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## Corporate Governance

### Basic Policy

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.

We have also established the JFE Holdings, Inc. Basic Policy on Corporate Governance to express concretely the JFE Group's Corporate Vision of pursuing best practices in corporate governance and achieving further development in this area.

▶ [JFE Holdings, Inc. Basic Policy on Corporate Governance](https://www.jfe-holdings.co.jp/en/company/info/pdf/basic-policy.pdf) (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) (https://www.jfe-holdings.co.jp/en/company/info/pdf/corporate-governance.pdf)

### Results

Major topics discussed at the FY2022 Board of Directors Meeting included the following.

- Progress of the Seventh Medium-term Business Plan
- Large-scale capital expenditures (blast furnace blower electrification upgrade project for the Kurashiki district, No. 6 coke furnace Group A construction project for the Fukuyama district, etc.)
- ESG initiatives (e.g., efforts to achieve carbon neutrality, assessment and review of KPIs for material issues of corporate management)

Selected governance data can be accessed from the following link.

▶ [Governance Data](#) (P.249)

## Systems and Initiatives

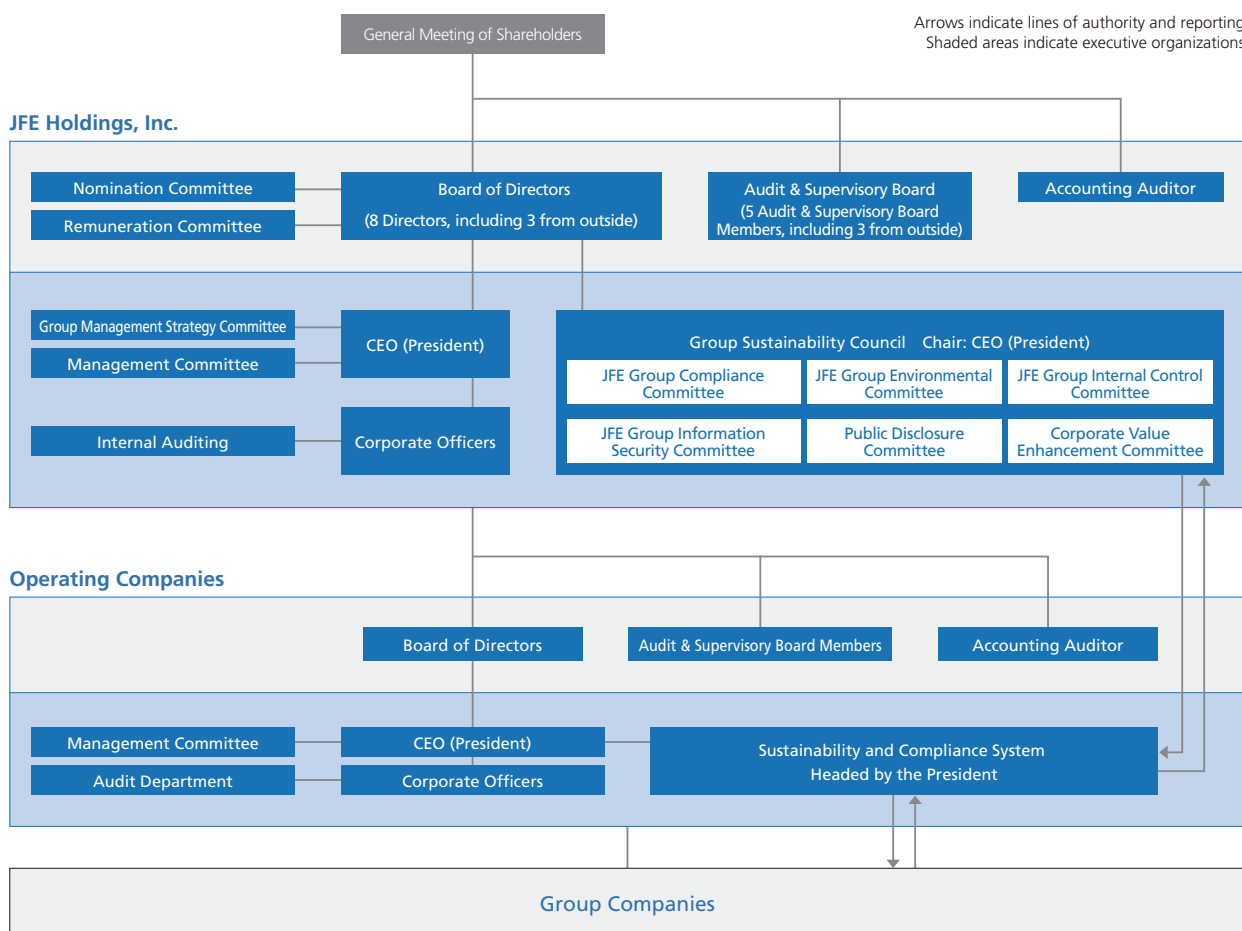
### Corporate Governance System

#### 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 Group-wide 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.

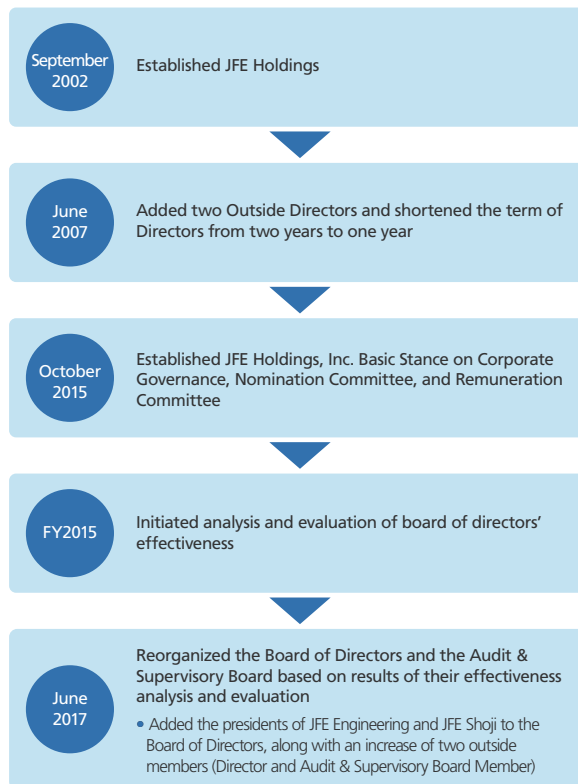


► [Governance Data](#) (P.249)

#### Governance System

JFE Holdings and each operating company have their respective Audit & Supervisory Board Members. 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.

## Major Initiatives to Strengthen the Governance System



## Duties of the Board of Directors and other Bodies

### Selection of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

Independent Outside Directors comprise at least one-third of the total number of Directors. Independent Outside Directors are elected from nominees who can be expected to bear responsibility for strengthening governance, including those with proven experience in managing a global enterprise or who possess expertise and deep knowledge and satisfy our independence standards. Currently, three of the eight Directors are Independent Outside Directors.

Meanwhile, more than half of the Audit & Supervisory Board Members are from outside. Independent Audit & Supervisor Board Members are elected from nominees who can be expected to enhance the auditing function, including those with proven experience in managing a global enterprise or who possess expertise and deep 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)

(<https://www.jfe-holdings.co.jp/en/company/info/pdf/independence.pdf>)

#### ➤ [Directors and Audit & Supervisory Board Members](#) (P.250)

### 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. The Company also elects Directors and Audit & Supervisory Board Members who possess a wealth of knowledge and experience as management in global enterprises. In this way, the Company is working to enhance gender and global diversity. 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.

## Skill Matrix of Directors and Audit & Supervisory Board Members

We have established the JFE Holdings, Inc. Basic Policy on Corporate Governance for promoting sustainable growth of JFE Holdings, Inc. and the JFE Group, the medium- to long-term improvement of corporate value, and expressing concretely the JFE Group's Corporate Vision of pursuing best practices in corporate governance and achieving further development in this area. With regard to the composition of the Board of Directors, we strive to enhance the diversity of the Board members, such as their expertise, knowledge, and experience in various fields, and identify necessary skills of corporate management in light of our business and corporate management issues. The Company elects officers following deliberations by the Nomination Committee while balancing with the appropriate size of the Board.

The skill matrix of each Director and Auditor against identified skills in light of their knowledge, experience, and expertise are summarized below.

	Corporate Management, Management Strategy	Sustainability, Environment	Technology, DX	Finance and Accounting	Internal Control, Governance	Legal Affairs, Compliance	Human Affairs, Labor, Human Resource Development	Sales, Marketing	Business that Requires Knowledge
Representative Director Koji Kakigi	●	●	●	●	●	●	●		Steel
Representative Director Yoshihisa Kitano	●	●	●		●				Steel
Representative Director Masashi Terahata	●	●		●	●	●	●		Steel, Trading
Director Hajime Oshita	●	●	●	●	●			●	Engineering
Director Toshinori Kobayashi	●	●	●		●			●	Steel, Trading
Outside Director Masami Yamamoto	●	●	●		●				—
Outside Director Nobumasa Kemori	●	●	●		●				—
Outside Director Yoshiko Ando		●			●	●	●		—
Audit & Supervisory Board Member Nobuya Hara	●			●	●				Steel
Audit & Supervisory Board Member Nakaba Akimoto					●	●			Steel, Engineering, Trading
Outside Audit & Supervisory Board Member Isao Saiki					●	●	●		—
Outside Audit & Supervisory Board Member Tsuyoshi Numagami	●			●	●			●	—
Outside Audit & Supervisory Board Member Takuya Shimamura	●	●			●			●	—

## Nomination Committee and Remuneration Committee

JFE Holdings has maintained the Nomination Committee and the Remuneration Committee since October 2015 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/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 policies related to the President of the Company, including election and dismissal, selection of candidates, and succession plans in addition to the nomination of candidates for Outside Directors and Outside Audit & Supervisory Board Members. (Three meetings were held in FY2022, all with 100% attendance.) The Remuneration Committee deliberates on matters pertaining to the basic policy on the remuneration of Directors, etc., of the Company and each operating company and reports to the Board of Directors. (Six meetings were held in FY2022, all with 100% attendance.)

### ▶ [Nomination Committee and Remuneration Committee](#) (P.251)

## 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 and other top managers, attend key hearings on the operational status of individual departments, and inspect business sites and Group companies inside and outside Japan.

## Analysis and Evaluation of the Effectiveness of the Board of Directors

Since FY2015, JFE Holdings has been evaluating the overall effectiveness of its Board of Directors based on its Basic Policy on Corporate Governance. Since FY2018, a third party has been conducting the analysis and evaluation to ensure objectivity. In FY2022, we revised part of our questionnaire before conducting the survey with all Directors and Audit & Supervisory Board Members.

Furthermore, we examined the results of our efforts in FY2022 to reflect the opinions and recommendations of the FY2021 evaluation.

Based on the discussions by the Board of Directors in light of the survey results and evaluation by the third-party organization, it was determined that the overall effectiveness of the Board has been ensured through vigorous discussions among members supported by sufficient preliminary briefings at the meeting for Outside Directors/Audit & Supervisory Board Members as well as by appropriate management and leadership by the chairperson.

The FY2022 initiatives reflecting the results of the effectiveness of evaluations up to FY2021 include the following.

- Apart from revising carbon neutrality initiatives and KPIs regarding material management issues, we encouraged discussion by the Board of Directors on sustainability and risk management by including a report on deliberations made at the JFE Group CSR Council (the current JFE Group Sustainability Council) to the Board, such as human rights due diligence, quality assurance, tax affairs, and compliance with the Antimonopoly Act. We continue to improve Group-wide risk management in accordance with discussions at the Board of Directors Meeting.
- We conducted a Corporate Ethics Awareness Survey with employees at the Company and operating companies to further instill awareness about corporate compliance. We are deepening our discussions on how to address issues extracted from the survey.
- We revised criteria for matters to be discussed at the Board of Directors Meeting to enhance discussions of the Board, further strengthen its supervisory function, and accelerate decision-making.
- In order to activate discussions at the Board of Directors Meeting, we held exclusive meetings for Outside Directors on a regular basis and provided more opportunities for them to exchange opinions free of influence from Inside Directors.

In addition to accurate and fair audits performed by the Audit & Supervisory Board Members, the members also express opinions and actively ask questions at Board of Directors meetings on management decisions and reports to further invigorate deliberations. Such outcomes supported the conclusion that JFE functions efficiently as a company with an Audit & Supervisory Board.

Furthermore, the following main issues were extracted from this survey for further improvement of effectiveness.

- Sustainable corporate growth depends upon revising KPIs on diversity and inclusion, human resource development, and providing challenging work environments while also deepening discussions on these matters to drive initiatives on human capital management and respect for human rights as well as other material management issues.
- From the perspective of risk management, matters concerning subsidiaries and affiliates must be comprehensively reported to the Board of Directors so it can realistically monitor potential risks across the Group.
- With a view to more thoroughly instill awareness about corporate compliance among employees and to thereby prevent risks from materializing, existing measures must be continually reviewed and improved.

In FY2023, we will continue to enhance the sharing of opinions between the Board of Directors and the executive members of operating companies. These efforts will include holding Board of Directors Meetings at domestic operating companies and field visits by the Board members to domestic and overseas operating companies.

Given these issues, we will proactively implement initiatives to increase the effectiveness of the Board of Directors and enhance the Group's corporate value.

## Operating System

### Key Decision-Making

JFE companies are responsible for business decisions in accordance with their respective rules and procedures, whereas JFE Holdings makes decisions about Group-wide 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.

► [Operating System](#) (P.251)

## Executive Remuneration

Executive remuneration is based on the Basic Policy on Remuneration for Directors and Corporate Officers and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers founded 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.

### Basic Policy on Remuneration for Directors and Corporate Officers

- The Board of Directors shall determine 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 Policy for Deciding the 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 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.
- An 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 when performance target goals have been attained is set so that the ratio of basic remuneration, annual bonus and stock remuneration stands at 6:2:2.

The Company pays only basic remuneration to Outside Directors and Audit & Supervisory Board Members, given their roles of supervising and auditing management from an independent and objective standpoint. Directors who concurrently serve as Executive Directors of operating companies shall not be paid the Stock Remuneration from the Company.

Performance-linked remuneration is calculated as follows.

- Annual bonus

Annual bonuses are calculated by taking the total segment profit for a single fiscal year and indicators related to employee safety and climate change as the performance-linked indicators and multiplying the level of achievement of these indicators by a given coefficient for each position.

We introduced one non-financial indicator related to employee safety in FY2022 and one related to climate change in FY2023.

The employee safety indicator depends on the level of achievement of KPIs set for the operating company concerned, such as zero work fatalities and target lost-work injuries rate. The climate change indicator depends on the level of achievement of KPIs selected for the operating company concerned from "Contribute to resolving climate change issues (initiatives for achieving carbon neutrality by 2050)." (See the following diagram.)

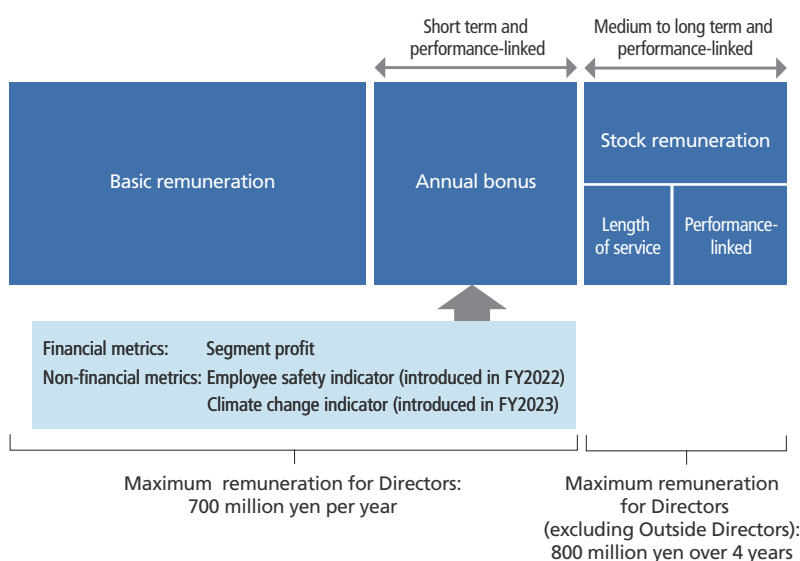
• Stock remuneration

Under the stock remuneration plan, a payment level is determined based on performance targets set in the Seventh Medium-term Business Plan of the Group. From FY2021 to FY2024, the payment level is determined according to the level of achievement of the target profit attributable to owners of the parent company of 220 billion yen per year, set under the Seventh Medium-term Business Plan. Furthermore, 5% or more return on equity attributable to owners of parent (ROE) is the minimal requirement for the payment.

Directors who have been dismissed and Directors who have committed any misconduct may lose the right to receive benefits for Directors based on a resolution of the Board of Directors. Directors who have already received benefits may be asked to return the economic value equivalent to the Company's shares already received, based on a resolution of the Board of Directors if they engage in any misconduct.

To achieve sustainable corporate growth for the Group, the Remuneration Committee and the Board of Directors continue to improve the remuneration system for Directors to serve as an incentive with a higher level of integrity.

■ Design of the Remuneration Plan for Directors



■ Conversion Rates (Achievement of Climate Change Indicators)

	KPI		
Directors for JFE Steel	Achievement of the CO <sub>2</sub> reduction target through energy conservation and technological development (75%)		Achievement of target on the market launch or use of environmentally sound products and technologies (25%)
Directors for JFE Engineering	Achievement of reduction target for CO <sub>2</sub> emissions from the operating company led by the Director (25%)	Achievement of contribution target for CO <sub>2</sub> reduction (75%)	
Directors for JFE Trading	Achievement of reduction target for CO <sub>2</sub> emissions from the operating company led by the Director (100%)		
Directors for JFE Holdings	70% achieved by JFE Steel	20% achieved by JFE Engineering	10% achieved by JFE Trading

\*1 Excluding Outside Directors \*2 Weighted-average level of achievement among operating companies

▶ Executive Remuneration (P.252)



## Internal Control

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

▶ [Basic Policy for Building an Internal Control System \(Japanese only\)](https://www.jfe-holdings.co.jp/company/info/pdf/naibutousei.pdf)  
(<https://www.jfe-holdings.co.jp/company/info/pdf/naibutousei.pdf>)

## Strengthening Internal Control

### Internal Audits

JFE Holdings, its major operating companies, and key Group companies have internal audit organizations comprising 172 people as of April 1, 2023. These organizations share information to enhance overall auditing within the Group. They also report internal audit findings to the Board of Directors as well as to the Audit & Supervisory Board to maintain the effectiveness of internal audits.

To ensure the proper implementation of sustainability activities, the JFE Group assesses environmental management, Antimonopoly Law compliance, measures taken to prevent the bribery of public officials, expense management, overseas office management, tax law compliance, safety management, and disaster prevention by systematically including these areas in business operation audits conducted by the internal auditing department. If an audit finds an issue or problem, the internal audit departments of JFE Holdings and the operating company work together to share the information across the Group and incorporate lessons learned in sustainability activities conducted by the Group's companies.

### Audits by Audit & Supervisory Board Members

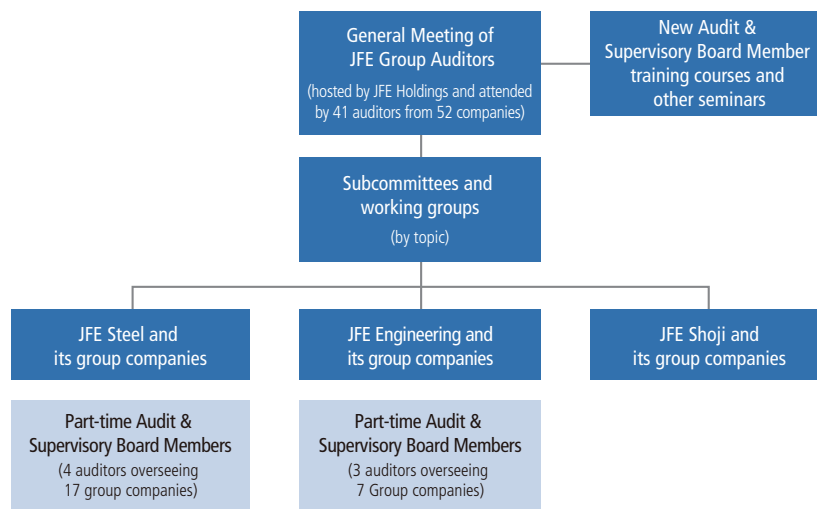
Audit & Supervisory Board Members attend the meetings of the Board of Directors, Group Sustainability Management Strategy Committee, Management Committee and Group Sustainability Council among other important meetings and express opinions as appropriate. To audit the execution of Directors responsibilities, 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 strengthen coordination among Audit & Supervisory Board Members by sharing information and ensuring the effectiveness of internal auditing by the Audit & Supervisory Board 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 dispatched Audit & Supervisory Board Member serves one to five subsidiaries to perform audit and enhance Group governance. Eight Audit & Supervisory Board Members served 25 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.

▶ [Operating System](#) (P.251)

## ■ Structure of JFE Group Board of Auditors



### Cooperation between Audit & Supervisory Board Members and Accounting Auditor

In FY2022, the Audit & Supervisory Board Members held nine scheduled or unscheduled meetings with Ernst & Young ShinNihon, 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 Internal Auditing Department

In FY2022, 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.

## Policy on Listed Subsidiaries

To put into practice the Group's corporate vision of contributing to society with the world's most innovative technology, and also to realize sustainable growth and enhancement of medium- to long-term corporate value, the JFE Group forms a corporate group comprising companies with high expertise, divides business functions within the Group, and conducts businesses development outside of the Group. Of these subsidiaries, the following two are the listed companies that we hold.

### **GECOSS CORPORATION (Tokyo Stock Exchange, Prime Market)**

The main business of GECOSS includes leasing and sales of temporary construction materials and designing and construction of temporary works. Its products and services are mainly provided to civil engineering and construction businesses. GECOSS offers products and services that match the needs of its customers in cooperation with JFE Steel and the Group companies. We believe that carrying out business with GECOSS as our subsidiary will lead to maximizing the value of the company and of the Group through personnel exchanges, R&D, and other collaborative initiatives with JFE Steel. Furthermore, GECOSS maintains its listed status as a means to enhance its competitiveness from the perspective to secure market recognition and credibility in funding, sales and marketing, and hiring.

### **JFE Systems, Inc. (Tokyo Stock Exchange, Standard Market)**

The main business of JFE Systems includes system integration consisting of planning, designing, development, operation, and maintenance of information system, system construction utilizing solutions, and the company's own products, and IT infrastructure solutions that support the business system. Computer systems are an important foundation in the steel business that support overall business activities, including order acceptance, production, shipment, and quality management, and in using a variety of data. Guaranteeing the accumulation of know-how and the continuation of personnel exchanges by holding JFE Systems as a subsidiary will also be indispensable for maintaining the competitiveness of JFE Steel in pressing ahead with digital transformation. Furthermore, JFE Systems maintains its listed status as a means to enhance its competitiveness from the perspective to secure market recognition and credibility in funding, sales and marketing, and hiring.

The aforementioned companies are subject to rules different from those applicable to other consolidated subsidiaries based on the guidelines of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange regarding listed subsidiaries, 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 subsidiary's shareholders other than the said subsidiary 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.

JFE Container was delisted from the Standard Market of the Tokyo Stock Exchange on July 28, 2022 and became a wholly owned subsidiary of JFE Steel Corporation through a share exchange on August 1, 2022. JFE Container is mainly engaged in the manufacture and sale of steel drums and high-pressure gas containers. By making JFE Container a wholly owned subsidiary, the Company expects the development of new fields through further group collaboration such as in the high-pressure gas container business and the expansion of opportunities for business creation, toward the realization of a decarbonized and hydrogen society. This will also enable business management and prompt decision-making from a medium- to long-term perspective. Accordingly, the Company has come to the conclusion that making JFE Container a wholly owned subsidiary will contribute to enhancing the corporate value of the JFE Group as a whole. Furthermore, we 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 above details were verified and discussed at a Board of Directors meeting held in May 2023.

## Basic Policies for Strategic Shareholdings and Exercise of Related Voting Rights

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

The Board of Directors regularly confirms the relative value of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell shareholdings that are not significant or if there is a risk of damage to shareholder interests. In FY2022, the Company sold all or part of 30 stocks for 27.1 billion yen (market value). Furthermore, the Board of Directors, at a meeting in September 2022, examined the significance of strategic holdings and the return on investment.

The exercise of voting rights of strategic shareholdings is decided upon reviews by 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 for investment purposes posted in the consolidated financial statements of the company, those shares of the company held for purposes other than pure investments are shown below.

### ■ Number of Issues and Amount Reported in the Balance Sheet

	FY2019 year-end	FY2020 year-end	FY2021 year-end	FY2022 year-end
Number of issues	219	171	146	138
Total balance sheet amount (billion yen)	166.1	96.0	71.2	59.0