

Management Foundation that Supports Growth

The JFE Group is enhancing its responsiveness to changes in the business environment in order to sustainably increase corporate value.

In this section, we introduce our organizations and initiatives aimed at achieving this goal.

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Recycling

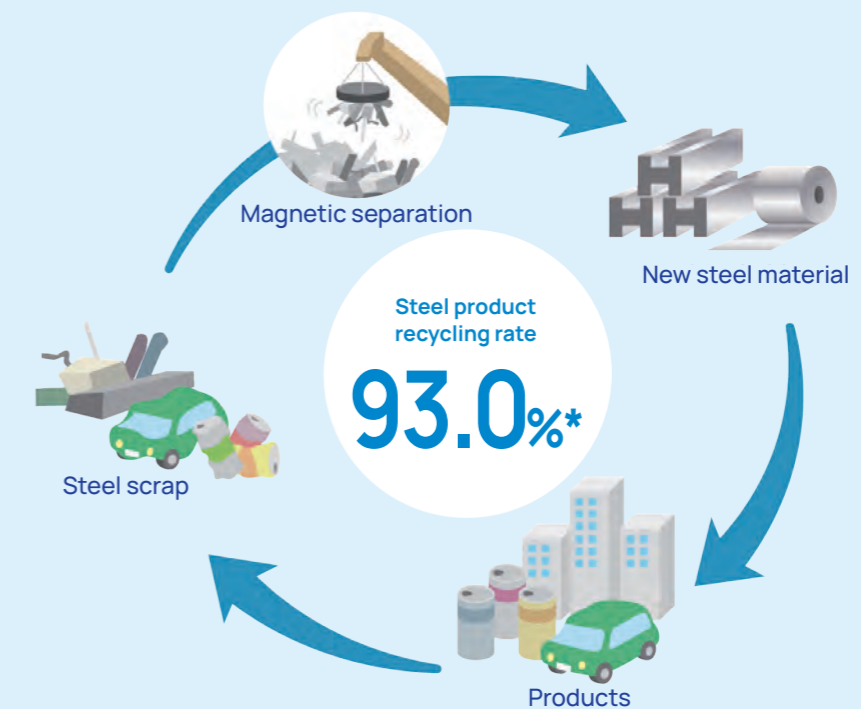
サステナブル!

Sus-tetsu-nable!*

* A term unique to our Company, it combines steel and sustainability, both of which are essential to society

Steel can be reborn again and again into anything!

Steel is a material that is easy to separate and collect, making it highly recyclable. Even after fulfilling its mission in society, steel can be recycled and transformed into high-quality products time and time again. Through recycling, it is possible to reduce the consumption of new natural resources. Moreover, recycling helps to limit the emission of CO₂ and generates minimal waste, thereby contributing to a sustainable future.



* Source: Japan Iron and Steel Federation

For more details, please see [The Value of Steel](#) P.7-8

Management Organization

Executive Structure (as of July 1, 2023)

Directors



Koji Kakigi
Representative Director

Nomination Committee Member
Remuneration Committee Member

Date of birth: May 3, 1953

1977 Joined Kawasaki Steel Corporation
1982 Representative Director, President and CEO of JFE Steel Corporation, Representative Director of JFE Holdings, Inc.
2015
2019 Representative Director, President and CEO of JFE Holdings, Inc. (current post)

Mr. Kakigi has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations in human resource and labor administration departments, and execution of duties as Corporate Officer in general administration, legal, accounting, finance, and procurement, in the Company and JFE Steel Corporation.




Hajime Oshita
Director


Date of birth: September 11, 1957

1982 Joined NKK Corporation
2017 Representative Director, President and CEO of JFE Engineering Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Oshita has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in corporate planning, accounting, and finance, and a wide range of duties as Corporate Officer, including overseeing domestic and overseas businesses at JFE Engineering Corporation.



Audit & Supervisory Board Members



Nobuya Hara
Audit & Supervisory Board Member

Date of birth: December 11, 1961

1984 Joined NKK Corporation
2016 Audit & Supervisory Board Member of JFE Steel Corporation (current post)
2017 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

Mr. Hara has abundant experience and knowledge in finance and accounting that he has accumulated through operations related to corporate planning, accounting, and finance at JFE Steel Corporation as well as accounting operations at the Company. He also has abundant experience and knowledge gained through corporate management operations at the group companies of JFE Steel Corporation, in addition to duties as its Audit & Supervisory Board Member.




Yoshihisa Kitano
Representative Director

Nomination Committee Member

Date of birth: February 20, 1958

1982 Joined Kawasaki Steel Corporation
2019 Representative Director, President and CEO of JFE Steel Corporation (current post), Representative Director of JFE Holdings, Inc. (current post)

Mr. Kitano has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations in steelmaking technology and production control departments, and execution of duties as Corporate Officer such as supervision of steelworks and overseas business, corporate planning, and IT in JFE Steel Corporation.




Toshinori Kobayashi
Director

Date of birth: December 19, 1957

1980 Joined Kawasaki Steel Corporation
2016 Representative Director and Executive Vice President of JFE Steel Corporation
2021 Representative Director, President and CEO of JFE Shoji Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Kobayashi has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations related to sales of automotive steel at JFE Steel Corporation, and supervising sales divisions as Corporate Officer.




Masashi Terahata
Representative Director

Remuneration Committee Member

Date of birth: October 31, 1959

1982 Joined Kawasaki Steel Corporation
2018 Representative Director and Executive Vice President of JFE Steel Corporation
2019 Representative Director and Executive Vice President of JFE Holdings, Inc. (current post)

Mr. Terahata has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in operations such as general administration and legal departments in the Company as well as operations in human resource and labor administration departments, and execution of duties as Corporate Officer in management divisions such as accounting, finance, and procurement departments in JFE Steel Corporation.



Outside Executive Structure (as of July 1, 2023)

Directors



Masami Yamamoto
Director

Independent Executive
Chairperson Nomination Committee
Remuneration Committee Member

Date of birth: January 11, 1954

Apr. 1976 Joined Fujitsu Limited
Jan. 2010 Corporate Senior Executive Vice President of Fujitsu Limited
Apr. 2010 President of Fujitsu Limited
Jun. 2010 President and Representative Director of Fujitsu Limited
Jun. 2015 Chairman and Representative Director of Fujitsu Limited
Jun. 2017 Chairman and Director of Fujitsu Limited, Director of JFE Holdings, Inc. (current post)
Jun. 2019 Director and Senior Advisor of Fujitsu Limited (current post)

Significant concurrent posts

Director and Senior Advisor of Fujitsu Limited
Outside Member of the Board of Directors of Mizuho Financial Group, Inc.




Nobumasa Kemori
Director

Independent Executive
Chairperson Remuneration Committee

Date of birth: April 12, 1951

Sep. 1980 Joined Sumitomo Metal Mining Co., Ltd.
Jun. 2006 Director, Managing Executive Officer and General Manager of Non-Ferrous Metals Div. of Sumitomo Metal Mining Co., Ltd.
Jun. 2007 Representative Director and President of Sumitomo Metal Mining Co., Ltd.
Jun. 2013 Representative Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd.
Jun. 2016 Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd.
Jun. 2017 Executive Advisor of Sumitomo Metal Mining Co., Ltd.
Jun. 2018 Director of JFE Holdings, Inc. (current post)
Jun. 2021 Honorary Advisor of Sumitomo Metal Mining Co., Ltd. (current post)

Significant concurrent posts

Honorary Advisor of Sumitomo Metal Mining Co., Ltd.
Outside Director of Sumitomo Realty & Development Co., Ltd.




Yoshiko Ando
Director

Independent Executive
Nomination Committee Member

Date of birth: March 17, 1959

Apr. 1982 Joined Ministry of Labour
Jul. 2013 General Manager, Workers' Compensation Division, Labour Standards Bureau of Ministry of Health, Labour and Welfare
Jul. 2014 Director-General, Equal Employment and Child and Family Bureau of Ministry of Health, Labour and Welfare
Oct. 2015 Director-General for Labour of Ministry of Health, Labour and Welfare
Jun. 2016 Director-General for Statistics and Information Policy of Ministry of Health, Labour and Welfare
Jul. 2017 Director-General for Human Resources Development of Ministry of Health, Labour and Welfare
Jul. 2018 Retired from Ministry of Health, Labour and Welfare
Jun. 2020 Director of JFE Holdings, Inc. (current post)

Significant concurrent posts

Audit & Supervisory Board Member of Kirin Holdings Company, Limited
Outside Director of Sansei Technologies, Inc.



Audit & Supervisory Board Members



Isao Saiki
Audit & Supervisory Board Member

Independent Executive
Remuneration Committee Member

Date of birth: August 11, 1961

Apr. 1989 Admitted to the bar
Apr. 1989 Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)
Jan. 1998 Promoted to Partner Lawyer of Abe, Ikubo & Katayama Law Firm (current post)
Apr. 2014 Audit & Supervisory Board Member of JFE Holdings, Inc.
Jun. 2014 Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.
Jun. 2017 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

Significant concurrent post

Partner Lawyer of Abe, Ikubo & Katayama Law Firm




Tsuyoshi Numagami
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member
Remuneration Committee Member

Date of birth: March 27, 1960

Apr. 2000 Professor of Graduate School of Commerce and Management of Hitotsubashi University
Jan. 2011 Dean of Graduate School of Commerce and Management of Hitotsubashi University
Dec. 2014 Board Member and Executive Vice President of Hitotsubashi University
Apr. 2018 Professor of Graduate School of Business Administration of Hitotsubashi University
Jun. 2018 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)
Apr. 2023 Professor of Waseda University's Institute for Business and Finance (current post)

Significant concurrent posts

Professor of Waseda University's Institute for Business and Finance
Outside Director of Tokyo Century Corporation
Outside Director of EBARA CORPORATION




Takuya Shimamura
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member

Date of birth: December 25, 1956

Apr. 1980 Joined Asahi Glass Co., Ltd. (current AGC Inc.)
Jan. 2013 Senior Executive Officer and President of Electronics Company of AGC Inc.
Jan. 2015 President & CEO of AGC Inc.
Mar. 2015 Representative Director and President & CEO of AGC Inc.
Jan. 2021 Chairman & Representative Director of AGC Inc.
Mar. 2021 Director and Chairman of AGC Inc. (current post)
Jun. 2022 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

Significant concurrent posts

Director and Chairman of AGC Inc.
Outside Director of EBARA CORPORATION



Expertise and background

Corporate management/Management strategy	Technology/DX	Internal control/Governance	Human resources management and development
Sustainability/Environment	Finance/Accounting	Legal/Compliance	Sales/Marketing

Please see page 79 for Skill Matrix.

Progress on Medium-term Business Plan and JFE's Vision



Masami Yamamoto
Outside Director

Mr. Yamamoto joined Fujitsu Limited in 1976 and was appointed director and then senior advisor (current post from June 2019) after first serving as president and later chairman. He is also an outside Member of the Board of Directors of Mizuho Financial Group, Inc. He has been a director of JFE Holdings since June 2017.



Isao Saiki
Audit & Supervisory Board Member

Mr. Saiki was admitted to the bar in 1989 and joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm), where he has been a partner lawyer since January 1998. He has been an Audit & Supervisory Board Member of JFE Holdings since June 2017.



Nobumasa Kemori
Outside Director

Mr. Kemori joined Sumitomo Metal Mining Co., Ltd. in 1980 and served as president, chairman, and executive advisor before being appointed honorary advisor in June 2021. He is also an outside director of Sumitomo Realty & Development Co., Ltd. He has been a director of JFE Holdings since June 2018.



Tsuyoshi Numagami
Audit & Supervisory Board Member

Mr. Numagami became a professor of the Graduate School of Commerce and Management at Hitotsubashi University in 2000. He became a board member and executive vice president at the university in 2014. After serving as professor in the university's Graduate School of Business Administration, he assumed his present position as professor of Waseda University's Institute for Business and Finance in April 2023. He is also an outside director of Tokyo Century Corporation and an outside director of EBARA CORPORATION. He has been an Audit & Supervisory Board Member of JFE Holdings since June 2018.



Yoshiko Ando
Outside Director

Ms. Ando joined the Ministry of Health, Labour and Welfare in 1982 and retired in 2018 after serving as Director-General for Labour, Statistics and Information Policy, and Human Resources Development. She is currently an outside audit & supervisory board member of Kirin Holdings Company, Limited and an outside director of Sansei Technologies, Inc. She has been a director of JFE Holdings since June 2020.



Takuya Shimamura
Audit & Supervisory Board Member

Mr. Shimamura joined Asahi Glass Co., Ltd. (current AGC Inc.) in 1980. After serving as representative director, president & CEO of AGC, he assumed his present position as chairman in March 2021. He is also an outside director of EBARA CORPORATION. He has been an Audit & Supervisory Board Member of JFE Holdings since June 2022.

Looking at the measures set forth in the Seventh Medium-term Business Plan, please share your assessment of the Company's pivot from quantity to quality in the steel business, as well as any challenges for the future.

Kemori JFE is past the halfway mark of the current medium-term business plan, and progress has been exceptional. In fiscal 2023, profit per ton of steel, excluding inventory valuation differences, is expected to reach the medium-term target of 10,000 yen.* As for cost reductions, JFE has reduced costs by 45 billion yen over the past two fiscal years, somewhat behind its four-year target of 120 billion yen. However, with upcoming structural reforms in the Keihin district, this target looks achievable. In the steel industry, a capital-intensive, large-scale, heavy equipment industry, the norm has traditionally been to pursue profits by increasing production. Under its medium-term business plan, however, JFE is keen to increase profits while decreasing its number of blast furnaces from eight to seven and lowering production volumes accordingly. I appreciate the results it has achieved so far under these circumstances.

I believe there are three challenges. The first is maintaining a system where maximum production capacity can be deployed whenever needed. Second, even if profit per ton of steel exceeds the target, JFE needs to quantitatively verify if the value of its steel is truly competitive when compared to that of its global peers. Third, can JFE shorten the construction period for its non-oriented electrical steel production plant currently underway? A longer construction period might expose the Company to adverse effects from changes in the external business environment, so I think JFE needs to launch the plant in a shorter time frame in order to reap the benefits sooner.

* Based on earnings forecasts announced on August 3, 2023

Shimamura It has been a year since I assumed the position of auditor, and I have been impressed by the candid and sincere discussions at the Board of Directors' and Audit & Supervisory Board meetings. This atmosphere is cultivated by the secretariat and the executive side, ensuring an open and inclusive environment for Board meetings.

What I appreciate most is that the Seventh Medium-term Business Plan was created after reaffirming the fundamental importance of steel to society. The steel business offers social value, but it is a capital-intensive industry that requires huge investments and has historically been difficult to maintain its profitability. The suspension of upstream processes in the Keihin district this year is a symbolic step for JFE as it begins to boldly reform its domestic production and business structures. Additionally, while it is common practice for Japanese companies in the materials industry to set prices by adding a profit margin to costs, I give high marks to JFE for trying to set prices based on the intrinsic value of its products, which has borne tangible results.

However, the challenge lies in financial soundness. Because significant investments are required for GX and DX, management needs to brainstorm on the issue of capital procurement. Furthermore, I hope JFE can delve deeper into creating value that only the JFE Group can provide. I am excited that the JFE Group is working in unison to create value by combining the strengths of each business segment—producing differentiated high-value-added products in the steel business, providing social solutions using steel in the engineering business, and acting as a bridge from within to outside the Group in the trading business.

Ando I also believe the shift from quantity to quality is progressing smoothly. Management's structural reform initiatives are steadily advancing as planned, leading to visible improvements in profit margins through price hikes.

Going forward, I think management should focus more on increasing selling prices. JFE's corporate vision is to "contributing to society with the world's most innovative technology." Products crafted with the most innovative technology should be valued and priced commensurately with such technology. Also, while the medium-term business plans have been scoped for 3–4 years, I think it would be good to consider rolling reviews over a span of about 3 years, with a medium- to long-term vision of about 10 years ahead, for example. As is the case of expanding production facilities for electrical steel sheets, it takes years to make the investment decision, then build the facilities and finally start producing and selling. Because the external business environment undergoes rapid changes after an investment decision is made, management must make investment decisions while thinking far into the future. As for the natural environment, the JFE Group Environmental Vision for 2050 is a medium- to long-term vision, so I think it would be beneficial to have plans and policies shaped around this vision as well.



What aspects of the JFE Group's growth strategy interest you the most in terms of the future?

Yamamoto The role of the JFE Group is being reexamined at a time when the world is striving to achieve sustainability. Simply put, I believe this can be summed up as a shift from quantity to quality. In other words, the future of JFE lies along the extension of the Seventh Medium-term Business Plan. Strong, lightweight, high-quality steel can contribute to a carbon-neutral world and greater well-being for all. Although the Company is sometimes criticized for its high emissions of CO₂, I believe this global perception will change once JFE begins using advanced technologies to better control such emissions. I hope JFE will relentlessly pursue its global role as a company that translates its stated goals into accomplishments. As mentioned earlier, one of JFE Holdings' strengths is its three operating companies, so now the Company will be tested on whether these strengths can be deployed for the benefit of society.



Numagami Living in an industrialized country, the steel industry might seem like a mature industry, but in reality it still has many opportunities for growth. One of these is overseas business, notably JFE's establishment of a joint venture with India's JSW Steel in grain-oriented electrical steel sheet. I am also paying close attention to the efforts by JFE Steel and JFE Shoji to expand their market share in non-oriented electrical steel sheet, demand for which is growing in industrialized countries. Another growth opportunity is carbon recycling blast furnaces and large-scale electric arc furnaces. It is vital that JFE develops technologies for these furnaces ahead of rivals in order to lock in long-term growth. And a third growth opportunity is the engineering business, for which I have high expectations. Realizing JFE Engineering's potential will be a key factor in the Group's ability to flourish in a resource-recycling society. This includes, for example, JFE Engineering's recycling business for PET bottles and

various other materials, and its Global Remote Center for providing various plants with remote monitoring and support. Deploying the latter technology in the steel business might realize opportunities to provide remote support from Japan as massive blast furnaces in Asia are replaced with carbon recycling blast furnaces.

An important issue, in my opinion, will be securing cash flow. It is essential to determine the areas where investment is necessary from a best-owner perspective. And given the wide range of businesses that JFE is considering, training diverse managers who possess different skills and personalities will be another challenge. Public relations and advertising would be effective means of recruiting such employees.

Saiki I too am keenly interested in the Indian joint venture with JSW Steel in terms of capturing profits overseas. Another area of interest is the offshore wind power business that the Group is advancing toward commercialization. Wind power is bound to become a significant power source in Japan, so I hope the Group will continue to develop this business without falling behind the trend.

As for future issues, I think management needs to talk more about how to formulate medium-term plans. When formulating the Seventh Medium-term Business Plan, the Board of Directors spent considerable time discussing what concepts to use for medium- to long-term planning, while also reflecting on the reasons why conditions during the previous business plan had diverged considerably from initial assumptions. Given the rapidly changing business environment, for the next medium-term plan it will be essential to address immediate challenges while also keeping long-term objectives in mind.



How do you evaluate progress toward carbon neutrality? Also, please shed light on the key focus areas going forward.

Ando The objectives set out in the JFE Group Environmental Vision for 2050 have been thoroughly scrutinized, and I am confident that these objectives can be achieved given JFE's steady progress so far. I have three expectations for the future. The first one is carbon recycling blast furnaces, a unique initiative being undertaken by JFE. As hydrogen steelmaking has not yet become fully practical, the accelerated deployment of carbon recycling blast furnaces utilizing existing facilities would lead to faster reductions in CO₂. My second expectation is for JGreeX™ green steel, which JFE Steel launched recently. If a market forms around customers who recognize the value of using green steel, there will be a growing consensus for market mechanisms to share the significant cost of transitioning to carbon neutrality. The key will be how best to position JGreeX™ brand value. My third hope is for the engineering business' contribution to CO₂ reduction. By utilizing JFE's superior technologies for developing waste-to-energy power generation and recycling businesses worldwide, not only in Japan, the Company could contribute to global CO₂ reduction. I look forward to the increased presence of Japanese companies in this field.

Shimamura I commend JFE for its quantification of CO₂ reduction targets for 2030, a milestone on the path to carbon neutrality by 2050, and for taking concrete actions to achieve them, as well as for clearly setting out its contribution to CO₂ reduction in society using the Company's technologies and products, including specific numerical values. While the path to carbon neutrality might seem daunting, laying plans and spurring innovations will lead to technological progress. With such goals in place, I believe the passions and dreams of JFE employees will grow stronger. By 2030, JFE's level of progress in turning these ideas into reality will determine its competitive advantages far into the future. For this reason, I hope JFE will aim even higher in its development of technologies. In light

of possible changes in external factors, such as a carbon tax, I would like to see management make more efforts to help society understand the value of JFE's new products, such as green steel.

Yamamoto JFE is addressing environmental issues in line with my expectations. However, I think JFE should put more effort into expounding the importance of steel as a core material for society, and explaining the challenges of reducing CO₂ in the steel manufacturing process. While steel might seem ubiquitous, not all steel is made the same. JFE's steelmaking technologies have contributed greatly to making lighter and stronger electric vehicles as well as enhancing electric motor performance. Moreover, JFE is taking on bold challenges to deploy cutting-edge technologies in order to use new raw materials for reduced CO₂ emissions. JFE should put more effort into showcasing these bold efforts; otherwise, the value of green steel might not be well understood. In this context, the "Sus-tetsu-nable* Steel" commercials that the Company is airing in the media seem to be quite effective. Steel is an indispensable material, so, as Mr. Numagami mentioned, if the Company can realize innovative technologies for reduced CO₂ and remote control, I see a very bright future ahead for JFE.

* A term unique to our Company, it combines steel and sustainability, both of which are essential to society



Regarding executive compensation (performance-based remuneration), metrics related to safety were introduced in fiscal 2022, and metrics related to climate change were introduced in fiscal 2023. What kind of discussions were held by the Remuneration Committee?

Kemori Discussions in the Remuneration Committee regarding the introduction of non-financial metrics began in May 2021 when the Seventh Medium-term Business Plan was announced. We decided to promptly introduce ESG-linked compensation at JFE, as there were no significant differences between the non-financial metrics we had initially considered and those already introduced by leading companies. These new metrics

were aimed at establishing an optimal executive compensation system to help improve corporate value. Initially, safety and climate change, the most critical issues in the current medium-term business plan, were considered as candidate metrics. However, due to several challenges related to the introduction of climate change metrics, we first introduced safety metrics and then climate change metrics a year later. The challenges

Dialogue with Outside Executives

regarding climate change included deciding whether the metrics should be tied to short-term or medium- to long-term performance-based remuneration, and variances in the degree of difficulty and importance of KPIs depending on the business characteristics of each operating company. One significant reason for ultimately tying climate change to short-term performance-based remuneration was our belief in the importance of its introduction and our decision to adopt KPIs that had already been set for single fiscal years. We believe that JFE's early adoption ahead of other industry peers was ultimately a smart move.

In the future, JFE will need to introduce climate change metrics based on medium- to long-term perspectives. However, many uncertainties surround CO₂ reduction targets for 10 to 30 years in the future. The KPIs for medium- to long-term performance-based remuneration require thoughtful discussions. We will continue to discuss such matters, including the introduction of non-financial metrics other than safety and climate change, and the proportion of ESG-based remuneration to total compensation.

Saiki Regarding climate change metrics, there is a need for more substantive discussions about KPIs for 2030 and beyond. Questions are likely to arise when setting KPIs, such as future innovations and the level of hydrogen supply, a prerequisite for carbon neutrality. While this may deviate from the discussions of the Remuneration Committee, I believe the Company needs

to discuss safety and also how the achievement of safety indicators can be passed on to employees.

Numagami Since the discussions that take place in the Remuneration Committee have already been explained, I will share my thoughts on metrics, of which there are three types. First is financial metrics. Companies must provide customers with valuable but reasonably priced products and services, so financial metrics are essential for the survival and growth of a company. In contrast, there are also metrics such as biodiversity that everyone, not just companies, must guard in order to live within international society. Between these two is the third metric, diversity and inclusion, which is not only good for society but also essential for an organization's long-term health and competence. This metric for decision-making may not seem logical when implementing business measures, but like innovation, it will make more sense when looking back after changes occur in society or the organization. I want JFE to contribute to society and become a strong organization in the long run, so I would like to make sure that these three metrics are well organized and discussed in the Remuneration Committee.

Investors are putting more pressure on companies to make decisions with a keen awareness of the cost of capital and the share price. Please share your views on what should be done to improve perceptions of JFE in the eyes of capital markets, and include any relevant discussions by the Board of Directors.

Investors are putting more pressure on companies to make decisions with a keen awareness of the cost of capital and the share price. Please share your views on what should be done to improve perceptions of JFE in the eyes of capital markets, and include any relevant discussions by the Board of Directors.

Yamamoto This topic has been discussed in meetings where only outside directors are present. It has been a topic of interest even before the Tokyo Stock Exchange released guidelines for listed companies. As I mentioned earlier, JFE is an indispensable company in global society. However, we need to place more emphasis on having people recognize the process of how JFE contributes to the world and returns profits to shareholders. It is important to communicate not only the Company's pursuit of profits but also explain in an easy-to-understand manner how much it can contribute to the world.

Kemori The outside directors are all aware that the current PBR is quite low. JFE needs to improve its ROE and disclose growth strategies that investors will appreciate. We hope that the Company will not be content with an ROE of around 10%, but rather strive to maintain a significantly higher level of perhaps around 15%, excluding inventory valuation gains, in the next medium-term business plan. If investors are not likely to favor a particular growth strategy, then there is little reason to put forward

such a strategy. Despite setting goals for structural reforms, large-scale cost reductions, and increasing the sales ratio of high-value-added products in the Seventh Medium-term Business Plan, and even though JFE Steel is forecasting segment profit of 260 billion yen in the final year of the business plan, the company's share price does not adequately reflect these positive factors. Many investors and shareholders probably have a hard



time envisioning the future for JFE beyond its current trajectory and may struggle to imagine a future where profits will grow significantly in new areas. In its next medium-term business plan, I think JFE needs to present a vision of what the Company should look like in 10 to 20 years and clarify what needs to be done in the short term through backcasting.

Ando To earn a better evaluation from the market, a company must not only have the ability to grow, it is also necessary for the market to be able to understand the company's ability and growth potential. Ability is easy to understand because it can be expressed in numbers, but growth potential cannot be understood unless it is explained with a story. I feel that JFE is not particularly adept in this regard. The materials industry, which is greatly affected by economic fluctuations, tends to focus on short-term trends, but the demand structure is changing along with carbon neutrality and global population changes, so it is important to draw a growth story from a long-term perspective that responds to these changes. With its advanced technical capabilities and three operating companies, I believe JFE Holdings has the ingredients for a good growth story, so I am eager to hear JFE clearly explain how it will play a valuable role in future society.

Saiki Low PBR are a concern that plagues the entire steel industry. Yet, when compared to its peers, I wonder if JFE has a hard time engaging with investors in a compelling way. In meetings of the Board of Directors, we have had discussions about why the share price remains subdued despite relatively strong earnings and ongoing structural reforms. In these discussions, I have consistently pointed out the lack of effective outreach to investors. While JFE's prudence and caution with information disclosures are commendable, it sometimes feels like an opportunity is being missed.

JFE's share price seems to have responded to disclosures about the Company's forward-looking initiatives based on a clear vision for the future, building on relatively strong performance of late. I hope that JFE will continue to actively disclose information about its commendable initiatives, which can be accumulated in small increments, in order to attract more attention from investors. I believe that such efforts would help to improve PBR.

Numagami Regarding investor perceptions, I think that another side of the story is that there are lingering concerns about future cash flows. In this context, if JFE can convincingly demonstrate that its technological innovations, like carbon recycling blast furnaces, can overcome environmental challenges, its share price will probably respond accordingly.

Additionally, JFE fundamentally needs to allocate capital and generate synergies. I believe investor perceptions would improve if management makes decisions with a strong awareness of the cost of capital, effectively allocates capital to profitable areas, and supports areas in the Group where synergies are possible. Deploying young talent to areas where invested capital can yield substantial returns will facilitate growth. Furthermore, the holding company must support necessary risk-taking and monitor each operating company to ensure appropriate levels of capital and human resources are allocated to maximize returns.

Shimamura PBR and share prices are common headaches for companies in the materials industry. Investors seem to dislike the volatility of steel and glass because of the strong impression that they are market commodities. The first priority is to generate stable earnings, but as JFE pursues efficiency through structural reforms, there is a great opportunity to adjust its portfolio of businesses and products. I think the share price will rise if JFE can change the perception that as a steel company it is tied to an upfront investment business model with poor asset efficiency, and instead looks for way to appeal to investors with its cutting-edge manufacturing capabilities and progressive stance on resolving environmental issues.

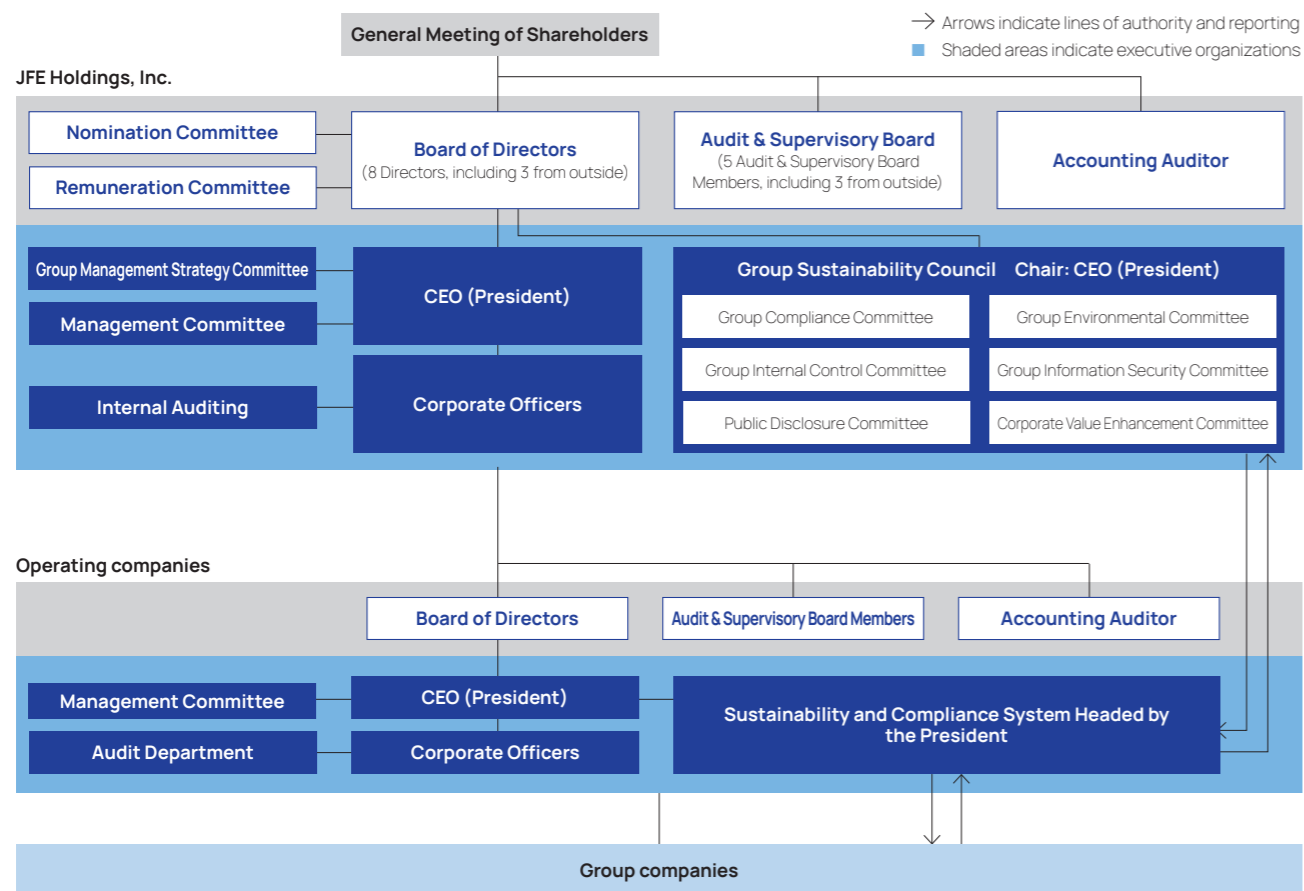


Corporate Governance



With the steel business, engineering business, and trading business at its core, the JFE Group develops a broad range of businesses in a wide range of areas together with many Group companies and partners. Establishing a proper governance system is essential toward improving independence and raising efficiency in each operating company, along with the optimal management of risks, which include those related to the environment, safety, and disaster prevention in the Group. It is also necessary for the sustainable growth of the Group and the medium- to long-term improvement of its corporate value.

Corporate governance system



Establishment of Basic Policy on Corporate Governance

The JFE Holdings, Inc. Basic Policy on Corporate Governance was established with the aim of pursuing the best practices in corporate governance in line with its corporate vision.

JFE Holdings, Inc. Basic Policy on Corporate Governance
<https://www.jfe-holdings.co.jp/en/company/info/pdf/basic-policy.pdf>

Corporate Governance Report
<https://www.jfe-holdings.co.jp/en/company/info/pdf/corporate-governance.pdf>

Overview of the Corporate Governance System

Group Governance System

The JFE Group comprises a holding company and three operating companies: JFE Steel, JFE Engineering, and JFE Shoji.

JFE Holdings, a pure holding company at the core of the Group's integrated governance system, guides Groupwide strategy, risk management, and public accountability.

Each operating company has developed its own system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.

Overview of the corporate governance system

Organizational design type	Company with an Audit & Supervisory Board
Number of Directors	8
Number of Independent Outside Directors	3
Number of female Directors	1
Number of Audit & Supervisory Board Members	5
Number of Independent Outside Audit & Supervisory Board Members	3
Number of female Audit & Supervisory Board Members	1
Term for Directors	1 year (The same for Outside Directors)
Corporate Officer System	Adopted
Voluntary advisory committees of the Board of Directors	Nomination Committee and Remuneration Committee

Governance System

JFE Holdings and each operating company have their respective Audit & Supervisory Boards Members (Audit & Supervisory Boards). The companies are crosschecked by the Directors, who supervise operational execution, and the Audit & Supervisory Board Members, who conduct audits. Also, a Corporate Officer system separates decision-making and execution to clarify authority and responsibility, as well as to accelerate execution. JFE Holdings' Board of Directors is responsible for maintaining and enhancing management efficiency and passing resolutions as legally required, laying down key management policies and strategies and supervising operational execution. The Audit & Supervisory Board oversees management for the purpose of strengthening its soundness. In fiscal 2022, the Board of Directors deliberated about progress on the Seventh Medium-term Business Plan and initiatives related to sustainability issues.

Major topics discussed at the fiscal 2022 Board of Directors' meeting

- Progress on the Seventh Medium-term Business Plan
- Large-scale capital investment (blast furnace blower electrification upgrade project (Kurashiki district), No. 6 coke furnace Group A construction project (Fukuyama district), etc.)
- Initiatives to address ESG issues (carbon-neutral efforts, assessment and review of KPIs for important management issues, etc.)

Major Initiatives to Strengthen the Governance System

- September 2002**: Established JFE Holdings
- June 2007**: Added two Outside Directors and shortened the term of Directors from two years to one year
- October 2015**: Established JFE Holdings, Inc. Basic Policy on Corporate Governance, Nomination Committee, and Remuneration Committee
- FY2015**: Initiated analysis and evaluation of Board of Directors' effectiveness
- June 2017**: Reorganized the Board of Directors and the Audit & Supervisory Board based on results of their effectiveness analysis and evaluation
 - Added the presidents of JFE Engineering and JFE Shoji to the Board of Directors, along with an increase of two outside members (Director and Audit & Supervisory Board Member)

Independent Outside Directors

We elect Independent Outside Directors so that one-third or more of the Directors are 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 and satisfy our independence standards. Currently, of the eight Directors, three are Independent Outside Directors.

Moreover, more than half of the Audit & Supervisory Board Members are from outside. Independent Outside Audit & Supervisory Board Members will be elected from persons who are appropriate to bear the role of enhancing the auditing function, such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge and satisfy our independence standards. Currently, of the five Audit & Supervisory Board Members, three are Independent Outside Audit & Supervisory Board Members.

Standards for Independence of Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.
<https://www.jfe-holdings.co.jp/en/company/info/pdf/independence.pdf>

Approach to Diversity in the Board of Directors

With regard to the composition of the Board of Directors, the Company elects Officers following deliberations by the Nomination Committee, by focusing on the enhancement of diversity of the Board members, such as their expertise, knowledge, and experience in various fields, while balancing with the appropriate size of the Board. One female Audit & Supervisory Board Member was appointed in June 2019 and one female Director was appointed in June 2020, respectively. The Company is working to enhance gender and global diversity mainly by electing Directors and Audit & Supervisory Board Members who possess a wealth of knowledge and experience as management in global enterprises. The Company will continue to systematically engage in initiatives to foster such human resources suitable for candidates for Directors and Audit & Supervisory Board Members by setting specific targets. We have identified skills for the Board of Directors that are necessary for the management of the Company, and arranged the main skills of each director and Audit & Supervisory Board member in a matrix, as follows.

Corporate Governance

Skill matrix of JFE Holdings' Directors and Audit & Supervisory Board Members (as of July 1, 2023)

Position/Name	Corporate management / Management strategy	Sustainability/ Environment	Technology/ DX	Finance/ Accounting	Internal control/ Governance	Legal / Compliance	Human resources management and development	Sales/ Marketing	Expertise held in:	Independent executive	Nomination Committee	Remuneration Committee	FY2022 Board of Directors' attendance	FY2022 Audit & Supervisory Board attendance
Representative Director Koji Kakigi	○	○	○	○	○	○	○		Steel Business		Member	Member	15/15 (100%)	—
Representative Director Yoshihisa Kitano	○	○	○		○				Steel Business		Member		15/15 (100%)	—
Representative Director Masashi Terahata	○	○		○	○	○	○		Steel Business / Trading Business			Member	15/15 (100%)	—
Director Hajime Oshita	○	○	○	○	○			○	Engineering Business				15/15 (100%)	—
Director Toshinori Kobayashi	○	○	○		○			○	Steel Business / Trading Business				15/15 (100%)	—
Director Masami Yamamoto	○	○	○		○				—	○	Chair	Member	15/15 (100%)	—
Director Nobumasa Kemori	○	○	○		○				—	○		Chair	15/15 (100%)	—
Director Yoshiko Ando		○			○	○	○		—	○	Member		15/15 (100%)	—
Audit & Supervisory Board Member Nobuya Hara	○			○	○				Steel Business				15/15 (100%)	19/19 (100%)
Audit & Supervisory Board Member Nakaba Akimoto					○	○			Steel Business / Engineering Business / Trading Business				12/12 (100%)	13/13 (100%)
Audit & Supervisory Board Member Isao Saiki					○	○	○		—	○	Member		15/15 (100%)	19/19 (100%)
Audit & Supervisory Board Member Tsuyoshi Numagami	○			○	○			○	—	○	Member	Member	15/15 (100%)	19/19 (100%)
Audit & Supervisory Board Member Takuya Shimamura	○	○			○			○	—	○	Member		12/12 (100%)	13/13 (100%)

* Ms. Nakaba Akimoto and Mr. Takuya Shimamura were appointed as new members of the Audit & Supervisory Board at last year's General Meeting of Shareholders (held on June 24, 2022), so their number of meetings attended differs for Board of Directors' and Audit & Supervisory Board meetings.

Nomination Committee and Remuneration Committee

In October 2015, the Company set up the Nomination Committee and the Remuneration Committee as advisory bodies to the Board of Directors to secure fairness, objectivity, and transparency in the appointment of and remuneration for Directors and Audit & Supervisory Board Members. For both committees, the majority of committee members are Outside Directors/Outside Audit & Supervisory Board Members and the chairs are chosen from among these people.

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the basic stance on the election and dismissal of the President of the Company, proposals for the election of candidates for the President of the Company, succession plans of the President of the Company, and the nomination of candidates for Outside Directors/Outside Audit & Supervisory Board Members. Three meetings were held in fiscal 2022. All committee meetings had 100% attendance rates. The Remuneration Committee deliberates matters pertaining to the basic stance on the remuneration of Directors, etc., of the Company and each operating company and reports to the Board of Directors. Six meetings were held in fiscal 2022. All committee meetings had 100% attendance rates.

Nomination Committee and Remuneration Committee structure (as of July 1, 2023)

Committee	Inside Directors	Outside Directors	Outside Audit & Supervisory Board Members	Chair
Nomination Committee	2	2	2	Masami Yamamoto (Outside Director)
Remuneration Committee	2	2	2	Nobumasa Kemori (Outside Director)

Support for Directors and Audit & Supervisory Board Members

Directors and Audit & Supervisory Board Members are provided with opportunities and funding to receive training in legal matters, corporate governance, risk management, and other subjects that help them fulfill their roles and duties.

In addition, a briefing is held for Outside Directors and Outside Audit & Supervisory Board Members prior to Board of Directors' meetings.

Furthermore, Outside Directors and Outside Audit & Supervisory Board Members are provided with relevant information and opportunities to exchange opinions with the President of the Company and other top managers, attend key hearings on the operational status of individual departments, and inspect business sites and Group companies within and outside Japan.

Evaluation of Effectiveness of the Board of Directors

At JFE Holdings, the effectiveness of the Board of Directors is evaluated based on the Basic Policy on Corporate Governance. In fiscal 2022, all Directors and Audit & Supervisory Board Members answered a revised questionnaire about effectiveness. In addition, the outcome of initiatives in fiscal 2022 were examined while referencing the opinions and suggestions received from the fiscal 2021 analysis and evaluation.

Based on the results of the questionnaire and evaluation by the third-party organization, the Board of Directors determined that its overall effectiveness has been ensured through invigorated discussions facilitated by thorough preliminary briefing sessions attended by all Outside Directors/Outside Audit & Supervisory Board Members, and by appropriate direction by the chairperson.

Fiscal 2022 initiatives based on effectiveness evaluation results through fiscal 2021

- In addition to revising KPIs related to important management issues and initiatives for carbon neutrality, the Board of Directors received reports about and extensively deliberated sustainability issues and risk management matters deliberated by the Group CSR Council (now the JFE Group Sustainability Council). This included initiatives on human rights due diligence, quality assurance, taxation, and compliance with antitrust laws. Based on the discussions of the Board of Directors, we aim to improve the risk management of the entire Group.
- To spread awareness centered on compliance, JFE Holdings and its operating companies conducted surveys of awareness of corporate ethics and other areas. Based on the survey results, we aim to augment discussions regarding responses to identified issues.
- We revised agenda criteria for the purpose of invigorating discussions, further strengthening oversight functions and accelerating decision-making of the Board of Directors.
- From the perspective of enlivening discussions of the Board of Directors, we regularly held meetings with only Outside Directors to further expand opportunities for them to exchange opinions freely.

Furthermore, in addition to accurate and fair audits performed by the Audit & Supervisory Board Members, the members also expressed opinions and actively asked questions at Board of Directors' meetings on management decision-making and reporting to further invigorate deliberations. Such outcomes support the

conclusion that JFE functions more efficiently as a company with an Audit & Supervisory Board.

The following issues were identified in the survey as areas where effectiveness can be improved further.

Issues to further improving effectiveness

- The Company should advance measures related to human resource management and respect for human rights, which are priority management issues for sustainable growth. The Board of Directors should have more in-depth discussions and revise KPIs related to diversity and inclusion, personnel training, and realizing a rewarding workplace.
- The Board of Directors should receive in-depth reports with information about subsidiaries and affiliated companies for the purpose of understanding latent Groupwide risks from a risk management standpoint.
- It is important to prevent risks from materializing by constantly reviewing and improving existing measures with the objective of further instilling an awareness of compliance.

In fiscal 2023, JFE aims to increase opportunities to exchange opinions with managers of operating companies, by examining the implementation of supervision of business sites within and outside Japan, and holding meetings of the Board of Directors at domestic business sites.

In light of these points, we will continue to proactively implement measures to improve the effectiveness of the Board of Directors, with the ultimate aim of increasing the corporate value of the JFE Group.

Operating System

Key Decision-making

JFE companies are responsible for business decisions in accordance with their respective rules and procedures, whereas JFE Holdings makes final decisions about Groupwide matters. Each operating company determines key matters through a deliberative process by its own Management Committee and Board of Directors. In April 2017, JFE Holdings changed the operating structure of key

committees. Management strategies involving the entire Group are now deliberated by the Group Management Strategy Committee, and core issues of JFE Holdings, the operating companies, and the Group are deliberated by the Management Committee before they are submitted to the Board of Directors for resolution.

Structure of Group Management Strategy Committee and Management Committee

Committee	Company	Chairperson	Attendees
Group Management Strategy Committee	JFE Holdings	President	Inside Directors (including 3 operating company Presidents), Corporate Officers, and full-time Audit & Supervisory Board Members
Management Committee	JFE Holdings	President	Inside Directors (excluding 3 operating company Presidents), Corporate Officers, and full-time Audit & Supervisory Board Members
	Each operating company	President	Directors, major Corporate Officers, and Audit & Supervisory Board Members

Executive Remuneration

Executive remuneration is based on the Basic Policy on Remuneration for Directors and Corporate Officers and the Policy for Deciding Individual Remuneration for Directors and Corporate Officers, which were formulated based on discussions and reports by the

Remuneration Committee, and it is decided through either a resolution of the Board of Directors or deliberations by the Audit & Supervisory Board Members, for an amount within the total limit approved at the General Meeting of Shareholders.

Executive remuneration (FY2022)

Position	Total remuneration (thousand yen)	Total by type of remuneration (thousand yen)				Number of executives
		Basic remuneration	Bonuses	Performance-linked portion	Service length portion	
Directors (excluding Outside Directors)	303,881	217,415	48,890	23,912	13,664	5
Audit & Supervisory Board Members*1 (excluding Outside Audit & Supervisory Board Members)	78,335	78,335	—	—	—	3
Outside Directors/Outside Audit & Supervisory Board Members*2	91,847	91,847	—	—	—	7

*1 Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) include one Audit & Supervisory Board Member who retired during the fiscal year under review.

*2 Outside Directors/Outside Audit & Supervisory Board Members include one Outside Audit & Supervisory Board Member who retired during the fiscal year under review.

Corporate Governance

Basic Policy on Remuneration for Directors and Corporate Officers

- The Board of Directors shall determine a remuneration system for Directors and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness, and transparency.
- The remuneration level for Directors and Corporate Officers shall be determined to secure excellent human resources who are able to put the Group's corporate vision into practice, taking into consideration the business environment of the Group and remuneration levels at other companies in the same industry or of the same scale.
- The ratio between basic remuneration and performance-linked remuneration (annual bonus and stock remuneration) shall be properly established according to the roles and responsibilities, etc., of each Director and Corporate Officer so as to function as sound incentives toward the sustainable growth of the Group.

Outline of the Policy for Deciding Individual Remuneration for Directors and Corporate Officers

- Remuneration for Directors and Corporate Officers shall be determined by a resolution of the Board of Directors in accordance with the Basic Policy and the Decision Policy, based on reports from the Remuneration Committee.
- Remuneration for the Company's Directors and Corporate Officers is comprised of basic remuneration and performance-linked remuneration (annual bonus and stock remuneration).
- Basic remuneration is paid as a fixed amount, in cash, each month according to position.
- Annual bonus is linked to the Company's single-year performance (calculated based on financial and non-financial indicators) and is paid in cash once a year.
- Stock remuneration is granted as the Company's shares and cash equivalent to the amount of the Company's shares converted to market value through the trust upon retirement.
- The ratios of remuneration by type are structured so that the higher the position, the greater the weight of performance-linked remuneration, and the ratio for the Company's President has been set so that when performance targets are achieved the ratio is "basic remuneration : annual bonus : stock remuneration = 60% : 20% : 20%."

The Company pays only basic remuneration to Outside Directors and Outside Audit & Supervisory Board Members given their respective roles of supervising and auditing management from an independent and objective standpoint. Annual bonuses and stock remuneration are not paid by the Company to Directors who concurrently serve as executive directors of operating companies.

Performance-linked remuneration is calculated as follows.

Annual bonus

The annual bonus is calculated by multiplying the total amount of segment profit in a single fiscal year and an employee safety-related indicator and climate change-related indicators, as a performance-linked indicator, by the degree of achievement of the indicator and a preset coefficient for each position.

For non-financial indicators, JFE introduced an employee safety-related indicator in fiscal 2022 and climate change-related indicators in fiscal 2023.

The employee safety-related indicator is calculated as the achievement rate for zero workplace fatalities and the lost-work injuries rate, which are KPIs set for each operating company. Climate change-related indicators are calculated as the achievement rate for a selection of metrics related to contributions to resolving climate change issues (initiatives to realize carbon

neutrality by 2050), which is a KPI set for each operating company. (Please see the chart.)

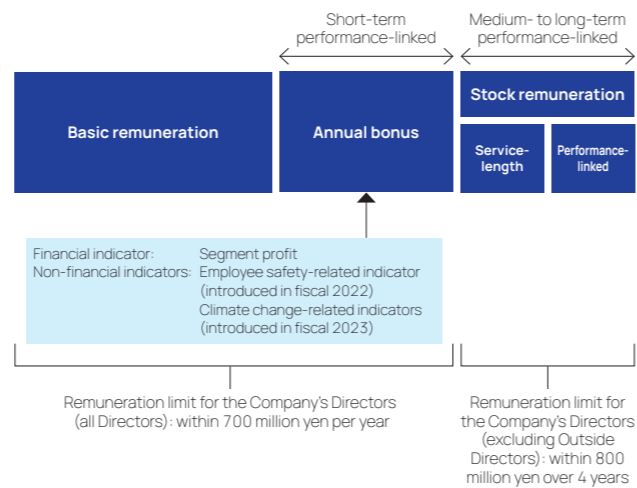
Stock remuneration

The stock remuneration plan is determined in accordance with the performance targets, etc., in the Group's medium-term business plan. For the period between fiscal 2021 and fiscal 2024, the payment level is determined according to the level of achievement of the target profit attributable to owners of parent of 220.0 billion yen per year, set under the Seventh Medium-term Business Plan. Furthermore, 5% or more ROE is the minimal requirement for the payment.

In the event that a Director is dismissed or found to have engaged in illegal behavior, by resolution of the Board of Directors, the Director will lose the right to receive payments. In the event that a Director who has already received payment is found to have engaged in illegal behavior, by resolution of the Board of Directors, the Company can ask the Director to return economic value equivalent to the stock remuneration that they had received.

The JFE Group aims to have a Director compensation system that functions as a healthy incentive to pursue sustainable growth, and continues to review the system at meetings of the Remuneration Committee and the Board of Directors.

Composition of remuneration for the Company's Directors



Method for calculating achievement rate of climate change-related indicators

	KPI	
JFE Steel's Board Members	Degree of achievement in CO ₂ reduction target by conserving energy and developing technology (75%)	Degree of achievement in market introduction and uptake target for eco-friendly products and technologies (25%)
JFE Engineering's Board Members	Degree of achievement in target for reducing own CO ₂ emissions (25%)	Degree of achievement in target for contributing to CO ₂ reductions (75%)
JFE Shoji's Board Members	Degree of achievement in target for reducing own CO ₂ emissions (100%)	
JFE Holdings' Board Members	JFE Steel's degree of achievement (70%)	JFE Engineering's degree of achievement (20%) JFE Shoji's degree of achievement (10%)

* Excludes outside directors

* Weighted average of degree of achievement at each operating company

Internal Control

The JFE Group's internal control system, in accordance with the Basic Stance for Building an Internal Control System, is maintained through various committee regulations including the Rules of the Board of Directors, Regulations for the Group Management Strategy Committee, Regulations for the Management Committee, Regulations for the JFE Group Sustainability Council, Regulations for the Organization and Operations, Regulations for Document Management, Regulations for Addressing Violence Directed at Companies, and installation of the Corporate Ethics Hotline. The Basic Stance for Building an Internal Control System is revised and improved from time to time to boost sustainable corporate value.

Basic Policies to Establish the Internal Control Systems
<http://www.jfe-holdings.co.jp/en/company/info/pdf/corporate-governance.pdf>

Strengthening Internal Control
Internal audits

JFE Holdings, the operating companies, and key Group companies had internal audit organizations comprising 172 people as of April 1, 2023. These organizations share information to enhance overall auditing within the Group. Moreover, to ensure the effectiveness of internal audits, the results of internal audits are reported to the Board of Directors and the Audit & Supervisory Board.

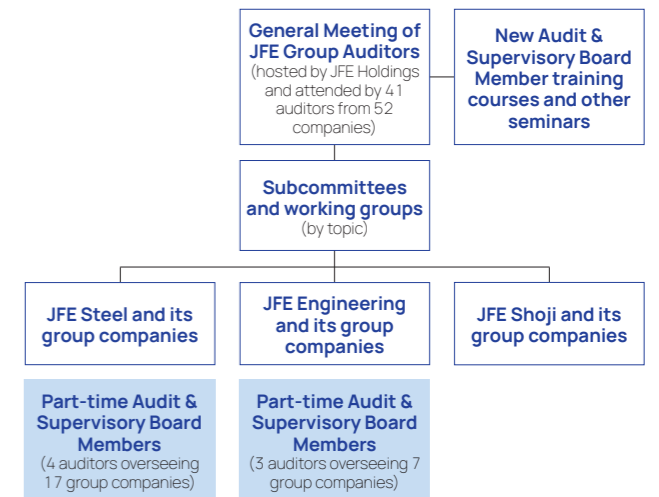
Audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members attend meetings of the Board of Directors, Group Management Strategy Committee, Management Committee, and Group Sustainability Council, as well as other important meetings, and express their opinions as needed. To audit how Directors execute their responsibilities, they conduct hearings with Directors and Corporate Officers regarding operational status and receive operational reports from subsidiaries. In addition to undergoing statutory audits, JFE companies take the following initiatives to improve the effectiveness of internal auditing by the Audit & Supervisory Board Members, through efforts to share information and strengthen coordination among the Members.

A total of 34 full-time Audit & Supervisory Board Members have been appointed to 29 companies, including JFE Holdings. Operating company personnel are dispatched to Group companies as part-time Outside Audit & Supervisory Board Members. Each absentee Audit & Supervisory Board Member serves one to five subsidiaries to raise the quality of the audits by their Audit & Supervisory Board Members and enhance Group governance. Seven absentee Audit & Supervisory Board Members served 24 companies in total.

The JFE Group Board of Auditors includes both full-time Audit & Supervisory Board Members of each Group company and part-time Audit & Supervisory Board Members. Subcommittees and working groups created to address specific issues meet autonomously to share information, investigate issues, and enhance understanding. The findings of the year's activities are presented at the General Meeting of JFE Group Auditors and used for audits.

Structure of JFE Group Board of Auditors



Cooperation between Audit & Supervisory Board Members and the Accounting Auditor

In fiscal 2022, the Audit & Supervisory Board Members held nine scheduled or unscheduled meetings with Ernst & Young ShinNihon LLC, JFE's outside accounting auditor, in which the latter presented its audit plan, completed work, and detailed results. The firm also presented a detailed explanation of its quality management system to confirm its validity. In turn, the Audit & Supervisory Board Members explained their own audit plans and other matters to the firm. The two sides also shared opinions on related matters.

Cooperation between Audit & Supervisory Board Members and the internal auditing department

In fiscal 2022, the Audit & Supervisory Board Members held eight scheduled or unscheduled meetings with the internal auditing department, in which the latter presented its internal audit plan, work status, and detailed results. During the meetings, the Audit & Supervisory Board Members also shared opinions with the department.

Operating company governance

Some Directors, Corporate Officers, and Audit & Supervisory Board Members of JFE Holdings serve concurrently as the Directors or Audit & Supervisory Board Members of operating companies to strengthen governance and information sharing across the Group. To strengthen governance, JFE Holdings' managers attend each operating company's General Meeting of Shareholders and Management Planning Briefing, receive reports on their activities, and discuss the managerial policies of subsidiaries.

Corporate Governance

Approach Regarding Listed Subsidiaries

As the Company practices its corporate vision of "contributing to society with the world's most innovative technology," to realize sustainable growth and enhancement of medium- to long-term corporate value, the Company forms a corporate group comprising companies with high expertise, divides business functions within the Group, and conducts business development outside of the Group. Among the Group companies, the Company has two listed subsidiaries, described below.

GECOSS Corporation

(Prime Market of Tokyo Stock Exchange)

GECOSS is mainly engaged in the rental and sales of temporary construction materials, as well as in design and construction of temporary works. GECOSS provides products and services that meet customer needs primarily in the civil engineering and construction industries by partnering with JFE Steel Corporation and Group companies. The Company believes that managing GECOSS as a subsidiary will help to maximize the value of GECOSS and the JFE Group through various collaborative initiatives with JFE Steel in areas such as personnel exchange and R&D. GECOSS maintains its listed status as a means to enhance its competitiveness as well as to secure market recognition and credibility in funding, sales and marketing, and hiring.

The two aforementioned companies are subject to rules different from those applicable to other consolidated subsidiaries, in light of guidance concerning listed subsidiaries from the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, and other measures are also taken so as to ensure that each of the companies conducts autonomous corporate activities exercising autonomy and flexibility, secure management independence as listed companies, and make sure that the interest of the said subsidiaries' shareholders other than the said subsidiaries and the Company will not be unfairly impaired. In addition, with respect to matters necessary for the Group's risk management, prior consultation and reporting are required from each company while securing their independent decision-making, so as to implement risk management as a member of the Group companies.

Basic Policies for Strategic Shareholdings and Exercise of Related Voting Rights

All shares held by the Company are the shares of subsidiaries or affiliates. The Company's wholly owned subsidiaries as well as operating companies, JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation (hereinafter the "Operating Companies"), do not hold listed shares as strategic shareholdings, in principle. Strategic shareholdings, however, are allowed as an exception when holding the stocks of a company is determined to be necessary for maintaining and achieving growth for the Group's business.

The Board of Directors' meetings regularly confirm the significance of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell strategic shareholdings if there is no significance of such shareholdings or there is a risk of damage to shareholders' interest. In fiscal 2022, the Company sold 27.1 billion yen (on a market value basis) worth of all or parts of 30 stocks. Furthermore, at a meeting held in September 2022, the Board of Directors examined the significance of its strategic shareholdings and return on investment.

JFE Systems, Inc.

(Standard Market of Tokyo Stock Exchange)

JFE Systems is mainly engaged in systems integration and solutions for the planning, design, development, operation, and maintenance of information systems, as well as in building systems using its products and IT infrastructure solutions that support business systems. Computer systems in the steel business support overall business activities, such as receiving orders, manufacturing, shipping products, and controlling quality, and are an important base for using diverse data. In addition, as DX progresses, ensuring the accumulation of know-how and the continuity of personnel exchange will be essential for maintaining the competitiveness of JFE Steel Corporation. JFE Systems maintains its listed status as a means to enhance its competitiveness as well as to secure market recognition and credibility in funding, sales and marketing, and hiring.

On July 28, 2022, JFE Container Co., Ltd. delisted from the Standard Market of the Tokyo Stock Exchange, and became a wholly owned subsidiary of JFE Steel through a stock exchange on August 1. The corporate value of the entire JFE Group will benefit from JFE Container becoming a wholly owned subsidiary of JFE Steel, because we anticipate an increase in opportunities to create businesses and develop new fields through more Group collaboration in the high-pressure gas container business in order to realize a carbon-free hydrogen society.

Furthermore, the Company shall regularly verify the significance of maintaining the listing of the listed subsidiaries and take necessary measures upon confirmation at its Board of Directors. The content herein was verified and discussed at a Board of Directors' meeting held in May 2023.

The exercise of voting rights of strategic shareholdings is decided upon reviews by the Operating Companies on the content of the proposal and is appropriately implemented in a way that will maximize 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 not to pose any threat to the maximization of interest of these Operating Companies as shareholders.

Of the shares for investment purposes held by JFE Steel, which has the largest balance sheet amount and accounts for the majority of the shares for investment purposes posted in the consolidated financial statements of the company, those shares of JFE Steel that are held for purposes other than pure investments are shown below.

	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Number of issues	219	171	146	138
Total balance sheet amount (billion yen)	1,661	960	712	590

Thorough Compliance



In expanding our businesses in Japan and abroad, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of "Ensuring Thorough Compliance." Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. Therefore, JFE believes it is extremely important that all members of the organization deepen their knowledge and awareness of compliance and perform their jobs accordingly.

Compliance System

The JFE Group's Standards of Conduct guides employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics.

The Compliance Committee, chaired by the President of JFE Holdings, generally convenes every quarter to deliberate basic policies and issues and then supervise their implementation. Each operating company has a similar in-house system for promoting and supervising compliance. In addition, operating companies have introduced a Corporate Ethics Hotline to ensure that crucial information regarding compliance can be communicated directly from the front lines to top management.

JFE Group's Standards of Conduct <https://www.jfe-holdings.co.jp/en/company/philosophy/guideline.html>

Ensure Adherence to Corporate Ethical Standards and Compliance

Thorough Compliance

As a part of initiatives to enhance awareness of compliance, the JFE Group has compiled a Compliance Guidebook and distributed it to executives and employees (domestic and overseas), to be used in activities such as collation, to ensure that the rules are fully communicated and informed.

Compliance <https://www.jfe-holdings.co.jp/en/csr/governance/compliance/index.html>

Internal Whistleblowing System

We have established a Corporate Ethics Hotline to maintain corporate ethics, comply with laws and regulations, and prevent corruption. It is accessible to all executives and employees of the JFE Group (employees, contract workers, part-time workers, temporary staff, and retirees) as well as the executives and employees of business partners. As a specific means of reporting and consultation, an environment has been prepared for receiving inquiries (it is also possible to anonymously file reports and seek consultation) by email, a dedicated phoneline, and by regular mail. Additionally, an external hotline to a law firm is also provided.

Whistleblowing and requests for consultation are regularly reported to full-time Audit & Supervisory Board Members. Moreover, the operational status of the system is monitored by the Board of Directors.

Cases handled by the Corporate Ethics Hotline

Company	FY2019	FY2020	FY2021	FY2022
JFE Holdings and operating companies	101	87	133	127

Antimonopoly Act Compliance

We take past violations of the Antimonopoly Act seriously and continue to implement thorough measures to eliminate the possibility of future infringements. Moreover, initiatives to prevent a reoccurrence in the future are reported to the Group Compliance Committee with the objective of enhancing their effectiveness.

Prevention of Bribery

We do not tolerate any kind of illegal activity in Japan or any other country, including bribery, such as offering money or other benefits to public officials, and never resort to these illegal activities to gain profit or resolve problems. Based on these thoughts, the Group issued the JFE Group's Basic Policy on Preventing Bribery of Public Officials and disseminates it throughout the Group including operating companies. The JFE Group also maintains various systems to prevent the bribery of public officials.

JFE Group's Basic Policy on Preventing Bribery of Public Officials <https://www.jfe-holdings.co.jp/en/company/philosophy/anti-bribery.html>

Resisting Organized Crime

We declare in our Standards of Business Conduct that we will firmly resist all antisocial forces, and have established the JFE Group Policies for Addressing Antisocial Forces and Regulations for Addressing Violence Directed at Companies to clarify the measures to be taken in response to any issues against antisocial forces, including manuals for initial responses to violence against the Group.

Employee Ethics Awareness Surveys

We regularly conduct Corporate Ethics Awareness Surveys of executives and employees of JFE Holdings and operating companies for the purpose of assessing the degree of understanding in the Group's Corporate Vision, Corporate Values, and Standards of Conduct.

Risk Management



Based on its corporate vision of "contributing to society with the world's most innovative technology," the JFE Group maintains and actively uses a risk management structure to accurately identify and respond to Groupwide risks, with the aim of sustaining growth and improving corporate value across the Group.

Risk Management System

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Stance for Building an Internal Control System. A structure has been put into place for the Board of Directors to supervise risk management and verify its effectiveness.

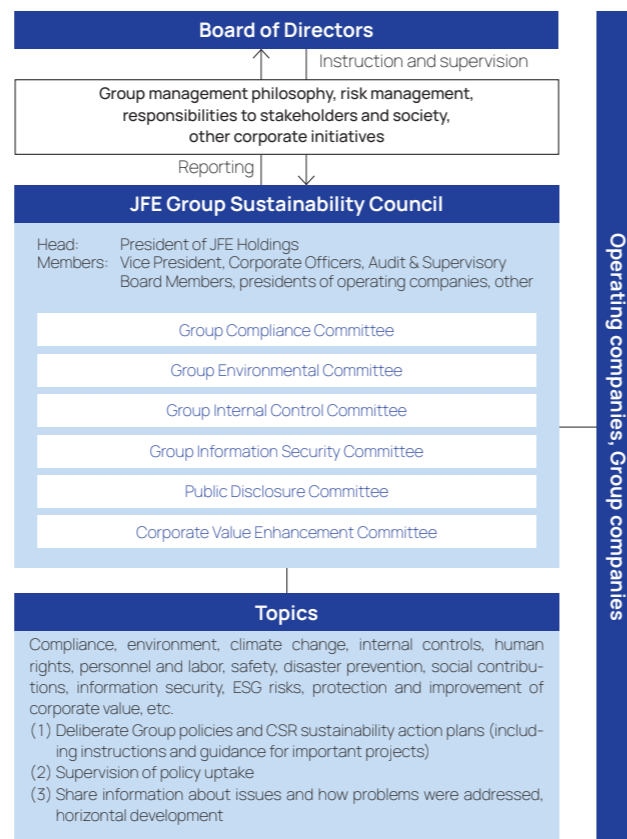
The JFE Group Sustainability Council, chaired by the President of JFE Holdings, verifies, evaluates, deliberates, and decides issues related to policy and actions plans for risk management. Specifically, adherence to Company policies and rules are monitored, such as for business activities, compliance, and the corporate vision. It also supervises Corporate Officers responsible for the environment, climate change, personnel and labor, safety, disaster prevention, preventing human rights violations, such as sexual and power harassment, quality management, financial reporting, information security, ESG risks, and other risks.

The Board of Directors regularly receives reports on Group policies and action plans for risk management, and discusses and decides on important matters related to risk management in its role of supervising and verifying the effectiveness of risk management.

The Company intends to continuously improve Groupwide risk management in light of deliberations by the Board of Directors.

Risk Management
<https://www.jfe-holdings.co.jp/en/csr/governance/risk/index.html>

Sustainability promotion structure



Response to Major ESG Risks

Response to Climate Change Risks

The JFE Group has formulated the JFE Group Environmental Vision for 2050, which plots a path for becoming carbon neutral by 2050, and positions climate change initiatives as the highest priority for management. Initiatives in the Seventh Medium-term Business Plan call for reducing CO₂ emissions by 18% versus the fiscal 2013 level by fiscal 2024 in the steel business, and reducing CO₂ emissions by 30% or more versus the fiscal 2013 level by the end of fiscal 2030, while plotting out multiple avenues to attaining carbon neutrality by 2050.

Risks are identified and evaluated based on a scenario analysis conducted under the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), and important factors that may affect management are selected for further analysis and used in formulating business strategies, including the Seventh Medium-term Business Plan.

► Please see page 59 for details on TCFD-based information disclosure and risk management.

Intellectual Property Management

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

► Please see page 63 for details on intellectual property activities.

Privacy Protection

JFE has established the JFE Group Privacy Statement for managing information including "My Numbers," which are personally identifiable numbers under Japan's social security and tax number systems.

To maintain the appropriate protection of personal information, employee trainings on the rules, which have been set in place in accordance with the privacy statement, have been conducted as stipulated in the applicable laws of each country related to businesses and guidelines.

JFE Group Privacy Statement
<https://www.jfe-holdings.co.jp/en/privacy.html>

Information Security

The JFE Group formulates various rules on information security management to prevent information leakage and system failures due to cyberattacks and improper system use. Efforts are made to enhance information security knowledge and awareness of rules among employees through training and education. Additionally, shared IT measures are applied in each Group company and regular information security audits are conducted to reinforce the overall information security management level in the Group.

JFE Group's BCP

Anticipating the possibility of natural disasters caused by typhoons and major earthquakes as well as a rapid expansion in infectious diseases such as a new strain of influenza, we have formulated a business continuity plan (BCP) to address contingencies. We conduct regular training based on the BCP while also pursuing other countermeasures.

Response to Large-scale Natural Disasters

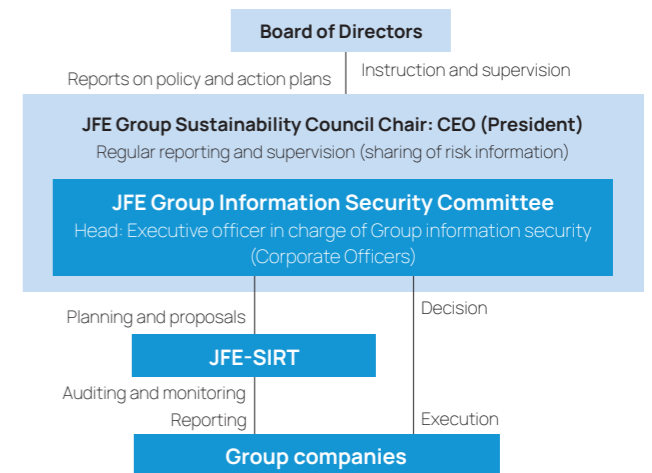
The JFE Group has designated evacuation locations in the event of a tsunami, maintains a Companywide system for sending out guidance and instructions during communications controls and power blackouts, and regularly backs up all of its data. The Company is reinforcing its water removal facilities in steelworks in response to the increasingly severe typhoons and torrential rainfalls in Japan over the past few years.

The JFE Group Information Security Committee deliberates important matters related to IT, especially information security, and decides policy.

Based on policies set by the committee, the JFE-SIRT* formulates and implements information security measures, performs information security audits, offers guidance on responding to incidents, and generally enhances the level of Groupwide information security management.

* JFE-Security Integration and Response Team, established in April 2016

JFE Group information security governance system



Response to Infection

JFE Group has created a policy for responding to a novel influenza outbreak and keeping important operations running, including at steelworks and production sites. JFE Steel also conducted operational simulations for the event that a local outbreak increased the ratio of employees missing work, and took various other steps as conditions changed. We periodically inspect and review this policy in meetings of the JFE Group Sustainability Council, for example. Moreover, to protect employees from the threat of infectious diseases, we encourage employees stationed overseas and their immediate families, as well as employees on overseas business trips, to get recommended vaccinations and health checkups when necessary. We provide employees with safety information and data on infectious diseases in each country, and implement safety measures, such as restrictions on overseas travel, depending on the situation.

Ensuring Occupational Safety and Health



The JFE Group has identified ensuring occupational health and safety as a material issue related to human capital. In order to sustain business activities, our basic stance is to prioritize safety above all else and help employees and their families maintain their mental and physical health. Working together with Group companies and our partners, we aim to create safe and healthy workplaces.

Prevention of Workplace Accidents

The JFE Group views establishing a safe work environment and preventing occupational accidents as fundamental requirements for allowing diverse employees to work with peace of mind. We have set KPIs for the number of fatal accidents (zero incidents) and the lost-work injuries rate. Although we did not meet our goals for fiscal 2022, we will continue to prioritize

investment in safety measures as outlined in the Seventh Medium-term Business Plan, with an annual investment of approximately ¥10 billion across the Group. We are advancing initiatives aimed at fundamentally preventing accidents caused by the equipment itself.

JFE Steel's Initiatives

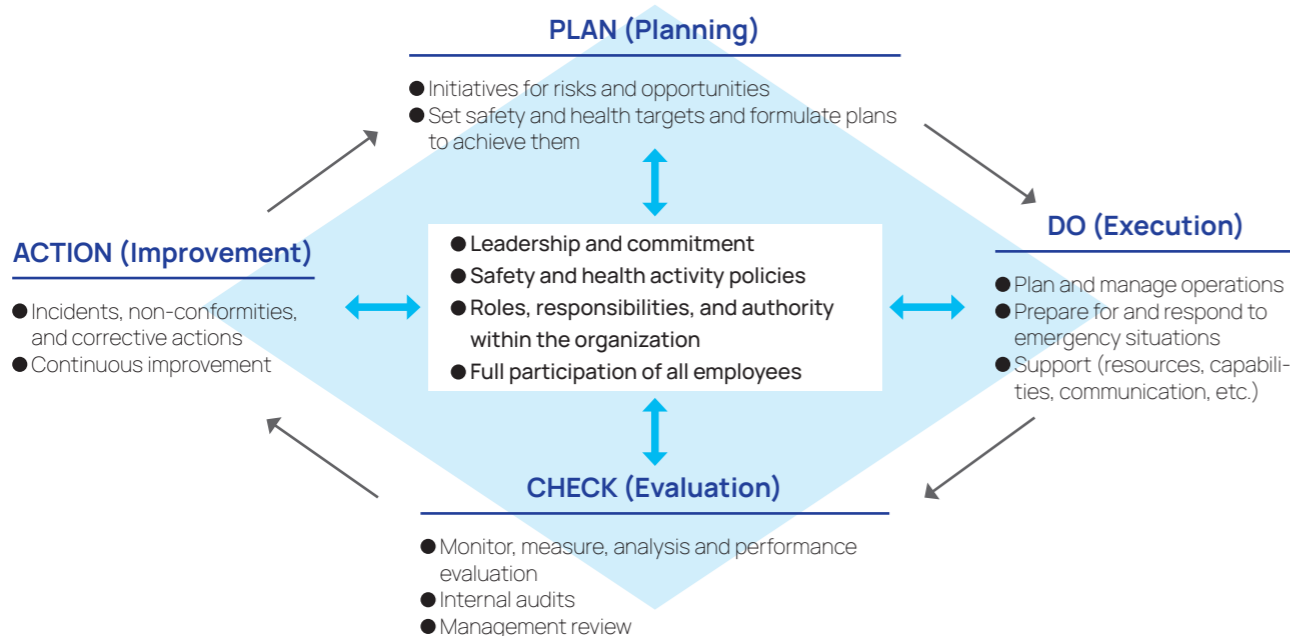
Acquisition of ISO 45001 Certification across All Business Units

At JFE Steel, we are focusing on the companywide deployment of countermeasures to prevent similar and recurring accidents, including near-miss incidents. We are also strengthening workplace activities so that employees take ownership of past accidents. Furthermore, to promote occupational safety and health management more autonomously and systematically throughout the organization, we have established an occupational

safety and health management system compliant with ISO 45001. We have obtained ISO 45001 (JIS Q 45001) certification for all business units.

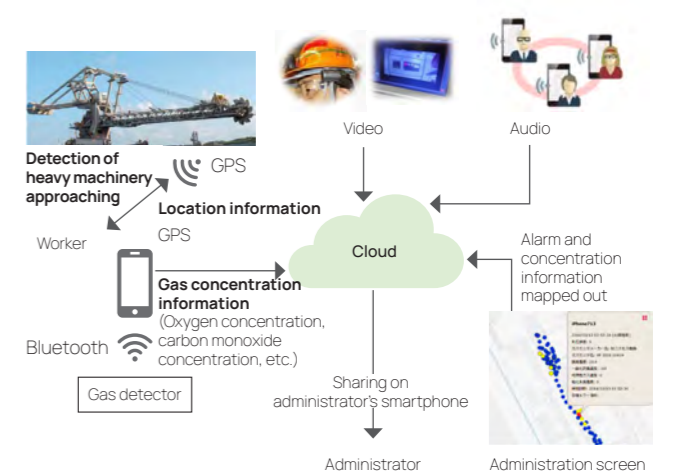
By continually and effectively operating the occupational safety and health management system, we are committed to creating a safer and healthier workplace.

Key points of PDCA cycle at JFE Steel



Securing the safety of employees using AI

We ensure the safety of workers at manufacturing sites by utilizing the latest ICT, AI, and data science to pursue the development and commercialization of further advanced technologies. One example is the use of the safety support system. This system has communications functions such as audio and video sharing within the Group, and also allows the sharing of information including the locations and status of workers, detection of approaching heavy machinery, and operational environment such as the presence of gas, to ensure the safety of workers. This information is also shared to administrators through smartphones and the cloud. Moreover, we are digitalizing on-site risk prediction activities with voice recognition input instead of the previous paper-based process, and this is leading to more accurate risk predictions. We will continue to strive to secure the safety of workers using the latest technology.



JFE Engineering's Initiatives

JFE Engineering has set shared companywide priorities that must be adhered to by all of its employees and the employees of its partner companies. Focusing on eradicating work injuries, management promotes safety measures while identifying the sources of risks through risk assessments that take into account the uniqueness of operations in each business division. JFE Engineering is taking a multifaceted approach to occupational health and safety management with the use of IT for work surveillance, information dissemination systems, and safety management administrative

support systems. For example, JFE Engineering is using large outdoor display signage as a means of conveying important information and warnings in order to prevent occupational injuries.



Example of digital signage used at a construction site

JFE Shoji's Initiatives

JFE Shoji aims to achieve zero serious injuries at its coil centers and other processing bases, and has set the goal of eliminating unsafe work that could result in serious injuries. Patrolling worksites to identify unsafe work conditions. JFE Shoji is taking steps to improve facilities. Management aims to enhance the level of occupational health and safety activities at each company by sharing knowledge and information through safety managers assigned to each group company.

In recent years, each company has been comprehensively checking whether measures taken in the wake of past incidents

are still functioning effectively. If changes are needed, new measures are drawn up and implemented as a part of activities to review past incidents.



Regular safety inspection at a group company conducted by the vice president in charge of safety (Vice President Tsumura)

Ensuring the Health of Employees and Their Families

In order to realize safe and highly attractive workplaces that provide motivation to workers and to powerfully promote the development of environments where diverse human resources can demonstrate

their full potential, the JFE Group has formulated the JFE Group Health Declaration and collaborates with its health insurance union and industrial health staff to strengthen employee health.

JFE Group Health Declaration

1. JFE, recognizing that safety and health are fundamental for fulfilling its mission, creates workplaces in which every employee can work with vigor.
2. JFE and its health insurance union work together to advance initiatives for maintaining and upgrading the physical and mental health of employees and their families.
3. JFE gives top priority to safety and health and to creating a health culture in which each employee takes personal responsibility.

The JFE Group has set KPIs related to the implementation rate of specific health guidance as well as for reducing smoking rates. The reduction of smoking rates is positioned as an initiative that also contributes to the maintenance and promotion of family health, through measures targeted at employees to prevent

passive smoking at home. As we make progress toward these goals, information exchanges are regularly carried out among the various operating companies. Going forward, we aim to achieve further improvement by horizontally deploying initiatives that have had a significant impact at each company.

Respect for Human Rights



The JFE Group endorses and abides by the Universal Declaration of Human Rights, the International Bill of Human Rights, and other international conventions as well as the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work. The Group views respect for human rights as both a corporate social responsibility and a foundation of its business. Our determination to not engage in discrimination in our business activities is clearly expressed in our Standards of Conducts, which we have upheld throughout our actions. We will work together to push forward initiatives to realize a society that respects and protects human rights.

Promoting Human Rights

In order to steadily work on human rights initiatives, we established the JFE Group Human Rights Promotion Council, chaired by a corporate officer of JFE Holdings, under the JFE Group Compliance Committee, chaired by the President of JFE Holdings. This framework allows us to define Groupwide policies and share information with departments responsible for human rights issues that have been set up at each operating company.

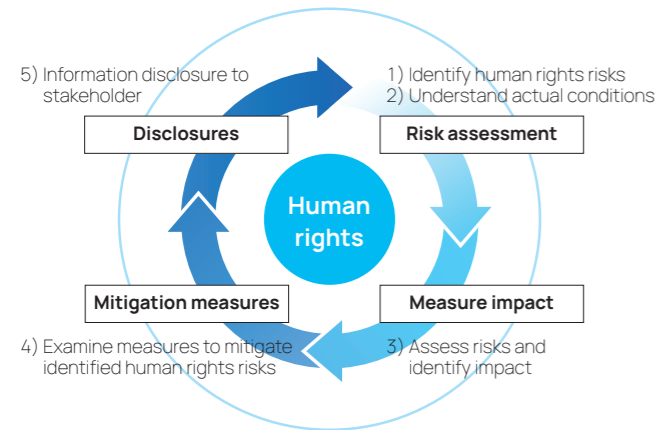
In addressing all kinds of human rights risks, we emphasize communicating with stakeholders through such initiatives as setting up a Corporate Ethics Hotline at not only each operating

company but also an external hotline to an independent law office, and dedicated consultation desks on harassment issues at major offices, to ensure people can anonymously report issues and seek consultation. Additionally, external stakeholders are able to use an online form to ask questions about human rights problems and other compliance issues (this can be done anonymously as well). The Board of Directors and the JFE Group Sustainability Council receive regular reports on the operational status of these help desks and cases of harassment as well as other human rights violations, and any incidents are advised and monitored.

Human Rights Due Diligence

In accordance with the UN Guiding Principles on Business and Human Rights, the JFE Group conducts due diligence on human rights.

Human rights due diligence process



1) Identify human rights risks

We identified human rights risks in the JFE Group's supply chain for each type of stakeholder, i.e., employees and suppliers (women, children, local residents, etc.), taking into consideration local character and human rights risks unique to the sector, after creating a long list of human rights risks while referring to international rules and guidelines.

Identified 15 human rights issues to consider

1. Comply with standards and guidelines for respecting human rights in line with international norms	2. Non-complicity in human rights violations, compliance, social security, fair competition	3. Prohibition of discrimination under the law
4. Access to relief	5. Thorough management of suppliers	6. Harassment and coercion
7. Women's rights	8. Child labor	9. Forced labor
10. Occupational safety and health	11. Work hours	12. Proper work environment
13. Wages that afford adequate living standards	14. Freedom of association, right to group negotiation	15. Rights of indigenous tribes and local residents

2) Understand actual conditions

In the JFE Group Human Rights Basic Stance and the basic procurement policies of each Group company, we disclose policies for dealing with human rights risks, such as child labor and forced labor. As access to relief, we have set up a whistleblowing system. We also stringently engage in compliance, including the prevention of corruption. We audit the human rights initiatives, systems,

and rules of other companies to confirm the current human rights risk management system is working as designed.

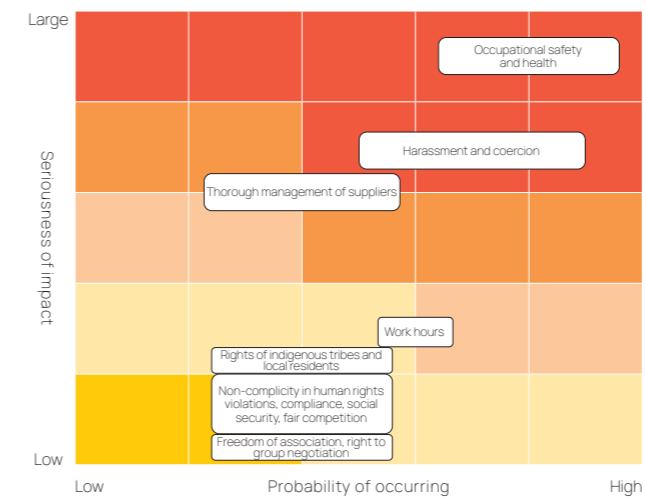
3) Assess risks and identify impact

Regarding identified human rights issues that should be addressed, the Company conducted a risk assessment that considers the seriousness of the impact and likelihood of the risk, and examined the state of initiatives to respect human rights through documented surveys and interviews, in order to gain a more accurate understanding of actual conditions. In the risk assessment process, we identified the negative impact that human rights risks could have on the JFE Group and our stakeholders.

Human rights risks identified as requiring a response due to high risk

- Occupational safety and health
- Harassment and coercion
- Thorough management of suppliers (create human rights risk management system for entire supply chain)

Map of Serious Human Rights Risks



4) Examine measures to mitigate identified human rights risks

We addressed the identified human rights risks, took corrective and preventative action, set up promotion structures, and implemented measures to mitigate risks. We have set KPIs for occupational health and safety and workplace harassment, and advanced efforts to eliminate injuries and harassment at work. We continue to implement and strengthen these activities. We are creating a management structure for human rights risks throughout the supply chain with the aim of building a sustainable and robust supply chain. We determine the priority of our investigations while considering the severity and potential emergence of human rights risks. We will also continue to survey our suppliers about human rights risks.

5) Information disclosure to stakeholder

We disclose the JFE Group Human Rights Basic Stance and procurement guidelines of each operating company on our website. We will continue to appropriately disclose information to stakeholders concerning our initiatives for respecting human rights, including human rights due diligence, as well as progress on these initiatives.

Fiscal 2022 Initiatives

1) Review and revision of the JFE Group Human Rights Basic Stance

The JFE Group believes that respecting human rights is not only a corporate social responsibility but also a foundation of its business. In the past, we have been active in explicitly stating our commitment to non-discrimination in corporate activities in our Standards of Conduct. Taking into account recent changes in awareness and challenges related to human rights, we have revised the JFE Group Human Rights Basic Stance, which was established in 2018, to further strengthen our commitment to respecting human rights across the Group and entire supply chain.

2) Deployment of human rights due diligence process to major Group companies

We held explanatory meetings on human rights issues for approximately 70 Group companies. We have also conducted factual surveys through written documents and hearings with 14 Group companies. Based on the results of these surveys, we have identified key issues and are considering measures to reduce and prevent human rights risks, thereby advancing human rights due diligence across the entire Group.

3) Strengthening human rights risk management system for suppliers

In line with the revisions to the JFE Group Human Rights Basic Stance, we have reviewed and revised the procurement guidelines that had been drawn up for each operating company. In addition, based on the severity and potential occurrence of human rights risks, we have determined priorities for surveying suppliers and have advanced preparations for questionnaire surveys related to human rights risks.

Future Initiatives

1) Expansion of human rights due diligence process to Group companies

In fiscal 2023, the JFE Group will conduct new factual surveys concerning human rights risks at approximately 80 major domestic Group companies. For Group companies where surveys are already underway, we will continue to support their corrective and improvement actions with regard to human rights risks, and will consider regular risk assessments and methods for confirming the state of corrective actions. Additionally, for our overseas Group companies, we will proceed to examine priorities and methodologies for carrying out factual surveys.

2) Building a human rights risk management system for suppliers

We will continue to disseminate the revised JFE Group Human Rights Basic Stance and guidelines to our suppliers. We will sequentially conduct questionnaire surveys related to human rights risks for approximately 600 high-priority suppliers. Furthermore, we will provide support for specific improvements based on the responses to the surveys.

The JFE Group will build systems for reducing the risk of human rights violations throughout its supply chain by continuing to implement these measures. With supervision provided by the JFE Group Sustainability Council and the Board of Directors, we will evaluate these initiatives to respect human rights and work to improve them and increase their effectiveness.

Respect for Human Rights

JFE Group Basic Policy on Human Rights

JFE hereby establishes the JFE Group's Basic Policy on Human Rights based on the United Nations Guiding Principles on Business and Human Rights in order to promote group-wide efforts to respect human rights and to fulfill its responsibilities to all stakeholders that it influences in the course of its business activities.

1. Basic approach to respect for human rights

We, the JFE group, support and respects the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the International Covenants on Human Rights, as well as the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We believe that respect for human rights is a corporate social responsibility and a foundational aspect of our operations. In addition to clearly stating and implementing our policy for respecting all members of the company and the general public and refraining from any form of discrimination in our corporate activities, we implement initiatives to ensure that we are not complicit in human rights abuses.

This policy represents our commitment to respect human rights based on the JFE Group Standards of Conduct.

2. Scope of application

This policy applies to all officers and employees of the JFE group. We also encourage all stakeholders, including members of our supply chain, to understand and support this policy.

3. Compliance with applicable laws

We comply with the laws and regulations of Japan and all other countries and regions where we operate, but if there is any conflict with internationally recognized human rights and regulations, we seek ways to respect internationally recognized human rights as much as possible.

4. Human rights due diligence

We identify negative impacts on human rights and utilize our internal mechanisms for human rights due diligence to prevent or mitigate such impacts.

5. Corrections and remedies

We maintain reporting contact points for receiving reports from both internal and external sources regarding negative impacts on human rights caused by any of our business activities. If we are made aware that we have caused or been involved in a negative impact on human rights, we will follow the necessary procedures to correct and remedy the problem.

6. Education

We provide education on respecting human rights to ensure that all of our officers and employees understand and implement the company's basic policy.

7. Oversight

The JFE Group Sustainability Council, chaired by the President of JFE Holdings, Inc., oversees compliance with this policy and the implementation status of initiatives referred to herein.

8. Dialogue and consultations with stakeholders

Among the initiatives taken under this policy, we utilize outside experts as well as engage in discussion and consultation with internal and external stakeholders.

9. Information disclosure

We appropriately disclose all relevant information about our

initiatives concerning respect for human rights and the progress of such initiatives via JFE group websites and other means.

10. Business-related human rights issues

(1) Non-discrimination and equality under the law

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

(2) Engaging with business partners

We seek the cooperation of all of our business partners in initiatives to respect and protect human rights in order to contribute toward creating a society in which the rights of all humans are respected and protected.

(3) Harassment

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

(4) Forced labor and child labor

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

(5) Occupational health & safety and appropriate working environments

In accordance with the fundamental idea that "safety is our top priority above all else," we pursue health and safety in all of our activities and strive to create safe, healthy workplaces where all employees feel assured that their physical and mental health is protected.

(6) Working hours and livable wages

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

(7) Right to freedom of association and collective bargaining

We respect employee rights to freely associate and collectively bargain in accordance with the laws and collective bargaining agreements in each country. In addition to taking into account each country's laws and labor practices, we work to build sound labor-management relations and resolve problems by engaging in sincere and constructive dialogue with employees in accordance with international norms.

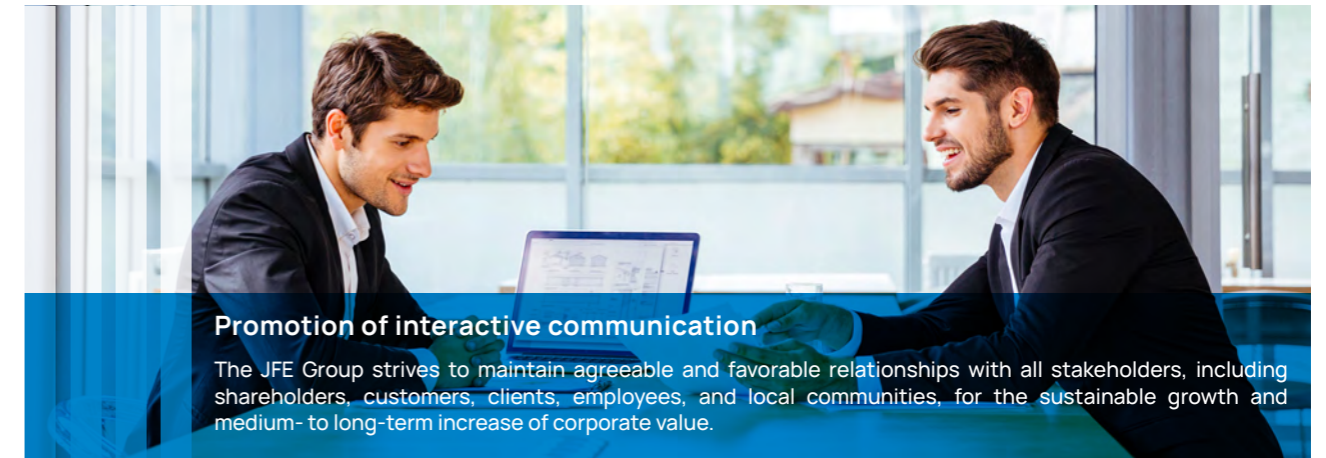
(8) Rights of local and indigenous peoples

We respect and give due consideration to local people's land rights, access to water, safety and health as well as the rights of indigenous peoples in regions where we operate.

This policy revision was formulated with the assistance of human rights experts and approved at the JFE Group Sustainability Council chaired by the President of JFE Holdings, Inc.

Established: April 2018
 Revised: April 2023
 Koji Kakigi
 Representative Director, President and CEO
 JFE Holdings, Inc.

Stakeholder Relationships



Examples of Dialogues with Our Main Stakeholders

Stakeholders	Approach	Examples of dialogues with our main stakeholders	Others	
			Frequency (per year)	Scale, etc.
Shareholders/ Investors	We work to disclose information accurately, fairly, and in a timely and appropriate manner as well as strive for active communication. We established the Investor Relations and Corporate Communications Department as an organization responsible for communication with domestic and international shareholders and investors, and promote constructive dialogue as well as provide management with the information acquired, with the aim of maintaining and improving the relationship of trust.	Ordinary General Meeting of Shareholders	1	Approx. 220,000 persons (Unit shareholders)
		IR meetings (mainly with fund managers and analysts at institutional investors)		51 domestic companies (162 times) 65 overseas companies (130 times)
		SR meetings (mainly with ESG and voting rights officers at institutional investors)		23 domestic companies (48 times) 17 overseas companies (17 times)
		Investors' meeting ESG briefings (for analysts and ESG officers)	5	Approx. 1,100 persons in total
		Online corporate briefings (for individual investors)		Live participants: 100 individuals Online views: More than 10,000 times
		Onsite and online plant tours (for individual investors)	11	Approx. 1,500 persons
		Shareholder newsletters (JFE Dayon)	2 (Mid-year and annual)	Approx. 280,000 copies/issue
Customers	The Group believes that the stable supply of products and services and reliable quality assurance, along with advancing research and development, are necessary to meet customer needs. We will work to establish win-win relationships by continuously meeting customer needs and the trust they place in us.	Communication through sales activities and support for quality assurance	As needed	Conducted at each operating company
		Interviews and questionnaires, such as that on customer satisfaction	As needed	Conducted at each operating company
		Information via websites (product information), etc.	As needed	
Employees	With the recognition of top management that creating workplaces to provide dignity and job satisfaction for all is essential for maximizing the potential of individuals, we have formulated the Basic Policy on Human Resource Management and Health Declaration and are conducting various activities toward attaining the goals.	Communication through daily operations and in the workplace	As needed	
		Internal newsletters and intranet	As needed	
		Various labor-management committees	2 to 4	Management and labor unions at each operating company
		Corporate Ethics Hotline	As needed	127 calls in FY2022
		Various training sessions	As needed	Position-specific, compliance, human rights, etc.
		Family days (visits by employee families, lunch at employees' cafeterias, etc.) * Online for FY2020 and FY2021	As needed	Conducted at each operating company
Local communities	To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.	Communication through local residents' associations, events, etc.	As needed	
		Events at manufacturing bases (festivals, etc.)	Approx. once in each region	Approx. 56,000 persons a year
		Plant tours	As needed	70,000 or more persons a year
		Clean-up activities (vicinity of manufacturing bases, regional cleaning, etc.) * An all-employee survey to understand the level of satisfaction with the Company, used to shape measures and operations	As needed	* Conducted with measures in place to prevent the spread of COVID-19
Local communities	To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	
		Others (education at elementary schools, craft workshops, workplace experience events, etc.)	As needed	
		Information via websites (environmental information, etc.)	As needed	
Local communities	To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.	Social contribution through JFE 21st Century Foundation (various research support, regional activity support, etc.) * JFE 21st Century Foundation: http://www.jfe-21st-cf.or.jp/eng/	As needed	