build a stronger business foundation, and create new business opportunities, with the aim to achieve sustainable growth and increase corporate value.

Business flow chart



Business development



Major consolidated companies in Japan

Consolidated company	Equity ratio	Business activities
SB Planning Co., Ltd.	100.00%	Contracted business related to purchasing, planning, manufacturing, and sales of clothing, fashion accessories, and their raw materials
SB Knit Co., Ltd.	100.00%	Planning proposals, contracted manufacturing, and sales of apparel products, and sales of materials related to apparel products
Fashion Net Inc.	100.00%	Planning, manufacturing, and sales of ladies' wear
SB Living Co., Ltd.	100.00%	Manufacture and sales of sleeping fabrics and light-sleepwear
Sumi'saccs Corp.	90.00%	Planning, manufacturing, sales and import/export of fashion accessories
Servo Corp.	96.40%	Planning, manufacturing and sales of uniforms
AGL Corp.	100.00%	Collection, arrangement of transportation methods and administrative procedures for international maritime freight transportation
Echo Center Co., Ltd.	100.00%	Distribution center

As of June 30, 2021

Foodstuffs Division

A creator of food value

We provide new food value and solutions that are environmentally friendly and prioritize reliability and safety.

Yasuyuki Tomioka
Managing Executive Officer



The Foodstuffs Division is engaged mainly in the import and export and trilateral trading of beef, pork, chicken, and processed products of livestock and fisheries. 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.

Main products	Business activities
Beef Pork Chicken Processed meat products	<p>In the field of imported meat such as beef, pork, and chicken – a field that NST was one of the frontrunners, we conduct imports in cooperation with leading overseas suppliers and production plants, which carry out operations from breeding to processing. We are always among top players in transaction volume.</p> <p>Utilizing our global procurement capabilities, we will continue to expand our transaction volume of meat, processed livestock, and processed agricultural and fishery products.</p> <p>Based on the industry knowledge, field power and pioneering efforts to food safety accumulated in the mainstay imported meat business, we provide high-quality, safe, and reliable foodstuffs that match the tastes of Japanese in food.</p> <p>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.</p>
Fishery products such as shrimp and crabs, and processed products	
Agricultural products, processed agricultural products, and other foods	



Strengths

As one of frontrunners in the import of beef, pork, and chicken meat products, NST has been in the top class in import transaction volume of these products.

We have also built a stable supply system for products through our accumulated industry knowledge, import and export know-how, and close relationships with overseas suppliers. Moreover, we are active in developing new suppliers and countries. On the sales side, we have diverse customers, including domestic manufacturers, wholesalers, food-service industries and convenience stores, and a sales network that can respond to a variety of changes in the environment.

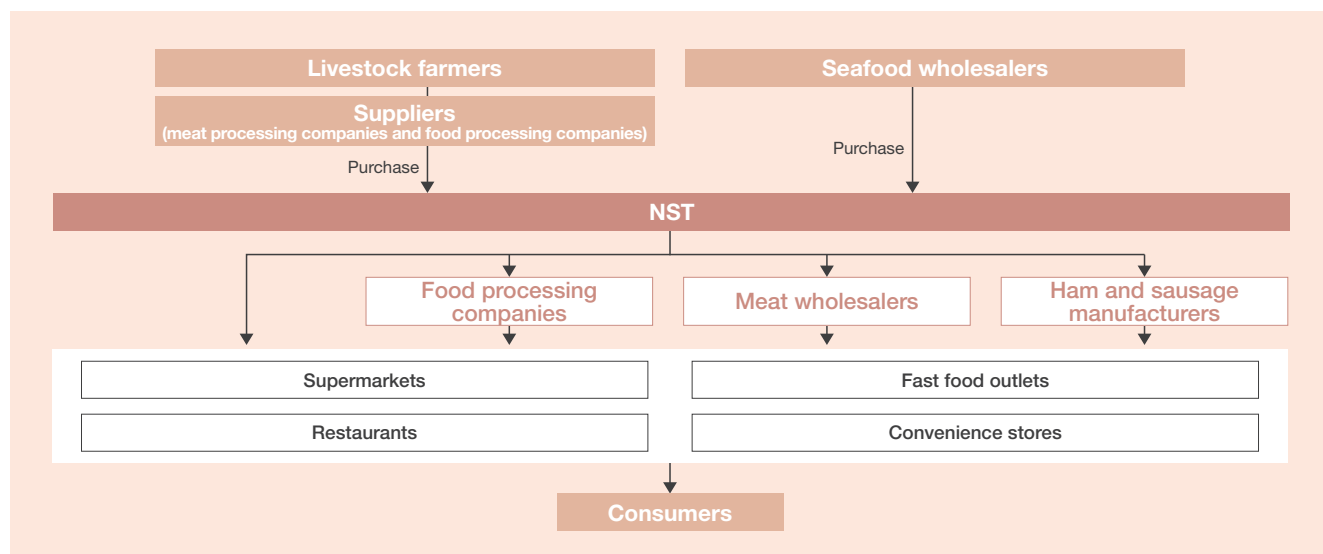
We provide safe, reliable food products

We are also focusing on food reliability and safety, and we have established departments dedicated to safety and quality control ahead of other trading companies to conduct thorough quality control and inspection at overseas production plants, import routes, and import clearance. Our efforts to improve food safety and quality control have been highly accredited by our business partners.



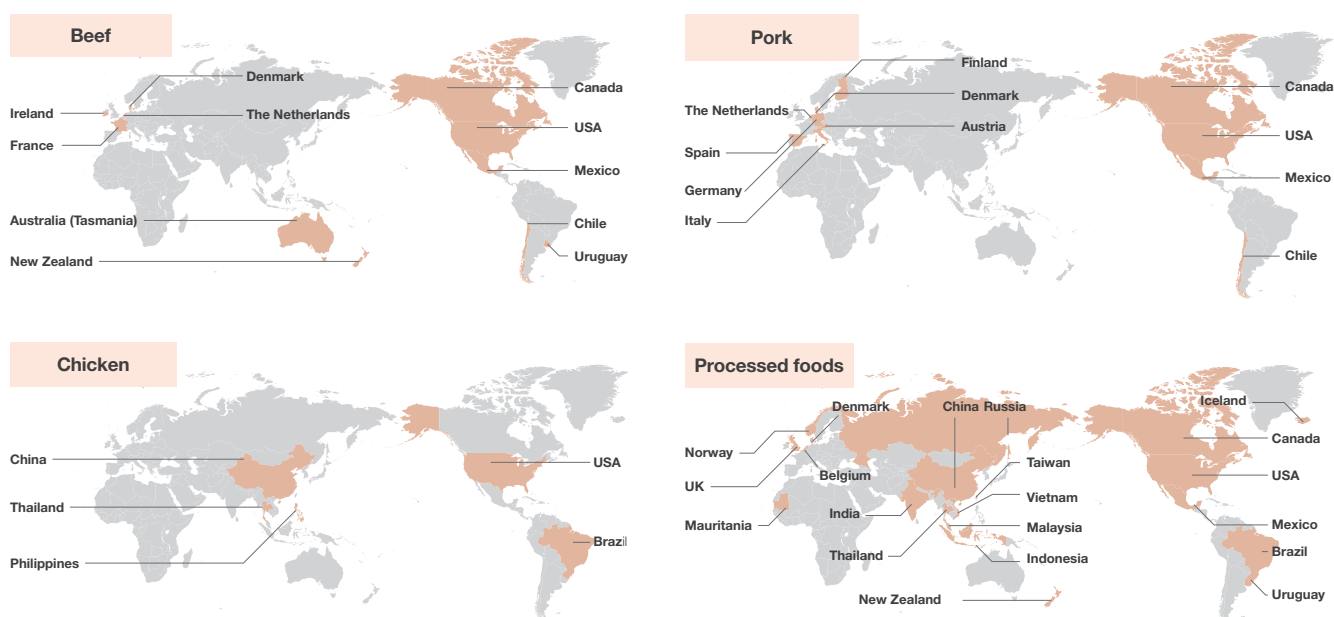
Inspection at an overseas inspection company which has ties with NST

Business flow chart



Business development

Main importing countries for meat



As a pioneer in imported meat, we import safe, reliable, and high-quality foodstuffs from overseas, contributing to the enhancement of Japanese foods culture. We purchase and import a variety of foodstuffs, with a focus on beef, pork, chicken, and processed foods, from North America, South America, Oceania, Asia, and Europe, and have a system in place to propose and provide the foods to our customers.

Major consolidated companies in Japan

Consolidated company	Equity ratio	Business activities
Nikkyo Foods Co., Ltd.	100.00%	A wholesaler of meat and fishery processed products
Cosmo Foods Co., Ltd.	100.00%	A fabless manufacturer of meat processed products

As of June 30, 2021

Nippon Steel Trading's next generation is taking up challenges in its four business fields

Blazing four paths to make new roads

Our people who head up the four paths

1

Steel Division

Niigata Branch of the Steel Division

Ryosuke Nakaya

Since joining Nippon Steel Trading (NST) in 2013, Nakaya has been engaged in the domestic sales of construction materials. After moving to the Niigata Branch in April 2018, he became involved in the sales of steel sheets for consumer electronics products. He is now again in charge of sales of construction materials at the Niigata Branch, using his experience in contacting new and existing customers.

My individuality is my biggest weapon in working in a regional branch as a young sales person of a trading company

Nakaya has been transferred to two branches in his nine-year career at NST. He first moved to the Kashima Branch in his 4th year and two years later moved to the Niigata Branch. His career is rather unique as many of the employees who joined NST in the same year have only been engaged in one type of job in the same department.

Nakaya commented: "I think I am extremely lucky to have the career experience of working at the Tokyo Head Office, Kashima Branch, and Niigata Branch as I have been able to take advantage of a variety of opportunities. As I have been reassigned at short intervals, I had to leave some unfinished work behind and had to move without digesting all the work. Nevertheless, isn't it boring to settle down comfortably and only do what one was told to do? I find my own goals by linking the experiences I have accumulated."

Nakaya learned the basics of construction materials at the Tokyo Head Office and was then engaged in steel slag and steel scrap work at the Kashima Branch and steel sheets for consumer electronics products at the Niigata Branch, and is now again in charge of construction materials. The experience of working with various product types has greatly expanded the range of his sales work in construction materials.

Nakaya again commented: "I was born and raised in the Kansai region of Japan, where people say your worth depends on whether you can make people laugh. Since I

am quite good at talking with customers, I can get close to a customer in the first encounter. However, a relationship of trust can only be established by the accumulation of day-to-day work. It's not good to think only about making your customer buy products. I try to create a business experience that customers have never had before, taking advantage of the experience and network that I have cultivated at previous assignments, as well as the knowledge of a wide range of products including steel sheets, slag, and construction materials. I am now very excited to build new value for NST by trial & error and connecting customers more and more."

Nakatani has a role model. "I want to become like my previous boss who helped me when I was at the Kashima Branch. He was so good at getting close to people, and building good relationships of trust in a short period. I will continue to make efforts to become like him as soon as possible." While he has been favored by helpful bosses, he has not had younger colleagues in his workplace since he joined NST.

"I am a bit uncertain whether I can become a reliable manager of younger employees, but now I am doing my best to cheer up my workplace with my energy and freshness as the newest team member!" We wish for Nakaya's success as he approaches his work dedicated to doing his best, using the power of laughing and creativity as his weapon.

Trust is the key to the development of the North American market

Takahira is engaged in transactions of non-ferrous metal materials such as aluminum, copper and stainless steel, and cast parts used in buggies. As soon as he arrived at the California Branch as a trainee, he was assigned to be in charge of launching the Industrial Supply & Infrastructure Division in North America. He has since been leading the company's effort at development of the North American market.

Starting mostly through a series of trials and errors, he had to face differences in business practices, in addition to differences in language and way of thinking. "In the United States, the features and benefits of trading companies are not fully understood. It is therefore important to make a proposal that matches the needs of the customer. I have to fully utilize the networks of NST Head Office and overseas offices, quickly gather information about niche markets where there might be a high entry barrier for competitors and competitive products, and find business opportunities in promising markets and products that are likely to grow."

There are also other hurdles in approaching prospective customers. "Sales calls and e-mails are futile unless they

are of evident interest to the other party. I strive to build trust by making attractive proposals and by responding to expectations of potential customers. My ideal relationship is that my customer would say 'if Takahira said so.'"

Takahira had an interesting anecdotal experience. "When we were in a difficult situation with additional tariffs being imposed on aluminum and the spread of COVID-19 infections, I tried to explore a new market with a challenging spirit. This opened up new business for copper, which had been little affected by tariffs. The amount of responsibility and the kind of challenges in the U.S. are different from what I had in Japan. I make mistakes, and still have many issues, but I tackle work with a strong commitment that 'nothing will be done unless I do it.' Because of difficulty and hardships, I feel so accomplished when the deal is closed. Based on the development of new business partners, I will strive to have a broader network and expand our business in North America."

Takahira, a person of a trading company who actively works in the U.S., will continue to challenge the vast frontier by building trust with new business partners.

NIPPON STEEL TRADING AMERICAS, INC.

Our people who head
up the four paths

2 Industrial Supply & Infrastructure Division

Development Department, Industrial Supply & Infrastructure Division,
Nippon Steel Trading Americas, Inc.

Koki Takahira

Takahira joined NST in 2010 and was assigned to the Functional Materials Department, where he has been in charge of non-ferrous metals. In 2016 he was transferred to Nippon Steel Trading Americas as a trainee. He is now at the Chicago Head Office and engaged in developing the North American market for high-performance materials and automotive parts.





Our people who head
up the four paths

3

Textiles Division

SB Planning Co., Ltd., Textiles Division

Wen Mei Zhang

Zhang joined NST in October 2014. Assigned to the Ladies' Knit Cut team, she was responsible for delivery and quality control. Since 2020, she has also been trying to do sales to department stores and apparel stores.

I take up challenges and want to become a role model of women working in Japan

Zhang is involved in a series of processes that lead to the completion of the clothes. She has also had a sales job involving recommending materials and products to customers for about a year. "Sales is the job of interacting directly with customers. I am asked to make suggestions based on the feedback I get from market movements and customer requests to the planning side. My responsibility has increased, and I cannot relax these days but I am enjoying the work with a sense of tension."

Zhang, who is also a mum with a 5-year-old child, says she is a kind of person who wants to challenge things she cannot do. Still, when she started her sales job, she was worried about being a foreigner and whether she could do the work and raise a child at the same time. "I make many failures due to differences in language and culture, but I try to fully recognize the differences between Japan and China, where I was born and raised, and complement my weaknesses by using my strengths in the way of working. For example, I can communicate smoothly with Chinese factories, and I have

experience in production management and knowledge of product creation. And above all, thanks to the cooperation of my team members, I have been able to continue working while raising a child."

Zhang says that her biggest joy out of her everyday challenges is to see people wearing the clothes she was involved in in town. "My boss told me that our job was not finished by delivering a product, but completed when the product arrived in the hands of each customer. I always keep that in mind."

There is one belief Zhang, who will not forget her spirit of challenge and aspirations, subscribes to. "Challenges, responsibilities, and balance between family life and work. From my experience, I know that if I make efforts to face up even to difficult things, the path will open up in front of me. I want to continue advancing toward targets so that I can become a role model for foreigners working in Japan and women working while raising children." Working mom Zhang's challenge to the unknown continues.

Challenge to build a business model for the next generation

Since joining NST, Naito has specialized in foodstuffs, particularly poultry, and engaged in import and sale of chicken meat and trilateral trade.

In recent years, the Foodstuffs Division has been focusing on trade in which goods do not go through Japan, as well as trilateral trade, with the aim of achieving more aggressive development. As NST has strong connections in Asia, NST plays an intermediary role for exporters and importers and is able to conduct transactions that benefit the three parties involved. However, there are some challenges.

Naito commented: "At present, a solid structure is in place: a local subsidiary is engaged in sales and the head office controls the total coordination of transactions. Going forward, we will need to explore new markets where we do not have a local subsidiary. My current challenge is to spearhead efforts to create new businesses where there is no existing scheme."

The motto of Naito is to move faster than anyone else. There is an anecdotal story. While Naito was eating with his friends on an off night, he received a news that the avian flu had been

confirmed in a supplying country. He then immediately procured alternatives in another country. "You need to be sensitive and keep an eye out for infectious diseases. And when something happens, you have to move instantly, so that you will not cause trouble to your customers." He says that the first action one takes is important in case of unpredictable epidemic.

Naito, who works at the forefront of meat business, has a secret idea. "In my current job, environmental considerations cannot be avoided. I believe that the job of a trading company is not only trade and investment, but also to solve social challenges through business. Through collaboration with the latest technology and venture companies, we should be able to develop a Foodstuffs Division for the creation of an ecology-conscious sustainable world. NST has just established the SDGs Promotion Department. I think NST has now been prepared to do the things we wish to do. Creating a next-generation business is a big goal for me."

Naito, a young person of a trading company who goes up the trackless path, will continue to take up the challenge.

Our people who head
up the four paths

4

Foodstuffs Division

Foodstuffs Division, Nippon Steel Trading Americas, Inc.

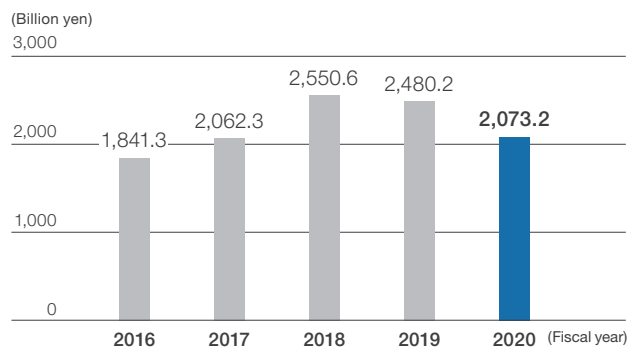
Soichiro Naito

Naito joined NST in April 2014. He was assigned to the Broiler Sales Section of the Meat Department No. 3 and has since been involved in the sales of chicken meat. He currently works at NST Americas.

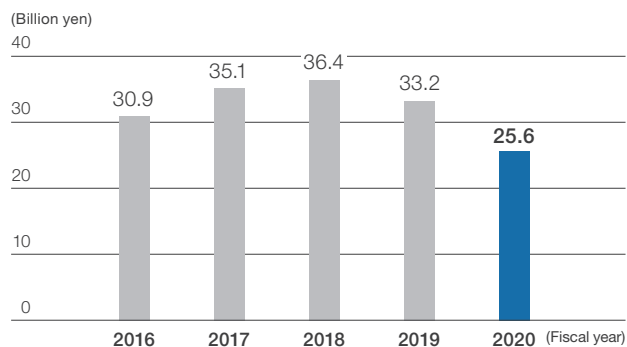


Financial Highlights

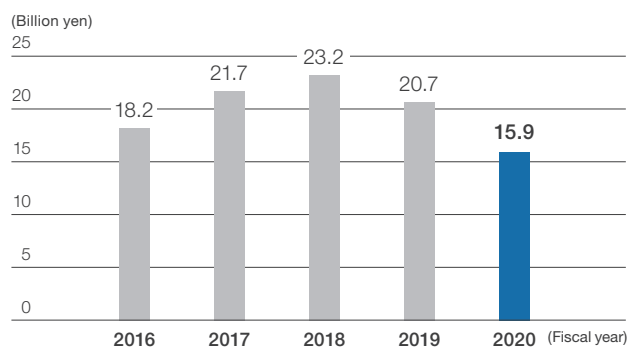
Net sales



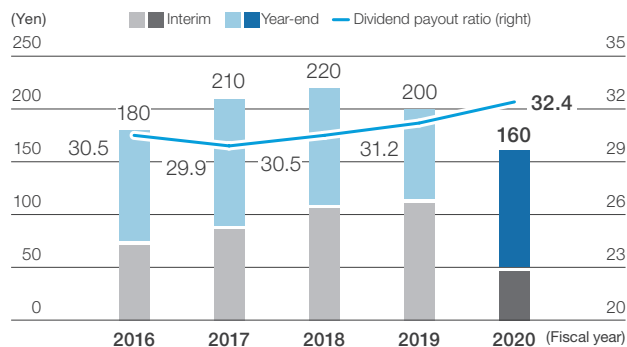
Ordinary profit



Profit attributable to owners of parent

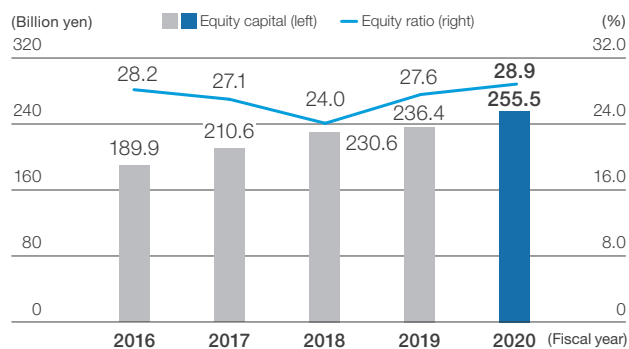


Dividends and dividend payout ratio

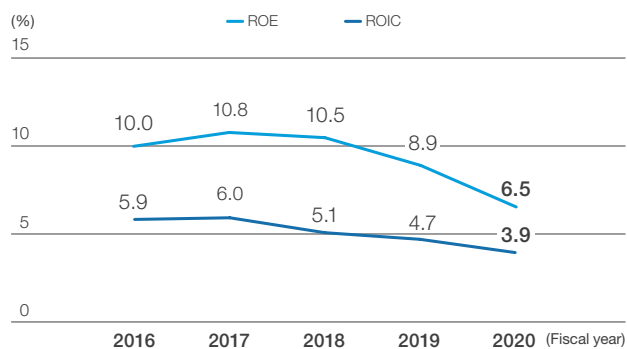


* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the per-share dividend has been adjusted retrospectively to reflect the share consolidation for all periods presented.

Equity capital/Equity ratio

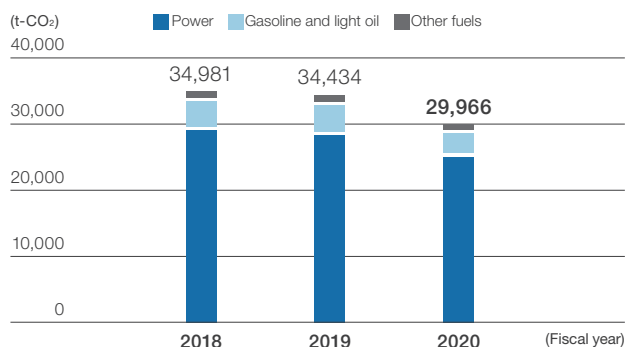


ROE/ROIC



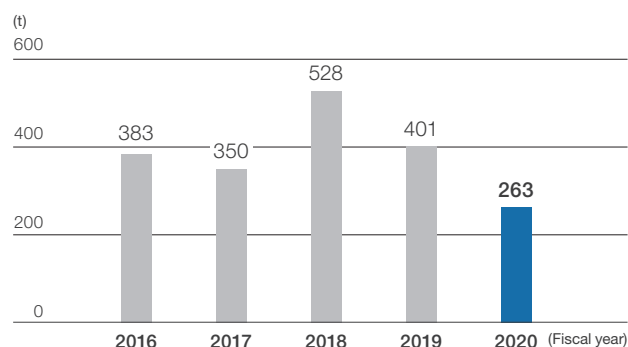
Non-Financial Highlights

CO₂ emissions



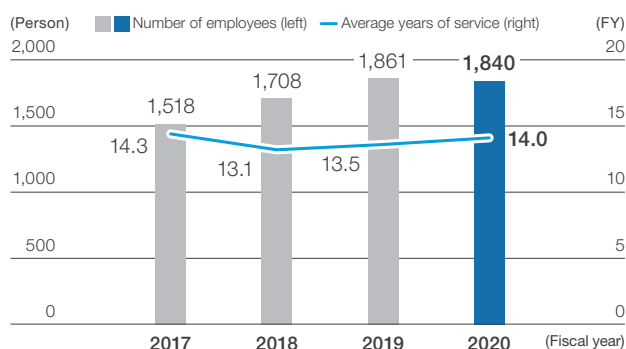
* Nippon Steel Trading Corporation (NST) and consolidated subsidiaries in Japan and overseas

Industrial waste



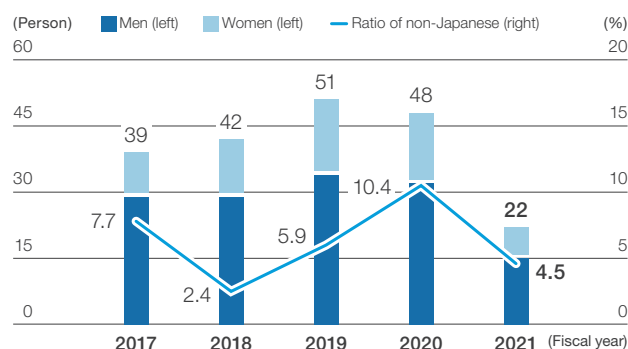
* NST (non-consolidated)

Number of employees and average years of service



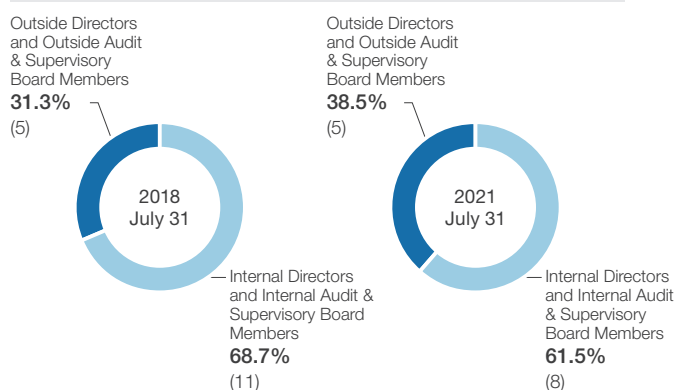
* NST (non-consolidated)

New graduates hired as career-track employees

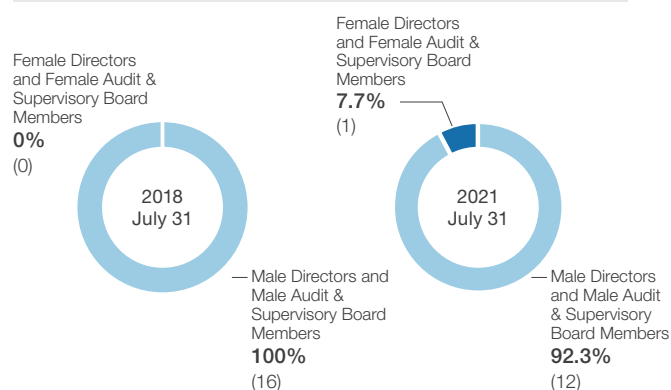


* NST (non-consolidated)

Ratio of Outside Directors and Outside Audit & Supervisory Board Members



Ratio of Female Directors and Female Audit & Supervisory Board Members



11-year financial summary

Fiscal term	34 th term	35 th term	36 th term	37 th term
Fiscal year	FY2010	FY2011	FY2012	FY2013
Net sales	1,870,408	1,894,757	1,815,130	1,991,577
Ordinary profit	24,489	23,640	26,533	27,306
Net profit attributable to owners of parent	13,180	14,075	16,505	25,670
Comprehensive income	10,979	13,465	23,797	37,840
Net assets	115,357	123,680	140,640	157,554
Total assets	670,790	703,626	618,423	642,304
Interest-bearing debt	167,372	160,335	160,861	189,501
(Million yen)				
Net assets per share	-	-	-	-
Earnings per share (EPS)	-	-	-	-
(Yen)				
Equity ratio	15.6	15.9	20.6	22.2
Net interest-bearing debt ratio (Net D/E ratio)	1.30	1.15	1.02	1.14
Return on equity (ROE)	13.0	13.0	13.8	19.0
Return on invested capital (ROIC)	5.2	5.1	5.7	5.2
(%)				
Price earnings ratio	-	-	-	-
(Times)				
Cash flow from operating activities	2,580	25,221	13,319	(16,946)
Cash flow from investing activities	(8,193)	(6,817)	(7,139)	(11,889)
Cash flow from financing activities	8,947	(18,504)	(9,312)	21,369
(Million yen)				

Indicators related to cash flow

	FY2010	FY2011	FY2012	FY2013
Market value-based equity ratio	-	-	-	-
Cash flow to interest-bearing debt ratio (Years)	64.9	6.4	12.1	-
Interest coverage ratio (Times)	1.0	9.9	5.1	-

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

Equity ratio (%)

Capital equity divided by Total assets

Market value-based equity ratio (%)

Total equity market capitalization 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

38 th term	39 th term	40 th term	41 st term	42 nd term	43 rd term	44 th term
FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
2,104,606	1,930,845	1,841,353	2,062,316	2,550,612	2,480,256	2,073,240
30,573	29,025	30,915	35,188	36,427	33,244	25,687
17,434	17,329	18,238	21,726	23,249	20,708	15,934
29,879	11,866	21,562	28,018	19,745	14,462	21,262
183,693	190,264	206,187	227,968	249,356	254,877	278,247
692,899	660,664	673,078	776,395	960,173	857,744	883,442
206,281	205,612	196,100	247,622	329,004	300,177	298,398
5,394.28	5,612.63	6,143.38	6,815.75	7,150.13	7,329.73	7,922.37
563.89	560.55	589.96	702.86	720.68	641.97	493.98
24.1	26.3	28.2	27.1	24.0	27.6	28.9
1.06	1.07	0.91	1.04	1.32	1.16	0.95
11.2	10.2	10.0	10.8	10.5	8.9	6.5
5.8	5.5	5.9	6.0	5.1	4.7	3.9
7.36	6.69	7.93	8.38	6.24	5.69	8.21
5,234	146	22,282	(29,528)	9,386	39,732	47,255
(11,568)	(3,054)	(4,043)	(8,842)	(76,339)	(5,736)	(6,451)
4,027	(4,855)	(14,788)	44,064	63,812	(32,679)	(9,993)

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
18.5	17.5	21.5	23.4	15.1	13.7	14.8
39.4	1,401.8	8.8	-	35.1	7.6	6.3
2.0	0.1	8.3	-	2.2	9.6	19.3

ESG Data

Environment

	FY2016	FY2017	FY2018	FY2019	FY2020
(t-CO ₂) Energy consumption [consolidated]					
Power	-	-	29,068	28,331	25,061
Gasoline and light oil	-	-	4,383	4,521	3,501
Other fuels	-	-	1,530	1,582	1,404
CO ₂ emissions	-	-	34,981	34,434	29,966
(1,000 sheets) Paper usage [non-consolidated]	26,275	25,187	28,682	24,711	18,392
(Ton) Industrial waste [non-consolidated]	383	350	528	401	263
(GJ) Energy consumption during transportation [non-consolidated]	53,551	42,188	44,695	45,527	43,104
(t-CO ₂) CO ₂ emissions during transportation [non-consolidated]	3,674	2,900	3,077	3,137	2,960

Social

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees [consolidated]	8,273	7,785	7,914	7,971	9,028
Number of employees [non-consolidated]	1,488	1,518	1,708	1,861	1,840
Average age [non-consolidated]	42.3	42.8	42.6	43.1	43.1
Average years of service [non-consolidated]	14.1	14.3	13.1	13.5	14.0
Employment of persons with disabilities [non-consolidated]	2.3%	2.1%	2.3%	2.2%	2.0%
Number of non-Japanese employees [non-consolidated]	29	34	35	42	41
Percentage of paid annual leave taken by employees [non-consolidated]	58.0%	62.0%	69.8%	69.4%	62.9%
Number of eligible employees taking childcare leave [non-consolidated]	33	34	28	25	27
Number of employees taking family care leave (for a sick or aging family member) [non-consolidated]	0	0	1	0	0
Number of new graduates hired as career-track employees	39	42	51	48	22
Men	29	29	34	32	15
Women	10	13	17	16	7
Ratio of women	25.6%	31.0%	33.3%	33.3%	31.8%
Non-Japanese	3	1	3	5	1
Ratio of non-Japanese	7.7%	2.4%	5.9%	10.4%	4.5%

Governance

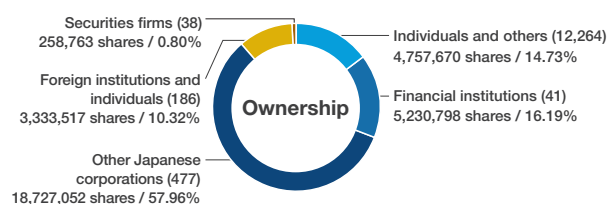
	End of July 2017	End of July 2018	End of July 2019	End of July 2020	End of July 2021
Number of Directors and Audit & Supervisory Board Members	15	16	16	14	13
Number of Directors	11	12	12	10	9
Outside Directors	2	2	3	3	3
(Of which, women)	0	0	1	1	1
Internal Directors	9	10	9	7	6
(Of which, women)	0	0	0	0	0
Number of Audit & Supervisory Board Members	4	4	4	4	4
Outside Audit & Supervisory Board Members	3	3	2	2	2
Internal Audit & Supervisory Board Members	1	1	2	2	2

Stock Information

General Stock Information (March 31, 2021)

Securities code	9810
Stock exchange listing	First Section of the Tokyo Stock Exchange
Number of shares issued	32,307,800 shares
Number of shareholders	13,006 shareholders

Ownership Breakdown (As of March 31, 2021)



Major Shareholders (March 31, 2021)

Name	Number of shares owned (100 shares)	Percentage of shares held (%)
Nippon Steel Corporation	111,415	34.54
Mitsui & Co., Ltd.	64,288	19.93
Custody Bank of Japan (trust account)	15,784	4.89
Master Trust Bank Of Japan (trust account)	14,093	4.37
Custody Bank of Japan (trust account, 9)	5,149	1.60
Employee Shareholding Association	4,755	1.47
DFA INTL SMALL CAP VALUE PORTFOLIO	3,042	0.94
Custody Bank of Japan (Sumitomo Mitsui Trust and Bank, Limited Retruster Account / Nippon Denko Employee Pension Trust Account)	2,160	0.67
Custody Bank of Japan (trust account, 5)	2,145	0.66
Custody Bank of Japan (trust account, 4)	2,098	0.65

Ratio of shares held to outstanding shares (excluding treasury stock) (%)

Shareholder Notes

Fiscal year	From April 1 to March 31 of the following year	Method of public notice	Public notices are posted electronically. However, in the event that an electronic public notice is not practical as a result of an accident or for any other reason, a public notice will be placed in the Nihon Keizai Shimbun (The Nikkei).
Ordinary General Meeting of Shareholders	Held every June		
Record date	The Ordinary General Meeting of Shareholders	Shareholder register	1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust and Bank
	Year-end dividend		
	Interim dividend		
	Otherwise, when necessary, the date specified by public notice in advance	Mail address (for telephone information)	Stock Transfer Agency Department Sumitomo Mitsui Trust and Bank 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Japan Phone: 0120-782-031 (toll free)
Number of shares per unit	100 shares		

Company Outline

Corporate name	Nippon Steel Trading Corporation
Date of establishment	August 2, 1977
Representative	Yasumitsu Saeki, President and Representative Director
Paid-in capital	16,389,059,776 yen
Location	5-27, Akasaka 8-chome, Minato-ku, Tokyo 107-8527, Japan
Business activities	Sales and imports/exports of steel, industrial supply & infrastructure, textiles, foodstuffs, and others
Number of employees (March 31, 2021)	Non-consolidated 1,840 (2,145 including 303 seconded employees in Japan and overseas) Consolidated 9,028
Sales bases (March 31, 2021)	Japan 30 (1 head office, 1 office, 11 branch offices, 10 sub-branch offices, and 7 others) Overseas Offices and subsidiaries in 33 cities, 18 countries
Main banks	Sumitomo Mitsui Banking, MUFG Bank, Ltd. Mizuho Bank, and Sumitomo Mitsui Trust and Bank
Fiscal year-end	March 31
Listed stock exchange	Tokyo

NIPPON STEEL TRADING CORPORATION

5-27, Akasaka 8-chome, Minato-ku, Tokyo 107-8527

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