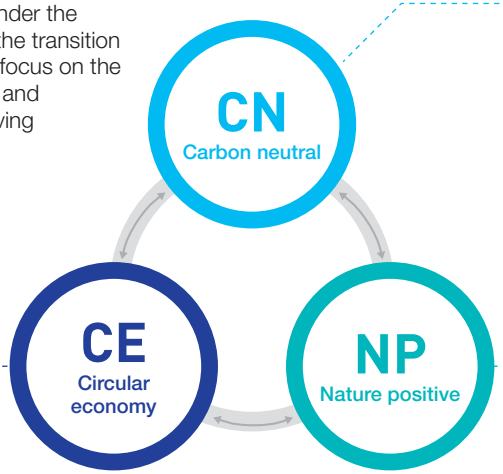
Strategies by Function

Initiatives to Achieve Environmental Sustainability

Business foundation for creating environmental value

Basic philosophy

The JFE Group Environmental Philosophy is: The JFE Group puts top priority on protecting and enhancing the global environment to maintain its business in harmony with the environment and ultimately for the prosperity of society as a whole. In line with this, we will build an environmental management system for the entire JFE Group. Under the Eighth Medium-term Business Plan, we have laid out the material issues of the transition to a circular economy, biodiversity conservation, and nature positive, with a focus on the climate change, which impacts society the most. Considering the synergies and trade-offs among these three environmental issues, we will work toward solving global environmental challenges in an integrated manner.



Climate change initiatives



Carbon recycling test blast furnace (NEDO project on the use of hydrogen in steelmaking (GREINS))



Offshore wind power plant

Transition to a circular economy



Extending the service life of infrastructure (bridge reconstruction)



Waste-to-energy

Biodiversity protection and nature restoration



Biotope Chita (A Nationally Certified Sustainably Managed Natural Site)



Marine Blocks™

Environmental governance

The JFE Group addresses environmental issues through a comprehensive, Groupwide committee structure. The Group Sustainability Council, chaired by the President, deliberates on basic policies and key initiatives. Under its guidance, the Group Environmental Committee implements target management, risk and opportunity assessments, and progress monitoring. The results of these discussions and key matters are reported to the Group Management Strategy Committee and the Board of Directors for executive-level deliberation and supervision. Furthermore, each Operating Company and division has clarified its accountability structure, thereby establishing a unified, Groupwide framework for advancing these initiatives.

Examples of climate change-related proposals resolved by or reported to the Board of Directors

- Expression of support for the final TCFD Status Report and disclosure of information (scenario analysis, financial impacts)
- Seventh and Eighth Medium-term Business Plans (environmental management policy, GHG emission reduction and reduction contribution targets)
- Progress on initiatives related to environmental KPIs
- Introduction of Director compensation for climate change-related indicators
- Decision-making for capital investments related to GHG emission reduction, etc.

Environmental risk management

The JFE Group systematically identifies, analyzes, and evaluates environmental risk and opportunity by utilizing international frameworks, such as the TCFD and TNFD. We conduct materiality assessments for transition and physical risks, considering their potential impact on our business and likelihood of occurrence. Significant risks and opportunities identified through this process are incorporated into our business strategy, investment decisions, and Medium-term Business Plan in coordination with our Groupwide risk management process. Furthermore, the Group strives to understand the medium- to long-term impacts through scenario analysis and other methods and continuously reviews and refines its approach.

Strategies by Function (Initiatives to Achieve Environmental Sustainability)

Initiatives to create environmental value

CN Climate change initiatives

The JFE Group considers climate change a critical management issue. Based on its Environmental Vision 2050 and the Eighth Medium-term Business Plan, the Group aims to achieve carbon neutrality by 2050. As an interim goal, the Group plans to reduce greenhouse gas emissions from its domestic steel operations by 24% in fiscal 2027 and by at least 30% in fiscal 2030 compared to fiscal 2013 levels. Having endorsed the TCFD recommendations in 2019, the Group strives to enhance transparency regarding climate-related risks, opportunities, and initiatives by disclosing information aligned with the TCFD framework. The Group will continue to pursue ultra-innovative technologies in the steel manufacturing process. With the goal of finalizing their development by 2035, the Group will lead the way in developing carbon-neutral technologies. Regarding the implementation of ultra-innovative technologies, we will carefully assess factors such as energy supply systems (e.g., hydrogen and electricity), the maturity of the GX product market, and economic feasibility before making decisions. Furthermore, we view contributing to society-wide greenhouse gas reductions as a business opportunity. We will focus on reducing greenhouse gas emissions through our engineering business, including initiatives such as offshore wind power generation, to enhance corporate value.

Key initiatives for reducing greenhouse gas (GHG) emissions

1. We set a target to reduce GHG emissions by 24% by fiscal 2027 and are working to install a new EAF for manufacturing stainless steel at the Chiba district. (Operation began in April 2026)
2. We set a target to reduce GHG emissions by 30% or more by fiscal 2030 and will install a highly efficient, large-scale, innovative EAF at the Kurashiki district. With the innovative EAF, we will continue to build a large volume supply of GX steel that achieves the same quality as a blast furnace.
3. We are working to develop ultra-innovative technologies to realize CN by 2050, namely ultra-innovative blast furnaces, hydrogen utilization for the direct-reduced iron method, and innovative EAFs. We aim to develop CN technologies for steelmaking processes by 2035.

Key initiatives to expand the supply of GX steel and grow the market

1. Fiscal 2030: We aim to be able to supply 3 million tonnes of GX steel.
2. To create a market for GX steel, we aim to stimulate demand by visualizing GX value, promote international standardization for the definition of GX steel, utilize government support (such as public purchases and financial assistance), and expand the existing market.

Key initiatives to contribute to GHG emissions reductions across society

1. Aiming to expand the amount we contribute to reducing GHG emissions, we will steadily capture demand for offshore wind power generation. We will also formulate action plans from the initial concept phase in the hydrogen, ammonia, and CCS fields, where widespread adoption is expected, connecting these efforts to EPC* orders and business participation as we strive to achieve our targets.
2. To maximize the effects of our emission reduction contributions, we will work to develop technologies for waste gasification and ethanol synthesis, as well as CO_2 separation and capture.

* EPC: Turnkey contracts for engineering, procurement, and construction work.

CE Initiatives for the Transition to a Circular Economy

The JFE Group understands that the transition to a circular economy is an important theme that is essential for the realization of a sustainable society. We are going beyond the boundaries of the Group to work together with others (including national governments, local governments, and customers) throughout our value chain while utilizing digital technologies to realize a full-scale societal transition from today's current economic system, dependent on a linear economy, to a circular economy. We will continue promoting activities from the three perspectives of expanding use and sales of recycled resources, developing resource-efficient eco products & eco solution technologies, and converting by-products and waste into resources.

For details on initiatives for the transition to a circular economy, please refer to the JFE Group Sustainability Report.

https://www.jfe-holdings.co.jp/en/sustainability/environment/resource/

NP Initiatives for Biodiversity Conservation and Nature Positivity

The JFE Group strives to deepen the understanding that the JFE Group's business activities depend on and impact biodiversity and natural capital while taking action to reduce related risks. We will continue to take a wide range of approaches on this front, including collaboration with local communities and throughout our supply chain, as well as the development of processes, products, and technologies that contribute to biodiversity and natural capital. In 2025, the JFE Group endorsed the TNFD recommendations and assessed the relationship between its business activities and natural capital through the LEAP approach recommended by the TNFD. We have disclosed relevant information aligned with the TNFD framework, and we continue to share it broadly with our stakeholders.

For details on initiatives for biodiversity conservation and nature positivity, please refer to the JFE Group Sustainability Report.

https://www.jfe-holdings.co.jp/en/sustainability/environment/biodiversity/

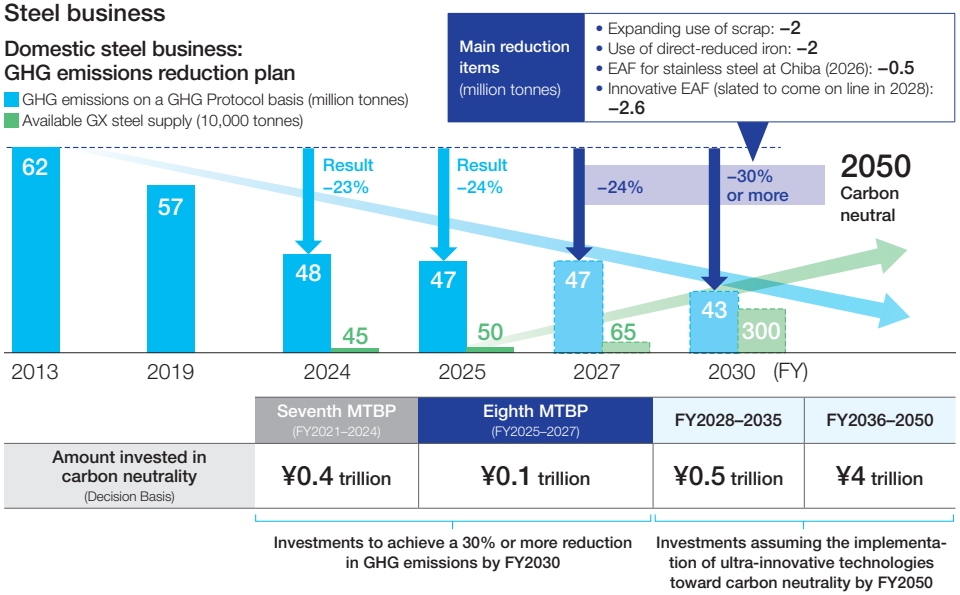
Strategies by Function (Initiatives to Achieve Environmental Sustainability)

Toward realization of the JFE Group Environmental Vision for 2050

Climate-related metrics and targets

Steel business

Domestic steel business: GHG emissions reduction plan



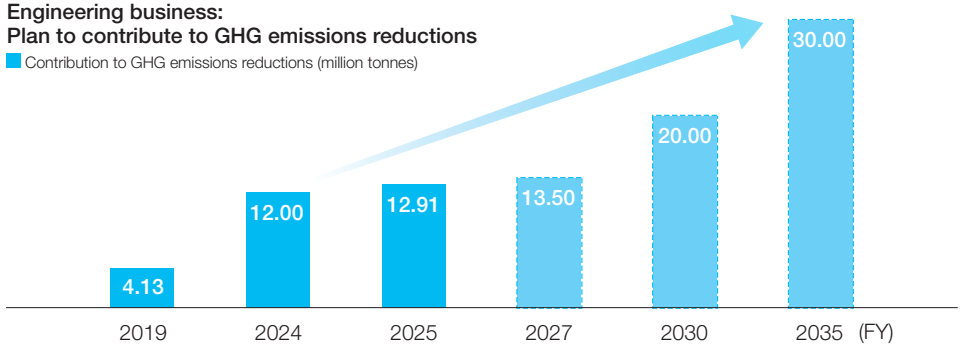
	Seventh MTBP (FY2021–2024)	Eighth MTBP (FY2025–2027)	FY2028–2035	FY2036–2050
Amount invested in carbon neutrality (Decision Basis)	¥0.4 trillion	¥0.1 trillion	¥0.5 trillion	¥4 trillion

Investments to achieve a 30% or more reduction in GHG emissions by FY2030

Investments assuming the implementation of ultra-innovative technologies toward carbon neutrality by FY2050

Engineering business

Engineering business: Plan to contribute to GHG emissions reductions



Expansion of waste-to-resource field
- Accumulating orders received for waste-to-energy power generation projects
- Accumulating overseas EPC achievements

Demonstrating and expanding the effects of offshore wind power generation projects
- The Kasaoka Monopile Factory began operating in April 2024, and full-scale production began in the second half of 2025.
- Target market share: 50% of Japan's market

Entry into the CCS business
- Increasing orders received for EPC projects related to equipment for the liquefied transportation, storage, and shipment of CO_2 (Tomakomai, Kawasaki, Setouchi, etc.)

Climate-related scenario analysis

Scenario analyses evaluate the impacts of accurately recognized climate-related risks and opportunities on current business strategies and utilize that evaluation in the formulation of future business strategies. Based on the scenarios released by the International Energy Agency (IEA), we conducted analyses for 1.5°C and 4°C scenarios and disclosed them, including impacts of risks and opportunities on finances.

Important factor	Societal Changes	Opportunities / Risks		Expectations and Concerns of Stakeholders toward the JFE Group	Strategies and Initiatives	Financial Impact (2030–2035 assumptions)*1 Item	Financial Impact (2030–2035 assumptions)*1 Amount / scale
1.5°C scenario (1) Decarbonization in steel production processes	Increasing societal demands for decarbonization of steel production processes	Introduction of ultra innovative technologies for drastic decarbonization	Opportunities ↗	JFE leading the supply of high-environmental value steel through the introduction of ultra innovative technologies such as EAF	• Implementation of conventional low-carbon technologies • Introduction of large-scale EAF capable of producing high-quality steel • Utilization of low-carbon direct-reduced iron • Development and implementation of ultra-innovative technologies • Studies of feasibility to commercialize CCUS • Expansion of JGreeX™ supply capacity • Lobbying to create demand for steel with environmental value • Collaboration with other companies in the Japan Iron and Steel Federation to promote steel with environmental value	Increase in sales of steel with added environmental value	Up to +¥150 billion per year
			Transition risks ↘	Increase in investment to introduce ultra innovative technologies such as EAF	• Reinforcement of the earnings base • Secure funding for investments and technology development • Lobbying for government support • Expansion of JGreeX™ sales	Amount of GX-related investment for 2025–2035	Approx. –¥0.6 trillion
		Implementation of carbon pricing	Transition risks ↘	• Increased financial burden due to the purchase of emission allowances and an increased burden of compliance requirements due to strengthened regulation • Decline in sales volume to Europe	• Ensuring full compliance with environmental regulations • Establishment of reliable carbon-neutral technologies • Policy engagement toward achieving carbon neutrality	Increased costs burdens resulting from the introduction of systems such as GX-ETS*2 and EU-CBAM, and a decline in sales to Europe	Up to about –¥10 billion per year

*1 Financial impact is solely an estimated figure based on scenario analysis and does not represent actual business performance.

*2 The GX-ETS figure is calculated based on the assumption that 1% of emissions were not met.

Strategies by Function (Initiatives to Achieve Environmental Sustainability)

(Continued)

Important factor	Societal Changes	Opportunities / Risks		Expectations and Concerns of Stakeholders toward the JFE Group	Strategies and Initiatives	Financial Impact (2030–2035 assumptions)*1	
						Item	Amount / scale
1.5°C scenario (2) Increase in demand for the effective utilization of steel scrap	Increased attention on EAF process for low CO_2 emissions	Higher competition and prices for cold iron sources (scrap/direct-reduced iron)	Transition risks	Increase in the cost of purchasing cold iron sources	• Collaboration with customers and users for scrap collection • Establishment of technologies for use of low-grade and difficult-to-use scrap • Participation in direct-reduced iron projects • Expansion of scrap handling volume • Reduction of manufacturing costs • Passing higher costs onto steel sales prices	Increase in purchase cost for cold iron sources	Up to about ¥30 billion per year
		Stronger demand for electric power due to shift from BF-BOF process to EAF process	Transition risks	Increase in electric power used when manufacturing steel (increase in power used, decrease in byproduct gases)	• Reduction of manufacturing costs • Passing higher costs onto steel sales prices • Lobbying related to prices and stable supply of electric power	Increase in manufacturing costs due to process transition (equivalent to 0.5 nuclear power plants' worth of additional electricity usage)	Up to about ¥50 billion per year
1.5°C scenario (3) Change in demand for steel for automotive use	Change in demand for automobiles	Changes in product sales mix due to EV production	Opportunities	Increase in sales volume of electrical steel as material for EV motors	• Expansion of production facilities for electrical steel sheets • Establishment of a global processing and distribution system for electrical steel sheets	Increase in sales of electrical steel sheets	Tripling of production capacity for top-grade non-oriented electrical steel sheets for EV main drive motors (compared to FY2024)
			Opportunities	Increase in sales volume of high-strength steel to improve vehicle crash safety	• Increase in production capacity for ultra-high-strength steel sheets	Increase in sales due to expanded orders for ultra-high-strength steel sheets	New CGL capacity for manufacturing ultra-high-strength automotive steel sheets +360,000 tonnes
			Transition risks	Decrease in steel sales volume due to decline in internal combustion engines and shift to other materials through use of multi-materials	• Development of high-performance products	Decrease in sales of conventional automotive steel sheets	Small impact
1.5°C scenario (4) Increase in demand for solutions promoting decarbonization	Transition to decarbonized society	Expansion of business opportunities in decarbonization and solutions business	Opportunities	Expansion of renewable energy-related business	• Expansion of integrated construction and operation businesses for renewable energy plants (offshore wind, geothermal, solar, etc.) • Development and application of CCUS solutions and commercialization of technologies related to green hydrogen and ammonia	Increase in segment profit in the engineering business's CN-related fields	Approx. ¥31 billion/year
			Opportunities	Expansion of the waste-to-resource-related business	• Expansion of integrated construction and operation businesses for plants that thoroughly utilize waste (waste-to-energy power generation, recycling, etc.)	Increase in segment profit in the engineering business's WtR-related fields	Approx. ¥37 billion/year
			Opportunities	Expansion of low-carbon business (ecosolutions) as cutting-edge energy conservation technologies developed and commercialized in Japan are offered to emerging countries	• Support for low-carbon steel manufacturing technology	Increase in sales in the overseas solutions business	Tens of billions of yen
4°C scenario (5) Unstable procurement of raw materials due to increased frequency of climate disasters	Intensifying climate disasters alongside global warming	Instability in raw material procurement	Physical risks	• Reduction in sales due to decreases in production • Increase in raw material costs	• Alternative procurement, diversification of raw material sources, and stockpiling • Acquisition of raw material interests	Decrease in sales of steel due to depletion of raw material inventories	Approx. –¥30 billion per year per 1% decrease in annual sales volume
4°C scenario (6) Damages to business bases due to climate disaster	Intensifying climate disasters alongside global warming	Occurrence of typhoon, heavy rain, and drought damage at manufacturing sites	Physical risks	Reduction in sales due to decreases in production	• Implementation of flood and drought countermeasures at manufacturing sites	Negative impact of flooding and drought on production and sales	No impact due to countermeasures in place
4°C scenario (7) Resilience to physical risks	Intensifying climate disasters alongside global warming	Strengthening of infrastructure and disaster countermeasures	Opportunities	Contributing to improved resilience and longevity of infrastructure	• Strengthening of businesses to meet needs for improving resilience and longevity of domestic and international infrastructure • Increase in sales of infrastructure-related steel products	Increase in segment profit in infrastructure field of the engineering business	Further increase from around ¥12 billion/year under a 1.5°C scenario

*1 Financial impact is solely an estimated figure based on scenario analysis and does not represent actual business performance.

*2 The GX-ETS figure is calculated based on the assumption that 1% of emissions were not met.

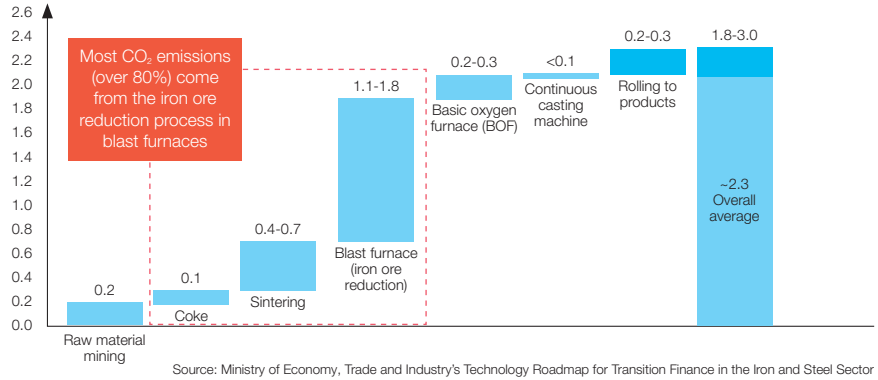


Carbon Recycling Blast Furnaces: Advantages and Challenges

Features

- The blast furnace (BF) and basic oxygen furnace (BOF) process enables the highly efficient mass production of high-quality, high-performance steel. Approx. 80% of CO_2 emissions in the steel manufacturing process are from the iron ore reduction process in blast furnaces.
- Carbon recycling blast furnaces convert the emitted CO_2 into methane and recycle it as a reductant, significantly reducing the use of coke.
- We pursue carbon neutrality utilizing CCUS.

Ratio of CO_2 emissions from steel manufacturing processes (t-CO_2/t-crude steel)



Source: Ministry of Economy, Trade and Industry's Technology Roadmap for Transition Finance in the Iron and Steel Sector

Challenges

- Strive to develop the world's first technology to reduce CO_2 emissions by injecting large amounts of methane along with oxygen blown into a blast furnace
- Strive to develop the world's first integrated operation with large-scale methanation facilities

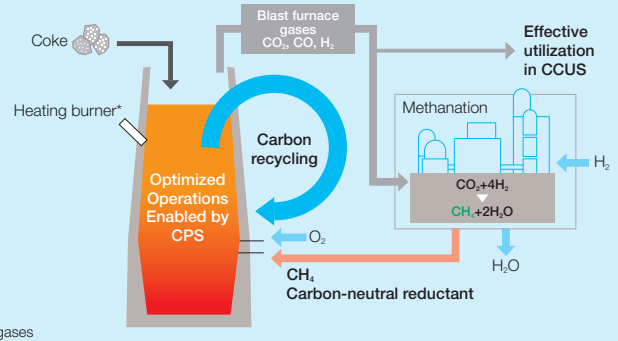
Advantages

- Highly efficient production, equal to that of conventional blast furnaces
- High-quality, high-performance steel manufacturing equivalent to that of conventional blast furnaces
- Most existing facilities can still be used
- Low-grade iron ore can be used

External hydrogen is used to convert CO_2 contained in gas emissions into methane, which is then blown into blast furnaces, significantly reducing CO_2 generated.

Technology

Carbon Recycling Blast Furnace Systems and Initiatives



* Uses circulating gases

Development currently underway with funding from the "Green Innovation (GI) Fund Project" under "Hydrogen Utilization in Iron and Steelmaking Processes," commissioned by NEDO.

Progress

- The start-up of the small-scale (150 m^3) carbon recycling test blast furnace at the East Japan Works (Chiba District) was completed in May 2025. Technical verification through demonstration operations is currently underway.
- While advancing demonstrations on the integrated operation between oxygen blast furnace and/or blast furnace and methanation facilities, we are exploring options for future scaling up.

Target

- Develop technologies to reduce CO_2 emissions from the steelmaking process by 50% in the blast furnace method through an integrated approach combining all available decarbonization technologies.
- Maintain stable operations through the utilization of Cyber-Physical System (CPS) technologies that optimize operations by continuously analyzing and feeding back sensor data.
- Ultimately achieve carbon neutrality by combining it with CCUS technologies.

Strategies by Function (Initiatives to Achieve Environmental Sustainability)

Innovative Electric Arc Furnaces: Advantages and Challenges of Large, High-Efficiency EAFs

Large-scale investment in process conversion to reduce GHGs **30%** or more by FY2030

Features

- CO_2 emissions from the electric arc furnace (EAF) method are roughly a quarter of those generated by the blast furnace (BF) and basic oxygen furnace (BOF) process, but challenges with production capacity and product quality remain.
- Innovative EAFs can produce high-quality, high-performance steel for the manufacturing industry (e.g. for vehicles, ships, energy facilities, and construction) equivalent to that of blast furnaces.
- We aim to achieve zero CO_2 emissions by utilizing hydrogen reduced iron and decarbonized electric power in the near future.

Challenges

- Developing high-speed, high-efficiency melting technology for use in electric arc furnaces
- Developing technology to remove and neutralize impurities from scrap and direct reduced iron

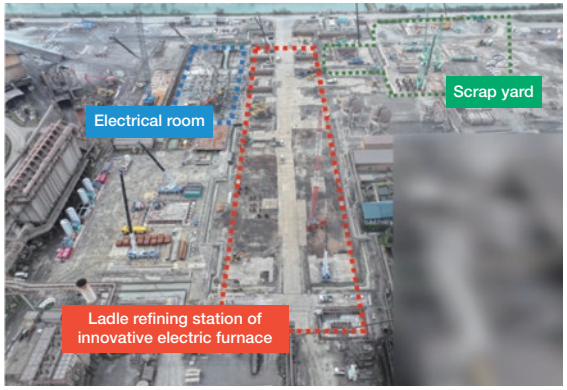
Advantages

- We can introduce innovative EAFs to replace blast furnaces faster than our competitors.
- We can solve issues by applying the processing technologies we have cultivated to date.

Progress

- Following the April 2025 subsidy approval*, we removed existing equipment and began installation of foundation piles in late October 2025.
- Through testing with existing electric arc furnaces and demonstration furnaces, we are on track to develop high-quality, high-efficiency technologies.
- Going forward, we will transition to engineering work aimed at implementing these technologies in innovative electric arc furnaces and moving toward line production.

* Support Program for Energy and Manufacturing Process Transformation in hard-to-abate (HTA) Industries

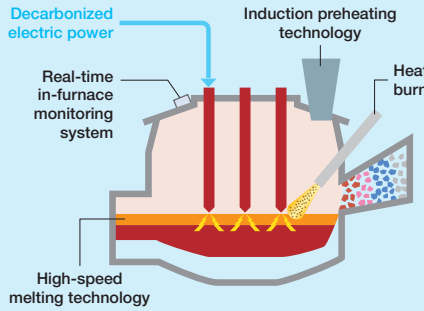


Construction progress as of April 2026

Building a mass production system for high-quality, high-performance GX steel produced from innovative EAFs

Technology

Introducing an innovative EAF to the West Japan Works (Kurashiki district)



Investment size	¥329.4 billion (Of this amount, the maximum government support is 104.5 billion yen. The self-financed portion will be covered by Japan's first transition loan, which was secured in March 2026 through the GX Acceleration Agency's debt guarantee program and other mechanisms.)
Investment details	Innovative EAF, external refining facilities, cold iron logistics facilities, seawall upgrades, power distribution facilities, etc.
Production capacity	Approx. 2 million tonnes/year
Production start	FY2028 Q1
GHG reduction effects	Approx. 2.6 million tonnes/year

- A formal decision was made in April 2025 to introduce the EAF to the West Japan Works (Kurashiki district) following a decision to authorize the Support Program for Energy and Manufacturing Process Transformation in hard-to-abate (HTA) Industries (Project I: Steel), which is a government support measure utilizing GX economy transition bonds.
- We plan to partially implement the technology developed under "Hydrogen Utilization in Iron and Steelmaking Processes" of the "Green Innovation (GI) Fund Project," commissioned by NEDO.

Target

- Establishing highly efficient melting technology and high-quality, high-performance steel manufacturing technology using the EAF method

Strategies by Function (Initiatives to Achieve Environmental Sustainability)

Pioneering the GX steel market

Basic approach

The JFE Group positions climate change as an important management issue and has formulated the Environmental Management Vision 2050 with the aim of achieving carbon neutrality by 2050. To achieve these goals, JFE Steel is striving to introduce innovative technologies and expand the GX steel supply. Support from government industrial policies and social collaboration are indispensable to these efforts, and the Company is proactively providing policy recommendations, both individually and through industry organizations. In particular, through recommendations related to GX and energy policies, we are contributing to the realization of a sustainable society. In addition, when participating in industry organizations and initiatives, the Group regularly affirms its policies and positions then makes revisions as necessary. GX initiatives are steered by JFE Steel's GX Strategy Headquarters, while key decisions are deliberated and finalized by the Group Management Strategy Committee and the Board of Directors.

GX steel* "JGreeX™" supply

Starting in 2023, JFE Steel began supplying GX Steel "JGreeX™", which significantly reduces GHG emissions in the steel manufacturing process compared to conventional products. JGreeX™ is achieved by allocating verified GHG emission reduction generated through the company's technologies to any steel product. By supplying this steel, which incorporates verified GHG emission reduction and offers high environmental value, we contribute customers to reduce their GHG emissions related to steel use.

* GX steel is defined in the Japan Iron and Steel Federation's GX Steel Guidelines as "Green Steel for GX," as specified in the summary report of the "Study Group on Green Steel for GX" convened by the Ministry of Economy, Trade and Industry in January 2025.

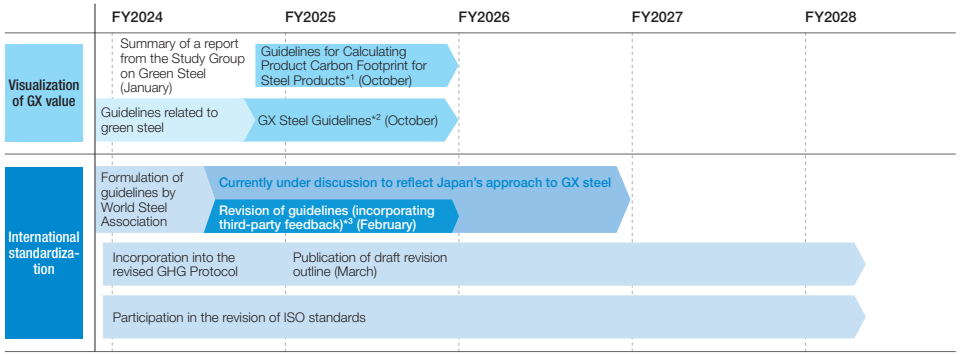
Expanding GX steel demand

- To achieve carbon neutrality by 2050, amid efforts to reduce carbon in the economy and society, we will convert high-quality steel to GX steel, seeking to enhance competitive advantage throughout the supply chain.
- In fiscal 2024, we expanded use of JGreeX™ into every field by stimulating demand for GX steel. Sales volume for fiscal 2025 met the KPI.
- In addition to being eligible for government priority procurement under the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities and CEV subsidies to promote vehicle adoption, our efforts also qualify for pilot projects in public works, the Net Zero Energy Building (ZEB) Demonstration Project run by the Ministry of the Environment, and the funding program for the adoption of zero-emission ships. These measures are designed to stimulate demand.
- We will steadily reduce GHGs in the steel business. We aim to expand the supply capacity of GX steel to 3 million tonnes/year by fiscal 2030.



GX steel standardization initiatives

- October 2025: As a member of the Japan Iron and Steel Federation, formulated the Guidelines for Calculating Product Carbon Footprint for Steel Products*1 and the GX Steel Guidelines*2.
- Revised the World Steel Association guidelines*3 (incorporating third-party feedback). Discussions are ongoing to reflect Japan's GX steel approach.
- Working toward ISO standardization and incorporation into the GHG Protocol to lay the groundwork for international standardization.



*1 https://www.jisf.or.jp/business/ondanka/kouken/greensteel/documents/steelcfpguideline_final.pdf (Japanese only)
*2 https://www.jisf.or.jp/business/ondanka/kouken/greensteel/documents/GXSteelGuidelinev4.1_translation_May2026.pdf
*3 Guidelines for GHG accounting when using chain of custody approaches in the steel industry
https://worldsteel.org/wp-content/uploads/worldsteel-chain-of-custody-guidelines_Version-1.2_Feb2026_FINAL-1.pdf

Strategies by Function (Initiatives to Achieve Environmental Sustainability)

GX strategy aligned with policy

Examples of main lobbying activities and results

The JFE Group is contributing to the realization of a carbon-neutral society by advancing the development of ultra-innovative technologies and the transformation of the steelmaking process. At the same time, it is actively engaging in policy formation to enhance the sustainability of society as a whole. In particular, we hope to accelerate decarbonization and industrial competitiveness through constructive lobbying efforts that reflect the realities of the industry regarding national strategies such as GX and energy policies and by ensuring their inclusion in institutional design.



Hiroyuki Tezuka
JFE Steel Fellow

Source: World Steel Association

Main activities	Contents	Results
R&D support selected in January 2022	The conventional blast furnace method cannot avoid emitting CO_2 from coal, and a fundamental technology conversion is needed. Japan's steel industry has striven to develop iron ore reduction technologies using hydrogen. For practical application, we will need to conduct tests at pilot facilities and establish technologies to achieve further emission reductions. Raw material restrictions and CO_2 emissions also pose issues to electric arc furnaces and direct reduction technologies. Solving these issues requires R&D, so we applied to the GI Fund project.	JFE Steel formed a consortium with Nippon Steel, Kobe Steel, and the Japan Research and Development Center and jointly accepted a contract for a project to utilize hydrogen in steelmaking processes (GREINS). The four companies will all together receive support of around ¥439.2 billion and are promoting efforts toward achieving carbon neutrality by 2050.
Eighth GX Implementation Council held in November 2023	JFE Holdings President Yoshihisa Kitano (then President of JFE Steel and Chairman of the Japan Iron and Steel Federation) presented initiatives aimed at achieving carbon neutrality in Japan's steel industry. Regarding the necessity of government support, he recommended supporting investment in revolutionary technologies, addressing power and fuel costs, stimulating demand for green steel, and establishing infrastructure (electric power, hydrogen, CCS).	In October 2024, as a project to convert the energy and manufacturing processes in industries where reducing emissions is difficult, support was introduced for the installation of innovative electric arc furnaces. The GX 2040 Vision, which was decided on at a Cabinet meeting in February 2025, includes policies such as support for the procurement and purchase of GX products.
56th Advisory Committee for Natural Resources and Energy - Strategic Policy Committee held in June 2024	Regarding issues related to decarbonization for JFE Steel, JFE Holdings President Yoshihisa Kitano emphasized the necessity of government support related to introducing innovative electric arc furnaces, encouraging the widespread adoption of green steel, upgrading and rebuilding electricity transmission infrastructure, securing a stable supply structure for decarbonized power sources, upgrading non-fossil fuel infrastructure, and promoting a GX national strategy.	The Seventh Strategic Energy Plan, which was decided on at a Cabinet meeting in February 2025, clearly outlines the necessity of securing supply capacity, upgrading power grids (expanding local core grids), upgrading non-fossil fuel infrastructure, and providing support for introducing decarbonization technologies, and then reflects them in policy formation.
Working Group on Carbon Pricing toward GX held in September 2024	At the first meeting, Hiroyuki Tezuka, a Fellow at JFE Steel, presented his views on designing the GX-ETS system based on the realities of the steel industry. He explained the industry's unique characteristics, including high marginal abatement costs and the need for long-term technological development, and emphasized the importance of maintaining international competitiveness and creating a market for GX products.	Based on this working group's summary of key issues, the GX-ETS system design incorporates sector-specific characteristics. Additionally, the steel industry's proposals, such as system design measures to encourage GX investment, have been integrated into the system design process.
Study Group on Green Steel for GX held in November 2024	JFE Steel Fellow Hiroyuki Tezuka emphasized the importance of green steel, the status of rule formulation both domestically and internationally, and policy recommendation activities at COP29. He emphasized the importance of calculating the environmental value of reduction results.	The study group clarified the definition of green steel for GX promotion. For steel products that reflect the value of reduced emissions in steelmaking processes, they also clarified the policies such as priority procurement and purchase support from the government.
Issuance of capital investment support decided in April 2025	JFE Steel has consistently highlighted the need for large-scale investment to apply decarbonization technologies and the difficulty of private sector decisions.	The government founded a project to support the conversion of energy and manufacturing processes in industries where reducing emissions is difficult. The Company's plan to introduce revolutionary electric arc furnaces was selected by that project, and it was decided that the plan would receive a maximum of ¥104.5 billion in support out of the total investment of ¥329.4 billion. We are now constructing the furnace and aim to launch operations in the first quarter of FY2028.
Establishment of GX Steel Guidelines in October 2025	At the "Green Steel Study Group for Promoting GX," organized by the Ministry of Economy, Trade and Industry, "Green Steel for Promoting GX" was designated as eligible for government support aimed at increasing demand. The following three guidelines have been established based on this designation: • Guidelines for Calculating Product Carbon Footprint for Steel Products • GX Steel Guidelines (formerly: "Guidelines on Green Steel") • Guidelines for Calculating the Carbon Footprint of Steel Produced Using Non-Fossil Electricity	Starting in FY2025, GX steel has been incorporated into the government's priority procurement program under the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and has been included in the CEV subsidies to promote vehicle adoption. Starting in FY2026, GX steel has been included in pilot projects utilizing it in public works, the Ministry of the Environment's ZEB Demonstration Project, and also the funding program for the adoption of zero-emission ships.

Evaluation related to major organizations we have joined

We evaluated the consistency of the main recommendations and activities published by each organization with JFE Group's aforementioned views and stances. As a result, we confirmed that the policies, stances, and policy recommendations clarified by each organization are aligned with the Group's views and stances. Going forward, we will continue to encourage constructive dialogue and exchanges of opinions with these organizations to ensure that the Group's views and stances are reflected in the activities conducted by the organizations we belong to as members.

Organization name	GX policy	Energy policy	Carbon pricing	GX product market creation
Japan Iron and Steel Federation	Aligned	Aligned	Aligned	Aligned
World Steel Association	Aligned	Aligned	Aligned	Aligned
Keidanren (Japan Business Federation)	Aligned	Aligned	Aligned	Aligned

DX Strategy

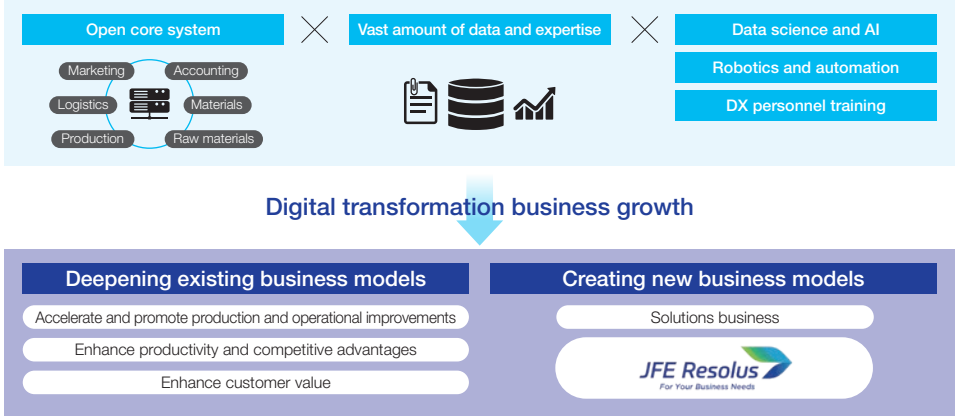
JFE Group's DX Strategy and Eighth Medium-term Business Plan Initiatives

We are promoting DX with the operational data and know-how accumulated across a wide range of business fields throughout our long history as well as the core systems we migrated to open architecture ahead of our peers. Under the Eighth Medium-term Business Plan, we plan to invest ¥110 billion in DX, and the measures at each Group company are proceeding according to plan.

Noteworthy DX Companies 2026 Digital Transformation

DX REPORT
https://www.jfe-holdings.co.jp/en/investor/library/dxreport/

DX Policy



JFE Group's Cybersecurity

The JFE Group positions cybersecurity as a material issue that goes hand in hand with DX promotion. We are working to strengthen the entire organization against increasingly advanced and sophisticated threats by standardizing regulations, audits, IT measures, and incident responses across the Group.

Furthermore, we are introducing zero trust security measures, strengthening cyber BCP,* and recruiting and developing advanced security professionals with the aim of further enhancing the security level of the entire Group.

* Cyber BCP: Business continuity plans preparing for cyberattacks

Speeding up management and enhancing productivity using AI

In addition to our existing DX strategy, we are promoting the use of AI. With the overarching aim of creating customer value, we are working to speed up management decision-making by introducing AI agents and to achieve revolutionary productivity improvements using AI, including physical AI.

JFE Steel's use of generative AI

JFE Steel has established a generative AI platform and is working to enhance operational efficiency and improve management decision-making. The company expects registered Copilot licenses to reach 5,600 in fiscal 2026, with individual-level use proceeding apace. AI agent development is also accelerating. Agents are being developed and deployed to address over 50 issues, including capital investment decisions and assessments of deals in the sales department, and JFE Steel has even begun using them in fields related to management decisions. In addition, the company is independently building AI-driven systems that index and utilize the tacit knowledge of veteran employees, and we will continue expanding the scope of autonomous business execution this enables.

JFE Engineering's use of generative AI

JFE Engineering positions generative AI at the core of its operational reforms and has expanded the number of users of its company-wide generative AI service Pla'cello xChat™ (released September 2023) to approximately 3,000 users, or about 55% of all employees. In its mainstay plant business, the company uses the service to power a chatbot that rapidly identifies pertinent information from voluminous equipment instruction manuals, which helps to enhance the quality and efficiency of frontline responses.



Instruction manual | Pla'cello xChat™ | Chatbot

JFE Shoji: Overhauling core systems based on the transformation of operational processes

In fiscal 2025, JFE Shoji launched the Operational Process Overhaul Team. To visualize current operations, the team organized company-wide transactions into a total of 425 patterns and identified a total of 2,246 issues. In fiscal 2026, the company is steadily carrying out the transformation of operational processes (As-Is → To-Be) and has begun to create a system with an eye toward becoming AI-ready.

Questions from investors Steel

Driving further transformation of operations following core system overhaul, and advancing to management transformation



Keiichiro Nishi
Senior Vice President,
Head of Steelworks Business
Process Innovation Team
Head of Management
Transformation Team
JFE Steel

Timeline of the modernization of core systems to open architecture

–2015 **Before the overhaul: Black-box system / limited data utilization / technological limits of the mainframe**

2016 **Constructed J-OSCloud**
- Built a platform as a base for DX promotion / secure, flexible, and highly scalable

Began the project to overhaul the core systems of steelworks
- Ahead of the warning sounded in the DX Report, began to migrate a massive system comprising around 200 million steps to a completely open architecture

2018 **Japan's Ministry of Economy, Trade and Industry (METI) announced the 2025 digital cliff issue in its DX Report***
- This refers to the impact on business continuity from failing to address aging systems
- To respond to rapidly changing business needs, METI warned that companies are required to migrate to environments capable of adopting new technologies

2025 **Completed the project to overhaul the core systems of steelworks**
- Completed full migration of core systems to an open environment before the 2025 digital cliff

2026 **Accelerating DX using the massive amount of data from open core systems**
- Accelerating data utilization using AI and other technologies and sustainably enhancing corporate value by improving operations and speeding up management decision-making
- Rolling out system overhaul support as a new product in the lineup of our JFE Resolus™ solutions business brand

* DX Report—Overcoming the 2025 digital cliff for IT systems and fully deploying DX
https://www.meti.go.jp/policy/it_policy/dx/20180907_01.pdf (Japanese only)

Our overhaul of core systems won the Grand Prix at IT Japan Award 2026 in recognition of completing one of the nation's largest and most challenging projects ahead of schedule.

Q1 I would like to hear more about the significance of completing the overhaul of core systems. How will you realize the benefits of this investment?

A1 The term DX began spreading throughout Japan due in part to the DX Report issued by METI in 2018. The report also warned about the issues posed by increasingly complex and aging IT systems, dubbing the problem as "the 2025 digital cliff."

At JFE Steel, we made overcoming the challenging problem of the 2025 digital cliff a pillar of our DX strategy, and tackled the overhaul of core systems head on. In the short period of just five years and two months, we successfully completed the modernization, comprising around 200 million steps, of the massive core systems of all our steelworks to an open environment. We successfully preserved the manufacturing know-how accumulated over many years for the future.

This effort freed us from legacy system issues, enabling us to install new equipment and undertake structural reforms. Going forward, we will strive to cut costs and reform operations by significantly enhancing productivity in system development and maintenance, thereby strengthening our competitive advantage and improving profitability.

Furthermore, we provide other companies with the experience and know-how that we accumulated through our solutions business.

Q2 How will DX contribute to management transformation?

A2 Through the process of overhauling core systems, we thoroughly visualized the operational processes of steelworks.

As a result, the inefficiencies and redundancies of our operations became apparent, and we were able to streamline operations thoroughly. This effort was the driving force that enabled us to complete the overhaul of core systems two years ahead of our initial plans. We are now applying this method to company-wide business transformation. We are reevaluating our operations, and integrating the resulting improvements. Through this activity, we have begun to see more clearly the need to simplify our organizational decision-making and consensus building processes. Starting this fiscal year, we established an organization dedicated to management transformation and began working to transform our corporate culture.

JFE's DX efforts go beyond just introducing digital technologies and instead aim to reorganize the operations themselves.

Q3 Can you tell us about your AI use policy moving forward?

A3 AI capabilities are advancing at a remarkable pace, and we will continue to make full use of them. Many JFE Steel employees have already achieved results in enhancing efficiency and productivity in daily operations. The President and other upper management members utilize AI themselves and have expanded its use to management areas, such as faster and more sophisticated decision-making. We have promoted the introduction of automated devices at manufacturing sites over many years and have begun working to generate significant value through, for example, the evolution of these devices into physical AI to optimize and enhance production and reduce costs. Other material issues include building secure platforms for AI use and establishing governance over its operation. We will continue promoting the application of AI to address the threats of cybersecurity, which have proliferated in recent years.

Intellectual Property Strategy

Securing and utilizing intellectual property as a source of competitive advantage

Under the corporate vision of "contributing to society with the world's most innovative technology," the JFE Group engages in highly creative research and development. The advanced technologies and products that result from this R&D are a source of its competitive advantage and constitute vital management resources for achieving sustainable growth. To maximize their value, we are committed to appropriately securing, strategically protecting, and utilizing these innovations as intellectual property (IP).

JFE Steel's intellectual property strategy aligns with Japan's Standardization Acceleration Model, promoted by the Ministry of Economy, Trade and Industry. From the early stages of R&D, JFE Steel integrates IP acquisition and international standardization. By combining open and closed strategies, the company helps shape market rules while protecting the technologies that differentiate its products. This is the basic framework of our IP strategy. More specifically, open strategy involves taking a leading role in establishing common industry rules through international standardization. In contrast, JFE Steel utilizes a closed strategy to secure patents for high-value-added products and advanced technologies that create barriers to entry and sustain competitive advantage. Through these efforts, the company's patent portfolio remains among the steel industry's leaders, both qualitatively and quantitatively.

Strengthening foreign patent filings is a central part of this strategy. As JFE Steel expands its overseas business, it is shifting from a portfolio focused primarily on Japan to one designed with global markets in mind.

In patenting advanced technologies and other innovations, JFE Steel emphasizes both scale and speed. The company strategically concentrates its IP rights in technology fields where JFE Steel is competitive by prioritizing areas based on its business models and the importance of each region. As a result, foreign patent filings in fiscal 2025 rose to 107% of the fiscal 2024 level, and JFE Steel plans to increase them to 114% of the fiscal 2024 level in fiscal 2026.

Alongside its integrated approach to IP strategy and international standardization, JFE Steel is pursuing other ways to create value from its IP. These include using IP landscape analysis*1 to identify competitors and market opportunities, and monetizing IP through JFE Resolus™, its solutions business brand.

Looking ahead, JFE Steel will further align its IP activities with its business and R&D strategies. By swiftly securing rights to advanced technologies and taking a leading role in developing global standards, we will build a robust IP foundation that supports sustainable growth.

*1 IP landscape analysis: A method of examining and analyzing IP held within and outside a company, then combining the findings with market and company information to inform IP and business strategies.

Initiatives in International Rule-Making and Standardization

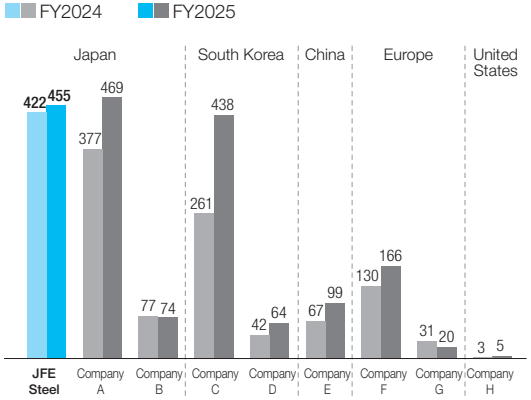
JFE Steel actively participates in the formation of international rules and standards that are essential for the steel industry. It also promotes these activities as a member of the Japan Iron and Steel Federation, an accredited industrial standards development organization. Recently, Japan has taken on the role of chair and secretariat country for the Environmental Subcommittee*2, which was established at Japan's proposal under ISO/TC 17 (Steel). By transcending corporate boundaries, JFE Steel is involved in developing standards and exploring how they can be used to create markets.*3 In addition, a JFE Steel employee chairs the subcommittee on chemical composition analysis*4 and leads efforts to build consensus on international standards by coordinating the views of participating countries. JFE Steel also develops differentiated technologies and secures appropriate IP rights. In collaboration with the Chief Standardization Officer (CSO), the company integrates standardization and IP strategies with its business strategy from the R&D stage, aiming to contribute to the industry while securing competitive advantage.

*2 ISO/TC 17/SC 21 (Environment related to climate change in the iron and steel industry): A subcommittee that develops international standards concerning the environmental impact assessment of steel products and the calculation of greenhouse gas emissions, among other topics.

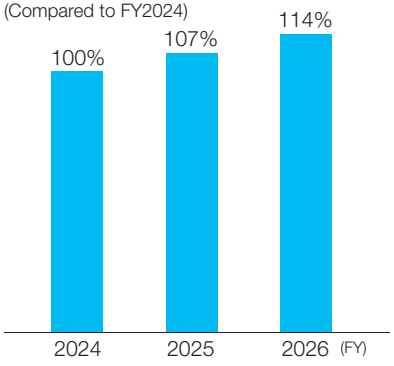
*3 International industry standardization activities (Japan Iron and Steel Federation) (➡ **p. 62 Pioneering the GX steel market**)
Please refer to the Global Actions to Address Global Warming section of the JFE Group Sustainability Report.
https://www.jfe-holdings.co.jp/en/sustainability/environment/climate/steel_industry_efforts/

*4 ISO/TC 17/SC 1 (Methods of determination of chemical composition): A subcommittee that develops international standards for methods of determining the chemical composition of steel products.

Number of PCT*5 publications



Increase in new foreign patent publications
(Compared to FY2024)



*5 International patent applications made under the Patent Cooperation Treaty (PCT)

Strategies by Function (Intellectual Property Strategy)

Results of the JFE Group's IP Activities

The JFE Group regards intellectual property as a vital management resource that supports business growth and pursues IP activities that align with its R&D and business strategies. These efforts have earned strong recognition both in Japan and globally.

JFE Holdings, Inc. was named in LexisNexis's Innovation Momentum 2026: The Global Top 100 for the second consecutive year, making it one of seven Japanese companies selected. The award recognizes 100 innovative companies leading the future of science and technology worldwide. It evaluates the competitive strength of their patent portfolios based on patent value, as well as the rate and scale of change in those portfolios over the preceding two years. JFE was highly rated for the consistent, long-term growth of both its Patent Asset Index (patent volume) and Competitive Impact (patent value). The recognition particularly reflects the strength of JFE Steel's technological innovation and IP strategy, while also demonstrating the global recognition earned by the JFE Group's IP activities.

JFE Steel ranked first in the steel, non-ferrous metals, and metal products category of Patent Asset Scale Ranking 2025 (published by Patent Result Co., Ltd.) for the second consecutive year. The asset value per patent was also substantially higher than that of its competitors, demonstrating the results of its efforts to file applications for valuable inventions and secure patent rights. JFE Steel also received a Commissioner of the Japan Patent Office Award in the patent utilization category of the fiscal 2026 Intellectual Property Achievement Awards. The award recognized its use of IP, not merely for protection, but as a strategic resource to create business through its solutions business, JFE Resolus™.

Through these initiatives, the JFE Group is steadily strengthening its management foundation, with IP strategy and international standardization working in tandem. Going forward, we will make more strategic use of our intangible assets to enhance corporate value over the medium to long term.

Steel, Non-Ferrous Metals, and Metal Products
Patent Asset Scale Ranking 2025

Ranking	Company name	Patent asset scale (pt)	Number of Patents	Asset value per patent (pt)
1	**JFE Steel**	**37,617.4**	**817**	**46.0**
2	Nippon Steel	28,698.8	919	31.2
3	Sumitomo Electric Industries	27,409.4	786	34.9
4	Furukawa Electric	12,406.6	414	30.0
5	Proterial	8,028.2	254	31.6



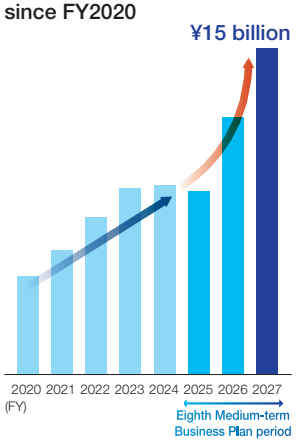
For awards related to technologies, product development, and other areas in fiscal 2025, please see the JFE Group Sustainability Report.
https://www.jfe-holdings.co.jp/en/sustainability/evaluation/award/

Promoting the JFE Resolus™ solutions business brand

JFE Steel strategically puts its IP to work as a management resource for business creation and revenue generation through its solutions business brand. JFE Resolus™ brings together the diverse manufacturing technologies and know-how JFE Steel has amassed in the development of steel-related technologies, combining them into comprehensive solutions to benefit a broad range of customers. This new business model helps customers solve challenges at their manufacturing sites and create new value.

The business has expanded beyond the partner companies and the scope of its services, which were previously limited to partner companies, and its revenue is steadily growing. Compared with fiscal 2020, profit of solution business doubled in fiscal 2023 and more than tripled in fiscal 2025. The JFE Group continues to pursue further profit of solution business growth. To achieve this goal, we are focusing on the following initiatives.

Solutions business profit has more than doubled since FY2020



- Proposing solutions for new projects that will improve profitability and expand the business of existing customers
- Identifying target industries through needs assessments, new customer discovery, and strengthened outreach
- Identifying promising technologies through IP landscape analysis and other methods
- Accelerating commercialization by strengthening internal collaboration
- Strengthening sales and distribution through closer collaboration with Group companies, and adding value through solution packaging
- Promoting the business internally and externally through websites, exhibitions, webinars, email newsletters, and other channels



Through these initiatives, the number of technologies featured on the JFE Resolus™ website has exceeded 200. Inquiries are increasing from Europe, the Americas, and countries across Asia, as well as from Japan, and sales are steadily growing.

JFE Resolus™ solutions business recognized with an Intellectual Property Achievement Award
Futoshi Yasuda, Deputy Commissioner of the Japan Patent Office (left), and Iwao Okochi, Senior Vice President of JFE Steel (right).

For information on the JFE Resolus solutions business, visit:
https://www.jfe-steel.co.jp/en/products/solution/

The Business Foundation Supporting Our Corporate Value

Leadership

Inside Directors (as of July 1, 2026)

Directors



Nomination Committee Member
Remuneration Committee Member

Yoshihisa Kitano
Representative Director
President and CEO
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 a corporate officer, such as supervision of steelworks and overseas business, corporate planning, and IT in JFE Steel Corporation.



Nomination Committee Member

Masayuki Hirose
Representative Director
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 a corporate officer in management divisions, such as corporate planning, general administration, and procurement.



Newly appointed
Remuneration Committee Member

Toshihiro Tanaka
Representative Director
Executive Vice President
Date of birth: January 27, 1963

1986 Joined NKK Corporation
2026 Representative Director, Executive Vice President of JFE Holdings, Inc. (current post), Director of JFE Steel Corporation (current post)

Mr. Tanaka has abundant experience and knowledge required for finance and accounting, which he has accumulated through his experience in corporate planning and accounting/finance at JFE Steel, as well as his role as an executive officer overseeing management control, accounting, and finance at the Group companies. He also has abundant experience and knowledge required for management of the Group, which he has accumulated through management control functions such as corporate planning, finance, and investor relations at JFE Holdings and through his experience as a part-time director at JFE Engineering and JFE Shoji.



Kazuyoshi Fukuda
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 a corporate officer in promoting the recycling business and supervising overseas businesses.



Yoshifumi Ubagai
Date of birth: March 4, 1965

1987 Joined Kawasaki Steel Corporation
2025 Representative Director, President and CEO of JFE Shoji Corporation (current post), Director of JFE Holdings, Inc. (current post)

Mr. Ubagai 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 the Group companies, and execution of duties as a corporate officer in the administration and sales departments.

Directors (Audit & Supervisory Committee Members)



Nobuya Hara
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.
2025 Director (Audit & Supervisory Committee 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
Date of birth: May 2, 1968

1991 Joined NKK Corporation
2022 Audit & Supervisory Board Member of JFE Holdings, Inc., Audit & Supervisory Board Member of JFE Engineering Corporation (current post), Audit & Supervisory Board Member of JFE Shoji Corporation (current post)
2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (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 U.S. state of New York. 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.

The Business Foundation Supporting Our Corporate Value

Outside Directors (as of July 1, 2026)

Directors



Independent Director
Nomination Committee Member

Yoshiko Ando

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.



Independent Director
Chairperson of Nomination Committee
Remuneration Committee Member

Takuya Shimamura

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.
Jun. 2022 Audit & Supervisory Board Member of JFE Holdings, Inc.
Jun. 2025 Director of JFE Holdings, Inc. (current post)
Mar. 2026 Senior Fellow of AGC Inc. (current post)

Significant concurrent posts
- Outside Director of EBARA CORPORATION



Independent Director
Chairperson of Remuneration Committee

Keiichi Kobayashi

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.
Jun. 2024 Director of JFE Holdings, Inc. (current post)
Jun. 2026 Executive Ambassador of Furukawa Electric Co., Ltd (current post)

Significant concurrent posts
- Outside Director of NTT DATA Japan Corporation
- Outside Director of Toray Industries, Inc.

Please see p.72 for skill matrix.

Directors (Audit & Supervisory Committee Members)



Independent Director
Nomination Committee Member
Remuneration Committee Member

Tsuyoshi Numagami

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.
Apr. 2023 Professor of Institute for Business and Finance of Waseda University (current post)
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (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



Independent Director
Nomination Committee Member

Yoshihisa Suzuki

Date of birth: June 21, 1955

Apr. 1979 Joined ITOCHU Corporation
Jun. 2016 Senior Managing Executive Officer, Member of the Board of ITOCHU Corporation President, ICT & Financial Business Company
Apr. 2018 President & Chief Operating Officer, Member of the Board of ITOCHU Corporation
Apr. 2020 President & Chief Operating Officer, Chief Digital & Information Officer, Member of the Board of ITOCHU Corporation
Apr. 2021 Vice Chairman, Member of the Board of ITOCHU Corporation
Apr. 2022 Vice Chairman of ITOCHU Corporation
Apr. 2023 Senior Vice Representative for Business Community Relations of ITOCHU Corporation
Apr. 2024 Advisory Member of ITOCHU Corporation (current post)
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

Significant concurrent posts
- Outside Director of the Board of Kyowa Kirin Co., Ltd.
- Outside Director, OMRON Corporation



Independent Director
Remuneration Committee Member

Naoto Nakamura

Date of birth: January 25, 1960

Apr. 1985 Admitted to the bar
Apr. 1985 Joined Mori Sogo Law Offices (current Mori Hamada & Matsumoto)
Apr. 1998 Founder and Partner in Hibiya Park Law Offices
Feb. 2003 Founder and Partner in Nakamura Naoto Law Offices (current Nakamura, Tsunoda & Matsumoto)
Apr. 2023 Established Nakamura Law Firm (current post)
Jun. 2025 Director (Audit & Supervisory Committee Member) of JFE Holdings, Inc. (current post)

Significant concurrent posts
- Attorney at Nakamura Law Firm

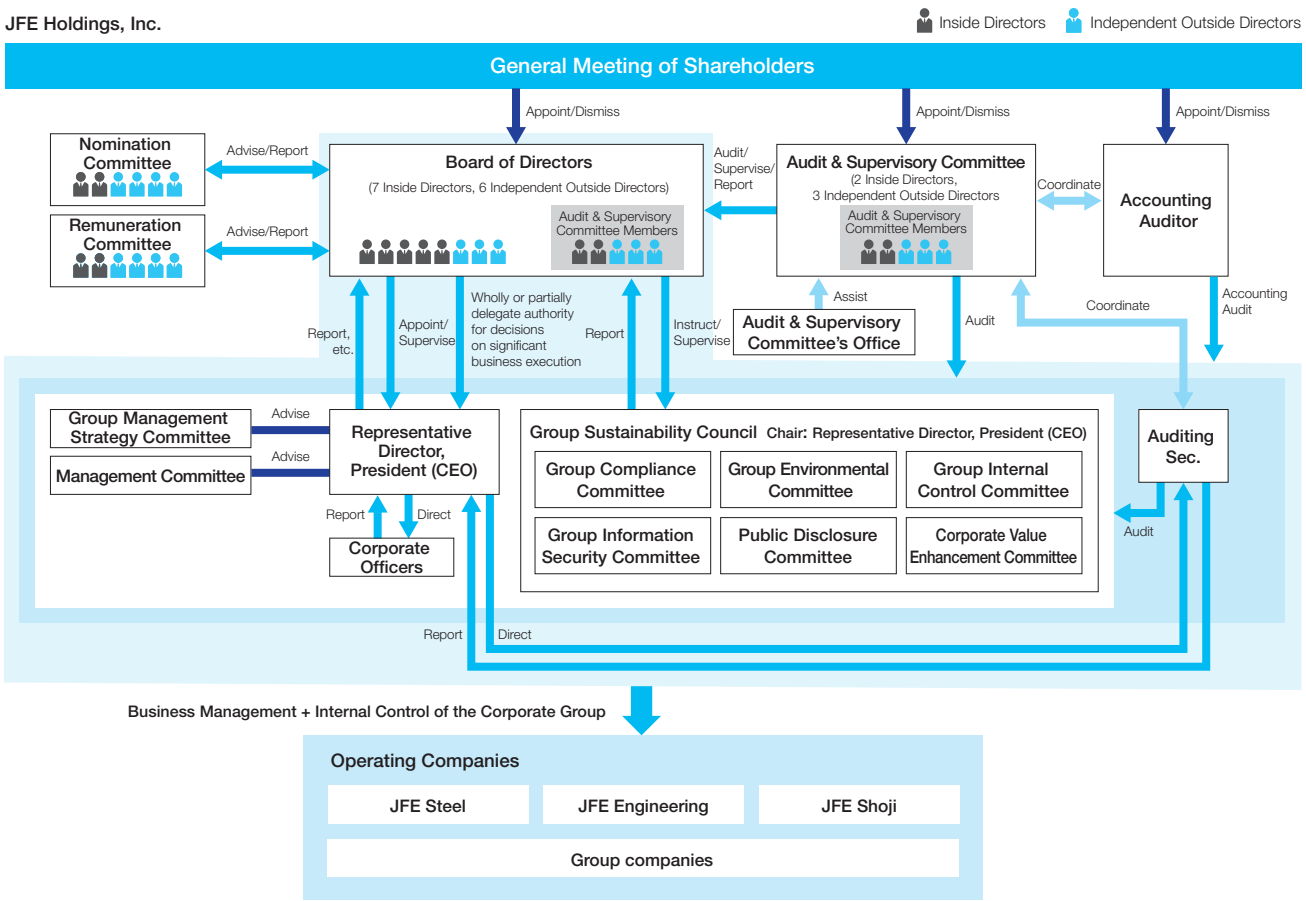
The Business Foundation Supporting Our Corporate Value

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



Overview of the Corporate Governance System

JFE Holdings established the Basic Policy on Corporate Governance with the aim of ensuring the Company and the JFE Group realize sustainable growth, enhance medium- to long-term corporate value, and pursue best governance practices in line with its corporate vision.

Basic Policy on Corporate Governance
https://www.jfe-holdings.co.jp/en/common/pdf/company/info/basic-policy.pdf

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

Group System and 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 business execution system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.

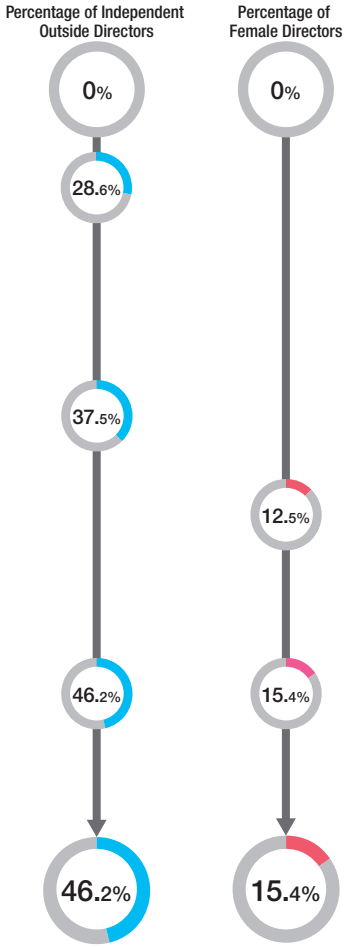
The Business Foundation Supporting Our Corporate Value

The Company's initiatives to strengthen the Governance System

■ Review of the composition of the Board of Directors ■ Strengthened monitoring of the Board of Directors
■ Delegation of authority to executive officers

FY2002	Established JFE Holdings, Inc.
FY2007	■ Elected two Outside Directors ■ Shortened the term of Directors from two years to one year
FY2015	■ Established the Basic Policy on Corporate Governance ■ Established the Nomination Committee and Remuneration Committee ■ Initiated evaluation of the effectiveness of the Board of Directors
FY2017	■■ Elected Presidents of Operating Companies as Directors ■ Increased the number of Outside Directors from two to three
FY2020	■ Elected one female Director
FY2022	■ Delegation of authority to executive officers by reviewing the standards for agenda items for meetings of the Board of Directors
FY2025	■■ Transition to a company with an Audit & Supervisory Committee
FY2026	■ Delegation of authority to executive officers by reviewing the standards for agenda items for meetings of the Board of Directors ■■ Establishment of CCO at the Company and Operating Companies (Strengthening of the compliance system) ■■ Establishment of CFO at Operating Companies (Strengthening of management with an awareness of capital efficiency) ■■ Establishment of CTO at Operating Companies* (Strengthening of the technology development system) ■■ Strengthening of the information-sharing system with the Board of Directors and Outside Directors

* Established at JFE Steel Corporation and JFE Engineering Corporation.



Further strengthen corporate governance through speedier decision-making and more effective supervision to achieve sustainable growth and enhance corporate value

Upon the approval of the Ordinary General Meeting of Shareholders held in June 2025, JFE Holdings has transitioned to a company with an Audit & Supervisory Committee to further strengthen the supervisory function of the Board of Directors by accelerating decision-making and enhancing the discussion of management policies and strategies within the Board of Directors.

In April of this year, we revised the standards for agenda items for meetings of the Board of Directors, as well as the procedures for handling them. We are also working to strengthen various organizational structures.

Strengthening the compliance system

To ensure thorough compliance, we have appointed a Chief Compliance Officer (CCO) at the Company and our Operating Companies. The CCO is responsible for promoting compliance initiatives and responding to serious compliance incidents. In the event of a particularly serious compliance issue, the matter is promptly reported to the Board of Directors for oversight.

Strengthening management with a focus on capital efficiency

Our Chief Financial Officer (CFO) has promoted management that prioritizes capital efficiency while balancing growth investments with financial discipline. To further this focus, we have appointed CFOs at our Operating Companies. These CFOs will review the business environment, profitability, and risk assessments of investment proposals. The JFE Holdings CFO will then review their alignment with the Groupwide strategy and the Medium-term Business Plan. Through this robust framework involving our CFO and the CFOs of our Operating Companies, we will enhance corporate value.

Strengthening the technology development framework

To improve alignment between technology development and management strategy, as well as to promote technology development that creates value, we have decided to appoint a Chief Technology Officer (CTO) at both JFE Steel and JFE Engineering. This will strengthen the executive framework for technology development.

Additionally, we are working to improve the system for sharing information with the Board of Directors and outside directors.

(➡ p. 73 Operation of the Board of Directors and Audit and Supervisory Committee)

The Business Foundation Supporting Our Corporate Value

Approach to Diversity in the Board of Directors

With regard to the composition of the Board of Directors, following deliberations by the Nomination Committee, the Company elects Officers by focusing on the enhancement of Board member diversity (such as their expertise, knowledge, and experience in various fields) while balancing this with the appropriate size of the Board. The Company is working to enhance gender and global diversity mainly by electing Directors who possess a wealth of knowledge and experience in management in global enterprises. Two female Directors have been appointed. The Company will continue to systematically engage in initiatives to foster suitable candidates for Directors 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 in a matrix, as follows.

			Corporate management/ Management strategy	Sustainability/ Environment	Technology/ DX	Finance/ Accounting	Internal control/ Governance	Legal/ Compliance	Personnel and labor, Human resources development	Sales/ Marketing	Operation with knowledge
Directors	Inside	Yoshihisa Kitano (Nomination Committee, Remuneration Committee)	●	●	●		●		●		Steel
		Masayuki Hirose (Nomination Committee)	●	●			●			●	Steel
		Toshihiro Tanaka (Remuneration Committee)	●	●	●	●	●	●			Steel/ Engineering/ Trading
		Kazuyoshi Fukuda	●	●	●		●			●	Engineering
		Yoshifumi Ubagai	●	●			●			●	Steel/Trading
	Outside	Yoshiko Ando (Nomination Committee)		●			●	●	●		–
		Takuya Shimamura (Nomination Chair, Remuneration Committee)	●	●			●		●	●	–
		Keiichi Kobayashi (Remuneration Chair)	●	●	●		●			●	–
Directors who are Audit & Supervisory Committee Members	Inside	Nobuya Hara	●			●	●				Steel
		Nakaba Akimoto					●	●			Steel/ Engineering/ Trading
	Outside	Tsuyoshi Numagami (Nomination Committee, Remuneration Committee)	●			●	●			●	–
		Yoshihisa Suzuki (Nomination Committee)	●	●	●		●		●	●	–
		Naoto Nakamura (Remuneration Committee)	●				●	●			–

Appointment of Independent Outside Directors

We elect Independent Outside Directors so that one-third or more of the Directors are Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance, such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge and satisfy our independence standards. Currently, of the 13 Directors, six are Independent Outside Directors.

Standards for Independence of Outside Directors of JFE Holdings, Inc.
https://www.jfe-holdings.co.jp/en/common/pdf/company/info/independence.pdf

Establishment of consultative bodies

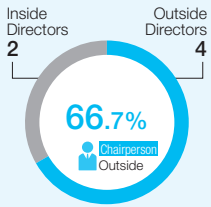
Nomination Committee

No. of meetings held: 3 / Attendance rate: 100%

Main duties and roles
Deliberates and reports to the Board of Directors as an advisory body of the Board of Directors to ensure the fairness, objectiveness and transparency of personnel affairs of Directors, etc.

Main activities
Deliberations on matters pertaining to the basic policies on the election and dismissal of the President, draft proposals for the election of candidates for the President, succession plans of the President, and the nomination of candidates for Outside Directors

Composition



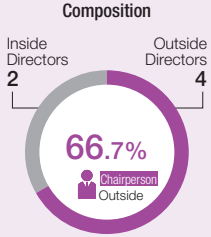
Remuneration Committee

No. of meetings held: 5 / Attendance rate: 100%

Main duties and roles
Deliberates and reports to the Board of Directors as an advisory body of the Board of Directors to ensure the fairness, objectiveness and transparency of remuneration of Directors, etc.

Main activities
Deliberation on basic matters (appropriateness of remuneration levels, composition of remuneration, and calculation indicators and formulas for performance-linked remuneration) related to remuneration for officers of the Company and its Operating Companies

Composition



The Business Foundation Supporting Our Corporate Value

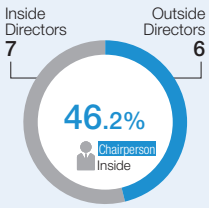
Operation of the Board of Directors and the Audit & Supervisory Committee

Board of Directors — No. of meetings held: 15 / Attendance rate: 99.6%

Main duties and roles
- Be responsible for the Company's sustainable growth and the enhancement of medium-to long-term corporate value.
- Make material decisions on management including formulation of business plans of the JFE Group and basic policies on management.
- Supervise the overall management including business execution by executives.

Composition

13 Directors



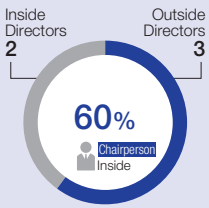
Main matters discussed in FY2025
- Formulation of JFE Vision 2035 and the Eighth Medium-term Business Plan
- Progress of the Eighth Medium-term Business Plan
- Large-scale investment projects (expansion of production capacity at JSW JFE Electrical Steel Nashik Private Limited, joint venture integration of an integrated steelworks with JSW Steel Limited, etc.) and investment follow-up
- Sustainability initiatives (carbon neutrality initiatives, strengthening of corporate governance and compliance systems, etc.)

Audit & Supervisory Committee — No. of meetings held: 14 / Attendance rate: 100%

Main duties and roles
- As members of an independent entity, endeavor to ensure the sound and sustainable growth and the enhancement of social trust of the Company through auditing and other procedures of the execution of duties by Directors, among others.
- Audit & Supervisory Committee Members, through the Audit & Supervisory Committee, endeavor to share the significant information obtained from their duties, and aim for appropriate auditing and other procedures through exchange of opinions with other Audit & Supervisory Committee Members.

Composition

5 Directors who are Audit & Supervisory Committee Members



Main activities
- Conducting hearings of reports from Directors, Corporate Officers, and employees, etc., and exchanging opinions with Representative Directors
- Attendance at important meetings, etc., on-site inspections and visits
- Cooperation with the Accounting Auditor and internal audit departments
- Formation of opinions, etc. concerning the election, dismissal, etc. of Directors and their remuneration, etc.

Support for Directors

A Board of Directors' Secretariat is set up in the General Administration Department to support Outside Directors with necessary communication and arrangements, etc.

Furthermore, dedicated staff to support the duties of the Audit & Supervisory Committee, which is composed primarily of Outside Directors who are Audit & Supervisory Committee Members, are allocated in the Audit & Supervisory Committee's Office.

Directors are provided with opportunities and funding to receive uniquely tailored training when they are appointed and on an ongoing basis in legal matters, corporate governance, risk management, and other subjects that help them fulfill their roles and duties. In addition, the Company provides Outside Directors with briefings, etc. prior to the Board of Directors meetings, and gives materials and explanations on each agenda item.

Training for Directors
- JFE Group overview, Medium-term Business Plan progress status, financial status, management issues (newly appointed Outside Directors)
- Training on GX (Green Transformation)-related policies and the Group's initiatives (all Directors, FY2026)

Board of Directors Briefings: 14 times

Furthermore, the Company strives to provide adequate information necessary for execution of their duties by providing explanations on important management issues of the Company and the Group companies from time to time, and offering opportunities such as exchanges of opinions with the senior management including the President, attendance of hearings of important business reporting by each department as necessary, convening of Board of Directors meetings at major business bases and inspections of Group companies, etc. In addition, meetings exclusively for Outside Directors serve as venues for freely exchanging information from an independent, objective standpoint.

Board of Directors meetings convened at major business bases: 2 times
- JFE Steel East Japan Steelworks (Keihin district)
- JFE Steel West Japan Steelworks (Fukuyama district)

Meetings exclusively for Outside Directors: 4 times (Of these, two were meetings to exchange opinions with the executive branch.)

Tours of major business bases and Group companies
- JFE Steel East Japan Steelworks (Keihin district)
- JFE Steel West Japan Steelworks (Fukuyama district)
- JFE Engineering Kasaoka Monopile Factory
- Studco Australia and coking coal mines


JFE Engineering Kasaoka Monopile Factory

Additionally, providing Outside Directors with the following information helps them gain a deeper understanding of the Company's business. This fosters constructive discussions at Board of Directors meetings.

- **Summary of materials and discussions from the management and Group management strategy meetings**
- **Macroeconomic overview and steel supply and demand overview**
- **Monthly profit and loss**
- **Analyst reports**
- **Other topics:** publication of integrated and sustainability reports, participation in trade shows, status and content of business briefings held by the Operating Companies, status of meetings with institutional investors and topics of interest, status and content of analyst site visits and small meetings, etc.

The Business Foundation Supporting Our Corporate Value

Evaluation of the effectiveness of the Board of Directors

In line with the Basic Policy on Corporate Governance, the Board of Directors of the Company has been engaged in evaluating the effectiveness of the Board of Directors as a whole since fiscal 2015, and conducting analysis and evaluation by using a third-party organization to incorporate an objective standpoint independent from the Company since fiscal 2018.

In addition, in fiscal 2025, the Company conducted a questionnaire survey covering the following matters for all Directors.

Moreover, the Company verified results of the initiatives implemented in fiscal 2025 based on the opinions and recommendations obtained from the analysis and evaluation in fiscal 2024.

Questionnaire Content

I. Operational framework for the Board of Directors (Composition and operations of the Board of Directors, support and cooperation framework of the Secretariat, and culture)

II. Supervision function of the Board of Directors and functions of the advisory committees (Supervision function and status of discussions at the Board of Directors, status of discussions at the advisory committees, etc.)

III. Relationships with shareholders and stakeholders

As a result of discussions at the Board of Directors based on the survey results and evaluation by the third-party organization, the Board of Directors determined that its overall effectiveness was ensured through robust discussions among members, as comments were proactively expressed, supported by substantial preliminary briefing sessions before Board meetings and appropriate proceedings by the Chairperson.

Issues identified in the evaluation of effectiveness for FY2024

- Pursuant to the transition to a company with an Audit & Supervisory Committee, the Board of Directors should engage in fuller discussions concerning its vision for the future, including its approach to the delegation of executive authority and the scale and diversity of the Board of Directors.
- In addition to important management issues that are discussed on an ongoing basis, such as human capital management and respect for human rights, the Board of Directors should further enhance discussions aimed at analyzing and improving the Company's market valuation.
- The Company should enhance reporting to the Board of Directors on risk information, including that of subsidiaries and affiliates, to further strengthen risk management across the Group.

Initiatives in FY2025 based on the evaluation results of the Board of Directors' effectiveness up to FY2024 are as follows

- In conjunction with the transition to a company with an Audit & Supervisory Committee, after discussing the ideal state of the Group management at the Board of Directors, the Company revised the standards for agenda items for meetings and operational procedures of the Board of Directors, with the aim of accelerating decision-making and enhancing strategic discussions.
- The Company increased the frequency of the Outside Directors' meetings, which have been held continuously, and, when necessary, the Outside Directors requested the participation of executive members in these meetings, thereby promoting the sharing and exchange of opinions on important management issues, analysis of market evaluations, and initiatives for improvement, leading to more active discussions at meetings of the Board of Directors.
- The Company formulated the Basic Policy on Corporate Governance and worked to strengthen the compliance structure by clarifying responsibilities through the establishment of CCO positions at the Company and each Operating Company.

Issues for FY2026

- The Company should confirm the effectiveness of the Board of Directors, whose operations have been revised in conjunction with the transition to a company with an Audit & Supervisory Committee, and continue discussions toward an optimal structure, including its scale and composition, to achieve further improvements.
- Toward the realization of the medium- to long-term business strategy, in addition to enhancing discussions on consistency with plans and capital efficiency, the market valuation should be analyzed and discussions for improvement should be further enhanced.
- Toward enhancing the effectiveness of the internal audit function, discussions on the role and structure of internal audits should be continued.

Taking the identified issues into account, initiatives will be proactively undertaken to further increase the effectiveness of the Board of Directors and enhance the corporate value of the Group.

The Business Foundation Supporting Our Corporate Value

Director and Corporate Officer Remuneration

Director and Corporate Officer remuneration shall be determined in accordance with the Basic Policy on Remuneration for Directors and Corporate Officers and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers, which were formulated based on discussions and reports by the Remuneration Committee. Within the scope of the total amount approved at the General Meeting of Shareholders, Director and Corporate Officer remuneration is decided through either a resolution of the Board of Directors or deliberations by Directors who are Audit & Supervisory Committee Members.

Basic Policy on Remuneration for Directors and Corporate Officers

- The Board of Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) 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 the Individual Remuneration for Directors and Corporate Officers

- Remuneration for Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) 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, upon retirement, granted as the Company's shares and cash equivalent to the amount of the Company's shares converted to market value through the trust upon retirement.
- The ratios of remuneration by type are structured so that the higher the position, the greater the weight of performance-linked remuneration, and the ratio for the Company's President when performance target goals have been attained is set so that the ratio of Basic remuneration, Annual bonus and Stock remuneration stands at 2:1:1.

Furthermore, regarding the annual bonus and stock remuneration, we have introduced malus and clawback conditions.

The Company's Director and Corporate Officer Compensation System

Percentage of compensation when the Company's President achieves performance targets

Basic remuneration : Annual bonus : Stock remuneration 2 : 1 : 1



Annual bonus

The annual bonus is linked to performance achieved in a single fiscal year and consists of both financial and ESG performance components. For the financial performance component, total segment profit is used as the performance indicator to provide incentives aligned with earnings targets. The ESG performance component consists of three indicators: safety, climate change, and employee engagement, which are key management priorities of the Company. For each indicator, KPIs related to the materiality issues of the Company and its Operating Companies are selected as performance measures. The annual bonus for each individual is calculated by multiplying the degree of achievement of each selected performance indicator by a preset amount for the relevant position.

Annual bonus (short-term performance-linked)
The table below does not show the percentage for each type of remuneration.

Financial performance

Total segment profit

+

ESG performance

Safety indicator
Calculate achievement levels based on the number of fatal accidents and the frequency of lost-time injuries.

+

Climate change indicators
Calculate achievement levels based on selected items from our climate change initiatives.

+

Employee engagement indicator
Calculate achievement levels based on the percentage of positive responses to work engagement questions in the engagement survey.

If the target achievement rate for each performance-linked remuneration component were 100%, the ratio would be:
Financial Performance: Safety Indicators: Climate Change Indicators: Employee Engagement Indicators = 8:1:1:1.

Each company's KPIs used to calculate achievement of climate change indicators

JFE Steel
- GHG emission reduction rate
- Green steel sales volume

JFE Engineering
- CO_2 reduction contributions from providing renewable energy-related power generation facilities and expanding the electric power provision business

JFE Shoji
- Domestic CO_2 emission reduction rate

The Business Foundation Supporting Our Corporate Value

Stock remuneration

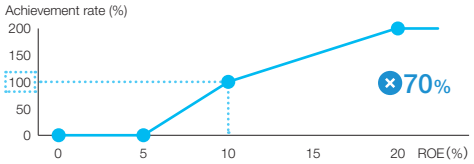
The stock remuneration plan is determined in accordance with the performance targets, etc., in the Group's medium-term business plan. To ensure the remuneration system further promotes shared value with shareholders, we have adopted a mechanism that determines pay levels according to the rate of achievement for return on equity (ROE) and relative total shareholder return (TSR).

Stock Remuneration

(Medium- to long-term performance-linked, during the Eighth Medium-term Business Plan)

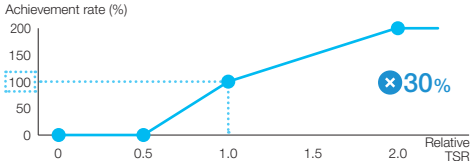
Performance-linked portion

Return on equity (ROE) target achievement rate



- The achievement rate varies between 0% to 200%. When ROE is 10%, the achievement rate is 100%.
- When ROE is 5% or less, the achievement rate is 0%.

Relative total shareholder return (TSR) achievement rate



- Relative TSR is calculated by comparing the Company's TSR over a 5-year period with the TOPIX's TSR (including dividends) during the same period.
- The achievement rate varies between 0% to 200%. When the relative TSR is 1, the achievement rate is 100%.
- When the relative TSR is 0.5 or less, the achievement rate is 0%.

Portion during appointed term

The Company's Director and Corporate Officer Remuneration

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

Operating System

Key decision-making

With regard to significant matters of each company within the Group, internal rules of each company stipulate clear standards which clarify the determination procedures, and significant matters pertaining to the management as the Group is ultimately subject to deliberation and determination at JFE Holdings, Inc. Each Operating Company decides significant matters concerning itself and its own Group companies through deliberation at the Board of Directors and the Management Committee, etc. At JFE Holdings, Inc., the JFE Group Management Strategy Committee deliberates matters relating to the management strategies involving the entire Group and the Management Committee deliberates specific significant matters involving the Company, Operating Companies or Group companies. Based on these deliberations, the Board of Directors makes its decisions on the significant matters in accordance with the Rules of the Board of Directors.

Following our transition to a company with an Audit & Supervisory Committee in fiscal 2025, we are delegating authority to management and advancing initiatives to strengthen the Board of Directors' oversight functions.

Structure of Group Management Strategy Committee and Management Committee

Group Management Strategy Committee (JFE Holdings)

Chairperson: President
Attendees: Inside Directors and Corporate Officers

Management Committee (JFE Holdings)

Chairperson: President
Attendees: Inside Directors (excluding 3 Operating Company Presidents) and Corporate Officers
* Presidents and management executives from Operating Companies attend as appropriate.

Management Committee (each Operating Company)

Chairperson: President
Attendees: Directors, major Corporate Officers, and Audit & Supervisory Board Members

Sustainability system

Topics addressed by the Board of Directors

- Initiatives for climate change
- Safety activities at Operating Companies
- Results of the employee engagement survey and status of its initiatives
- Strengthening of compliance systems
- Status of initiatives to address human rights due diligence

Board of Directors

Instruct / Supervise

Group management philosophy, risk management, responsibilities to stakeholders and society, other corporate initiatives

Reporting

JFE Group Sustainability Council

Head: Representative Director, President (CEO) of JFE Holdings
Attendees: Inside Directors and Corporate Officers*
* Presidents and management executives from Operating Companies attend as appropriate.

Topics

Compliance, environment, climate change, internal controls, human rights, personnel and labor, safety, disaster prevention, quality, financial reporting, status of internal audits, social contributions, information security, ESG risks, protection and improvement of corporate value, etc.

(1) Deliberate Group policies and CSR sustainability action plans (including guidance for important projects)
(2) Supervision of policy uptake
(3) Share information about issues and how problems were addressed, horizontal development

- Group Compliance Committee
- Group Environmental Committee
- Group Internal Control Committee
- Group Information Security Committee
- Public Disclosure Committee
- Corporate Value Enhancement Committee

Operating Companies, Group companies

The Business Foundation Supporting Our Corporate Value

Internal Control

The JFE Group's internal control system, in accordance with the Basic Policy for Building an Internal Control System, is maintained through various committee regulations including the Rules of the Board of Directors, Regulations for 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. We regularly amend our policies to boost sustainable corporate value, and we have established CCO positions at JFE Holdings and the Operating Companies on April 2026 and clarified the details of the collaboration between the internal auditing department and the Audit & Supervisory Committee.

Basic Policy to Establish the Internal Control System
https://www.jfe-holdings.co.jp/en/common/pdf/company/info/basic_policy_internal_control.pdf

JFE Group's Internal Control
https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/

Strengthening Internal Control

■ Internal audits

JFE Holdings, the Operating Companies, and key Group companies had internal audit organizations comprising 187 people as of April 1, 2026. 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, the Audit & Supervisory Committee, and the Group Sustainability Committee.

■ Audits by Audit & Supervisory Committee Members

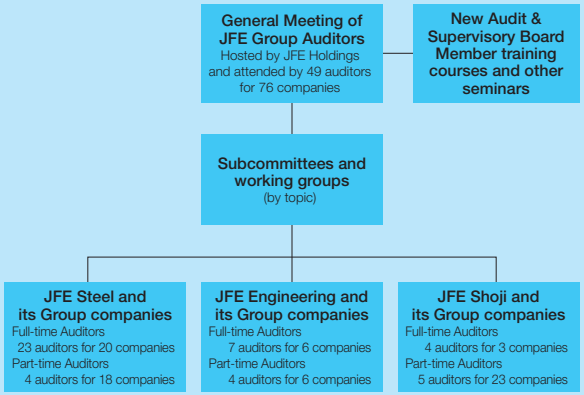
The Audit & Supervisory Committee comprises five members, including three who are Outside Directors. With regard to the internal control system, the Audit & Supervisory Committee receives regular reports from directors and corporate officers regarding its establishment and operation, and, as necessary, requests explanations from directors and corporate officers and expresses its opinions. Members of the Audit & Supervisory Committee follow the Committee's regulations, audit policies, audit plans, and division of duties. They coordinate with the Company's internal auditing department, attend Board of Directors meetings and other important meetings, receive reports from directors and corporate officers regarding their performance, request explanations from directors and corporate officers as necessary, review important approval documents, and investigate the status of the Company's operations and assets. With regard to the subsidiaries, the Committee maintains communication with their directors, auditors, and other officers, and receives business reports from them, as necessary. The Committee also reviews the status of their operations and assets. Through these methods, the Audit & Supervisory Committee audits the directors' execution of their duties. Regarding the appointment, dismissal, and remuneration of directors, the Audit & Supervisory Committee forms its opinions after reviewing the deliberations of the Nomination and Remuneration Committees.

A total of 49 full-time corporate auditors (full-time Audit & Supervisory Committee Members and full-time Audit & Supervisory Board Members) and part-time Audit & Supervisory Board Members* have been appointed to 76 Group companies, including JFE Holdings.

The "JFE Group Board of Auditors" includes both full-time and part-time corporate auditors of each Group company. 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.

* Each dispatched part-time Audit & Supervisory Board Member audits one to five Group companies. Thirteen Audit & Supervisory Board Members served 47 companies in total.

Structure of JFE Group Board of Auditors



■ State of cooperation between the Audit & Supervisory Committee, accounting auditor, and internal auditing department

The Audit & Supervisory Committee holds meetings with the outside accounting auditor on a regular basis and as needed to receive reports on audit plans, status updates, and audit results. The committee also receives briefings on the accounting auditor's quality management system. In turn, the Audit & Supervisory Committee explains its own audit plans and other matters to the firm, exchanges opinions, and takes other actions with the aim of fostering close cooperation. The committee also holds meetings with the internal auditing department on a regular basis and as needed to receive reports on internal audit plans, status updates, and audit results. To enhance the effectiveness of our audits, we request that the Internal Audit Department conduct investigations as appropriate and provide specific instructions.

■ Operating Company governance

Some Directors and Corporate Officers 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.

The Business Foundation Supporting Our Corporate Value

Policy on Listed Subsidiaries and Listed Affiliates

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 one listed subsidiary and four listed affiliates.

Listed Subsidiary

- **JFE Systems, Inc.**

Computer systems in the steel business support overall business activities, such as receiving orders, manufacturing, shipping products, and controlling quality, and are an important base for using diverse data. In addition, ensuring the accumulation of know-how and the continuity of personnel exchange will be essential for advancing DX and maintaining the competitiveness of JFE Steel moving forward. In the Group, 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 marketing, and hiring.

Listed Affiliates

- **GECOSS Corporation**
- **SHINAGAWA REFRA Co., Ltd.**
- **Nippon Chuzo K.K.**
- **Nippon Chutetsukan K.K.**

The aforementioned five companies are subject to rules different from those applicable to other consolidated subsidiaries and affiliates, based on the guidelines of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange regarding listed subsidiaries, and other measures are also taken so as to ensure that each of the companies conducts autonomous corporate activities exercising independent and flexibility. Each company also secures management independence as listed companies mainly by appointing outside directors who are independent from each company, JFE Steel Corporation and the Company and by establishing special committees composed of independent members such as independent outside directors, and makes sure that the interests of the said subsidiary or affiliate, as well as the interests of shareholders of the subsidiary or affiliate other than the Company, will not be unfairly impaired.

The autonomous management decisions of each company are 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 currently does not receive funds from listed subsidiaries or listed affiliates.

In addition, with respect to matters necessary for the Group's risk management, prior consultation and reporting are required from each company while securing their independent decision-making, so as to implement risk management as a member of the Group companies.

JFE 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 2026.

JFE Group's Policy Related to Listed Subsidiaries and Listed Affiliates
https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/

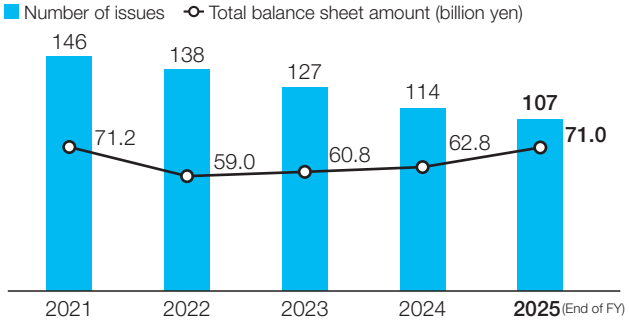
Basic Policies for Strategic Shareholdings, etc.

All shares held by the Company are the shares of subsidiaries or affiliates. 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 2025, the Group sold all or part of its shareholdings in 5 listed companies for ¥2.4 billion (market value basis). Furthermore, in August 2025, the Board of Directors verified the significance of its strategic shareholdings and their return on investment.

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.



Basic Policies for Strategic Shareholdings, etc.
https://www.jfe-holdings.co.jp/en/sustainability/governance/governance/

The Business Foundation Supporting Our Corporate Value

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

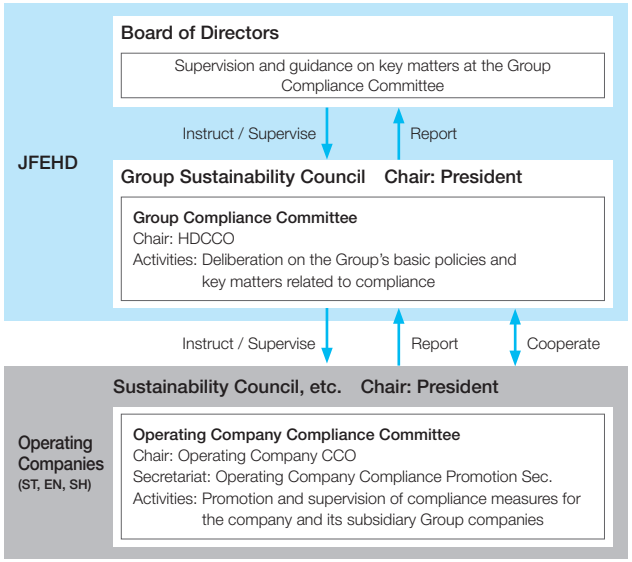
The JFE Group’s Standards of Conduct guides employees to conduct their business activities based on the Corporate Vision and Corporate Values.

In April 2026, we formulated the JFE Group’s Basic Policy on Compliance and worked to strengthen the compliance structure by clarifying responsibilities through the establishment of CCO (Chief Compliance Officer) positions at the Company and each Operating Company. We strive to strengthen compliance during normal operations through collaboration between our CCO and the CCOs of our Operating Companies. In the event of a serious compliance incident, the CCO promptly reports it to the Board of Directors, which provides the necessary oversight. We have also established compliance organizations within our Operating Companies.

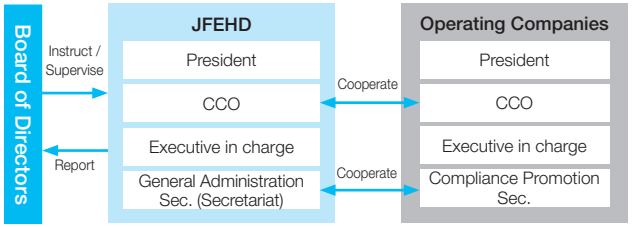
They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics. The Compliance Committee, which was established under the Group Sustainability Council, generally convenes four times a year to deliberate basic policies and issues and then supervise 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
JFE Group’s Basic Policy on Compliance
https://www.jfe-holdings.co.jp/en/company/philosophy/compliance-policy.html

Compliance system



Procedures in the event of a compliance issue



Whistleblowing System

We have established a Corporate Ethics Hotline to maintain corporate ethics, comply with laws and regulations, and prevent corruption and human rights violations. It is accessible to all executives and employees of the JFE Group (employees, contract workers, part-time workers, temporary staff, and retirees) as well as the executives and employees of business partners. As a specific means of reporting and consultation, an environment has been prepared for receiving inquiries (it is also possible to anonymously file reports and seek consultation) by email, a dedicated phoneline, and by regular mail. Additionally, an external hotline to a law firm is also provided. Whistleblowing and requests for consultation are regularly reported to full-time Audit & Supervisory Committee Members. Moreover, the operational status of the system is monitored by the Board of Directors.

Number of consultations handled by the Corporate Ethics Hotline and Harassment Consultation Desk

	FY2024	FY2025
JFE Holdings and Operating Companies	161	159
Group companies	153	146
	314	305

JFE Group Basic Policy on Competition Law Compliance
https://www.jfe-holdings.co.jp/en/company/philosophy/competition-law.html
Basic Policy on Preventing Bribery of Public Officials
https://www.jfe-holdings.co.jp/en/company/philosophy/anti-bribery.html
JFE Group Privacy Statement
https://www.jfe-holdings.co.jp/en/privacy.html
Compliance-related Initiatives
https://www.jfe-holdings.co.jp/en/sustainability/governance/compliance/index.html

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.

(➡ pp. 57—59 TCFD-aligned disclosures and risk management)
(➡ pp. 66—67 Intellectual Property Strategy)

DX Report
https://www.jfe-holdings.co.jp/en/investor/library/dxreport/
Risk Management and Data Security
https://www.jfe-holdings.co.jp/en/sustainability/governance/risk/

The Business Foundation Supporting Our Corporate Value

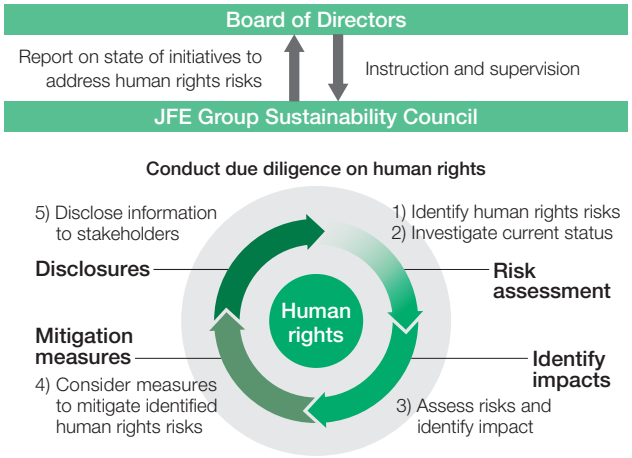
Respect for Human Rights

The JFE Group supports 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 to refrain from any form of discrimination in our corporate activities, we will continue to promote initiatives for realizing a society where human rights are respected and protected.

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

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

Identified 15 human rights issues to consider

1	Compliance with standards and guidelines for respecting human rights in line with international norms	2	Avoiding complicity in human rights abuses, compliance, social security, and fair competition	3	Prohibition of discrimination and equality before the law
4	Access to relief	5	Thorough supplier management	6	Harassment and abuse
7	Women's rights	8	Child labor	9	Forced labor
10	Occupational safety and health	11	Work hours	12	Appropriate working environment
13	Wages that afford adequate living standards	14	Freedom of association and the right to collective bargaining	15	Rights of indigenous and local people

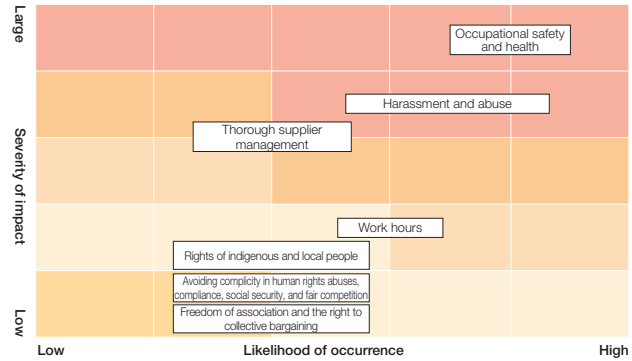
2) Investigate current status

The JFE Group Basic Policy on Human Rights and the basic procurement guidelines of each Group company mandate disclosure of policies for dealing with human rights risks, such as child labor and forced labor. As access to relief, a whistleblowing system is also mandated. We audit the aforementioned matters as well as compliance efforts (including the prevention of corruption) and internal and external human rights initiatives, systems, and rules to confirm the current human rights risk management system is working as designed.

3) Assess risks and Identify impacts

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.

Map of serious human rights risks



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

- Occupational health and safety
- Harassment and abuse
- Thorough supplier management (establishment of a human rights risk management system for the entire supply chain)

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) Disclose information 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.

The Business Foundation Supporting Our Corporate Value

Group's past initiatives and future plans regarding human rights risks

First survey Second survey

		FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Planned)
HD and Operating Companies	**Policy formulation, etc.**						
	JFE Holdings and Operating Companies	Identified human rights risks within the Group and considered measures to address them.	Considered survey methods, priorities, and scope in preparation for a supplier survey.	Revised JFE Group Basic Policy on Human Rights and Procurement Guidelines.		Joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a full member.	
	In-house human rights risk assessment						
	JFE Holdings and Operating Companies						
	Human rights risk assessment of suppliers						
	JFE Steel (Number of business partners: Approx. 2,200)			Survey of material and raw material suppliers: 232	Follow-up with suppliers identified as highly vulnerable among those surveyed: 39	Survey of material and raw material suppliers: 218	Follow-up with suppliers identified as highly vulnerable or at high risk among those surveyed Survey of raw material suppliers (approx. 10 to 20 companies) Scheduled start of survey of new business partners →
	JFE Engineering (Number of business partners: Approx. 3,700)			Survey of major suppliers: 107	Follow-up with suppliers identified as highly vulnerable or at high risk among those surveyed: 42	Survey of major suppliers: 76 Started survey of new business partners →	Follow-up with suppliers identified as highly vulnerable or at high risk among those surveyed: 36 →
	JFE Shoji (Number of business partners: Approx. 2,800)			Survey of suppliers of steel raw materials, environmental resources, and machinery: 65	Follow-up with all survey firms		
					Survey of suppliers of steel raw materials, environmental resources, and machinery: 88	Follow-up with all survey firms	
						Survey of steel suppliers: 14	Follow-up with all survey firms
Group Companies	**In-house human rights risk assessments by major domestic Group companies**						
	JFE Steel (a total of 28 companies)	3	2	23			
	JFE Engineering (a total of 41 companies)	3	2	26	10		
	JFE Shoji (a total of 40 companies)	2	2	36			
	In-house human rights risk assessments by major overseas Group companies						
	JFE Steel (a total of 6 companies)				3	3	
	JFE Engineering (a total of 11 companies)	1			3	3	3
	JFE Shoji (a total of 45 companies)				45		
	Risk assessment of suppliers for Group companies						
	JFE Steel Group companies						Domestic Group companies: 3
	JFE Engineering Group companies						Domestic Group companies conducted risk assessments: 2
	JFE Shoji Group companies						Domestic Group companies conducted risk assessments: 2

Grievance mechanisms

We have been a full member of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) since April 2025. The Company accepts reports, complaints, and consultations on human rights issues from stakeholders across the supply chain through JaCER's non-judicial Engagement and Remedy Platform, which complies with the UN Guiding Principles on Business and Human Rights. Using this third-party contact point ensures fairness and transparency while addressing essential human rights issues and also safeguarding anonymity and confidentiality. Three reports were filed with JaCER in fiscal 2025 (One of them was deemed unrelated to human rights.) Regarding the cases we have received, we report them to management and the Sustainability Council. We conduct timely and appropriate investigations and engage in dialogue in dialogue with rights holders based on the specifics of each case.

We have set up a Corporate Ethics Hotline as an internal contact point at each Operating Company and at an independent law firm as an external contact point. Additionally, we have set up dedicated consultation desks on harassment issues at major offices. These desks accept anonymous reporting and consultations on human rights and related issues.

These help desks regularly report on their operational status, as well as reports of harassment and other human rights violations, to the JFE Group Sustainability Council and Board of Directors. This provides guidance and supervision.

JaCER Grievance Form
https://jacer-bhr.org/en/application/form.html

Whistleblowing system (p. 79)

Other initiatives related to respect for human rights
https://www.jfe-holdings.co.jp/en/sustainability/social/human_rights/