

Management Foundation

To ensure sustained enhancement of corporate value, the JFE Group is strengthening its responsiveness to changes in the business environment. This section highlights the structure and initiatives in place to achieve this.

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Management Organization

Executive Structure (as of July 1, 2024)

Directors



Yoshihisa Kitano
Representative Director

Nomination Committee Member
Remuneration Committee Member

Date of birth: February 20, 1958

1982 Joined Kawasaki Steel Corporation
2019 Representative Director, President and CEO of JFE Steel Corporation, Representative Director of JFE Holdings, Inc.
2024 Representative Director, President and CEO of JFE Holdings, Inc. (current post)

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




Masayuki Hirose
Representative Director

Nomination Committee Member

Date of birth: November 19, 1963

1986 Joined Kawasaki Steel Corporation
2024 Representative Director, President and CEO of JFE Steel Corporation (current post), Representative Director of JFE Holdings, Inc. (current post)

Mr. Hirose has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in sales of steel products at JFE Steel and business management at Group companies, and execution of duties as Corporate Officer in management divisions such as corporate planning, general administration, and procurement.




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.




Toshinori Kobayashi
Director

Date of birth: December 19, 1957

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

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




Kazuyoshi Fukuda
Director

Date of birth: March 1, 1962

1986 Joined Kawasaki Steel Corporation
2024 Representative Director, President and CEO of JFE Engineering Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Fukuda has abundant experience and knowledge required for management of the Group, which he has accumulated through his experience in sales and engineering work related to water and sewage facilities at JFE Engineering, business management at subsidiaries of JFE Engineering, and execution of broad duties as Corporate Officer in promoting the recycling business and supervising overseas businesses.



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

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, 2024)

Directors

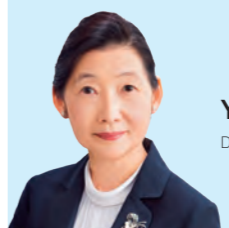


Masami Yamamoto
Director

Independent Executive
Chairperson of 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 Representative Director and President of Fujitsu Limited
Jun. 2015 Representative Director and Chairman of Fujitsu Limited
Jun. 2017 Director and Chairman of Fujitsu Limited, Director of JFE Holdings, Inc. (current post)
Jun. 2019 Director and Senior Advisor of Fujitsu Limited
Jun. 2024 Retired

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
Outside Director of Kirin Holdings Company, Limited
Outside Director of Sansei Technologies, Inc.




Keiichi Kobayashi
Director

Independent Executive
Chairperson of Remuneration Committee

Date of birth: June 24, 1959

Apr. 1985 Joined Furukawa Electric Co., Ltd.
Apr. 2016 Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division of Furukawa Electric Co., Ltd.
Apr. 2017 President and Representative Director of Furukawa Electric Co., Ltd.
Apr. 2023 Chairman of the Board of Furukawa Electric Co., Ltd. (current post)
Jun. 2024 Director of JFE Holdings, Inc. (current post)

Significant concurrent posts
Chairman of the Board of Furukawa Electric Co., Ltd.
Outside Director of NTT DATA Japan Corporation



Audit & Supervisory Board Members



Isao Saiki
Audit & Supervisory Board Member

Independent Executive
Remuneration Committee Member

Date of birth: August 11, 1961

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

Significant concurrent post
Partner Lawyer of Abe, Ikubo & Katayama Law Firm




Tsuyoshi Numagami
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member
Remuneration Committee Member

Date of birth: March 27, 1960

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

Significant concurrent posts
Professor of Institute for Business and Finance of Waseda University
Outside Director of Tokyo Century Corporation
Outside Director of EBARA CORPORATION




Takuya Shimamura
Audit & Supervisory Board Member

Independent Executive
Nomination Committee Member

Date of birth: December 25, 1956

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

Significant concurrent posts
Director and Chairman of AGC Inc.
Outside Director of EBARA CORPORATION



Expertise and background

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

Please see page 79 for skill matrix.

Dialogue with Outside Executives

Progress on Efforts to Enhance Corporate Value and Future Expectations



Masami Yamamoto
Outside Director

Mr. Yamamoto joined Fujitsu Limited in 1976, where he served as president, chairman, and senior advisor. He has been a director of JFE Holdings since June 2017.



Yoshiko Ando
Outside Director

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



Isao Saiki
Audit & Supervisory Board Member

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



Tsuyoshi Numagami
Audit & Supervisory Board Member

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



Takuya Shimamura
Audit & Supervisory Board Member

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

Q Fiscal 2024 year marks the final year of the Seventh Medium-term Business Plan. How do you view the progress of key initiatives, particularly in the area of “establishing economic sustainability”?

Yamamoto The central theme of the Seventh Medium-term Business Plan is to create a resilient earnings structure that is not swayed by external factors by revising production systems and shifting from quantity to quality, moving away from a focus on production volumes in the past, in response to declining domestic demand in Japan and intensifying competition in overseas markets. I believe the steel business is making steady progress on this front, including significant cost reductions through the suspension of upstream processes at the Keihin district and hikes in selling prices. In Asia, current market conditions are quite challenging, owing to a surge in steel exports from China due to the downturn in the Chinese economy. Despite this, JFE is developing a structure capable of generating stable profits even in these adverse conditions. While the steel business might miss its segment profit target (¥230 billion) due to one-off impacts, the business expects to attain its per-ton profit target (¥10,000/ton). Moreover, both the engineering and trading businesses have shown improved

profitability compared to the previous medium-term business plan, with combined segment profits stabilizing around ¥70 billion, contributing to overall Group earnings.

Shimamura The suspension of upstream processes at the Keihin district has not only reduced fixed costs but also improved the operating rates of other facilities, allowing the entire Group to reassess its cost structure. In materials industries, a common strategy is to pursue economies of scale, so it is quite significant that JFE has pivoted away from this strategy. I also commend the Company's business development focused on regions and fields with growth potential, such as India, while staying committed to its strategy of shifting from quantity to quality in overseas business development

Numagami The introduction of the profit per ton metric in the steel business has spurred a shift in employees' mindsets, and I believe this is one reason why smooth progress has been made on the business plan.

Of particular importance to economic sustainability is the shift to high-value-added products, such as electrical steel sheets and ultra-high-strength steel for automobiles. In addition to steadily increasing the ratio of high-value-added products in the steel business, JFE is building a solid overseas supply chain, including establishing a new processing base for electrical steel sheets in Serbia (Europe) in the trading business. In the steel industry, where investments



take time to recover, it is crucial that business strategies align with long-term trends. Although there has recently been headwinds against electric vehicles (EVs), I am confident that the trend toward vehicle electrification will continue, and JFE's strategy is well aligned in this direction.

Looking ahead, I am excited about the potential of the solutions business in the steel segment. JFE's steel business has accumulated voluminous manufacturing data, expertise, and other assets over many years. If JFE can transform these assets into a global business that offers cyber-physical systems (CPS) for manufacturing processes, it could become a significant source of future earnings. Especially with the advent of 6G communications, talented engineers in Japan could remotely manage overseas facilities in real time.

Dialogue with Outside Executives

Q What is your opinion of the progress on efforts for the key initiative of “resolving social issues,” particularly in the context of safety, human resources, and human rights?

Ando

As outlined in the Seventh Medium-term Business Plan, the resolving of social issues is a factor that will weigh on JFE's future growth. For the steel and engineering businesses, which entail on-site work, creating a safe and inclusive work environment where diverse talent can thrive is essential from the perspective of securing human resources.

To prevent work-related injuries, the Company has taken diligent measures, such as incorporating employee safety-related indicators as non-financial metrics used to determine annual bonuses for executives since fiscal 2022. In the event of a major accident, the Board of Directors confirms an investigation of the cause and makes sure preventive measures are taken. Despite its best efforts, the Group has yet to eliminate fatal accidents, and needs to continue investing in safety measures.

I view efforts to further empower women as part of a broader effort to build an organization that embraces diverse human resources. The Company has set ambitious KPIs for the percentage of female managers and female recruits. To achieve these objectives, management formulates training plans aimed at promoting women to management positions and raises awareness through Diversity Month. However, the percentage of female managers and the number of female recruits remains low compared to men, and the turnover rate for women is still high, so management must continue efforts on this front.

A common element of both safety and diversity and inclusion (D&I) initiatives is the constant need to reassess existing systems, practices, and organizations from fresh perspectives. This spring, JFE Steel established a new Human Resources Strategy Headquarters. I look forward to JFE Steel presenting a new vision along with the creation of a human resources strategy that aligns with the overall management strategy.

Numagami

As Ms. Ando mentioned, instilling D&I across the entire Company means that people must consider perspectives that differ from the conventional norms and ways of thinking, and this requires patience at times. While this may take time, it is crucial for each and every employee to build on successful experiences where they see that their diverse viewpoints and suggestions are effectively reflected in work practices and rules.

Saiki

Awareness of occupational safety and health has been increasing across the Company with each passing year, and since the start of the Seventh Medium-term Business Plan, major accidents have decreased in Japan. As a company with a global business presence, however, it is essential that the JFE Group is consistent in its approaches and standards for safety and health management not only in Japan but across overseas operations as well.



Shimamura

The same is true for human rights. The JFE Group has an extensive supply chain for its businesses, and it needs to further refine how it addresses human rights issues from a global perspective. JFE has already begun surveying conditions at overseas suppliers, and plans to also conduct these surveys at overseas Group companies. During the next medium-term business plan, I expect to see further progress in human rights due diligence.

Additionally, improving external messaging is another issue management should address. For example, the JFE Group makes a significant contribution to reducing CO₂ emissions in society, and should make a more concerted effort to communicate this benefit to the public.

In the past, companies in the materials sector have had a hard time figuring out ways to raise their profile due to their low visibility among general consumers. Lately, however, materials companies have had more opportunities to advertise themselves more prominently. In the world today, I believe it is increasingly important for materials manufacturers to proactively convey the ways in which their businesses contribute to society in order to elicit the interest of a wider range of stakeholders. The JFE Group has also been working to raise brand awareness through TV commercials and other means.

Especially among younger generations, there seems to be greater interest in the purpose of a company and the meaningfulness of their work. As the business environment continues to rapidly change, it is important for employees to understand how their work benefits the world, as this gives them more autonomy in fostering and accepting change. JFE should take various measures to help young employees, who are the future of JFE, feel a strong connection with the Company's purpose.

Q What are your expectations for the JFE Group in terms of enhancing corporate value over the medium to long term, in light of the challenges and progress made on initiatives under the current medium-term business plan?

Shimamura

From the perspective of carbon neutrality, the production and supply of steel places a heavy burden on the environment, but steel will always be an essential material for the world. I hope that the JFE Group will continue to pursue the value it provides to society through technological innovation.

Across the Group, in addition to the steel business, the engineering and trading businesses possess their own unique strengths through independent operating companies, while creating synergies together. Offshore wind power, a clean source of energy, is on the verge of rapid expansion in Japan. JFE Engineering has commenced operations of Japan's first monopile manufacturing factory at JFE Steel's West Japan Works. At the same time, the steel business is ramping up the production of heavy and large steel plates for monopiles at the West Japan Works (Kurashiki district), as the entire Group focuses efforts on commercializing this business. Through M&A and business alliances moving forward, I believe these synergies could be expanded into growth areas other than offshore wind power.

In addition, improving asset efficiency and redeveloping the Keihin district will be key factors in enhancing the Company's corporate value and also social value. As an Outside Audit & Supervisory Board Member, I will follow these developments with strong interest.

Yamamoto

In the medium- to long-term, a key question is whether JFE can respond promptly to changing needs around the world. For example, needs are increasing for higher efficiency through the use of electrical steel sheets in EVs and transformers, and expectations are mounting for the production of monopiles essential in offshore wind power. Meeting these expectations will require significant investments. At the Board of Directors, we plan to discuss in detail how to ensure sufficient cash flow can be generated when funding becomes necessary for these investments.

The Board of Directors at JFE has a culture where members can have open, engaging discussions. Furthermore, the Board constantly reviews the criteria for agenda items, ensuring thorough debate on medium- to long-term issues. Lately, the focus has been on discussions about the long-term vision and the formulation of the Eighth Medium-term Business Plan, which is to be unveiled by the end of the current fiscal year.



Ando

What is needed going forward is the ability to assess what should be done now while keeping a long-term perspective in mind. It is a thorny challenge to devise solutions with a long-term view, especially in a business environment that is changing. Due to the nature of the steel business, initial investments are enormous, and it takes a long time to recover those investments. It is crucial to identify the key factors that could impact the Company, such as technological innovations, political and economic trends, and geopolitical risks, and understand how they might evolve, in order to set a course of action. The Board of Directors will continue to monitor and maintain a sound financial base for the JFE Group to ensure that long-term investments can be reliably carried out.

I look forward to having discussions about growth strategies from a long-term perspective as we work on the Eighth Medium-term Business Plan.

Saiki

While formulating the long-term vision and the next medium-term business plan, we must not forget the lessons learned from the Sixth Medium-term Business Plan. In the past, there was a strongly held belief that steelmakers had a social responsibility to ensure a sufficient supply of steel, and therefore prioritized the expansion of supply capacity. However, this approach did not always lead to profits, a key realization that informed the formulation of the Seventh Medium-term Business Plan. Now that steady progress is being made on the Seventh Medium-term Business Plan, I believe it is an opportune time to reflect on the past.

I am impressed with JFE's consistent efforts to reassess the current situation and improve, and I believe the Board will continue to have meaningful discussions about the future.

Q What initiatives have caught your attention in the context of achieving carbon neutrality by 2050?

Numagami The steel industry is one of the industries where achieving carbon neutrality will be rather challenging. However, given that demand for steel will continue to increase as people pursue lifestyles of abundance around the world, it is clear that recycling scrap steel in electric arc furnaces alone will not be sufficient to meet this demand. Blast furnaces for steel production will still be needed. In this context, JFE is keenly working on the development of several ultra-innovative technologies, including carbon recycling blast furnaces and hydrogen steelmaking. While these innovations will take time, if these technologies can be translated into solutions businesses, JFE's contributions to reducing CO₂ emissions would be significant across the steel industry in Asia, where blast furnace steelmaking dominates. This would also present substantial business opportunities. From both a social contribution and profit driver perspective, I am extremely excited about the potential of JFE's ultra-innovative technologies.



JFE's world-leading technologies can make a meaningful contribution to society.

As I touched upon last year, my feelings and expectations have not changed about the carbon recycling blast furnace, green steel, and the engineering business. Last year, JFE launched its green steel under the JGreeX™ brand, and it has already been adopted in shipbuilding while also expanding into sectors such as building construction and electric power. Other steelmakers introduced similar products over the past year, and this increased exposure has raised social awareness of green steel, helping to create a market. I look forward to seeing how JFE differentiates and positions itself amid growing competition in this market. In offshore wind power, the JFE Group has established a solid platform. From the perspective of forming an industrial foundation in Japan, wind power will be a key aspect of this foundation, and I hope JFE continues to demonstrate its advantages in terms of technology and cost.

In addition, the engineering business is well-positioned for future growth with ample business opportunities, as its core business activities contribute directly to CO₂ reduction, energy efficiency improvements, and greater recycling.

I also see business opportunities in the steel pipe business. Demand for steel pipes is increasing for use in natural gas extraction and transportation, and they are also used to pipe CO₂ underground, making this a promising growth area.

A future challenge for the JFE Group will be to develop a market and brand for green steel, even while the social infrastructure is not yet in place, such as for green electricity and hydrogen. There is a difference in the environmental value of green steel produced using the mass balance method and green steel produced with ultra-innovative technologies, and this may require distinct branding to avoid confusion. Ultimately, green steel must be something that consumers are willing to pay a premium for, and the entire steel industry, not just a single company, should think about how to create a market for green steel and establish a brand that reflects the value of green steel.

Ando The Company's efforts to address climate change are progressing under the JFE Group Environmental Vision for 2050, and it is on track to achieving the target for an 18% reduction in CO₂ emissions in the steel business by the end of fiscal 2024 (compared to fiscal 2013). The construction of a prototype carbon recycling blast furnace is underway. Other initiatives, such as the high-efficiency large-scale electric arc furnace in the Kurashiki district and the Company's collaboration with Emirates Steel on low-carbon reduced iron, are also advancing steadily. With all these elements coming together, I am excited about the potential for more progress on the environmental front. With 2030 fast approaching, however, the transition period is closing. JFE must establish new technologies as quickly as possible and figure out how these elements will work together. I truly want to see how

Saiki

Despite generating profits, steel companies, including JFE Steel, have not seen their share prices perform as hoped, probably because the market lacks confidence in the steel industry's ability to become carbon neutral. I believe this stems from the fact that the development of ultra-innovative technologies has yet to reach a breakthrough, and there are no concrete plans for the hydrogen, ammonia, and electric power infrastructure needed to support these ultra-innovative technologies. As I touched upon earlier, however, I think that JFE can generate more optimism on this front by externally communicating its deliberations and initiatives to address these challenges.

On infrastructure development, I understand that the JFE Group is working with the national government and other industries, but needs to communicate more effectively on challenges, like how to lower electricity costs. Without lower electricity costs, large-scale electric arc furnaces will not be viewed as cost competitive. Among the ultra-innovative technologies, I am particularly interested in JFE's carbon recycling

blast furnace, a proprietary technology. However, I feel that JFE has not adequately communicated the potential positive impact of this technology on the global steel industry. The engineering business is also advancing projects to reduce CO₂ emissions, such as waste-to-energy power

generation. I believe the JFE Group can more proactively communicate its position of leadership in the circular economy and showcase its competitive advantages to the world.

Q Regarding the change in presidents in April 2024, could you elaborate on the selection process conducted by the Nomination Committee and give your thoughts on this process? Additionally, what are your expectations for the new management team?

Yamamoto
(Chairperson)

Deliberations about nominating a new president were conducted in accordance with the internal rules set by the Nomination Committee. These internal rules stipulate that the current president proposes a succession plan to the committee, which then deliberates and submits its candidate recommendations for president to the Board of Directors. This transition had been discussed for several years, and after evaluating Mr. Kitano's track record as President of JFE Steel, he was recommended for the position. Additionally, as the Nomination Committee also plays a role in discussions of the new president at JFE Steel, Mr. Kitano's proposed succession plan was reviewed by the committee, which then recommended Mr. Hirose as the next president of JFE Steel. I am confident that the Nomination Committee made the right decisions about choosing these successors based on thorough discussions about candidates for both positions.

While JFE faces a variety of challenges, the new management team must see through its mission of generating enough profits so that the necessary investments can be made to address these challenges. As they formulate and implement a long-term vision and medium-term business plan, we will continue to closely monitor their progress to ensure JFE's value is elevated.

Shimamura

The Nomination Committee ensured a thorough assessment was made of not only the candidates' enthusiasm, career background, and other information through interviews but also our own observations. We considered their personality and management capabilities, and I believe we were able to find the right people for the job.

Numagami

At JFE, two Board of Directors' meetings each year are held at business sites instead of the head office. Through these opportunities, I have met many senior executives. In addition to the interviews by the Nomination Committee, I have had direct conversations with most of the executive officers who could be considered candidates, and this helps us decide who would be a suitable candidate.

Ando

The purpose of the Nomination Committee is to ensure fairness, objectivity, and transparency by including external perspectives. The committee was instrumental to the smooth selection process that Chairperson Yamamoto explained earlier.

In this increasingly uncertain environment, I expect President Kitano to steer the Group with strong leadership while spurring growth through Group synergies. Additionally, I expect him to build a foundation so the next generation inherits a stronger JFE.

Message from the Newly Appointed Outside Director

Contributing to Management with Perspectives on Both Manufacturing and Marketing

During my student years, I was captivated by the beauty of molten pure copper, which led me to study metallurgical engineering. Words of wisdom from my mentor, "hakkei nao migakubeshi" (meaning "even flawless jade can be polished," or even something seemingly perfect can benefit from additional improvement) and "fairness in one's dealings with others," have been a guiding principle throughout my life, especially during moments of self-reflection.

In 1985, I joined Furukawa Electric Co., Ltd., where I worked as a process researcher in copper metalworking, a technical and management lead in manufacturing operations, a manager responsible for basic cost reductions for the entire group, a business division head, and a director of sales. When I was president, I led the creation of Group Vision 2030 and fostered a culture of achieving milestones through backcasting from this vision, while shifting toward management focused more on capital efficiency.

Japan's share of global GDP has fallen from a peak of 18% in 1994 to 4% in 2023, a fact that gives me a strong sense of urgency. To revive Japan and set the country on a new path of growth, I believe that there is a pressing need for core industries to pivot to circular economy businesses while firing up the dual growth engines of "strengthening the industrial foundation by returning to the basics" and "commercializing innovations without fail." JFE Holdings, under the tagline "Sus-tetsu-nable," is transitioning to circular economy businesses by advancing initiatives for 1) environmental sustainability, 2) efficient use of resources, 3) social responsibility, and 4) the creation of long-term economic value. This transition will not be easy and requires building an ecosystem in collaboration with resource recycling partners within a value chain centered on JFE.

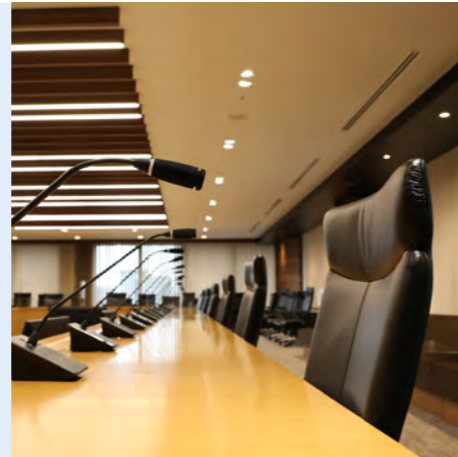
I strongly resonate with JFE's corporate vision of "contributing to society with the world's most innovative technology" and its corporate values, "Challenging Spirit. Flexibility. Sincerity." Guided by this vision and values, JFE Holdings and its Group companies have been unwavering in their support of society by helping to resolve social issues. I am thrilled to be part of JFE Holdings, and I am eager to apply my management experience in both manufacturing and marketing to further enhance its corporate value.



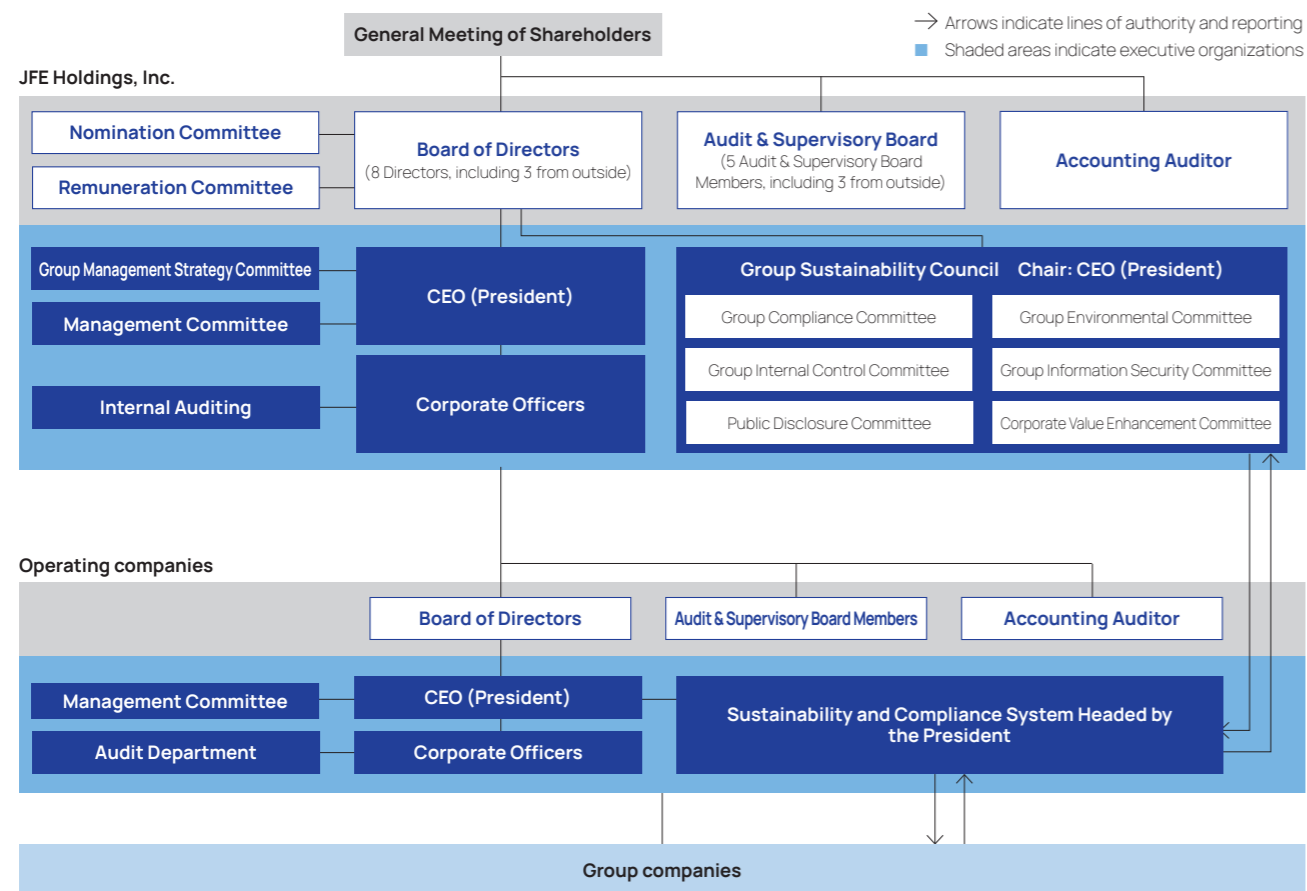
Keiichi Kobayashi
Outside Director
Appointed as Director of JFE Holdings in June 2024

Corporate Governance

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



Corporate governance system



Establishment of Basic Policy on Corporate Governance

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

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

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

Overview of the Corporate Governance System

Group Governance System

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

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

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

Overview of the corporate governance system

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

Governance System

JFE Holdings and each operating company have their respective Audit & Supervisory Boards Members (Audit & Supervisory Boards). The companies are 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. In fiscal 2023, the Board of Directors deliberated about progress on the Seventh Medium-term Business Plan and initiatives related to sustainability issues.

Major topics discussed at the fiscal 2023 Board of Directors' meeting

- Progress on the Seventh Medium-term Business Plan
- Large-scale capital investment (expansion of electrical steel sheet production facilities, etc.)
- Overseas business expansion (joint venture in grain-oriented electrical steel sheet with JSW Steel in India, etc.)
- Initiatives to address ESG issues (carbon-neutral efforts, assessment and review of KPIs for important management issues, etc.)

Major Initiatives to Strengthen the Governance System

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

Appointment of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members

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

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

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

Approach to Diversity in the Board of Directors

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

Corporate Governance

Skill matrix of JFE Holdings' Directors and Audit & Supervisory Board Members (as of July 1, 2024)

Position/Name	Corporate management/Management strategy	Sustainability/Environment	Technology/IT	Finance/Accounting	Internal control/Governance	Legal/Compliance	Human resources management and development	Sales/Marketing	Expertise held in	Independent executive	Nomination Committee	Remuneration Committee	FY2023 Board of Directors attendance	FY2023 Audit & Supervisory Board attendance
Representative Director, President and CEO Yoshihisa Kitano	○	○	○		○				Steel Business		Member	Member	16/16 (100%)	—
Representative Director Masayuki Hirose	○	○			○			○	Steel Business		Member		—	—
Representative Director and Executive Vice President Masashi Terahata	○	○		○	○	○	○		Steel Business/Trading Business			Member	16/16 (100%)	—
Director Toshinori Kobayashi	○	○	○		○			○	Steel Business/Trading Business				13/16 (81%)	—
Director Kazuyoshi Fukuda	○	○	○		○			○	Engineering Business				—	—
Director Masami Yamamoto	○	○	○		○				—	○	Chair	Member	16/16 (100%)	—
Director Yoshiko Ando		○			○	○	○		—	○	Member		16/16 (100%)	—
Director Keiichi Kobayashi	○	○	○		○			○	—	○		Chair	—	—
Audit & Supervisory Board Member Nobuya Hara	○			○	○				Steel Business				16/16 (100%)	19/19 (100%)
Audit & Supervisory Board Member Nakaba Akimoto					○	○			Steel Business/Engineering Business/Trading Business				16/16 (100%)	19/19 (100%)
Audit & Supervisory Board Member Isao Saiki					○	○	○		—	○		Member	16/16 (100%)	19/19 (100%)
Audit & Supervisory Board Member Tsuyoshi Numagami	○			○	○			○	—	○	Member	Member	16/16 (100%)	19/19 (100%)
Audit & Supervisory Board Member Takuya Shimamura	○	○			○			○	—	○	Member		16/16 (100%)	19/19 (100%)

Nomination Committee and Remuneration Committee

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

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the basic stance on the election and dismissal of the President of the Company, proposals for the election of candidates for the President of the Company, succession plans of the President of the Company, and the nomination of candidates for Outside Directors/Outside Audit & Supervisory Board Members. Six meetings were held in fiscal 2023. 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. Three meetings were held in fiscal 2023. All committee meetings had 100% attendance rates.

Nomination Committee and Remuneration Committee structure (as of July 1, 2024)

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	Keiichi Kobayashi (Outside Director)

Support for Directors and Audit & Supervisory Board Members

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

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

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

Evaluation of Effectiveness of the Board of Directors

At JFE Holdings, the effectiveness of the Board of Directors is evaluated based on the Basic Policy on Corporate Governance. In fiscal 2023, all Directors and Audit & Supervisory Board Members answered a revised questionnaire about effectiveness. In addition, the outcome of initiatives in fiscal 2023 were examined while referencing the opinions and suggestions received from the fiscal 2022 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 2023 initiatives based on effectiveness evaluation results through fiscal 2022

- In addition to reviewing KPIs related to diversity, inclusion, and talent development, and discussing the Employee Awareness Survey conducted in the past, the results of the engagement survey and related measures were reported to the Board of Directors, which served to enhance discussions of human capital management.
- Progress on initiatives toward carbon neutrality and human rights due diligence was reported to the Board of Directors, facilitating the monitoring of progress and discussions on future challenges. Additionally, the Board received reports on risk management and sustainability issues, such as the Group's business continuity plan (BCP) efforts and biodiversity initiatives and policies, further enhancing discussions on these topics.
- Reporting was augmented with risk information and management challenges at operating companies and Group companies. To further instill compliance awareness and prevent the materialization of risks, the frequency of corporate ethics awareness surveys was changed to allow more timely identification of issues.

Furthermore, audits of the Directors' execution of duties were carried out appropriately and impartially by the Audit & Supervisory Board Members. In addition, discussions were invigorated at meetings of the Board of Directors by the proactive exchange of opinions and posing of questions by Audit & Supervisory Board

Members with regard to decision-making and reporting processes. This demonstrates that JFE Holdings is functioning effectively 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 improve effectiveness

- The Board should examine the Group's vision and long-term strategy to achieve sustainable growth, and have more in-depth discussions on important management issues, including human resource management and respect for human rights.
- The Board should organize its agenda with an eye on accelerating decision-making while maintaining supervisory functions from the standpoint of improving corporate value, and continue to examine the governance system, including ways to enhance diversity.
- The Board should continue to examine methods of enhancing reporting to the Board of risk information, including that related to subsidiaries and affiliates, in order to reinforce Groupwide risk management.

In fiscal 2024, JFE aims to increase opportunities to exchange opinions with managers of operating companies, by examining the implementation of supervision of business sites within and outside Japan, and holding meetings of the Board of Directors at domestic

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

Operating System

Key Decision-making

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

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

Structure of Group Management Strategy Committee and Management Committee

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

Executive Remuneration

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

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

Executive remuneration (fiscal 2023)

Position	Total remuneration (thousand yen)	Total by type of remuneration (thousand yen)				Number of executives
		Basic remuneration	Bonuses	Stock remuneration		
				Performance-linked portion	Service length portion	
Directors (excluding Outside Directors)	320,247	217,415	61,840	27,328	13,664	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	78,335	78,335	—	—	—	2
Outside Directors/Outside Audit & Supervisory Board Members	106,697	106,697	—	—	—	6

Basic Policy on Remuneration for Directors and Corporate Officers

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

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

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

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

Performance-linked remuneration is calculated as follows.

Annual bonus

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

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

The employee safety-related indicator is calculated as the achievement rate for zero workplace fatalities and the lost-work injuries rate, which are KPIs set for each operating company. Climate change-related indicators are calculated as the achievement rate for a selection of metrics related to contributions to resolving climate change issues (initiatives to realize carbon neutrality by 2050), which is a KPI set for each operating company. (Please see the chart.)

In the event that a Director or Corporate Officer is dismissed or

found to have engaged in illegal behavior, by resolution of the Board of Directors, the Director or Corporate Officer 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 demand the Director or Corporate Officer to return economic value equivalent to the stock remuneration that they had received.

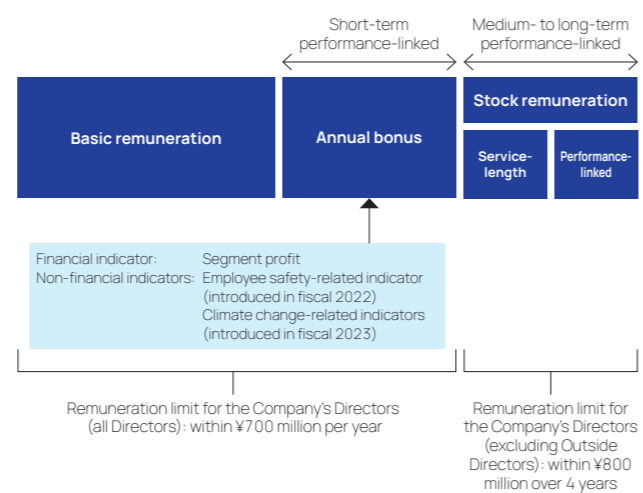
Stock remuneration

The stock remuneration plan is determined in accordance with the performance targets, etc., in the Group's medium-term business plan. For the period between fiscal 2021 and fiscal 2024, the payment level is determined according to the level of achievement of the target profit attributable to owners of parent of ¥220.0 billion 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 or Corporate Officer 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 or Corporate Officer to return economic value equivalent to the stock remuneration that they had received.

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

Design of the remuneration plan for Directors



Conversion rates

(achievement of climate change indicators)

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

* Excludes Outside Directors

* Weighted average of degree of achievement at each operating company

Internal Control

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

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

Strengthening Internal Control

Internal audits

JFE Holdings, the operating companies, and key Group companies had internal audit organizations comprising 168 people as of April 1, 2024. These organizations share information to enhance overall auditing within the Group. Moreover, to ensure the effectiveness of internal audits, the results of internal audits are reported to the Board of Directors and the Audit & Supervisory Board.

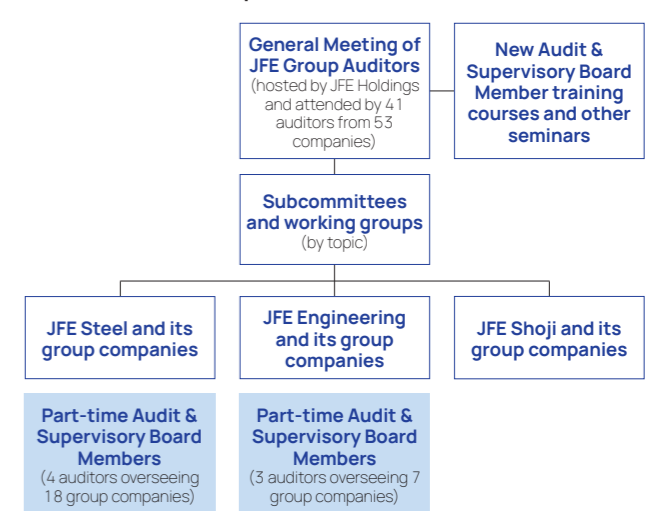
Audits by Audit & Supervisory Board Members

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

A total of 34 full-time Audit & Supervisory Board Members have been appointed to 29 companies, including JFE Holdings. Operating company personnel are dispatched to Group companies as part-time Outside Audit & Supervisory Board Members. Each absentee Audit & Supervisory Board Member serves one to five subsidiaries to raise the quality of the audits by their Audit & Supervisory Board Members and enhance Group governance. Seven absentee Audit & Supervisory Board Members served 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 2023, 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 2023, the Audit & Supervisory Board Members held 10 scheduled or unscheduled meetings with the internal auditing department, in which the latter presented its internal audit plan, work status, and detailed results. During the meetings, the Audit & Supervisory Board Members also shared opinions with the department.

Operating company governance

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

Policy on Listed Subsidiaries and Listed Affiliates

(1) Significance of listed subsidiaries and listed affiliates as a policy and approach to Group management

As the Company practices its corporate vision 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 this group of companies, JFE Steel Corporation, a subsidiary of JFE Holdings, has a listed subsidiary (JFE Systems, Inc.) and four listed affiliates (GECOSS Corporation, Shinagawa Refractories Co., Ltd., Nippon Chuzo K.K., and Nippon Chutetsukan K.K.), described below.

For the listed subsidiary, parent JFE Steel pursues an optimal structure depending on the relevance in terms of business. The decision to list the subsidiary was based on a comprehensive evaluation that concluded it was necessary for its growth and for enhancing the overall value of the Group, while considering the advantages of being listed, such as the subsidiary's visibility and credibility in fundraising, sales, and personnel recruitment.

Regarding the listed affiliates, the decision to list these companies was similarly made to strengthen competitiveness, and to improve visibility and credibility in fundraising, sales, and personnel recruitment. JFE Steel retains partial ownership in these four companies to take advantage of benefits that include exchanges of technologies and personnel related to steel manufacturing. The significance of holding shares in these companies is detailed in "Corporate Governance Report Chapter 1, Section 5: Other Matters that May Significantly Affect Corporate Governance."

The five aforementioned companies are subject to rules different from those applicable to other consolidated subsidiaries and affiliates, in light of guidance concerning listed subsidiaries from the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Each of the companies conducts autonomous corporate activities exercising autonomy and flexibility. Their management independence as listed companies is ensured through the establishment of special committees comprised of independent people, including Independent Outside Directors, and the nomination of

Outside Directors who are independent of each company, JFE Steel, and JFE Holdings. The interests of the said subsidiaries' and affiliates' shareholders, other than the said subsidiaries, affiliates, and the Company, will not be unfairly impaired. The autonomous management decisions of each company is respected regarding the calibration and distribution of business opportunities and business fields among the listed subsidiaries and listed affiliates, except in instances where such decisions could have a serious impact on the consolidated financial statements of the Company.

With regard to capital procurement and management, each company makes independent decisions based on their respective financial strategies. The Company receives funds from listed subsidiaries, but decisions are logically made with respect to terms in business transactions, based on market interest rates.

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.

(2) Policy regarding ensuring effectiveness of governance systems at listed subsidiaries and listed affiliates

Each company independently drafts proposals regarding the nomination of executives, and JFE Steel respects the independence of these companies and the decisions made by their respective nomination committees. JFE Steel exercises its voting rights with the goal of enhancing each company's medium- to long-term corporate value.

Additionally, JFE Holdings and JFE Steel may recommend certain candidates for Director for the purpose of maximizing the benefits of technological and personnel exchanges with these companies.

JFE Holdings regularly reviews the rationale for having its subsidiaries listed and confirms these considerations with the Board of Directors, taking necessary actions as appropriate. This matter was discussed and reviewed at the Board of Directors' meeting held in May 2024.

Basic Policies for Strategic Shareholdings and Exercise of Related Voting Rights

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

The Board of Directors' meetings regularly confirm the significance of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sell strategic shareholdings if there is no significance of such shareholdings or there is a risk of damage to shareholders' interest. In fiscal 2023, the Company sold ¥21.6 billion (on a market value basis) worth of all or parts of 16 stocks. Furthermore, the Board of Directors periodically examines the significance of its strategic shareholdings and return on investment.

The exercise of voting rights of strategic shareholdings is

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

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

	End of FY2020	End of FY2021	End of FY2022	End of FY2023
Number of issues	171	146	138	127
Total balance sheet amount (billion yen)	960	712	590	608

Thorough Compliance

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



Compliance System

The JFE Group's Standards of Conduct guides employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics. The Compliance Committee, chaired by the President of JFE Holdings, generally convenes four times a year 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.

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/sustainability/governance/compliance/>

Whistleblowing System

We have established a Corporate Ethics Hotline to maintain corporate ethics, comply with laws and regulations, and prevent corruption. It is accessible to all executives and employees of the JFE Group (employees, contract workers, part-time workers, temporary staff, and retirees) as well as the executives and employees of business partners. As a specific means of reporting and consultation, an environment has been prepared for receiving inquiries (it is also possible to anonymously file reports and seek consultation) by email, a dedicated phonenumber, 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	End of FY2020	End of FY2021	End of FY2022	End of FY2023
JFE Holdings and operating companies	87	133	127	134

Compliance with the Antimonopoly Act

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

Preventing Corruption and Bribery

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

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

Tax Transparency

In accordance with the JFE Group's Standards of Conduct, the JFE Group complies with the letter and respects the spirit of the tax laws of each country where it operates, as well as international rules and guidelines on taxation, such as those published by the Organisation for Economic Co-operation and Development (OECD). The Group ensures timely, appropriate, and fair payment of taxes in each country where it conducts business.

Additionally, the JFE Group refrains from engaging in tax planning aimed at tax avoidance or utilizing tax havens. By enhancing transparency, the JFE Group strives to build trusting relationships with tax authorities in each country.

Resisting Organized Crime

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

Confirmation and Improvement through the Employee Awareness Survey

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

Risk Management

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



Risk Management System

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Stance for Building an Internal Control System. A structure has been put into place for the Board of Directors to supervise risk management and verify its effectiveness. The JFE Group Sustainability Council, chaired by the President of JFE Holdings, verifies, evaluates, deliberates, and decides issues related to policy and actions plans for risk management.

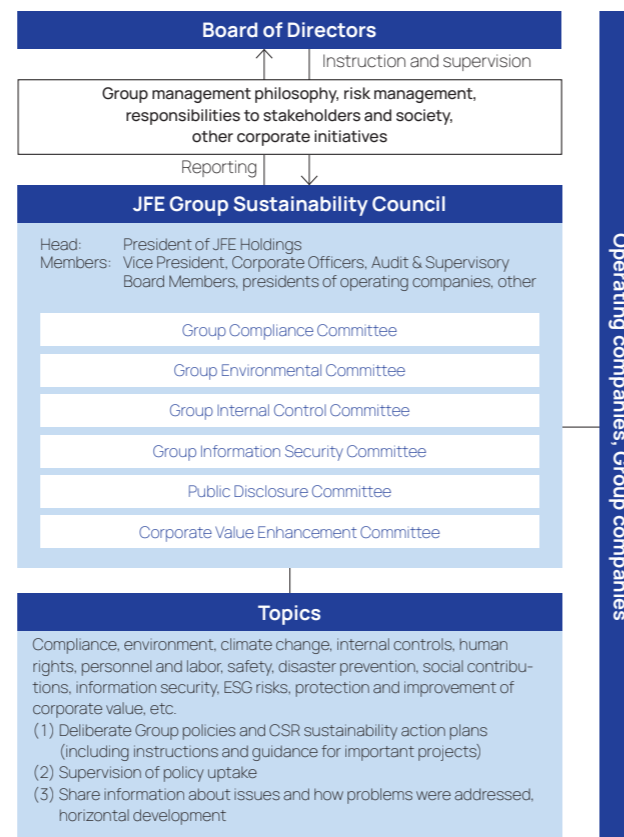
Specifically, adherence to Company policies and rules are monitored, such as for business activities, compliance, and the corporate vision. It also supervises Corporate Officers responsible for the environment, climate change, personnel and labor, safety, disaster prevention, preventing human rights violations, such as sexual and power harassment, quality management, financial reporting, information security, ESG risks, and other risks.

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

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

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

Sustainability promotion structure



Response to Major ESG Risks

Response to Climate Change Risks

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

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

Please see page 48 for details on TCFD-based information disclosure and risk management.

Intellectual Property Management

The JFE Group ensures the proper management of intellectual property in various aspects of its business activities. To prevent infringement of third-party intellectual property rights, the Group monitors the latest information related to intellectual property relevant to its operations and takes necessary measures.

Please see page 41 for details on intellectual property activities.

Privacy Protection

JFE has established the JFE Group Privacy Statement for managing information including “My Numbers,” which are personally identifiable numbers under Japan’s social security and tax number systems. To maintain the appropriate protection of personal information, employee trainings on the rules, which have been set in place in accordance with the privacy statement, have been conducted as stipulated in the applicable laws of each country related to businesses and guidelines.

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

Information Security

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

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

JFE Group’s BCP Framework

The JFE Group has formulated a business continuity plan (BCP) to prepare for crises such as natural disasters, including typhoons and large-scale earthquakes, as well as the rapid spread of infectious diseases like influenza. The Group implements various measures, including regular drills, to ensure readiness.

Response to Large-scale Natural Disasters

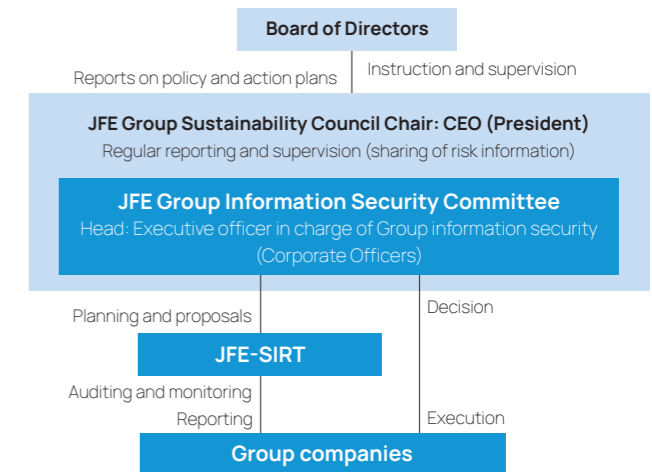
The JFE Group has designated evacuation locations in the event of a tsunami, maintains a Companywide system for sending out guidance and instructions during communications controls and power blackouts, and regularly backs up all of its data. The Company is reinforcing its water removal facilities in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

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 Cyber Security & Solutions, Ltd. was established in April 2024 with the objective of recruiting and training advanced security personnel, in addition to strengthening the security monitoring system.

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

JFE Group’s frameworks for digital technology, corporate governance and cybersecurity



Response to Infection

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

Respect for Human Rights

The JFE Group support and respects the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the International Covenants on Human Rights, as well as the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We believe that respect for human rights is a corporate social responsibility and a foundational aspect of our operations. In addition to clearly stating and implementing our policy for respecting all members of the Company and the general public and refraining from any form of discrimination in our corporate activities, we implement initiatives to ensure that we are not complicit in human rights abuses.



Promoting Human Rights

In order to steadily work on human rights initiatives, the JFE Group Sustainability Council, chaired by the President of JFE Holdings, formulates Groupwide policy and periodically reports to the Board of Directors, which provides instructions and supervision. As well, we established the JFE Group Human Rights Promotion Council, chaired by a corporate officer of JFE Holdings, under the JFE Group Compliance Committee, chaired by the President of JFE Holdings. This framework allows us to share information with departments responsible for human rights issues that have been set up at each operating company.

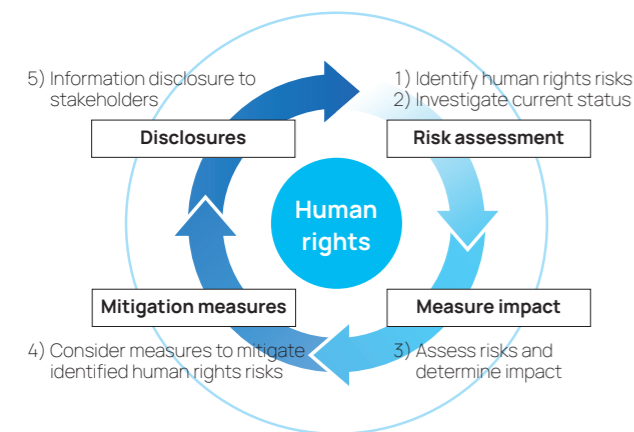
In addressing all kinds of human rights risks, we emphasize communicating with stakeholders through such initiatives as

setting up a Corporate Ethics Hotline at not only each operating company but also an external hotline to an independent law office, and dedicated consultation desks on harassment issues at major offices, to ensure people can anonymously report issues and seek consultation. Additionally, external stakeholders are able to use an online form to ask questions about human rights problems and other compliance issues (this can be done anonymously as well). The Board of Directors and the JFE Group Sustainability Council receive regular reports on the operational status of these help desks and cases of harassment as well as other human rights violations, and any incidents are advised and monitored.

Human Rights Due Diligence

In accordance with the UN Guiding Principles on Business and Human Rights, the JFE Group conducts due diligence on human rights. The Group is a member of Global Compact Network Japan, where information is exchanged with other participating companies and groups in the furtherance of its own initiatives.

Human rights due diligence process



1) Identify human rights risks

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

Identified 15 human rights issues to consider

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

2) Investigate current status

In the JFE Group Basic Policy on Human Rights and the basic procurement guidelines 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.

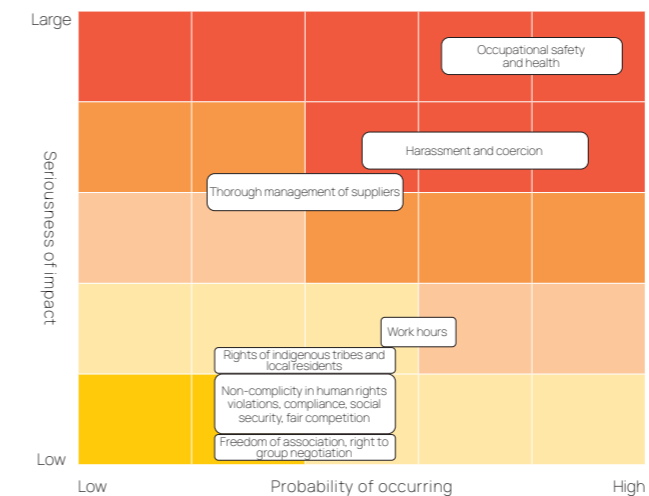
3) Assess risks and determine impact

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

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

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

Map of serious human rights risks



4) Consider measures to mitigate identified human rights risks

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

5) Information disclosure to stakeholders

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

Initiatives in Fiscal 2023

(1) Human rights due diligence at key Group companies

In fiscal 2023, we completed a survey of human rights risks at approximately 100 key domestic Group companies, which were selected based on the potential for a significant impact from human rights risks, such as on sales. Based on the results of these surveys, we have been working on measures aimed at mitigating and preventing human rights risks.

(2) Establish human rights risk management system for suppliers

Using the CSR Procurement Self-Assessment Tool Set provided by Global Compact Network Japan, we conducted a survey on human rights risks at approximately 400 suppliers that ranked high on the priority scale for their business presence in high-risk countries. While some issues were identified, no major human rights risks were found.

Future Initiatives

Going forward, we will continue to promote measures to correct and mitigate identified human rights risks while expanding efforts in human rights due diligence. To ensure steady progress in these initiatives, we will implement appropriate evaluations and improvements under the supervision of the JFE Group Sustainability Council and the Board of Directors, with the aim of enhancing effectiveness.

(1) Expand human rights due diligence to Group companies

In fiscal 2024, we plan to conduct surveys of human rights risks at overseas Group companies, with those in high-risk countries given the highest priority. We will also continue to support the correction and improvement of human rights risks at key domestic Group companies that have already been surveyed, and will review methods for conducting periodic risk assessments and verifying the status of corrections.

(2) Establish human rights risk management system for suppliers

In fiscal 2024, we will provide feedback on the results of the fiscal 2023 survey to our suppliers, and for those found to have human rights risks, we will provide support to rectify these shortcomings. Additionally, we will review the scope and prioritization of future surveys in preparation for expanding them.

JFE Group Basic Policy on Human Rights

https://www.jfe-holdings.co.jp/en/sustainability/social/human_rights/