

INTEGRATED REPORT 2022

Integrated Report 2022

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, Foodstuffs, and Textiles business sectors

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 that can process closer to the final product, 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

Icefields Parkway, Canada

The Icefields Parkway (Highway 93) is a road that was created based on the Canadian New Deal policies intended to deal with unemployment during the Great Depression in 1929. Said to be a road with a beautiful color and some of the best scenery in the world, it takes travelers through the great nature surrounding the Canadian Rockies, and is loved by people around the world. We believe that this road, which places great value on people and nature, shares some similarity with the corporate philosophy and materiality of Nippon Steel Trading, a corporate group that values people, and is striving to contribute to a decarbonized society and environmental conservation.

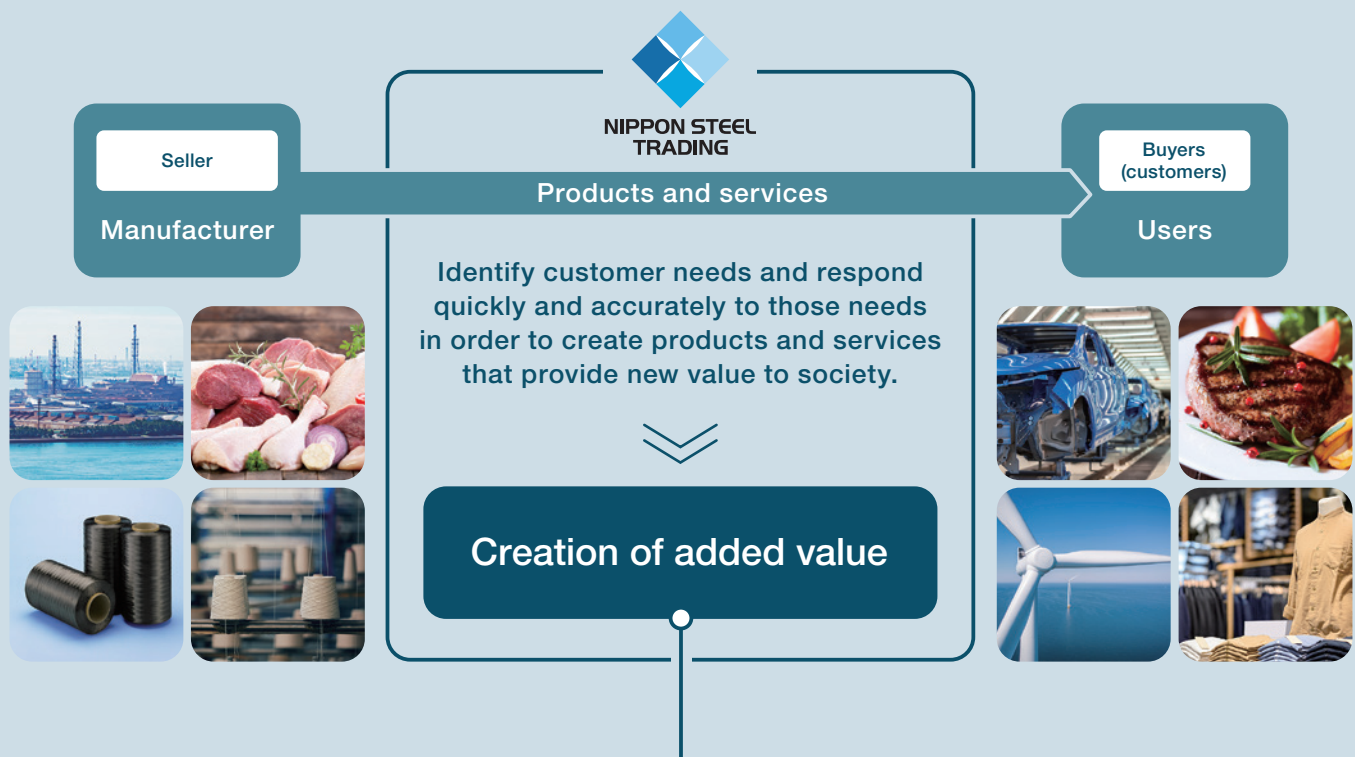
The role of Nippon Steel Trading in connecting manufacturers and users

Utilizing value chain functions

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

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

In our four business sectors of Steel, Industrial Supply & Infrastructure, Foodstuffs, and Textiles, each of which has an extensive history and is competitive at the top class of the industry, our employees will operate our business with advanced levels of expertise, while at the proper times deploying the effects of synergy through mutual collaboration.



Primary capabilities for creating added value

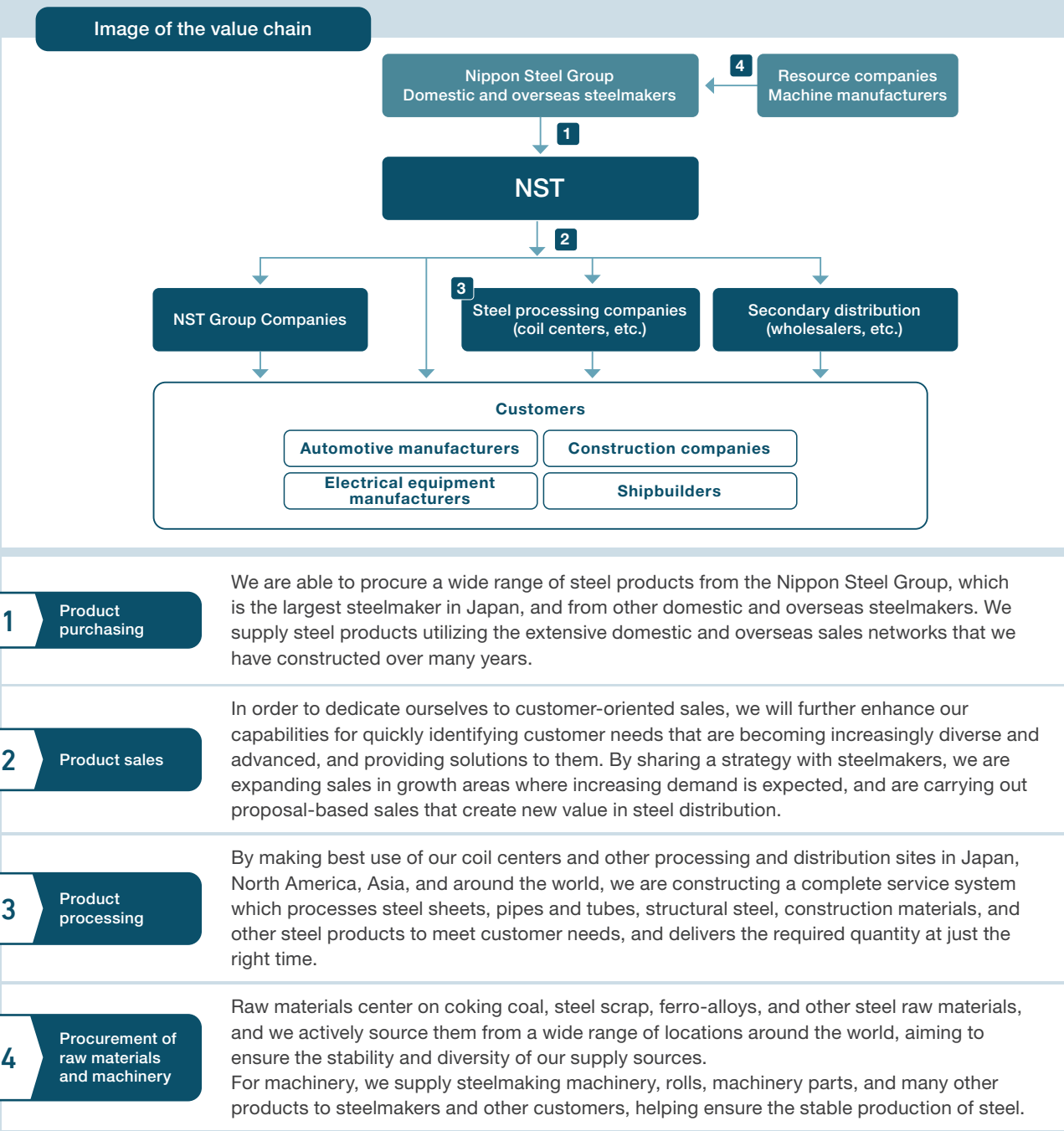
- | | |
|--|--|
| 1 Secondary manufacturing capabilities | 4 Business development and management capabilities |
| 2 Logistics capabilities | 5 Market development capabilities |
| 3 Information capabilities and organization capabilities | 6 Risk management capabilities |

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

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

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

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



The path that Nippon Steel Trading has traveled

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

External environment

History of NST



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

Diversity:
Diverse DNA

Resilience:
Self-transformation power

History:
Centennial company

2021
¥47,810 billion

1870-1970

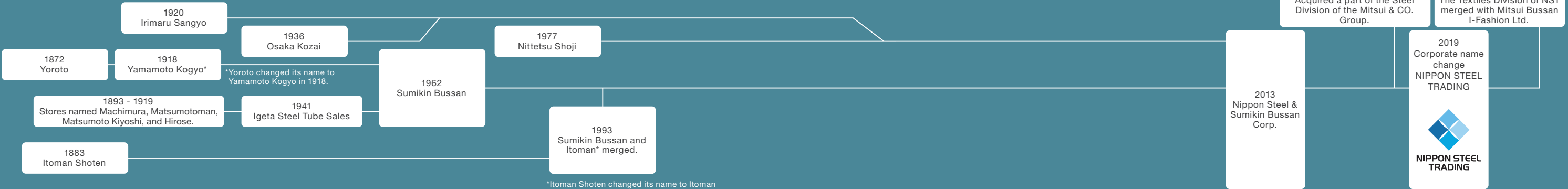
1971-1990

1991-2010

2011-

1993
¥619 million

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





Values of Nippon Steel Trading

Corporate Philosophy

1

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

2

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

3

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

Management Principles

1

Strengthening and expanding the four areas of business that make Nippon Steel Trading Corporation the core trading company of the Nippon Steel Group

2

Accelerating global strategies

3

Bringing to bear all of our strengths as a multiple specialty trading company

4

Enforcing strict corporate compliance

CONTENTS

01 Introduction

- 01 Nippon Steel Trading's strengths: A trading company that is second to none in its areas of expertise
- 03 Features of Nippon Steel Trading: The role of Nippon Steel Trading in connecting manufacturers and users
- 05 History of Nippon Steel Trading: The path that Nippon Steel Trading has traveled
- 07 Values of Nippon Steel Trading (Corporate Philosophy, Management Principles)
- 08 Contents and Editorial Policy, Etc.

09 Message from the President

13 Action Plan for the Future

- 14 Overview of the Medium- to Long-Term Management Plan
- 16 Progress of the Medium- to Long-Term Management Plan
- 20 Fiscal 2021 Financial Results Summary and Fiscal 2022 Business Forecast
- 21 Business Investment Process
- 23 Value Creation Process
- 25 Priority Issues (materiality) in ESG Management of the NST Group
- 26 ESG Promotion System
- 27 Initiatives and KPIs to Address Priority Issues (materiality)

29 Enhancing ESG Management

- 29 Enhancing ESG Management:
 - What Nippon Steel Trading can do to realize a sustainable society
- 30 Environmental Initiatives
 - 30 Contributing to a decarbonized society and environmental conservation
 - 34 Contributing to the development of land and local communities
- 35 For our People
 - 35 Utilization of diverse human resources
- 39 Together with Society
 - 39 Optimization of the entire supply chain
 - 40 Contributing to a recycling-oriented society and sustainable living
- 41 [Special Feature] Introducing the New Head Office
- 43 Corporate Governance
 - 43 Management based on trust and reliability
 - 47 Risk Management
 - 49 Safety, Quality Control, Compliance
 - 51 Executive Team
 - 53 Message from Outside Directors

57 Business Portfolio

- 57 Nippon Steel Trading Business at a Glance
- 59 Business Strategy for Each Division
 - 59 Steel Division
 - 61 Industrial Supply & Infrastructure Division
 - 63 Foodstuffs Division
- 65 Employee Growth Stories: The next generation of Nippon Steel Trading as we take up challenges in each of our business areas
- 69 [Special Feature] MN Inter-Fashion

73 Data Section

- 73 11-year Financial Summary
- 75 ESG Data
- 77 Investor IR Information
- 79 Company Information

Editorial Policy, Etc.

Editorial Policy

Last year's Integrated Report 2021 was the first to be issued by our company, and was edited primarily with a view toward improving the understanding of Nippon Steel Trading among all shareholders. In this year's Integrated Report 2022, the editorial policy focused on reporting greater details to explain the strengths and appeals of Nippon Steel Trading. Aiming to be "a strong growth company that contributes to society" as prescribed in the basic concept of the Medium- to Long-Term Management Plan, we will introduce the company's strategies and programs, focusing on increasing medium- to long-term corporate value in order to contribute toward the realization of a stable society. We hope that this Integrated Report will help all our stakeholders understand the company. We will continue to create Integrated Reports that are clearer and more extensive in terms of content. (SDGs Promotion Department)



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, 2021 - March 31, 2022
(Including some information after April 2022)

Organizations Covered

Nippon Steel Trading Corporation and Nippon Steel Trading Group companies
133 companies as of March 31, 2022
(89 subsidiaries and 44 affiliated companies)

Publication Date

November 2022

Nippon Steel Trading Corporation Logo Mark

What we want to communicate by the logo mark

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



NIPPON STEEL TRADING

Becoming a strong growth company that contributes to society



Nippon Steel Trading was formed from the merger of Sumikin Bussan and Nittetsu Shoji in 2013, and in 2018 we acquired part of the Steel Division of Mitsui & Co. Group, creating our current position as the core trading company of the Nippon Steel Group. Since last year, we established the basic concept of becoming “a strong growth company that contributes to society” through the supply of socially valuable products and services. We are currently carrying out a Medium- to Long-Term Management Plan that is based on three strategic measures: (1) Building a robust corporate structure by implementing measures to strengthen the business foundation, (2) Achieving sustainable growth by advancing growth strategies, and (3) Enhancing ESG management.

I took over as president during the second year of this plan, and I intend to maintain our basic course and see this plan through to completion, and make every effort for further growth and development.

Shinichi Nakamura
President and Representative Director

1 Environmental Recognition

The business environment surrounding the Nippon Steel Trading Group remains extremely uncertain, and we must face the fact that we have entered a time when sudden, large changes will come one after another. With the power struggle between the U.S. and China, the cyclic spread of COVID-19, accelerating movements towards carbon neutrality, disruptions of global supply chains, and Russia’s invasion of Ukraine, these factors all interact in complex ways that have brought large changes to global economic activities, soaring prices of energy and other commodities, and sudden changes in exchange rates and interest rates. We expect that we will see further large changes in the structures of society and industry in the future.

2 The Motto of Nippon Steel Trading

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

Our company’s primary business resource is its people. When people take responsibility, make their own decisions, and take independent action, they are able to deploy their maximum abilities. Since taking office as president, I have asked all employees to dedicate themselves to “think, decide, and take action” in their everyday duties. As the business environment changes dramatically, we must combine everyone’s knowledge to strengthen the business foundation in preparation for risks, and develop a new growth strategy that will allow us to seize opportunities. These must be discussed within the organization, with organization leaders making rapid and accurate decisions, and the decisions must be carried out with the entire support of the organization. I am confident that our company can achieve further growth and be advanced as long as every individual employee grows, the strength of the organization is improved. The dual engines of “a stronger business foundation” and “growth strategy” run autonomously and continuously.

For the time being, I will be focusing on the following key points as President. At the same time, I will myself carry out the same “think, decide, and take action” that I have asked of all employees, and imagine a detailed future picture of Nippon Steel Trading as a trading company that continues to contribute to society and grow in any environment.

3 Current Key Programs

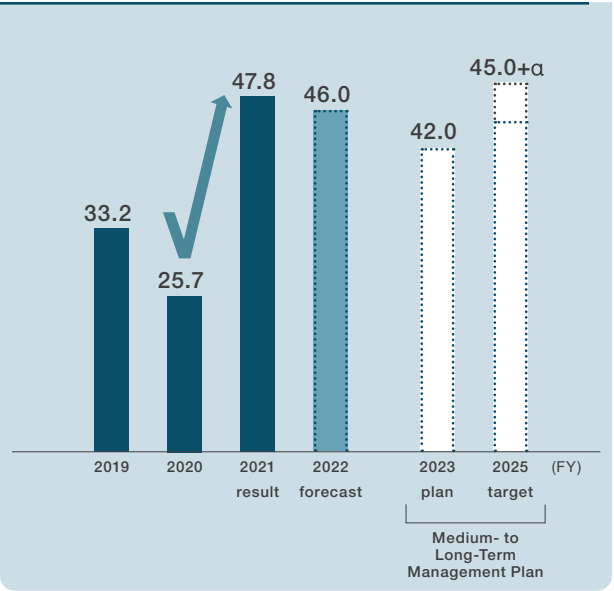
Thorough commitment to safety, quality control, and compliance

These are the basis for corporate operations. Even a single major incident could deprive employees of their happiness, cause large damage to our customers and other related parties, lose the trust of society, and put our company into a crisis that risks our survival. While we have continued to carry out various steady activities, these activities are not the end. We must commit ourselves to eliminating all risks and improving the quality of our activities as issues of the greatest importance to our company.

Fiscal 2023 targets achieved ahead of schedule in the Medium- to Long-Term Management Plan

Fiscal 2021 was the first year of the Medium- to Long-Term Management Plan, and saw consolidated ordinary profit of 47.8 billion yen, exceeding the fiscal 2023 target of 42.0 billion yen in the Medium- to Long-Term Management Plan. This was due to rising steel prices and to implementation of the measures in the Medium- to Long-Term Management Plan. This fiscal year will really challenge our true capabilities, as the temporary profit resulting from rising steel prices and other factors will fall away. The company has announced a consolidated ordinary profit forecast for this fiscal year of 46.0 billion yen, exceeding the fiscal 2023 target. I am committed to carrying out the measures in this plan and achieving the target a year in advance. [Fig.1](#)

Fig.1 Consolidated Ordinary Profit (billion yen)





4 Implementation Status of the Medium- to Long-Term Management Plan Fig.2

Building a Robust Corporate Structure by Implementing Measures to Strengthen the Business Foundation

Shrinking of Japan’s economy, global supply change disruptions, and other structural changes in society and the business environment currently threaten to impact NST’s revenue performance. To manage this risk, we plan to drastically improve the value-added productivity of our Group employees, and to selectively reorganize, consolidate, or eliminate our manufacturing and sales bases, thereby increasing the efficiency of the entire Group and reducing the scale of fixed costs. We have established clear targets for each organizational unit, and in fiscal 2021 we reduced fixed costs by 5.4 billion yen, equal to 60% of the target. In fiscal 2022, we are working to achieve a reduction that is approximately 90% of the target. Fig.3

Achieving Sustainable Growth by Advancing Growth Strategies

In order to successfully achieve our new growth strategies and achieve continuous profit growth, we must capture new demand from social needs such as those defined by the SDGs. We will also expand our processing facilities and sales networks in overseas markets which are projected to grow. By diversifying our supply sources in addition to expanding our networks, we aim to move more of our business operations to overseas. It is also important that we respond to changes in the global supply and demand environment, so we have formulated concrete strategies for profit growth in each sector/market and achieved 5.8 billion yen in profit growth in fiscal 2021, which is 58% of the target. We will aim for 100% or higher in fiscal 2022, working to achieve the target a year in advance of schedule. In addition, we are working to study and implement 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. Fig.4

Fig.2 Revenue Improvement Plan

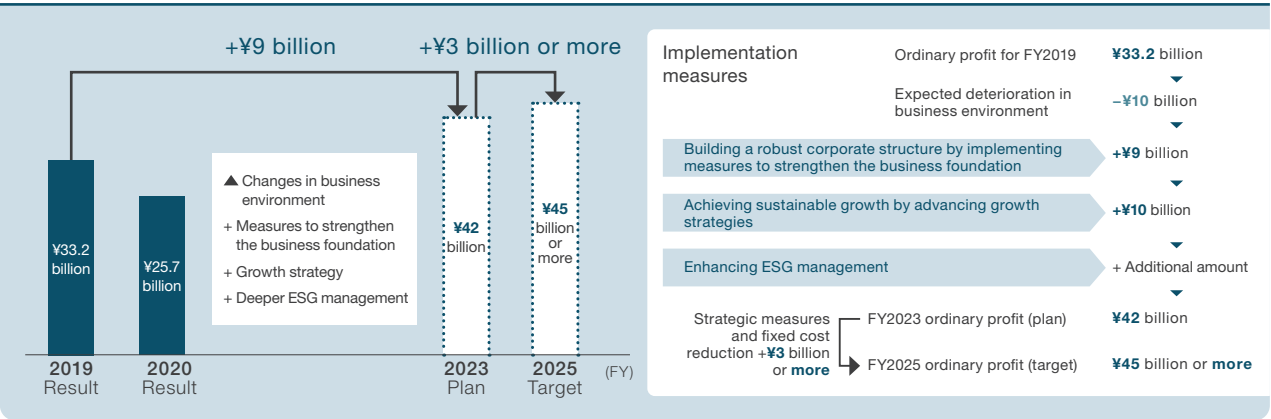


Fig.3 Building a Robust Corporate Structure

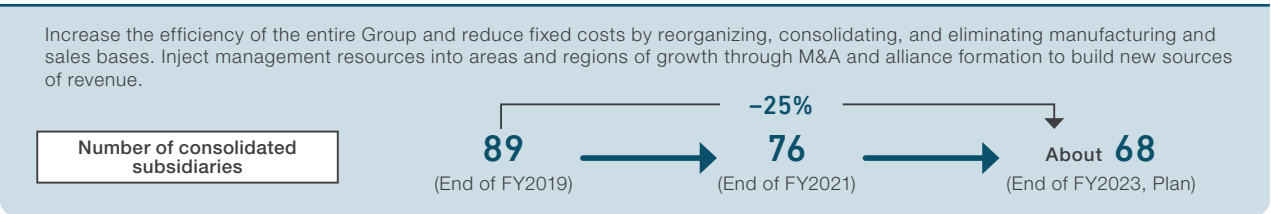


Fig.4 Five Pillars Supporting our Growth Strategy

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

Enhancing ESG Management

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.

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

In terms of our business-based eco-solution products for customers, in addition to proposals for 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 antibiotic- and hormone-free pork, we are also investing in a bio-carbon manufacturing and sales company.

Social

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

As a 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 improving oneself and one’s skills, and to enjoy that process of self-improvement. Every day I work alongside our employees with the hope that we will keep refining our creativity, planning skills, and practical capabilities.

Governance

Last year, a Governance Committee was established in addition to the existing Personnel and Remuneration Committee, while the Investment and Loan Committee, ESG Committee, and the Risk Management Committee were also established as subordinate bodies of the Management Meeting. Furthermore, in the event that a serious risk

emerges, we will establish a Crisis Management Task Force Headquarters that will strengthen our ability to respond swiftly. We are thus improving our corporate governance and risk management capabilities.

In regards to risk management, we are improving the overall effectiveness of the system so that management can function systematically when responding to risks in the critical areas of safety, quality control, compliance or any other risk to NST. For example, we are strengthening our autonomous internal controls by constructing a three-line defense and by establishing theme-specific task forces within the Risk Management Committee. These steps will ensure that the problem is quickly discovered and corrected in the event that any operation is not properly carried out.

Identification and Promotion of Materiality

In May 2021, we identified six key concepts related to ESG management (materiality) to focus on, based on internal and external opinions regarding what is needed in order to realize “a strong growth company that contributes to society” in the Medium- to Long-Term Management Plan.

Materiality

- ◆ Contribution to a decarbonized society and environmental conservation
- ◆ Contribution to the development of land and local communities
- ◆ 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 people, and taking care of people)
- ◆ Management based on trust and reliability

In order to further promote ESG Management within NST, we have established the ESG Committee. Within the committee, we have set up the Environment Meeting, Social Meeting, and the Governance Meeting to deliberate how our company should proceed with ESG management and to take appropriate actions.

5 Conclusion

We anticipate that the future will bring a variety of changes to the business environment for our company to deal with. Regardless of what changes may occur, I am determined to take the lead in implementing our Medium- to Long-Term Management Plan and to realize our Corporate Philosophy, stated as follows: 1. Continuing to be a corporate group driven by the aspiration of providing goods and services that offer new value to the larger society, 2. Putting trust and reliability first, and by doing so developing together with our customers, and 3. Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents.

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

Action Plan for the Future

In May 2021, Nippon Steel Trading Corporation formulated and implemented a Medium- to Long-Term 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.

| | |
|---|-----|
| Overview of the Medium- to Long-Term Management Plan | P14 |
| Progress of the Medium- to Long-Term Management Plan | P16 |
| Fiscal 2021 Financial Results Summary and Fiscal 2022 Business Forecast | P20 |
| Business Investment Process | P21 |
| Value Creation Process | P23 |
| Priority Issues (materiality) in ESG Management of the NST Group | P25 |
| ESG Promotion System | P26 |
| Initiatives and KPIs to Address Priority Issues (materiality) | P27 |

Overview of the Medium- to Long-Term Management Plan (announced May 2021)

Basic Concept

Becoming a strong growth company that contributes to society

- Main measure

1

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

▶P.16
- Main measure

2

Achieving sustainable growth by advancing growth strategies

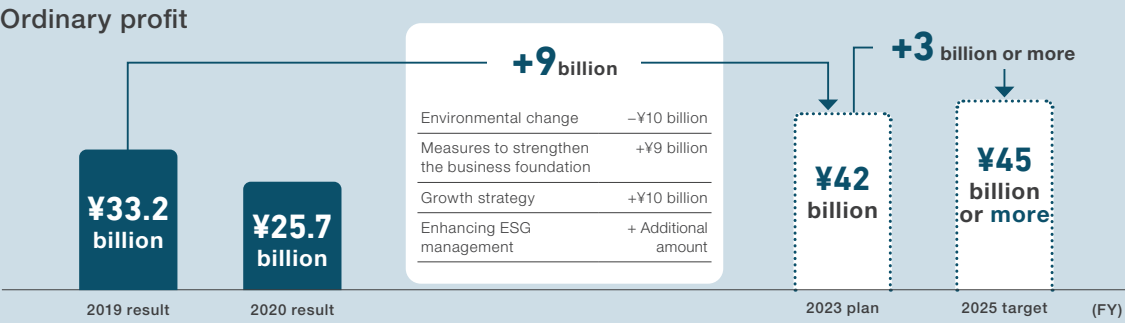
▶P.17
- Main measure

3

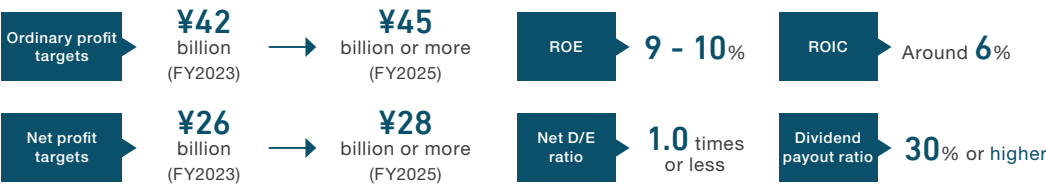
Enhancing ESG management

▶P.18

Medium- to Long-Term Management Plan Management Targets



Quantitative targets



Investment plan



Medium- to Long-Term CO₂ emission reduction target



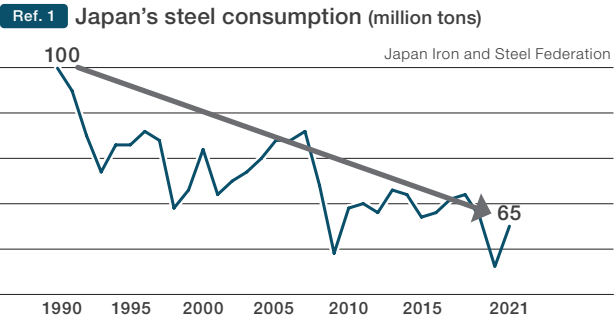
Business Environment

At the time when the Medium- to Long-Term Management Plan was formulated

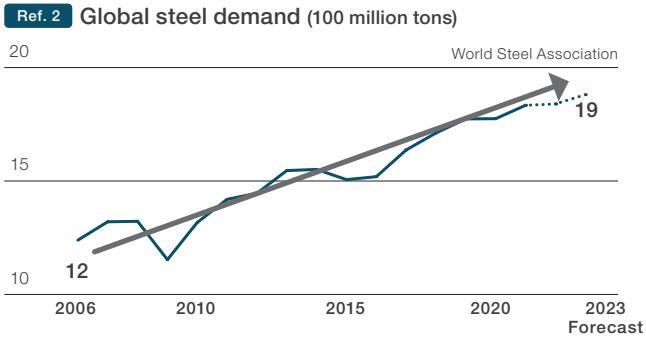
NST's business environment is expected to recover from the COVID-19 pandemic, but is still structurally very problematic.

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**

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. **Ref. 2**



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



Current business conditions and implementation status of the Medium- to Long-Term Management Plan

The global economy saw a temporary recovery during 2021, however it was followed by the protracted Russian invasion of Ukraine, supply chain disruptions, and other factors that have brought a future which is extremely uncertain, including supply restrictions, increasing inflation caused by the soaring prices of fuel and raw materials, and monetary tightening.

The economy of Japan faces concerns of adverse effects from supply chain disruptions caused by factors such as the Russian invasion of Ukraine and the zero-COVID policy in China, as well as from high fuel and raw material prices and a rapid decline in the value of the yen.

In the Steel Division, quantities of steel materials have been decreasing, and while there are signs of a recovery, the forecast remains uncertain. Steel prices have been rising in Japan as the effects of high raw material costs, high energy costs, and a weak yen are passed onto the buyers, even as prices in international markets are falling.

In the Industrial Supply & Infrastructure Division, the overseas business environment is becoming increasingly difficult, while in the Foodstuffs Division there are concerns about declining demand for imported meat due to the rising costs of purchasing owing to high feed prices and the weak yen. In the Textiles Segment, there has been a recovery in personal consumption, however there is considerable variation in the degree to which the low value of the yen and rising

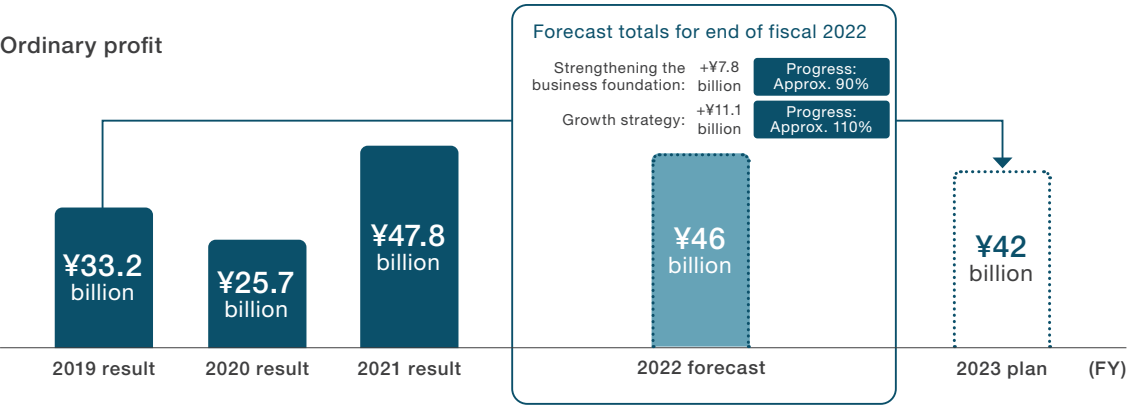
costs of distribution have been passed on to the product prices.

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 fixed expenses through reorganization, consolidation, elimination, etc. of the Group's manufacturing and sales bases.

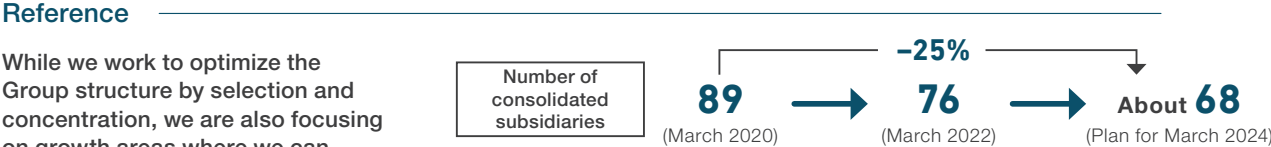
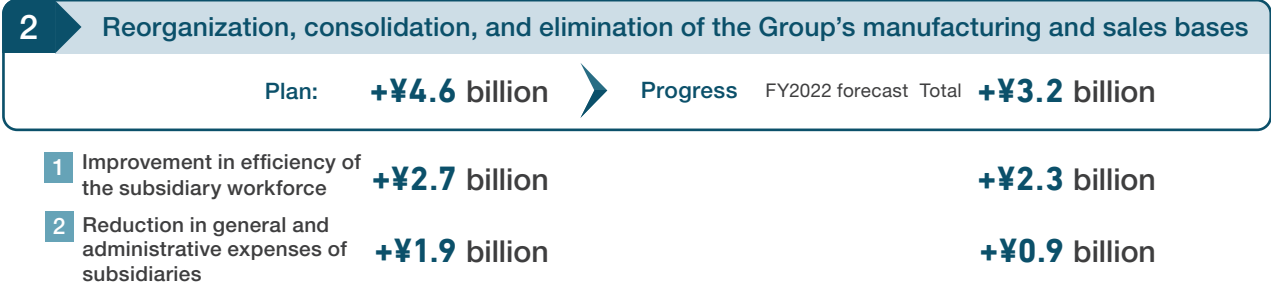
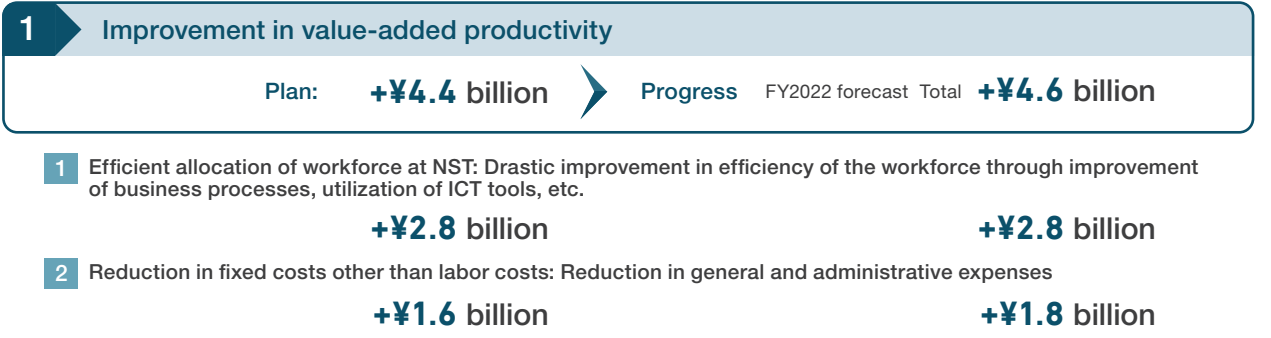
In addition, in order to sustainably expand profits by promoting new growth strategies, we will capture new demand in response to such social needs as achieving the SDGs. We will also meet the expansion of global demand, through such means as shifting to becoming a so-called integral member by expanding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

Moreover, we will make group-wide 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 and health management. We will conduct management based on trust and reliability, and will commit to generate favorable shareholder returns.



Progress of the Medium- to Long-Term Management Plan



Examples of reorganization and consolidation in the NST Group

| Date | Before reorganization | After reorganization |
|--------------|---|---------------------------------------|
| April 2020 | Takahashi Steel/NST Welding Materials | NST Wire & Welding |
| April 2021 | NSM Coil Center/NST Coil Center | NSM Coil Center |
| | Part of NST's mechanical steel pipe business/Okayama Harada Pipe & Tube/Furushou Sangyo | NST Mechanical Tubular Products Sales |
| | NST Special Steel Nishinippon/ NST Special Steel Chubu | NST Special Steel |
| June 2021 | Dongguan Tetsuwa Metals (China)/Dongguan Sumikinbussan Metal Products (China) | Dongguan Tetsuwa Metals (China) |
| April 2022 | NST SANKOHAN/NST Wire & Welding | NST Wire & Welding |
| | NS Kenzai Hanbai/NST Tekken Kanto | NS Kenzai Hanbai |
| | NST Nagoya Coil Center/San-ei Daimaru | NST Nagoya Coil Center |
| October 2022 | NSM Coil Center/Sanwa Steel | NSM Coil Center |

Consolidation and elimination of departments, branches, and sub-branch offices for streamlining the NST organization

Results (FY2019 → 2021) **Reduced by 13 organizational units.**

Main Measure

2

Achieving sustainable growth by advancing growth strategies

We will focus our management resources on growth sectors and regions, building the foundation for new sources of revenue.

Planned effects in FY2023 (compared to FY2019)

+¥10 billion or more

Current status

Results at end of FY2021

+¥5.8 billion

FY2022 forecast

+¥5.3 billion

Total

+¥11.1 billion

Progress: Approx. 110%

Five Pillars Supporting the Growth Strategy

1 Capturing of new demand

Focus on businesses that respond to SDGs-related social needs.

Capturing of new demand

Steel

- Automotive sector (EV motors, battery materials, super-high tension steel, etc.)
- Environmental materials (stainless steel for maritime scrubbers, materials for the renewable energy field, etc.)
- High-performance materials for the information and communications fields (stainless steel for smartphones, etc.)

Industrial Supply & Infrastructure

- Roof-mounted solar power generation business

Foodstuffs

- Fields related to ethical consumption (hormone-free pork, plant-based meats, etc.)

Global strategies

Steel

- Expanding sales for automobiles (China hot press materials and high-tension steel, North America, etc.)
- Working to become an integral member of overseas regions (sales utilizing local mills, launching a coil center in Houston, etc.)

Industrial Supply & Infrastructure

- Expanding sales for aluminum and carbon fibers overseas

Foodstuffs

- Establishing new processing sites and expanding sales routes in Southeast Asia

Reference

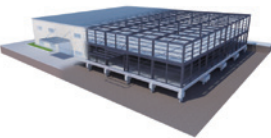
[Percentage of consolidated overseas sales] FY2020: 27.8% FY2021: 31.9%

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

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

Steel

- Distribution measures in the structural flat products field (Making Tsukiboshi Shoji Co., Ltd. a consolidated subsidiary: Utilizing the distribution and processing functions of Tsukiboshi Shoji, which has a high level of expertise in the high-performance materials field)
- Marketing of new products for system architecture (TIO standard system architecture for single-story buildings, NEO advanced standard system architecture, etc.)



5 Digital transformation strategies

Increase the efficiency of the entire supply chain through digitalization of our trading business.

DX strategies ▶ P.39

Carry out complete digitalization of trading operations in order to improve efficiency, increase operating accuracy, and improve quality management throughout the supply chain (users, distributors, manufacturers), and also to reduce inventory and loss, improve distribution efficiency, and improve productivity by making information visible in real time.

- Development and launch of SPOD (improved entry system), N-SCM (automated financial management system), EXCSTM (new coil center system), and NST Business Online (customer portal site)

Main Measure

3

Enhancing ESG management

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

Environment ▶ P.30

Contributing to a decarbonized society and environmental conservation

Making proposals for reduction in automotive CO₂ emissions and for EV-related products
Making proposals for products related to renewable energy and emission regulations (SO_x, NO_x)
Expanded supply of recycled steel raw fuels
Expanded supply of LCA-related products



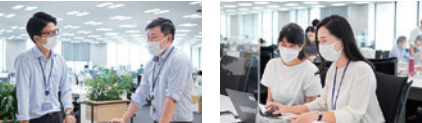
CO₂ emission reduction

Target for NST CO₂ emission reduction (starting year 2018: About 33,000 tons)
Proposal and cooperation for Nippon Steel's Carbon Neutral Vision 2050

FY 2030 30% reduction (compared to FY2018) FY 2050 Carbon neutrality

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



Social ▶ P.35

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 a work environment where diverse human resources play active roles and are challenged and rewarded (e.g., remote working, 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 accidents that require time off from work
- Enhanced efforts in health management (continuing to be certified as an excellent corporation for health and productivity management, and priority setting)

Optimization of the entire supply chain

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

- Further digitalization of trading operations 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)

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 CSR initiatives in the supply chain
- 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



Governance ▶ P.43

Management based on trust and reliability

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

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

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

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

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

Third Defense Line: Checks and assess the risk management status of the first and second Defense Lines and reports to the management.

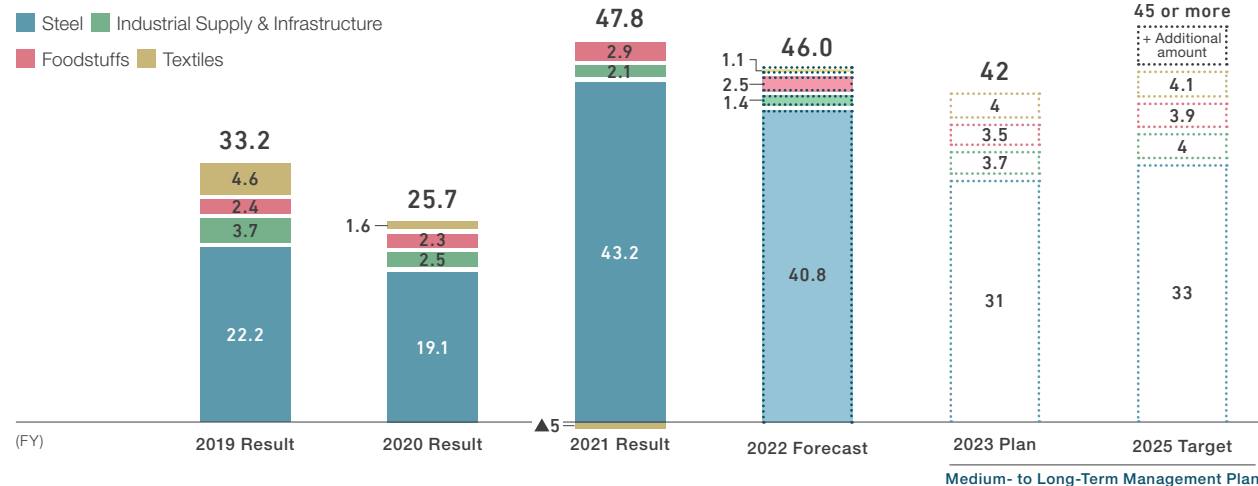
Advancement of management based on the costs of funds and capital

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

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



Ordinary profit target by business division (billion yen)



Revenue and financial targets (FY2023 and FY2025)

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

| | 2020 Result | 2021 Result | 2022 Forecast | 2023 Plan | 2025 Target |
|---|---------------|---------------|-----------------|-------------------|---------------------|
| Ordinary profit | ¥25.7 billion | ¥47.8 billion | ¥46 billion | ¥42 billion | ¥45 billion or more |
| Net profit attributable to owners of parent | ¥15.9 billion | ¥35.4 billion | ¥31 billion | ¥26 billion | ¥28 billion or more |
| ROE | 6.5% | 13.2% | Around 10% | 9 - 10% | |
| ROIC | 3.9% | 5.2% | Around 5% | Around 6% | |
| Net D/E ratio | 0.95 times | 1.36 times | About 1.3 times | 1.0 times or less | |

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, 2022

| 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 |

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 secure diverse human resources who will be leaders in the next generation.

3 NST will invest ¥17 billion yen in system over the next five years for measures such as promoting DX strategies, and strengthen its competitiveness based on digitalization of trading operations.

Investment plan System investment plan

¥75 billion (FY2021 - 2025) ¥17 billion (FY2021 - 2025)

* FY2021 amount of capital and business investment: ¥8.2 billion

Shareholder Return Policy

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-related indicators

| | FY2019 | FY2020 | FY2021 | FY2022 Forecasts | | |
|--------------|---------------|---------------|---------------|------------------|---------------|-------------|
| | | | | First Half | Second Half | |
| Net profit | ¥20.7 billion | ¥15.9 billion | ¥35.4 billion | ¥17.1 billion | ¥13.9 billion | ¥31 billion |
| Dividends | 200 yen | 160 yen | 350 yen | 170 yen | 140 yen | 310 yen |
| Payout ratio | 31.2% | 32.4% | 31.9% | | | 32.3% |

Fiscal 2021 Financial Results Summary and Fiscal 2022 Business Forecast

- In the business results for fiscal 2021, we recorded our highest-ever levels of ordinary profit and net profit attributable to owners of parent. This was a result of carrying out measures (reinforcement of the business foundation, growth strategy) in the Medium- to Long-Term Management Plan, and also of a recovery in the business environment (steel volumes, prices, etc.).
- The future of the global economy in fiscal 2022 remains extremely uncertain. However the NST Group will carry out various measures in the Medium- to Long-Term Management Plan, and also enact the necessary reinforcement measures, in order to overcome changes in the business environment. By supplying products and services which are of value to society, we aim to achieve ¥46.0 billion in ordinary profit, exceeding the target for fiscal 2023 in the Medium- to Long-Term Management Plan.

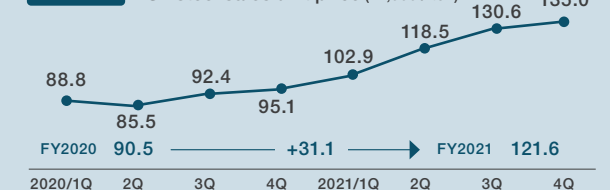
Ordinary profit and net profit attributable to owners of parent



Reference Amount of consolidated NST steel sales (10,000 tons)

| | FY2020 | FY2021 | Change |
|--------------------|--------|--------|--------|
| Consolidated total | 1,686 | 1,865 | +179 |
| Non-consolidated | 1,291 | 1,413 | +121 |
| Subsidiaries | 395 | 452 | +58 |

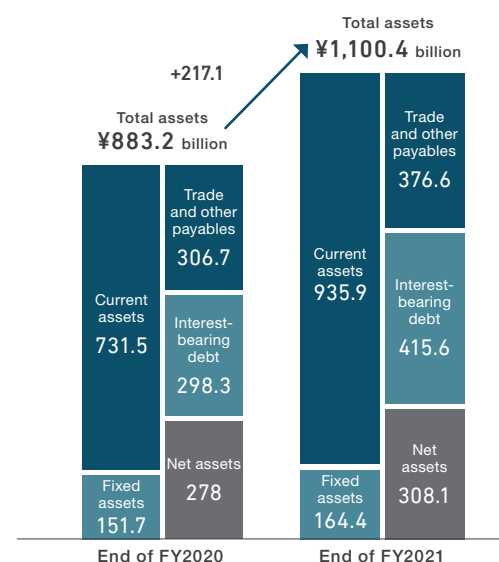
Reference NST steel sales unit price (¥1,000 / ton)



Balance sheet / cash flows (billion yen)

Balance sheet

In our primary business area of the trading business, demand for additional funding increased as a result of the expanding scale of our business. In fiscal 2021, as a result of factors including an increase in accounts receivable due to rising sales, total assets increased by ¥217.1 billion from the end of the previous fiscal year to reach ¥1,100.4 billion. Total net assets increased by ¥30.1 billion from the end of the previous fiscal year to reach ¥308.1 billion.



Cash flows

Primarily as a result of an increase in operating capital resulting from higher sales, cash flow from operating activities was -¥113.0 billion.

| | FY2020 | FY2021 |
|--|--------|--------|
| Operating CF excluding change in operating capital | 23.6 | 49.4 |
| Change in operating capital | 23.5 | -162.4 |
| Cash flow from operating activities | 47.2 | -113.0 |
| Cash flow from investing activities | -6.4 | -5.3 |
| Free cash flow | 40.8 | -118.3 |
| Cash flow from financing activities | -9.9 | 100.6 |
| Change in cash and deposits | 30.4 | -16.4 |

Primary financial indicators

| | FY2020 | FY2021 |
|----------------|--------|--------|
| Equity capital | 255.3 | 282.5 |
| Equity ratio | 28.9% | 25.7% |

Business Investment Process

1 Investment decisions

Decision-making process

A multi-level decision-making process is in place in order to maximize investment returns and reduce investment risks.

The department in charge of applications in each division submits a proposal document which includes the study and confirmation items necessary for an overview of the investment proposal, the business plan, investment profitability, and creating a final proposal.

For the investment proposed by the department in charge of applications, the related functional departments of the Corporate Planning & Administration Division submit opinions based on their individual areas of special knowledge and expertise, and apply them to the proposal document.

The Investment Support Committee conducts risk analysis from both qualitative and quantitative perspectives, and verifies that the opinions from the related functional departments of the Corporate Planning & Administration Division have been applied to the proposal document.

The investment contents proposed by each division are discussed by the Investment and Loan Committee in advance of discussion by the Management Meeting. In addition to business feasibility and risk analysis for each proposal, the Investment and Loan Committee also conducts examinations and studies based on a company-wide perspective.

Investment and Loan Committee

- Chairman** Executive Officer in charge of the Corporate Planning & Administration Division
- Vice-chairman** Executive Officer in charge of the Corporate Planning & Administration Division
- Members** Executive Officer of the Corporate Planning & Administration Division, Executive Officers and General Managers in charge of the Accounting & Finance Department and Legal Department, General Manager of the Corporate Planning & Administration Division, General Manager of the Sales Planning Department in the requesting division, others



Main check and review items



Business investments including M&A and alliances are essential for the NST Group to carry out its growth strategy and achieve continual profit growth. In the business area of each division, we are actively considering and implementing strategic investments and working to improve distribution efficiency and create new business. When carrying out business investment, we strictly verify the suitability of the business plan and the investment profitability, and establish withdrawal standards and a withdrawal method in advance to prevent trouble if we withdraw from a business. For existing investments as well, continual monitoring is performed once each year including results tracing based on the first business year results after investment, and on the full-year financial results for all affiliated companies, which make it possible to quickly identify problems and enact complete measures in response.

Asset replacement

Withdrawal

Continuation

When the prospects for improving profits are high and the formulated business improvement plan was approved

3 Investment results management (continual monitoring after investment)

Results reporting after business investment

Each division discusses the results from the first business year after investment at the Investment and Loan Committee, and reports them to the Management Meeting.

Results tracing (in general once each year)

The Corporate Planning & Administration Division in general conducts results tracing based on the full-year financial results for all affiliated companies.

Business review based on results tracing

If it was concluded that an affiliated company meets or may meet the standard for investment withdrawal, the division discusses with the Investment and Loan Committee the policy for whether to withdraw from or continue the business, and then brings the matter to the Management Meeting.

2 Carrying out the investment

Business withdrawal standard

Value Creation Process

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

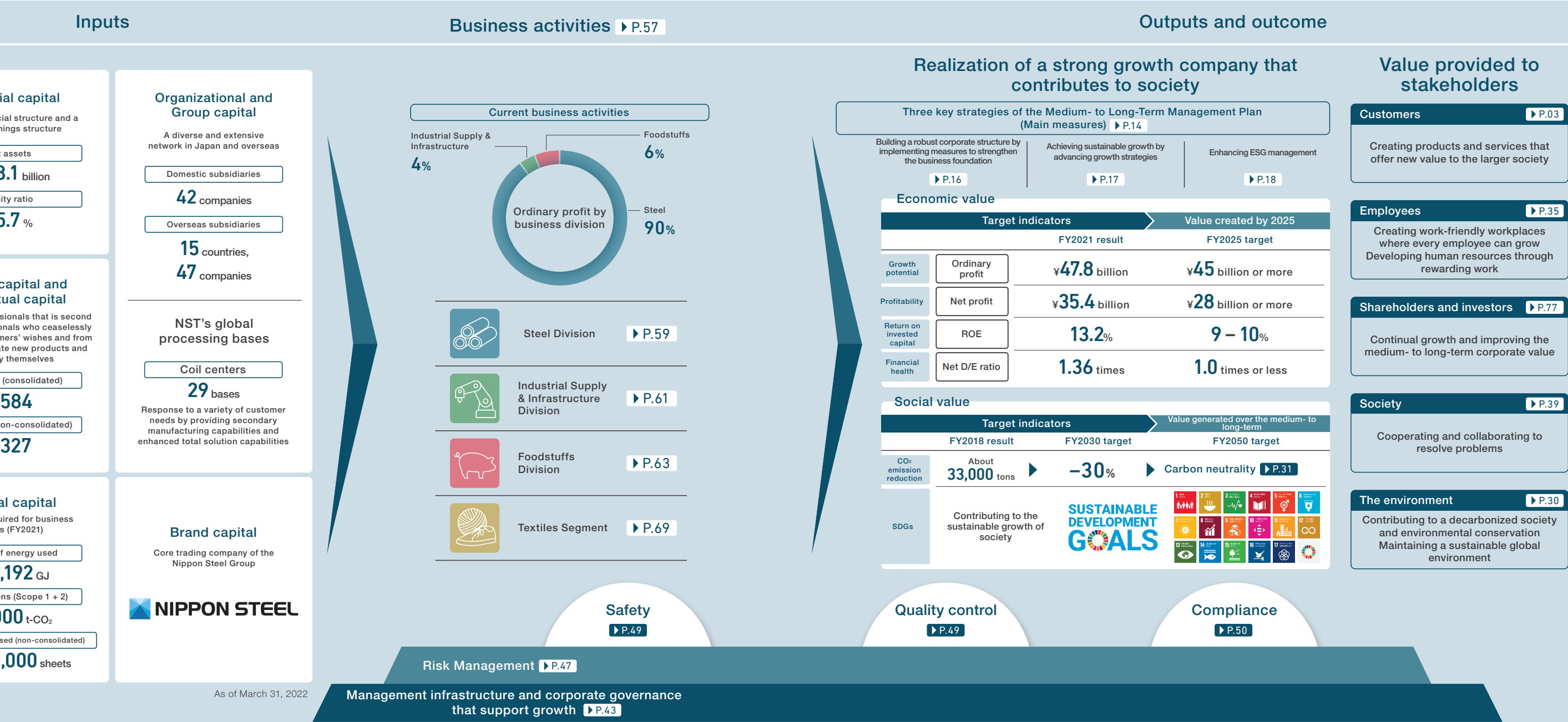
Nippon Steel Trading Corporation (NST) has been expanding our business in Japan and abroad, mainly in trading, by integrated operation of the Steel Division (the main business), Industrial Supply & Infrastructure Division, Foodstuffs Division, and Textiles Segment. As action focused on sustainability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

Corporate Philosophy of the NST Group
▶ P.07

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.

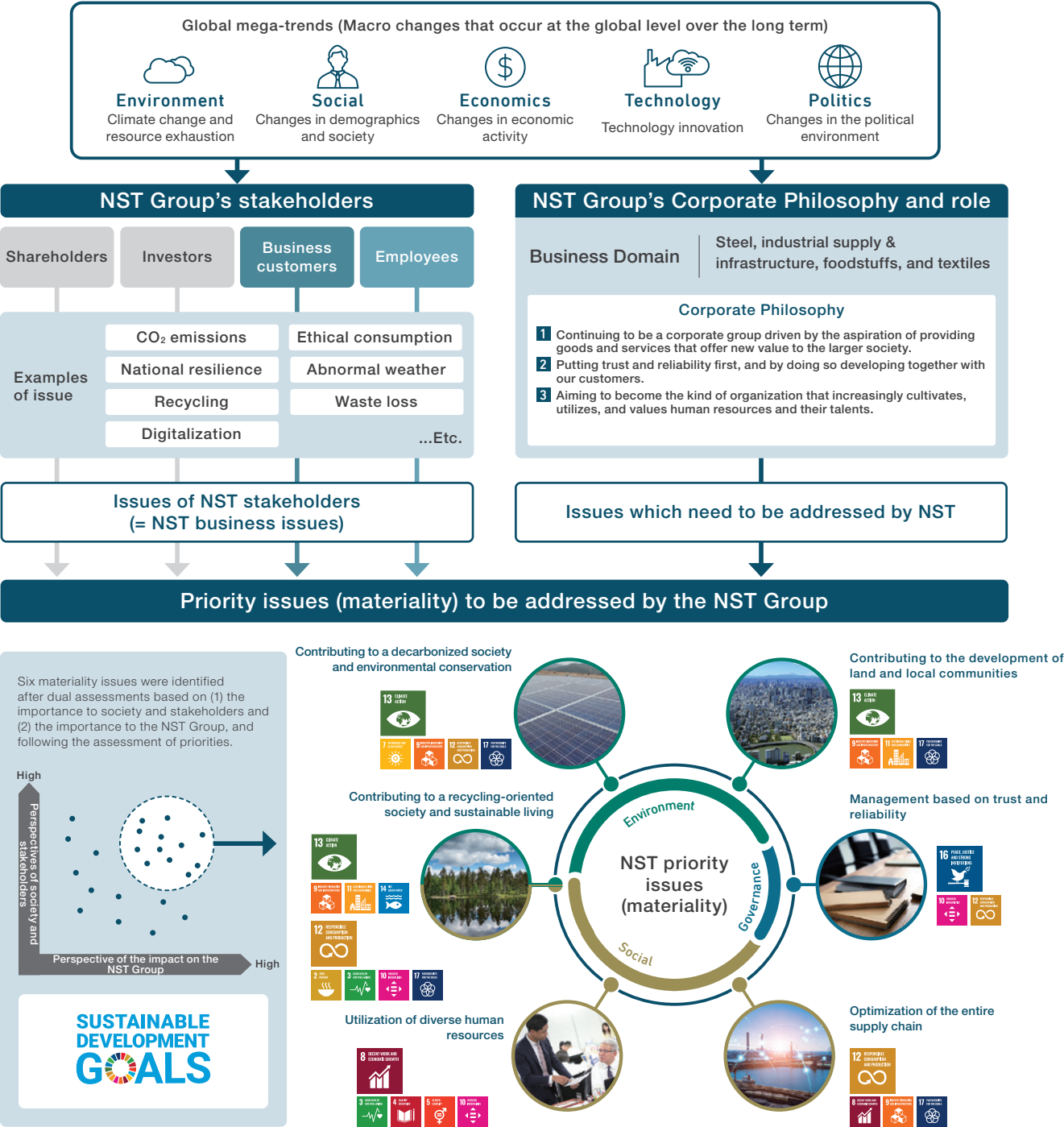
Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents.



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

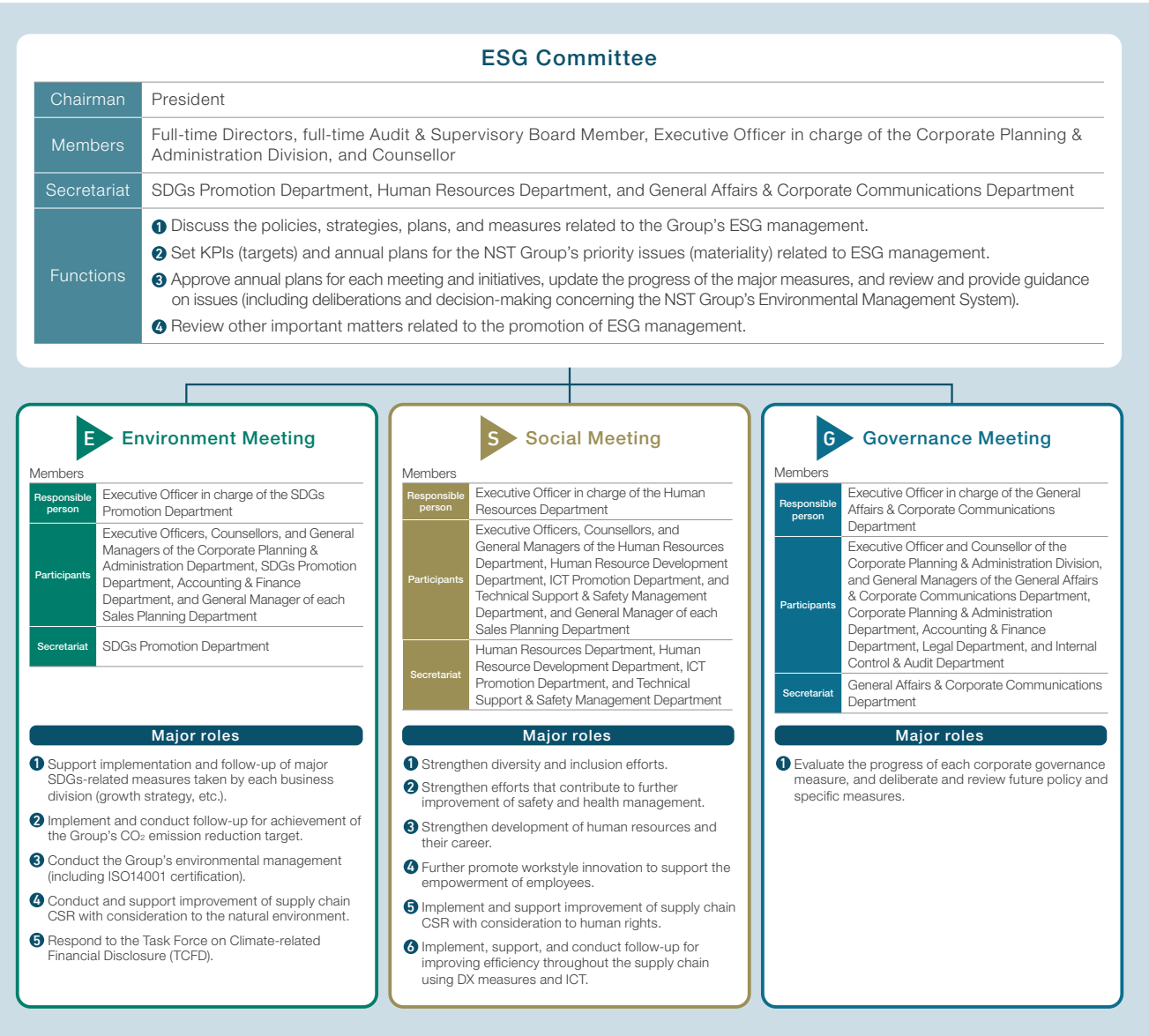
Identification process and materiality

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

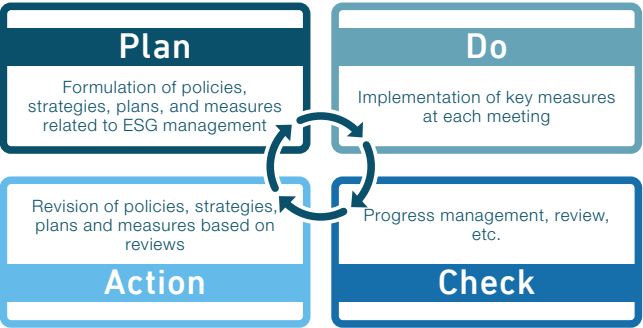


ESG Promotion System

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



A cycle to incorporate sustainability into the business strategy



Matters discussed by the ESG Committee

| Meeting held in | Primary matters discussed |
|-----------------|---|
| Nov. 2021 | <ol style="list-style-type: none">1 Selection of important SDG-related business themes to be given priority attention2 Second half of FY2021 plan for the Environment Meeting, Social Meeting, and Governance Meeting |
| Mar. 2022 | <ol style="list-style-type: none">1 Progress of important SDG-related business themes2 Roadmap for reduction of NST Group CO₂ emissions3 FY2022 plan for the Environment Meeting, Social Meeting, and Governance Meeting |










Initiatives and KPIs to Address Priority Issues (materiality)

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

corporate philosophy and roles, and growth strategies. Initiatives related to these issues will lead us to the achievement of SDGs corresponding to each of the materiality components we identified. Recognizing the role that our stakeholders and society expect us to play, we are actively working to resolve the issues and achieve the SDGs. Each division selects priority themes to address and creates a detailed action plan, which it then carries out. The ESG Committee also conducts regular monitoring of progress and operates a PDCA cycle in connection with the business strategy to reliably achieve results. We will utilize key performance indicators (KPIs) that evaluate the results from efforts to address materiality to conduct proper follow-up and ensure full implementation, thereby contributing to sustainable social growth and enhancing corporate value.

SteelIndustrial Supply & InfrastructureFoodstuffsTextiles

| | Materiality | Item (important business theme) | SDG targets | Main initiatives (results) and KPI | | | Reference page | | | | | | | |
|---|---|---|---------------|---|---|--|---|--|--|---|--|---|--|--|
| E | Contributing to a decarbonized society and environmental conservation | 1. Eco solution proposals <ul style="list-style-type: none">1 Proposals for reduction in automotive CO₂ emissions and for products related to electric vehicles (HV, EV, FCV)<ul style="list-style-type: none">High-tensile steel sheet, hot-stamped steel sheet, aluminum and other lightweight materialsHigh-performance electrical steel sheet, EV battery cases, FCV and other fuel cell materials and related products | PRIMARY GOALS |  | <div>Materials that contribute to reducing automobile weights</div> Focus on obtaining orders for high-tensile steel sheet, hot-stamped steel sheet, and aluminum – materials where further use is expected for model changes and new models. | <div>Underwater foundations for offshore wind power generation</div> Continued sales of jacket thick plates for Japan and Taiwan | <div>Carbon fibers</div> Sales of carbon fibers to the China blade beam manufacturers selected by major European manufacturers of wind power generators | <div>Solar power frames</div> Continued sales of high corrosion-resistant plated steel (SuperDyma, ZAM, others) for solar panel frame use in Japan and overseas | <div>Hydrogen-related equipment</div> Sales of steel tubes for hydrogen gas vessels, steel tubes for hydrogen circulation in overseas hydrogen towns, and titanium foil for fuel cell stack separators | <div>Scrubbers (desulfurization equipment)</div> Sales of stainless steel sheet used in scrubbers | | | | |
| | | <div>Materials that contribute to the needs for electric vehicles</div> Expand sales of and construct a supply chain for the high-performance electrical steel sheet used in EV motors and for EV components. (Capture growing demand for motors from OEM and parts manufacturers in Japan and Asia.) | | | <div>Steel raw materials</div> Program for sales of black pellets from the U.S. company Aymium | | | | | | <div>Introduction of electrical power from renewable energy sources at the NST Head Office</div> | <div>KPI - FY2021 result</div> CO ₂ emissions: 30,000 tons | <div>KPI targets</div> 2030: Reduction by 30% (compared to 2018) 2050: Carbon neutrality | |
| | | <div>Products that contribute to achieving zero-carbon emissions</div> Reliably capture demand related to electric vehicles and environmentally friendly automobiles. (Expand sales channels for CNG/LNG/FCV fuel tanks, and create new sales channels for aluminum parts, tire pressure monitoring systems (TPMS), and other detection systems.) | | | | | | | | | | | | <div>Creation of a roadmap for reducing CO₂ emissions by 2030, aiming to achieve medium- to long-term environmental targets</div> |
| | | | | | | | | | | | | | | |
| | | 2. NST Group's CO ₂ emissions reduction (starting year 2018: 33,000 tons) | | | | | | | | | | | | |
| | Contributing to the development of land and local communities | 1. Contributing to the creation of towns that are resistant to disasters and that create vitality in the region | 13 |  | <div>Distributed solar power generation</div> We have established a power generation company with Looop Inc. and are operating a power sales business using solar power generation in Japan and overseas. | | | | | | | | | |
| | 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 blast furnaces, electric arc furnaces, etc. of Nippon Steel)Expanded supply of biomass fuels and reducing agents | 13 |  | <div>Scrap (high-grade scrap, SUS scrap)</div> Expanding sales of high-grade scrap and SUS scrap for Nippon Steel Group blast furnaces and electric arc furnaces | <div>Lighter weights</div> Creating thinner can products | <div>Longer lifetimes</div> Expanding use of SuperDyma and ZAM in Japan and overseas for solar power frames and other applications which require corrosion resistance | <div>Balancing environmental and economic performance</div> Expanding sales of NS Eco-Pile, which is effective in reducing noise and vibration, and reducing the amounts of waste soil, while allowing work to be performed in narrow spaces | <div>Energy-saving materials</div> Use of wire materials where heat treatment can be omitted during wire processing in large-scale bridge and other projects | | | | | |
| | | <div>Black pellets fuel for biomass power generation</div> Developing power companies and other users for a mass production plan starting in 2024 | | | <div>Plant based meat</div> Sales of DAIZ Co. ingredients to major ham and sausage manufacturers, and promoting further product development and customer development | | | | | <div>Pork free of antibiotics and growth hormones</div> Focusing on expanding sales of Finnish Pure Rare pork to volume retailers through collaboration with major food product manufacturers | <div>Recycled fibers</div> Development and sales of fabrics and products using fibers from discarded banana tree stems | | | |
| | | | | | | | | | | | | <div>CSR procurement controls</div> Independent audits and improvement support for working environments and general CSR | <div>Recycled products</div> Production of original recycled products such as the next-generation REVIBELE leather made from recycled cut scraps | |
| | | | | | | | | | | | | | | |
| | | 2. Promotion of supply chain CSR that takes into account the working and natural environment <ul style="list-style-type: none">1 Provision of services to meet social needs such as ethical consumption<ul style="list-style-type: none">Foodstuffs (alternative plant-based meat, antibiotic-free and growth hormone-free pork)Sustainable textiles (organic cotton, recycled lyocell, recycled polyester, bamboo, kapok, kenaf, etc.)Expanded transaction of fair-trade certified products2 Enhanced CSR initiatives in the supply chain<ul style="list-style-type: none">Consideration given to the working environment by enhanced CSR audits at production sites, including overseas cooperation plantsExpansion of green purchasing in procurement materials and supplies | 12 |  | | | | | | | | | | |
| S | 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 operations<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 - NST - customer) | 12 |  | <div>DX strategy: Four systems related to improvement of steel ordering operations, automation of financial resource management in repeat transactions, operations and business management at processing sites, and the information interface with customers will begin full-scale operation during fiscal 2021 and fiscal 2022. We are continuing with functional expansion, increasing the number of product categories, and expanding the number of sites as a medium- to long-term project.</div> | | | | | | | | | |
| | Utilization of diverse human resources (Nurturing people, making proper use of people, and taking care of people) | 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 employees2 Creation of an environment where diverse human resources play active roles and are challenged and rewarded (e.g., remote working, childcare and nursing care support, enhanced initiatives for personal development, etc.) | 8 |  | <div>Promoting and supporting women's empowerment, and providing support for balancing work with childcare and nursing care</div> | <div>KPI - FY2021 results</div> Ratio of female new graduates hired as career-track employees: 31.8% | <div>KPI targets</div> Ratio of female new graduates hired for career-track employees: over 30% | | | | | | | |
| | | 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 accidents2 Enhanced efforts of health management (continuing to be certified as an excellent corporation for health and productivity management, and setting of priority issues) | | | <div>Carrying out autonomous safety activities, preventing work injuries</div> | <div>Regular medical check participation rate: 100%</div> Ratio of high stress employees in stress check: 8.2% | <div>Elimination of lost-worktime accidents</div> Regular medical check participation rate: 100% | | | | | | | |
| G | 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.) | 16 |  | Identification of the skills required by Board of Directors members, further focusing, expanding, and accelerating discussion and reporting at Board of Directors meetings, various support for maximizing the value and roles of Outside Directors | <div>KPI – As of June 30, 2022</div> Ratio of independent outside directors: One-third (3 out of 9 directors) | | | | | | | | |
| | | Thorough management over the COVID-19 pandemic, reconfirming and strengthening the functions of risk management personnel, support for more effective voluntary inspections | | | <div>KPI - FY2021 result</div> Conducted an awareness survey to employees of NST and Group companies. Response rate: 98.6% | | | | | | | | | |
| | | Intensive investment of business resources in growth fields and regions, in addition to strengthening the business foundation | | | <div>KPI - FY2021 result</div> ROIC: 5.2% | <div>KPI targets</div> 2023/2025: ROIC of about 6% | | | | | | | | |
| | | Dividend of 350 yen/share in FY2021, an increase of 190 yen/share from the previous year | | | <div>KPI - FY2021 results</div> ROE: 13.2% Payout ratio: 31.9% | <div>KPI targets</div> 2023/2025: ROE of 9-10% Payout ratio: 30% or more | | | | | | | | |

Enhancing ESG Management

What Nippon Steel Trading can do to realize a sustainable society

E

Environment

Materiality

➤

Contributing to a decarbonized society and environmental conservation

➤

Contributing to the development of land and local communities

Environmental Initiatives

P.30

S

Social

Materiality

➤

Utilization of diverse human resources

➤

Optimization of the entire supply chain

➤

Contributing to a recycling-oriented society and sustainable living

For our People

P.35

Together with Society

P.39

G

Governance

Materiality

➤

Management based on trust and reliability

Corporate Governance

P.43

Environmental Initiatives

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

Contributing to a decarbonized society and environmental conservation

Information disclosure based on recommendations from the TCFD (Task Force on Climate-related Financial Disclosure)

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

1 Governance

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

- ▶ P.26 ESG promotion system
- ▶ P.43 Sustainability (Corporate Governance, etc.) Promotion System

2 Strategies

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

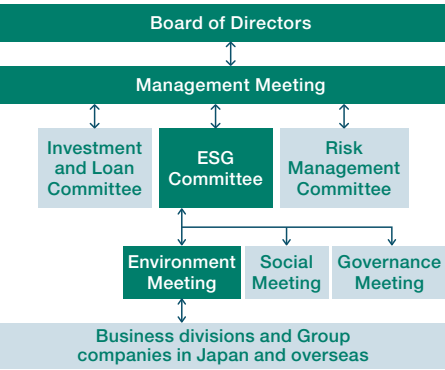
3 Risk management

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

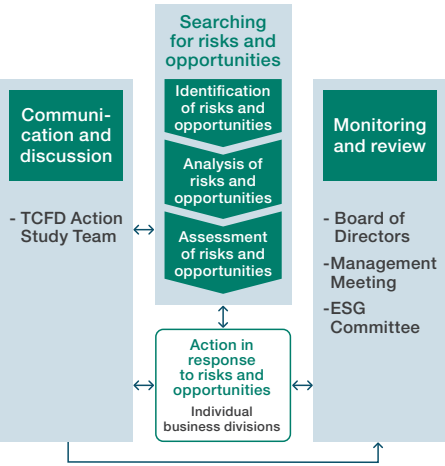
4 Indexes and targets

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

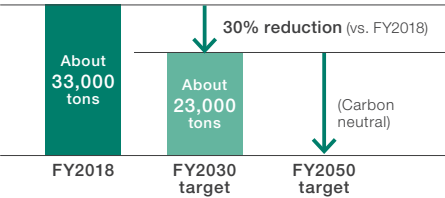
- ▶ P.31 Preventing climate change



Climate change risk management system (diagram)



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



M▶ Contributing to a decarbonized society and environmental conservation

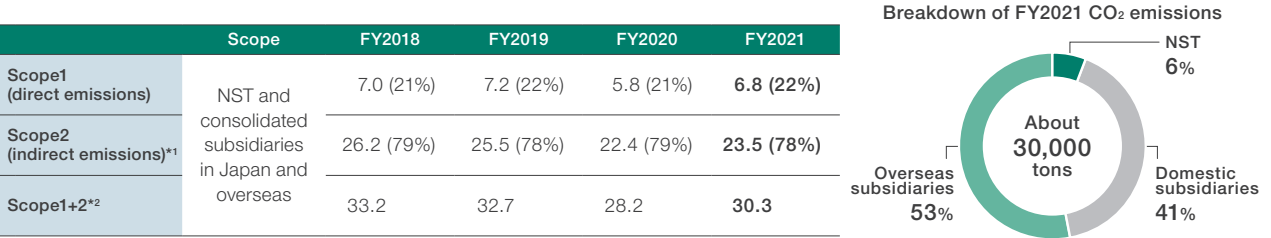
Preventing climate change

1 Previous efforts



2 CO₂ emission results (thousand t-CO₂)

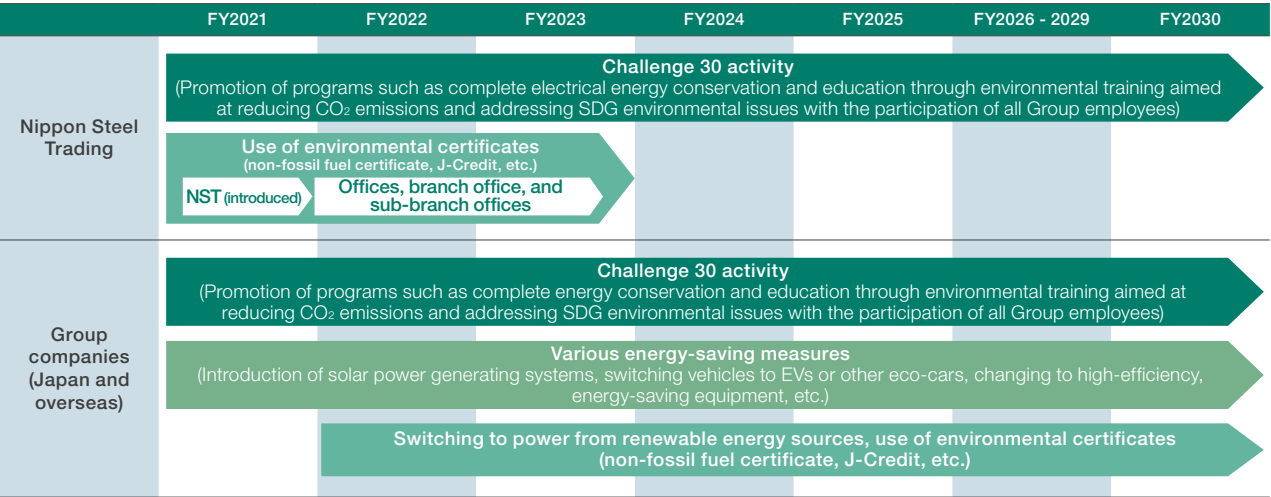
CO₂ emissions (Scope1, Scope2) resulting from energy use in business operations of the NST Group are as shown below.



*1: In the NST Group, indirect CO₂ emissions (Scope2) resulting from electrical power use at companies in Japan and overseas account for approximately 80% of total emissions.
*2: As a result of the merger of the NST Textiles Division and Mitsui Bussan I-Fashion Ltd. in January 2022, the numbers have been retroactively corrected (excluding the amount from the Textiles segment) for the transition period (FY2018 – FY2020).

3 Roadmap for CO₂ emissions reduction

The NST Group has created a roadmap for CO₂ emissions reduction up to 2030, aiming to achieve our Medium- to Long-Term environmental targets. Because approximately 80% of CO₂ emissions in the NST Group are due to the use of electrical power, we will carry out a range of energy-saving measures, systematically switch to power from renewable energy sources, and utilize environmental certificates (non-fossil fuel certificate, J-Credit, etc.) as we aim to achieve the targets.



Environmental management

Rina Kawashima
SDGs Promotion Department
Corporate Planning & Administration Division

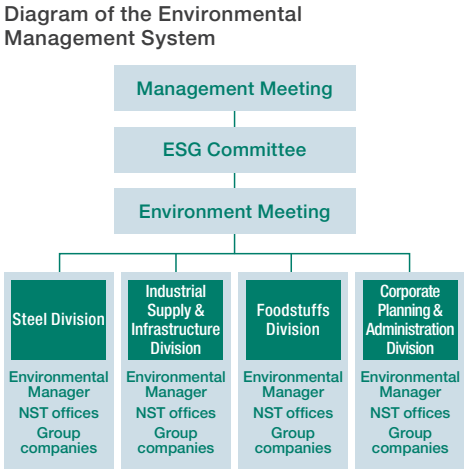


1 Environmental Policy

- Basic Philosophy**
Nippon Steel Trading Corporation recognizes that conservation of the global environment is our No. 1 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**
 - Complete Environmental Compliance**
In addition to observance of all legal regulations related to the environment, we will act with respect for the spirit underlying these regulations.
 - Consideration for the Natural Environment**
In our business activities, we will give full consideration to the effects on natural ecosystems, and will carry out measures for environmental protection.
 - Efficient use of Resource Energy**
We recognize that the Earth's resources are limited, and will promote their efficient use, strive for extensive reduction and reuse of waste materials, and work for the efficient use of resources.
 - Continual Improvement of the Environmental Management System**
We will establish an environmental management system based on our Environmental Policy, and endeavor to maintain and improve it.
 - Communication and Complete Observance of the Environmental Policy**
We will communicate this Environmental Policy to all employees, conduct training activities, and improve the level of environmental awareness among all Group members, aiming to be business persons who are able to understand the importance of protecting the global environment and take actions toward that goal.

2 Environmental Management System

NST has established the Environment Meeting as a subordinate body of the ESG Committee, and has constructed an environmental management system chaired by the President. In Japan, we acquired ISO14001 international environmental management certification in 2002. Our top management including the President operates an effective PDCA (plan, do, check, act) cycle, and we engage in Group-wide activities for environmental preservation and reduction in environmental impacts, observe environmental laws and regulations, conduct environmental training, and take other actions. Overseas as well, all Group companies are already actively involved in environmental management, and we are striving to improve the management level globally.



- Status of ISO14001 acquisition**
 - NST: 23 sites
 - Domestic Group companies: 39 sites at 16 companies (certified as a group), 6 companies (certified individually)
 - Overseas Group companies: 10 companies (certified individually)

3 Main Initiatives

Internal environmental audits
The NST Group conducts internal environmental audits in order to verify within NST Group organizations that the environmental management system conforms to the ISO14001 standards, and is operating and being maintained correctly. All NST offices and domestic subsidiaries conduct voluntary verification based on the "Internal Environmental Audit Checklist." Sampling checks are also conducted by environmental auditors appointed by the President, and steps are taken in order to improve and expand management awareness.



Educational activities (environmental training)
The NST Group carries out environmental training each year both for each employee level and Group companies in order to prevent violations of environmental laws and regulations, and to improve environmental awareness. In Fiscal 2021, we conducted an explanation by video broadcast for all employees concerning the effects of global warming, global trends related to reducing carbon emissions, the NST targets for reducing CO₂ emissions, and actions that each of us can take in order to promote action by all employees related to "Contributing to a decarbonized society and environmental conservation," which is material to our ESG management.

Investigation of environmental risks at overseas Group companies
In order to reduce environmental risks and construct a management system on a global scale, in fiscal 2021 the NST Group utilized an external consultant to investigate environmental risks at overseas manufacturing and processing subsidiaries. The investigation results showed that there were no sites where environmental risk was classified as high, and assessed that the overall level of environmental risk at overseas subsidiaries was low. We continue regularly to check the conditions of risk improvements at each company to reduce risk.

M Contributing to a decarbonized society and environmental conservation

Introducing businesses that respond to SDGs-related social needs

Contributing to a decarbonized society and environmental conservation

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Beginning from carbon-neutral supply of raw materials, aiming to get a foothold toward zero-carbon business operations



Investment in bio-carbon (black pellets)

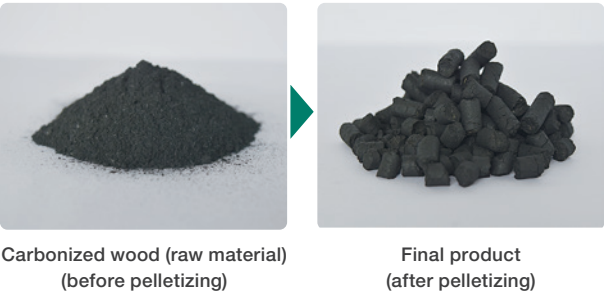
Nippon Steel Trading Americas, Inc. (hereafter, “NSTA”) is a subsidiary of NST in the United States. In March 2022, NSTA accepted an allocation of newly issued shares from NCT Holdco, LLC (hereafter, “Aymium”), a company which manufactures and sells bio-carbon (black pellets).

Reason for choosing Aymium as a partner

Aymium is a strong start-up venture that manufactures high-quality bio-carbon using its own original patented technologies. In the U.S. state of Michigan, it is currently operating the largest bio-carbon production plant in North America, where it produces primarily black pellets. As a result of its original technologies, Aymium products feature higher heat values and higher levels of fixed carbon than ordinary black pellets. In addition, because the handling properties allow these pellets to be used as a substitute for ordinary coal products, it is not necessary to change equipment specifications in order to use them. Aymium has a strong foundation in both production using its original patented technologies and sustainability, and we concluded that it is a partner whom we can work with as the NST Group works to operate a zero-carbon business in the future.

Black pellets

Black pellets are created from wood biomass raw material, which is carbonized by torrefaction under conditions that are shut-off from air and then formed into pellet shapes. Black pellets are positioned as carbon neutral products. Aymium has acquired CoC* certification from an international forestry certification agency, and strictly manages its supply chain, including its raw material suppliers, and has taken complete action so that its products are fully compliant with laws and sustainable.



* Acronym for “Chain of Custody.” This is a system for tracking raw material certification information to verify that it has been appropriately processed and distributed at all stages until the product reaches the consumer when using wood material or recycled material that has received forestry management certification.

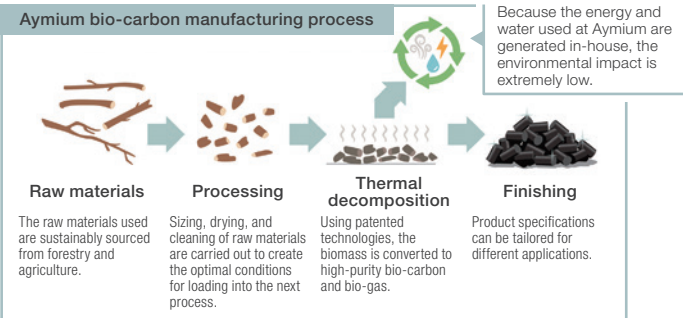


Expected benefits for the environment

Black pellets are made by semi-carbonizing pulverized, dried, and torrefied wood materials. In addition to their use as a substitute for ordinary coal in electricity production, they can also be used as a carburizer, sintering fuel, PCI fuel, or other materials in steelmaking applications. As a result, they are expected to be an efficient and practical means of reducing CO₂ emissions by steelmakers, power companies, and others aiming for carbon neutrality. In particular the Aymium black pellets enable the production of high heat value products (approximately 50% higher heat value compared with low-temperature torrefaction), and allow reductions in various costs (especially transport costs) per unit of heat value. Another advantage is that the high-calorie biomass collected following the high-temperature torrefaction process can be reused in raw material drying and thermal decomposition processes, reducing environmental impacts.

Future prospects

At present, Aymium is constructing new U.S. plants located in California and on the Pacific Northwest coast. The funds acquired from this capital increase will be utilized for this construction. The company will continue to expand production capacity in the west coast and the southeast, where ample supplies of wood biomass are available. In addition to sales in the U.S., it also plans to supply products to consumers in Japan, Asia, and Europe. The high-quality black pellets of this company can be used as a power generating fuel and as a steelmaking raw material. By becoming actively involved in sales activities, the NST Group will contribute to realizing a zero-carbon society.



Source: Aymium website

M Contributing to the development of land and local communities

Introducing businesses that respond to SDGs-related social needs

Contributing to the development of land and local communities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Utilizing more than 30 years of experience in industrial park projects in Thailand, setting our sights on expanding to Vietnam and Mexico



Overseas industrial park projects

Through the development and operation of industrial parks, and associated business supplying electricity, water, and drainage, NST is providing full support to Japanese companies entering overseas markets. We have gained much expertise through our more than 30 years of our involvement with operation of the Rojana Industrial Park, one of the largest in Thailand.



The Rojana Ayutthaya Industrial Park in Thailand employs 100,000 people in Ayutthaya, and has grown in area to be the third-largest industrial park in Thailand.

When I look at the numbers, I can sense the importance of the role that our company has played in industrial park projects, and I feel a large sense of accomplishment at the scale of the industrial park. Although corporations of a wide range of sizes operate at the industrial park, the largest companies employ more than 5,000 local employees. In particular at the Rojana Ayutthaya Industrial Park in Thailand, the overall industrial park employs a total of 100,000 local people, and has made a large contribution to regional development.

Difficulties in the growth process

In October 2011, the Rojana Industrial Park suffered unprecedented damage from flooding. At that time I gained a renewed recognition of the threats that natural disasters pose, and of the missions of the companies which protect the human and production infrastructure.



- We received advice from the Japan International Cooperation Agency (JICA) indicating that when the new embankment was constructed, it should have extra height of 6.05 m above the maximum water level during the 2011 flood. Based on this, we have constructed a new flood embankment that is 6.05 m above sea level and stretches for 73 km around the periphery.
- Flood gates have been installed in two locations using funds provided by Japanese government ODA. These prevent backflow of water into the Khaomao Canal when the water level rises during the rainy season.
- All entrances (9 locations) have been raised to the same height as the flood embankment of 6.05 m above sea level.

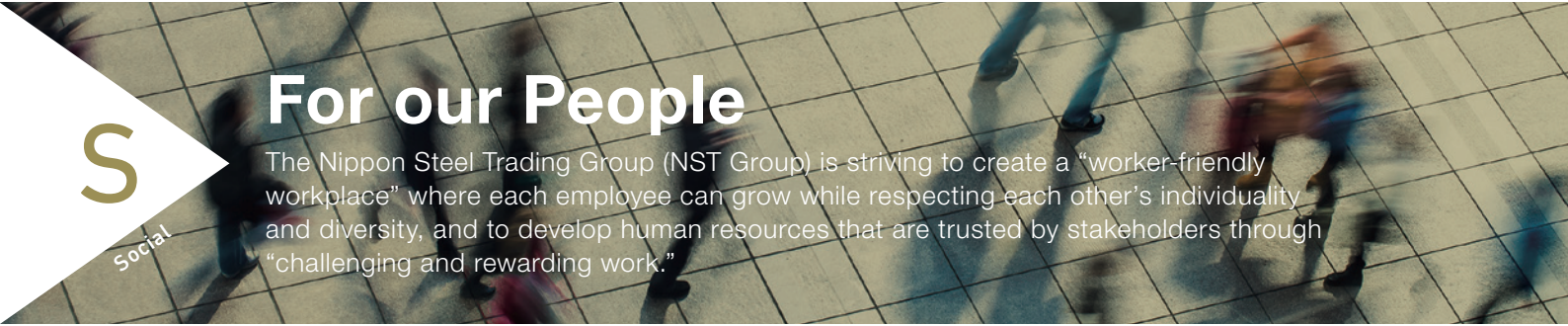
Since the flood, each year during the rainy season we share flood-related information based on simulations conducted by the consulting company TEAM with the corporate residents of the industrial park.

Provision of clean and stable infrastructure is essential.

From the early days, the Rojana Industrial Park began supplying power generated by natural gas to its customers. Today we provide a stable supply of clean, environmentally-friendly energy to the local power authority from our solar power business. As the trend towards addressing global SDGs also accelerates, our company is putting greater efforts into development of our renewable energy business. Mexico in particular has an environment that is well-suited to solar energy production utilizing its ample sunlight and large tracts of land at reasonable prices. Our company utilized subsidies from the Ministry of Economy, Trade and Industry to conduct a commercialization study for possible provision of a distributed solar power generating service to the 200 corporate residents (of which 70 are Japanese companies) at the Lintel Industrial Park in Mexico. Unfortunately the commercialization project has been delayed due to the effects of COVID-19, however as we wait for the pandemic to end, we continue to study demand from Japanese companies.

Future prospects

Due to the COVID-19 pandemic, it continues to be difficult for people to travel overseas from Japan to examine industrial parks. In order to help customers who are considering business in Thailand but are unable to come to examine the actual site, our company has begun making site proposals utilizing aerial video shot using drones. We would like to expand the industrial park total support functions that we have developed in Thailand to other countries. We are engaged in sales at Lintel Industrial Park in Mexico and at Phu My 3 Specialized Industrial Park in Vietnam. In addition to gaining further experience and capital participation in industrial parks, we would also like to contribute to regional development by becoming involved in general electricity, water supply and sewage, and logistics infrastructure business at these places in the same way we do at the Rojana Industrial Park.



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.”

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

Our company’s most valuable asset is its people. We have established “Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents” in our Corporate Philosophy, and the development and utilization of human resources is an important management theme. We are hiring employees from different backgrounds and working to prepare work environments where every individual can put their abilities to maximum use in their respective business areas. The ultimate goal of our human resource strategy is to grow employees who understand our Corporate Philosophy, Management Principles, and Employee Code of Conduct and can independently put them into practice, so that we can continue to be a corporate group that can pull together individual abilities to produce new value.

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. When the EECC was created immediately following our business integration in 2013, it was repeatedly discussed and formulated by a diverse task force composed of manager-class employees from each business division, our Corporate Planning & Administration Division, and our Tokyo, Osaka, Nagoya, and Kyushu branches.

We strive to fully understand the values incorporated in the EECC, and for each employee to take the initiative and put them into practice during their daily work so we can enact our Corporate Philosophy and create a new, stronger, and better company with our own hands.

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. We have developed a human resources strategy for this purpose and are aiming to accelerate company growth. In addition to training for each employee level, we have also prepared a program for improving specialized expertise and global business capabilities.

| | |
|------------------------------------|---|
| Nurturing newly hired 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 program 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 enhance English language skills, English self-development courses, etc. |



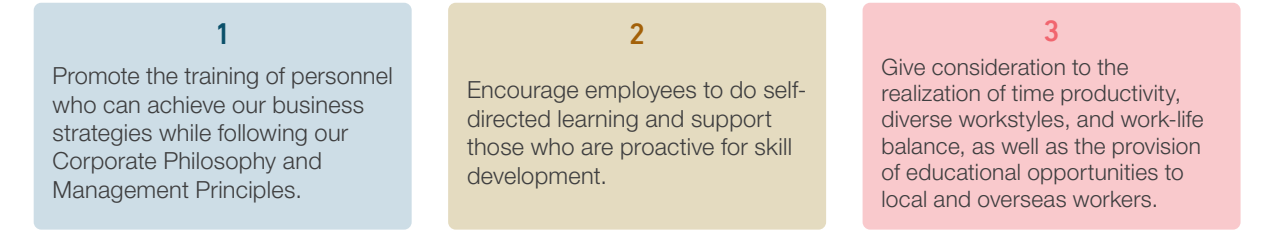
◦ A total of 60 employees have completed the Overseas Challenge Program, which began in fiscal 2009.

Overseas Challenge Program participants by language




- English-speaking regions: 33 persons
- Chinese-speaking regions: 18 persons
- Other language regions: 9 persons

1 Basic approach to abilities development

Abilities development is conducted primarily through OJT, and is combined with various training for each employee level, specialized training, and other group training. Group training includes training for younger employees to improve their level of the knowledge needed to carry out their work, manager training for learning about management and acquiring the knowledge and skills for contributing to strengthening Group business, global training for developing human resources who can be active in a wide range of business areas, and training for female managers or supervisors to support the activities of female employees. We have also created a system that allows employees to learn at their own initiative, including online learning where employees can choose the curriculum that they want to study.



2 Diagram of the abilities development system

| Training by level | | | | | | | | | |
|-------------------------------------|---|---|--|--|--|---|--|--|---|
| Career-track employees | | | | | | Managers | | | Executive Officers |
| Career-track employees and managers | Mandatory training | <div>Introductory training for new employees</div> <div>Follow-up training for new employees</div> <div>Legal training [Basic]</div> <div>Management training [Basic]</div> <div>Legal training [Intermediate]</div> <div>Short-time overseas training program for new employees</div> <div>Follow-up training for career-track employees</div> | | | | <div>Training for newly appointed managers</div> <div>e-MBA</div> <div>Training for newly appointed section managers</div> <div>Online learning for general managers</div> <div>Training for newly appointed general managers</div> | | | <div>Executive Seminar at the Nippon Steel Group</div> <div>Training for executive officers</div> |
| | Selected training | <div></div> <div>Overseas Challenge Program (3rd to 10th year for career-track employees)</div> <div>Career training for female career-track employees</div> | | | | <div>Training for managers</div> <div>Training for section managers</div> <div>Training for general managers</div> <div>Training for superiors of female career-track employees</div> | | | |
| | Selective training | <div>Online learning and e-MBA for particular jobs (*only for those who have completed all e-Learning subjects on basic practical knowledge)</div> <div>Program for officers: e-MBA Online learning</div> <div>Training in overseas business skills</div> | | | | <div>Online learning for managers and section managers</div> | | | |
| | Common | <div>Development interview (1st and 2nd years)</div> <div>OJT mentorship program (development planning documents and monthly reports)</div> <div>Internal certification, basic practical knowledge, and e-Learning</div> <div>Training for mentors of new employees</div> | | | | <div>Career Vision Training</div> <div>Briefing on pension system, etc.</div> | | | |
| General staff | <div>Introductory training for new employees</div> <div>Follow-up training for new employees</div> <div></div> <div>10th year training</div> | | | | <div>Training for newly appointed expert staff</div> | | | <div></div> | |
| Career | Training on enhanced engagement, career mindset, development of junior staff, and communication | | | | | | | | |
| All levels | Global mindset fostering | | Training on global mindset | | | | | | |
| | Addressing a variety of learning needs | | Measures to strengthen English language capabilities; individual selective measures by level (e-Learning, online English conversation, mobile apps, etc.) Enlightenment activities for language learning (posting of annual schedule, introduction of free learning tools such as the Benefit Station) | | | | | | |
| | | | Strengthening of global response capabilities (for newly appointed overseas representatives, expatriates, etc.) Overseas pre-assignment training, crisis management seminar | | | | | | |
| | | | Others: Prevention of harassment (e-Learning, etc.) | | | | | | |
| | | | Training for improving specialized knowledge for each division; subsidies for lectures and in obtaining qualifications | | | | | | |



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

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 are strengthening efforts to diversify our organization, and aim to become an inclusive company where all diverse employees can grow and play an active role.

1 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.

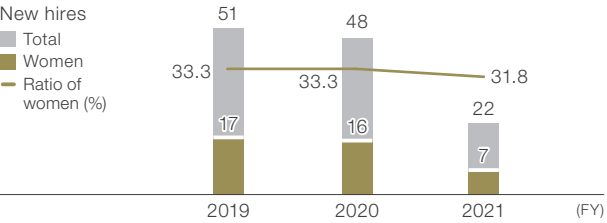
3 Targets and initiatives

Target 1 Aim to increase the percentage of female employees promoted to manager-class to 80% or more of that of male employees by preparing work environments where female employees can be active in management positions in every workplace.

Target 2 Aim for the retention ratio of female career-track employees in around the 10th year after employment 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.

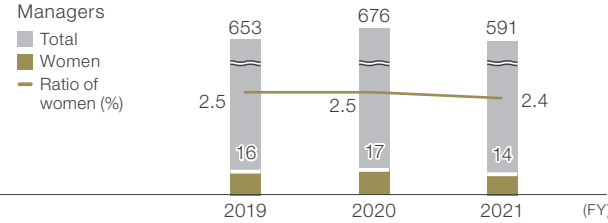
Initiatives

- 1 Conduct career training for women career-track employees.
- 2 Implement management programs for managers with women career-track employees.
- 3 Hold seminars for employees involved in childcare, nursing care, etc., with the aim of promoting balancing work with personal life.



Initiatives

- 1 Conduct an awareness survey to identify issues related to the promotion of women's empowerment, and use results for the formulation and implementation of improvement measures.
- 2 Continue diversity management education for management.
- 3 Strengthen training to develop subordinates for section managers.
- 4 Promote working efficiency so as to improve work-life balance.



2 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, 2022, 32 non-Japanese employees are working at NST. In addition to the value of their 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 country. We aim to stimulate non-Japanese employees and Japanese-national employees with each other and to create synergies.

Topics

Outside Director Inoue Lecture on the subject of careers and women's empowerment

In April 2022, Outside Director Inoue delivered a lecture for female career-track employees based on her own experience, providing advice for career advancement by women, and explaining what is important for work (planning a career). She had experience being assigned overseas together with her children after joining the Ministry of Agriculture, Forestry and Fisheries, as well as acquiring lawyer qualifications, at a time when there were still few women in the ministry. One participant said she learned that Ms. Inoue, despite her spectacular career, felt the same concerns and ideals as she herself did. She also indicated that she became able to envision a specific career for herself.

Well-being

1 Initiatives for health management

Certification for the third consecutive year as a 2022 Outstanding Health & Productivity Management Organization (large corporation category) and reinforcing initiatives for health and productivity management

NST understands that employees who are in good shape are able to make maximum use of their abilities, and can improve productivity and increase the vitality of an organization, leading to sustained corporate growth. In 2019, we formulated the "Nippon Steel Trading Health Declaration" and the company and health insurance association are working together and devoting efforts to health and productivity management. In order to prevent illness and promote health among employees, we are cooperating with the health insurance association and carrying out a range of initiatives with a focus on cancer and women's health.

Anri Kitasaka
Human Resources Department
Corporate Planning & Administration Division



Health Declaration

- 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 a working environment where everyone is excited and rewarding.
- 3 NST will promote work-way reform and productivity improvement, and enhance work-life balance.

Initiatives

1 Continuing initiatives

- Maintain a 100% examination rate for regular health examinations.
- Conduct screening for breast cancer, ovarian cancer, and colon cancer, and maintain a high screening rate of 90% or more.
- Prepare a system for other cancer screening.
- Improve the family member health examination rate.
- Communicate the importance of receiving specific health guidance for preventing lifestyle diseases, and promote to increase the participation rate.
- Expand employee interviews by physicians and others for mental health measures.

2 Countermeasures to infectious diseases

- Conduct workplace vaccinations with COVID-19 vaccines.
- Prepare a system for protecting the health of employees and their family members throughout the Group.
- Provide PCR test and antigen test kits from cooperating medical institutions.

3 Initiatives for further leveling-up

- Introduce a health information management system (electronic medical charts).
- Utilize devices (Free Style Libre glucometer) to visualize blood sugar and other vital data.
- Begin introduction of a "diabetes prevention program" that provides data-based health guidance (advice for improving living habits) from public health nurses and others.

We are continuing to carry out health-focused measures so that employees can work with peace of mind, and maintain and improve their physical and mental health, working towards creating a strong growth company that contributes to society.

2 Childcare leave system for male employees

In the 2019 fiscal year, the Human Resources Department began to send employees recommendations to encourage 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.



Online guidebook produced by NST

Topics Improving the Work-Life Balance An employee of our company was selected for the Japanese men's national lacrosse team and won a bronze medal at the world championships.

Kazuki Obana works in our Credit Management Department, and he was chosen for the SIXES Japanese men's national lacrosse team at The World Games 2022 that were held in Alabama in the United States in July 2022. He scored the winning goal in the third place playoff match versus England, bringing victory to the team and winning the bronze medal.

Comments from Kazuki Obana

After joining the company, I was assigned to the Credit Management Department and was busy every day with credit management work or the departments I was responsible for. At first, I was unsure whether I could balance my life with lacrosse, however there were many athletes who continued playing lacrosse while working in a trading company or a bank and I thought I would give it my best try. As a lacrosse player, I spend as much time as possible on weekdays with personal training such as running and strength training. On days off, I repeatedly train and hold practice matches with my club teammates. Although the workloads can be heavy when urgent issues arose, and during the month-end and year-end busy periods, at those times I make special efforts such as training that can be done in short periods of time. In addition, thanks to the special leave granted to me by the company and the support shown by everyone in the workplace, I have been able to balance both work and lacrosse. In the future, I will continue to be grateful for the understanding and support given to me by the company and those around me, and hope to grow further as a Nippon Steel Trading employee and as a lacrosse player.



Provided by the Japan Lacrosse Association.

S

Social

Together with Society

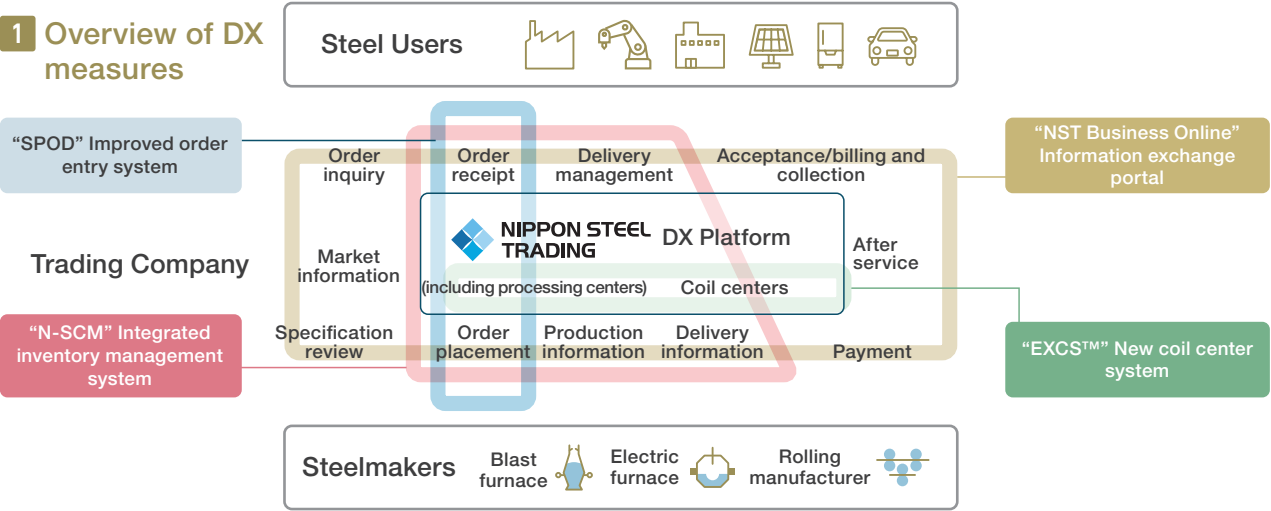
The Nippon Steel Trading Group (NST Group) will capture new demand that meets social needs in order to contribute to a recycling-oriented society and sustainable living, and will actively promote the use of various technologies to optimize the entire supply chain.

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

Progress of DX strategies

Through the use of Information and Communications Technology, we aim to achieve distribution reform by thoroughly digitalizing trading company operations and promoting efficiency throughout the supply chain. For this purpose, we have developed a new steel distribution DX platform that covers a wide range of areas, including processing centers, and have decided to digitalize the entire trading company operations, from order inquiry to quotation, order receipt and placement, processing, shipping, and money collection. As shown in the overview below, four systems related to order placement work, inventory management, exchange of transaction data, and processing site management will begin operation during fiscal 2021 and fiscal 2022. This will lead to 1) improved efficiency of the entire flow involving customers, distributors, and suppliers, 2) significant improvement in accuracy of operations and quality control, and 3) reduction in inventory / loss and improvement in logistics efficiency and productivity through real-time usage and visualization of information.

1 Overview of DX measures



| | |
|---|---|
| "SPOD" Improved order entry system Standardization of order placement work and strengthening the check functions are intended to improve accuracy and efficiency, and work towards zero human errors. | Began operation in the second half of fiscal 2021. Functional expansion and increase of the number of product categories are issues that we are continuing to address. |
| "N-SCM" Integrated inventory management system Automation of inventory control in repeating transaction fields is intended for quicker responses to changes in the situation. | |
| "NST Business Online" Information exchange portal A new interface infrastructure for business partners that will yield smoother and more efficient exchange of transaction data. | Will begin operation in fiscal 2022. Functional expansion and deployment to new sites will be carried out over the Medium- to Long-Term. |
| "EXCS" New coil center system The core business management systems at NST subsidiary coil centers will be updated and consolidated. | |

2 DX promotion, ICT training, etc.

The DX Promotion Department was established directly under the President in July 2020. Some members of the Department are concurrently placed in business divisions in order to conduct review and development in response to the actual state of sales operations. As described above, the Steel Division will carry out full digitalization in distribution of steel products, and the Industrial Supply & Infrastructure Division, Foodstuffs Division, and Corporate Planning & Administration Division will also study and develop DX measures from the unique perspective of their individual fields.

In order to prepare the environment for the use of the latest ICT, we plan to spend ¥17 billion over the five years from fiscal 2021 to fiscal 2025 for introduction of systems, including approximately ¥5 billion for DX measures. In order to operate in an integrated manner with management, the DX project roadmap will be regularly discussed at the executive level and also reported to the Board of Directors. We are also developing a personnel training plan to improve ICT literacy among all employees.



Keisuke Ito
DX Promotion Department

M Contributing to a recycling-oriented society and sustainable living



The Foodstuffs Division is now selling Pure Rare pork from Finland that is produced without the use of growth hormones or antibiotics. Here we introduce the passion that is dedicated to Finnish meat products, which are known worldwide for their top-class level of safety.



Foodstuffs Division
Toshiki Komatsu
Meat Department No. 2
Foodstuffs Division

Produced in Finland by Atria, sold in Japan

Atria Plc has set a target of achieving carbon neutrality from feed production through product shipping by 2035. Whenever possible, all processes up to product shipping use clean energy from solar and wind power that does not produce CO₂. This has produced a ratio of CO₂ generated to CO₂ reductions of 50:50 as the company aims to become carbon neutral. The total surface area of the solar panels installed by Atria is among the highest of any place in Finland, and the company has begun construction to double this area.

CO₂ reductions in Atria feed

All feed provided to the pigs is produced using only domestic Finnish grains, not imported feed from overseas. In addition, materials such as residues from purified alcohol made for human use are recycled and used at its plants, and the company is reducing its CO₂ emissions throughout the food chain. As a result, Atria has reduced its CO₂ emissions per 1 kg of pork to approximately 50% of the global average.

Free of hormones and antibiotics

Giving pigs antibiotics causes some bacteria in the body to survive by developing resistance to the antibiotics. These drug-resistant bacteria have evolved so that antibiotics are less effective on them, and there is the risk that they can be absorbed into the human body through the meat. In addition, a portion of the drugs is ejected from the pigs' bodies and accumulates on the floor of the pigpen. These drugs can adhere to the soles of the workers' shoes and farming equipment, and then disperse into the soil around the pigpen, increasing the risk that the drug contamination will flow into rivers through underground water. By avoiding the use of hormones and antibiotics, Atria has eliminated these risks.

Helping so that Japanese consumers choose Pure Rare pork from Finland

NST has obtained exclusive sales rights from Atria, and as the only company selling Finnish pork in Japan, we have exhibited together with Atria at exhibitions, aiming to increase the products' level of recognition, and are increasing the presence of these products in the Japan market.

Informing not only Japanese consumers but also Japanese pork producers

We will also communicate the ideas of "protection of the global environment," "protection of animals," and "maintaining health through food" ideas that are the themes of Finnish Pure Rare pork to farmers in Japan, and will work to construct a sustainable food culture that is friendly to both nature and livestock farming throughout the Japanese livestock industry.



Exhibit booth at the Supermarket Trade Show (SMTS) held in February 2022

Introducing the New Head Office

In February 2022, our Head Office was relocated from Akasaka in Minato-ku, Tokyo to Nihonbashi in Chuo-ku. At the time of the relocation, a project team was formed to hold repeated discussions and studies so as to create an office layout that incorporated employee opinions as much as possible. At the same time, our office which had previously been divided into two buildings was consolidated into a single building, aiming to further increase productivity.

Features of the new office from the perspective of ESGs

- E Environment** → Contributing to energy conservation and environmental preservation
Preparing an environment that can improve employee work efficiency and productivity, achieve work-life balance, and increase inventiveness, creativity, imagination, and improvement capabilities
- S Social** →
- G Governance** → Further risk management

Tokyo Nihonbashi Tower, where our new office is located, is connected directly to Nihonbashi Station and is within walking distance of Tokyo Station, providing good access to three stations and 20 rail lines. This is convenient for commuting, and in terms of access, it improves the convenience of sales visits to and from customers.

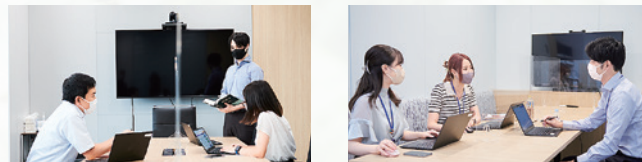


E Environment

The promotion of DX (adoption of IT, change to digital work, etc.) ensures complete paperless and clear desk operations, allowing for working styles and an office that are not restricted by paper, objects, and locations, and also helps contribute to energy conservation and environmental preservation.

Paperless meetings

Monitors are installed in all meeting rooms and open meeting seats, for paperless meetings that do not use paper materials.



Monitors are used to conduct paperless meetings.

Reduction of document storage quantities

Compared to the previous office, the new office has reduced the quantity of stored documents by 60%. Company-wide inventory of documents is conducted regularly to prevent documents from increasing, and efforts are also carried out for bill-less operations such as conversions to electronically recorded monetary accounts receivable. We have also introduced a digital contract signature service and other improvements from the perspective of work efficiency. We will keep continuing the transition to paperless documents. We have also consolidated the lockers in document storage areas into a single shared area.



Locker areas have been consolidated into a single location.

Employees are assigned personal lockers, and store PCs and documents together in them.

Topics

Introduction of power from renewable energy sources

When the Head Office was relocated, NST utilized non-fossil fuel certificates for renewable energy sources in order to become materially CO₂-free. This is expected to produce CO₂ emissions resulting from electrical power use that are practically zero, and reduce annual emissions at the Head Office by approximately 1,000 t-CO₂. (Electricity use is approximately 50% compared to the previous office.) We also carry out regular activities that encourage employees to turn off lights and completely turn off all lights during the nighttime.

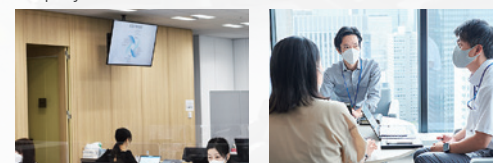


S Social

Aiming to improve work efficiency and productivity, we are promoting appropriate workplace utilization and have prepared an environment which increases inventiveness, creativity, imagination, and improvement capabilities.

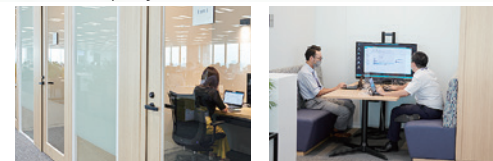
Work area (free-address layout)

The overall atmosphere is bright and healthy. In order to flexibly accommodate diversifying working styles including remote work and a flex time system, we changed from the previous fixed desk layout to a free-address layout. In addition to notifications via a company network, information which should be communicated to employees in real time is displayed on monitors installed in the work area ceilings to improve employee convenience.



ABW desks (ABW: Activity Based Working)

In order to support teams and other web-based meetings and work involving concentration, booths have been prepared in the work space for use by small numbers of people. Discussion desks have also been installed and do not require reservations so that meetings can be held in a workshop style.



The café area not only provides a cafeteria, but also serves as a multi-function area that can be used for a wide range of purposes, functioning as a place that promotes relaxation, health support, and communication.

Cafeteria and café area

The cafeteria is set up in a café style, and is used as a multi-purpose space that brings employees from a wide range of departments together, produces natural conversations, and allows the exchange of information. It is also used for conducting sales negotiations in a relaxed atmosphere.



Visitor area

Visitor areas have been consolidated into a single location that welcomes visitors with a bright and warm atmosphere.



G Governance

We are aiming to carry out further risk management including a BCP (Business Continuity Plan), and to ensure complete effective use of the entire office as well as the flexibility necessary to withstand changes.

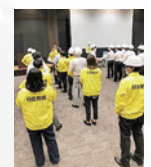
Disaster preparedness

Disaster preparedness training
In addition to evacuation training and safety confirmation training in case of earthquake or fire, training is also conducted in the use of fire extinguishers by the self-defense and disaster preparedness team.



Seismic isolation structure

As one measure for earthquake preparedness, the new office building facilities utilize a seismic isolation structure that is extremely resistant to earthquakes, providing a safer and more secure environment for employees and visitors.

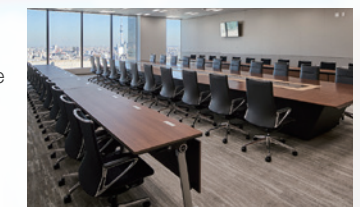


Measures in case of power outage

In the event of an earthquake, emergency power is provided by private power generators that are installed in the building, allowing a rapid resumption of business.

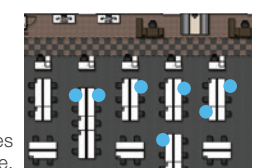
Use of teleconference systems

The main conference rooms are equipped with teleconference systems that can connect NST to sites operating globally in Japan and overseas, for more active communication.



Employee positioning system

Even with the free-address layout, it is possible to find the location of an employee immediately by means of mobile phones.



Blue circles indicate the positions of employees at desks as shown on a smartphone.

Opinions from employees!



Compared to the previous office, all the facilities are a better level of quality.

There is higher awareness of the need for paperless operations and clear desks, and the work spaces are neatly organized.

There is greater respect for autonomous working styles, making it easier to achieve a work-life balance.

Because we can select the best location for our work, productivity and work efficiency are higher.

The greatest resource of NST is its people. The new office aims to embody our investment in our human resources.

An office is a place where people meet, combine their knowledge, and share ideas. As remote working is now an established practice, individual working styles are continuously changing. The most important business resource of our company is its people. Even as working styles change in diverse ways, we want to create workplaces that bring people together and continually expand the circle of the organizations (teams) by enabling individuals to think seriously, share knowledge, and produce answers.



Motohiro Sato
General Affairs & Corporate Communications Department
Corporate Planning & Administration Division

Corporate Governance

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 risk management.

Management based on trust and reliability

Basic views on corporate governance

- 1

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.
- 2

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.
- 3

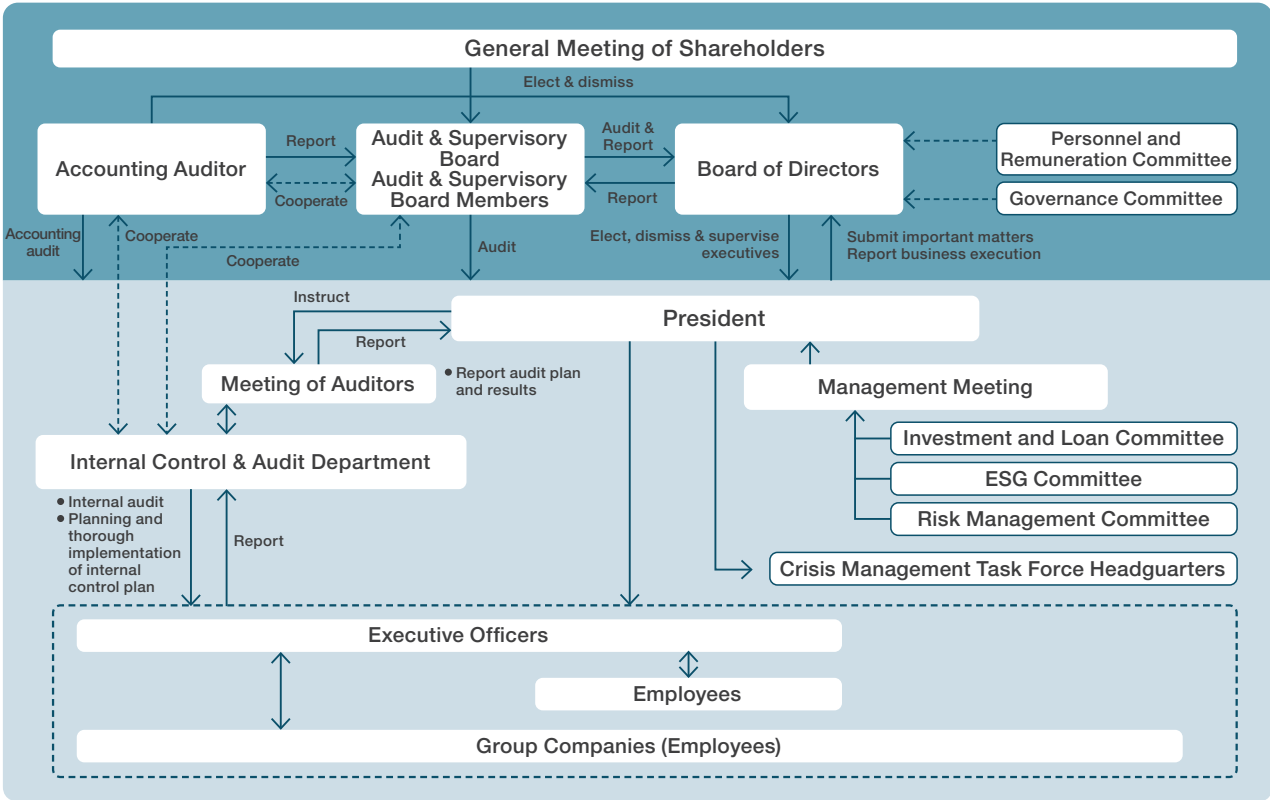
NST endeavors to achieve sustainable growth and the increase of its corporate value over the mid- to long-term through the continuous improvement of corporate governance under consolidated management.
- 4

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.
- 5

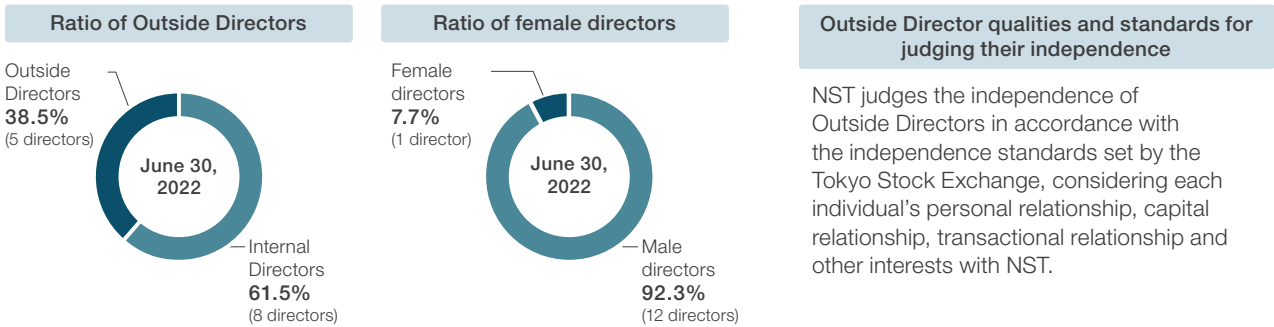
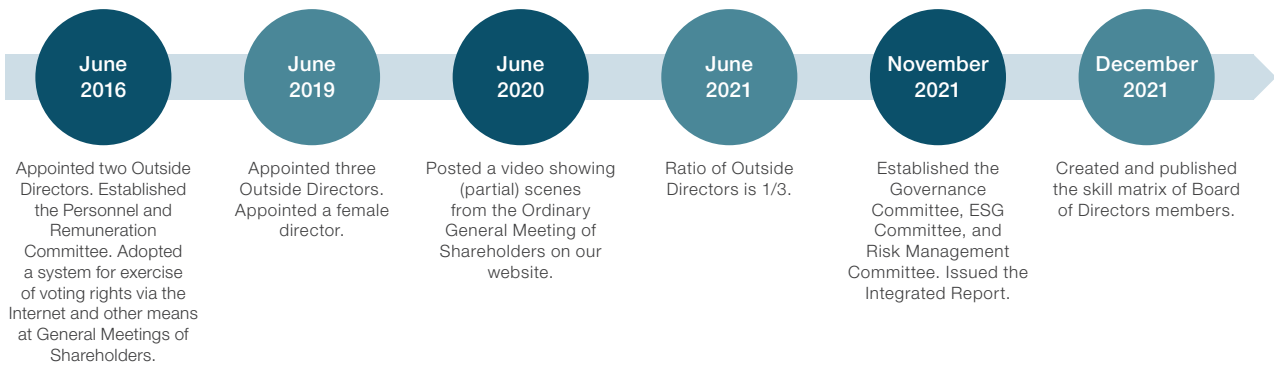
NST’s Board of Directors is composed of Executive Directors with thorough knowledge about the business and management of NST and two or more Outside Directors with a wealth of experience and deep insight in the area of corporate management. The Board makes decisions about the basic policy of management and important business executions, and also supervises the execution of duties by Directors. Furthermore, Audit & Supervisory Board Members, 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.”
- 6

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.

Sustainability (corporate governance, etc.) promotion system



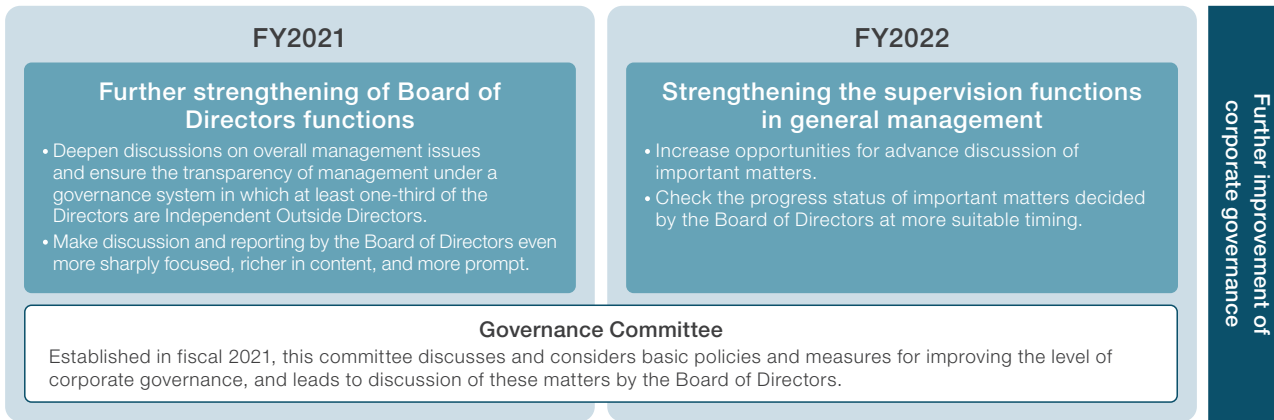
History of improving corporate governance



Analysis and evaluation of the effectiveness of board of directors

NST's Office of the Board of Director performs quantitative analysis comparing performance with prior years in terms such as the number of proposals submitted and reported to the Board of Directors and the discussion times. This office also collects opinions from each Director and Audit & Supervisory Board Member by means of questionnaires and individual interviews concerning operation of the Board of Directors. Based on these results, the Board of Directors analyzes and evaluates the effectiveness of the overall Board of Directors once each year, and utilizes the results to improve the future operation of the Board of Directors. Based on the evaluation results of the effectiveness of the Board in fiscal 2021 (at the meeting of the Board of Directors held in June 2022), the Board of Directors was evaluated to be effective from a comprehensive perspective. This was mainly because respective proposals submitted and reported to the Board of Directors were explained appropriately in advance, and were examined and discussed prior to adoption from various viewpoints including those of Outside Directors based on an approach aimed at sustained company growth and improving the Medium- to Long-Term corporate value in accordance with the Companies Act and internal rules.

Implementing improvements based on the analysis and evaluation of Board of Directors effectiveness



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

1 Policies for the appointment/dismissal and the nomination of candidates for Directors and Audit & Supervisory Board Members

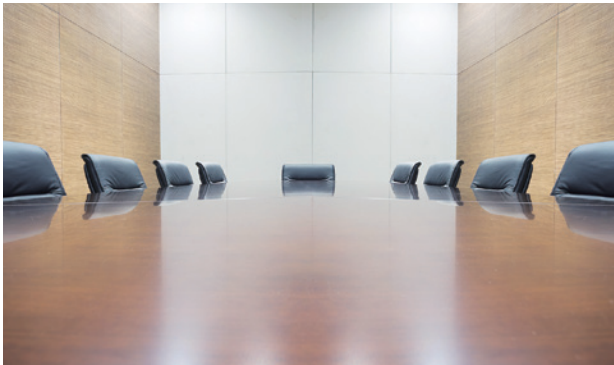
For the appointment of senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members, NST's policy is to consider not only each candidate's experience, insight and expertise, but also the overall size of the Board of Directors and the Audit & Supervisory Board, 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.

Composition and functions of the 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 deliberation by the Personnel and Remuneration Committee, which is composed of the President and three Outside Directors who have extensive experience and advanced knowledge related to corporate management. Each Director's remuneration is also decided by a resolution of the Board of Directors following deliberation by this committee. During the previous fiscal year, this committee met twice and received appropriate participation and advice from Outside Directors.

2 Procedures for the appointment/dismissal and the nomination of candidates for Directors and Audit & Supervisory Board Members

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



Board policies and procedures for determining the remuneration of Directors

In regards to the policies for determining remuneration and other matters for each director, the NST Board of Directors has established the Policy and Procedures for Determination of the Amount of Remuneration for Directors.

1 Policies for determining the amounts of remuneration and other matters for Directors

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. Remuneration for Outside Directors consists only of fixed monthly remuneration in cash in view of their roles and independence from business execution.

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 for that fiscal year (consolidated ordinary profit or loss, and profit or loss attributable to owners of parent for that fiscal year) and each division's results for consolidated profit or loss from the previous fiscal year. The amount of each Director's remuneration is determined within the limits approved by the General Meeting of Shareholders.

2 Procedures for determining the amounts of remuneration and other matters for Directors

Remuneration for each Director is discussed by the Personnel and Remuneration Committee and then decided by a resolution of the Board of Directors based on the policies for determining the amounts of remuneration and other matters for Directors described at left and within the limits approved by the General Meeting of Shareholders. Remuneration for Audit & Supervisory Board Member consists of fixed monthly remuneration in cash in consideration for the details of duties independent from business execution. The amount is determined through consultation with the members of the Audit & Supervisory Board within the limits approved by the General Meeting of Shareholders.

| Executive category | Total amount of remuneration (million yen) | Total amount of remuneration by type (million yen) | | Number of subject executives |
|--|--|--|--------------------------------|------------------------------|
| | | Fixed remuneration | Performance-based remuneration | |
| Directors (excluding Outside Directors) | 221 | — | 221 | 8 |
| Audit & Supervisory Board Members (excluding Outside Auditors) | 44 | 44 | — | 2 |
| Outside Directors | 40 | 40 | — | 7 |

FY2021 results

Communication among the Audit & Supervisory Board System, Audit & Supervisory Board Members, Accounting Auditors, and the Internal Control & Audit Department

Two of the four Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members who are a certified public accountant or corporate director with a wealth of experience and a wide range of knowledge in various fields. By appointing such Audit & Supervisory Board Members, NST strengthens the functions for monitoring and supervision of the Board of Directors, which has decision-making and business supervisory authority. Audit & Supervisory Board Members cooperate with one another to execute the daily audit engagements according to the schedule and determines the legitimacy of the Directors' business execution and the validity and rationality of operational judgment from independent perspectives, and do so at meetings of the Board of Directors and other important meetings. This constitutes the basic policy for appointment of Audit & Supervisory Board Members, and it is believed that the system for monitoring and supervision of NST management is functioning effectively.

Supporting System for Outside Directors and Audit & Supervisory Board Members

So that Outside Directors are able to correctly carry out their duties, 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 Members, NST has established the Audit & Supervisory Board Members' Office and has assigned office staff to it. The General Affairs & Corporate Communication Department also supplies Outside Directors and Audit & Supervisory Board Members with necessary support including advance explanation of proposed Board of Directors resolutions, and observation visits to NST sites, subsidiaries, and other entities.

Cross-Shareholdings

1 Policy on cross-shareholdings

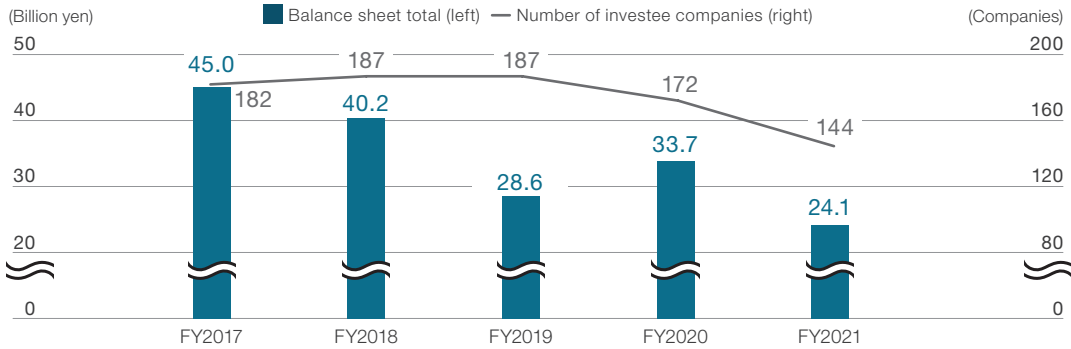
Regarding basic policy on cross-shareholdings (all holding shares except shares of NST Group companies), the Group conducts regular evaluations of the holdings' significance, economic rationale, etc. Shares for which the validity of holding is not recognized are to be reduced through adequate dialogue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

2 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.

Numbers of investee companies and balance sheet totals for investment shares held for purposes other than pure investment

The primary causes of the decrease in the balance sheet total in FY2019 and the increase in FY2020 is an increase in the share market price valuation difference.



3 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

judgment 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.

For details about corporate governance, please see the Corporate Governance Report and Securities Report.

Corporate Governance Report

 https://www.nst.nipponsteel.com/sustainability/governance/governance_policy.html

Securities Report

 https://www.nst.nipponsteel.com/ir/library/securities_report/

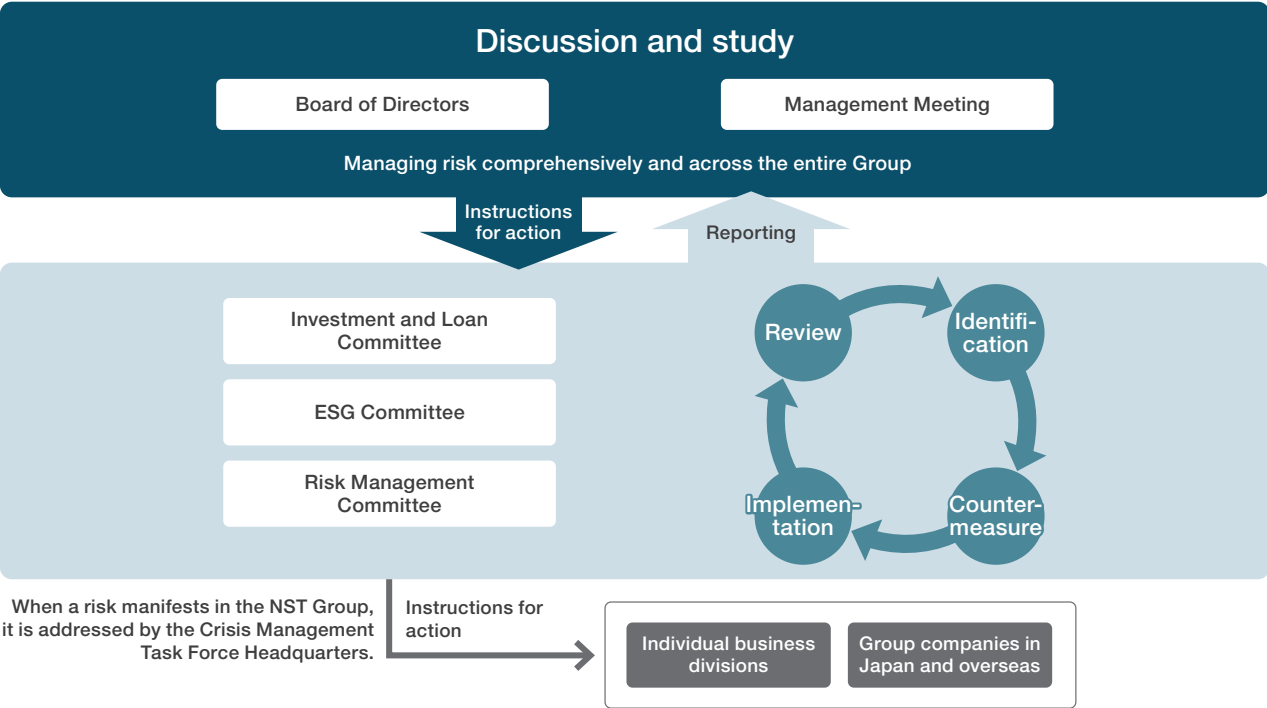
Risk Management

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

Risk management system

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

Main risk items



Action taken in response to business and other risks

| Risk item | Description | Primary action in response |
|--|--|--|
| External environment risks | | |
| Macroeconomic environment | <ul style="list-style-type: none">Effects of economic trends and changes in demand in major regions (Japan, North America, Asia)Effects on existing business models | <ul style="list-style-type: none">Implementing growth strategies through global strategies for capturing new demand related to SDGs and other social needs, and extending and expanding overseas business <div>P.17</div> |
| Market risks (exchange rate risks, interest rate risks, product price risks, share price risks) | <ul style="list-style-type: none">Risk of exchange rate changes in transactions conducted in foreign currenciesRisk of interest rate fluctuations in the procurement of business fundsPrice fluctuation risk inherent in some of the products which we sellRisk of valuation loss on securities resulting from changes in the price of shares which we own in business partners | <ul style="list-style-type: none">Use of forward exchange contracts based on actual demandReducing interest rate fluctuation risks using interest rate swaps and other meansReducing risks and preventing losses related to business transaction risks based on business management regulationsRegular monitoring of stocks which we own (share price) |
| Country risks | <ul style="list-style-type: none">Risk that claims, loans, or investments may become impossible or difficult to recover due to policy changes or changes in the politics, society, economy, environment, or other area in countries where we engage in trade, overseas investments, or loans | <ul style="list-style-type: none">Preventing unexpected losses resulting from increases in country risks based on the country risk management regulations |
| Risks related to the environment and society | <ul style="list-style-type: none">Risks of business delays or interruptions, diminished corporate reputation, or other consequences in the event of a problem related to the environment or society | <ul style="list-style-type: none">Identification of important issues (materiality) related to ESG managementScenario analysis based on TCFD recommendations (now being studied)Calculating CO₂ emissions, setting reduction targets, and taking action to reduce emissionsAcquisition of environmental management system (ISO14001) certificationFormulation of policy to address human rights and formulation of human rights due diligence guidelines (now being studied) <div>P.25</div> <div>P.30</div> <div>P.32</div> |
| Risks related to natural disasters, infectious diseases, etc. | <ul style="list-style-type: none">Effects on business from earthquakes and other natural disasters, or from the COVID-19 pandemicEffects from large-scale accidents, terrorism, or other unforeseeable events | <ul style="list-style-type: none">Formulation of a BCP (Business Continuity Plan); implementation of disaster preparedness measures, disaster drills, etc. |
| Business risks | | |
| Risks related to safety and quality | <ul style="list-style-type: none">Effects on the lives and health of NST Group employees, as well as effects on society's trust and other consequences in the event of a problem in health and safety, quality control, or similar areaRisk of expenses for product recall, repair, and other measures in the event of a quality problem occurring in the products which we sell | <ul style="list-style-type: none">Group-wide activity to eliminate occupational accidents; ensuring quality based on regulations related to safety, reliability, labeling, and other matters for products which we sell; measures to secure the trust of customers and end users |
| Credit risks | <ul style="list-style-type: none">Risk of deteriorating credit status at customers in Japan and overseas, and problems in meeting loan obligations to the NST Group | <ul style="list-style-type: none">Quantitative and qualitative evaluation of customers based on credit management regulations and other regulations, setting credit limits (Expiration dates are set for credit limits, which are renewed regularly.) |
| Business investment risks | <ul style="list-style-type: none">Investment recovery risk in the event that corporate value of an investee company declines due to worsening of business results | <ul style="list-style-type: none">Investment management based on standards for new investment and standards for business assessments <div>P.21</div> |
| Risks related to impairment of fixed assets | <ul style="list-style-type: none">Risk of declining asset value resulting from a drop in the current price of business real estate, a decline in profitability, or other factorRisk of declining asset value of other tangible or intangible fixed assets (including goodwill) | <ul style="list-style-type: none">Regular monitoring of current commercial real estate prices and profitability |
| Business foundation risks | | |
| Risks related to legal regulations | <ul style="list-style-type: none">Risk of effects on NST Group business activities resulting from new or changed laws or regulations in Japan or overseas | <ul style="list-style-type: none">Complete observance of laws and regulations related to our business activities based on the Compliance Manual |
| Financing risks | <ul style="list-style-type: none">Risk of inability to procure funds from financial institutions and investors, and risk of increasing financing cost, in the event of a disruption in financial systems in major financial markets | <ul style="list-style-type: none">Dispersing financing sources and diversifying financing meansEnsuring a certain amount of long-term funds through long-term bank loans and issue of corporate bonds |
| Risks related to information systems and information security | <ul style="list-style-type: none">Risk of loss or leakage of important information, and risk of system stoppage, resulting from cyber attacksRisk of system stoppage due to server or network damageRisk of system stoppage due to natural disaster | <ul style="list-style-type: none">Preparation of regulations related to suitable protection and management of information assets, and complete information security training for employeesContinual monitoring for cyber attacks by specialist security vendorsStrengthening measures against failure through duplication of important servers and networks, and through Cloud use |

Safety, Quality Control, Compliance

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

Initiatives for safety

Steel Division (Technical Support & Safety Management Department)

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

(Priority measures)

- 1 Improving safety awareness and ensuring rule compliance
 - Carry out standardization for all work and improve the level of work standards.
 - Ensure rule compliance through the use of monitoring cameras.
- 2 Complete identification of and countermeasures to risks
 - Reliably implement equipment countermeasures and management countermeasures.
 - Make countermeasure locations and risks visible. (Thoroughly shared with operators and supervisors)
- 3 Redevelopment of safety awareness using training and other means
 - Reliably carry out exercises, KYT, risk simulation training, case studies of disasters at similar organizations, etc.
 - Further develop safety awareness using DVDs, VR, and the Web.

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

- 1 Follow-up by checking the progress of the voluntary safety audit
 - Support was provided to enable each manufacturing site to establish and further strengthen a system in which it can continue its own efforts to identify and resolve improvement issues based on independent safety audits.
- 2 Sharing of information and continuing global liaison meetings for disaster prevention among the Global Headrest System (GHS) groups

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

Initiatives for quality control

DX Promotion Department

In quality control, operations requiring manual operation cannot be zero risk. In July 2020, NST established the DX Promotion Department under the direct control of the President to address the challenge of eliminating this quality risk by digitalizing operations across all manufacturers, distributors, and customers.

- 1 “N-SCM” Integrated inventory management system
 - Automation of inventory control in repeating transaction fields in order to produce faster responses to changes in conditions, and to prevent shipping problems caused by missing materials or wrong materials
 - 2 “SPOD” Improved order entry system
 - Standardization of order placement operations and strengthening of the check functions to improve accuracy and efficiency, and to eliminate human errors
 - 3 “EXCS™” New coil center system
 - Updating and consolidating the core business management systems at NST subsidiary coil centers
- (N-SCM and SPOD began operation in the second half of fiscal 2021. We are continuing to expand the functions and increase the number of product categories. The EXCS™ infrastructure will be launched in fiscal 2022. We will then expand the functions and increase the number of sites as a medium- to long-term initiative.)

Steel Division (Technical Support & Safety Management Department)

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

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

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

- 1 Thorough guidance and continuous monitoring of key suppliers in the Mobility Business Department and the Functional Materials Department
- 2 Measures against mistakes in order entry: Consider introducing a scheme to prevent mistakes in order entry, in cooperation with the Steel Division.

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 Strengthening of recall training on the production side and study of recall training in cooperation with sales partners
- 3 Engagement of insurance to insure against damages in cases when responsibility is not clear
- 4 Expansion of support for human resources development (further improvement of safety measures through the use of highly skilled employees)



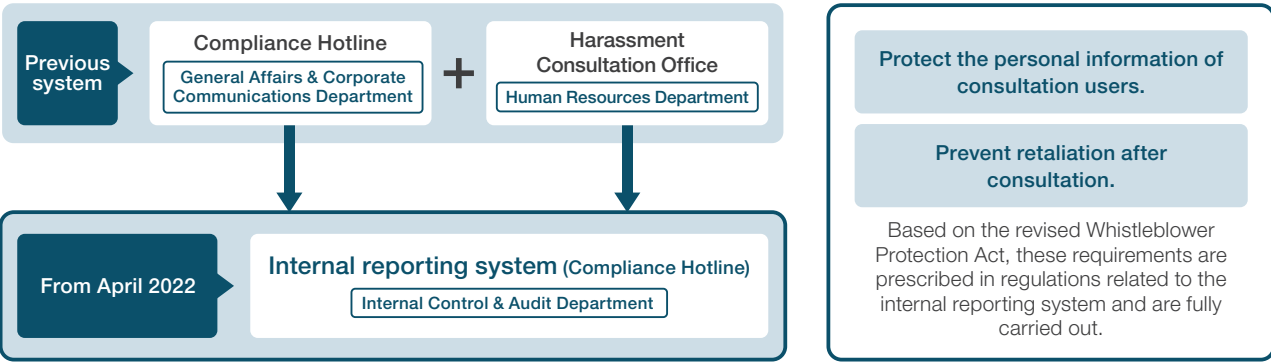
Photo shows overseas testing company affiliated with NST.

Initiatives for compliance

The “Compliance Hotline System” has been established and operated to serve as an internal reporting contact and consultation office related to risks related to business operations for use by employees of NST and its subsidiaries. Confidentiality regarding reports and other matters is maintained, and whistleblowers will be protected from retaliation. A contact point with commissioned outside experts has also been set up so that whistleblowers 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 reporting system (Compliance Hotline)

In June 2022, the Whistleblower Protection Act was revised and whistleblower protections were strengthened for the purposes of protecting the confidentiality of whistleblower information and protecting whistleblowers from retaliation. Based on this revision, the internal reporting system (Compliance Hotline) for the Nippon Steel Trading Group was reviewed so that users can be more confident when using the system. The new system began operating in April 2022.



Basic approach to internal control systems

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

1 Internal control in business execution (three defense lines)

NST’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 the appropriateness of the structural and operational conditions of the internal control system of the entire Group, and promote improvements to them, while ensuring independence and keeping an objective standpoint.

2 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 Members in case of necessity, and ensure the appropriateness of business execution. The department(s) engaged in internal controls and auditing shall cooperate with the department(s) engaged in functions, instruct and support the internal 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
Shinichi Nakamura

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

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



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

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

In charge of the Foodstuffs Division



Director, Member of the Board, and Managing Executive Officer
Hiroshi Tashiro

| | |
|------------|--|
| April 1985 | Joined Mitsui & Co., Ltd. |
| April 2018 | Director, Mitsui & Co., Ltd. |
| June 2022 | 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 Executive Vice President
Hidetake Ishihara

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

In supervision of the Foodstuffs Division In charge of General Affairs & Corporate Communications, Corporate Planning, SDGs Promotion, ICT Promotion, Accounting & Finance, Sales Accounting, Credit Management, and Legal Also in charge of the Textiles Segment



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, the Company (present) |

In charge of the Steel Division



Director, Member of the Board and Senior Advisor
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 |
| June 2022 | Director, Member of the Board and Senior Advisor, the Company (present) |

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
Ryu Matsumoto

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

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

Audit & Supervisory Board Members



Senior 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



Outside Audit & Supervisory Board Member
Independent Director
Shigeji Sugimoto

| | |
|--------------|--|
| 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 (present) |
| May 2016 | Outside Audit & Supervisory Board Member, AEON Fantasy Co., Ltd. (present) |
| June 2016 | Outside Audit & Supervisory Board Member, the Company (present) |
| June 2020 | Outside Audit & Supervisory Board Member, Osaka Steel Co., Ltd. (present) |

Certified public accountant, 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

| | |
|------------|---|
| 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 (present) |

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

Skill matrix of NST executives

| Name | Age*1 | Position | Years in position*2 | Gender | Independent Director | Particularly expected skills and areas of expertise | | | | | | | |
|--------------------|-------|---|---------------------|--------|----------------------|---|--------------------|--------|-------------------------|--|-------|------------------------|-----------------------------------|
| | | | | | | Corporate management | Business knowledge | Global | ESGs and sustainability | Human resources and human resource development | IT/DX | Finance and accounting | Legal affairs and risk management |
| Shinichi Nakamura | (63) | President and Representative Director | — | Male | | ● | ● | ● | ● | ● | | | |
| Hidetake Ishihara | (59) | Executive Vice President | — | Male | | ● | ● | ● | ● | | | ● | |
| Yasuyuki Tomioka | (62) | Managing Executive Officer | 6 | Male | | ● | ● | ● | ● | | | | |
| Kazuhiro Koshikawa | (60) | Managing Executive Officer | 1 | Male | | ● | ● | ● | ● | | | | |
| Hiroshi Tashiro | (60) | Managing Executive Officer | — | Male | | ● | ● | ● | ● | | | | |
| Yasumitsu Saeki | (67) | Senior Advisor | 4 | Male | | ● | ● | ● | ● | ● | ● | | |
| Keishiro Kinoshita | (73) | Outside Director | 6 | Male | ● | ● | | ● | ● | | | ● | |
| Ryuko Inoue | (65) | Outside Director | 3 | Female | ● | | | ● | ● | ● | | | ● |
| Ryu Matsumoto | (70) | Outside Director | 1 | Male | ● | ● | | ● | ● | ● | ● | | |
| Shingo Maeda | (61) | Senior Audit & Supervisory Board Member (full-time) | 3 | Male | | ● | ● | ● | ● | | | | |
| Tadayoshi Minatani | (62) | Audit & Supervisory Board Member (full-time) | 5 | Male | | | ● | | ● | | | | ● |
| Shigeji Sugimoto | (70) | Outside Audit & Supervisory Board Member | 6 | Male | ● | | | | ● | | | ● | ● |
| Hirofumi Funakoshi | (59) | Outside Audit & Supervisory Board Member | 1 | Male | | ● | ● | ● | ● | ● | | | |

*1: As of June 30, 2022 *2: As of the conclusion of the ordinary general meeting of shareholders in June 2022. Years in position is indicated as “—” for newly appointed executives.

Executive Officers

| Name | Position | Name | Position | Name | Position | Name | Position | Name | Position |
|--------------------|-----------------------------------|------------------|----------------------------|------------------|----------------------------|---------------------|-------------------|-------------------|-------------------|
| Shinichi Nakamura | President | Masanori Tochika | Managing Executive Officer | Tetsuya Okamoto | Managing Executive Officer | Hiroyuki Ueda | Executive Officer | Nobuyuki Watanabe | Executive Officer |
| Hidetake Ishihara | Executive Vice President | Masao Mizumoto | Managing Executive Officer | Hideki Takahara | Managing Executive Officer | Masato Ikura | Executive Officer | Kazuaki Hata | Executive Officer |
| Toshihiko Kunishi | Senior Managing Executive Officer | Hiroyuki Okayama | Managing Executive Officer | Jun Terada | Managing Executive Officer | Shigehiro Yoshinaga | Executive Officer | | |
| Yasuyuki Tomioka | Managing Executive Officer | Takaaki Hirose | Managing Executive Officer | Masahiro Hattori | Managing Executive Officer | Toshiaki Iwata | Executive Officer | | |
| Kazuhiro Koshikawa | Managing Executive Officer | Kazuyuki Isobe | Managing Executive Officer | Shinji Otsu | Executive Officer | Katsunori Suzuki | Executive Officer | | |
| Hiroshi Tashiro | Managing Executive Officer | Satoru Ohashi | Managing Executive Officer | Yasuhiro Nomura | Executive Officer | Masayasu Abiko | Executive Officer | | |

Message from Outside Directors



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.

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.

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 much useful advice and performs supervisory functions, mainly from a management perspective.

Functions of Outside Directors demanded by society

There are many situations even outside Board of Directors meetings where Outside Directors are asked for their opinions and comments. Many of these matters have already been discussed for a sufficient length of time, and Outside Directors do not frequently identify new risks or arguments for discussion. In addition, Outside Directors do not have greater expertise than the personnel of any business area within the company. However there are cases when knowledge, experience, and wisdom based on the expertise which an Outside Director has in other fields may serve as a catalyst that helps draw the Directors' attention to new ideas and enhances discussions. When we view matters from different perspectives and examine them from multiple points of view, we have an opportunity to better identify their true nature. Although it may not be written in any textbook, I will be overwhelmingly pleased if you understand our functions to be the following: an important observer's perspective and useful diversity.

Changes in Nippon Steel Trading between the time of appointment as Outside Director and the present

A corporation is no longer a simple and classic entity which must only utilize business resources effectively, generate large income, and deliver profits and services to its stakeholders. Corporations are now strongly required to contribute to the advancement of general society by addressing a wide range of social issues. As a member of society, a corporation must not only function in the passive role of observing laws and ethical obligations, but must actively and on its own initiative meet a wide range of needs. Failing to do so may lead to loss of trust from society, and also may prevent the expected growth in corporate value from being achieved. This trend is most pronounced in the markets of developed countries, and I recognize that it is a path which our company must follow if we are to grow as a global player. NST has endeavored to create organizational systems, and to establish internal systems including



in-house training, so that we can respond rapidly to these kinds of changes in the social environment. We have also been careful to communicate the necessary relevant information both within and outside the company in a timely manner. This is a matter that can never be perfectly achieved, and I hope that we will continue working to make progress together with society, while maintaining a high antenna and strong information sensitivity.

What made an impression on me during discussions at a recent Board of Directors meeting

The theme of the bio-carbon project in the U.S. is ESG investment aimed at achieving zero carbon emissions – an issue that is shared by all of humanity. However I was impressed at the fact that this project also has several excellent characteristics in terms of commercial viability.

(1) This is a business using revolutionary and patent-protected technologies where feasibility has already been verified. NST brings its secured sales channels including end users to its participation in this project. This limits risk to some extent and will allow us to play a pioneering role in the bio-carbon market where large future demand is expected.

(2) Bio-carbon pellets can be used as a substitute for coal, and are created by torrefaction and forming of wood scraps, residues, and similar materials. As a result, no new capital investment is required and this technology has advantages in terms of cost. In addition to the points above, one more important point which I raised is that by using raw materials which have received various certifications, it will be possible to provide many customers with carbon neutral materials which were produced with no impact on the natural environment. Achieving zero carbon emissions inevitably involves various restrictions and

obstacles in the areas of technical development and costs. While discussion from an overarching perspective is necessary, I felt that it is also important to steadily and repeatedly carry out this kind of project that is sustainable in the sense that it is profitable while involving minimal risks.

Expectations for company directors on the executive side

"If you want 1 year of prosperity, grow grain. If you want 10 years of prosperity, grow trees. If you want 100 years of prosperity, grow people." This is an ancient Chinese proverb. From the perspective of a corporation pursuing continual growth, what is the source of this growth? In every industry, it is an intangible value that is not contained in the balance sheet. It is technical development strength for a manufacturer, and hospitality for the tourism business. For a trading company, I believe that the driving force behind fundamental growth is trust and human resources. Because trust is a common responsibility shared by all management and employees, in the end it comes down to people. The business model of a trading company remains constant no matter what changes occur in the social environment. The important issue here is determining how to effectively mediate demand and supply in the flows of people, products, money, and information. Our lifeline for tomorrow is finding and developing human resources who can flexibly adapt to changes in the world, or identify such changes early and search for reliable business opportunities, and who can create a truly marketable deal flow. I hope that we will continue to devote our total strength to the development of promising human resources who are filled with an enterprising spirit and equipped with creativity, and to decisive hiring and staffing with consideration for diversity.

Functions of Outside Directors that are required by society

I believe that the functions of Outside Directors are to aim for continual company growth and improving corporate value in ways including (1) presenting the overall direction for corporate strategies and the like, (2) supporting appropriate risk-taking, and (3) providing highly effective supervision of directors and other personnel. During a time of social and economic changes including ESGs, COVID-19, geopolitical risks, and high resource prices, naturally the immense experience accumulated within the company serves as its foundation. In addition, each Outside Director must be able to contribute by utilizing our own experience and expertise.

In my case, my knowledge of company management is limited, however I believe that I can contribute as a lawyer and based on my experience working in central government agencies in ways such as by verifying facts from documents and reports, identifying issues, and considering various problems from an international perspective and the perspective of the relationship between corporations and government.

Changes in Nippon Steel Trading between the time of appointment as Outside Director and the present

Since I was appointed as a director in 2019, there have been dramatic social and economic changes that have produced a wide range of issues which

need to be addressed. Under these conditions, I have been impressed at how the company has carried out a number of actions including strengthening the business foundation and enacting a growth strategy through the Medium- to Long-Term Management Plan. We were also supported by a recovery in the environment surrounding the Steel Division which represents our primary business segment, and as a result of these factors, fiscal 2021 was a very good year that saw the highest profits in our history.

While it is important to meet the needs of society and continually generate profits, other events which I believe are notable have included (1) carrying out steel distribution improvements using the DX strategy in our primary business segment – the Steel Division, (2) proceeding with reorganization and consolidation of our business while striving for health management, with the results of an employee survey conducted after the Head Office relocation in February 2022 showing a generally high level of employee satisfaction, and (3) the construction of corporate governance and risk management systems, in addition to the enhanced activities of the Internal Control & Audit Department and the Audit & Supervisory Board.

What made an impression on me during discussions at a recent Board of Directors meeting

I was impressed by the discussions concerning investment in a company

working to achieve zero carbon emissions, and concerning consolidation in the textiles business.

Listed companies, and particularly companies listed on the Tokyo Stock Exchange Prime Market, are recently required to have a high level of governance and stronger risk management in accordance with laws such as the Companies Act and Financial Instruments and Exchange Act, and also in accordance with the Corporate Governance Code and other materials. However as we experience dramatic changes in the social and economic conditions, in order to achieve continued company growth and improve the corporate value, it is also important to, in some cases, boldly address challenges while accepting some risks that are difficult to predict. I expect NST to continue further expanding its existing business and also to boldly challenge itself with new business opportunities.

Expectations for company directors on the executive side

In order to achieve the goal of being “a strong growth company that contributes to society,” the Medium- to Long-Term Management Plan for 2021 through 2025 that was formulated in the midst of the COVID-19 pandemic prescribes (1) building a robust corporate structure, (2) achieving sustained growth, and (3) enhancing ESG management.

In its primary business segment which is the Steel Division, NST is responsible for supplying a wide range of steel materials including automotive materials and renewable energy materials. The Industrial Supply & infrastructure Division supplies multi-materials that meet the needs of society, while the Foodstuffs Division and Textiles Segment support our daily life. In this way, our businesses is contributing to improving ecological and affluent societies and basic needs in Japan and around the world.

I expect that NST will continue to powerfully carry out this mission under the direction of the new president Shinichi Nakamura.



Ryu Matsumoto

Functions of Outside Directors that are required by society

It is the nature of a corporation to pursue profits. Therefore within the company, we proceed in a straight line in a single direction. It is the function of Outside Directors to signal a flashing yellow light for this process.

In textbook terms, their work is to “provide supervision of major decision-making, business execution, and management as members of the company management team.”

However in simpler terms, I would prepare two large pieces of poster paper on the floor, each with a large circle on it, with one labeled “society” and the other labeled “the company.” I think it is the job of an Outside Director to stand firmly with one foot planted squarely in each of these circles.

Nearly all internal company directors stand in the company circle. While I have management experience, when I look back at myself I also had both feet placed on the company side. I think it is critical for an Outside Director to stand with his or her two feet solidly placed on both the society and company sides, and to continually make balanced decisions.

Changes in Nippon Steel Trading between the time of appointment as Outside Director and the present

I was appointed a little more than a year ago, and am not in a position to speak about the entire company.

However if I had to describe something, I would say that while Nippon Steel Trading is not particularly flashy, it does make steady progress step by step.

I also think it is wonderful how business is handed over so seamlessly. In the companies where I worked before, there was always a large shift in policy right away each time when the president was changed.

While the presidency changed this year from Yasumitsu Saeki to Shinichi Nakamura, that hand-over process was truly smooth and there were no difficulties at all. In a sense I think this indicates the high character of the company.

When the transition is not smooth, this invites the risk of a blank period in company activities as everyone can only wait and watch what is going on.

Of course, I should also report that I can sense ambition in President Nakamura to take on many challenges in the future.

What made an impression on me during discussions at a recent Board of Directors meeting

The Steel Planning Department proposed capital investment in countries where future growth is expected. This investment was intended for constructing a new parts supply site for a certain major manufacturer. The amount of the investment was not so large as to risk the future of the company, however it was substantial.

The proposal from the responsible director was presented very rationally, and included information such as the future potential of the client’s business and its management policies. The director then explained the background such as the conditions of economic development in the country, conditions of competition, and business potential.

After explaining the details of the capital investment, the business plan, investment profitability, and schedule, the director emphasized that sufficient growth in sales would still be possible even if business with that client was discontinued.

This was a good proposal for investment that was both careful and bold, without relying too much on any one element, and the proposal made me realize its importance.

Expectations for company directors on the executive side

I have two major expectations for President Nakamura.

Continuing from the previous section, the first is active investment. This is an issue that faces all companies where the president is not the owner, and it means carrying out bold investment from a long-term perspective. Of course the best case would be pursuing profits in energy-related areas and other SDG areas.

The other is building a company which is grounded in well-being and is a rewarding place to work. While expanding break room is also good, what I mean is building a company where not all employees are directly seeking a management post.

I believe there are a mountain of possibilities, including pursuing specialized knowledge and creating posts focusing on the feeling of achievement and sense of mission.

I hope to see the President accomplish this while optimally utilizing the power of youth, and also focusing on empowering female employees.



Ryuko Inoue

Nippon Steel Trading Business at a Glance

FY2021 results



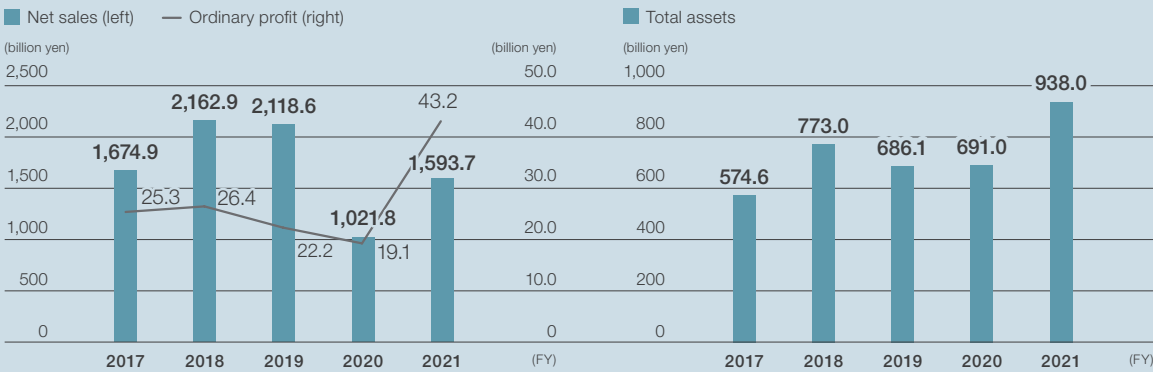
Ordinary profit ratio

90%

(¥43.2 billion)

Steel Division

| | |
|---------------------|---|
| Net sales | ¥1,593.7 billion |
| Ordinary profit | ¥43.2 billion |
| Total assets | ¥938 billion |
| Number of employees | 4,400 (consolidated) 893 (non-consolidated) |





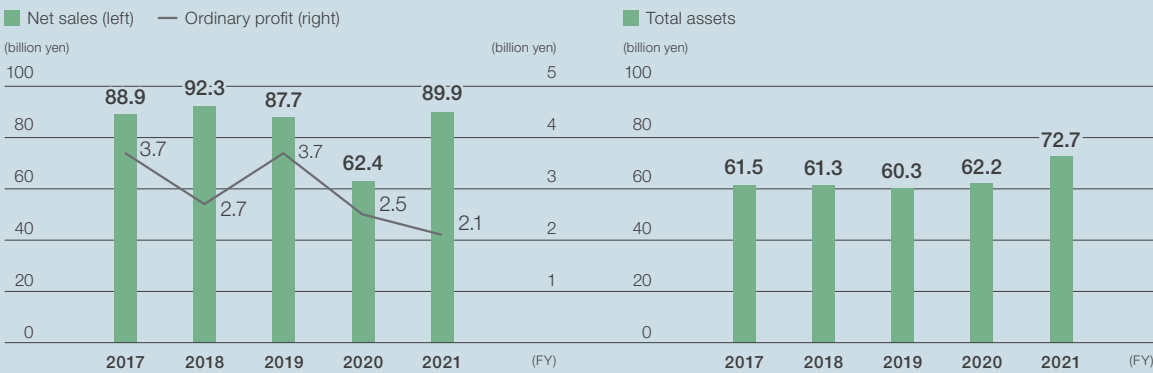
Ordinary profit ratio

4%

(¥2.1 billion)

Industrial Supply & Infrastructure Division

| | |
|---------------------|--|
| Net sales | ¥89.9 billion |
| Ordinary profit | ¥2.1 billion |
| Total assets | ¥72.7 billion |
| Number of employees | 842 (consolidated) 63 (non-consolidated) |





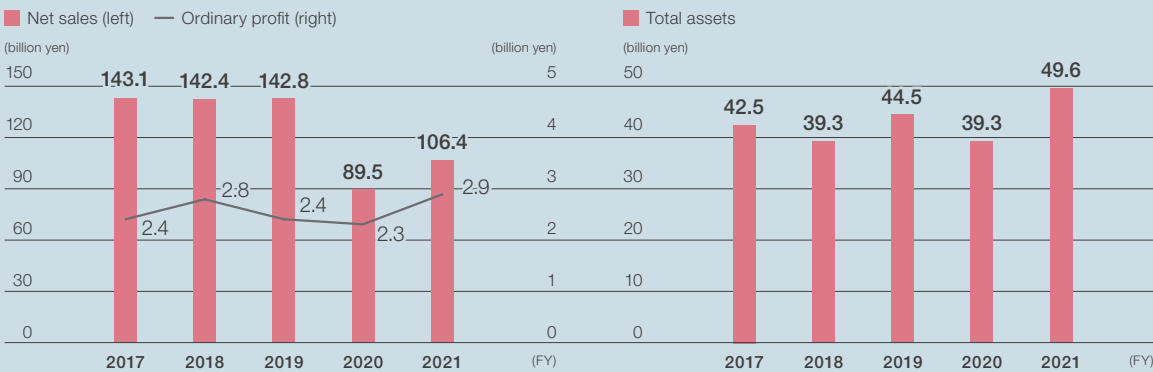
Ordinary profit ratio

6%

(¥2.9 billion)

Foodstuffs Division

| | |
|---------------------|--|
| Net sales | ¥106.4 billion |
| Ordinary profit | ¥2.9 billion |
| Total assets | ¥49.6 billion |
| Number of employees | 156 (consolidated) 93 (non-consolidated) |





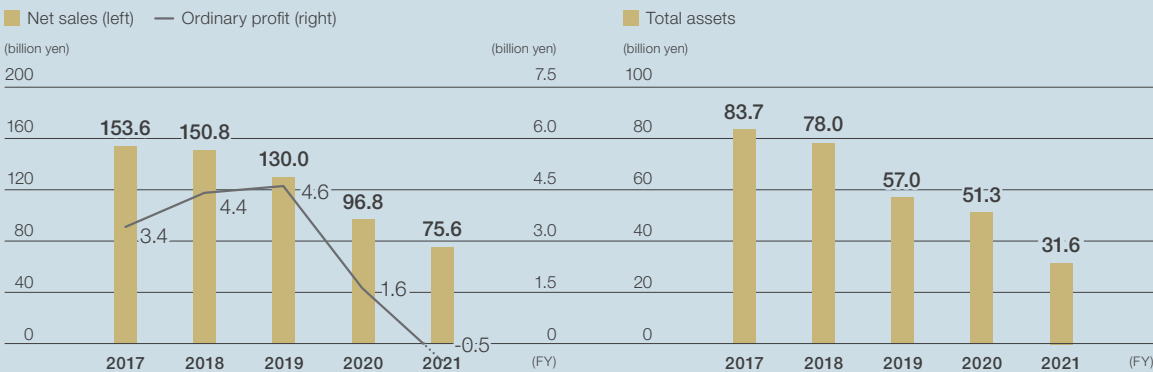
Ordinary profit ratio

-0.5%

(¥0.5 billion)

Textiles Segment

| | |
|-----------------|---------------|
| Net sales | ¥75.6 billion |
| Ordinary profit | -¥0.5 billion |
| Total assets | ¥31.6 billion |



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

Steel Division

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

Kazuhiro Koshikawa
Managing Executive Officer

Hiroshi Tashiro
Managing Executive Officer

Business activities

The Steel Division uses its domestic and overseas sales networks to provide comprehensive services, from raw material procurement to product delivery to customers. Through thorough customer-oriented sales, we will enhance the function and ability to timely grasp customers' requirements, which are increasingly diversifying, advance and provide solutions, and make efforts to construct 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, 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 | 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. |  |
| <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) | We are working for stable and diverse supply sources centering on steelmaking raw materials such as coking coal, steel scrap, and ferro-alloys. | |
| <ul style="list-style-type: none">Machinery (steelmaking machinery, machine tools, metal processing machinery, machinery parts, energy-related machinery, construction machinery, general industrial machinery, rolls, and others) | We supply a wide range of products including steelmaking machinery, rolls, and machinery parts to steelmakers, contributing to their stable steel production. | |

Understanding of the external environment

| Opportunities | Risks |
|---|--|
| <ul style="list-style-type: none">Expansion of new businesses to meet growing needs for measures to combat climate change and environmental measuresExpansion of business related to clean energy (hydrogen, solar power, wind power)Expansion of new demand resulting from the transition to EV automobilesExpansion of civil engineering and construction demand resulting from the promotion of national resilienceExpanding use of new materials resulting from an accelerating transition to multi-materials | <ul style="list-style-type: none">Growing country risks resulting from deteriorating global political and economic conditionsStagnating trade caused by the trade policies of various countries, enacted to address geopolitical risks and other factorsDisruption of supply chains resulting from an insufficient supply of semiconductors and other componentsIncrease in various costs resulting from the high price of resources caused by efforts to reduce carbon emissions and other factorsEffects on business profits resulting from sudden exchange rate changes and rising interest rates |

Competitive advantages

- 1

As a trading company linked directly to steelmakers, we can share strategies with manufacturers as we operate our business.

Sharing strategies with steelmakers allows us to invest our resources in growth areas where demand is expected to increase, and to pursue the creation of value-added distribution in the steel business.
- 2

We are accelerating our global strategy mainly in Europe and America by transferring part of the steel business from the Mitsui & Co. Group.

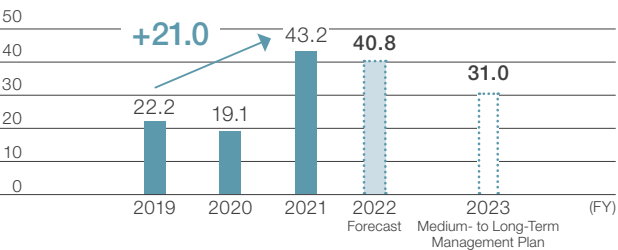
In overseas markets where steel demand is growing, with the aim of capturing demand of not only Japanese companies but also local companies, we are working to make maximum use of the business foundations and business competitiveness of both NST and the Mitsui & Co. Group, and to be a best partner that can plan and propose total solutions that match the global needs of a wide range of customers around the world.
- 3

We have strength in steel product purchasing.

We are able to purchase a wide range of steel products from Nippon Steel Corporation, the largest steelmaker in Japan. This allows us to supply steel products using the domestic and overseas sales networks that we have constructed over many years.

Business review

Ordinary Profit (billion yen)



Fiscal 2021 business review

The business environment in the Steel Division turned for the better due to a recovery in steel demand in Japan and overseas. Steel prices rose largely due to factors such as an improved balance of supply and demand, and the high prices of raw materials. Ordinary profit was 43.2 billion yen. In addition to the effects from implementing our growth strategy and strengthening the business foundation, this was also due to an increase in sales volumes and to profit on sales of inventory resulting from rising steel prices.

Changes in ordinary profit (billion yen)

| | 2019 ▶ 2021 | 2021 ▶ 2022 Forecast | 2019 ▶ 2022 Forecast |
|---------------------------------------|-------------|----------------------|----------------------|
| Strengthening the business foundation | +4.5 | +1.9 | +6.4 |
| Growth strategy | +5.0 | +4.8 | +9.8 |
| Environment changes, etc. | +11.5 | -9.1 | +2.4 |
| Total | +21.0 | -2.4 | +18.6 |

Growth strategy

- 1

Capturing new demand that meets social needs related to SDGs

 - Automotive field (EV motors, fuel cell materials, super-high tension steel, etc.)
 - Environmental materials (stainless steel for maritime scrubbers, materials for the renewable energy field, etc.)
 - High-performance materials for the information and communications fields (stainless steel for smartphones, etc.)
- 2

Carrying out global strategies for deepening and expanding overseas business

 - Expanding sales for automobiles (China hot press materials and high-tension steel, North America, etc.)
 - Working to become an integral member of overseas regions (expanding sales utilizing local mills, launching a coil center in Houston, etc.)
- 3

Cooperation with major users to improve sales and profitability

 - Expansion of raw materials business (scrap, black pellets, etc.)
 - Expansion of sales in the construction field (marketing of TIO/NEO system construction standard products, etc.)
- 4

M&A and alliance strategies

 - Increasing synergy by making NS Architectural Steel Services Corporation and Tsukiboshi Trading Co., Ltd. consolidated subsidiaries
- 5

DX strategy to reform steel distribution

Strengthening the business foundation

- 1

Improve work efficiency through means such as utilizing ICT tools.

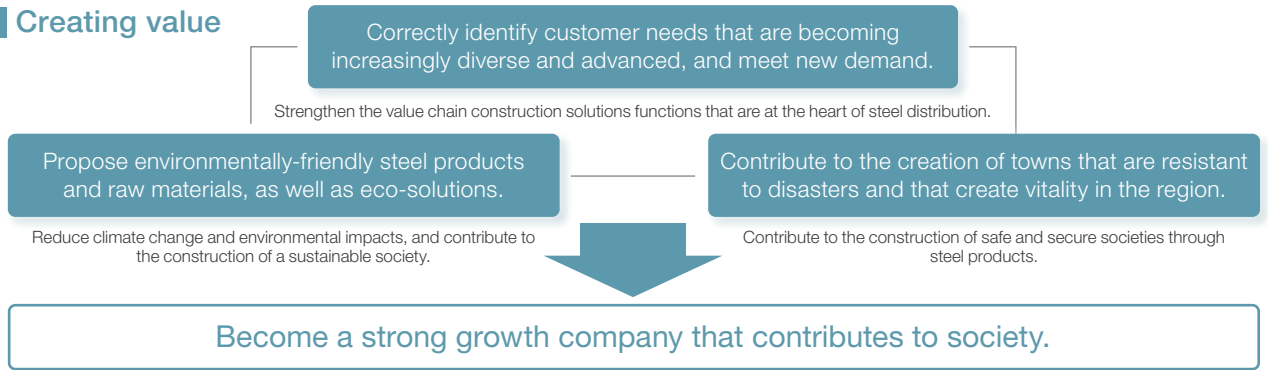
 - Promote complete digitalization of trading company operations by developing a new steel distribution DX platform
- 2

Reorganize departments, branch offices, and sub-branch offices.
- 3

Reorganize and consolidate Group companies.

Consolidate NST Nagoya Coil Center Co., Ltd. and San-ei Daimaru Co., Ltd. Consolidate NST Special Steel Nishinippon Co., Ltd. and NST Special Steel Chubu Co., Ltd. Reorganize the business of domestic construction and wire material subsidiaries. ...Etc.

Creating value



Topics

Reorganizing the business of domestic construction and wire materials subsidiaries

In April 2022, the NST Group carried out an absorption-type company split in which the wire materials division of NST SANKOHAN Co., Ltd. (hereafter, "NST SANKOHAN") was inherited by NST Wire & Welding Co., Ltd. (hereafter, "NSTWW"). Following the split, we also merged NST SANKOHAN, NS Kenzai Hanbai Co., Ltd. (hereafter, "NS Kenzai Hanbai"), and NST Tekken Kanto Co., Ltd. (hereafter, "Tekken Kanto"). By consolidating the wire materials division of NST SANKOHAN and NSTWW, we aim to strengthen functions by increasing the efficiency of sales sites and distribution centers. By integrating the NST SANKOHAN warehouses and sales functions for construction materials and other products with the construction project functions of NS Kenzai Hanbai and the machining functions of Tekken Kanto to construct a more robust business foundation, we will aim to further increase the level of customer satisfaction.



Industrial Supply & Infrastructure Division

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

Hiroshi Tashiro
Managing Executive Officer

Business activities

The Industrial Supply & Infrastructure Division is composed of three business units. We provide integrated total services including raw materials, machining, unit parts, and installation and sale of machine tools, as well as industrial parks with infrastructure including the electricity supply. We are also working to establish and reinforce quality control and maintenance functions, to strengthen partnerships with other divisions, for instance, the Steel Division, to open up new areas of business, and to collaborate with partners in order to increase the added-value of our business.

| Business unit | Products handled |
|--------------------------------------|---|
| Functional materials | Aluminum products, copper products, metal silicon, magnesium, carbon fibers, etc. |
| Mobility | Cast forged steel parts, precision machined parts, fuel tanks, automotive seat parts, etc. |
| Infrastructure, machinery & railways | Operation and sales of industrial parks, electric power business, machine tools, general industrial tools, railroad vehicles, railway equipment, etc. |



Functional materials



Mobility



Infrastructure



Machinery and railways

Understanding of the external environment

Opportunities

- Growing aluminum demand resulting from moves to reduce carbon emissions and trends to reduce product weights
- Expansion of business related to clean energy (hydrogen, solar power, wind power)
- Expanding use of new materials resulting from an accelerating transition to multi-materials
- Increasing opportunities for industrial park sales business resulting from the shift in production sites away from China

Risks

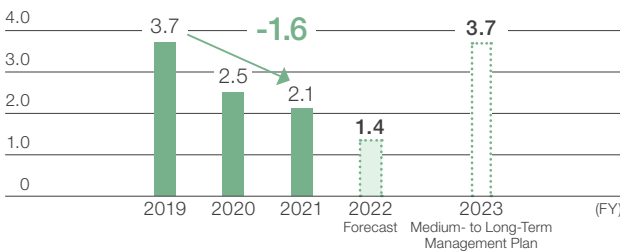
- Growing country risks resulting from deteriorating global political and economic conditions
- Effects on business profits from changes in the prices of aluminum and other non-ferrous metals
- Rising raw material prices

Competitive advantages

| | | |
|---|---|---|
| 1 | Functional Materials Department | We sell a lineup of non-ferrous materials including aluminum, copper, carbon fiber, plastic, silicon, and glass products, and are capable of proposing materials that meet a wide range of industry needs for lighter weights and the use of multi-materials. We also provide a supply chain fully supported by our network of branches located in Japan and around the world. |
| 2 | Mobility Business Department | Centered on the crankshafts that we developed in our business for commercial vehicles over many years, we provide a wide range of automotive parts (primarily cast and forged products) including engine components and parts for low emission vehicles (LEVs). We also have constructed a global supply system consisting of 13 sites in eight countries around the world that provide parts such as headrest stays and other seat components. |
| 3 | Infrastructure, Machinery & Railway Department | Utilizing the expertise in industrial park operations that we have developed over 30 years at the Rojana Industrial Park, which is one of the largest in Thailand, we provide overseas business solutions in Thailand, Vietnam, and Mexico - three countries where Japanese companies are particularly active. We control the largest domestic share of Nippon Steel Corporation railway car wheels, axles, and other products, selling these products in Japan and also exporting them. We also sell welding machines, track maintenance equipment, instruments, and other products produced overseas to railway companies in Japan and other countries. In addition, we have created a maintenance system and provide services which contribute to improving the efficiency of customer work. |

Business review

Ordinary Profit (billion yen)



Fiscal 2021 business review

In the Industrial Supply & Infrastructure Division, although there were increased sales of aluminum and other high-performance materials, the business environment continues to be difficult in the automotive parts business and other business areas that are affected by declining manufacturer production. Ordinary profit was 2.1 billion yen, due in part to declining profits at Group companies.

Changes in ordinary profit (billion yen)

| | 2019 ▶ 2021 | 2021 ▶ 2022 Forecast | 2019 ▶ 2022 Forecast |
|---------------------------------------|-------------|----------------------|----------------------|
| Strengthening the business foundation | +0.7 | +0.2 | +0.9 |
| Growth strategy | +0.4 | +0.2 | +0.6 |
| Environment changes, etc. | -2.7 | -1.1 | -3.8 |
| Total | -1.6 | -0.7 | -2.3 |

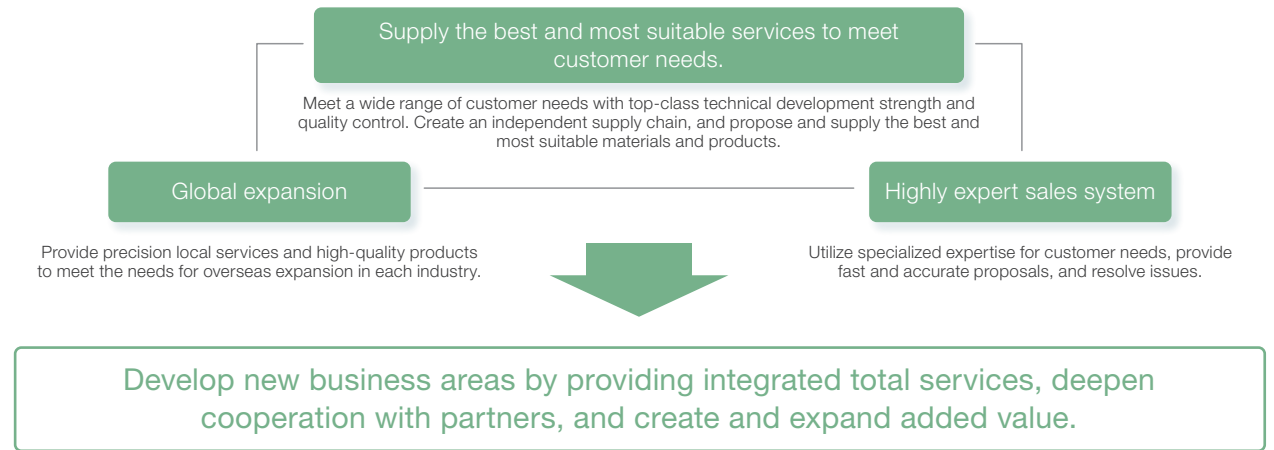
Growth strategy

- 1 Strengthening of response to the expansion of worldwide demand for aluminum and diversification of suppliers
- 2 Global expansion of the headrest parts business
- 3 Expansion of exports of railroad track maintenance equipment and kitchen automation equipment
- 4 Expansion of roof-mounted solar power generation business

Strengthening the business foundation

- 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.
- 4 Assess existing investments and select new investments in the GHS (Global Headrest) business.

Creating value



Topics

Expanding sales of carbon fibers for turbine blades to major European wind power generator manufacturers

Major European wind power generator manufacturers have used carbon fibers produced in Japan for many years. During this time, NST is cooperating with a China manufacturer and proposed a delivery scheme so that we were chosen as the production site, beginning deliveries in May 2022. Japan-made carbon fibers provided by NST are processed to create intermediate blade products at the China production site, and are exported primarily to Europe. Europe has established a target of 30% or more renewable energy for all energy consumed in the region by 2030. In particular, large numbers of power plants are being constructed in the offshore wind power field, and carbon fibers are used in many increasingly large wind turbine blades due to their light weight and sturdy characteristics. We are considering also utilizing this same kind of delivery system in India beginning in or after 2030, and will actively contribute to the creation of a zero carbon society through our business.



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

Business activities

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

| Main products | Business activities |
|---|--|
| Beef Pork Chicken Processed meat products | In the field of imported meat such as beef, pork, and chicken – a field that NST was one of the frontrunners, we conduct stable 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. Utilizing our global procurement capabilities, we will continue to expand our transaction volume of meat, processed livestock, and processed agricultural and fishery products. 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. In addition, we are contributing to the enhancement of food culture by expanding globally to the growing overseas markets. Demand for food is expected to increase further, particularly in emerging countries, and we are actively promoting business related to food SDGs. |
| Fishery products such as shrimp and crabs, and processed fishery products | |
| Agricultural products, processed agricultural products, and other foods | |



Understanding of the external environment

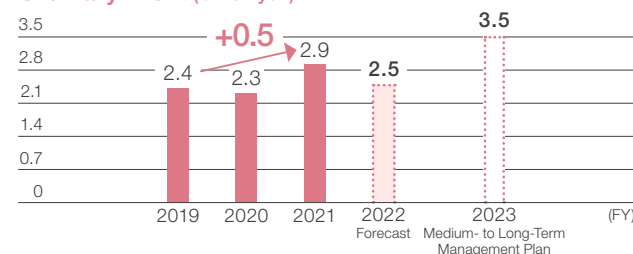
| | |
|--|---|
| Opportunities <ul style="list-style-type: none"> Increasing needs for food products resulting from a recovery in inbound demand Increase in meat consumption resulting from changing consumer food preferences (In Japan, as the population and birthrate decline and the population ages, older persons are consuming large amounts of meat.) Growing attention on imported meat as the domestic meat supply declines Growing meat demand resulting from population growth in Southeast Asia and other developing nations Increasing needs focused on food safety, security, and sustainability | Risks <ul style="list-style-type: none"> Slowdown in the domestic food-service industry and changes in the demand structure resulting from the prolonged COVID-19 pandemic Changes in meat prices resulting from imbalance in supply and demand due to climate change and conditions overseas Effects on business profits resulting from sudden exchange rate changes |
|--|---|

Competitive advantages

- Pioneer in imported meat products**
We have an industry position and product knowledge that were developed over many years.
- Top share in Japan for imports of these products**
We have efficiently secured profits with a limited number of members.
- Stable supply system and a sales network capable of adapting to changes in the environment**
We purchase safe and reliable meat and processed foods from countries around the world, and provide the information we have collected from overseas suppliers to our customers.

Business review

Ordinary Profit (billion yen)



Changes in ordinary profit (billion yen)

| | 2019 ▶ 2021 | 2021 ▶ 2022 Forecast | 2019 ▶ 2022 Forecast |
|---------------------------------------|-------------|----------------------|----------------------|
| Strengthening the business foundation | +0.2 | +0.2 | +0.4 |
| Growth strategy | +0.4 | +0.3 | +0.7 |
| Environment changes, etc. | -0.1 | -0.9 | -1.0 |
| Total | +0.5 | -0.4 | +0.1 |

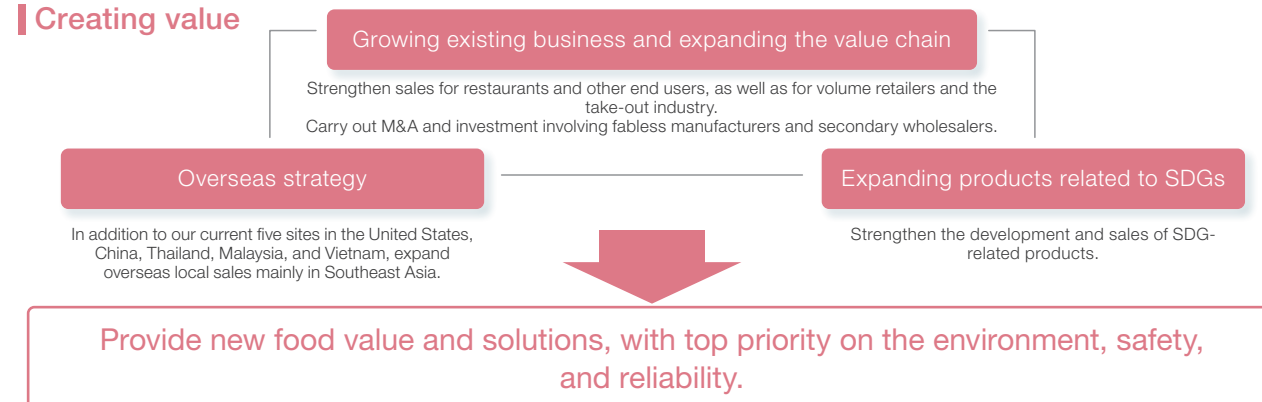
Fiscal 2021 business review

The business environment surrounding the Foodstuffs Division continues to be difficult due to the effects of temporary restaurant closures and reduced operating hours. In terms of performance, ordinary profit was 2.9 billion yen as a result of carrying out growth strategies including capturing demand for ready-made meals.

Growth strategy and strengthening the business foundation

- Expand sales of products that meet social needs for action on SDGs.**
 - Plant based meat
Promote sales of plant based meat to combat fears of inadequate protein consumption resulting from growth of the global population.
 - Pork produced without the use of antibiotics or growth hormones
As no hormones or antibiotics at all are used, the livestock is raised on 100% natural feed, helping reduce the impact that the excrement has on the environment.
- Strengthen local sales overseas.**
Develop Southeast Asia markets where future population increases and market growth are expected.
- Strengthen the value chain by carrying out M&A and an alliance strategy.**
In addition to expanding our primary trading business, expand the scale of business through M&A and an alliance strategy.
- Strengthen the personnel needed to carry out our growth strategy, assign the most suitable personnel to each position, and hire local staff in order to expand local sales overseas.**
- Carry out the DX strategy.**
In addition to increasing the efficiency of office work through the system development that we are already conducting, also create order receipt and placement work systems that connect with distributors and customers.

Creating value



Topics Programs for PBM (Plant Based Meat)

The environment surrounding the foodstuffs industry is becoming increasingly difficult as a result of droughts, floods, and other abnormal climate events caused by the growing global population and global warming. As a specific means of reducing environmental impact and ensuring a future supply of protein, in November 2020 NST formed a business alliance with DAIZ Co. – a foodtech venture that produces raw material for plant based meat from germinated soybeans. We are working for development and sales of the PBM products (trademark: Miracle Meat) developed by DIAZ. The strengths of Miracle Meat include nutrition that is two to 10 times more than normal, that is achieved by storing nutrients in nodules when the soybeans germinate. It reproduces meat extremely well, and features umami that is no less than real meat, as well as a high level of texture and flavor. As a result, it enables the development and marketing of a substitute meat with a new feeling of value that is a complete change from the previous image. The Foodstuffs Division has established a top-class position with its trading business for meat, together with processed meat, agricultural, and fishery products. Utilizing the extensive sales channels that we have developed in this business, we are focusing on sales of Miracle Meat and processed food products using Miracle Meat in order to contribute to creating a sustainable society.



The next generation of Nippon Steel Trading as we take up challenge in each of our business areas

STEEL | JONGHYEOP PARK

Growth Story



Steel Division
On loan to Nippon Steel Trading Austria GmbH
Jonghyeob Park

Joined NST in April 2016.
Responsible for purchasing and sales of steel products in the Europe steel business.

What is important is quickly identifying customer needs as they become increasingly diverse and advanced

After joining NST, I learned the basics of trading operations in the Logistics Management Department and then gained sales experience in the Tinplate Sales Department for around three years. In August 2021, I was assigned to Nippon Steel Trading Austria. At present, I work in purchasing and sales of steel products.

A renewed understanding I gained after taking this new assignment was the importance of continuously studying, keeping an antenna raised high, and identifying customer needs. Europe is home to many powerful steel mills with long traditions. In addition, environmental regulations are strict and there are also EU trade regulations (such as safeguards and anti-dumping regulations) as well as regulations in individual countries. Overall, this makes it a region with a high barrier to

trade. In order to present new proposals to customers, it is necessary to present contents which clear these barriers and are also appealing. Because these regulations and systems are all changing, it is necessary to keep an antenna extended and consider how these changes will affect our business. It is not easy, however I am able to learn how countries and industries around the world view the projects I have been involved in. This makes it very interesting and I enjoy my work.

Strengthening solution proposal capabilities and delivery abilities

In Europe, trading company functions are not widely recognized and their advantages are not understood by many customers. In order to overcome this, we speak repeatedly with the customers and work to continually identify customer needs. As one example, during repeated conversations with a customer, I learned that the company's machining capacity

and storage space were lacking. When I proposed a scheme utilizing the machining equipment and warehouses of a NST supplier, we were able to conclude a contract. At that time, logistics costs were high due to the COVID-19 pandemic, and we were unable to make proposals with competitive prices. However as a result of persistence and spirit of never giving up, we were eventually able to make a proposal that met the customer needs and produced results.

New objectives developed when assigned overseas

My objective is to expand business in Europe. Various investment and development is being carried out in Europe from the perspective of sustainability, and I feel that there are potential business opportunities in a wide range of fields. Although there are difficulties, I will continue to approach my job seriously and challenge myself in developing new business and expanding existing business.

Improving expertise as a railway professional

The Infrastructure, Machinery & Railway Department where I am assigned primarily, sells Nippon Steel Corporation railway car components (such as wheels and axles) to major domestic railway companies, and imports and sells overseas-made (primarily European) railway equipment to domestic railway companies.

After joining the company, I was responsible mostly for sales of railway car components in Japan. The products that I worked with operated in support of public transportation, and I found the work very fulfilling as work related to important social infrastructure. Order arrangements, price negotiations, delivery date coordination, and other tasks were very difficult work, however I believe that it helped me build a solid foundation as a businessman.

In 2018 I made use of the overseas training system to study business in the U.S. state of California. From 2019, I was posted at a NST affiliated machine tool company located in Chicago, and gained extremely valuable experience including learning the operations of the affiliated company and communication with local employees.

Since returning to Japan in January 2021, I have been focused on launching a business for import and sales of large-size track maintenance equipment (vehicles) from Austria. At present, railway companies in Japan now conduct track maintenance work (such as rail grinding and rail correction) at night after train service has ended. However securing the operator personnel is a difficult struggle and it has become necessary to perform this work efficiently with smaller numbers of operators. The products which NTS handles allow more efficient work with fewer persons and also can improve work quality. Therefore we expect their introduction to proceed well. At present, another company is dominating the Japan market share, however our present target is to capture some degree of market share and establish our presence in the industry.

My approach and that of the company are the same: First give it a try.

I think my motivation comes from the fact that at a trading company, we are free to pursue those ideas which we can put together. Individuals' judgments plays a large role in our operations, and a person can formulate a plan from scratch and put

it into action. Of course we need approval from superiors to actually implement it, however there are many cases when they also have the forward-looking thinking of "First give it a try," and this allows me to remain extremely highly motivated in my work. Once I discovered a German-made instrument at an overseas exposition, planned for its sale in Japan, and actually delivered results.

The importance of "on-site capabilities"

What is important for me as I carry out my work is "on-site capabilities." I visit the customer sites directly and strive to fully identify what it is that the customers truly need.

This was taught to me by my immediate superior when I first joined the company. Even now when communications tools such as email and telephones have become so advanced, there are matters one cannot understand without visiting and talking with the customers. This makes it possible to obtain information and business opportunities which are unavailable from just the office. There have been cases when a customer gave me information, or made a new request, based on our personal relationship. At such times, I felt that

my efforts as the person in charge were entirely worthwhile, and felt that my efforts were entirely worthwhile. NST has many employees who are able to put this kind of on-site capabilities into practice. We have been able to construct strong relationships of trust with the customers, and I believe this is one of our company's advantages.

My goals are "working in Europe," "starting up a new business," and "management."

I am now working in Europe on a business travel basis, however I would like to be posted here on a long-term basis in the future.

My first overseas post was taken up entirely by studying from start to finish, and I want to put what I have learned on my own into practice. Europe is not only a world-leading region in terms of railways, but I believe it is a source of a wide range of business opportunities such as environmental technologies. I would very much like to challenge myself to search for new business in this region, and then launch that business starting from scratch. I would like to have experience in a position of company management, further advance my career, and become a businessman with a broader perspective on the world.

INDUSTRIAL SUPPLY & INFRASTRUCTURE | KEITA KAWABATA



Infrastructure, Machinery & Railway Department,
Industrial Supply & Infrastructure Division
Keita Kawabata

Joined NST in April 2010.
Responsible for imports of overseas railway equipment primarily from Europe, and sales to railway companies in Japan.

The next generation of Nippon Steel Trading as it takes up challenges in each of our business areas

Changing from general staff to a career-track position, and being assigned to an overseas supplier: My history of personal challenges

When I first joined the company, I worked as general staff for around three years, and was involved with ship loading management and sales support operations for import purchasing of frozen pork. However because I also wanted to be involved in final delivery of the purchased pork to customers in Japan, I volunteered to work as a sales representative and changed to a career-track position. Over the next four and a half years, I worked as a sales representative for import purchasing of frozen pork and in its sales within Japan. It was then suggested that I be sent for training to Vion in the Netherlands – the largest supplier in my department. In July 2022, I started in my new position.

At Vion, I now have opportunities to learn about the upstream flow of

products in the supply chain from the pig farmers and meat processing plants to pork export and sales. There was much that I discovered from being able to understand more deeply from an upstream position, which was different from the supply chain mid-stream position I had before. During this training period, I want to work to strengthen the relationship between NST and Vion, and to utilize the experiences I have gained in expanding future sales.

Changes that came to me as I was only focusing on sales: The future of our business

One project of NST and Vion that I am involved in is a project for joint development of pigs which are fed an original fermented lactic acid bacterium feed to stabilize their intestinal environment, make them healthy and attractive, and reduce the environmental impact. The livestock industry around the world is directly faced with environmental problems and issues of animal welfare. There is particularly

active discussion in this area in Europe. As I am in a place where I can regularly encounter cutting-edge thinking, and as a person working in the livestock industry, I am thinking about what the future of our business will look like. By participating in this project, I feel enthusiasm for approaching the world with the products I sell, aiming to create a better society.

Working so that people want to sell to and buy from Morita

As I carry out my work, I believe it is important that I approach each matter seriously and sincerely. Because there are so many competitor companies, I am working to build relationships of trust with both suppliers and customers so that they will want to sell to and buy from Morita in particular. Occasionally I face a situation where reaching an agreement is difficult, however I strive every day to search for the option that will be best for all three companies: the supplier, the customer, and NST.

FOODSTUFFS | Miwa Morita

Growth Story



Foodstuffs Division
On loan to Vion Food Netherland B.V.

Miwa Morita

Joined NST in April 2015.
Now on loan to a pork supplier to gain a deeper understanding about the product production process and strengthen relationships with the supplier. Responsible for carrying out a new-concept pork development project.



LEGAL | Masaki Kasahara

Growth Story

Legal Department, Corporate Planning & Administration Division

Masaki Kasahara

Joined NST in April 2017.
Responsibilities include studying legal problems in the business and formulating action in response, examining contracts and other documents for matters related to rights and obligations, handling lawsuits and other disputes, promoting compliance, and handling investments, loans, and M&A.

In the position I wanted, aiming for “aggressive legal affairs”

I majored in business law at university, and shortly after joining NST in 2017, my request was granted for assignment to the Legal Department where I could be involved in the legal field of the business, and I began my job filled with great expectations. In the Legal Department, I am responsible for cases when the terms of a business contract are different than ordinary, and for studying the contents and negotiating for transactions involving large sums of money, company acquisitions, and similar matters. This is the area described as “contract law,” however I am in also in charge of the function which we call “aggressive legal affairs.” This includes handling matters where trouble is expected or where lawsuits or other disputes have occurred, analyzing and organizing legal risks and other information that is essential for management investment decisions, and occasionally proposing new schemes from the legal perspective in order to resolve project issues.

New projects realized through youthful strength, ideas, and teamwork

In my third year at the company, I gained experience as a core member in a project for the launch of a joint-venture company, which was in the somewhat unusual form of a limited liability company. Although I had prior experience launching a listed company, this was my first encounter with a limited liability company. I studied as I continued to search for a way forward. The project team faced many issues, including problems and risks in the business plan, and determining methods of improving them, and we became increasingly bogged down.

At this time, a superior gave me the following advice. “While it is important for a legal person to consider risks and problems from a variety of perspectives, would it not be better to think about what can be done to make it work rather than about the reasons why it cannot?” Inspired by those words, I gained renewed enthusiasm for somehow making this project a reality. While getting hints from similar business models, the team members collected information, obtained advice from outside experts, checked related laws, formulated project plans based for profitable investment, established specific profit structures, and took every other action we could think of. As all of

the team members repeated a process of trial-and-error, the project began to gradually move forward. I remember how excited I was in the end, when we finally got approval from the company.

I felt that this experience helped me to grow considerably, and I learned the importance of having all team members combine their information and knowledge, and think carefully to identify the best method.

The next goal is further strengthening the earning power of Nippon Steel Trading

At present, NST is challenging itself with the DX strategy and other new programs that make extensive use of IT and new technologies. There are always risks whenever creating new business. However a company will never be able to utilize opportunities or enjoy profits from its business if it gives up easily or refuses to approve decisive action in the face of risks. At NST, we have comrades who fight with us. While working to properly control risks from the Legal Department’s standpoint, I want to work together with our members and search for ways that will lead to business opportunities. In this way, my objective is further strengthening the earning power of Nippon Steel Trading.

MN Inter-Fashion Ltd.

This company will solve the various issues facing the fashion and textiles industries, and the broader lifestyle field, and will create new value, thereby enriching people's lives and bringing them excitement and good impressions.

MN Inter-Fashion Ltd. was founded on January 1, 2022 from a business integration of the NST Textiles Division and Mitsui Bussan I-Fashion Ltd. This integration was based on a textiles business alliance involving Nippon Steel Trading, Mitsui & Co., Ltd., and Mitsui Bussan I-Fashion Ltd. (hereafter referred to as “the Alliance”).

Background of the Alliance

The textile industry is exposed to accelerating changes in the business environment both in Japan and overseas. In particular, the combination of a shrinking OEM* market for domestic apparel and the effects of the COVID-19 pandemic are expected to produce even more difficult conditions in the future. In these circumstances, we found a good match in the corporate intentions of Nippon Steel Trading and Mitsui & Co., Ltd. (hereafter, “the Two Companies”), both of whom were studying how to strengthen their business foundations and achieve sustained growth and development in the textile business. Following detailed discussions, the Two Companies agreed to utilize their business resources through the Alliance so as to complement each other and construct a sturdier business foundation. The Two Companies also agreed to create new business opportunities in order to continually achieve growth and improve the corporate value.

* Acronym for Original Equipment Manufacturer. It refers to contracted manufacturing of products for other companies' brands.

Objectives of the Alliance

1 Strengthen the foundation of the OEM business that is our core business area.

Combine the sales forces, customer networks, and specialty products and services of the Two Companies so that they complement one another and maximize the synergistic effects. Also improve competitiveness and construct a strong business foundation by improving efficiency, in particular in procurement by utilizing the scale resulting from this integration, and by pursuing functional improvements.

2 Create business opportunities in new growth fields.

Make maximum use of the business resources throughout the supply chain, from upstream to downstream, which the Two Companies each possess, and work to expand business in overseas markets where growth is expected. Also provide new services which make extensive use of digital technologies, and create new business opportunities based on sustainability, including utilizing recyclable materials and constructing a product recycling system, in order to achieve sustained growth.

3 Deepen the value which is provided to customers.

Based on the knowledge, comprehensive capabilities, and purchasing networks that the Two Companies have developed in the textile business over many years, carry out new projects utilizing digital technologies in the planning, production, logistics, and other functional processes to provide powerful support for customer innovations (such as cost reductions, digital transformation of our business processes, and sustainability measures).



Vice President Yoshimoto President Kihara

Synergy generated as a result of integration



Company outline

| | | | |
|----------------|--|--|---|
| Trade name | MN Inter-Fashion Ltd. | Main banks | Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., MUFG Bank, Ltd., SMBC Trust Bank |
| Representative | Shinichi Kihara (President and Representative Director) Kazumi Yoshimoto (Executive Vice President and Representative Director) | Share holder | Mitsui & Co., Ltd. 50% Nippon Steel Trading Corporation 50% |
| Capital | 4,428 million yen | Fiscal term | April - March |
| Employees | 850 (as of January 1, 2022) | Office | Osaka Office Osaka Mitsui Bussan Building 21F, 3-33, Nakanoshima 2-chome, Kita-ku, Osaka-shi, 530-0005 TEL: +81-06-6226-9671 FAX: +81-06-6226-9798 Paris Office/Yangon Office |
| Head Office | Akasaka K Tower, 1-2-7 Moto-Akasaka, Minato-ku, Tokyo 107-0051 TEL: +81-3-6771-9760 FAX: +81-3-6771-9761 | | |
| Group Company | Domestic | Overseas | |
| | AGL Corporation / Eco Center Co., Ltd./ SB Knit Co., Ltd. / SB Planning Co., Ltd./ SB Living Co., Ltd. / SERVO Corporation/ SUMI'SACCS Corporation / DigitalClothing Co., Ltd./ Fashion Net Inc. | Qingdao Home Fashion Textile Co., Ltd. (China) / Taicang Shenjin Fashion Co., Ltd. (China) / Zhuhe Fashion Garment Co., Ltd. (China) / Shanghai Echo Fashion Co., Ltd. (China) / Shanghai ER Knitwear Ltd. (China) / PT. Bengawan Solo Garment Indonesia (Indonesia) / Suitstar Garment Co., Ltd. (Myanmar) / SB Saigon Fashion Co., Ltd. (Vietnam) / ALTA MODA (China) Co., Ltd. (Shanghai, Tsingtao) | |

Business activities

Integrated Total Solutions

Based on the concept, positioning, and targeting, we are reinforcing our total solution functions that provide one-stop service to meet a wide range of client needs including brand development, product planning and purchasing, investment in production equipment, logistics design, and global market deployment. We procure the optimal materials and utilize our wide network of sewing sites centering on Asia to supply high-quality fashion and textile products.

OEM/ODM Business

We propose, produce, and sell a wide range of products that are needed by the customers.

Functional Textiles & Materials Business

Using our extensive network in Japan and overseas, we continually supply materials such as high-performance textiles and materials to the markets.

Brand Business

We operate a variety of products that enrich everyday life through brands.

Topics Programs for Sustainability

Co-creation business with Gen-Z

We are carrying out a joint project with the young marketing team SHIBUYA109 lab., which specializes in Gen-Z, for the purpose of “thinking of SDG as issues of personal interest to them, providing support for taking action, and communicating corporate programs based on these activities through means which are easily absorbed by Gen-Z.”

Operation of a crowdfunding site (LaunchPark)

We operate the LaunchPark site, which was created in order to produce, in cooperation with the consumers, the products needed by the consumers in exactly the quantities needed. From an ethical perspective, the goal is to avoid producing products which become unnecessary inventory.

Topics DX for Textile Products

We are digitalizing woven fabrics, knitted fabrics, pattern data, and other data, and are producing 3D samples using high-definition 3D computer graphic (3DCG) technologies in order to improve work efficiency and carry out eco-friendly and sustainable production.

Banana cloth x 109EYEZ
Sustainable tote bag made by Gen-Z



“After the fruit is picked, the rest is trash.” Material made from banana tree stems

We have produced a fabric from banana fibers. We wondered if there was some way we could use the large volumes of banana tree stems that are now only thrown away at banana plantations.

The banana is a familiar fruit that is eaten by people around the world, however after it bears fruit once, it will not bear fruit the following year. In order to produce delicious bananas, the cultivators leave behind only the new sprouts and cut away the stems after picking. These cut stems are then thrown away. Around one billion tons of banana stems are discarded each year in 129 countries and regions around the world.



“We may be old but we can still work.” A collection of fabric experts! How BANANA CLOTH was made

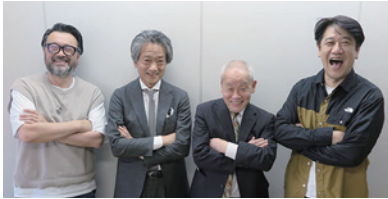
Nearly all cut banana stems are left on the ground to rot. As they do so, they produce unpleasant rotting odors and cause contamination of the groundwater and soil, affecting the lives of local residents. Several persons, who had worked in the development and production of fabrics for many years, noticed that there was a technology for making fabric out of banana stem fibers. By improving the spinning, weaving, dyeing, and other processes, at the end of a long period of trial-and-error, they eventually succeeded in producing denim fabric, sail cloth, knit cloth, and other fabrics.

Around 500 – 750 grams of fiber can be acquired from one banana tree stem, representing around 2 – 3% of the mass. A calculation shows that around 20 million tons of fiber could be acquired from the one billion tons of trees that are disposed of each year. Bananas are also hardy trees and grow quickly. Shortly after harvesting, new shoots begin to emerge from between the remaining stems, and produce the next batch of fruit after three to six months. As the cultivated area of cotton, hemp, and similar crops is declining, bananas with their rapid growth and large annual harvest contain great potential as a new

all-natural fiber.

MN Inter-Fashion Ltd. has trademarked this fabric as “BANANA CLOTH.” We have launched PR activities in order to communicate the appeal of this fabric to consumers, as it contributes not only to improving the global environment, but also the living environments of the farmers.

During these activities, we decided that rather than having the technology and sales rights owned exclusively by a single company, it would be better to prioritize delivering products to as many consumers as possible. Fabric experts who agreed with this idea came together from various fields, eliminating the barriers between companies. We are now cooperating as the BANANA CLOTH Committee in the development of new materials and new customers as we work to expand the use and sales of these products.



Average age is about 60.
Members of the BANANA CLOTH Committee

“Expanding horizons” Sustainable action given shape by Gen-Z

“Sustainability” has gone beyond being just a trend and has developed to be a key term. When we consider sustainability, should we not include the opinions of the younger persons who will be living in that sustainable future?

This is the idea that brought together Gen-Z students who are highly concerned about SDGs, the “SHIBUYA109 lab.” youth marketing research agency operated by SHIBUYA109 Entertainment, and MN Inter-Fashion. As a joint project on the SDG “Responsible Consumption and Production” theme, we have launched an after-school activity known as



SHIBUYA109 lab. EYEZ

“SHIBUYA109 lab. EYEZ.”

By producing and selling BANANA CLOTH tote bags, we created an opportunity, not only for EYEZ members but also for Gen-Z, to take sustainable action. In these activities, the students, who were inspired by the passion for material development of the BANANA CLOTH Committee, carefully selected the bag shape, fabric, and every element as they planned the bags.

“Future of manufacturing” Using new technologies to eliminate loss in the production process

MN Inter-Fashion has launched a business using digital software to create 3D patterns, and has established DigitalClothing Co., Ltd. as an internal corporate venture. In this business, new technology is used to eliminate the sample production process by loading conventional CAD patterns into a special system to create 3D designs.

Ordinarily two to three samples are created in order to sell a single apparel product. After the samples have been evaluated, in most cases they are discarded, and the resulting material loss in the production process has increasingly been seen as a problem.

This 3D pattern technology is used in the sample production process for BANANA CLOTH tote bags. It can check the final condition digitally before mass production is started, and eventually minimize loss.



DIGITALCLOTHING CO.,LTD

Making “I bought it because it was cute then I found out it was sustainable” a reality

The Gen-Z EYEZ members were inspired by the passion of the fabric developers, learned about manufacturing using digital technologies, and created a bag for commercial sales. They wanted to create a bag that people buy not because it is sustainable, but rather because it is cute, and then find out later that the product is sustainable. For this purpose, they repeatedly studied the quilting stitch colors, sizes that can accommodate a laptop PC, and other design factors before creating the final product. We hope that you will pick up one for yourself and enjoy using it for a long time.



Home Fashion Division

Yuki Kuwahara

Joined NST in April 2010.

Responsible for OEM/ODM* sales of bedding and miscellaneous goods for major retailers. Her duties span a wide range from plan proposals to production management and quality control. Products also cover a wide range and include slippers, curtains, light bedding, futons, footwear, and sofa covers.

* OEM (Original Equipment Manufacturer) in apparel OEM ordinarily refers to contracting only production to another company. With ODM (Original Design Manufacturer), everything from design to production is contracted to another company based on a request from an apparel brand.

Assigned to be in charge for major customers. Team strength found under pressure

“Because my clients had been large retailers, I thought I would be crushed by the pressure when I was selected to be responsible for such major customers.” Now in her 13th year with the company, Ms. Kuwahara explained how she overcame this pressure.

“Textile sales work requires in-house production management, planning, and quality control, occasionally involving outside designers, clients, and suppliers, in order to obtain a contract. Because there are a very large number of people involved, it is necessary to always be aware of each person’s work progress status and to continually be sure they are aware of the general policies and other guidelines. There are limits to the volume and quality that I can produce working on my own, and it is because each job is done as a team that we are able to raise the volume and quality performance. Therefore I spend my days thinking about how to improve the team results, and how to complete each task properly and make it easier as much as possible on the person who will do the next work.”

We can picture Ms. Kuwahara motivating her team in a laid-back atmosphere and guiding the team with careful communication. In fact, previously she travelled on business to China, Vietnam, and Myanmar around once every two months, visiting local plants, collecting new materials, and

holding meetings with local staff. With COVID-19, these trips are currently not possible, but she makes do with online meetings and other innovations. She has described how when more work is handled by the team, the results are better and her motivation is higher.

A formative experience in textile sales, learned from failure while posted overseas during her fifth year at the company

She described a story of failure that occurred during the three years from 2014 to 2017, when she was posted in Shanghai. “At that time, I was in charge of five local Chinese staff and three Japanese staff at the Tokyo Head Office, and we were responsible for all sales in Shanghai. Business customs in China are different from those in Japan, and the boundaries between the duties of each staff were clearly defined. Omissions in work were a concern and had become a source of customer complaints. In Japan, any member will willingly perform any work which has been left behind, or we might ask someone else for help. However that was not the practice in China.”

During her fifth year at the company, Ms. Kuwahara learned painfully how dependent she had become on support from her coworkers. She created a list of all duties, identified the person responsible and the work contents, and discussed with each staff member in order to try and identify the problems.

“By making duties visible, it became easier to understand how the

duties were divided, and we were able to improve coordination among the staff.” She says that based on this formative experience, she understood the importance of taking greater care to always be considerate of others when working, whether at a client, at a supplier, or in the company.

Finding her own path in a difficult business environment

Ms. Kuwahara has developed her own methods on her path in textile sales, and there are two areas where she wants to challenge herself in the future.

“One is creating a new distribution channel other than OEM/ODM. Following the COVID-19 pandemic, the size of the domestic market in the textile industry is shrinking at an accelerating rate. The conditions which textile trading companies find themselves in are extremely difficult, and I would like to try a variety of approaches as a company in order to create a new distribution channel. The other challenge is changing the old style of working. Textile work involves a lot of precision work, and requires much time and trouble. It is also a fact that we still have few women sales staff. I believe that we need to create a path so that women can continue to work even after life events such as marriage and child-raising.”

At the new company of MN Inter-Fashion, a business integration that was designed to produce possibilities for synergy, we look forward to seeing the youthful strength of employees such as Ms. Kuwahara opening up new paths in the future.

11-year Financial Summary

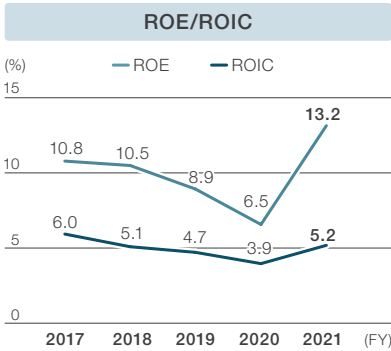
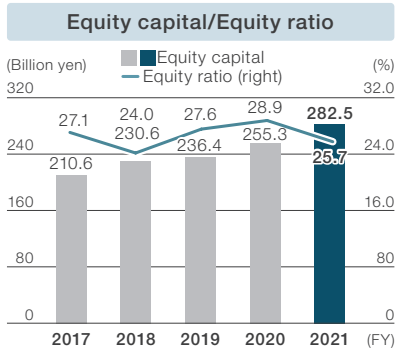
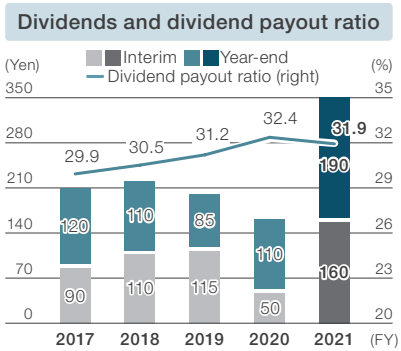
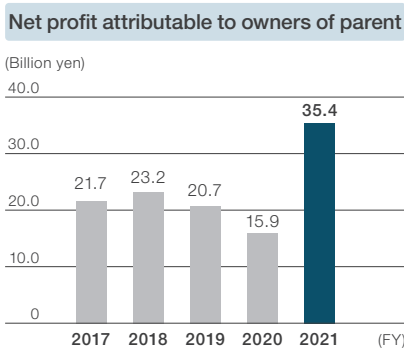
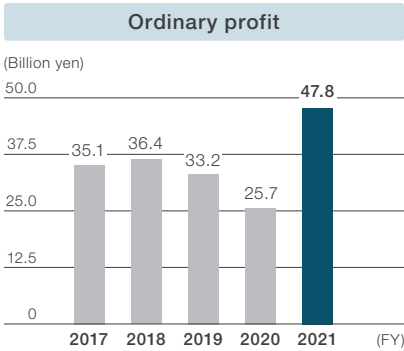
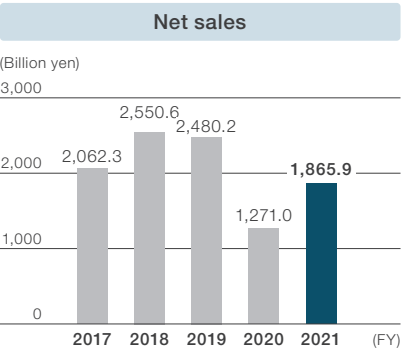
| | | 35th term | 36th term | 37th term | 38th term | | 39th term | 40th term | 41th term | 42th term | 43th term | 44th term | 45th term |
|---|-------------|-----------|-----------|-----------|-----------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Unit | FY2011 | FY2012 | FY2013 | FY2014 | | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
| Net sales | Million yen | 1,894,757 | 1,815,130 | 1,991,577 | 2,104,606 | | 1,930,845 | 1,841,353 | 2,062,316 | 2,550,612 | 2,480,256 | 1,271,050 | 1,865,907 |
| Ordinary profit | | 23,640 | 26,533 | 27,306 | 30,573 | | 29,025 | 30,915 | 35,188 | 36,427 | 33,244 | 25,772 | 47,810 |
| Net profit attributable to owners of parent | | 14,075 | 16,505 | 25,670 | 17,434 | | 17,329 | 18,238 | 21,726 | 23,249 | 20,708 | 15,992 | 35,417 |
| Comprehensive income | | 13,465 | 23,797 | 37,840 | 29,879 | | 11,866 | 21,562 | 28,018 | 19,745 | 14,462 | 21,321 | 39,806 |
| Net assets | | 123,680 | 140,640 | 157,554 | 183,693 | | 190,264 | 206,187 | 227,968 | 249,356 | 254,877 | 278,090 | 308,198 |
| Total assets | | 703,626 | 618,423 | 642,304 | 692,899 | | 660,664 | 673,078 | 776,395 | 960,173 | 857,744 | 883,285 | 1,100,441 |
| Interest-bearing debt | | 160,335 | 160,861 | 189,501 | 206,282 | | 205,612 | 196,100 | 247,622 | 329,004 | 300,177 | 298,398 | 415,600 |
| Net assets per share | Yen | — | — | — | 5,394.28 | | 5,612.63 | 6,143.38 | 6,815.75 | 7,150.13 | 7,329.73 | 7,917.51 | 8,759.36 |
| Earnings per share (EPS) | | — | — | — | 563.89 | | 560.55 | 589.96 | 702.86 | 720.68 | 641.97 | 495.79 | 1,098.03 |
| Equity ratio | % | 15.9 | 20.6 | 22.2 | 24.1 | | 26.3 | 28.2 | 27.1 | 24.0 | 27.6 | 28.9 | 25.7 |
| Net interest-bearing debt ratio (Net D/E ratio) | Times | 1.15 | 1.02 | 1.14 | 1.06 | | 1.07 | 0.91 | 1.04 | 1.32 | 1.16 | 0.95 | 1.36 |
| Return on equity (ROE) | % | 13.0 | 13.8 | 19.0 | 11.2 | | 10.2 | 10.0 | 10.8 | 10.5 | 8.9 | 6.5 | 13.2 |
| Return on invested capital (ROIC) | | 5.1 | 5.7 | 5.2 | 5.8 | | 5.5 | 5.9 | 6.0 | 5.1 | 4.7 | 3.9 | 5.2 |
| Price earnings ratio | Times | — | — | — | 7.36 | | 6.69 | 7.93 | 8.38 | 6.24 | 5.69 | 8.18 | 4.84 |
| Cash flow from operating activities | Million yen | 25,221 | 13,319 | -16,946 | 5,234 | | 146 | 22,282 | -29,528 | 9,386 | 39,732 | 47,255 | -113,001 |
| Cash flow from investing activities | | -6,817 | -7,139 | -11,889 | -11,568 | | -3,054 | -4,043 | -8,842 | -76,339 | -5,736 | -6,451 | -5,327 |
| Cash flow from financing activities | | -18,504 | -9,312 | 21,369 | 4,027 | | -4,855 | -14,788 | 44,064 | 63,812 | -32,679 | -9,993 | 100,633 |

Indicators related to cash flow

| | Unit | FY2011 | FY2012 | FY2013 | FY2014 | | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|--|-------|--------|--------|--------|--------|--|---------|--------|--------|--------|--------|--------|--------|
| Market value-based equity ratio | % | — | — | — | 18.5 | | 17.5 | 21.5 | 23.4 | 15.1 | 13.7 | 14.8 | 15.6 |
| Cash flow to interest-bearing debt ratio | Years | 6.4 | 12.1 | — | 39.4 | | 1,401.8 | 8.8 | — | 35.1 | 7.6 | 6.3 | — |
| Interest coverage ratio | Times | 9.9 | 5.1 | — | 2.0 | | 0.1 | 8.3 | — | 2.2 | 9.6 | 19.3 | — |

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

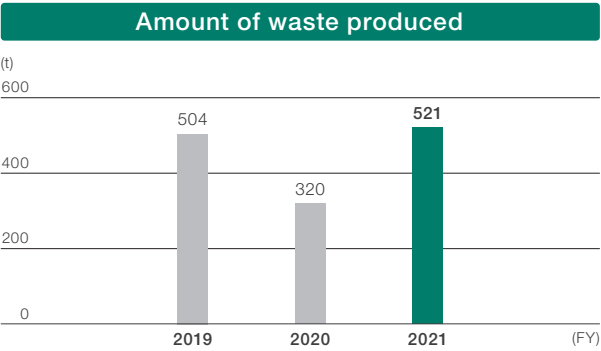
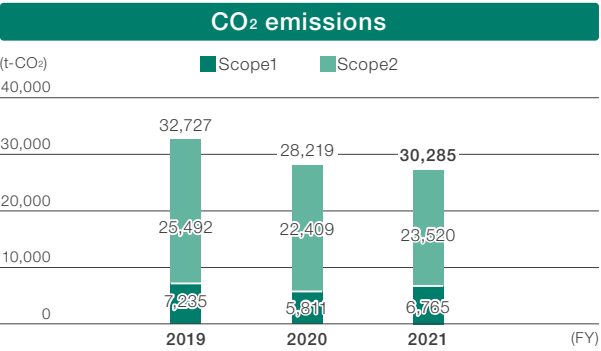
(Note) Prior to FY2013, the results of the Nittetsu Shoji Co. and Sumikin Bussan Kaisha, Ltd. were simply combined.
Equity ratio (%): Capital equity divided by Total assets
Market value-based equity ratio (%): Total equity market capitalization divided by Total assets
Cash flow to interest-bearing debt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



ESG Data

| Environment | | | | | | |
|----------------------------------|-----------------------------------|--|-------------------|---------|---------|---------|
| | | Subject range | Unit | FY2019 | FY2020 | FY2021 |
| CO ₂ emissions | Scope1+Scope2 ^{*1} | | Consolidated | 32,727 | 28,219 | 30,285 |
| | Scope1 | 7,235 | | 5,811 | 6,765 | |
| | Scope2 | 25,492 | | 22,409 | 23,520 | |
| | 4. Transport, shipping (upstream) | | t-CO ₂ | — | 2,960 | 3,170 |
| | Scope3 ^{*2} | 5. Waste produced from business activities | Non-consolidated | — | 173 | 279 |
| | | 6. Business travel | | — | 419 | 613 |
| | | 7. Employee commuting | | — | 542 | 535 |
| | Amount of power used | | Consolidated | Mwh | 51,903 | 45,525 |
| Energy consumption ^{*3} | | Consolidated | GJ | 307,275 | 260,089 | 296,192 |
| Paper usage | | Non-consolidated | 1,000 sheets | 24,711 | 18,392 | 15,812 |
| Amount of waste produced | | Non-consolidated | t | 504 | 320 | 521 |

^{*1} Fuel emission factors: (Japan) Greenhouse gas emission quantities based on "List of Calculation Methods and Emission Factors for Greenhouse Gas Emissions in the Calculation, Reporting and Publication System" from the Ministry of the Environment are used.
(Overseas) "2006 IPCC Guidelines for National Greenhouse Gas Inventories" are referenced for the fossil fuel unit calorific values and carbon intensity.
Electrical power emission factors: (Japan) The basic emissions factor in the emission factors for each electrical power company is used.
(Overseas) The CO₂ emissions factor for each country as reported by the International Energy Agency (IEA) is used.
^{*2} Scope3 is calculated beginning from fiscal 2020. (It is disclosed for limited categories based on the state of international discussion related to appropriate emissions management and disclosure.)
^{*3} A unit calorific value for electrical power of 3.6 GJ/MWh is used. Consumption of power generated from biomass is not included. Calculations for fuel are made using the unit calorific values in the Act on the Rational Use of Energy.



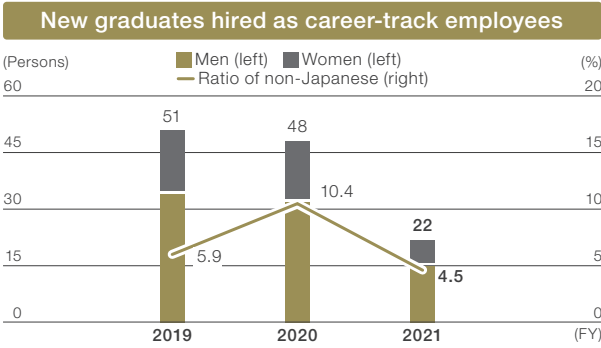
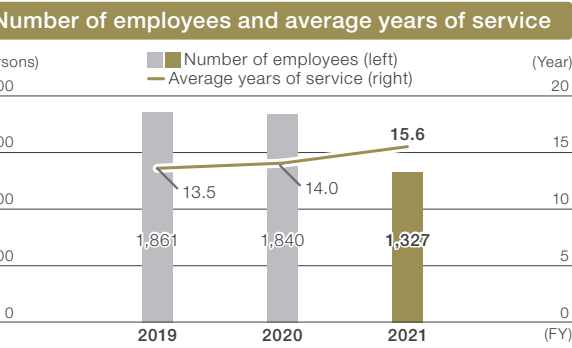
^{*} Subjects: NST and consolidated domestic and overseas subsidiaries
^{*} Subject: NST (non-consolidated)
^{*} Emissions increased in fiscal 2021 due to relocation of the Head Office.

| Social (personnel data) | | | | | | |
|---|--|------------------|---------|--------|--------|--------|
| | | Subject range | Unit | FY2019 | FY2020 | FY2021 |
| Number of employees | Consolidated | | Persons | 7,971 | 9,028 | 6,584 |
| | Non-consolidated | | | 1,861 | 1,840 | 1,327 |
| Number of new graduates hired as career-track employees | | | | 51 | 48 | 22 |
| | Men | Non-consolidated | Persons | 34 | 32 | 15 |
| | Women | | | 17 | 16 | 7 |
| | Ratio of women | | | % | 33.3 | 33.3 |
| | Non-Japanese | Persons | | 3 | 5 | 1 |
| | Ratio of non-Japanese | % | | 5.9 | 10.4 | 4.5 |
| Number of management positions | | | | 653 | 676 | 591 |
| | Men | Non-consolidated | Persons | 637 | 659 | 577 |
| | Women | | | 16 | 17 | 14 |
| | Ratio of women in management positions | | | % | 2.5 | 2.5 |
| Number of non-Japanese employees | | Non-consolidated | Persons | 42 | 41 | 31 |
| Mid-career recruits among regular employees | | Non-consolidated | % | 35.4 | 23.8 | 26.6 |
| Employment of persons with disabilities | | Non-consolidated | % | 2.2 | 2.0 | 2.3 |
| Average years of service | | | | 13.5 | 14.0 | 15.6 |
| | Men | Non-consolidated | Years | 14.7 | 15.1 | 16.6 |
| | Women | | | 11.8 | 12.5 | 14.0 |

| Social (working styles) | | | | | | |
|---|-------|------------------|---------|--------|--------|--------|
| | | Subject range | Unit | FY2019 | FY2020 | FY2021 |
| Average days of paid annual leave taken by employees | | Non-consolidated | Days | 13.1 | 12.0 | 12.1 |
| Percentage of paid annual leave taken by employees | | Non-consolidated | % | 69.4 | 62.9 | 63.2 |
| Number of employees taking pre- and post-childbirth leave | | Non-consolidated | Persons | 22 | 21 | 19 |
| Number of eligible employees taking childcare leave | | | | 39 | 33 | 40 |
| | Men | Non-consolidated | Persons | 19 | 13 | 18 |
| | Women | | | 20 | 20 | 22 |
| Percentage of eligible employees taking childcare leave | | | | 52.7 | 61.1 | 58.8 |
| | Men | Non-consolidated | % | 35.8 | 39.4 | 39.1 |
| | Women | | | 95.2 | 95.2 | 100 |
| Percentage of employees returning to work after childcare leave | | | | 97.6 | 96.9 | 100 |
| | Men | Non-consolidated | % | 100 | 100 | 100 |
| | Women | | | 95.5 | 94.7 | 100 |
| Average days of childcare leave taken by male employees | | Non-consolidated | Days | 2 | 4 | 7 |

| Social (human resources development) | | | | | | | |
|--------------------------------------|---------------------------------|------------------|---------------|------|--------|--------|--------|
| | | | Subject range | Unit | FY2019 | FY2020 | FY2021 |
| Skills development training | Total training sessions | Non-consolidated | Sessions | 27 | 23 | 20 | |
| | Number of training participants | | Persons | 667 | 676 | 445 | |
| Number of employees posted overseas | Expatriate staff | Non-consolidated | Persons | 194 | 180 | 167 | |

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



^{*} Subject: NST (non-consolidated)

| Governance | | | | | | | |
|---|--|------------------|------------------|------------------|------------------|------------------|------|
| | | Subject range | Unit | End of June 2020 | End of June 2021 | End of June 2022 | |
| Number of Directors | | | Non-consolidated | Persons | 10 | 9 | 9 |
| | Internal | | | | 7 | 6 | 6 |
| | | Men | | | 7 | 6 | 6 |
| | | Women | | | 0 | 0 | 0 |
| | Outside (Independent Outside Directors) | | | | 3(3) | 3(3) | 3(3) |
| | | Men | | | 2(2) | 2(2) | 2(2) |
| | | Women | | | 1(1) | 1(1) | 1(1) |
| | Percentage of Directors who are Outside Directors | | | | Non-consolidated | % | 30.0 |
| Percentage of Directors who are women | | Non-consolidated | % | 10.0 | 11.1 | 11.1 | |
| Number of Audit & Supervisory Board Members | | | | 4 | 4 | 4 | |
| | | | Non-consolidated | Persons | 2 | 2 | 2 |
| | Internal | | | | 2 | 2 | 2 |
| | | Men | | | 2 | 2 | 2 |
| | | Women | | | 0 | 0 | 0 |
| | Outside (Independent Outside Directors) | | | | 2(1) | 2(1) | 2(1) |
| | | Men | | | 2(1) | 2(1) | 2(1) |
| | | Women | | | 0 | 0 | 0 |
| | Percentage of Audit & Supervisory Board Members who are Outside Auditors | | | | Non-consolidated | % | 50.0 |

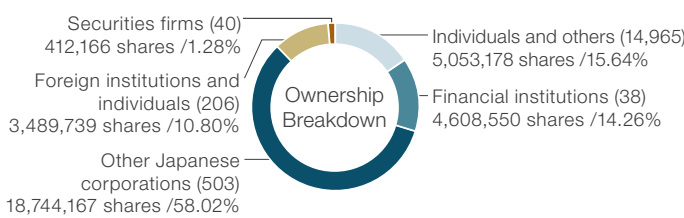
Investor IR Information

Stock Information (March 31, 2022)

General Stock Information

| | |
|-------------------------|---|
| Securities code | 9810 |
| Stock exchange listing | Prime Market, Tokyo Stock Exchange (from April 4, 2022) |
| Number of shares issued | 32,307,800 shares |
| Number of shareholders | 15,752 shareholders |

Ownership Breakdown



Major Shareholders

| 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 |
| Master Trust Bank of Japan (trust account) | 24,659 | 7.64 |
| Custody Bank of Japan (trust account) | 11,848 | 3.67 |
| NST Employee Shareholding Association | 4,495 | 1.39 |
| DFA INTL SMALL CAP VALUE PORTFOLIO | 3,216 | 1.00 |
| Custody Bank of Japan (trust account, 4) | 2,290 | 0.71 |
| Custody Bank of Japan (Sumitomo Mitsui Trust Bank, Limited ReTrust Account/Nippon Denko Employee Pension Trust Account) | 2,160 | 0.67 |
| JP MORGAN CHASE BANK 385781 | 2,056 | 0.64 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 1,917 | 0.59 |

*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 on the NST website. 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 | Office of the shareholder register administrator | Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo |
| Record date | Ordinary General Meeting of Shareholders March 31 every year Year-end dividend March 31 every year Interim dividend September 30 every year Otherwise, when necessary, a date specified by public notice in advance | Mail address | Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Japan |
| Number of shares per unit | 100 shares | Telephone | 0120-782-031 (toll free) |
| | | URL | https://www.smtb.jp/personal/procedure/agency/ |

Company Outline

| | | | |
|-----------------------|--|--------------------------------------|---|
| Corporate name | Nippon Steel Trading Corporation | Number of employees (March 31, 2022) | Non-consolidated 1,327 (1,639 including 312 seconded employees in Japan and overseas) Consolidated 6,584 |
| Date of establishment | August 2, 1977 | Sales bases (March 31, 2022) | Japan 24 (1 head office, 1 office, 9 branch offices, 6 sub-branch offices, and 7 others) Overseas offices and subsidiaries in 33 cities, 18 countries |
| Representative | Shinichi Nakamura, President and Representative Director | Main banks | Sumitomo Mitsui Banking, MUFG Bank, Mizuho Bank, and Sumitomo Mitsui Trust Bank |
| Paid-in capital | 16,389,059,776 yen | Fiscal year-end | March 31 |
| Location | Tokyo Nihonbashi Tower 23 - 26F, 2-7-1 Nihonbashi, Chuo-ku, Tokyo 103-6025, Japan | | |
| Business activities | Sales and imports/exports of steel, industrial supply & infrastructure, foodstuffs, textiles, and others | | |

Information disclosure (communication with shareholders and investors)

NST has implemented a range of policies aimed at promoting constructive dialogue with shareholders and investors for reasons of contributing to continual company growth and improving medium- to long-term corporate value. The director in charge of the Accounting & Finance Department is responsible for handling matters related to general dialogue with shareholders and investors, and coordinates with related executive officers, the Corporate Planning Department, the General Affairs & Corporate Communications Department, and other company departments to expand and improve these policies. When engaging in dialogue with shareholders, we will respect the intent of the Fair Disclosure Rules and appropriately manage insider information (undisclosed material facts) in accordance with the “Rules for Observance of Insider Trading Regulations.”

| Subjects | FY2021 activities | Media used for disclosure |
|--------------------------------------|--|--|
| Shareholders | ● Actively provide information and carefully respond to questions at General Meetings of Shareholders. ● Release video from the General Meeting of Shareholders on our website. | ● General Meeting of Shareholders ● Post materials related to the General Meeting of Shareholders on our website. |
| Analysts and institutional investors | ● Hold IR explanation meetings (twice annually). ● Respond to requests for individual meetings. | ● Post IR materials on our website. ● Post an explanation video on our website covering FY2021 business results and other matters from the President as representative director |
| Other stakeholders | ● Provide various other information via press releases and on our website in addition to disclosure based on laws. ...Etc. | ● Integrated Report 2021 (Japanese, English) |

Participation in initiatives



SDGs (Sustainable Development Goals)

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

Other initiatives

Japan Foreign Trade Council, Inc.



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

Evaluations by society



Overall image of communications tools



Website

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

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



Integrated Report

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

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

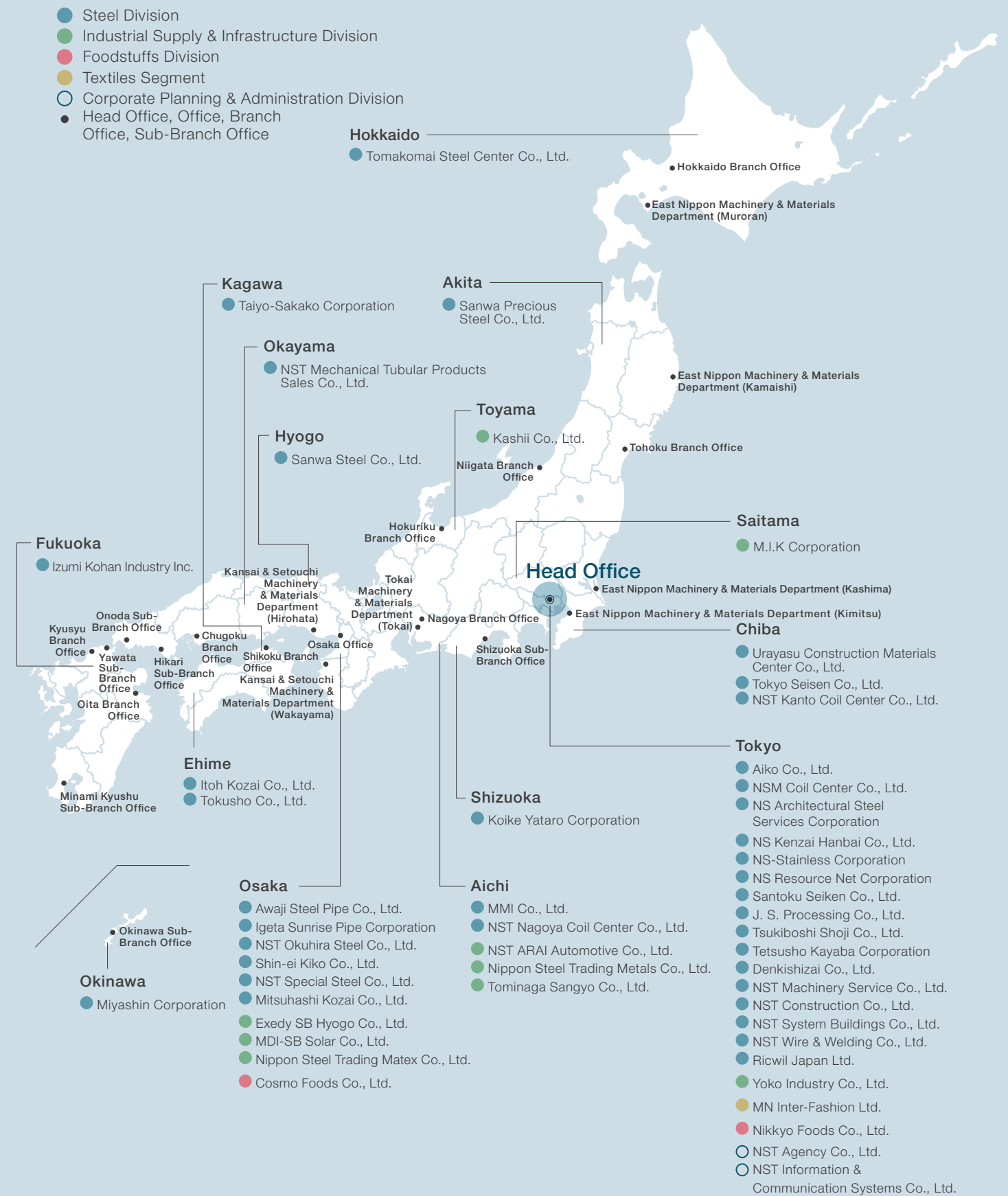
Various reports

- Summary of financial statements
- Securities report
- Corporate governance report
- Documents related to General Meetings of Shareholders ...Etc.

Important information concerning the Integrated Report

The Integrated Report is not a disclosure document based on the Financial Instruments and Exchange Act, and the accuracy and completeness of the information is not guaranteed. Future forecasts and other information printed in the Integrated Report are decided by NST based on the information which is available at the time of disclosure, and contain elements of uncertainty. Therefore we request that you refrain from making investment decisions based solely on the Integrated Report. NST shall bear no liability for damages of any kind resulting from use of the Integrated Report.

Domestic Network



Overseas Network

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



Group Companies

Steel Division

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

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

Industrial Supply & Infrastructure Division

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

Foodstuffs Division

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

Textiles Segment

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

Corporate Planning & Administration Division

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

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

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