

3. Sustainability Management

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Our Contributions to Resolving Climate Change

Basic Stance

The JFE Group's business involves steel manufacturing. That is why climate change issues are serious management issues from the viewpoint of business continuity. The steel business accounts for 99.9% of the Group's CO₂ emissions. The JFE Group is able to manufacture steel with the lowest CO₂ emission intensity among all the integrated steel mills in the world through developing diverse technologies that enable energy saving and CO₂ emissions reduction, and by applying them to our iron and steelmaking processes we help to alleviate risks.

In addition, the JFE Group develops and possesses many environmentally friendly products and technologies which help customers save energy at the stage of consumption, such as high-performance steel materials and power generation using renewable energy.

Viewing initiatives to address climate change as an opportunity, the JFE Group will further develop and spread technologies for these processes and products. We aim to help resolve issues related to climate change by globally providing our various accumulated technologies.

JFE Group Environmental Vision for 2050

The JFE Group aims to improve sustainability by helping to resolve issues related to climate change on a global scale, while restructuring operations to adapt to changes in the business environment for steel. We are aggressively taking measures to reduce CO₂ emissions, positioning 2020 as a pivotal year for strengthening our response to climate change.

In May 2021, the JFE Group formulated the JFE Group Environmental Vision for 2050, which aims to achieve carbon neutrality by 2050. Initiatives to address climate change are also positioned as an issue of the highest priority in the Seventh Medium-term Business Plan. To realize a sustainable society, the JFE Group intends to reduce CO₂ emissions with its own technologies, thereby helping society as a whole cut back CO₂ emissions, while aiming to improve corporate value. Reflecting the concepts behind the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in its business strategies, the Company is taking systematic steps to mitigate climate change.

The development of processes that can produce high-performance steel in large volumes without emitting CO₂ will have to be undertaken for the sake of the sustainable development of society. Implementing various measures on the path to carbon neutrality will entail massive costs for R&D and upgrading to newly developed facilities. It is therefore important to consider how these costs can be spread across society, and government assistance will also be necessary.

To reach the ambitious goal of carbon neutrality by 2050, the JFE Group aims to establish the essential technologies for decarbonization as quickly as possible, before global competitors, assuming infrastructure is upgraded to move away from carbon and that initiatives will be taken on equal footing worldwide.

JFE Group's CO₂ emissions reductions / contributions to lowering CO₂ emissions across society

Information disclosure based on the TCFD recommendations

JFE Holdings declared its agreement with the summary of the final TCFD* recommendation report, released on May 27, 2019.

* The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB), based on the opinions of G20 Finance Ministers and Central Bank Governors.



Climate-related risks and opportunities significantly affect the finance of companies in the medium to long term. The TCFD is a task force established by the FSB as requested at G20, to reduce risks that could destabilize the financial market. The TCFD reviews methods of information disclosure that allows the financial market to appropriately evaluate climate-related risks and opportunities, and announces them as final recommendation reports.

The TCFD considers that it is important for investors and other parties to accurately grasp what effects climate-related risks and opportunities pose on the financial conditions of the investee before financial decision-making, based on which the TCFD recommends that information related to four core elements in organizational management—Governance, Strategy, Risk management, and Metrics and targets—should be disclosed.

• Governance

The JFE Group's Standards of Conduct states that we will actively work to exist harmoniously with the global environment, as well as to raise living standards and advance societies. We acknowledge that activities to protect the global environment, such as reinforcement of environmental conservation and response to climate change issues, are absolutely essential to achieving a sustainable society.

In fiscal 2016, we designated "mitigating climate change" as our CSR materiality in order to pursue a steady plan-do-check-act (PDCA) cycle and appropriate management of our ongoing initiatives to reduce CO₂ emissions in iron and steelmaking processes and to develop and provide environmentally friendly products.

The JFE Group Environmental Committee, established under the JFE Group CSR Council and chaired by the President of JFE Holdings, supervises and directs these initiatives across the Group by setting targets, assessing progress, and holding discussions to improve the Group's overall performance.

The Group Management Strategy Committee also deliberates topics that are vital to our business, such as climate change issues, and reports to the Board of Directors. The Board of Directors provides supervision through discussions on environmental issues such as climate change based on these reports.

Examples of climate change-related issues reported to, deliberated, and decided at Board of Directors' meetings

- Declaration of endorsement of the final TCFD recommendation report
- Information disclosure following the TCFD recommendations (scenario analysis, etc.)
- Formulation of the JFE Group Environmental Vision for 2050 in the Seventh Medium-term Business Plan

• Strategy

The many risks and opportunities involved with climate change issues are integrated into the business strategies of the JFE Group in the following ways. The Group has created the Seventh Medium-term Business Plan to guide business and operations from fiscal 2021 to fiscal 2024. Initiatives to address climate change are positioned as a high priority issue for management within the context of achieving sustained growth over the medium to long term for the Group while increasing corporate value. Moreover, the Company formulated the JFE Group Environmental Vision for 2050 to plot a path toward achieving carbon neutrality by 2050, with ensuring environmental and social sustainability as a key measure. While incorporating initiatives to address climate change in business strategies, the Company is systematically tackling climate change by reflecting the concepts of the TCFD in

business strategies. The JFE Group is disclosing scenario analysis and other information in accordance with the TCFD recommendations, and reflecting in its business strategies its assessments of identified risks and opportunities.

Under the JFE Group Environmental Vision for 2050, the Company engages in corporate activities based on the three strategies of reducing CO₂ emissions in the steel business, making greater contributions to CO₂ reductions in society, and taking initiatives in the offshore wind power generation business. We are taking steps to reduce CO₂ emissions in the steelmaking process, which has a major impact on the environment, and also taking aggressive action to reduce burden on the environment by developing environmentally friendly products and process technologies, and providing solutions for recycling resources.

• Risk management

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Stance for Building an Internal Control System. The JFE Group CSR Council, chaired by the President of JFE Holdings, collects Groupwide information and enhances management for the purpose of reducing the frequency and impact of risks. The Corporate Officer responsible for risk works to identify potential risks associated with ESG risks such as climate change. If potential risks are identified, they are reviewed and assessed by the JFE Group CSR Council as necessary for further examination or the deployment of countermeasures.

The Board of Directors deliberates, decides, and receives reports on important matters related to ESG risks and CSR, including climate change issues.

We identify and evaluate climate-related risks at the corporate level, taking into account scenario analysis based on the framework recommended by the TCFD. We select material factors impacting business and perform a closer analysis of their effects, then utilize this in formulating future business strategies, including the Seventh Medium-term Business Plan.

Methods of monitoring issues relating to climate change

The JFE Group CSR Council, the Group Management Strategy Committee, and the Management Committee monitor issues that may impact our business. Monitoring is conducted through quarterly reports on climate change issues from each operating company deliberated by its environmental committee, etc., to take

• Metrics and targets

JFE Steel, the steel operating company of the JFE Group, is a member of the Japan Iron and Steel Federation (JISF). The JFE Group is pursuing the "Three Ecos" and innovative iron and steel-making process development, which are the main pillars of the Low-Carbon Society Implementation Plan formulated by the JISF. Under this plan, the JISF targets the reduction of three million t-CO₂ by fiscal 2020 compared to BAU (Business As Usual: the estimated emissions based on production output without special measures), and the further reduction of nine million t-CO₂ by fiscal 2030. JFE Steel is also actively pursuing action to attain the targets of the Low-Carbon Society Implementation Plan.

The JISF, in addition to these initiatives, established and announced its long-term vision for climate change mitigation for 2030 and beyond, which ultimately aims for Zero-carbon Steel production. JFE Steel also played an instrumental role in the formulation of this long-term vision. Moreover, in 2021 the JSIF announced the Basic Policy of the Japan Steel Industry on 2050 Carbon Neutrality, declaring its support for the bold challenge of quickly moving Japan's steel industry to zero-carbon steel.

suitable measures. The JFE Group Environmental Committee strengthens the collection and management of information relating to risks, to not only reduce the likelihood of risks occurring and their impact but also to strive to maximize opportunities.

While restructuring its business in response to changes in the steel business environment, the JFE Group aims to increase sustainability by resolving climate change issues on a global scale. Positioning 2020 as a pivotal year for enhancing its response to climate change, the JFE Group has set targets for reducing CO₂ emissions on the path toward achieving carbon neutrality by 2050, namely a reduction of at least 20% in CO₂ emissions by fiscal 2030, compared with fiscal 2013.

In May 2021, the JFE Group announced new targets for reducing CO₂ emissions, formulating the JFE Group Environmental Vision for 2050, which aims to achieve carbon neutrality by 2050. Initiatives to address climate change are also positioned as an issue of the highest priority in the Seventh Medium-term Business Plan. Moreover, JFE Steel's major domestic group companies set CO₂ emissions reduction targets on a par with JFE Steel. Our business strategies include the initiatives of all Group companies within and outside Japan to tackle climate change. Reflecting the concepts behind the TCFD recommendations in its business strategies, the Company is taking systematic steps to reduce CO₂ emissions.

• TCFD Content Index

TCFD disclosure recommendations	Summary of TCFD recommendations	JFE's disclosure (relevant sections in the CSR report)
<p><Governance></p> <p>Disclose the organization's governance associated with climate-related risks and opportunities</p>	<p>a. Describe the Board of Directors' oversight of climate-related risks and opportunities</p> <p>b. Describe assessment of climate-related risks and opportunities, and management's role in company management</p>	<p>Corporate governance</p> <p>Risk management</p> <p>Climate change (Governance)</p>
<p><Strategy></p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning (if such information is important)</p>	<p>a. Describe the climate-related risks and opportunities over the short, medium, and long term the organization has identified</p> <p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</p> <p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C scenario</p>	<p>Seventh Medium-term Business Plan (Major measures)</p> <p>JFE Group's value chain</p> <p>Climate change (JFE Group Environmental Vision for 2050)</p> <p>Climate change (JFE Group's climate change strategy)</p> <p>Scenario analysis based on the TCFD recommendations</p>
<p><Risk management></p> <p>Disclose the processes used by the organization to identify, assess, and manage climate-related risks</p>	<p>a. Describe the organization's processes for identifying and assessing climate-related risks</p> <p>b. Describe the organization's processes for managing climate-related risks</p> <p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>Risk management</p> <p>Environmental management</p> <p>Climate change (Risk management)</p>
<p><Metrics and targets></p> <p>Disclose the metrics and targets used to assess and manage climate-related risks and opportunities</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management</p> <p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p> <p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>Seventh Medium-term Business Plan (Major measures)</p> <p>Important management issues (materiality)</p> <p>Climate change (Metrics and targets)</p> <p>Environmental data</p> <p>Important management issues (materiality)</p> <p>Climate change (JFE Group Environmental Vision for 2050)</p> <p>Climate change (Metrics and targets)</p>

• Scenario analysis

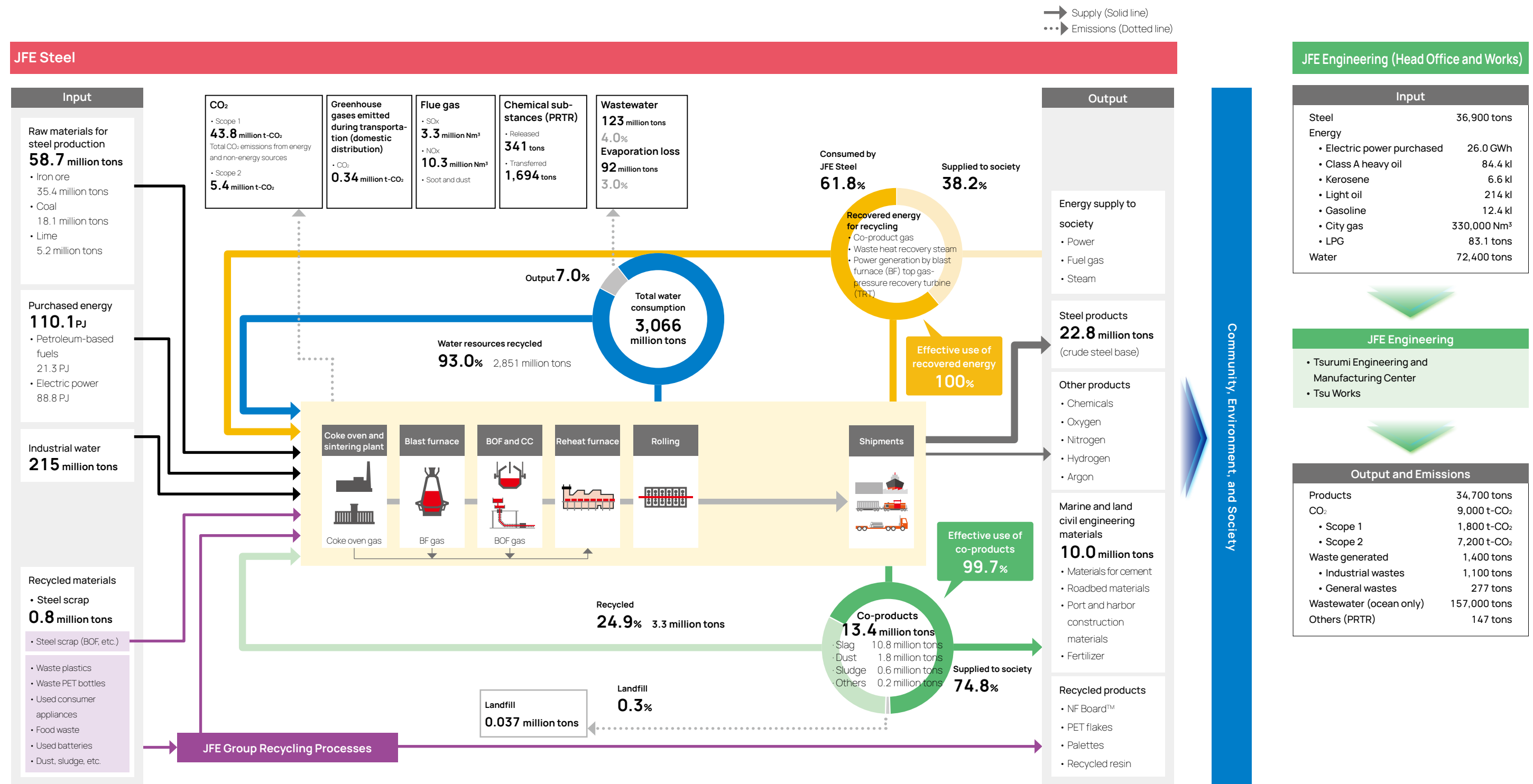
While using scenario analysis to correctly understand the risks and opportunities related to climate, we evaluate the effects they have on current business strategies, and utilize them in establishing future strategies. Due to our business having the potential to be significantly affected by climate change, we have set two scenarios.

Both scenarios are based on the scenarios announced by the International Energy Agency (IEA). The analysis was performed under the assumption that carbon pricing would be introduced into major CO₂ generating countries in order to achieve the 2°C target.

	Societal changes and responses to changes	Expectations and concerns of stakeholders towards the JFE Group	Evaluation results
<p>2°C scenario</p> <p>Important factor 1 Decarbonization in steel production processes</p>	<p>Rising societal demands for decarbonization towards steel production processes</p> <p>Implementation of innovative technologies that achieve large-scale decarbonization</p> <p>Implementation of carbon pricing</p>	<ul style="list-style-type: none"> Significant contribution through innovative technologies Increase in investment in the implementation of innovative technologies Increase in operation costs due to the introduction of carbon pricing 	<p>Opportunities</p> <ul style="list-style-type: none"> Development and implementation of innovative technologies on top of existing technologies <p>Risks</p> <ul style="list-style-type: none"> Investment in the implementation of innovative technologies is possible Cost competitiveness is maintained when carbon pricing is implemented worldwide Increase in operational costs (if not introduced in an appropriate manner)
<p>2°C scenario</p> <p>Important factor 2 Increase in demand for the effective use of steel scraps</p>	<p>Increased focus on electric furnace method, which emits low levels of carbon</p> <p>Rising expectations toward electric furnace steel</p> <p>Increase in scrap generation</p>	<ul style="list-style-type: none"> Replacement of converter steel with electric furnace steel Increase in JFE Group's production of electric furnace steel 	<p>Opportunities</p> <ul style="list-style-type: none"> Restrictions on the amount of scrap provided, increase in production of converter steel Increase in production of electric furnace steel and the need for electric furnace engineering Expansion of the scrap logistics business
<p>2°C scenario</p> <p>Important factor 3 Change in demand for steel for automobiles and others</p>	<p>Change in automobile needs</p> <p>Increase of EV motors</p> <p>Decrease of internal combustion engines</p> <p>Reduction of weight and the increased use of multi-materials</p> <p>Rising demands for eco-friendly raw materials</p> <p>Demand for decarbonization and recyclability</p>	<ul style="list-style-type: none"> Increase in demand for electrical steel sheets for EV motors Decrease in demand for special steel due to the decrease of internal combustion engines Replacement of automobile steel due to the increased use of multi-materials Demand for further decarbonization and recyclability in steel production 	<p>Opportunities</p> <ul style="list-style-type: none"> Increase in demand for electrical steel sheets due to more electric vehicles Increase in demand for special steel due to increase in automobile sales Increase in demand for high-tensile steel sheets for automobiles Refocus on the recyclability of steel <p>Risks</p> <ul style="list-style-type: none"> Limited impact of the increased use of multi-materials
<p>2°C scenario</p> <p>Important factor 4 Increase in demand for solutions promoting decarbonization</p>	<p>Shifting to decarbonization</p> <p>Increase in demand for solutions promoting transition toward decarbonization</p> <p>Overseas development of energy conservation technologies</p>	<ul style="list-style-type: none"> Renewable-energy power generation plants Low-carbon business (Eco Solution) in developing countries using Best Available Technology (BAT) developed and commercialized in Japan 	<p>Opportunities</p> <ul style="list-style-type: none"> Integrated constructions and operations of renewable energy (biomass, geothermal, and solar power) plants Integrated constructions and operations of waste incinerators and plastic recycling plants Integrated constructions of CCU and CCS facilities Overseas development of low carbon businesses
<p>4°C scenario</p> <p>Important factor 5 Procurement of raw materials becomes unstable due to increased frequency in climate disasters</p>	<p>Intensifying climate disasters alongside rising temperatures</p> <p>Procurement of raw materials becomes unstable</p>	<ul style="list-style-type: none"> Procurement of raw materials becomes unstable 	<p>Risks</p> <ul style="list-style-type: none"> Undergoing concrete measures 'Alternative procurement methods and source distribution'
<p>4°C scenario</p> <p>Important factor 6 Damages to business bases due to climate disasters</p>	<p>Intensifying climate disasters alongside rising temperatures</p>	<ul style="list-style-type: none"> Increased damages due to typhoons and rainstorms Increased damages due to water shortages Flood damages due to rising sea levels 	<p>Risks</p> <ul style="list-style-type: none"> Flood and water shortage response measures already in motion Flood impacts due to rising sea levels can be coped with the current measures
<p>4°C scenario</p> <p>Important factor 7 National resilience</p>	<p>Intensifying climate disasters alongside rising temperatures</p> <p>Increase in importance of strengthening infrastructure</p> <p>Increased demand for disaster prevention products</p>	<ul style="list-style-type: none"> Contribution with steel and related products that help strengthen infrastructure 	<p>Opportunities</p> <ul style="list-style-type: none"> Strengthening infrastructure with steel and related products

Material Flow

JFE Steel works to reduce the environmental impact of its iron and steelmaking processes, including through the effective use of resources. The company recycles 93.0% of the water it uses for production and uses 99.7% of its co-products, such as iron-steel slag. In addition, 100% of co-product gas generated during production is reused as fuel for reheating slabs, generating power for internal use and supplying power to the public.



Ensuring Occupational Safety and Health

Basic Stance

The JFE Group engages in an extremely broad and diverse range of businesses, centered on the steel business; a massive equipment industry; the engineering business, which has an extensive track record in construction work; and the trading business, which ranges from raw materials to processing and distribution. Safe and healthy workplaces are essential to sustaining these business activities, and a core facet of remaining a viable company. With the idea that all accidents are preventable, we promote self-driven safety activities where each and every employee checks their own surroundings for safety. We also take action to ensure the health of employees and their families based on the three pillars of workplace health, mental health, and physical health. We aim to be a company that is safe, healthy, and motivates employees.

Prevention of workplace accidents

In its varied business activities, the JFE Group has worksites where work carries with it a relatively high risk of accidents and injuries, such as work performed in high places, under high temperatures, and with heavy objects being carried around. With diverse employees working on-site, including older people and women, our basic requirement is that each and every employee can work without worrying about their health and safety, by maintaining safe work environments and preventing workplace accidents.

Management structure for health and safety

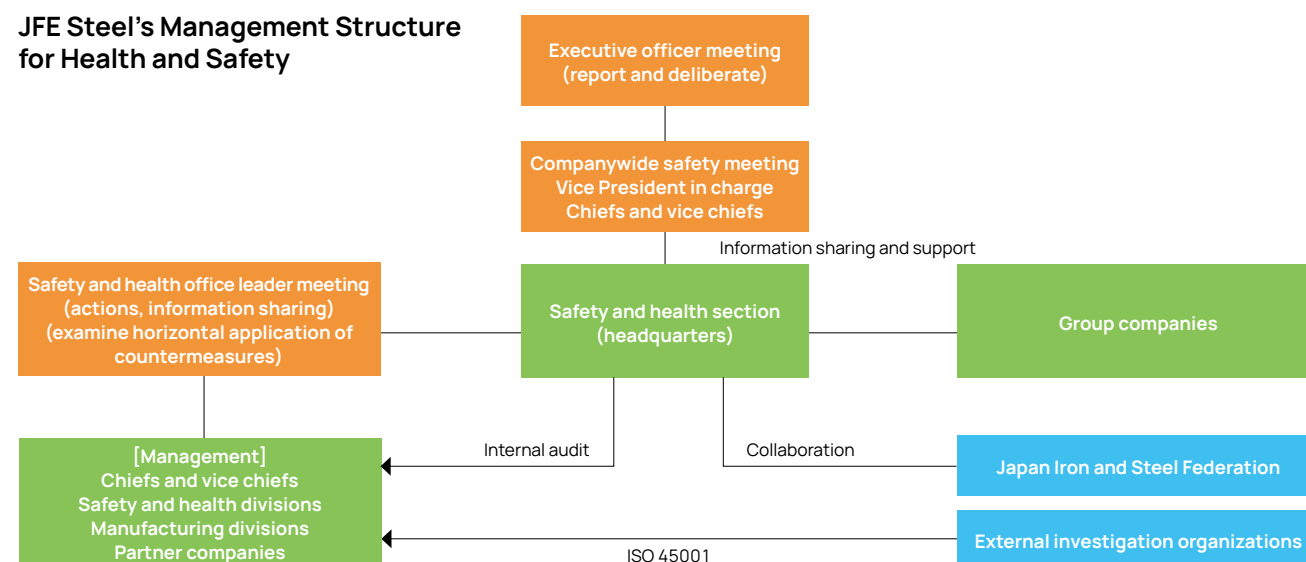
JFE Steel conducts risk assessments as an activity to reduce the risk of accidents. By assessing risks at the planning stages of equipment installations and before scheduled and unscheduled equipment maintenance, JFE Steel strives to prevent and reduce the risk of accidents. We aim to lower the level of risk for workers by pursuing the safest measures for operating equipment.

In the event that an occupational injury occurs despite these efforts, JFE Steel spares no effort in investigating the cause of the accident and preventing a reoccurrence. A committee to investigate the accident is rapidly established to delve into the causes of the accident in the relevant department and proposes countermeasures, following through until completion of the process. The results of the investigation are shared by the committee with the relevant department and the labor union, while steps are taken to prevent a similar accident from occurring. Moreover, for serious

accidents, countermeasures are applied horizontally across the entire company, and the Board of Directors is kept abreast of progress until the countermeasures are fully implemented across the Company. This framework is described and thoroughly operated in accordance with Companywide rules.

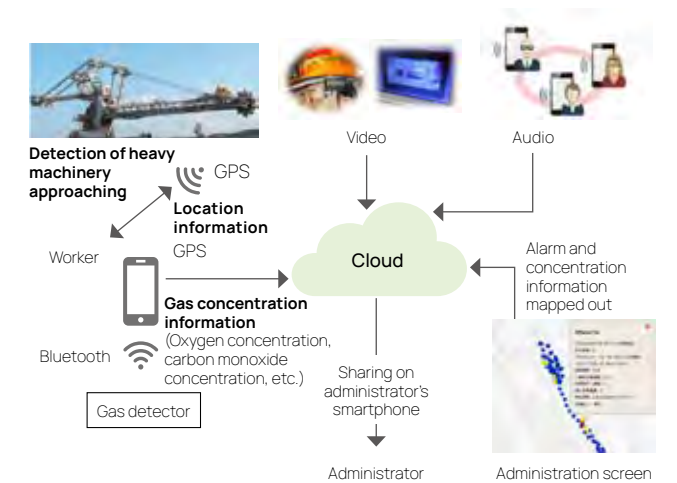
When an occupational injury occurs, the Company immediately reports it to the JISF. After the cause of the accident is determined and countermeasures are decided, the Company follows up with another report. When a serious accident occurs, the Company immediately submits a report on safety, disaster preparedness, and environmental conditions to the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and the JISF. The JFE Group also endeavors to prevent accidents throughout the entire steel industry.

JFE Steel's Management Structure for Health and Safety



Securing the safety of employees using AI

In the steel business, 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. We will continue to strive to secure the safety of workers using the latest technology.



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.

In addition to employees, we encourage them to work with health insurance associations to have their dependents get health checkups, with the aim of helping families maintain and improve their health. The ratio of dependents (aged 40 or older) receiving health checkups has steadily risen, reaching 46.3% in fiscal 2020, an 8.7 point improvement from 37.6% six years ago in fiscal 2014.

Activities of Group companies

JFE Steel	JFE Engineering	JFE Shoji
JFE Steel business sites offer the Active Exercise program, which the West Japan Works designed to help people increase their physical strength and prevent injuries due to falling. The program's effectiveness in preventing occupational accidents and improving health has even attracted attention outside the Company, so it is being shared as a contribution to society.	JFE Engineering has identified health-related issues at the Company using data from past health examinations, and introduced from fiscal 2019 a series of self-care training sessions to address the risk of falling asleep. Since fiscal 2020, we have continued efforts to improve health literacy in an attempt to get employees to be more active and be more selective in what they eat in order to address weight issues.	JFE Shoji provides helicobacter pylori (blood) tests as part of regular health examinations for prevention and early detection of cancer, as well as subsidies to cover expenses for women's cancer examinations. In November 2019, we started subsidizing the costs of smoking cessation outpatient services, to lower the risk of lung cancer and stroke due to smoking. We also provide e-learning with the aim of raising health awareness among our employees.

External recognition

We believe that health and productivity management will be greatly facilitated not only by the individual actions of Group companies but also by recognition from outside. Accordingly, we actively cooperate with outside surveys.

Name of SRI index, etc.	Description of selection criteria, etc.	Evaluation, etc.
Health & Productivity Stock Selection Program Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)	Under the Health & Productivity Stock Selection Program, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange cooperate to select companies that have been strategically implementing employee health management from a business management viewpoint. JFE was selected for the Health & Productivity Stock Selection for the first time in 2018. Additionally, the Company was selected for the Certified Health & Productivity Management Outstanding Organizations Recognition Program, which certifies organizations that implement outstanding health management in collaboration with health insurance society members.	
DBJ Employees' Health Management Rated Loan Program	This is the first financing option in the world to incorporate special health management ratings, which uses the unique screening system developed by the Development Bank of Japan (DBJ) to evaluate and select companies with excellent health management initiatives for employees, whereby setting financing terms and conditions according to the evaluation result. The Company was rated as a top-ranking company with excellent advanced initiatives for employees' health management in 2018 in recognition of our advanced health management so far.	

Securing and Training Diverse Human Resources

Basic Stance

As stated in the Seventh Medium-term Business Plan, the JFE Group must retain diverse and talented personnel, growing together as a company and maximizing their abilities in order to remain essential in the sustainable development of society and the safe and comfortable lives of people. To this end, the JFE Group is marshaling its efforts to promote diversity and inclusion, personnel training, and workplaces that are rewarding for all employees.

Diversity and inclusion

Positioning the promotion of diversity as an important management issue, the JFE Group is advancing initiatives to draw out all the abilities of its employees of diverse backgrounds, such as gender, nationality, value systems, and varying lifestyles, in order to rapidly and properly respond to quickly changing business conditions.

With regard to empowering women, the JFE Group has achieved ahead of schedule its target for tripling the number of women in management positions by 2020, compared with August 2014 as the starting point. We have set a new target of increasing the number of women in management positions by five times the August 2014 number by 2025, in a proactive bid to promote women to management positions.

Since 2012, JFE Steel has targeted a hiring ratio of at least 10% women for regular positions, and approximately 400 female employees currently work at steelmaking sites Companywide. JFE Steel has made work environments better for female employees, such as by updating infrastructure in shower and locker rooms, and by enhancing training for entry-level positions. JFE Steel also focuses on measures to balance work with life events, enhancing systems for achieving work-life balance and creating childcare centers at major business locations.

JFE Steel proactively hires diverse personnel, including

experienced workers from different sectors, and its mid-career hires represent one-sixth the total number of hires. At JFE Engineering, approximately 80 local employees of overseas Group companies are constantly rotated to Japan in order to nurture a corporate culture of mutual understanding that bridges differences in cultures and customs.

Moreover, before revisions to the Act on Childcare Leave came into effect, we encouraged male employees to take time off for childrearing and use their allotted vacation days. A target shared among operating companies is to have at least 90% of male employees take time off for childrearing or related activities.

The promotion of diversity requires a solid commitment by management. For example, JFE Engineering has set up the Diversity Committee that reports directly to the President, and management guides the promotion of diversity. Such initiatives are shared among operating companies, which leads to greater diversity across the JFE Group.



Advancement of personnel training

The JFE Group is unified in its efforts to improve the abilities of each and every employee, while placing emphasis on the training of global human resources for expanding overseas businesses.

Accumulation and passing down of technical knowledge and skills

At JFE Steel, we believe improving the technical knowledge and skills of all employees at manufacturing sites is a source of competitiveness for supplying high-quality products. Through our personnel training system, we quantitatively measure, analyze, and deploy the skill levels of each employee. As generations of employees change at worksites, it is important to raise the skill levels of young employees in particular. By training young

employees based on technical data stored in systems, we are able to quickly raise their skillsets to higher levels.

Using mixed reality (MR) and other IT tools, we are training employees with simulations that cannot be experienced in the classroom for a more effective and efficient curriculum. We are thus making improvements toward a more in-depth approach to training even higher-quality personnel.

Training of data scientists

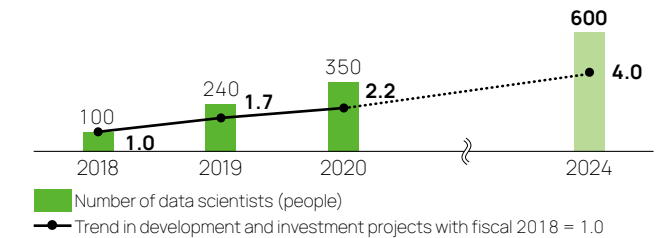
The JFE Group is active in securing and developing the human resources necessary to pursue a DX strategy in each business domain.

Data science (hereinafter "DS") technology is being applied in industry at a rapid pace. In order to incorporate DS technology into its business processes, JFE Steel has established a system to independently foster data scientists in-house. Having knowledge unique to the field of the steel industry is essential to applying DS in actual manufacturing and R&D front lines. With the aim of fostering in-house data scientists and human resources that can harness DS, the Company established a pyramid-shaped rank-based training system according to the required level.

As of the end of fiscal 2020, we have trained over 350 in-house data scientists, increasing by 2.2 times the number of DS-related

initiatives compared with fiscal 2018. By pursuing further training, we plan to increase our number of in-house data scientists to 600 by the end of fiscal 2024.

Training of data scientists (JFE Steel)



Securing and developing global human resources

It is essential for the JFE Group to secure and develop global human resources to enhance its competitive strength in the global market.

JFE Steel provides overseas training opportunities for its young clerical employees to work at local offices and subsidiaries, for young engineers to give technical guidance at overseas affiliates, for mid-career employees to obtain MBAs overseas, and for managers to study foreign languages overseas, in order to develop the assets required for leading a global business. JFE Steel has provided opportunities for global human resources development to approximately 330 employees since 2014.

JFE Engineering provides training programs for human resources involved in overseas projects according to the skills

necessary for each position. Project managers learn quality control, process control, and other project management skills, and administrators learn tax, legal, trade and transportation, personnel administration, risk management, and other skills, both of which are designed to gain the comprehensive skills required to carry out overseas projects. JFE Shoji holds overseas staff management training in Tokyo each year for talented local employees employed in overseas local subsidiaries and offices. In addition, the company also invites overseas staff to the head office in Japan for an extended-stay training to improve their skills still further, with the aim of eventually promoting them as executives. Through these and other efforts, JFE Shoji is promoting bilateral globalization with overseas Group companies.

Creation of rewarding workplaces

In order to sustain development, the JFE Group is conducting a sweeping review of work styles with the understanding that it is essential to establish work styles where all employees feel proud and motivated about their work, while creating new value with high productivity.

When responding to the state of emergency during the COVID-19 pandemic, new lifestyles and work styles became entrenched throughout society. Eyeing these changes, the JFE Group has updated its work environments and internal systems so that its employees can work safely and without worry, while maximizing their abilities.

JFE Steel is promoting a new work style called Smart Work JFE that helps increase employee productivity, maximizes output, and improves engagement. As specific measures, JFE Steel is systemizing telework by expanding its work-at-home system, introducing

Microsoft Teams software and robotic process automation (RPA), promoting paperless workflows, removing the use of seals with workflows, and introducing a core-less flex-time system in a shift to a high-value-added work style while furthering changes in the corporate culture. These measures are also being undertaken at operating companies.

JFE Engineering has created flexible work styles by enabling work at home and shared office spaces in approximately 400 locations across Japan, permanently systemizing remote work from fiscal 2021 in addition to initiatives in steel centered on the Smart Work Promotion Office.

JFE Shoji is examining what the office will look like in the new normal, launching a project team to examine new work styles with the aim of realizing more efficient and flexible ways to work.



Respect for Human Rights

Basic Stance

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 JFE 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 Business Conduct, which we have upheld throughout our actions. In fiscal 2018, the JFE Group Human Rights Basic Stance was drawn up to clearly define the Company's position on human rights, covering the scope of rules that must be followed by each Group company and their executives and employees. It also calls upon all stakeholders, including suppliers, to cooperate on initiatives to respect and protect human rights.

We also invite outside experts to discuss business and human rights in seminars. Starting in fiscal 2021, the JFE Group commenced due diligence on human rights in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights. We will work together as a Group to push forward initiatives to realize a social that respects and protects human rights.

JFE Group's Human Rights Basic Policy https://www.jfe-holdings.co.jp/en/csr/social/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 each operating company and dedicated consultation desks on harassment issues at major offices, to ensure people can anonymously report issues and seek consultation. The Board of Directors and the JFE Group CSR 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 https://www.jfe-holdings.co.jp/en/csr/social/human_rights/index.html

Human rights promoting activities

We conduct human rights training courses, offer guaranteed employment opportunities, promote fair human resource management, and work to prevent workplace harassment. Our training courses encourage employees to develop a thorough

understanding of the JFE Group's Human Rights Basic Policy and the respect for human rights expected of a company in the international community. To this end, we continuously monitor and follow up on seminars by designating 100% attendance as a KPI.

Human rights initiatives for the supply chain

JFE Steel recognizes that human rights violations and environmental issues pose actual business risks in procuring raw materials. We therefore established the Raw Materials Purchasing Policy to develop and operate a sustainable procurement system for sourcing raw materials and practice purchasing with due respect for human rights, regulatory compliance, and environmental protection. We also established Business Conduct Guidelines, asking suppliers to comply with this initiative, and seek to publicize the guidelines across the supply chain via our corporate website.

With regard to conflict minerals, we have clearly stated our policy to avoid purchasing them in our Business Conduct Guidelines. Conflict minerals are natural resources thought to be

controlled by militias responsible for human rights violations and environmental destruction (tantalum, tin, tungsten, and gold produced in certain regions, such as the Democratic Republic of the Congo, are defined as conflict minerals under the U.S. Wall Street Reform and Consumer Protection Act). We comply with Japanese and overseas regulations, as well as international rules, governing the responsible procurement of minerals, and investigate and confirm with suppliers that they are not selling conflict minerals.

Raw Materials Purchasing Policy Business Conduct Guidelines https://www.jfe-steel.co.jp/en/company/purchase_policy.html

Respecting the rights of workers

The JFE Group adheres to the laws and regulations of various countries as well as collective agreements. It also respects the rights to freedom of association as well as their right to collective bargaining.

Upper management, including the president and the representative of the union, meets regularly to discuss matters such as management issues, work-life balance, working environments, and working conditions. By conducting earnest labor-management consultations, we strive to create a vigorous workplace while working to maintain healthy and sound labor-management relations.

Respect for freedom of expression

The JFE Group upholds basic human rights in its JFE Group's Human Rights Basic Policy and is committed to respecting and protecting the human rights of each individual throughout its corporate activities. We pay due care to prevent violations of freedom of expression, as recognized by the International Covenant on Human Rights and other international conventions, and to fully protect the right to privacy.

Respect for children's rights

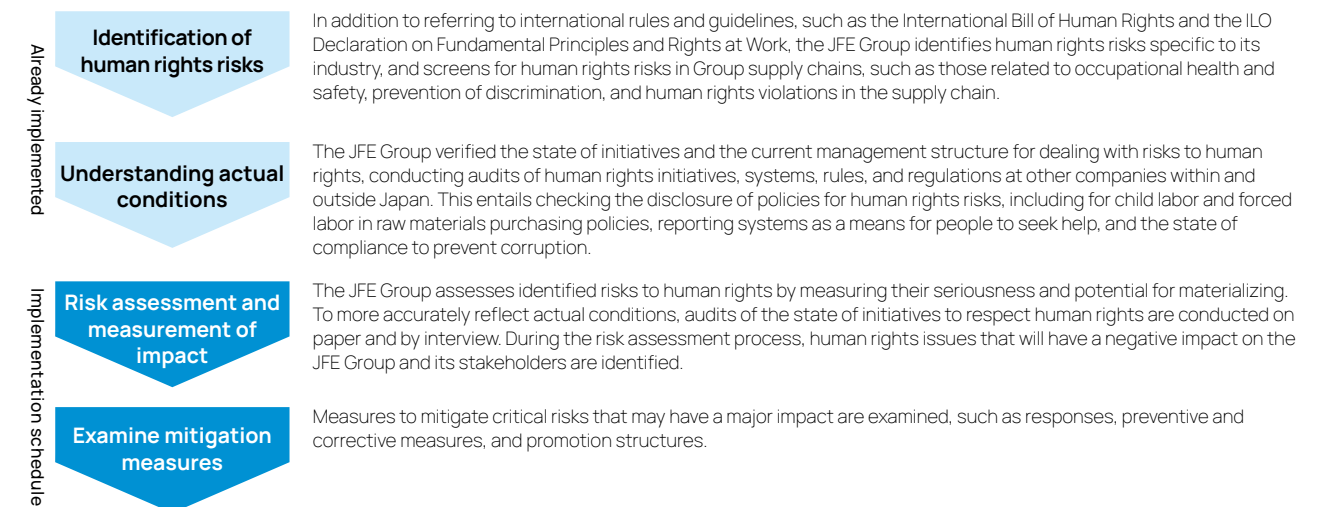
The JFE Group supports the Convention on the Rights of the Child and Children's Rights and Business Principles, and will seek to eliminate child labor and respect every child's right to survival, right to development, right to protection, and right to participation, the four pillars of the Convention on the Rights of the Child.

Human rights due diligence

In accordance with the UN Guiding Principles on Business and Human Rights, the JFE Group began to conduct due diligence on human rights in fiscal 2021. Due diligence into human rights was conducted in fiscal 2021, centered on JFE Holdings, JFE Steel, and

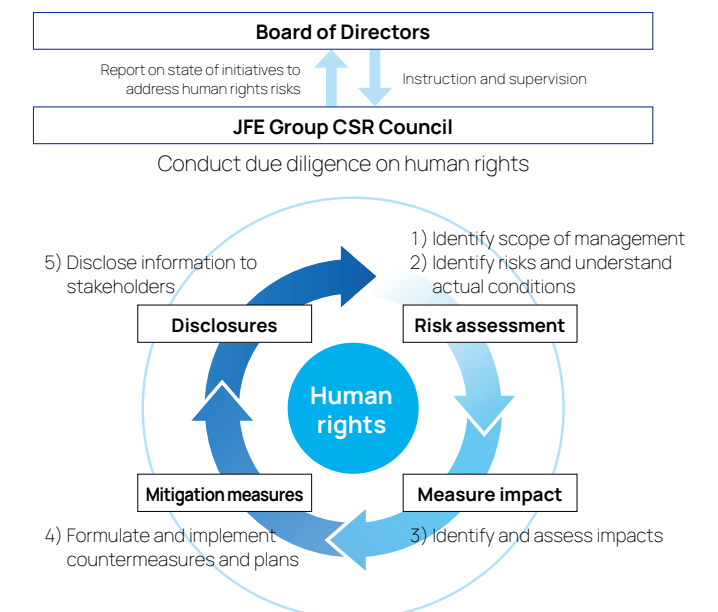
other major Group companies. The JFE Group identifies risks to human rights, examines and executes corrective actions, and discloses information in an ongoing process to respect human rights throughout the supply chain.

Initiatives in Fiscal 2021



Future initiatives

The JFE Group will build systems for reducing the risk of human rights violations through an ongoing process of implementing measures to mitigate human rights risks identified in fiscal 2021, and disclosing information about these countermeasures. Starting with supervision by the JFE Group CSR Council and the Board of Directors, we will evaluate these initiatives and work to improve them and increase their effectiveness.





Basic Stance

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

The JFE Group has 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 phonenumber, and by regular mail. Additionally, an external hotline to a law firm is also provided.

To encourage the active sharing of information, confidentiality is strictly respected and the hotline is operated under rules and regulations that protect people who report information or seek consultation from retaliation. Whistleblowing and requests for consultation are regularly reported to full-time Audit & Supervisory Board Members. Moreover, the operational status of the system is reviewed by the Board of Directors.

Cases handled by the Corporate Ethics Hotline

Company	FY2017	FY2018	FY2019	FY2020
JFE Holdings and operating companies	89	80	101	87

Prevention of bribery

The JFE Group does 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 resorts to these illegal activities to gain profit or resolve problems. Based on these thoughts, the Group issued the JFE Group's Basic Stance 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

The JFE Group declares in its Standards of Business Conduct that it will firmly resist all antisocial forces, and has 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.

Antimonopoly Act compliance

The JFE Group views past violations of the Antimonopoly Act seriously and continues to implement thorough measures to eliminate the possibility of future infringements.

Employee ethics awareness surveys

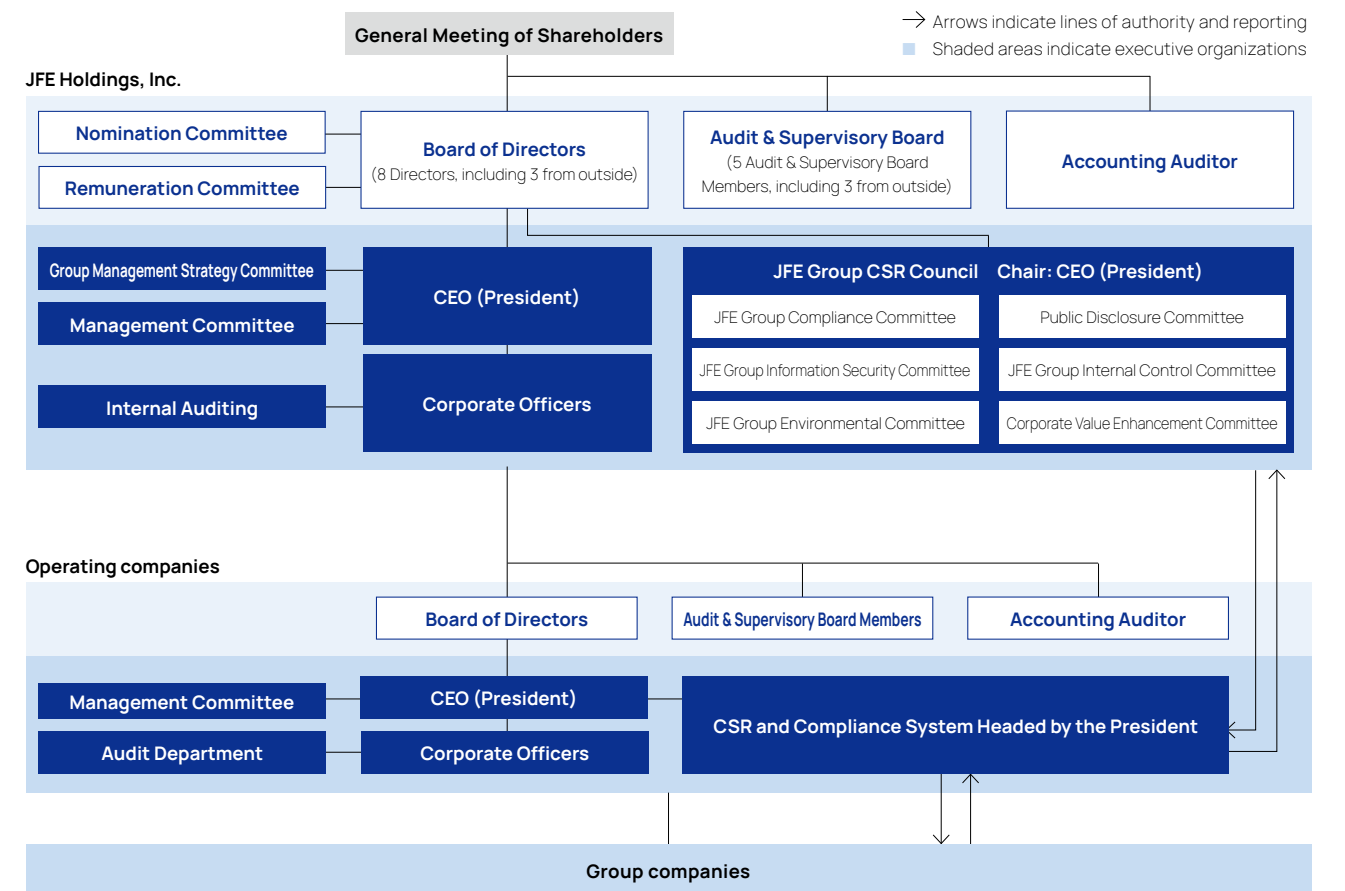
The JFE Group regularly conducts Corporate Ethics Awareness Surveys of executives and employees of JFE Holdings and its operating companies for the purpose of identifying latent risks and assessing the degree of understanding in the Group's Corporate Vision, Corporate Values, and Standards of Conduct.

Corporate Governance

Basic Stance

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 (Of which, the number of Independent Outside Directors)	8 members (3 members)
Number of Audit & Supervisory Board Members (Of which, the number of Independent Outside Audit & Supervisory Board Members)	5 members (3 members)
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

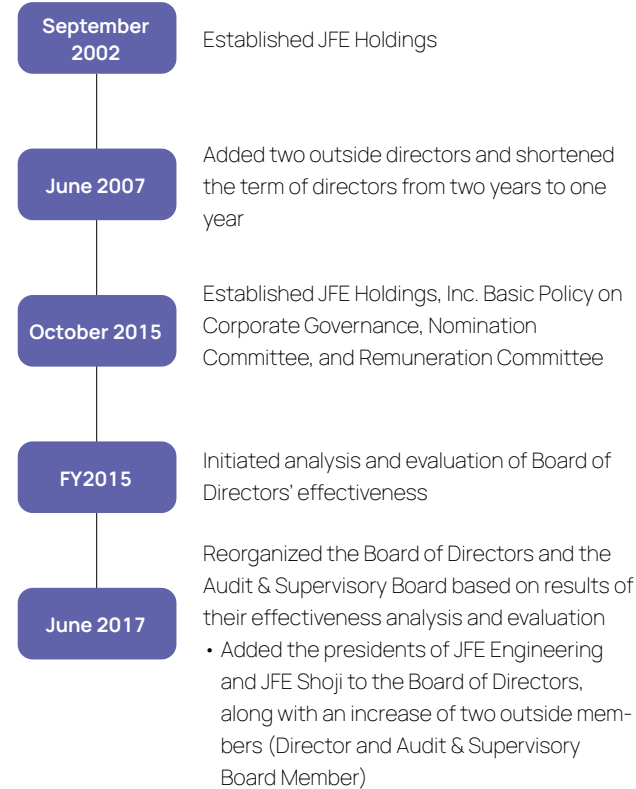
Major topics discussed at the fiscal 2020 Board of Directors' meeting

- Seventh Medium-term Business Plan
- Large-scale capital investment (Revamping of the No. 6 blast furnace of West Japan Works (Chiba), strengthening of electrical steel production facilities of West Japan Works (Kurashiki), etc.)
- M&A (acquisition of Mitsui E&S Plant Engineering Inc.)
- Initiatives to address ESG issues (carbon-neutral efforts, assessment and review of KPIs for material CSR issues, etc.)

Governance system

JFE Holdings and each operating company have their respective Audit & Supervisory Board Members. The companies are cross-checked 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



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.

Independent Outside Audit & Supervisory Board Members

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>

JFE Holdings' Outside Directors and Outside Audit & Supervisory Board Members (as of July 1, 2021)

Position / Name	Major concurrent positions	Independent executive	Expertise and background							FY2020 Board of Directors' attendees	FY2020 Audit & Supervisory Board attendees	Nomination Committee	Remuneration Committee
			Corporate management/ Management strategy	Engineering	Global management	Finance and accounting	Legal	Academic	Public administration and public policy				
Outside Director Masami Yamamoto	Director and Senior Advisor of Fujitsu Limited Outside Director of Mizuho Financial Group, Inc.	○	○	○	○					15/15 (100%)	—	Chair	Member
Outside Director Nobumasa Kemori	Honorary Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD. Outside Director of Sumitomo Realty & Development Co., Ltd.	○	○	○	○					15/15 (100%)	—		Chair
Outside Director Yoshiko Ando	Audit & Supervisory Board Member of Kirin Holdings Company, Limited Outside Director of Sansei Technologies, Inc.	○						○		12/12 (100%)	—	Member	
Outside Audit & Supervisory Board Member Shigeo Ohyagi	Senior Advisor of Teijin Limited Outside Director of KDDI CORPORATION Outside Director of MUFG Bank, Ltd. Outside Director of Tokyo Electric Power Company Holdings, Incorporated	○	○		○					15/15 (100%)	18/18 (100%)	Member	
Outside Audit & Supervisory Board Member Isao Saiki	Partner Lawyer of Abe, Ikubo & Katayama Law Firm	○						○		15/15 (100%)	18/18 (100%)		Member
Outside Audit & Supervisory Board Member Tsuyoshi Numagami	Professor, Graduate School of Business Administration, Department of Business Administration of Hitotsubashi University	○	○				○		○	15/15 (100%)	18/18 (100%)	Member	Member

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.

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 and Outside

Audit & Supervisory Board Members. Four meetings were held in fiscal 2020. 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. Five meetings were held in fiscal 2020. All committee meetings had 100% attendance rates.

Nomination Committee and Remuneration Committee structure (as of July 1, 2021)

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

Based on the Basic Policy on Corporate Governance, the effectiveness of the Board of Directors has been evaluated since fiscal 2015, and starting in fiscal 2018, a third-party organization has analyzed and assessed its effectiveness from an objective standpoint independent from the Company. In fiscal 2020, all Directors and Audit & Supervisory Board Members answered a revised questionnaire with some new questions regarding practical guidelines for Outside Directors.

In addition, the outcome of initiatives in fiscal 2020 were examined while referencing the opinions and suggestions received from the fiscal 2019 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.

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.

This questionnaire raised issues for further improving its effectiveness, such as strengthening the supervisory functions of the Board of Directors for Group risk management and addressing sustainability issues, and creating more opportunities for the exchange of opinions among only Outside Directors through meetings of Outside Directors.

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.

Fiscal 2020 Initiatives Based on Effectiveness Evaluation Results through fiscal 2019

- Emergency measures were taken to counter COVID-19 infections and respond to rapid changes in the operating environment, as companies are increasingly expected to help combat COVID-19 and climate change, and improved discussions were held in formulating the Seventh Medium-term Business Plan.
- Deliberations of the Board of Directors were improved thanks to greater diversity of Outside Directors, including the new appointment of a female director who is an expert in labor administration, in addition to her management experience and specialist knowledge of law and business administration.
- Regarding specific initiatives to address sustainability issues, discussion was augmented by report topics concerning Groupwide efforts to become carbon neutral, in addition to reports on the results of surveys of safety activities and employee awareness, as well as the state of operations for corporate ethics internal reporting systems.
- Regarding corporate governance, in April 2021 the Group CSR Council, headed by the CEO, uniformly managed Groupwide risks, and important matters were reported to the Board of Directors, which gave instructions for and supervised the updating of related systems. Based on the deliberations of the Board of Directors, the Company will continue to improve risk management for the entire 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 (FY2020)

Position	Total remuneration, etc. (thousand yen)	Number of executives
Directors (excluding Outside Directors)	199,166	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	78,335	2
Outside Directors/Outside Audit & Supervisory Board Members	91,847	7

Officers whose consolidated remuneration exceeded 100 million yen (FY2020)

Name	Position	Company	Per company (thousand yen)	Total (thousand yen)
Koji Kakigi	Director	JFE Holdings	106,847	106,847
Yoshihisa Kitano	Director	JFE Holdings	12,000	106,847
	Director	JFE Steel	94,847	

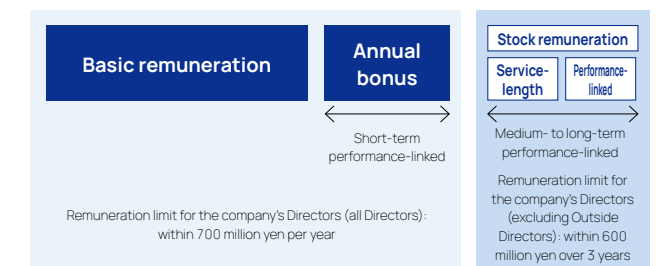
Basic Policy on Remuneration for Directors and Corporate Officers

- 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 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%."

Composition of remuneration for the Company's Directors



Annual bonus

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

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 the parent company of 220 billion yen per year, set under the Seventh Medium-term Business Plan. Furthermore, 5% or more ROE is the minimal requirement for the payment.

The Seventh Medium-Term Business Plan includes a provision for applying non-financial metrics in management targets. In this regard, we will consider an optimal remuneration system that will further enhance corporate value.

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.

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 CSR 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. In April 2021, this Basic Stance was revised. With the objective of strengthening the effectiveness and supervisory functions of the Board of Directors with regard to risk management, the Group CSR Council, headed by the CEO (President) of JFE Holdings, uniformly manages risk for the entire Group and reports important matters to the Board of Directors, which gives instructions and supervises actions. 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 174 people as of April 1, 2021. These organizations share information to enhance overall auditing within the Group.

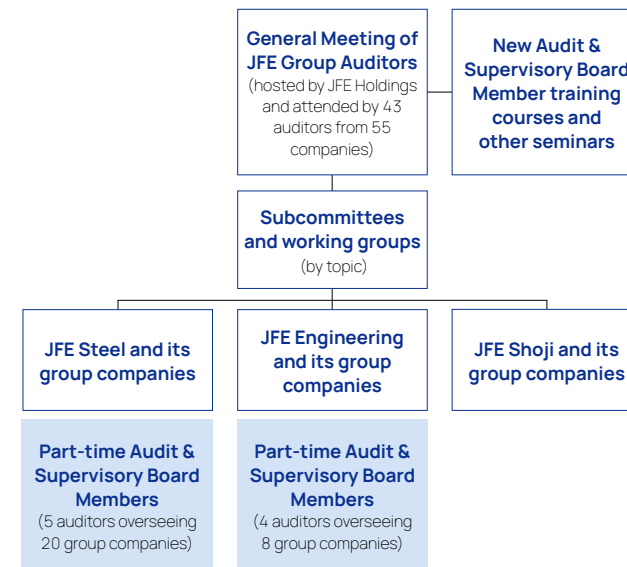
Audits by Audit & Supervisory Board Members

Audit & Supervisory Board Members attend meetings of the Board of Directors, Group Management Strategy Committee, Management Committee, and Group CSR Council, as well as other important meetings. 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. Nine absentee Audit & Supervisory Board Members served 28 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 2020, the Audit & Supervisory Board Members held seven 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 2020, the Audit & Supervisory Board Members held six 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.

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 three listed subsidiaries, described below.

GECOSS CORPORATION

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.

JFE Container Co., Ltd.

JFE Container is mainly engaged in the manufacture and sale of steel drums and high-pressure gas containers. JFE Container provides products that meet customer needs primarily in the chemical, petroleum, automobile, and gas industries by partnering with JFE Steel and Group companies. The Company believes that managing JFE Container as a subsidiary will help to maximize the value of JFE Container and the JFE Group through various collaborative initiatives with JFE Steel in areas such as personnel exchange and R&D. JFE Container 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.

JFE Systems, Inc.

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.

The three aforementioned companies are subject to rules different from those applicable to other consolidated 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 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 the three companies while securing their independent decision-making, so as to implement risk management as a member of the Group companies.

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 2021.

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 April 2016, the Company decided to reduce its strategic shareholdings by approximately 100 billion yen and sold its strategic shareholdings in the amount of approximately 140 billion yen (on a market value basis) by fiscal 2018. In November 2019, the Company decided on a policy to further sell its strategic shareholdings in the amount of 100 billion yen and sold all or part of 143 stocks in fiscal 2019 and fiscal 2020. (Total sales amount: approximately 145.9 billion yen (on a market value

basis)). Furthermore, at a meeting held in December 2020, the Board of Directors examined the significance of its strategic shareholdings and return on investment.

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 FY2018	End of FY2019	End of FY2020
Number of issues	238	219	171
Total balance sheet amount (billion yen)	2,410	1,661	960



Basic Policy
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 CSR 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 (compliance with the Antimonopoly Act, as well as laws and regulations preventing corruption, including bribery, of civil servants), the corporate vision, and the JFE Group's Standards of Business Conduct. 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>

▶ **Response to 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 approximately 18% versus the fiscal 2013 level by the end of fiscal 2024 in the steel business, 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

CSR Promotion Structure



Operating companies, Group companies

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.

Intellectual property management

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

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.

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

▶ **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, the JFE Group has 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.

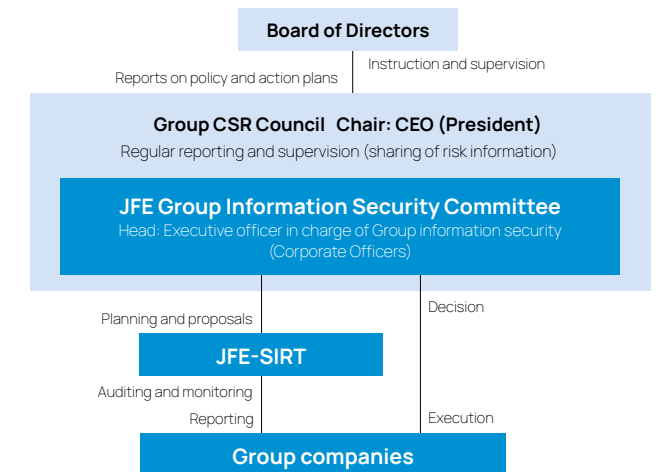
Response to COVID-19

Our response to the COVID-19 pandemic has entailed the rapid formation of a countermeasure examination team in accordance with our response policy based on scenarios for outbreaks of new types of influenza, and this team has taken various measures to counter COVID-19. We have eased employment system requirements and encouraged employees to work from home, while

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

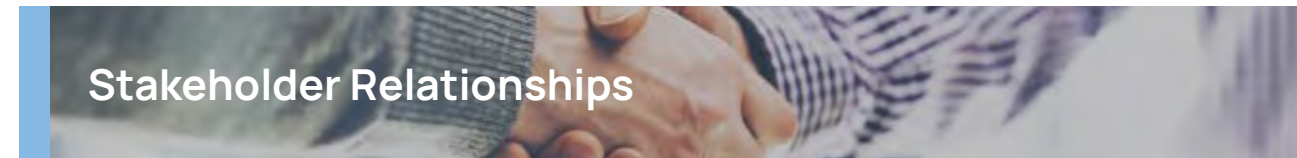
JFE Group Information Security Governance System



discouraging them from commuting to work. Even when employees come to work, they arrive and leave at different times of the day, partitions have been installed in offices, and meetings have only been held online in an attempt to reduce the risk of infection as much as possible. JFE Steel revised its BCP, which had envisioned a novel influenza outbreak, and kept 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. Above all, we thoroughly managed occupational health and safety measures, in addition to updates to infrastructure for remote work environments. As well, all of us have been keen to increase vaccinations in workplaces.

We will continue to engage in business operations while placing the highest priority on the health and safety of our employees and partners.

Through these initiatives, we are examining even more flexible work styles in a bid to improve labor productivity further.



Stakeholder Relationships

Promotion of interactive communication

The JFE Group strives to maintain agreeable and favorable relationships with all stakeholders, including shareholders, customers, clients, employees, and local communities, for the sustainable growth and medium- to long-term increase of corporate value.

Examples of dialogues with our main stakeholders

Stakeholders	Approach	Major communication methods, etc.	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 (convocation notices, notices of resolutions, etc.)	1	Approx. 150,000 persons (Unit shareholders)	
		Investors meeting (financial results, medium-term business plans, etc.) and ESG briefings	5	Approx. 600 persons in total	
		Individual meetings (financial results, medium-term business plans, etc.) Company briefings for individual investors	As needed	Approx. 300 persons in total	
		Plant tours for shareholders (steel, engineering, shipbuilding bases, etc.) (* Results shown are for FY2019, suspended in FY2020 due to the COVID-19 pandemic)	23	Approx. 1,500 persons	
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.	Various reports, including integrated reports and CSR reports (* Number of copies for integrated report; CSR report only available on the Company's website)	2 (Mid-year and annual)	Approx. 220,000 copies/issue	
		Information via websites (for shareholders and investors), etc.	1	Approx. 25,000 copies	
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 Stance 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	Management and labor unions at each operating company	
		Internal newsletters and intranet	As needed		
		Various labor-management committees	2 to 4		
		Corporate Ethics Hotline	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.	Family days (visits by employee families, lunch at employees' cafeterias, etc.)	As needed	At the Company and operating companies	
		Corporate Ethics Awareness Survey	1 (every 3 years)		
		Engagement survey (employee satisfaction survey)	1		
		* An all-employee survey to understand the level of satisfaction with the Company, used to shape measures and operations	1		
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.	Management feedback (360-degree diagnosis)	1	At the Company and JFE Steel	
		* Corporate Officers and top managers evaluate their peers and subordinates, providing feedback to individuals	1		
		Communication through local residents' associations, events, etc.	As needed		Approx. 270,000 persons a year 100,000 or more persons a year
		Events at manufacturing bases (festivals, etc.)	Approx. once in each region		
Plant tours	As needed				
Clean-up activities (vicinity of manufacturing bases, regional cleaning, 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.	Sports promotion (baseball or jogging workshops, various sports competitions, etc.)	As needed	* Suspended in FY2020 due to the COVID-19 pandemic; results shown are for FY2019 Awards for technology and product development, etc.	
		Others (education at elementary schools, craft workshops, workplace experience events, etc.)	As needed		
		Information via websites (environmental information, etc.)	As needed		
		Social contribution through JFE 21st Century Foundation (various research support, regional activity support, 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.	Information via websites (environmental information, etc.)	As needed	* Suspended in FY2020 due to the COVID-19 pandemic; results shown are for FY2019 Awards for technology and product development, etc.	
		Social contribution through JFE 21st Century Foundation (various research support, regional activity support, etc.)	As needed		
		Information via websites (environmental information, etc.)	As needed		
		Social contribution through JFE 21st Century Foundation (various research support, regional activity support, etc.)	As needed		

Awards for technology and product development, etc. (FY2020)

Award name	Description	Sponsor
Steelie Awards 2020	Development of resource saving type Si gradient steel sheet for high-speed motors	World Steel Association
FY2021 The Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology, Awards for Science and Technology (Development Category)	Development of production technology for hot-dip galvanized steel sheets by control of atmospheric conditions	Ministry of Education, Culture, Sports, Science and Technology
53rd (FY2020) The Ichimura Prize in Industry for Outstanding Achievement	Chromium Ore Smelting Reduction Process Using Hydrocarbon Fuel Burner	Ichimura Foundation for New Technology
FY2020 Energy Conservation Grand Prize Award in Energy Conservation Category	Development of energy supply and demand guidance utilizing data science	Energy Conservation Center, Japan
FY2020 Keidanren Best Internal Newsletter Award	JFE Steel Magazine	Keidanren Business Services, Internal Newsletter Center
55th Machinery Promotion Award, Japan Society for the Promotion of Machine Industry Chairman's Prize	Surface inspection equipment based on twin-illumination and subtraction technique	Japan Society for the Promotion of Machine Industry
FY2020 National Commendation for Invention, Japan Institute of Invention and Innovation Chairman's Award	Discovery of minute surface defect detection equipment based on the magnetic leakage flux tester	Japan Institute of Invention and Innovation
Selected as Global Niche Top Companies Selection 100	High brittle crack arrest steel plate for super-large container ships	Ministry of Economy, Trade and Industry

Award name	Description	Sponsor
46th Distinguished Environmental System Award, Ministry of Economy, Trade and Industry's Industrial Science and Technology Policy and Environment Bureau's Director-General Award	Automated incinerator for general waste incorporating AI and data analysis technology	Japan Society of Industrial Machinery Manufacturers
FY2020 (38th) IT Award, IT Excellence Award	JFE Engineering's DX promotion initiative: Aiming for normalization of change with digital technology	Japan Institute of Information Technology

External recognition in recent years

Selected for inclusion in the FTSE4Good Index Series and the FTSE Blossom Japan Index	JFE Holdings was selected for the second straight year as a constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index, which are investment indices provided by FTSE Russell, a subsidiary of the London Stock Exchange Group. Both indexes comprise companies that are demonstrating strong environmental, social, and governance (ESG) practices. It is used widely to create and evaluate sustainable investment funds and other financial instruments. The FTSE Blossom Japan Index is one of the ESG investment indices used by Japan's Government Pension Investment Fund (GPIF), one of the world's largest pension management entities.	
Selected for inclusion in the MSCI Japan Empowering Women Index (WIN)	JFE Holdings has been included in the MSCI Japan Empowering Women Index (WIN) managed by MSCI in the U.S. The index consists of companies selected for their excellent approaches to ESG, based on multifaceted scores for gender diversity from among constituents of the MSCI Japan IMI Top 700 Index. The top half of stocks in each sector are selected for inclusion. This index is one of the ESG investment indexes used by Japan's Government Pension Investment Fund (GPIF).	
Selected for inclusion in the S&P/JPX Carbon Efficient Index	JFE Holdings has been selected for inclusion in the S&P/JPX Carbon Efficient Index, which is developed, calculated, and published jointly by S&P Dow Jones Index in the U.S. and Japan Exchange Group. This index decides the weighting of constituent stocks based on their levels of environmental information disclosure and carbon efficiency (carbon emissions per unit of sales). This is one of the ESG investment indexes used by Japan's GPIF.	
Evaluation by CDP 2020	Established in Britain in 2000, the CDP is a nongovernmental organization (NGO) that conducts ESG evaluations. It calls on companies to disclose ESG-related information by responding to CDP questionnaires to facilitate the ESG investment decisions of institutional investors. Currently, the CDP covers three environmental areas: climate change, water security, and forests, and companies are rated on an eight-point scale (from A to D-) for each area. The volume of information collected by the CDP has become one of the largest in the world, with currently over 300 companies responding to the questionnaires, which are widely used in various indexes by institutional investors and for socially responsible investment. The JFE Group proactively participates in CDP's activities as a member of CDP Reporter Services. The Group responds to climate change and water security questionnaires every year. We made sure to disclose appropriate information for the CDP 2020 questionnaire, and as a result we received a high rating.	
DBJ Environmentally Rated Loan Program	The DBJ Environmentally Rated Loan Program is the first financing system in the world to incorporate special environmental ratings, which uses a screening system developed by the Development Bank of Japan (DBJ) to evaluate environmental management levels and select outstanding companies with three interest stages according to evaluation points. In March 2016, JFE Holdings was rated as a top-ranking company that pursues excellent and advanced environmental initiatives in recognition of its advanced environmental management, and we received a loan under the program.	
Inclusion in the Somo Sustainability Index	JFE Holdings has been chosen for the 10th consecutive year as a constituent of the Somo Sustainability Index (former SNAM Sustainability Index), which is operated by Somo Asset Management. The index, which encompasses companies with highly evaluated ESG ratings, contributes to investor asset formation by evaluating corporate value from a long-term perspective.	
Acquisition of Quality Excellence Certification from Caterpillar	JFE Steel West Japan Works (Kurashiki) and JFE Shoji were named as Gold Level SQEP suppliers for the Supplier Quality Excellence Process, a quality certification of the U.S.-based construction equipment manufacturer Caterpillar Inc. for five consecutive years in 2021, having successfully updated its certification through an online audit during the pandemic. The program ranks suppliers for compliance with ISO 9001 standards and Caterpillar's own specifications and certifies the top firms as Platinum, Gold, Silver, or Bronze level. Only a few companies in Japan have received Gold Level certification, and JFE Steel is the world's first blast furnace company to be certified.	
Inclusion in DX Stock 2021	JFE Holdings has been selected as a Digital Transformation Stock Selection (DX Stock) 2021 for its proactive advancement of DX projects. JFE Holdings has also been selected as a Competitive IT Strategy Company Stock, jointly announced by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for five consecutive years. This index has been part of the initiatives to promote strategic IT investments that will lead to medium- to long-term increase in corporate value and reinforced competitive strength. From this year, the program has been changed to Digital Transformation Stock Selection (DX Stock) with a focus on digital transformation (DX) that fundamentally changes business models based on digital technology, and leads to new growth and enhanced competitiveness. The Company has been selected as a DX Stock since 2020.	

Major external awards

Evaluation Committee's Special Award in the 24th Environmental Communication Awards	The JFE Group has received the Evaluation Committee's Special Award at the 24th Environmental Communication Awards, sponsored by the Ministry of the Environment and the Global Environmental Forum, for its CSR Report 2020, published in September 2020. This is the second year in a row the JFE Group has received this award. The Environmental Communication Awards is a program designed to promote environmental communication with stakeholders surrounding the business operator and further invigorate environmental activities by commending outstanding environmental reports and communications for multiple stakeholders among various media such as CSR reports, integrated reports, and environmental management reports. In this year's competition, 147 entries were submitted in the environmental report category and 114 in the environmental management report category, and the Group was selected as one of the four winners of the Evaluation Committee's Special Award in the environmental report category. The award ceremony was held online on February 17, 2021.	
Received 2nd ESG Finance Awards Japan's Special Prize in the Environment Sustainable Company Category	The JFE Group's CSR Report 2020, published in September 2020, has received the Special Prize in the Environment Sustainable Company Category of the 2nd ESG Finance Awards Japan, sponsored by the Ministry of the Environment. This is the first time JFE has won the award. ESG Finance Awards Japan is an awards system created with the objective of promoting and expanding ESG financing by sharing awareness broadly throughout society of advanced initiatives by institutional investors, financial institutions, intermediaries, and corporations to have a positive impact on the environment and society through aggressive initiatives at ESG finance and environmental and social operations. The Environment Sustainable Company Category was established to promote the disclosure of corporate management efforts to improve the environment, while advocating that investment decisions be based on an understanding of how environmental issues affect corporate value. The Special Prize is an award created to recognize companies that have made exemplary efforts in the context of their corporate size and business nature. The award ceremony was held online on February 24, 2021.	
World Steel Association's 2020 Steel Sustainability Champions Award	JFE Steel has been selected by the World Steel Association for the 2020 Steel Sustainability Champions award. Steel Sustainability Champions is an award presented once a year by the World Steel Association to member companies that have shown noteworthy outcomes in improving sustainability by leading the way toward a sustainable steel industry and a better society. Last year, JFE Steel won the World Steel Association's Steelie Awards for Innovation of the Year, a first for Japan's steel industry, in recognition of its development of innovative technologies that help reduce environmental burdens. Furthermore, through the JFE Group's CSR Report 2020, the Company is proactively disclosing to stakeholders measured data and its basic stance on sustainability in various fields, including the environment and occupational health and safety. These initiatives have also been recognized.	

Management Organization

Executive Structure (as of July 1, 2021)

Directors



Koji Kakigi
Representative Director

Nomination Committee Member
Remuneration Committee Member

Data of birth: May 3, 1953

1977 Joined Kawasaki Steel Corporation
2015 Representative Director, President and CEO of JFE Steel Corporation, Representative Director of JFE Holdings, Inc.
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.



Yoshihisa Kitano
Representative Director

Nomination Committee Member

Data 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 steel works and overseas business, corporate planning, and IT in JFE Steel Corporation.



Masashi Terahata
Representative Director

Remuneration Committee Member

Data 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.



Hajime Oshita
Director

Data 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.




Toshinori Kobayashi
Director

Data 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.

Audit & Supervisory Board Members




Nobuya Hara
Audit & Supervisory Board Member

Data 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.



Kumiko Baba
Audit & Supervisory Board Member

Data of birth: October 10, 1965

1989 Joined Toshiba Corporation
2014 Joined JFE Engineering Corporation
2018 Vice President of JFE Engineering Corporation
2019 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

Ms. Baba had engaged in operations such as contract negotiation with overseas parties and business alliances and launches of new business in Toshiba Corporation. Since joining JFE Engineering Corporation, she has executed duties as Corporate Officer in the Company in addition to supervision of overseas businesses and accounting and finance-related operations and thus she has abundant experience and knowledge about finance and accounting.

Outside Executive Structure (as of July 1, 2021)



Masami Yamamoto
Director

Independent Executive
Chairperson Nomination Committee
Remuneration Committee Member

Data 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. 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

Data 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 the Board 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 NAGASE & CO., LTD.
Outside Director of Sumitomo Realty & Development Co., Ltd.

Yoshiko Ando
Director

Independent Executive
Nomination Committee Member

Data 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 of 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.




Shigeo Ohyagi
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member

Data of birth: May 17, 1947

Mar. 1971 Joined Teijin Limited
Jun. 2006 Senior Managing Director of Teijin Limited
Jun. 2008 Representative Director, President, CEO of Teijin Limited
Jun. 2010 Representative Director, President, CEO of Teijin Limited
Apr. 2014 Chairman of the Board of Teijin Limited
Jun. 2014 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)
Jun. 2018 Senior Advisor, Teijin Limited (current post)

Significant concurrent posts
Senior Advisor of Teijin Limited
Outside Director of KDDI CORPORATION
Outside Member of the Board of Directors of MUFG Bank, Ltd.
Outside Director of Tokyo Electric Power Company Holdings, Incorporated




Isao Saiki
Audit & Supervisory Board Member

Independent Executive
Remuneration Committee Member

Data 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

Data 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 (current post)
Jun. 2018 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)

Significant concurrent post
Professor of Graduate School of Business Administration of Hitotsubashi University



Expertise and background

