

Management Foundation

The JFE Group is strengthening its responsiveness to changes in the business environment in order to realize sustained growth in corporate value. In this section, we introduce the system behind this and our initiatives on this front.

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JFE Shoji

Creating the Future with Steel

Steel, a supporter of everyone's lives, still has potential to grow. Our greatest strength is that we engage in all steel-related trading, from upstream to downstream. To create new value, we will continue our journey with steel into the future.

Management Organization

Executive Structure (as of July 1, 2022)

Directors



Koji Kakigi
Representative Director

Nomination Committee Member
Remuneration Committee Member

Date of birth: May 3, 1953

1977 Joined Kawasaki Steel Corporation
1982 Representative Director, President and CEO of JFE Steel Corporation, Representative Director of JFE Holdings, Inc.
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

Date of birth: February 20, 1958

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

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




Masashi Terahata
Representative Director

Remuneration Committee Member

Date of birth: October 31, 1959

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

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




Hajime Oshita
Director

Date of birth: September 11, 1957

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

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




Toshinori Kobayashi
Director

Date of birth: December 19, 1957

1982 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

Date of birth: December 11, 1961

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

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




Nakaba Akimoto
Audit & Supervisory Board Member

New appointment

Date of birth: May 2, 1968

1991 Joined NKK Corporation
2022 Audit & Supervisory Board Member of JFE Holdings, Inc. (current post), Audit & Supervisory Board Member of JFE Engineering Corporation (current post), Audit & Supervisory Board Member of JFE Shoji Corporation (current post)

Ms. Akimoto has abundant experience in properly designing and operating the Group's internal control systems and other operations through work in legal affairs of the Company and JFE Steel Corporation, the Group's core company. She also has insights as a lawyer in the State of New York, U.S. In addition, she is currently serving as an Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Corporation. Based on such experience and knowledge, she is capable of accurately and fairly auditing the execution of duties by the Directors.



Outside Executive Structure (as of July 1, 2022)



Masami Yamamoto
Director

Independent Executive
Chairperson Nomination Committee
Remuneration Committee Member

Date of birth: January 11, 1954

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

Significant concurrent posts

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




Nobumasa Kemori
Director

Independent Executive
Chairperson Remuneration Committee

Date of birth: April 12, 1951

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

Significant concurrent posts

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




Yoshiko Ando
Director

Independent Executive
Nomination Committee Member

Date of birth: March 17, 1959

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

Significant concurrent posts

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




Isao Saiki
Audit & Supervisory Board Member

Independent Executive
Remuneration Committee Member

Date of birth: August 11, 1961

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

Significant concurrent post

Partner Lawyer of Abe, Ikubo & Katayama Law Firm




Tsuyoshi Numagami
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member
Remuneration Committee Member

Date of birth: March 27, 1960

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

Significant concurrent posts

Professor of Graduate School of Business Administration of Hitotsubashi University
Outside Director of Tokyo Century Corporation




Takuya Shimamura
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member
New appointment

Date of birth: December 25, 1956

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

Significant concurrent posts

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



Expertise and background

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

Outside executives talk about progress of Seventh Medium-term Business Plan and improvements in corporate value



Profile

Masami Yamamoto

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

Nobumasa Kemori

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

Yoshiko Ando

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

Isao Saiki

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

Tsuyoshi Numagami

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

In fiscal 2021, the first year of our Seventh Medium-term Business Plan, JFE Holdings' financial results achieved a V-shaped recovery after two consecutive annual losses. However, changes in the external environment, such as COVID-19 and the war in Ukraine, significantly impacted the Company. Please describe the current business environment and any related risks as well as issues to closely follow.

Yamamoto JFE achieved the final-year earnings targets of its current three-year plan in just the first year, fiscal 2021, thanks largely to one-time factors such as improved inventory valuations and spreads for steel materials. However, the current business environment is difficult to forecast for the near future due to volatility in raw material prices, the risk of economic stagnation caused by prolonged fighting in Ukraine and energy issues. By the final year of the plan, the Company's new structure must be able to achieve targets stably regardless of changes, such as those that we've seen recently, in the business environment. The steel business needs to make steady progress with the two major tasks set forth in the plan: shift from quantity to quality and reduce CO₂ emissions to support a low-carbon society. The trading business also has a major role to play in enhancing the value of JFE by providing high-value-added products to global customers as the Company shifts from quantity to quality. Also, the engineering business must evolve beyond 'steel as a material' to focus on creating steel-based structures and providing operation and maintenance services. The strength of the engineering business will become even more apparent from a five- to ten-year perspective, for example, when the offshore wind-power generation business will offer JFE opportunities to further expand by integrating its three businesses as a trinity.

Kemori I am concerned about the external risks of high inflation and global economic recession. In the medium term, JFE plans to make capital and business investments totaling 1.45 trillion yen over four years. If inflation increases, the amount of capital investments will have to be increased, and then if an economic recession were to occur there would be a risk of

returns on these investments being delayed, thereby increasing liabilities. So it is important to prioritize our investments. I also would like the Company to be aware that whatever it decides to do, it must be done promptly, at low cost, and with the prospect of enhanced benefit. To this end, it is important to increase productivity and yield per employee by completing the Company's structural reforms and adding to its core strengths. In the engineering business, we have an ambitious plan to achieve sales revenue of 650 billion yen in fiscal 2024 and as much as 1 trillion yen in fiscal 2030, making large-scale M&A essential to achieve these goals. The trading business must also make effective use of M&A, so I would like to see it accelerate its development through excellent deals that contribute to the growth of the Group and enhance synergistic effects.

Numagami It is important to always watch the global political and economic situations and be prepared to respond to the level of risk anticipated. The other key is the trend toward electric vehicles (EVs), which is expected to be a tailwind for JFE in the medium to long term. Electrical steel sheets will be an extremely important product in terms of expanding Company earnings as well as contributing to the global environment. For the time being, battery capacity will remain a bottleneck for EV expansion, so one of the key points will be how to make highly efficient motors, meaning that electromagnetic steel sheets are sure to be profitable. I believe that the technical capabilities of our steel business as well as the global supply chain of our trading business will play major roles.

On the environmental front, JFE has launched various initiatives and policies, including upwardly revising its steel business CO₂ emissions reduction target for fiscal 2030 to 30% or more, up from the previous 20% target. It also adopted an updated roadmap. How do you assess the progress of these initiatives, and what areas do you plan to focus on in your supervision capacity?

Kemori Good progress is being made. We appreciate the fact that the 2030 emissions-reduction target for the steel business was set as 20% or more in September 2020, the earliest in the industry, and then revised to 30% or more in February 2022, earlier than originally planned in the current medium-term period ending March 2025. Going forward, we will focus our supervision on three key points: The first is progress in developing new technologies for carbon-recycling blast furnaces, hydrogen steelmaking, and electric arc furnaces, which the Company is pursuing simultaneously. The second key point is progress in developing, both domestically and overseas, CCUS,

green power, and green hydrogen, which are prerequisites for developing the other technologies I just mentioned. The last point is the production costs of each potential new steelmaking method, including in view of possible changes in the external environment. It is impossible to make appropriate decisions without clarifying how much costs will increase compared to the costs of the existing blast-furnace method.

Saiki I understand that huge efforts are being made to achieve carbon neutrality, but as Mr. Kemori has mentioned, the external environment will have an extremely large impact. The market

Dialogue with Outside Executives

has not been very responsive to the uncertain costs of green hydrogen and green electricity, so efforts to gain public appreciation for JFE's efforts will depend on our ability to effectively inform the market about the feasibility of our efforts, including with regard to prospects in the external environment. The current focus is on technology, but we must consider how also to link this to the Company's business sustainability. Of course, future steelmaking will not be solved by individual companies alone, so we need to work closely with government and industry. We also need to consider our overseas strategy in the context of decarbonization, and remain very conscious of the messages we convey.

Numagami In raising the Company's fiscal 2030 emissions reduction target, the review process maximized the use of available technologies. We appreciate that the Company set an aggressive target. Among the various ultra-innovative steel-making technologies, I am most interested in the carbon-recycling blast furnace. The fact that it can utilize existing facilities and is expected to use existing raw materials makes it more attractive than hydrogen steelmaking, which is expected to be introduced at an earlier stage. It is important for the world to quickly establish technology to reduce CO₂ emissions from



blast furnaces in Asia, and it is no exaggeration to say that the success or failure of the carbon-recycling blast furnace will depend on it. Therefore, rather than taking time to pursue the best possible technology, there is an argument for prioritizing methods that can be put into practical use as quickly as possible anyway. But on the whole this is a highly challenging task that requires a long-term viewpoint, so we will try to balance both perspectives.

With the revision of the Corporate Governance Code and other changes, the roles of outside officers are attracting attention. How do you view your roles as outside directors and what is your perspective at Board meetings, given the knowledge and experiences you have acquired at other companies?

Ando Outside directors need to enhance corporate value by taking the broad view of stakeholders and then adding their perspectives. Also, we always try to step back and look at things objectively. JFE is characterized by its steel, engineering, and trading businesses, each of which has strengths that can be combined synergistically. I consciously try to emphasize Holdings' comprehensive strengths, even in the case of projects involving individual operating companies. In addition, from my experience as a government official involved in labor, I am particularly conscious of issues related to people and organizations. I pay attention to ensuring that work environments allow employees to work with peace of mind, pride, and growth prospects, and ensure that employees can embrace the Company's vision of how it wants to evolve.

Saiki I am very conscious of supervising the Company so that its explanations are truly convincing and its messages are well conveyed when ordinary shareholders and institutional investors learn about its policies and initiatives. JFE runs a serious business, so when we start talking about technical matters we often are aware of not implying too much, particularly beyond the boundaries of current technological limits. But even in such situations, we are always thinking about how we would like situations to develop ideally. This is why I would like to see the Company's future aspirations be incorporated into its press releases and other materials.

Yamamoto Compared to other companies I have experienced as an outside director, JFE's Board of Directors runs smoothly, both functionally and operationally. At our meetings, both directors and corporate auditors are able to discuss issues without distinction, and there is a free and vigorous culture that allows everyone to raise issues and make proposals to the executive side. The executive officers' explanations are to the point and easy to understand, which allows us to efficiently discuss critical issues, including the best directions for the Company to take. In addition, these days the Board must go one step beyond executive management to additionally supervise business strategy itself.



A new skills matrix was published in December 2021. What discussions were held by the Nomination Committee and the Board of Directors in this regard?

Yamamoto We discussed this mainly at the Nomination Committee meeting, so as the chairperson of that committee please let me explain. We first discussed the skills required of Board members, especially outside directors, based on what the Company should be and wants to be. We then identified and defined eight essential skills. As a result, we have reaffirmed that the current members of the Board represent a good balance of skills for our company. I believe that the appointment of foreign nationals to the Board will be an issue for future consideration.

Ando We discussed essential skills mainly in regard to Board members who can respond to key issues faced by JFE. For example, we emphasized sustainability and environment as well as technology and digital transformation (DX) as they will become increasingly important issues in the future. These might seem rather basic, but they are especially important in the case of large organizations. In addition, since Holdings oversees three operating companies, I have included issues on the need for internal directors with respective expertise in these areas to provide a foundation for balanced discussions. We

understand, however, that our skill matrix is not a definitive list and that it may need to be revised if changes in the external environment create needs for directors with different skills or a Board with different characteristics.

Numagami As knowledge becomes increasingly sophisticated and specialized, it is important for top management to bring together diverse perspectives, information, and knowledge for comprehensive decision-making that can unite diverse business areas. Each Board member has their own network of daily contacts encompassing various fields of business, government, law, and academia, and what is considered to be obvious and accepted as fact can vary greatly from network to network. Board meetings must bring together a diverse group of people from different networks to hold discussions without concern for what each person's network considers to be common knowledge.

With respect to diversity and inclusion, both key issues, the Company has reviewed its KPIs for the promotion of women to managerial positions. What kind of discussion did the Board have about this?

Ando For KPIs related to female managers and recruitment, we reviewed not only target values but also target categories, such as setting targets by job type and operating company. Since employment environments and job descriptions differ by operating company, we developed KPIs after sorting out the actual conditions and issues at each company. It is regrettable that the KPIs for female managers (10% or more at the section manager level and above, of which 20% or more in management and sales divisions) resulted in a level that is far below the government target,* but the process clearly shows JFE's seriousness, and we hope that people outside the Company will understand our strong commitment to achieving these KPIs. Nevertheless, it is my frank impression that we have not taken sufficient action to date, given the fact that the absolute number of female

employees and the number of female executives is low, and the fact that the turnover rate of female employees far exceeds that of male employees over the length of their service. We must seriously investigate the causes of this situation and then make necessary changes, including to the employment management system and corporate culture. I also hope that the discussion will lead to an organizational structure that maximizes the abilities of all employees, including male employees. In addition to KPIs, I would like this review to proceed in the future and each operating company to understand that this is an important part of their overall strategy.

*The Japanese government target is a 30% ratio for women in positions of leadership as early as possible in the 2020s.



Kemori There are two major factors contributing to the low number of female managers at JFE. The first is the small number of women hired. For administrative positions, the KPI for the ratio for women hired is about the same number of men and women, but for engineering positions, the number of women hired is low, which reflects the small percentage of female students in science-related fields. We need to promote our company to increase the number of women who want to join JFE. Second, as Ms. Ando mentioned, the turnover rate for women is high, which reduces the number of potential female managers and thus the number of females in management positions. Currently, we have not set any KPI related to turnover, but it is important to take measures in order to secure candidates for

Dialogue with Outside Executives

managerial positions. For example, in addition to confirming the reasons for quitting, it would be helpful to ask female employees if they had wanted to quit in the past and why they decided to remain with the Company, then use such learnings to create more attractive workplaces for women.

Saiki The Equal Employment Opportunity Law came into effect around the time I entered the workforce, and women in career-track positions indeed joined steelmaking companies, but the fact that there are still few women in management positions nearly 40 years later suggests that there is some reason why they cannot stay with these companies for long. On the other hand, there are female executives who are still active despite marriage, childbirth, and child rearing, so I think it is important to communicate their experiences both inside and outside the Company. I also would like to see the executive side of the Company put more effort into promoting women in positions close to the top and then share these success stories.



Yamamoto There is no doubt that our stock price is an important theme, and to that end, our top priority is to steadily carry out the current medium-term business plan as promised. In addition, JFE also must remain constantly aware of its contributions to the world. Steel, like semiconductors, is the rice of industry, and without steel and semiconductors, today's industry would not exist. In order to build a sustainable society, we must thoroughly enhance the added value of steel and continue to provide stable supplies of high-quality, environmentally friendly steel. I would like to see JFE demonstrate its role in Japan by bringing to bear the quality and variety of its products, rather than quantity.

product manufacturing, and sales, and then pursue a business model that differs from that of the top companies in terms of production volume and sales revenue, with a particular focus on securing large profits in each field.

In CEO Kakigi's message at the beginning of this report, he says that it is important to increase the share price now as well corporate value over the medium to long term. In light of your own knowledge and experience, how can JFE increase its corporate value and remain essential to society?

Numagami Empirical studies have shown that the factors determining total shareholder return (TSR), including stock price and dividends, vary in the short term, but over the long term the key factors are mainly profit and sales growth. In other words, it is important for companies to demonstrate to society and capital markets not only their short-term margin increases and cost reductions, but also how they plan to sustain profitable growth. We have created many scenarios for profitable growth over the current medium term, such as developing carbon-recycling blast furnaces and a solutions-business platform, so I very much look forward to seeing how we can communicate these scenarios to the public. In addition, the profit-per-ton target that we have set for the steel business is an important indicator for internal use, but it needs to be rephrased in a way that is easier to understand for external audiences. For example, if we tell employees to raise ROE they may not know what to do, but if we ask them to raise profit per ton it is easy to understand and a good way to motivate initiatives such as changing the product mix or selling at higher prices. So, when communicating with society and the capital market, we must communicate that if we increase profit per ton by a certain amount, ROE will increase by a corresponding amount and strengthen the Company in the long run.

Saiki It is quite difficult to determine the share price because in fact it is determined by the market. Our current dividend is quite high relative to our share price, and we support society with products that are indispensable to industry and daily life. Despite this, the main reason why the share price has not risen is that there is still a great deal of uncertainty about the future. At the same time, to ensure that this current medium term

ends successfully, we must explain in concrete terms our plans for achieving decarbonization by 2050. Given the major challenges of green hydrogen and green electricity supply, I believe that JFE would be more appreciated if it could clarify the story of how it plans to achieve carbon neutrality in Japan and how it will approach overseas markets, including governments and industries.

Ando In order to enhance our corporate value over the medium to long term, we need to follow our corporate philosophy of 'contributing to society with the world's most innovative technology,' and contribute to society, including the environment, by leveraging our advanced technologies and the synergies among our three businesses. In order for society and the market to properly evaluate this, as others mentioned, it is important to communicate our future strategy in an easy-to-understand manner with stories. We would like to see the Company do a better job of clearly presenting whatever it publicizes and for what purpose, and how and to whom it is being communicated. In the future, companies will increasingly disclose nonfinancial information, such as environmental, human capital, and intellectual property information, but we should not disclose information simply because we are obligated to do so. I hope that the Company will devise ways to use this as an opportunity to demonstrate to the outside world why JFE is indispensable both now and going forward.

Kemori Our basic goal is to increase our corporate value and earnings over the medium to long term, but in addition, we need to improve our reputation relative to other top companies in the industry. To this end, I would like to see the Company reassess its strengths in each area, including raw materials procurement,

Message from New Outside Audit & Supervisory Board Member

In 1980, I joined Asahi Glass Co., Ltd., which was founded in 1907 and was the forerunner to AGC Inc. After being appointed CEO in 2015, I focused on 'ambidextrous management,' or the launch of new businesses while evolving our existing business portfolio. At the same time, we changed our corporate culture to enable the company to respond autonomously to changes in the operating environment, with skilled personnel leading the way. We also changed the company name from Asahi Glass to AGC.

Looking back at the environment surrounding the Japanese manufacturing sector over the past 50 years, we have seen a series of major challenges, including the oil shocks of the 1970s and the Plaza Accord of the 1980s. Many companies survived by (1) always taking a long-term perspective, (2) implementing reforms without bias, and (3) never forgetting the significance of their roles in society. Today, in this new era of volatility, uncertainty, complexity and ambiguity (VUCA), infectious diseases and geopolitical turmoil have created a situation in which past success stories are no longer applicable.

On the other hand, the growing importance of stakeholder capitalism in light of the SDGs, especially carbon neutrality, may be linked to the ancient Japanese management philosophy of 'sampo yoshi,' [in modern terms: good for sellers, buyers and societies]. Companies must strive for sustainable growth in corporate value under all circumstances. It is time to return to the starting point of companies serving as institutions of society and to view profits as being the result of creating social value.

JFE is committed to contributing to society with the world's most innovative technology under its corporate philosophy of Challenging Spirit. Flexibility. Sincerity. I have assumed this position as a corporate auditor with great empathy for this philosophy. While I feel the weight of my responsibility, I will also make use of my experience as an materials industry executive and make every effort to help JFE create sustainable corporate value by providing further social value.



Takuya Shimamura
Outside Audit & Supervisory Board Member

Mr. Shimamura joined Asahi Glass Co., Ltd. (current AGC Inc. in 1980. After serving as representative director, president & CEO, and then chairman, he became director and chairman of AGC in March 2021 (current post). He is also an outside director at EBARA CORPORATION. In June 2022, he became an outside Audit & Supervisory Board member of JFE Holdings.

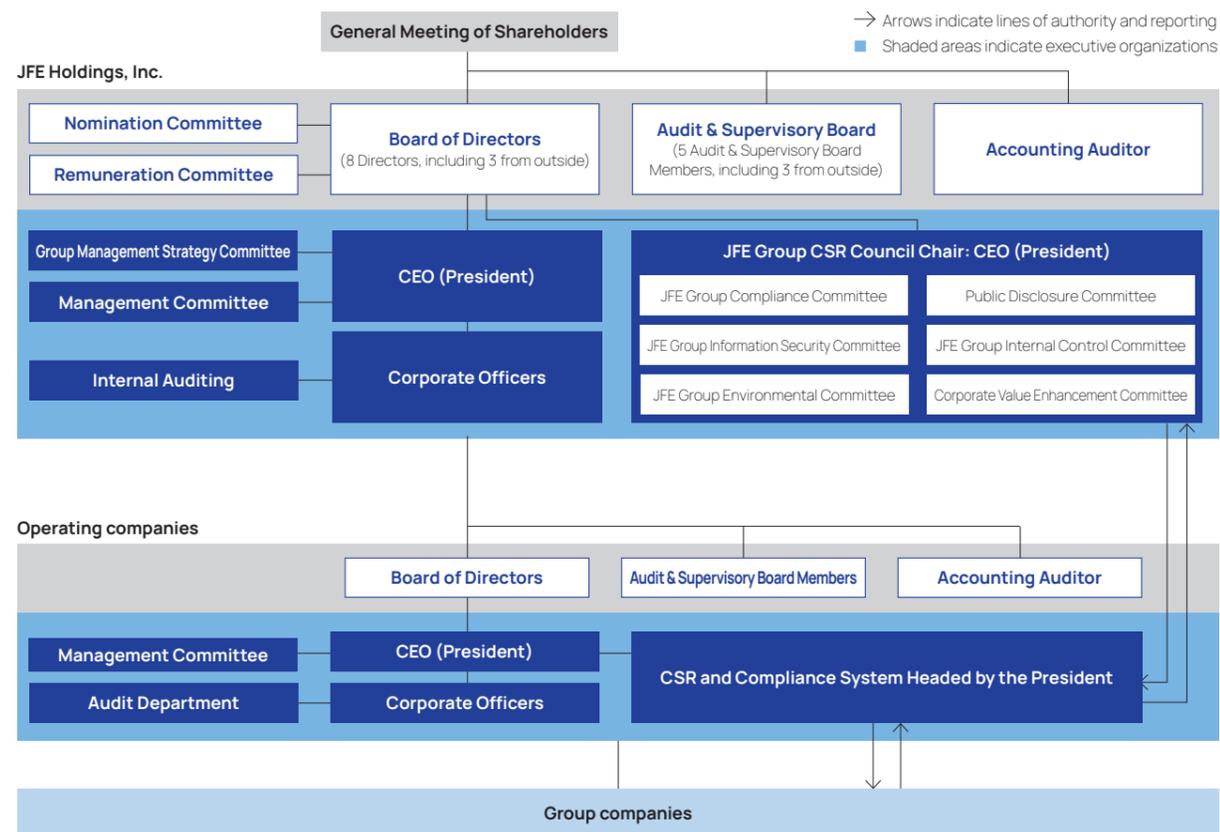
Corporate Governance



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

Major topics discussed at the fiscal 2021 Board of Directors' meeting

- Seventh Medium-term Business Plan
- Large-scale capital investment (Steelworks system refresh (Kurashiki), construction of wind power monopile foundation production plant, etc.)
- JFE Group initiatives in the offshore wind power generation business
- Initiatives to address ESG issues (carbon-neutral efforts, assessment and review of KPIs for important management 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

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

Independent Outside Directors

We elect Independent Outside Directors so that one-third or more of the Directors are Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance, such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge and satisfy our independence standards. Currently, of the eight Directors, three are Independent Outside Directors.

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>

Approach to diversity in the Board of Directors

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

Skill matrix of JFE Holdings' Directors and Audit & Supervisory Board Members (as of July 1, 2022)

Position/Name	Corporate management / Management strategy	Sustainability/ Environment	Technology/ DX	Finance/ Accounting	Internal control/ Governance	Legal / Compliance	Human resources management and development	Sales/ Marketing	Expertise held in:	Independent executive	Nomination Committee	Remuneration Committee	FY2021 Board of Directors' attendees	FY2021 Audit & Supervisory Board attendees
Representative Director Koji Kakigi	○	○	○	○	○	○	○		Steel Business		Member	Member	15/15 (100%)	—
Representative Director Yoshihisa Kitano	○	○	○		○				Steel Business		Member		15/15 (100%)	—
Representative Director Masashi Terahata	○	○		○	○	○	○		Steel Business / Trading Business			Member	15/15 (100%)	—
Director Hajime Oshita	○	○	○	○	○			○	Engineering Business				15/15 (100%)	—
Director Toshinori Kobayashi	○	○	○		○			○	Steel Business / Trading Business				12/12 (100%)	—
Director Masami Yamamoto	○	○	○		○				—	○	Chair	Member	15/15 (100%)	—
Director Nobumasa Kemori	○	○	○		○				—	○		Chair	15/15 (100%)	—
Director Yoshiko Ando		○			○	○	○		—	○		Member	15/15 (100%)	—
Audit & Supervisory Board Member Nobuya Hara	○			○	○				Steel Business				15/15 (100%)	20/20 (100%)
Audit & Supervisory Board Member Nakaba Akimoto					○	○			Steel Business / Engineering Business / Trading Business				—	—
Audit & Supervisory Board Member Isao Saiki					○	○	○		—	○		Member	15/15 (100%)	20/20 (100%)
Audit & Supervisory Board Member Tsuyoshi Numagami	○			○	○			○	—	○	Member	Member	15/15 (100%)	20/20 (100%)
Audit & Supervisory Board Member Takuya Shimamura	○	○			○			○	—	○	Member		—	—

* Mr. Toshinori Kobayashi was newly appointed as director as of the General Meeting of Shareholders held on June 25, 2021, so the number of Board of Directors' meetings attended is different.

* Ms. Nakaba Akimoto and Mr. Takuya Shimamura were newly appointed as Audit & Supervisory Board members as of the General Meeting of Shareholders held on June 24, 2022.

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. Five meetings were held in fiscal 2021. 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. Seven meetings were held in fiscal 2021. All committee meetings had 100% attendance rates.

Nomination Committee and Remuneration Committee structure (as of July 1, 2022)

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 2021, all Directors and Audit & Supervisory Board Members answered a revised questionnaire with some new questions regarding the revisions to the Corporate Governance Code.

In addition, the outcome of initiatives in fiscal 2021 were examined while referencing the opinions and suggestions received from the fiscal 2020 analysis and evaluation.

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

Fiscal 2021 Initiatives Based on Effectiveness Evaluation Results through fiscal 2020

- As for specific initiatives undertaken to address sustainability issues, JFE worked to improve discussions and report to the Board of Directors about Groupwide efforts to become carbon neutral, diversity and inclusion, important management issues, and revisions to KPIs.
- Meetings with outside executives were held as a preliminary reporting mechanism for the Board of Directors in order to invigorate discussions. A decision was also made to periodically hold meetings attended only by the outside executives in order to increase opportunities for outside executives to freely exchange opinions.
- Regarding Group governance, JFE has put into place a system for monitoring Groupwide risk management, such as by having the Board of Directors receive reports on and discuss the activities and plans of the Group CSR Council. As a specific initiative in fiscal 2021, the Board of Directors received a report on the outcome of audits of initiatives to ensure information security, prevent corruption and enhance compliance at Group companies. We intend to continuously improve Groupwide risk management based on discussions held by the Board of Directors.

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

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

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

Issues to Further Improving Effectiveness

- Need to further enhance supervisory functions of the Board of Directors by working to improve details of reports related to Group risk management and sustainability issues.
- As Board of Directors, need to properly supervise the execution of measures to emphasize compliance and instill awareness of compliance among employees

In fiscal 2022, while continuing to monitor the COVID-19 pandemic, JFE aims to increase opportunities to exchange opinions with managers of operating companies, examine the implementation of supervision of business sites inside and outside Japan, and hold meetings of the Board of Directors at domestic business sites.

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

Operating system

Key decision-making

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

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

Structure of Group Management Strategy Committee and Management Committee

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

Executive remuneration

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

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

Executive Remuneration (FY2021)

Position	Total remuneration (thousand yen)	Total by type of remuneration (thousand yen)				Number of executives
		Basic remuneration	Bonuses	Performance-linked portion	Service length portion	
Directors (excluding Outside Directors)	351,377	203,765	89,540	44,408	13,664	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	78,335	78,335	—	—	—	2
Outside Directors/Outside Audit & Supervisory Board Members	91,847	91,847	—	—	—	6

Officers whose consolidated remuneration exceeded 100 million yen (FY2021)

Name	Position	Company	Total (thousand yen)	Per company (thousand yen)	Total by type of remuneration (thousand yen)			
					Basic remuneration	Bonuses	Stock remuneration	
							Performance-linked portion	Service length portion
Koji Kakigi	Director	JFE Holdings	208,357	208,357	110,207	56,670	31,720	9,760
Yoshihisa Kitano	Director	JFE Holdings	209,957	12,000	—	—	—	—
	Director	JFE Steel		197,957				
Masashi Terahata	Director	JFE Holdings	114,219	114,219	64,757	32,870	12,688	3,904
Hajime Oshita	Director	JFE Holdings	110,708	8,400	—	—	—	—
	Director	JFE Engineering		102,308				
Toshinori Kobayashi	Director	JFE Holdings	112,890	6,300	—	—	—	—
	Director	JFE Shoji		106,590				

Basic Policy on Remuneration for Directors and Corporate Officers

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

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

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

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

Performance-linked remuneration is calculated as follows.

Annual bonus

The annual bonus is calculated by multiplying the total amount of segment profit in a single fiscal year and an employee safety-related indicator (zero fatal accidents and lost-work injuries rate),

as a performance-linked indicator, by the degree of achievement of the indicator and a preset coefficient for each position.

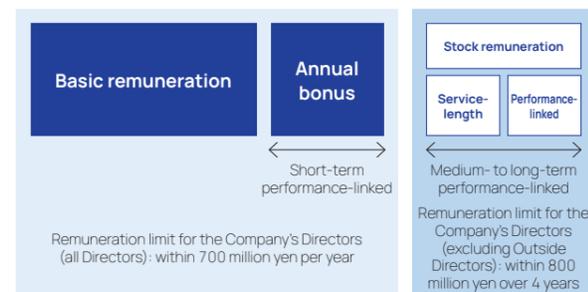
Stock remuneration

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

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

Starting in fiscal 2022, the Company uses non-financial indicators in addition to financial indicators, as before, to determine performance-linked remuneration. For executive remuneration based on non-financial indicators, the Company plans to use a combination of multiple indicators related to the environment and society. In fiscal 2022, the Company will introduce an annual bonus based on employee safety indicators. The Company will also introduce an executive remuneration system during the Seventh Medium-Term Business Plan based on indicators related to climate change, the most important management issue. The Company continues to examine the introduction of other indicators for the executive remuneration system.

Composition of remuneration for the Company's Directors



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 169 people as of April 1, 2022. These organizations share information to enhance overall auditing within the Group.

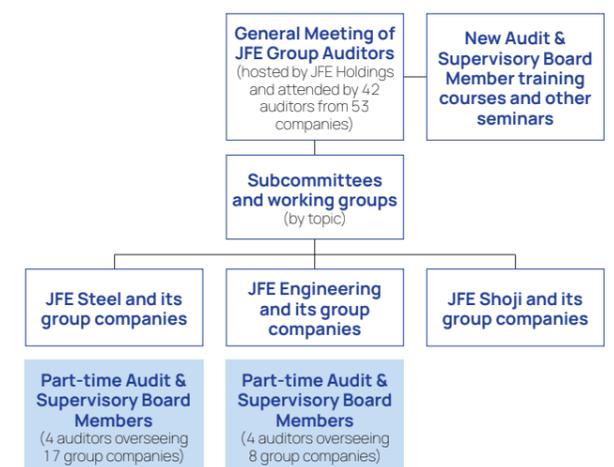
Audits by Audit & Supervisory Board Members

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. Eight absentee Audit & Supervisory Board Members served 25 companies in total.

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

Structure of JFE Group Board of Auditors



Cooperation between Audit & Supervisory Board Members and the Accounting Auditor

In fiscal 2021, the Audit & Supervisory Board Members held eight 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 2021, 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 two listed subsidiaries, described below.

GECOSS Corporation

(Prime Market of Tokyo Stock Exchange)

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

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

Basic policies for strategic shareholdings and exercise of related voting rights

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

The Board of Directors' meetings regularly confirm the significance of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell strategic shareholdings if there is no significance of such shareholdings or there is a risk of damage to shareholders' interest. In line with this policy, in fiscal 2019, the Company decided to eliminate strategic shareholdings in domestic listed shares in principle. From fiscal 2019 to fiscal 2020, the Company sold 145.9 billion yen (on a market value basis) worth of all or parts of 143 stocks. In fiscal 2021, the Company sold 41.9 billion yen (on a market value basis) worth of all or parts of 61 stocks. Furthermore, at a meeting held in August 2021, the Board of Directors examined the significance of its strategic shareholdings and return on investment.

JFE Systems, Inc.

(Standard Market of Tokyo Stock Exchange)

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

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

Furthermore, the Company shall regularly verify the significance of maintaining the listing of the listed subsidiaries and take necessary measures upon confirmation at its Board of Directors. The content herein was verified and discussed at a Board of Directors' meeting held in May 2022.

The exercise of voting rights of strategic shareholdings is decided upon reviews by the Operating Companies on the content of the proposal and is appropriately implemented in a way that will maximize shareholder interest. To be specific, the content of the proposal is to be checked by the investment application department and the investment control department, and approval will be given to proposals which are considered not to pose any threat to the maximization of interest of these Operating Companies as shareholders.

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

	End of FY2019	End of FY2020	End of FY2021
Number of issues	219	171	146
Total balance sheet amount (billion yen)	166.1	96.0	71.2

Thorough Compliance



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 phoneline, and by regular mail. Additionally, an external hotline to a law firm is also provided.

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

Cases handled by the Corporate Ethics Hotline

Company	FY2018	FY2019	FY2020	FY2021
JFE Holdings and operating companies	80	101	87	133

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.

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.

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 assessing the degree of understanding in the Group's Corporate Vision, Corporate Values, and Standards of Conduct.

Lawsuit Against an Employee of the JFE Group

In March 2022, an employee of JFE Engineering was indicted of obstructing bidding on a project contracted with Taketomi Town, Okinawa.

We deeply regret that this incident occurred, and apologize for the inconvenience and concern this has caused our stakeholders. Taking this incident to heart, we will make every effort to strengthen compliance and work to restore trust in the JFE Group as quickly as possible.

Risk Management



Basic Stance

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>

CSR Promotion Structure



Operating companies, Group companies

Response to major ESG risks

Response to climate change risks

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

Risks are identified and evaluated based on a scenario analysis conducted under the framework recommended by the Task Force

on Climate-related Financial Disclosures (TCFD), and important factors that may affect management are selected for further analysis and used in formulating business strategies, including the Seventh Medium-term Business Plan.

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.

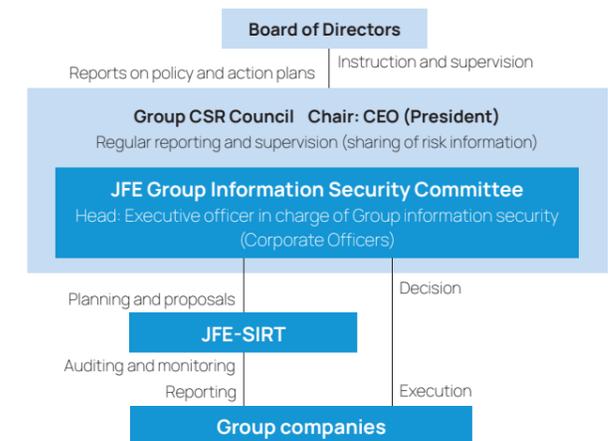
Response to COVID-19

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 discouraging them from commuting to work. Even when employees

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



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. We have updated work environments to that employees can work from home without impediment, such as going paperless and using digital approval and signature technology. Through these initiatives, we aim to create more flexible work styles and improve labor productivity.

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, we have increased 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.

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 an 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. Additionally, external stakeholders are able to use an online form to ask questions about human rights problems and other compliance issues (this can be done anonymously as well). The Board of Directors and the JFE Group 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 promoting activities

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 conducts due diligence on human rights.

Due diligence into human rights, which began in fiscal 2021, centers on JFE Holdings, JFE Steel, JFE Engineering, JFE Shoji, and other major Group companies, and entails the identification of risks to human rights, and the examination and execution of corrective

actions. While taking corrective actions to reduce identified risks from fiscal 2022, we are expanding our management structure for human rights risks at suppliers, and rolling out due diligence processes for human rights at Group companies. We take these and other measures to respect human rights throughout the supply chain.

Initiatives in fiscal 2021

(1) Identify human rights risks

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

Identified 15 human rights issues to consider

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

(2) Understand actual conditions

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

(3) Assess risks and identify impact

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

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

- Occupational safety and health
- Harassment
- Supplier management (create human rights risk management system for entire supply chain)

(4) Examine measures to mitigate identified human rights risks

We addressed the identified human rights risks, took corrective and preventative action, set up promotion structures, and examined measures to mitigate risks. We have set KPIs for occupational health and safety and workplace harassment, and advanced efforts to eliminate injuries and harassment at work. We continue to implement and strengthen these activities. Regarding the human rights risk management structure for all suppliers, we are examining the creation of a management structure for human rights risks at suppliers from fiscal 2022 with the aim of building a sustainable and robust supply chain.

Future initiatives

(1) Examine and revise JFE Group Human Rights Basic Stance

The JFE Group Human Rights Basic Stance was created in fiscal 2018 to clearly express the Group's stance on initiatives for respecting human rights. In fiscal 2021, we identified new human rights issues that warrant the Group's attention, and we will examine and made necessary revisions to the JFE Group Human Rights Basic Stance.

(2) Create human rights risk management structure for suppliers

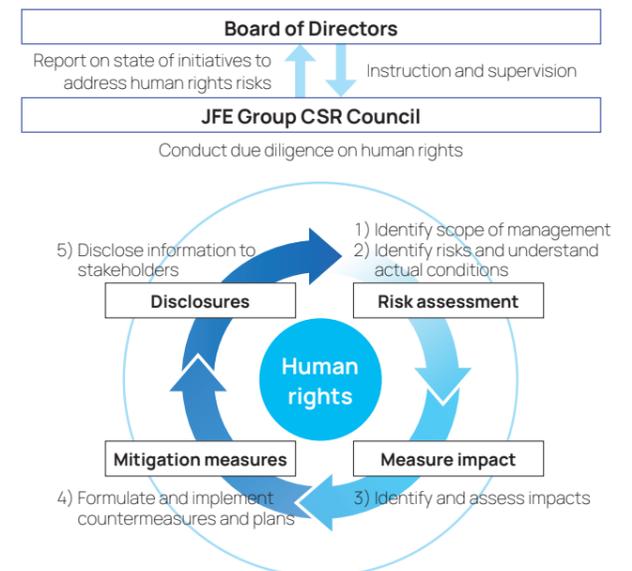
Based on our revised JFE Group Human Rights Basic Stance, we will examine and revise the basic policies and guidelines for procurement that had been formulated at JFE Steel, JFE Engineering, and JFE Shoji. We will then ask our suppliers to follow these revised basic policies and guidelines, and work with them to build systems for managing human rights risks.

(3) Introduce human rights due diligence processes at major Group companies in Japan and overseas

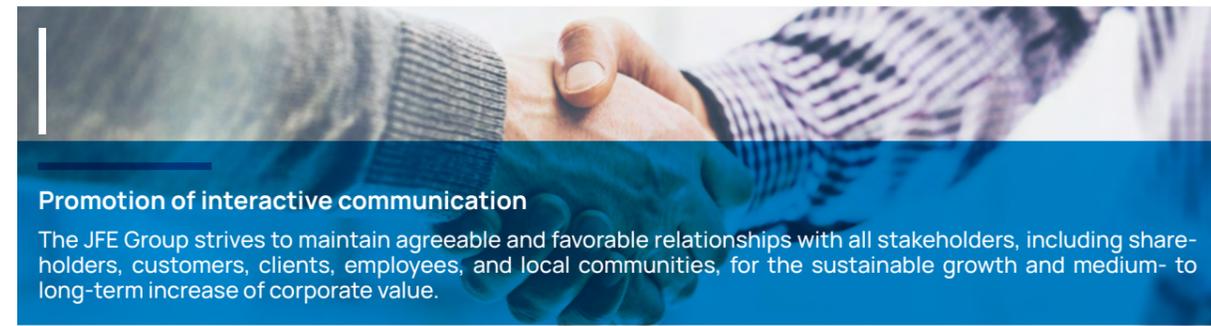
In stages, we are introducing processes for human rights due diligence after deciding scope, priorities and audit methods. We will examine actual conditions through documentation and take any necessary corrective actions.

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

Human rights due diligence process



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 Individual meetings (financial results, medium-term business plans, etc.) Company briefings for individual investors (online) Plant tours for shareholders (steel engineering, shipbuilding bases, etc.) (* Results shown are for FY2019, suspended in FY2020 due to the COVID-19 pandemic. In fiscal 2021, the plant tours were held online (twice for about 1,400 people).)	7	Approx. 1,000 persons in total
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.	Information via websites (for shareholders and investors), etc.	As needed	Approx. 380 persons in total
		Communication through sales activities and support for quality assurance Interviews and questionnaires, such as that on customer satisfaction Information via websites (product information), etc.	2 23	Approx. 10,000 plays Approx. 1,800 persons
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.	Information via websites (product information), etc.	2 (Mid-year and annual)	Approx. 280,000 copies/issue Approx. 24,000 copies
		Communication through daily operations and in the workplace Internal newsletters and intranet Various labor-management committees Corporate Ethics Hotline Various training sessions Family days (visits by employee families, lunch at employees' cafeterias, etc.) * Online for FY2020 and FY2021 Corporate Ethics Awareness Survey	As needed As needed 2 to 4 As needed As needed	Management and labor unions at each operating company 133 calls in FY2021 Position-specific, compliance, human rights, etc. Conducted at each operating company
Local communities	To ensure business continuity at manufacturing bases where steelworks are located and elsewhere, constructing a relationship of trust with citizens in local communities and realizing coexistence and prosperity are crucial. We will pursue various activities with the aim of realizing sustainable growth and regional development, including continued initiatives toward ensuring safety and reducing our environmental impact.	Engagement survey (employee satisfaction survey) * An all-employee survey to understand the level of satisfaction with the Company, used to shape measures and operations Management feedback (360-degree diagnosis) * Corporate Officers and top managers evaluate their peers and subordinates, providing feedback to individuals	1 (every 3 years)	At the Company and operating companies At the Company, JFE Steel, and JFE Shoji
		Communication through local residents' associations, events, etc. Events at manufacturing bases (festivals, etc.) Plant tours Clean-up activities (vicinity of manufacturing bases, regional cleaning, etc.) Sports promotion (baseball or jogging workshops, various sports competitions, etc.) Others (education at elementary schools, craft workshops, workplace experience events, etc.) Information via websites (environmental information, etc.) Social contribution through JFE 21st Century Foundation (various research support, regional activity support, etc.) * JFE 21st Century Foundation: http://www.jfe-21st-cf.or.jp/eng/	As needed Approx. once in each region As needed As needed As needed As needed As needed	Approx. 270,000 persons a year 100,000 or more persons a year * Suspended or scaled down in FY2020 and FY2021 due to the COVID-19 pandemic; results shown are for FY2019 Awards for technology and product development, etc.

Awards for technology and product development, etc. (FY2021)

Award name	Description	Sponsor
FY2022 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 resource-conserving Si gradient steel sheet that contributes to energy conservation of electrical equipment	Ministry of Education, Culture, Sports, Science and Technology
68th (Fiscal 2021) Okochi Memorial Foundation Technology Award	Development of environmentally friendly high-strength steel plate with strong anti-seismic properties that help improve resilience of Japan	Okochi Memorial Foundation
56th Machinery Promotion Award, Japan Society for the Promotion of Machine Industry Chairman's Prize	Development of high-efficiency ultra-narrow groove welding system	Japan Society for the Promotion of Machine Industry
Fiscal 2021 National Invention Award, Japan Business Federation (JBF) Chairman Award	Invention of structural arrest for welded structures that improves safety of ships	Japan Institute of Invention and Innovation
Fiscal 2021 Japan Society of Civil Engineers Environment Award (Group II)	Joint research project to create abundant oceans through public-private collaboration: demonstration of improvement in marine environments with steel slag products and initiatives in environmental training	Japan Society of Civil Engineers (JSCE)
Fiscal 2021 Resource Recirculation Technologies and Systems Award Director-General Award for Industrial Technology and Environment, Ministry of Economy, Trade and Industry	Establishment of closed-loop recycling technology for used refractory materials	Japan Environmental Management Association for Industry (JEMA)
Fiscal 2021 Japan Society for Technology of Plasticity, Conference Award	Development of intelligent control technology to achieve world's fastest temper rolling	Japan Society for Technology of Plasticity
22nd Logistics Environment Award: Special Award	Modal shift of steel transportation from Hiroshima Prefecture to Chiba Prefecture	Japan Association for Logistics and Transport
IT Japan Award 2021 Semi-Grand Prix	Development of digital twin blast furnace that avoided problems that could have led to losses of several hundred million yen	Nikkei Computer
Keidanren Endorsed Internal Newsletter Recommendation Award	JFE Steel Magazine (company newsletter)	Keidanren Business Services, Internal Newsletter Center

JFE Engineering

Award name	Description	Sponsor
Fiscal 2021 New Energy Award Director-General's Prize, the Agency for Natural Resources and Energy (Products and Services)	BRA-ING® AI system for autonomous operations of incinerators at waste processing facilities	New Energy Foundation
Fiscal 2021 New Technology Promotion Engineer Award	Initiative to use image recognition AI to increase sophistication of bar arrangement inspection	Ministry of Land, Infrastructure and Transport, Kanto Regional Development Bureau

External recognition in recent years

Selected for inclusion in the FTSE Blossom Japan Index (invested by GPIF)	JFE Holdings was selected for the third straight year as a constituent of the FTSE Blossom Japan Index, which is investment indices provided by FTSE Russell. This index comprises 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.	
Initial selection Selected for inclusion in the FTSE Blossom Japan Sector Relative Index (invested in by GPIF)	JFE Holdings was selected for inclusion in FTSE Russell's FTSE Blossom Japan Sector Relative Index. In March 2022, GPIF began to invest in this index as an ESG index. Based on FTSE Russell's ESG assessment, some companies with high carbon intensity (emissions of greenhouse gases per unit of sales) are included in this index in light of their approach to addressing climate change risks and opportunities.	
Initial selection Selected for inclusion in the MSCI Japan ESG Select Leaders Index (invested in by GPIF)	JFE Holdings was selected for inclusion in MSCI's MSCI Japan ESG Select Leaders Index. This comprehensive ESG index reflects a comprehensive market portfolio of various ESG risks, created based on MSCI's ESG research into more than 1,000 companies around the world. The index includes stocks with relatively high ESG scores in each sector.	
Selected for inclusion in the MSCI Japan Empowering Women Index (WIN) (invested in by GPIF)	For two consecutive years, JFE Holdings has been included in the MSCI Japan Empowering Women Index (WIN) managed by MSCI. The index consists of companies selected based on multifaceted scores for gender diversity from among constituents of the MSCI Japan IMI Top 700 Index. The index selects companies with the highest scores in each sector.	
Selected for inclusion in the S&P/JPX Carbon Efficient Index (invested in by GPIF)	JFE Holdings has been selected for inclusion in the S&P/JPX Carbon Efficient Index, which is developed jointly by S&P Dow Jones Index 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).	
Selected for inclusion in the FTSE4Good Index Series	JFE Holdings was selected for the third straight year as a constituent of the FTSE4Good Index Series, which is investment indices provided by FTSE Russell. The index uses an ESG scoring system that is basically the same as the FTSE Blossom Japan Index. It is a comprehensive ESG index that screens for stocks with high ESG scores from among major global stocks.	
Selected for inclusion in MSCI ESG Leaders Indexes	Since 2018, JFE Holdings has been a constituent stock in MSCI's MSCI ESG Leaders Indexes. This index consists of stocks with high ESG scores in each sector based on MSCI's ESG research, from among major stocks around the world.	
Evaluation by CDP 2021	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 350 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 2021 questionnaire, and as a result we received a high rating.	[CDP 2021 scores] Climate change: A- Water security: A- Supplier/Engagement: A-
Inclusion in the Somo Sustainability Index	JFE Holdings has been chosen for the 11th 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 SOEP suppliers for the Supplier Quality Excellence Process, a quality certification of the U.S.-based construction equipment manufacturer Caterpillar Inc. for six consecutive years in 2022, 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.	

* THE INCLUSION OF JFE HOLDINGS, INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP ENDORSEMENT OR PROMOTION OF JFE HOLDINGS, INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Major external awards (FY2021)

Received 3rd ESG Finance Awards Japan Special Prize in the Environment Sustainable Company Category	JFE Holdings was selected as an environmentally sustainable company in the environmentally sustainable company category of the 3rd ESG Finance Awards Japan sponsored by the Ministry of the Environment. ESG Finance Awards Japan is an awards system created with the objective of promoting and expanding ESG financing 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. An environmentally sustainable company is one that takes action to address issues based on medium- and long-term strategies while disclosing adequate information about important environmental issues, such as risks, business opportunities and strategies, as well as corporate governance. Companies chosen for this designation have proper governance and management processes in place. We believe JFE Holdings was selected as an environmentally sustainable company in light of the level of ESG-related information disclosure and proactive stance on stakeholder engagement.	
Received Silver Award for Sustainability Site Awards 2022	JFE Holdings received the Silver Award for Sustainability Site Awards 2022 from the Association for Sustainability Communication (formerly CSR Communication Association). The Sustainability Site Award has been awarded every year since 2017 based on a comprehensive assessment and ranking of the websites of listed corporations in Japan. Evaluations of only the published information on websites are conducted by analysts with special knowledge, and scored in eight categories (more than 280 evaluation criteria) that are essential for websites. Evaluation criteria are reassessed every year to reflect changes in society, with a focus on GRI Standard: 2016, in order to conform more closely to global trends in sustainability evaluations. We believe JFE Holdings was honored with this award due to the highly comprehensive level of information disclosed on its website.	
World Steel Association's 2022 Steel Sustainability Champions Award	JFE Steel has been selected by the World Steel Association for the 2022 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. Since the JFE Group Environmental Vision for 2050 was created in 2021, JFE Steel has been developing ultra-innovative technologies that will help reduce environmental load. JFE Steel has formulated basic policies for sustainability and discloses data for various fields, such as the environment and occupational health and safety. JFE Steel has identified material issues for management, set key performance indicators (KPIs), and continues to reassess issues and the appropriateness of these KPIs. In light of these initiatives, JFE Steel has been recognized as a Steel Sustainability Champion for two consecutive years.	