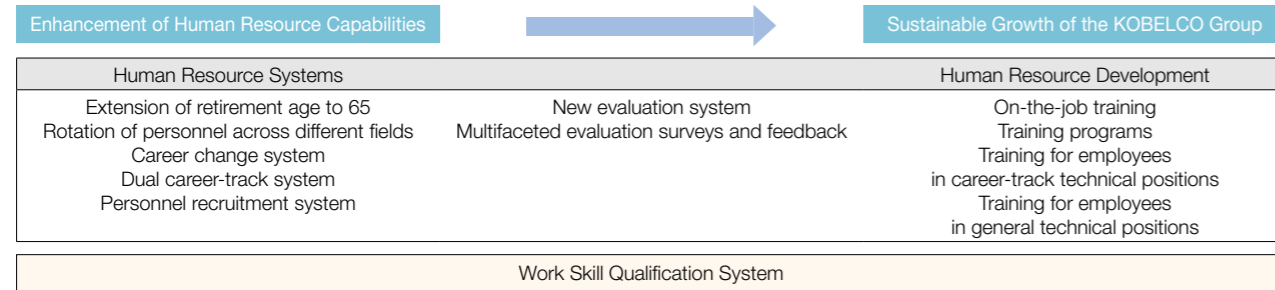


Management and Development of Human Resources

To fulfill its social responsibilities as a company and further improve its corporate value, the KOBELCO Group believes it is important to develop personnel who can tackle social issues and respond to change. Equally important for the Group is enabling its diverse employees to utilize their individuality and expertise while being motivated and working with pride.

To foster employees in such ways, we are promoting diversity and engaging in other forward-looking initiatives, developing workplace environments and human resource systems based on the results of employee awareness surveys, and taking other steps to further strengthen the development of human resources.

Human Resource Systems and Training



Human Resource Systems

The basis for Kobe Steel's human resource systems is the work skill qualification system. Under this system, employees are divided into employee categories, such as management, career-track, and general technical and administrative employees, based on their work fields and the training policies for them. Job grades are assigned to individual employees based on the extent to which they exercise the skills expected of their employee category. This system makes it possible to cultivate human resources over the medium to long term by offering employees a varied range of experience and thereby contributes to improved employee motivation.

Career Change System

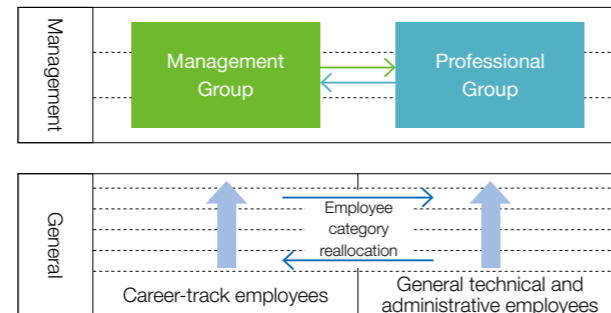
The employee category reallocation system allows ambitious, talented, and applicable employees to change their employee category (career-track or general technical/administrative position) as they desire.

Dual Career-Track System

Kobe Steel has introduced a dual career-track system for managers. Under this system, managers are divided into the management group, which comprises organizational heads, and the professional group, which is for individuals expected to exercise their specialized skills in specified areas. Individuals belonging to both groups are evaluated and compensated based on the degree to which they have performed the duties expected of their roles.

Previously, managers were highly compensated based on their role in management. The dual career-track system was introduced in fiscal 2019 based on the recognition that winning out against intense competition as a manufacturer would require us to also reward employees that exhibited a high degree of speciality.

Work Skill Qualification System and Dual Career-Track Compensation System



TOPICS

Change in Mandatory Retirement Age

As birthrates decline and populations age, it is becoming increasingly difficult to secure human resources. In response to this trend, Kobe Steel is preparing to change its mandatory retirement age from 60 to 65 in fiscal 2021 with the aim of improving the motivation of seasoned employees, heightening *monozukuri* capabilities, and fostering a sense of solidarity in the workplace.

The change in the mandatory retirement age will enable employees to work from the time they join the Company until they reach the age of 65 under the same employment conditions while allowing us to develop continuous compensation systems. In addition, human resource systems will be revised in conjunction with this change to create frameworks that reflect individual skills and success in compensation to an even greater degree to spark employees' desire for career growth and raise their motivation.

Rotation of Human Resources across Different Fields

The Company began promoting the rotation of employees across business divisions, positions, and different fields in fiscal 2019. This move is aimed at improving the personnel fluidity of the organization, fostering human resources (enhancing human resource capabilities), and stepping up coordination.

Human Resource Development

Our Approach to Human Resource Development

We aim to have all employees share a diverse sense of values and to take pride and have enthusiasm in their daily work. To this end, we established the "Vision for Human Resources at Kobe Steel" (to the right).

For human resource development, Kobe Steel offers training programs that complement on-the-job training, the basis of employee education. We have created tiered training systems for managers, career-track employees, and general technical and administrative employees, and we revise the contents of the training programs annually.

Kobe Steel also provides a full range of support for employee growth, as it is important that all employees have their own specific goals for professional development and to constantly progress to achieve them.

In response to the global COVID-19 pandemic, we began offering certain training programs online at the end of fiscal 2019 to enable employees to continue learning even under emergency circumstances.

"As employees, we will continually strive to establish trust in KOBELCO on a global scale."



TOPICS

New Evaluation System and Evaluator Training

In fiscal 2020, the Company revised its human resource evaluation system. In addition to enabling employees to demonstrate their performance and work capabilities, the revised system clarifies the degree of exercising the Core Values of KOBELCO and the implementation of human resource development programs as areas for evaluation.

At the same time, an evaluator training program was instituted to allow managers to offer more constructive feedback in order to drive the improvement of employee skills and motivation.

Training for Technical Personnel

A forklift training facility has been constructed at the Group's Kakogawa Technical Training Center, a training facility for technical personnel. The new facility, which commenced operation in June 2020, features an environment that enables trainees to concentrate on their training regardless of the weather, thereby contributing to expedited improvement in technical skills. We will continue to develop environments that allow employees to focus on acquiring technical skills with the aim of heightening the Group's overall *monozukuri* capabilities.

Work-Style Reforms

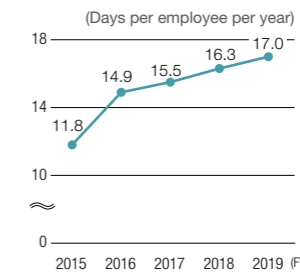
The KOBELCO Group has taken a three-pronged approach to reforming work styles—comprising changes to work styles, changes to employment rules, and changes to work practices—in an effort to enhance its workplace environments.

During the two years of the first stage of this initiative, from fiscal 2016 to fiscal 2017, we targeted an increase in the number of days of paid leave taken by employees. In fiscal 2017, our target was to have employees take an average of 15 or more days of paid vacation per year. We have achieved ongoing success in this regard, as indicated by the average of 17.0 days of paid leave taken by employees in fiscal 2019.

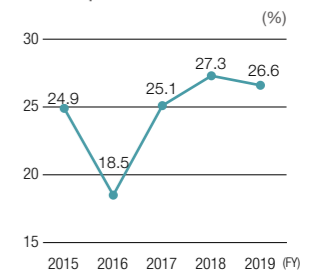
Over the three-year period from fiscal 2018 to fiscal 2020, positioned as the second stage of this initiative, we aim to create 50 hours of allocable time per employee per year and to invigorate communication. To those ends, we are implementing workplace improvement activities, establishing meeting and email protocols, and promoting telecommuting. In addition, free dress codes have been instituted at our Kobe and Tokyo head offices, branch offices, and sales offices to foster more comfortable workplace cultures.

By advancing these initiatives, we aim to heighten employee motivation while invigorating the organization to create greater levels of value.

Number of Days of Paid Leave Taken (Days per employee per year)



Number of Days Worked Past 7 p.m.* (%)



* Ratio of working days past 7 p.m.

TOPICS

Promotion of Telecommuting

In response to the global COVID-19 pandemic, certain restrictions for using our work-from-home system were relaxed in March 2020 to promote the use of telecommuting. Looking ahead, we plan to formulate new rules and guidelines to develop and establish work styles that effectively utilize telecommuting.

Management and Development of Human Resources

Diversity

In promoting diversity, the KOBELCO Group strives to create work environments in which all employees respect diversity and are able to use their skills to the fullest, based on three approaches: employment continuation support, workplace improvement, and activity support.

Employment Continuation Support

- Extended leave for raising children (until they turn three years old)
- Consideration of flexible work hours for childcare (allow shorter work hours during elementary school age, etc.)
- Extension of caregiving leave (up to three years)
- Paid child and family care leave
- Complimentary points for child-rearing items in employee cafeteria plan
- Reemployment system (reemployment within five years after resigning due to spouse's work relocation, childbirth, or caregiving purposes)
- Career sabbatical program (up to three years in the case of spouse's work relocation)

Workplace Improvement

- Support for men to help with child-rearing
- Reduction of long working hours, encouragement of employees to take more paid vacations, and other initiatives and collaborative efforts for work-style reforms
- Diversity training at all business locations to create pleasant workplace environments

Activity Support

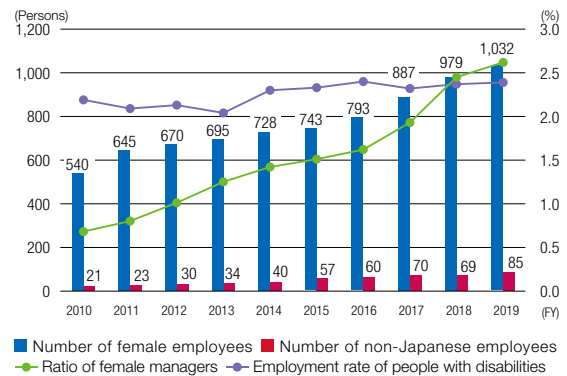
- Setting of numerical targets for hiring new graduates (30% for career-track administrative positions, 10% for career-track technical positions, and 10% for general technical positions)
- Networking events for female employees and non-Japanese employees
- Mentor system for female employees and non-Japanese employees
- Management training for managers of female employees and non-Japanese employees

TOPICS

The KOBELCO Group is promoting diversity while enhancing its workplace environment to make greater use of diversity.

Diversity of Human Resources

- The KOBELCO Group's base of human resources is growing ever more diverse, with increasing numbers of female employees, non-Japanese employees, and employees with disabilities.



Diversity Initiatives and Results

Initiatives

- Diversity training at all business locations: The Group has been conducting training at all business locations to improve communication within the organization by dispelling gender biases and increasing understanding with regard to the differences between age groups, employee categories, and perspectives.
- Cross-cultural communication training: Training is provided for non-Japanese employees and their managers to teach both parties about the other's culture and thereby foster mutual understanding.

Results

These initiatives have resulted in yearly increases in the number of items on employee awareness surveys with regard to gender bias, the ability to consult with supervisors or colleagues, and other items pertaining to communication and teamwork. These increases are indicative of the cultivation of a corporate culture that capitalizes on the individuality and values of diverse human resources.

Respect for Human Rights

One of the Core Values of KOBELCO is "We value each employee and support his and her growth on an individual basis, while creating a cooperative and harmonious environment." In addition, one of the Six Pledges of KOBELCO Men and Women is "Establishing a comfortable but challenging work environment." These principles indicate our commitment to becoming a corporate group in which everyone can feel empowered in their work.

Steps to accomplish this goal thus far have included the establishment of consultation helplines and annual human rights training. Seeking to further clarify our stance toward fulfilling the important responsibility of respecting human rights, we established the Kobe Steel Group's Basic Policy on Human Rights in October 2019.

Workplace posters highlighting this policy were created to raise awareness and entrench understanding of this policy throughout the organization.

Going forward, we will continue to advance initiatives for ensuring human rights are respected based on the International Bill of Human Rights and other international standards.



Workplace poster



The Kobe Steel Group's Basic Policy on Human Rights https://www.kobelco.co.jp/english/about_kobelco/csr/files/policy_en.pdf