

[Basic Policy to Establish the Internal Control Systems]

JFE Holdings, Inc. shall establish its internal control systems as described below to comply with laws, regulations and the Articles of Incorporation and maximize its corporate value toward the realization of the Corporate Vision—“Contributing to society with the world’s most innovative technology”— and the goal of establishing a highly sustainable business structure. JFE Holdings, Inc. shall endeavor to review and improve the basic policies and the internal control systems established in accordance therewith on an ongoing basis.

1. Systems to ensure compliance of the execution of duties by Directors of the Company with laws, regulations and the Articles of Incorporation and other Systems necessary for ensuring the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

(1) Systems to ensure compliance of the execution of duties by Directors and employees with laws, regulations and the Articles of Incorporation

(a) The authority of Directors, Corporate Officers and employees shall be clarified in the in-house rules for authority and responsibilities and other internal policy guidelines. Their respective duties shall be executed in compliance with the relevant rules and regulations.

(b) A Compliance Committee shall be established. It shall deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations. The Compliance Committee shall also supervise the progress of the measures implemented.

(c) A “Corporate Ethics Hotline” to help ensure that important information regarding the compliance of ethics, laws and regulations is directly communicated from the front lines to top management shall be provided, streamlined and appropriately operated.

(d) The internal auditing department shall audit the compliance conditions of the relevant laws, regulations and the Articles of Incorporation and shall report its audit findings regularly to the Board of Directors.

(2) Systems to ensure the efficient execution of Directors’ duties

(a) The Directors shall encourage in-depth deliberations at the meetings of the Board of Directors, the JFE Group Management Strategy Committee and the Management Committee. The Directors shall also sufficiently deliberate before drawing conclusions at appropriate organizational bodies, as required.

(b) The internal auditing department shall audit the effectiveness and efficiency of the business and shall report its audit findings regularly to the Board of Directors.

(3) Systems to keep and manage information pertaining to the execution of duties by Directors

(a) The minutes of the Board of Directors meetings shall be prepared with regard to information on matters to be resolved by and reported to the Board of Directors, in accordance with the relevant laws and regulations. The board minutes shall be appropriately kept and managed.

(b) Information regarding organizational bodies, such as the JFE Group Management Strategy

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Committee and the Management Committee, that addresses important management matters shall be appropriately recorded, stored and managed.

(c) Important corporate documents, such as kessaisho (documents for approval), which are related to the execution of Directors' duties, shall be appropriately recorded, stored and managed.

(4) Rules and other systems regarding loss risk management

(a) As for risk management of risks involving business activities, compliance with ethics, laws and regulations, sustainability, the environment, information security, financial reporting, and information disclosure, the Corporate Officers in charge shall endeavor to recognize their respective risks. The JFE Group Sustainability Council chaired by the CEO shall check, identify and evaluate the risk factors, as required, and deliberate and make decisions on how to cope therewith. The Board of Directors shall deliberate and make decisions or receive reports on important matters concerning risk management.

(b) With regard to disasters such as large-scale earthquakes and pandemics, the JFE Group Sustainability Council shall determine response processes in advance, and immediately deliberate and make decisions on how to cope therewith, in order to minimize losses in the event of occurrence thereof.

(c) Important management matters shall be deliberated and decided in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.

(5) Systems to ensure the propriety of business operations conducted by the corporate group

(a) The respective Group companies of the JFE Group shall streamline their in-house systems with regard to the matters specified in the basic policies, as required, by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.

(b) JFE Holdings, Inc. shall determine its decision-making procedures, etc., for important group management matters, as well as important matters (including matters with regard to loss risk management.) of the operating companies (significant subsidiaries being operating companies of which JFE Holdings, Inc., directly holds shares thereof) and their affiliated Group companies in accordance with the Rules of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports there from Each operating company shall determine its decision-making procedures, etc., for important matters for itself and its affiliated Group companies in accordance with its Rules of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.

(c) JFE Holdings, Inc. shall, at the JFE Group Sustainability Council, deliberate and make decisions on the basic policies and important matters regarding risk management common to the Group, confirm and evaluate the Group's risk management, and supervise the progress of the measures implemented. The Board of Directors shall deliberate and make decisions or receive reports on important matters concerning the Group's risk management.

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(d) JFE Holdings, Inc. shall establish the JFE Group Compliance Committee to deliberate and make decisions related to the Group's basic policy and important matters in regard to compliance with the code of ethics and laws and regulations, and supervise the status of the implementation of related measures. And, in order to promote its group management that is compliant with the code of ethics and laws and regulations, JFE Holdings, Inc. shall closely coordinate with the compliance committee of operating companies. Each operating company shall establish a compliance committee to deliberate and make decisions related to the basic policy and important matters in regard to compliance with the code of ethics and laws and regulations for itself and its affiliated Group companies, and supervise the status of the implementation of related measures.

JFE Holdings, Inc. shall streamline and appropriately operate the Corporate Ethics Hotline as a system to help ensure that important information of the entire Group regarding the compliance with the code of ethics, laws and regulations is directly communicated from the front lines to top management.

(e) The internal auditing department of JFE Holdings, Inc. shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at the operating companies, or receive reports from the respective internal auditing departments of such operating companies. The internal auditing department of each operating company shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at its affiliated Group companies, or receive reports from the respective internal auditing departments of such Group companies.

(f) The respective Group companies of the JFE Group shall streamline their required systems, which are necessary to ensure the reliability of their financial reporting, and disclose appropriate information at appropriate times.

2. Systems necessary for the Company's Audit & Supervisory Committee to execute their duties

(1) Matter regarding employees as assistants to support Audit & Supervisory Committee's duties

Dedicated staff to support the duties of the Audit & Supervisory Committee are allocated in the Audit & Supervisory Committee's Office.

(2) Matter regarding the independence of employees as assistant to support Audit & Supervisory Committee's duties from Directors (excluding Directors who are Audit & Supervisory Committee Members)

The personnel affairs of the employees who serve as assistants to the Audit & Supervisory Committee shall be consulted with the Audit & Supervisory Committee Members.

(3) System for ensuring the effectiveness of the instructions given to employees as assistants to support Audit & Supervisory Committee's duties

The employees who serve as assistants to the Audit & Supervisory Committee shall perform their operations of supporting an Audit & Supervisory Committee's duties under the supervision of said Audit

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& Supervisory Committee.

(4) System for reporting to the Audit & Supervisory Committee

(a) The Audit & Supervisory Committee Members shall attend the meetings of the Board of Directors, the JFE Group Management Strategy Committee, the Management Committee and other important meetings and receive reports thereat.

(b) The Directors (excluding Directors who are Audit & Supervisory Committee Members), Corporate Officers and employees shall report the execution of their duties (including important matters regarding the operating companies and their affiliated Group companies) to the Audit & Supervisory Committee and/or any Audit & Supervisory Committee Member as required or if so requested by the Audit & Supervisory Committee or any Audit & Supervisory Committee Member. The Directors, Audit & Supervisory Board Members, Corporate Officers and employees of the operating companies or their affiliated Group companies shall report the execution of their duties to the Audit & Supervisory Committee and/or any Audit & Supervisory Committee Member as required or if so requested by the Audit & Supervisory Committee or any Audit & Supervisory Committee Member.

(c) JFE Holdings, Inc. shall streamline the Corporate Ethics Hotline as a system that allows anyone to directly report to or consult with an Audit & Supervisory Committee Member. The details of any violations that have been reported or discussed over the Corporate Ethics Hotline are handled by the department in charge thereof and shall then be reported to the Audit & Supervisory Committee Members, as they occur.

(5) System to ensure that anyone who has reported to an Audit & Supervisory Committee does not suffer detrimental treatment for the reason of having made said report

JFE Holdings, Inc. shall stipulate in the relevant regulations that anyone who has reported any violations through the Corporate Ethics Hotline and that anyone who has reported or discussed any violations with the Audit & Supervisory Committee Members shall not be unfavorably treated, and shall appropriately operate said regulations.

(6) Policies with regard to expense prepayment and/or reimbursement procedures related to the execution of duties by the Audit & Supervisory Committee Member, and the handling of any other expenses or obligations that derive from the execution of the relevant duties

JFE Holdings, Inc., shall appropriately handle any request for the payment of expenses or other obligations required for the execution of duties of Audit & Supervisory Committee Members.

(7) Other systems to ensure effective audits by the Audit & Supervisory Committee

(a) The Directors (excluding Directors who are Audit & Supervisory Committee Members), Corporate Officers and employees shall cooperate with the Audit & Supervisory Committee in improving the auditing environment so that various Audit & Supervisory Committee's audits can be smoothly executed, including access to important documents, site examinations, exchanges of opinion with Directors and others, examination of subsidiaries and collaboration with the audit & supervisory board members of any subsidiaries, all of which are considered necessary for the audits executed by the Audit & Supervisory Committee.

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- (b) The Audit & Supervisory Committee shall receive reports from the Accounting Auditor and the internal auditing department on their audit results (including important matters regarding the operating companies and their affiliated Group companies) in an appropriate and timely manner and maintain a close working arrangement with the Accounting Auditor and the internal auditing department.