

For Immediate Release:

October 29, 2015  
JFE Holdings, Inc.

## Establishment of JFE Holdings, Inc. Basic Policy on Corporate Governance

JFE Holdings, Inc. (the "Company") has newly established the "JFE Holdings, Inc. Basic Policy on Corporate Governance" (the "Policy") as follows.

### 1. Outline

#### (1) Objectives of establishment

The Company, based on the intent and the spirit of Corporate Governance Code, has established the Policy with the aim of promoting sustainable growth of the Company and the JFE Group and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance.

#### (2) Structure

The Policy is structured into the items below. The Company has also established a set of Standards for Independence of Outside Directors/Audit & Supervisory Board Members which is stated in the Appendix.

1. General Provisions
2. Relationship with Stakeholders
3. Appropriate Information Disclosure
4. The Company's Corporate Governance System

### 2. Disclosure

The Company has disclosed the Policy and the "Corporate Governance Report" which have been submitted to the Tokyo Stock Exchange on its corporate website as below.

<http://www.jfe-holdings.co.jp/company/h-gaiyo/index.html#cg> (in Japanese)

<http://www.jfe-holdings.co.jp/en/company/h-gaiyo/index.html> (English translation)

English translation of the "Corporate Governance Report" will be available in November.

The Company will strengthen further a long-term and reliable relationship with the various stakeholders by our continued efforts of timely and appropriate information disclosure.

For further information, please contact:

Public Relations Sec., Investor Relations and Corporate Communications Dept.

JFE Holdings, Inc.

Tel: +81-3-3597-3842

(Translation for reference only)

## JFE Holdings, Inc. Basic Policy on Corporate Governance

### 1. GENERAL PROVISIONS

#### 1-1. Objectives

With the aim of promoting sustainable growth of JFE Holdings, Inc. (the “Company”) and the JFE Group (or the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision, the Company has established the “Basic Policy on Corporate Governance” in accordance with the resolution of the Board of Directors of the Company.

#### 1-2. Basic Concept of Corporate Governance

- (1) The Company continuously aims at achieving the best corporate governance and its further enhancement.
- (2) From the viewpoint of enhancing sustainable growth and medium to long-term corporate value of the JFE Group, the Company makes effort to pursue thoroughly fair, objective and transparent corporate governance based on the following basic concept.
  - 1) The Company respects the rights of shareholders and makes effort to ensure an environment which allows shareholders to execute their rights appropriately, as well as to secure effective equal treatment of shareholders.
  - 2) In addition to shareholders, the Company gives consideration to the interests of various stakeholders including employees, customers, business partners, creditors, local communities and cooperates with them appropriately.
  - 3) The Company discloses its information appropriately and ensures the transparency of the Company.
  - 4) The Company endeavors to ensure the effectiveness of the supervisory function of the Board of Directors on business execution as a core holding company of the JFE Group.
  - 5) The Company engages in constructive dialogue with shareholders to contribute to the enhancement of sustainable growth and medium to long-term corporate value.
- (3) The Company establishes and discloses the JFE Group’s “Corporate Vision,” “Corporate Values” and “JFE Group Standards of Business Conduct” which form the framework of basic business principles which are applicable to all business activities shared by all executives and employees of the JFE Group.

“Corporate Vision”

The JFE Group - contributing to society with the world’s most innovative technology

“Corporate Values”

A Challenging Spirit, Flexibility, Sincerity

“JFE Group Standards of Business Conduct”

All JFE Group executives and employees will faithfully adhere to the following Standards of Business Conduct in all facets of corporate activities. These standards were created to embody the Corporate Vision of the JFE Group and go hand-in-hand with the Corporate Values.

Senior executives are to take the lead in communicating these standards to employees throughout the group, and also business partners, and in creating effective systems and mechanisms to ensure adherence to corporate ethical standards.

Senior executives shall be directly involved both in the resolution and implementation of measures to prevent the recurrence of any violations of these standards. They shall disclose information about violations in a timely and accurate manner both inside and outside the group, shall clarify the authority and accountability involved and shall deal rigorously with offenses.

**1. Provide quality products and services**

Earn the trust and regard of customers by endeavoring to provide safe, high-quality products and services based on superior technology, and by fully respecting and protecting the privacy of personal and customer information.

**2. Be open to society at large**

Endeavor to communicate with shareholders and the broader community, and actively disclose corporate information.

**3. Coordinate and cooperate with the community**

Actively contribute to the community as a good corporate citizen in a spirit of coordination and cooperation.

**4. Globalize**

Endeavor to achieve mutual understanding with people around the world, working from a global perspective and with respect to international norms, and also local cultures and customs.

**5. Exist in harmony with the global environment**

Actively work to achieve better living standards and the advancement of societies, as well as harmonious existence with the global environment.

**6. Maintain proper relations with government and political authorities**

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

**7. Respond appropriately to anti-social elements**

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal and improper demands.

**8. Respect human rights**

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

**9. Provide challenging work environments**

Provide employees with attractive, safe and challenging work environments.

**10. Comply with laws and ordinances**

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

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1-3. Formulation and Review

This Basic Policy is formulated by the Company's Board of Directors and subject to review when necessary.

**2. RELATIONSHIP WITH STAKEHOLDERS**

2-1. Relationship with Shareholders

(1) Securing shareholders' rights

The shareholders of the Company are treated equally in effect according to the number of shares held by shareholders and gives consideration to avoid substantially hindering the execution of shareholders' rights including voting rights at General Meeting of Shareholders, taking appropriate actions to ensure these rights are substantially maintained.

(2) General Meeting of Shareholders

- 1) In order to ensure sufficient time for the shareholders to review the Proposals of the General Meeting of Shareholders and execute their voting rights appropriately, the Notice of the Ordinary General Meeting of Shareholders is dispatched no later than 3 weeks before the date of the meeting. The said Notice is posted on the Company's website prior to the dispatch.
- 2) The Company adopts methods such as the platform for the electronic exercise of voting rights, and endeavors to create an environment that facilitates appropriate exercise of voting rights by shareholders including shareholders who will not attend the General Meeting of Shareholders.
- 3) The Company sets the date, time and venue of the meeting so as to allow the attendance of as many shareholders as possible.
- 4) The Company analyzes the results of exercise of voting rights for each proposal at the General Meeting of Shareholders. When a Company's proposal receives votes of more than 30% disapproval at the General Meeting of Shareholders, the Company will analyze the cause, etc. and report to the Board of Directors. Accordingly, the Board of Directors will review the issue based on the report, pursue corresponding measures including dialogue with shareholders.

(3) Policy on constructive dialogue with shareholders and investors

- 1) The Company makes effort to contribute to the enhancement of sustainable growth of corporate value through dialogue with shareholders and investors, and establishes the Investor Relations and Corporate Communications Dept. responsible for promoting constructive dialogue.
- 2) In addition to the appointment of Directors/Corporate Officers who supervise and are in charge of the Investor Relations and Corporate Communications Dept. as the persons responsible for promoting constructive dialogue with shareholders and investors, the Investor Relations and Corporate Communications Dept. acts as the core and ensures close collaboration including appropriate exchange of information with related departments providing assistance to facilitate dialogue.
- 3) In order to promote active dialogue with institutional investors, a Representative Director offers various

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briefings concerning Medium-term Business Plan and results announcements, etc., and domestic and international investors' interviews, etc. With regard to individual shareholders and investors, corporate briefings and plant tours are organized.

- 4) The Company collects opinions and questions from the dialogue regularly, reports and shares information with Directors, Audit & Supervisory Board Members and Corporate Officers.
- 5) The Company establishes the disclosure policy and endeavors to prevent leakage of insider information and provide fair disclosure.

(4) Basic strategy on capital policies

- 1) In order to aim for sustainable enhancement of shareholder value, the Company maintains a sufficient level of shareholders' equity necessary to renew facilities in domestic and overseas manufacturing bases for strengthening the profit base, as well as to respond appropriately to the growth investment of globally expanding business opportunities and risks.
- 2) The Company, in principle, formulates JFE Group's Medium-term Business Plan which acts as guidance for medium-term business operation, and establishes and announces the target financial indices with respect to the corresponding period.
- 3) The Company considers returning profits to shareholders one of the top management priorities. While aiming to establish a sustainable corporate structure for the Group as a whole, it will actively distribute dividends to shareholders.

(5) Basic policy on strategic shareholdings and exercise of voting rights as to strategic shareholdings

- 1) The Company's operating companies, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation (hereinafter the "Operating Companies"), hold listed stocks as strategic shareholdings for the aim of facilitating the promotion of business transactions and financial transactions, etc.
- 2) The Company and the Operating Companies regularly review at the Board of Directors Meeting the significance of major strategic shareholdings and the return on investment such as dividend yield, and consider from a comprehensive perspective, selling the shares which has become insignificant or cause damage risk to shareholders' interest.
- 3) The exercise of voting rights of strategic shareholdings is decided upon reviews by Operating Companies on content of the proposal and is appropriately implemented in consideration of shareholder interest. To be specific, the content of the proposal is to be checked by the investment application department and the investment control department, and approval will be given to proposals which are considered to pose no threat to the maximization of interest of these Operating Companies as shareholders.

(6) Takeover Defense Measures

- 1) The Company adopts the "Policy toward Large-scale Purchases of JFE Shares" to ensure that shareholders can, in case a large-scale purchase of JFE shares is initiated, precisely evaluate the effects of the proposal on the corporate value of JFE and the common interest of shareholders, through the provision of necessary and sufficient information, opinions and suggestions, as well as necessary and

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enough time for the shareholders to review the proposals. The continuation of the said policy is subject to the approval of shareholders in the Ordinary General Meeting of Shareholders held every other year.

- 2) The Company establishes a Special Committee independent from the Board of Directors which comprises of Outside Directors and Outside Audit & Supervisory Board Members, to ensure that the Board of Directors makes transparent, objective, fair and reasonable decisions with regard to the abovementioned large-scale purchase.

(7) Prevention of transactions which conflict with shareholder interest

- 1) Competing transactions and conflict of interest transactions between the Company and the Directors or Corporate Officers are to be specified as approval matters in the Board of Directors Meeting in accordance with the regulations of the Board of Directors. If such transactions are to be initiated, the transactions have to be discussed and approved in the Board of Directors Meeting with regard to the rationality, validity, etc. to ensure that the transactions shall not damage the interest of the Company and its shareholders.
- 2) The Company discloses material facts concerning the transactions stated in the preceding paragraph in an appropriate manner in accordance with laws and regulations.
- 3) In order to prevent related parties of the Company from carrying out any insider trading, the Company stipulates regulations concerning the handling of undisclosed material facts and applies them strictly.

2-2. Relationship with Stakeholders other than Shareholders

(1) Relationship with stakeholders

With the aim of promoting sustainable growth of JFE Group and medium to long-term corporate value, the Company gives consideration to the interests of various stakeholders including employees, customers, business partners, creditors and local communities, in addition to the shareholders of the Company, and endeavors to maintain good and smooth relationship with them.

(2) Relationship with employees

- 1) In accordance with the “JFE Group Standards of Business Conduct,” the Company respects each individual employee, ensures there be no discrimination within its corporate activity, and provides employees with a workplace which is attractive, safe and fulfilling.
- 2) The Company establishes and discloses “JFE Group’s Basic Policy on Human Resource Management” as stated below, in order to steadily recruit and nurture diversified personnel, with the aim of creating workplaces where all personnel can demonstrate their full potential.

<JFE Group’s Basic Policy on Human Resource Management>

1. Respect Human Rights and Facilitate Fair Management of Human Resources

The Group manages human resources fairly by respecting the human rights of all employees and nurturing employees who embrace the Group’s corporate values and standards of business conduct.

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2. Foster Corporate Culture that Nurtures People and Promotes Satisfying Workplaces

The Group facilitates interactive communication among employees to cultivate a corporate culture that nurtures human resources and creates safe, attractive environments where everyone can enjoy working.

3. Diversify Human Resources

The Group ensures that diverse people, including women, non-Japanese, the elderly and the disabled, can demonstrate their full potential.

4. Recruit and Steadily Nurture Excellent Human Resources

To survive in an increasingly complicated and diversified global environment, the Group steadily recruits diverse, high-quality human resources, ensures that they receive the skills and knowledge necessary to continue strengthening the Group's technological capabilities, and nurtures their global capabilities.

- 3) The Company establishes the Corporate Ethics Hotline to ensure that employees of the Company and the Group companies may discuss or report any legal violations or actions which infringe on corporate ethics to the Company's top management and Audit & Supervisory Board Members, without being unfavorably treated. The Company reports to the Board of Directors regularly about the status of operation of the Hotline.

### 3. APPROPRIATE INFORMATION DISCLOSURE

#### 3-1. Policy on Timely and Appropriate Disclosure of Information

(1) Information disclosure

- 1) The Company appropriately discloses the financial information including the Company's financial standing and operating results, and non-financial information including its business strategies and business issues, risks and governance, etc. required by laws and regulations and otherwise in a timely and appropriate manner. The information that the Company discloses and provides includes the following.
  - JFE Group's Medium-term Business Plan (including the analysis on the status of achievement of the previous Medium-term Business Plan)
  - Basic Policy for Building an Internal Control System
  - Information related to sustainability issues such as regarding the environment, society and governance, etc.
- 2) In accordance with applicable laws and regulations, the Company establishes the Disclosure Policy and discloses accurate, fair and concrete information.
- 3) The Company endeavors to disclose information in English to the extent reasonable.

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#### **4. THE COMPANY'S CORPORATE GOVERNANCE SYSTEM**

##### 4-1. Concept of the Company's Corporate Governance System

###### (1) System of holding company

JFE Group adopts a group system which treats the Company as the core pure holding company of the Group based on the following views.

- 1) The Company, the core of the Group's integrated governance system, is responsible for Group-wide strategy, risk management and public accountability.
- 2) Each operating company has developed its own system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.
- 3) The holding company and operating companies separately and collectively strive to maximize corporate value for shareholders and other stakeholders.

###### (2) Corporate governance system

The Company supervises significant decision-making on management on operation and execution of duties at the Board of Directors. Further, as a company with Audit & Supervisory Board, the Audit & Supervisory Board and its Members implement the auditing of the status of execution of duties. In addition, the Company separates material decision-making on management and supervision from business execution, and adopts the Corporate Officer System to enhance prompt decision-making of matters pertaining to business execution. Moreover, as consultation bodies of the Board of Directors, the Company establishes the Nomination Committee and the Remuneration Committee.

##### 4-2. Board of Directors and Directors

###### (1) Duties and roles of Board of Directors

- 1) Based on the fiduciary duty to shareholders, the Board of Directors takes the responsibility to ensure sustainable growth of the Company and the enhancement of medium to long-term corporate value. In accordance with laws and regulations, the Articles of Incorporation and related regulations of the Company such as the regulations of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the JFE Group and basic policies on management. Further, the Board of Directors supervises the overall management including business execution by the executive person.
- 2) According to the internal rules of the Company, the Company establishes clear standards which clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the JFE Group, and significant matters are subject to deliberation at the Company's Management Committee and resolution of the Company's Board of Directors.
- 3) For the purpose of facilitating prompt decision-making related to business execution, the authority of making decisions other than those related to significant business execution set forth in the regulations of the Board of Directors, in principal, is given to Corporate Officers in charge of the corresponding business.



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(2) Structure of Board of Directors

- 1) The Company's Board of Directors comprises of members who possess diversified knowledge, experiences and abilities. The number of the Directors shall not exceed 12.
- 2) The Company elects several Independent Outside Directors with the aim of composing one-third or more of the Directors by Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge.
- 3) With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management of the Company or each Operating Company.
- 4) The Company's Board of Directors establishes a set of Standards for Independence of Outside Directors/Audit & Supervisory Board Members (hereinafter "Independence Standards") which is stated in the Appendix and disclosed in a timely and appropriate manner.

(3) Information disclosure and internal control

- 1) The Company's Board of Directors establishes a timely and appropriate information disclosure system and supervises the operation of the system.
- 2) With the aim of achieving efficient business execution through appropriate control, the Company's Board of Directors establishes Basic Policy for Building an Internal Control System, and implements the system of the JFE Group for compliance and risk management, and supervises operation thereof.

(4) Directors

- 1) The term of office of Directors of the Company is 1 year as stipulated in the Articles of Incorporation. The Board of Directors decides the candidates who are to be elected in the General Meeting of Shareholders every year.
- 2) Directors of the Company recognize the fiduciary duty to shareholders, demonstrate their expected abilities, dedicate sufficient time for the Company, and execute their duties as Directors.
- 3) Directors of the Company collect sufficient information for the execution of their duties, and actively express their opinions and participate in discussions.
- 4) Directors of the Company endeavor to acquire knowledge and engage in further improvement necessary to appropriately fulfill their roles and duties.

(5) Outside Directors

- 1) The Board of Directors decides the candidates for Outside Directors of the Company, and election will be carried out at the General Meeting of Shareholders. The candidates are elected among those who do not only fulfill the requirements for Outside Directors as stipulated by the Companies Act, but also meet the

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“Independence Standards” established by the Board of Directors.

- 2) Outside Directors of the Company inspect and evaluate the Company’s management results and performance of Directors based on business strategies decided by the Board of Directors, and express their opinions based on judgments from the viewpoint of the interest of stakeholders including shareholders.

(6) Formulation of agenda, etc. of the Board of Directors

- 1) The Chairperson of the Board of Directors of the Company decides the agenda of the Board of Directors prior to each meeting, and notifies the Directors and the Audit & Supervisory Board Members accordingly and sets a period of time appropriate for sufficient discussion to take place.
- 2) With the aim of facilitating the discussion in the Board of Directors, the Company distributes the reference concerning the agenda and proposals of the meeting to each Director including Outside Directors and each Audit & Supervisory Board Member including Outside Audit & Supervisory Board Members, and briefs them when necessary, sufficiently prior to the date of the meeting.
- 3) Concerning the itinerary of the Board of Directors Meeting, the Company decides the annual schedule taking into consideration the availability of the Directors and Audit & Supervisory Members.

(7) Self-evaluation of Board of Directors

The Board of Directors analyses and evaluates the overall effectiveness of the Board of Directors each year and discloses the summary of the results in a timely and appropriate manner.

4-3. Audit & Supervisory Board Members and Audit & Supervisory Board

(1) Duties and roles of Audit & Supervisory Board Members and Audit & Supervisory Board

- 1) Based on the fiduciary duty to shareholders, Audit & Supervisory Board Members of the Company endeavor to ensure the sound and sustainable growth and the enhancement of social trust of the Company through auditing of the execution of duties by Directors. Audit & Supervisory Board Members of the Company, with the aim of appropriately executing their duties, communicate with Directors, etc. and express their opinions as necessary. In addition, Audit & Supervisory Board Members communicate with Directors, etc. of subsidiaries and endeavor to collect information and improve the auditing environment.
- 2) Audit & Supervisory Board Members, through the Audit & Supervisory Board, endeavor to share the significant information obtained from duties, and aim for appropriate auditing through exchange of opinions with other Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Members demonstrate their characteristics, and they endeavor to collect information through examination of the state of business and assets in addition to attending important meetings, and actively contribute to the improvement of the auditing environment. Outside Audit & Supervisory Board Members of the Company demonstrate their characteristics, aim for the further enhancement of the neutrality and independence of the auditing system and function, and carry out auditing operations from a broad perspective.
- 3) The Company’s Audit & Supervisory Board Members and Audit & Supervisory Board endeavor to

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improve the effectiveness of auditing by appropriately executing their authority as stipulated by laws and regulations.

(2) Structure of Audit & Supervisory Board

- 1) The Audit & Supervisory Board comprises of members who possess appropriate knowledge concerning finance and accounting. The number of Audit & Supervisory Board Members shall not exceed 6, among which 3 or more shall be Outside Audit & Supervisory Board Members.
- 2) The Company elects several Independent Outside Audit & Supervisory Board Members. Independent Outside Directors will be elected from persons who are appropriate to bear the role of enhancing auditing function such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge.
- 3) With regard to inside Audit & Supervisory Board Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who delivers an insight appropriate to bear the supervision function will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management or auditing of the Company or each Operating Company.

(3) Audit & Supervisory Board Members

- 1) The term of office of Audit & Supervisory Board Members of the Company is 4 years as stipulated in the Articles of Incorporation. The Board of Directors decides the candidates with the consent of the Audit & Supervisory Board, and election will be carried out at the General Meeting of Shareholders.
- 2) Audit & Supervisory Board Members of the Company recognize the fiduciary duty to shareholders, demonstrate their expected abilities, dedicate sufficient time for the Company, and execute their duties as Audit & Supervisory Board Members.
- 3) Audit & Supervisory Board Members of the Company endeavor to acquire knowledge and engage in further improvement necessary to appropriately fulfill their roles and duties.

(4) Outside Audit & Supervisory Board Members

The Board of Directors decides the candidates for Outside Audit & Supervisory Board Members of the Company with the consent of the Audit & Supervisory Board, and election will be carried out at the General Meeting of Shareholders. The candidates are elected among those who do not only fulfill the requirements for Outside Audit & Supervisory Board Members as stipulated by the Companies Act, but also meet the “Independence Standards” established by the Board of Directors.

(5) Relationship with Accounting Auditor and Internal Audit Department

- 1) The Company’s Audit & Supervisory Board cooperates with the Accounting Auditor and the internal audit department to ensure a sufficient and appropriate auditing system.
- 2) The Company’s Audit & Supervisory Board evaluates the Accounting Auditor regularly. A new Accounting Auditor shall be elected when necessary. In addition, appropriate standards which highlight

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independence and professionalism are established for election and evaluation.

#### 4-4. Accounting Auditor

##### (1) Duties and roles of Accounting Auditor

- 1) The Company and the Company's Accounting Auditor recognize an important responsibility of Accounting Auditor in ensuring the reliability of the disclosed information related to finance. The Accounting Auditor cooperate with the Company's Directors, Audit & Supervisory Board Members and the internal audit department, etc. to ensure a system which allows the execution of appropriate auditing.
- 2) The Company's Accounting Auditor ensures their independence and professionalism and complies with the necessary standards of quality management for appropriate execution of account auditing.
- 3) The Company implements regular meetings for the Accounting Auditor and the top management to ensure that the indication of comments and opinions from the Accounting Auditor are appropriately delivered to the top management.

#### 4-5. Training Guidelines for Directors and Audit & Supervisory Board Members

##### (1) Training Guidelines for Directors and Audit & Supervisory Board Members

With regard to matters concerning laws and regulations, corporate governance and risk management, etc. necessary for appropriate accomplishment of the roles and duties of Directors and Audit & Supervisory Board Members, the Company provides training opportunities and funding support appropriate for each Director and Audit & Supervisory Board Member at the time they assume office and continuously thereafter. In addition, especially for Outside Directors and Outside Audit & Supervisory Board Members, information is provided such as briefings on the Company's business content, performance, finance and management issues and site visits of major business bases.

#### 4-6. Consultation Committee

##### (1) Nomination Committee and Remuneration Committee

The Company establishes the Nomination Committee and Remuneration Committee which act as an advisory body of the Board of Directors to ensure fair, objective and transparent personnel affairs and remuneration of the Board of Directors.

##### (2) Structure of Nomination Committee and Remuneration Committee

The Nomination Committee and Remuneration Committee comprise of a majority of Outside Directors/Audit & Supervisory Board Members, respectively, and the chairpersons are determined from Outside Directors/Audit & Supervisory Board Members.

##### (3) A Report from Nomination Committee

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the successor of the Chief Executive Officer of the Company, the election of Representative Directors and Directors with executive powers, and the nomination of candidates for Outside Directors and Outside Audit

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& Supervisory Board Members.

(4) A Report from Remuneration Committee

The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of Directors, etc. of the Company and each Operating Company and reports to the Board of Directors.

4-7. Secretariat

(1) Secretariat

The Company establishes a secretariat for the Board of Directors, Nomination Committee and Remuneration Committee in the General Administration Dept. to handle necessary contact affairs and support for adjustments, etc. In addition, the Company establishes the Audit & Supervisory Board Members' Secretariat which comprises of designated staff to assist Audit & Supervisory Board Members to carry out their duties and to perform the clerical duties of the Audit & Supervisory Board under the command of Audit & Supervisory Board Members.

*(English Translation of the Japanese original)*

*This translation has been prepared for reference only. The Japanese language version will control if any discrepancy arises.*

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(Appendix)

Standards for Independence of  
Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.

JFE Holdings, Inc. (the “Company”) establishes the standards for independence of outside directors and outside audit & supervisory board members as described below. An outside director or outside audit & supervisory board member is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or has been an executive director, executive officer or employee (collectively the “Executive”) of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company who is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average, over the past 3 years, of either 10 million yen or 30% of the person’s total expenses, whichever is larger) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past 3 years) in addition to the director’s or audit & supervisory board member’s remuneration from the Company or its operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.
- 8) An accounting auditor of the Company or its operating company, or a person who is an employee, etc. of such accounting auditor; or a person who has performed auditing on the Company or its operating company as an employee, etc. of such accounting auditor in the past 3 years.

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- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company which has accepted directors from the Company or its operating company, or of the parent company or a subsidiary of such company.
- 10) A person who is or, in the past 3 years, has been the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of foregoing items 1) through 10) (the person's spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director/audit & supervisory board member of the Company in light of the person's personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director/audit & supervisory board member, by providing the reason to assume that the person is appropriate for an independent outside director/audit & supervisory board member of the Company, and by explaining that the person fulfills the requirements for an independent outside director/audit & supervisory board member.

\* "Operating company" refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation.

\* "Major business partner" refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

*(English Translation of the Japanese original)*

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