

(Translation for reference only)

(Security Code: 5411)

June 9, 2021

Notice of the 19th Ordinary General Meeting of Shareholders

Dear Shareholders:

Due to COVID-19, many precious lives were lost around the world. JFE Holdings, Inc. (“JFE” or the “Company”) wishes to offer its heartfelt condolences to those who lost their lives and its greatest sympathy for those who suffered. We also would like to take this opportunity to express our deep appreciation to the efforts that have been made by essential workers.

The 19th Ordinary General Meeting of Shareholders (the “Meeting”) will be held on Friday, June 25, 2021, and we are pleased to present you with this notice of convocation of the Meeting.

The following is an explanation of the current status of the Group’s business and challenges, as well as the proposals for the Ordinary General Meeting of Shareholders.

I would like to ask for the continued guidance and support of our shareholders.

Yours faithfully,

Koji Kakigi

Representative Director, President and CEO

JFE Holdings, Inc.

2-3 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

(Translation for reference only)

1. Date and Time: Friday, June 25, 2021, 10:00 a.m. (doors scheduled to open at 9:15 a.m.)

* Please note that the reception starts later than in previous years.

2. Venue: Peacock Room of the Imperial Hotel, Tokyo (Teikoku Hotel), 2nd floor of the Main Building

1-1 Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. Objectives of Meeting:

Items to be reported

1. Business Report, Consolidated Financial Statements and Accounting Auditor's and Audit & Supervisory Board's Reports on Consolidated Financial Statements for the 19th term (from April 1, 2020 to March 31, 2021)
2. Non-consolidated Financial Statements for the 19th term (from April 1, 2020 to March 31, 2021)

Item to be resolved

- Proposal 1: Dividend of surplus
- Proposal 2: Election of eight Directors
- Proposal 3: Election of two Audit & Supervisory Board Members
- Proposal 4: Partial revision of the medium- to long-term performance-linked stock remuneration plan for Directors

4. Other Resolutions Determined upon Convocation

- (1) If a proxy exercise your voting rights on your behalf, please have your proxy submit your Voting Rights Exercise Form and a form stating that you give power of attorney to your proxy. Please note that you may exercise your voting rights by proxy by delegating your voting rights to one shareholder who holds a voting right, as provided for in the Articles of Incorporation.
- (2) When you exercise your voting rights both via the Internet and in writing, the voting rights exercised via the Internet shall be deemed and treated as a valid vote.
- (3) When you exercise your voting rights twice or more via the Internet, the voting rights exercised last shall be deemed and treated as a valid vote.

As it is strongly requested to stay indoors by the government and the Governor of Tokyo, **we ask shareholders to refrain from attending the Meeting to prevent the spread of COVID-19, regardless of your physical condition and to exercise your voting rights via the Internet (smartphone or personal computer) or in writing in advance wherever possible.**
The presentations at the Meeting can be viewed on the Company's website at a later date.

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*Please note that among the documents to be attached to this written notice to the Meeting, “Systems to Ensure the Propriety of Business Operations and the Status of Operation of Such System” in the business report, “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” in the consolidated financial statements, and “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” in the non-consolidated financial statements are not provided herein, and are published on our website in accordance with the provisions of applicable rules and regulations and the Articles of Incorporation. Accordingly, the documents attached to this written notice to the Meeting are a portion of the consolidated financial statements and non-consolidated financial statements subject to audit when the Accounting Auditor prepared its audit reports and a portion of the business report, consolidated financial statements, and non-consolidated financial statements subject to audit when the Audit & Supervisory Board Members prepared their audit report.

*In the event a matter needs to be changed or modified in any part of Reference Materials for General Meeting of Shareholders and Appendixes attached hereto, please note that any matter so changed or modified as mentioned above will be published on our website in accordance with the provisions of the applicable rules and regulations.

Measures to Prevent the Spread of COVID-19
at the General Meeting of Shareholders

The Company will take measures as shown below in order to ensure safety of shareholders and prevent the spread of infection. We ask for your understanding and cooperation in advance.

- To prevent infection, we will secure adequate clearance between each seat at the venue. Therefore, the number of seats will be significantly fewer than in previous years and shareholder entry may be restricted.
- In order to shorten shareholders’ stay at the venue, the opening time of the reception desk will be later than usual, as it was last year, and we plan to hold the General Meeting of Shareholders in a short time by conducting the proceedings smoothly and efficiently.
- At the reception desk, we will measure your body temperature using thermography or contactless thermometers before entry. Those who present with a fever will be asked to go through a temperature check and medical interview by a doctor. You may not be allowed to enter the venue depending on the result thereof.
- At the meeting venue, please cooperate with infection preventive measures and wear face masks.
- Shareholders are asked to cooperate in sanitizing your hands using alcohol disinfectants that will be placed at the venue.
- We will cancel the exhibition of the Group’s initiatives related its businesses as well as provision of beverages.
- Meeting staff will measure their body temperature beforehand and attend to their duties wearing face masks upon checking their physical conditions.
- The measures described above may be modified according to the status of the spread until the day of the meeting as well as government announcements. Shareholders are kindly advised to confirm the latest information on the Company’s website.

Our website: <https://www.jfe-holdings.co.jp/en/>

(Translation for reference only)

Guide to Exercising Your Voting Rights

➤ When not attending the General Meeting of Shareholders

[When exercising voting rights via the Internet]

Please use a smartphone (Smart Exercise) or a personal computer, etc. (accessing the website for exercising voting rights) to enter your approval or disapproval of each Proposal.

Deadline for Voting: To be completed by 5:30 p.m. (JST) on June 24, 2021 (Thursday)

[When exercising voting rights in writing]

Please indicate your approval or disapproval of each Proposal on the enclosed Voting Rights Exercise Form and return it to us.

Deadline for Voting: To be arrived by 5:30 p.m. (JST) on June 24, 2021 (Thursday)

See page 5 for details.

Handling of voting rights when exercised multiple times

- When voting rights are exercised both via the Internet and in writing
The voting rights exercised via the Internet will be valid.
 - When voting rights are exercised multiple times via the Internet
The voting rights exercised last will be valid.
- * If you exercise your voting rights via the Internet and then exercise a different set of voting rights in writing, the voting rights exercised via the Internet will be valid. If you wish to change the contents of your vote, please exercise your voting rights via the Internet again.

➤ When attending the General Meeting of Shareholders

Please submit the Voting Rights Exercise Form to the receptionist at the meeting (you do not need to fill in the form or affix your seal).

- * If a proxy exercises your voting rights on your behalf, please have your proxy submit your Voting Rights Exercise Form and a form stating that you give power of attorney to your proxy. Please note that you may exercise your voting rights by proxy by delegating your voting rights to one shareholder who holds a voting right, as provided for in the Articles of Incorporation.

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In order to secure the safety of shareholders and prevent the spread of COVID-19, please refrain from attending the meeting and exercise your voting rights in advance via the Internet or in writing wherever possible.

[In writing]

Please indicate your approval or disapproval of each Proposal on the enclosed Voting Rights Exercise Form and send the form to us.

[Via the Internet]

By Smartphone (Smart Exercise)

- (1) Please scan the QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone, access “Smart Exercise,” and enter your votes in accordance with the instructions on the screen.
- (2) If you wish to change your vote after exercising voting rights, please follow “By Personal Computer, etc.” below to change your vote.

By Personal Computer, etc.

- (1) Please access the website for exercising voting rights (URL: <https://soukai.mizuho-tb.co.jp/>).
- (2) Please enter the code and password, which are printed on the Voting Rights Exercise Form enclosed herewith, and click “Log in.” Then, set a new password for actual use (the password needs to be entered twice) and click “Log in.”
- (3) Select “Vote” from the main screen and enter your vote following the instructions on the screen.

For inquiries about the operation of “Smart Exercise” and the website for exercising voting rights, please contact **Mizuho Trust & Banking Co., Ltd., Transfer Agent Department** below,

Toll free number: 0120-768-524
Hours: 9:00 to 21:00, weekdays

<Guide to a Platform for the Exercise of Voting Rights for Institutional Investors>

A platform operated by ICJ Inc. will be available to institutional investors for the electronic exercise of voting rights for the General Meeting of Shareholders of the Company.

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Reference Materials for General Meeting of Shareholders

Proposal and Reference Matters:

Proposal 1: Dividend of surplus

The Company believes that appropriation of profit to shareholders is one of the most critical management objectives, and considers that its basic policy is to actively distribute dividends while building as JFE Group (or “the Group”) a sustainable, highly profitable business structure, and pursuing investments and improving the financial base to promote growth.

In the 19th term, profit attributable to owners of parent was in the red for the entire fiscal year. However, in light of the significant improvement in earnings in the second half of the fiscal year, the Company proposes to pay dividends of surplus at the end of the fiscal year as follows:

1. Type of dividend property

Cash

2. Allotment of dividend property to the shareholders and total amount of dividends

10 yen per share (Common stock) Total amount: 5,765,233,290 yen

3. Effective date of dividend of surplus

June 28, 2021

Proposal 2: Election of eight Directors

As the terms of office of all eight Directors expire at the close of this General Meeting of Shareholders, the Company proposes to elect eight Directors including three Outside Directors.

This resolution was proposed by the Board of Directors based on deliberations by and reports from the Nomination Committee, of which the Chairperson is an Outside Director and a majority of the members are Outside Directors/Audit & Supervisory Board Members. If the resolution is adopted as proposed, one-third or more of the Directors will continue to be Outside Directors who satisfy the Company’s Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

The candidates for Directors are as follows.

There is no conflict of special interests between each candidate and the Company.

(Translation for reference only)

No.	Name (Age)	Current Positions and Responsibilities in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2020)
1	<Reappointment> Koji Kakigi (Age 68)	Representative Director, President and CEO (Chief Executive Officer)	—	15/15 (100%)
2	<Reappointment> Yoshihisa Kitano (Age 63)	Representative Director	Representative Director, President and CEO of JFE Steel Corporation	15/15 (100%)
3	<Reappointment> Masashi Terahata (Age 61)	Representative Director, Executive Vice President and CFO (Chief Financial Officer) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept., Finance Dept. and Keihin Area Land Development Dept.	Director of JFE Steel Corporation	15/15 (100%)
4	<Reappointment> Hajime Oshita (Age 63)	Director	Representative Director, President and CEO of JFE Engineering Corporation	15/15 (100%)
5	<New appointment> Toshinori Kobayashi (Age 63)	—	Representative Director, President and CEO of JFE Shoji Corporation	—
6	<Reappointment> Masami Yamamoto (Age 67) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Director and Senior Advisor of Fujitsu Limited	15/15 (100%)
7	<Reappointment> Nobumasa Kemori (Age 70) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Executive Advisor of Sumitomo Metal Mining Co., Ltd.	15/15 (100%)
8	<Reappointment> Yoshiko Ando (Age 62) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	—	12/12 (100%)

Notes: 1. The age of each candidate is given as of the date of this General Meeting of Shareholders.
2. Ms. Yoshiko Ando was newly elected as Director at the previous year's Ordinary General Meeting of Shareholders (held on June 19, 2020), causing the number of meetings of the Board of Directors held during FY2020 to differ.

(Translation for reference only)

No. 1	Koji Kakigi	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: May 3, 1953 (Age 68)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 56,700	April 1977	Joined Kawasaki Steel Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Six	April 2007	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	April 2010	Senior Vice President of JFE Steel Corporation
	April 2012	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2015	Representative Director, President and CEO of JFE Steel Corporation
	June 2015	Representative Director of JFE Holdings, Inc.
	April 2019	Retired as Representative Director, President and CEO of JFE Steel Corporation
		Representative Director, President and CEO of JFE Holdings, Inc. (current post)
		(Significant concurrent post)
		Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)
		(Duties as Corporate Officer)
		CEO (Chief Executive Officer)
<p>• Reasons for nomination as a candidate for Director: Mr. Kakigi has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations in human resource and labor relations departments, and execution of duties as Corporate Officer in management divisions such as general administration, legal, accounting, finance, and procurement departments in JFE Steel Corporation, the Group's core company. He also has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director, President and CEO of JFE Steel Corporation. Currently, as Representative Director, President and CEO of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Kakigi to be suitable as a Director of the Company.</p>		

No. 2	Yoshihisa Kitano	Reappointment Nomination Committee Member
Date of birth: February 20, 1958 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 19,604	April 1982	Joined Kawasaki Steel Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Two	April 2011	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	April 2014	Senior Vice President of JFE Steel Corporation
	April 2018	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2019	Representative Director, President and CEO of JFE Steel Corporation (current post)
	June 2019	Representative Director of JFE Holdings, Inc. (current post)
		(Significant concurrent post)
		Representative Director, President and CEO of JFE Steel Corporation
<p>• Reasons for nomination as a candidate for Director: Mr. Kitano has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations in steel making technology and production control departments, and execution of duties as Corporate Officer such as supervision of steel works and overseas business, corporate planning, and IT in JFE Steel Corporation, the Group's core company. Currently, as Representative Director, President and CEO of JFE Steel Corporation, he is making aggressive efforts such as implementing structural reforms, and strengthening the revenue base and promoting the growth strategy with leading-edge technologies. Also, as Representative Director of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Kitano to be suitable as a Director of the Company.</p>		

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No. 3	Masashi Terahata	Reappointment Remuneration Committee Member
Date of birth:	Career summary, positions and responsibilities, and significant concurrent posts	
October 31, 1959 (Age 61)	April 1982	Joined Kawasaki Steel Corporation
Number of the Company's shares held: 19,000	April 2012	Vice President of JFE Holdings, Inc.
Number of years of service as Director (at the close of this General Meeting of Shareholders): Two	April 2015	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	April 2016	Senior Vice President of JFE Holdings, Inc.
	March 2018	Senior Vice President of JFE Steel Corporation
	April 2018	Director of JFE Shoji Corporation
	April 2019	Retired as Senior Vice President of JFE Holdings, Inc.
	June 2019	Retired as Director of JFE Shoji Corporation
		Representative Director and Executive Vice President of JFE Steel Corporation
		Executive Vice President of JFE Holdings, Inc. (current post)
		Director of JFE Steel Corporation (current post)
		Representative Director of JFE Holdings, Inc. (current post)
		(Significant concurrent posts)
		Director of JFE Steel Corporation
		Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)
		(Duties as Corporate Officer)
		CFO (Chief Financial Officer)
		Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept., Finance Dept. and Keihin Area Land Development Dept.
<p>• Reasons for nomination as a candidate for Director: Mr. Terahata has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations such as general administration and legal departments in the Company as well as operations in human resources and labor relations departments, and execution of duties as Corporate Officer in management divisions such as accounting, finance and procurement departments in JFE Steel Corporation, the Group's core company. He also has abundant experience and knowledge as a corporate manager through his experience as Representative Director and Executive Vice President of JFE Steel Corporation, and currently, as Representative Director, Executive Vice President of the Company, he is engaged in management control of the Group and implementation of financial and capital policies, while implementing management control of JFE Steel Corporation, the Group's core company, as its part-time Director. For these reasons, the Company has judged Mr. Terahata to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 4	Hajime Oshita	Reappointment
Date of birth: September 11, 1957 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 21,400	April 1982	Joined NKK Corporation
	April 2012	Vice President of JFE Engineering Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Four	April 2014	Senior Vice President of JFE Engineering Corporation
	April 2015	Director and Senior Vice President of JFE Engineering Corporation
Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	April 2016	Representative Director and Senior Vice President of JFE Engineering Corporation
	March 2017	Representative Director, President and CEO of JFE Engineering Corporation (current post)
	June 2017	Director of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Engineering Corporation	
<p>• Reasons for nomination as a candidate for Director: Mr. Oshita has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in corporate planning, accounting and finance, and execution of a wide range of duties as Corporate Officer such as supervision of domestic and overseas business in JFE Engineering Corporation, the Group's core company. In addition, Mr. Oshita has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Senior Vice President of JFE Engineering Corporation. Currently, as Representative Director, President and CEO of JFE Engineering Corporation., he is making aggressive efforts such as reinforcing the domestic earnings base, and expanding overseas business. For these reasons, the Company has judged Mr. Oshita to be suitable as a Director of the Company.</p>		

No. 5	Toshinori Kobayashi	New appointment
Date of birth: December 19, 1957 (Age 63)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 19,333	April 1980	Joined Kawasaki Steel Corporation
	April 2011	Vice President of JFE Steel Corporation
	April 2014	Senior Vice President of JFE Steel Corporation
	April 2016	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2021	Retired as Representative Director and Executive Vice President of JFE Steel Corporation Representative Director, President and CEO of JFE Shoji Corporation (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Shoji Corporation	
<p>• Reasons for nomination as a candidate for Director: Mr. Kobayashi has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations related to sales of automobile steel, and execution of duties as Corporate Officer such as supervision of sales divisions in JFE Steel Corporation, the Group's core company. In addition, Mr. Kobayashi has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Executive Vice President of JFE Steel Corporation. Currently, as Representative Director, President and CEO of JFE Shoji Corporation, the Group's core company, he is making aggressive efforts such as reinforcing the domestic earnings base, and expanding overseas business. For these reasons, the Company has judged Mr. Kobayashi to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 6	Masami Yamamoto	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Nomination Committee Remuneration Committee Member																
Date of birth: January 11, 1954 (Age 67) Number of the Company's shares held: 13,200 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Four Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	Career summary, positions and responsibilities, and significant concurrent posts <table border="0"> <tr> <td>April 1976</td> <td>Joined Fujitsu Limited</td> </tr> <tr> <td>January 2010</td> <td>Corporate Senior Executive Vice President of Fujitsu Limited</td> </tr> <tr> <td>April 2010</td> <td>President of Fujitsu Limited</td> </tr> <tr> <td>June 2010</td> <td>President and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2015</td> <td>Chairman and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2017</td> <td>Chairman and Director of Fujitsu Limited</td> </tr> <tr> <td></td> <td>Director of JFE Holdings, Inc. (current post)</td> </tr> <tr> <td>June 2019</td> <td>Director and Senior Advisor of Fujitsu Limited (current post)</td> </tr> </table> (Significant concurrent post) Director and Senior Advisor of Fujitsu Limited Outside Member of the Board of Directors of Mizuho Financial Group, Inc.		April 1976	Joined Fujitsu Limited	January 2010	Corporate Senior Executive Vice President of Fujitsu Limited	April 2010	President of Fujitsu Limited	June 2010	President and Representative Director of Fujitsu Limited	June 2015	Chairman and Representative Director of Fujitsu Limited	June 2017	Chairman and Director of Fujitsu Limited		Director of JFE Holdings, Inc. (current post)	June 2019	Director and Senior Advisor of Fujitsu Limited (current post)
April 1976	Joined Fujitsu Limited																	
January 2010	Corporate Senior Executive Vice President of Fujitsu Limited																	
April 2010	President of Fujitsu Limited																	
June 2010	President and Representative Director of Fujitsu Limited																	
June 2015	Chairman and Representative Director of Fujitsu Limited																	
June 2017	Chairman and Director of Fujitsu Limited																	
	Director of JFE Holdings, Inc. (current post)																	
June 2019	Director and Senior Advisor of Fujitsu Limited (current post)																	
<p>• Reasons for nomination as a candidate for Outside Director and outline of expected roles: Mr. Yamamoto has been successful in managing Fujitsu Limited for many years, a company that engages in the total solutions business globally in ICT fields, and has been involved reforming conventional business structures and processes in the rapidly changing ICT industry. The Company expects him to play a role in strengthening governance based on such extensive experience and broad insight in corporate management. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged Mr. Yamamoto to be suitable as an Outside Director of the Company.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. Mr. Yamamoto is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc., etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc. and registered him as such with the Tokyo Stock Exchange, etc. Furthermore, in FY2020, transactions between Fujitsu Limited, where Mr. Yamamoto served as Representative Director until June 2017, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Fujitsu Limited. Accordingly, Fujitsu Limited does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. As of March 31, 2021, neither the Company nor any of its operating companies owned any shares of Fujitsu Limited. 2. To ensure that Mr. Yamamoto can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed an agreement with Mr. Yamamoto in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Yamamoto is reappointed, the Company intends to continue the liability limitation agreement with him. 3. Mr. Yamamoto is Director and Senior Advisor of Fujitsu Limited, and Fujitsu Limited was subject to a cease and desist order and an order for payment of a surcharge by the Japan Fair Trade Commission for conduct in violation of the Anti-Monopoly Act in relation to electric power stabilization communications equipment ordered by Tokyo Electric Power Company in July 2016, when Mr. Yamamoto was a Director of Fujitsu Limited. In addition, Fujitsu Limited was determined by the Japan Fair Trade Commission to have violated the Anti-Monopoly Act in relation to transactions for hybrid optical communications equipment and transmission line equipment ordered by Chubu Electric Power Co., Inc. in February 2017. Fujitsu Limited submitted a request to the Japan Fair Trade Commission for application of the surcharge reduction and exemption system in relation to that incident and the request was granted, and consequently, Fujitsu Limited is not subject to the cease and desist order or the order for payment of a surcharge. Mr. Yamamoto was not directly involved in either of these incidents, and after becoming aware of these facts, he fulfilled his responsibilities by reinforcing measures related to legal compliance and taking comprehensive measures to prevent a reoccurrence. 																		

(Translation for reference only)

No. 7	Nobumasa Kemori	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Remuneration Committee
Date of birth: April 12, 1951 (Age 70) Number of the Company's shares held: 11,200 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Three Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)	Career summary, positions and responsibilities, and significant concurrent posts September 1980 Joined Sumitomo Metal Mining Co., Ltd. June 2006 Director, Managing Executive Officer and General Manager of Non-Ferrous Metals Div. of Sumitomo Metal Mining Co., Ltd. June 2007 Representative Director and President of Sumitomo Metal Mining Co., Ltd. June 2013 Representative Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2016 Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2017 Retired as Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. Executive Advisor of Sumitomo Metal Mining Co., Ltd. (current post) June 2018 Director of JFE Holdings, Inc. (current post) (Significant concurrent post) Executive Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD. Outside Director of Sumitomo Realty & Development Co., Ltd.	
<p>• Reasons for nomination as a candidate for Outside Director and outline of expected roles: Mr. Kemori has been successful in managing Sumitomo Metal Mining Co., Ltd., which engages in a broad range of businesses in non-ferrous metal resource development, smelting, materials production, etc., for many years, and has remarkable knowledge in metallic materials. He also led the construction of an overseas plant for nickel smelting, a mainstay business of Sumitomo Metal Mining Co., Ltd., and a development project for a large copper mine. The Company expects him to play a role in strengthening governance based on such broad experience in corporate management and his academic knowledge of metal materials. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged Mr. Kemori to be suitable as an Outside Director of the Company.</p> <p>• Special matters: 1. Mr. Kemori is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc., etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc. and registered him as such with the Tokyo Stock Exchange, etc. Furthermore, in FY2020, transactions between Sumitomo Metal Mining Co., Ltd., where Mr. Kemori served as Representative Director and Chairman of the Board until June 2016, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales (revenue) of either the Company or Sumitomo Metal Mining Co., Ltd. Accordingly, Sumitomo Metal Mining Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. As of March 31, 2021, neither the Company nor any of its operating companies owned any shares of Sumitomo Metal Mining Co., Ltd. 2. To ensure that Mr. Kemori can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed an agreement with Mr. Kemori in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Kemori is reappointed, the Company intends to continue the liability limitation agreement with him.</p>		

(Translation for reference only)

No. 8	Yoshiko Ando	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Nomination Committee Member
Date of birth: March 17, 1959 (Age 62)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 900	April 1982	Joined Ministry of Labour
Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): One	July 2013	General Manager, Workers' Compensation Division, Labour Standards Bureau of Ministry of Health, Labour and Welfare
Number of meetings of the Board of Directors attended (FY2020): 12/12 (100%)	July 2014	Director-General, Equal Employment and Child and Family Bureau of Ministry of Health, Labour and Welfare
	October 2015	Director-General for Labour of Ministry of Health, Labour and Welfare
	June 2016	Director-General for Statistics and Information Policy of Ministry of Health, Labour and Welfare
	July 2017	Director-General for Human Resources Development of Ministry of Health, Labour and Welfare
	July 2018	Retired from Ministry of Health, Labour and Welfare
	June 2020	Director of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Audit & Supervisory Board Member of Kirin Holdings Company, Limited Outside Director of Sansei Technologies, Inc.	
<p>• Reasons for nomination as a candidate for Outside Director and outline of expected roles: Ms. Ando has worked as an administrative official for many years, engaged in policy making in labor administration including woman's active participation in the workforce. The Company expects her to play a role in strengthening governance based on such professional expertise and abundant experience in a wide range of fields of employment and labor. Although she has no experience of participating in corporate management other than as an outside director or outside audit & supervisory board member, based on such in-depth knowledge and outstanding insight, as well as her performance as an Outside Director of the Company since she assumed office as such, the Company has judged Ms. Ando to be suitable as an Outside Director of the Company.</p> <p>• Special matters: 1. Ms. Ando is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc., etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated her as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc. and registered her as such with the Tokyo Stock Exchange, etc. 2. To ensure that Ms. Ando can fully demonstrate her capability as expected in her role as an Outside Director, the Company has executed an agreement with Ms. Ando in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Ms. Ando is reappointed, the Company intends to continue the liability limitation agreement with her.</p>		

Note:

The Company has entered into a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, which includes all Directors as insured parties, and if the resolution is adopted as proposed, each candidate will become an insured party of the said insurance contract. The said insurance contract will cover the damages and legal costs incurred by the insured party due to claims for damages arising from the insured party's acts (including omissions) based on his or her position as a director or an officer, etc. of the Company. However, certain exemptions, such as exclusion from coverage of damages caused by the insured party's acts while their being aware that they violate laws and regulations, have been established to ensure that the appropriateness of the execution of duties by directors and officers is not impaired. The insurance premiums will be fully paid by the Company, and the insured party will not bear the actual premiums. The Company plans to renew the said insurance contract during their terms of office.

(Translation for reference only)

Proposal 3: Election of two Audit & Supervisory Board Members

As the terms of office of Audit & Supervisory Board Members Nobuya Hara and Isao Saiki expire at the close of this General Meeting of Shareholders, the Company proposes to elect two Audit & Supervisory Board Members.

This resolution was adopted by the Board of Directors based on deliberations by and reports from the Nomination Committee. If the resolution is adopted as proposed, a majority of the members will continue to be Outside Audit & Supervisory Board Members who satisfy the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this Proposal.

The candidates for Audit & Supervisory Board Members are as follows.

There is no conflict of interests between each candidate and the Company.

No. 1	Nobuya Hara	Reappointment
Date of birth: December 11, 1961 (Age 59)	Career summary, positions, and significant concurrent posts	
	April 1984	Joined NKK Corporation
	April 2011	General Manager of Controller Department of JFE Steel Corporation
Number of the Company's shares held: 6,738	April 2012	General Manager of Controller Department of JFE Steel Corporation and General Manager of Controller Department of JFE Holdings, Inc.
	April 2015	General Manager of Affiliated Business Department of JFE Steel Corporation
Number of years of service as Audit & Supervisory Board Member (at the close of this General Meeting of Shareholders): Four	April 2016	Audit & Supervisory Board Member of JFE Steel Corporation (current post)
	June 2017	Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Audit & Supervisory Board Member of JFE Steel Corporation	
Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)		
Number of meetings of the Audit & Supervisory Board attended (FY2020): 18/18 (100%)		
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Audit & Supervisory Board Member: Mr. Hara has abundant experience and knowledge of finance and accounting, which he has accumulated through work in corporate planning, accounting and finance at JFE Steel Corporation, the Group's core company, and through accounting work at the Company. He also has abundant experience and knowledge acquired through work in management of group companies at JFE Steel Corporation and while serving as an Audit & Supervisory Board Member of JFE Steel Corporation. Based on such experience and knowledge, as well as his performance as an Audit & Supervisory Board Member of the Company since he assumed office as such, the Company has judged Mr. Hara to continue to execute appropriately his duties as an Audit & Supervisory Board Member. • Special matter: To ensure that Mr. Hara can fully demonstrate his capability as expected in his role as an Audit & Supervisory Board Member, the Company has executed an agreement with Mr. Hara in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Hara is reappointed, the Company intends to continue the liability limitation agreement with him. 		

(Translation for reference only)

No. 2	Isao Saiki	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Remuneration Committee Member												
<p>Date of birth: August 11, 1961 (Age 59)</p> <p>Number of the Company's shares held: 8,200</p> <p>Number of years of service as Audit & Supervisory Board Member (at the close of this General Meeting of Shareholders): Four (*)</p> <p>Number of meetings of the Board of Directors attended (FY2020): 15/15 (100%)</p> <p>Number of meetings of the Audit & Supervisory Board attended (FY2020): 18/18 (100%)</p>	<p>Career summary, positions, and significant concurrent posts</p> <table border="0"> <tr> <td>April 1989</td> <td>Admitted to the bar</td> </tr> <tr> <td>April 1989</td> <td>Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)</td> </tr> <tr> <td>January 1998</td> <td>Promoted to partner of Abe, Ikubo & Katayama Law Firm (current post)</td> </tr> <tr> <td>April 2014</td> <td>Audit & Supervisory Board Member of JFE Holdings, Inc.</td> </tr> <tr> <td>June 2014</td> <td>Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.</td> </tr> <tr> <td>June 2017</td> <td>Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)</td> </tr> </table> <p>(Significant concurrent post) Partner Lawyer of Abe, Ikubo & Katayama Law Firm</p>		April 1989	Admitted to the bar	April 1989	Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)	January 1998	Promoted to partner of Abe, Ikubo & Katayama Law Firm (current post)	April 2014	Audit & Supervisory Board Member of JFE Holdings, Inc.	June 2014	Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.	June 2017	Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)
April 1989	Admitted to the bar													
April 1989	Joined Ginza Law Office (current Abe, Ikubo & Katayama Law Firm)													
January 1998	Promoted to partner of Abe, Ikubo & Katayama Law Firm (current post)													
April 2014	Audit & Supervisory Board Member of JFE Holdings, Inc.													
June 2014	Retired as Audit & Supervisory Board Member of JFE Holdings, Inc.													
June 2017	Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)													
<p>• Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member: Mr. Saiki has vast experience and impressive knowledge in corporate legal affairs and other matters as a lawyer. Moreover, he has served as Outside Audit & Supervisory Board Member for other listed companies, including the Company. He has been elected as the Company's Substitute Audit & Supervisory Board Member since June 2009 and appointed as Outside Audit & Supervisory Board Member in April 2014. Although he has no experience of participating in corporate management other than as an Outside Audit & Supervisory Board Member, based on the above reasons, as well as his performance as an Audit & Supervisory Board Member of the Company since he assumed office as such, the Company has judged Mr. Saiki to continue to execute appropriately his duties as an Outside Audit & Supervisory Board Member.</p> <p>(*) While the number of years since Mr. Saiki assumed office as an Audit & Supervisory Board Member of the Company in June 2017 is four, he was an Audit & Supervisory Board Member of the Company for two months from April 2014. Accordingly, the total is four years and two months.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> Mr. Saiki is a candidate for Outside Audit & Supervisory Board Member who satisfies the requirements of the Tokyo Stock Exchange, Inc., etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc., etc. and registered him as such with the Tokyo Stock Exchange, etc. Abe, Ikubo & Katayama Law Firm, where Mr. Saiki serves as a partner lawyer, has not received remuneration of more than 10 million yen per year on average for the past three years from the Company or its operating companies. To ensure that Mr. Saiki can fully demonstrate his capability as expected in his role as an Audit & Supervisory Board Member, the Company has executed an agreement with Mr. Saiki in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Saiki is reappointed, the Company intends to continue the liability limitation agreement with him. 														

(Translation for reference only)

Note:

The Company has entered into a directors and officers liability insurance contract with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, which includes all Audit & Supervisory Board Members as insured parties, and if the resolution is adopted as proposed, each candidate will become an insured party of the said insurance contract. The said insurance contract will cover the damages and legal costs incurred by the insured party due to claims for damages arising from the insured party's acts (including omissions) based on his or her position as a director or an officer, etc. of the Company. However, certain exemptions, such as exclusion from coverage of damages caused by the insured party's acts while their being aware that they violate laws and regulations, have been established to ensure that the appropriateness of the execution of duties by directors and officers is not impaired. The insurance premiums will be fully paid by the Company, and the insured party will not bear the actual premiums. The Company plans to renew the said insurance contract during their terms of office.

(Translation for reference only)

(Reference)

Standards for Independence of Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.

JFE Holdings, Inc. (the “Company”) establishes the standards for independence of Outside Directors and Outside Audit & Supervisory Board Members as described below. An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or was an executive director, executive officer or employee (collectively the “Executive”) of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company who is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average of either 10 million yen or 30% of the person’s total expenses, whichever is larger, over the past 3 years) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past 3 years) in addition to the director’s or audit & supervisory board member’s remuneration from the Company or its operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.
- 8) An accounting auditor of the Company or its operating company, or a person who is a partner, etc. of such accounting auditor; or a person who performed auditing on the Company or its operating company as a partner, etc. of such accounting auditor in the past 3 years.
- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company or a parent company or a subsidiary of such company, in the event that such company has accepted directors from the Company or its operating company.
- 10) A person who is or, in the past 3 years, was the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of foregoing items 1) through 10) (the person’s spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director/audit & supervisory board member of the Company in light of the person’s personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director/audit & supervisory board member, by providing the reason to believe that the person is appropriate for an independent outside director/audit & supervisory board member of the Company, and by explaining that the person fulfills the requirements for an independent outside director/audit & supervisory board member.

* “Operating company” refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation.

* “Major business partner” refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

(Translation for reference only)

Proposal 4: Partial revision of the medium- to long-term performance-linked stock remuneration plan for Directors

1. Reasons for the Proposal and reasons the partial revision of remuneration is appropriate

Shareholders approved the introduction of a “Board Benefit Trust” stock remuneration plan (hereinafter referred to as the “Plan”) linked to performance over the medium to long term for Directors and Corporate Officers of the Company and its operating companies (specific eligible persons are as described in 3. (1) below, and eligible persons are hereinafter referred to collectively as the “Group’s Directors/Officers”) so that the Company can raise medium- to long-term corporate value and contribute to the sustainable growth of society, at the 16th Ordinary General Meeting of Shareholders held on June 21, 2018 (hereinafter referred to as the “Previous General Meeting of Shareholders”).

The purpose of the introduction of the Plan is to further clarify the linkage among remuneration, performance results of the Group, and stock value, and further enhance the sharing of value with shareholders with the aim of raising awareness toward contributing to an increase in corporate value over the medium- and long-term, by granting the Company’s Shares (as defined in 3. (1) below) to the Group’s Directors/Officers according to the level of achievement against performance targets under the Medium-Term Business Plan.

In this Proposal, the Company seeks approval for partial revisions to the amount and the content of remuneration for Directors of the Company who are eligible for the Plan so that the period covered by the Plan can be set between one and five fiscal years depending on the period covered by future Medium-Term Business Plans, rather than fixing the period covered by the Plan to the existing three fiscal years, given that the seventh Medium-Term Business Plan was recently formulated to cover the four fiscal years from FY2021 to FY2024.

The Company’s Board of Directors has determined the partial revisions to the Plan in accordance with the Basic Policy on Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Basic Policy”) and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Decision Policy”) pursuant to the Basic Policy, based on deliberations by and reports from the Remuneration Committee (see pages 43-44 for a detailed outline of the Basic Policy and Decision Policy). Based on the above, the Company believes the content of this Proposal is appropriate.

Furthermore, the Company proposes that decisions regarding the details of the Plan be delegated to the Board of Directors, within the limits in 3. below.

Currently, two of the Company’s Directors will be eligible for the Plan, as Outside Directors will not be eligible for the Plan, and the Company will not pay remuneration based on the Plan to Directors concurrently serving as Executive Directors at operating companies. If Proposal 2 is approved as proposed, there will be no change to this number.

During the period of the sixth Medium-Term Business Plan (FY2018 to FY2020), when the Plan was first introduced, the Company was regrettably unable to achieve its performance targets and there was a period during which the requirements for the performance-linked portion of the Plan were not met. However, by partially revising and continuing the Plan, the Company will endeavor to achieve the performance targets stated in the seventh Medium-Term Business Plan and enhance its corporate value over the medium to long term by sharing value with our shareholders.

(Translation for reference only)

2. Details of revisions to the Plan

The details of revisions to the Plan are as follows.

Item	Before revision	After revision
Target period covered by the Plan	Each three-fiscal-year period starting from FY2018	Period covered by the Medium-Term Business Plan (set at one to five fiscal years)
Cash limit amount to be contributed by the Company to the trust	4,500 million yen for each target period, three fiscal years (of which 600 million yen will be for the Company's Directors)	1,500 million yen for each fiscal year (of which 200 million yen will be for the Company's Directors) × number of fiscal years relating to the relevant target period
Limit of number of the Company's shares to be acquired by the trust for provision	4,800 thousand shares for each target period, three fiscal years (of which 660 thousand shares for the Company's Directors)	1,600 thousand shares for each fiscal year (of which 220 thousand shares for the Company's Directors) × number of fiscal years relating to the relevant target period

The Stock Grant Regulations for Officers stipulate that in the event that the Company's Directors are dismissed or engage in certain misconduct, the Company can revoke the right of the Directors to receive benefits or request the return of the economic value equivalent to the Company's shares, etc. received, in accordance with a resolution of the Board of Directors. The Company seeks approval for this stipulation at this General Meeting of Shareholders.

Except for that stated above, the details of this Proposal are the same as the details resolved at the Previous General Meeting of Shareholders.

3. Details of the Plan after revisions

(1) Overview of the Plan

The Plan is a stock remuneration plan whereby shares in the Company are acquired through a trust funded by cash contributed by the Company (hereinafter, the trust established pursuant to the Plan is referred to as the "Trust"), and the Company's shares and an amount of cash equivalent to the market price of the Company's shares (hereinafter referred to as the "Company's Shares") are provided through the Trust to the Group's Directors/Officers, pursuant to the Stock Grant Regulations for Officers established by the Company and its operating companies.

The Plan shall be introduced for the four fiscal years from FY2021 to FY2024 covered under the seventh Medium-Term Business Plan (the period covering such four fiscal years shall hereinafter be referred to as the "Main Target Period") and for each subsequent period that covers the relevant Medium-Term Business Plan (the Main Target Period and each of the period that covers future Medium-Term Business Plan that starts after the end of the Main Target Period shall hereinafter be referred to as the "Target Period"). Furthermore, a period of between one and five fiscal years shall be set as the Target Period equivalent to the period that covers future Medium-Term Business Plans.

(Translation for reference only)

Structure of the Plan	Performance-linked portion	The Company's Shares are granted according to the level of achievement against performance targets under the Medium-Term Business Plan, etc., for a Target Period (Note 1) * However, no payment shall be made for a fiscal year in which the Company's profit ratio to equity attributable to owners of parent (hereinafter referred to as "ROE") is less than 5%. * Additionally, no payment shall be made to those eligible at operating company for a fiscal year in which said operating company has recorded a segment loss.
	Service-length portion	The Company's Shares are granted according to the length of the term of office at each company and for each position.
Those eligible for the Plan	Performance-linked portion	· Directors of the Company and its operating companies (excluding Outside Directors) · Corporate Officers of the Company and its operating companies not concurrently serving as Directors (excluding residents outside Japan)
	Service-length portion	Directors (excluding Outside Directors) of the Company and its operating companies
Cash limit amount to be contributed by the Company to the Trust		1,500 million yen for each fiscal year × number of fiscal years relating to the Target Period (of which 200 million yen for each fiscal year × number of fiscal years relating to the Target Period will be for the Company's Directors)
Limit of number of the Company's shares to be acquired by the Trust for provision		1,600 thousand shares for each fiscal year × number of fiscal years relating to the Target Period (of which 220 thousand shares for each fiscal year × number of fiscal years relating to the Target Period will be for the Company's Directors)
Method of acquisition of the Company's shares by the Trust		Through the stock market or by subscription to the disposal of the Company's treasury shares
Time of granting the Company's Shares		When the Group's Directors/Officers retire, in principle

Note 1: For performance-linked portion, the Company set a target of 220 billion yen per year of profit attributable to owners of parent under the seventh Medium-Term Business Plan as the performance indicator during the Main Target Period and the level paid each fiscal year shall vary within a range of 0% to 150%, with 100% as at point in time the target is achieved.

(2) The cash limit amount that the Company contributes to the Trust and limit of the number of the Company's shares to be granted from the Trust

As funds for the Company's Shares for granting to the Group's Directors/Officers, the Company shall contribute cash to the Trust up to 1,500 million yen for each fiscal year multiplied by the number of fiscal years related to the Target Period (of which the portion for the Company's Directors shall be 200 million yen for each fiscal year multiplied by the number of fiscal years related to the Target Period) (Note 2). The limit amount for the Company's Directors is calculated as

(Translation for reference only)

the remuneration amount with the highest performance evaluation (equivalent to 150% with the case that the targets under the Medium-Term Business Plan have been achieved at 100%), taking into consideration the number of Directors after the conclusion of this General Meeting of Shareholders and replacement of Directors in the future.

However, if, at the time additional contributions are made for each Target Period, there remain the Company's shares and cash (hereinafter referred to together as the "Residual Shares, etc.") in the trust assets, the amount after deducting the monetary amount of the Residual Shares, etc. (for the Company's shares, the monetary amount of the book value as of the final day of the fiscal year immediately preceding the relevant Target Period) from the above limit amount shall be the limit amount of additional contributions for the relevant Target Period. When calculating Residual Shares, etc., the Company shall exclude from the Company's shares remaining in the trust assets, those shares that correspond to the points granted to the Group's Directors/Officers prior to the commencement of the Target Period covered by the additional contribution and that have not yet been provided to the Group's Directors/Officers.

The limit of the total number of the Company's Shares (including the number of the Company's Shares subject to conversion into cash) to be granted to the Group's Directors/Officers according to (5) below in the Trust, shall be 1,600 thousand shares for each fiscal year multiplied by the number of fiscal years related to the Target Period (of which the portion for the Company's Directors shall be 220 thousand shares for each fiscal year multiplied by the number of fiscal years related to the Target Period). This is set by using the Company's share price and other factors as a reference, based on the aforementioned limit amount of contributions.

Note 2: The cash amount that the Company contributes to the Trust shall include that to be borne by operating companies for funds for the Company's Shares to be granted to Directors and Corporate Officers of these companies, but the Company and these companies shall conduct settlement in regard to this money each time the Company's Shares are granted to eligible persons of these companies.

(3) Methods of acquisition of the Company's shares

The Trust shall acquire the Company's shares, funded by cash contributed through (2) above, either through the stock market or by subscription to the disposal of the Company's treasury shares, and new shares shall not be issued. Details of acquisition of the Company's shares through the Trust shall be disclosed in a timely and appropriate manner.

(4) Calculation method for number and amount of the Company's Shares to be granted to the Group's Directors/Officers

For each fiscal year, the Group's Directors/Officers are granted points based on matters such as their positions and performance achievements in accordance with the Stock Grant Regulations for Officers of the relevant company. The limit of the total number of points granted to the Group's Directors/Officers shall be 1,600 thousand points (of which, 220 thousand points shall be for the Company's Directors) for each fiscal year.

The points granted for each fiscal year, in principle, are accumulated until the retirement of the relevant Group's Directors/Officers, and the number of such accumulated points is multiplied by a prescribed coefficient established based on the reason of their retirement (not exceeding 1). The points computed in this manner (hereinafter referred to as the "Defined Number of Points") are converted to the number of the Company's common shares by converting one point to one share of common stock of the Company. The Company's Shares thus calculated will be granted as described in (5) below. However, if actions such as a stock split, a gratis allotment or a stock consolidation of

(Translation for reference only)

the Company's shares is carried out in the future, the Company will reasonably adjust the limit of number of points, the number of points already granted or their conversion ratio, in accordance with matters such as the ratios of such actions.

The number of points granted for each fiscal year in the Main Target Period shall be calculated as follows.

(i) Performance-linked portion

The Company has set the target of profit attributable to owners of parent established under the seventh Medium-Term Business Plan as an indicator for calculating the performance-linked portion, bearing in mind the importance of committing to profits which are directly linked to shareholder return. The minimum requirement for granting points is that ROE is not less than 5%, from the perspective that it is a necessity and an obligation of the Company's management to make profits over a medium- to long-term that exceed the cost of capital by making the most of shareholders' equity to enhance corporate value in a sustainable manner.

Specifically, it will be calculated by multiplying the base points specified for each company and position (hereinafter referred to as "Performance-linked Points") by an adjustment rate based on the level of achievement against the target of profit attributable to owners of parent under the seventh Medium-Term Business Plan. The adjustment rate shall be set to 100% in the case that the targets have been achieved and shall vary within a range of 0% to 150%.

$$\begin{array}{rcccl} \text{Annual points to} & & & & \text{Adjustment rate regarding profit} \\ \text{be granted} & = & \text{Performance-linked} & \times & \text{attributable to owners of parent} \\ & & \text{Points} & & \text{(0\% to 150\%)} \end{array}$$

The adjustment rate shall be 0% in the case that ROE is less than 5% in the relevant fiscal year. The adjustment rate applicable to those eligible at an operating company shall be 0% in the case that the relevant operating company records a segment loss in the relevant fiscal year.

(ii) Service-length portion

The service-length portion is calculated by multiplying the base points specified for each company and position (hereinafter referred to as "Service-length Points") by an adjustment rate based on the length of the term of office for the relevant position. The adjustment rate shall be 100% for those who remain in office for the entire service period for the relevant fiscal year.

$$\begin{array}{rcccl} \text{Annual points to} & & & & \text{Adjustment rate according to the length of} \\ \text{be granted} & = & \text{Service-length} & \times & \text{the term of office for the relevant position} \\ & & \text{Points} & & \text{(0\% to 100\%)} \end{array}$$

(5) Provision of the Company's Shares

In principle, the Group's Directors/Officers who retire shall receive from the Trust the Company's shares corresponding to the Defined Number of Points after retirement, if they meet the beneficiary requirements provided in the Stock Grant Regulations for Officers of the respective company and by carrying out specified beneficiary confirmation procedures. However, the Group's Directors/Officers shall receive cash instead of the Company's shares in an amount equivalent to the market value of such shares for a certain percentage of the points if they meet the requirements provided in the Stock Grant Regulations for Officers of the respective company. The Trust may sell the Company's shares to make such cash provisions.

(Translation for reference only)

The Group's Directors/Officers who have been granted points may lose the right to receive benefits by a resolution of the Board of Directors of the Company or an operating company if they have been dismissed by a resolution of a General Meeting of Shareholders or the Board of Directors or if they have committed any misconduct during their terms of office or prior to receiving benefits after leaving office. Furthermore, the Group's Directors/Officers who commit any misconduct after receiving benefits may be asked to return an economic value equivalent to the Company's Shares they have received based on a resolution of the Board of Directors of the Company or an operating company.

(6) Exercise of voting rights

The voting rights attached to the Company's shares in the Trust's account shall not be exercised, in order to ensure neutrality to the Company's management.

(7) Dividends

The Trust shall receive dividends from the Company's shares held in the Trust's account and allocate them to the payment of the costs for acquiring the Company's shares, to the trust fees for the Trust's trustee, etc. If the Trust is terminated, residual funds in the Trust, including dividends, shall be donated to organizations that have no conflicts of interest with the Company and the Group's Directors/Officers in accordance with the provisions of the Stock Grant Regulations for Officers.

(8) Other

Other details related to the Plan shall be determined by the Board of Directors.

<p>(Reference) Partial revisions to the Plan for Corporate Officers of the Company and Directors and Corporate Officers of operating companies shall be made after resolutions are passed at the Board of Directors of the Company and operating companies, and at the General Meeting of Shareholders of operating companies, subject to the approval of Proposal 4 as proposed.</p>

(Translation for reference only)

[Appendixes]

Business Report for the 19th Term

(From April 1, 2020 to March 31, 2021)

1. Overview of the Corporate Group

(1) Business progress and results, and tasks requiring attention

[Performance of the Group]

The JFE Group, guided by its corporate mission of contributing to society with the world's most innovative technology, continued its effort to achieve sustainable growth and to improve corporate value for its shareholders and all other stakeholders.

Economic conditions during the reporting period were affected by the worldwide COVID-19 pandemic; in particular, business activities were severely restricted in the first half of the fiscal year. Recovery was seen in exports and personal consumption in the second half. Overseas, business rebounded fastest in China and recovered or at least bottomed out in the U.S. and the rest of Asia.

Under the circumstances, the JFE Group, particularly in its steel business, steadily strengthened the manufacturing capabilities of its domestic steel works and steadily improved productivity through digital transformation. The company also took emergency measures to reduce costs by 100.0 billion yen, restricted capital investment and made efforts to improve cash flow.

Business profit and profit attributable to owners of parent were in the black in the second half due primarily to recovered production of automobiles, the major source of demand for steel. The first-half slump was so great, however, that the fiscal year ended in the red.

<Performance of JFE Steel Corporation>

JFE Steel Corporation experienced significantly lower demand for iron and steel in the first half. In response, JFE Steel implemented emergency measures such as temporarily shutting down two blast furnaces. Consolidated annual crude steel production amounted to 23.96 million tons, down significantly from the previous fiscal year. Revenue fell significantly to 2,255.2 billion yen as sales dropped dramatically. A profit was earned in the second half thanks to efforts to thoroughly minimize operational costs by optimizing production. Also, JFE Steel captured recovered demand by using data science technology to swiftly restart blast furnaces. In addition, sales prices rose as demand recovered and export conditions improved. Nevertheless, poor profitability in the first half was too large to overcome, so the segment ended the year with a loss of 65.4 billion yen, much worse than in the previous fiscal year.

<Performance of JFE Engineering Corporation>

Corporate acquisitions helped to boost JFE Engineering Corporation's revenue, but the COVID-19 pandemic caused delays in construction that held down revenue to 485.7 billion yen, a decrease from the prior fiscal year. Despite decreased revenue, however, efforts to cut costs and maintain profitability resulted in a profit of 24.0 billion yen, up from the previous fiscal year.

<Performance of JFE Shoji Corporation>

In JFE Shoji Corporation, demand recovered in the second half and market conditions improved in the U.S. and worldwide by the end of the fiscal year, enabling profitability to rebound significantly against the first half. However, decreased demand for steel materials in the first half was huge, so revenue for the full fiscal year came to 932.5 billion yen and segment profit ended at 20.0 billion yen, both down from the prior fiscal year.

<Consolidated business results of the Group>

Japan Marine United Corporation, which is accounted for using the equity method, suffered a loss due to low prices amid a sluggish recovery in the new-ship market as well as delays in business negotiations due to COVID-19. Due to such factors, JFE recorded an equity-method loss of 4.1 billion yen.

(Translation for reference only)

The above results and earnings of JFE Holdings, Inc. combined for consolidated revenue of 3,227.2 billion yen, down from the prior year. The business loss came to 12.9 billion yen, also worse than the previous fiscal year. Furthermore, exceptional items totaling 20.4 billion yen, such as profit on sales of fixed assets, were realized. JFE recorded a loss before tax of 4.9 billion yen and a loss attributable to owners of parent of 21.8 billion yen.

<Non-consolidated business results>

During the 19th term, JFE Holdings, Inc. received total management fee income of 2.5 billion yen from three operating companies. JFE Holdings also received total dividend income of 8.8 billion yen from JFE Engineering Corporation and JFE Shoji Corporation. As a result, on a non-consolidated basis, JFE Holdings recorded operating income of 9.3 billion yen and ordinary income of 9.3 billion yen.

With regard to distribution of surplus, although we did not pay interim dividends, we have decided to propose a year-end dividend of 10 yen per share to the General Meeting of Shareholders in light of the significant improvement in earnings in the second half, mainly in the steel business. We appreciate your understanding.

(Notes)

1. Business profit (business loss): Profit before tax excluding financial income and exceptional items. It is a benchmark indicator of the consolidated earnings of JFE.
2. Segment profit: Business profit including financial income. It is a performance indicator of each segment.
3. Exceptional items: Items with a transitory nature that are material in terms of amount.
4. JFE Holdings uses JGAAP for its non-consolidated operating results.

[Tasks requiring attention]

The JFE Group has been implementing measures under the sixth Medium-Term Business Plan, which started in FY 2018. However, due to rapid changes in the business environment caused by intensifying trade friction between the U.S. and China and the global spread of COVID-19, which were not envisioned when the plan was formulated, the performance of the steel business in particular has been sluggish, resulting in a net loss for second consecutive year, and the Group has failed to achieve the major financial and earnings targets it set as its targets.

In March last year, in view of trends in steel demand over the medium to long term as well as the harsh business circumstances, we decided to implement structural reforms in our steel business that include fundamental measures such as the suspension of blast-furnace operations at the East Japan Works (Keihin), and is working on accomplishing the reforms.

<Seventh Medium-Term Business Plan>

This fiscal year, the JFE Group has formulated its seventh Medium-Term Business Plan, aiming to establish itself as an essential entity for the sustainable development of society and the safe and comfortable lives of people, as well as to achieve economic sustainability. We will boldly tackle reforms in order to establish a strong management foundation and leap to a new stage. The Plan covers the period up to FY2024, when the structural reforms of the steel business will be completed. In FY2021, the first year of the Plan, we will work to achieve the consolidated business profit of 200 billion yen, the forecast announced on May 7, 2021.

The main initiatives will be as follows.

1) Steel business

- Shifting focus from quantity to quality

The domestic steel market is expected to shrink going forward due to a declining population. Meanwhile, overseas, in addition to intensifying price competition for commodity products, there is a growing trend toward local production of steel products for local use, which likely constrains the expansion of exports from Japan.

In response to this situation, JFE Steel Corporation will shift its domestic production as the source of revenue from expanding volume to pursuing quality. In the Medium-Term Business Plan,

(Translation for reference only)

based on the premise of an annual non-consolidated crude steel production volume of 26 million tons, in addition to reducing fixed costs through structural reforms, JFE Steel will achieve significant cost reductions by improving labor productivity and yields through the promotion of DX. Furthermore, JFE Steel will raise the ratio of high value-added products to improve the product mix, and promote a fundamental review of the sales price system to pursue the world's top level of profit per ton of steel.

- Labor productivity: +20% (from 1,670 to 2,000 tons per person per year)
- Cost reductions: 120 billion yen
- Ratio of high value-added products: 50% or more
- Profit per ton of steel: 10,000 yen/ton

- Promotion of growth strategies

JFE Steel Corporation has been working with local partners such as JSW Steel Ltd. (JSW) in India and Formosa Ha Tinh Steel Corporation in Vietnam to implement integrated local production from iron sources, working to capture demand in growing markets as an insider. JFE Steel will expand its earnings by strengthening these alliances and deepening its business strategy through local production.

In India, in particular, demand for grain-oriented electrical steel sheets used in transformers is expected to grow along with the significant increase in demand for electric power. In order to seize this opportunity with its advanced technological capabilities, JFE Steel and JSW will discuss the establishment of a joint venture for manufacturing and selling grain-oriented electrical steel sheets in India.

In addition, JFE Steel will aim to expand its earnings by developing a solutions business in which it earns continuous revenues by providing overseas manufacturers and others with a platform built on its technological, operational, and research know-how related to the manufacture of high value-added products and the reduction of environmental impacts.

2) Engineering business

JFE Engineering Corporation will expand the scale of its business by utilizing its unique technologies and services and at the same time contribute to solving social issues. In the medium to long term, JFE Engineering will focus on the following core businesses: the Waste to Resources business, which includes recycling and waste power generation; the Carbon Neutral business, which includes renewable energy and carbon recycling; the Combined Utility Services business, which involves the interlinking and integration of water, sewage, gas, electric power, recycling, and other operational businesses; and the Core Infrastructure business, which includes bridge and pipeline construction. JFE Engineering aims to achieve revenue of 1 trillion yen by FY2030 by utilizing M&A and business alliances.

3) Trading business

JFE Shoji Corporation will establish the world's No. 1 global distribution and processing system for high-function electrical steel sheets. In addition, JFE Shoji will work to strengthen its distribution and processing systems for automotive steel composite materials through Group collaboration and establish a basis for the building materials business through collaboration with local companies overseas. At the same time, JFE Shoji will strive to increase the Group's presence in the domestic market and expand earnings by further strengthening distribution and processing functions in Japan.

4) Promotion of DX strategies

We will apply cutting-edge digital technology to the vast amount of data, know-how, and other intangible assets that we have accumulated through our business operations over the years to optimize our overall business operations, improve productivity, increase the efficiency of our supply chain, and create new businesses, such as solution businesses, to increase our competitiveness and expand our revenue. In addition, as the development of digital technology is accompanied by concerns about the expansion of risks such as cyberattacks and unauthorized use of systems, we will simultaneously work on security measures.

(Translation for reference only)

5) Promotion of the JFE Group Environmental Vision for 2050

We have positioned efforts to address climate change issues as a top priority management issue and formulated the JFE Group Environmental Vision for 2050. The entire JFE Group will steadily work toward the realization of carbon neutrality.

[JFE Group Environmental Vision for 2050]

- Climate change is an extremely important business concern for JFE, based on which we aim to become carbon neutral by 2050.
- We will accelerate R&D in new technologies and strive to create super-innovative technologies.
- We also will contribute to the reduction of CO₂ emissions in society and use this as a business opportunity to increase corporate value.
- Under the TCFD philosophy, JFE will work systematically to combat climate change.

<Key environmental initiative in the Seventh Medium-Term Business Plan>

- Reduce JFE Steel's CO₂ emissions by 18% vs. FY2013 by the end of FY2024
 - * FY2030 targets will be examined and announced during the medium-term plan based on progress in technology development.

< Carbon neutrality by 2050 >

a. Reduce CO₂ emissions at JFE Steel

- Pursue super-innovative technology for carbon-recycling blast furnaces and CCU (Carbon Capture and Utilization).
- Develop hydrogen-based ironmaking (direct reduction) technology.
- Leverage top-in-class electric arc furnace technology for high-grade steel manufacturing, high efficiency, etc.
- Develop transitional technologies for carbon neutrality, including ferro coke, increased use of steel scrap in converters, energy savings and low-carbon energy transformations.

b. Expand contributions to CO₂ emissions reduction in society

- JFE Engineering: Expand and develop renewable-energy power generation and carbon-recycling technologies.
 - Reduce CO₂ emissions by 12 million tons in FY2024 & and 25 million tons in FY2030.
- JFE Steel: Develop and market eco-products and eco-solutions.
- JFE Shoji: Increase trading in biomass fuels, steel scrap, etc. and strengthen business in supply chain management (SCM) for eco products.

c. Accelerate group-wide commercialization of offshore wind-power business

- Promoting the commercialization of the offshore wind-power business on a group-wide basis
 - JFE Engineering: Manufacture and market monopile and other seabed-fixed structures for offshore wind-power generation.
 - JFE Steel: Use new continuous casting machine in Kurashiki to produce large heavy plates.
 - JFE Shoji: Carry out SCM for steel materials and processed products.
 - Japan Marine United: Manufacture power-generation floating structures and construct work vessels.
 - Group as a whole: Operation and maintenance making maximum use of group resources

(Notes)

1. Carbon recycling blast-furnace: A technology in which CO₂ emitted from a blast-furnace is converted to methane and blown into the blast furnace as a reducing agent.
2. CCU: This refers to the capture and reuse of CO₂.
3. Transitional technology: A technology that advances the transition to low carbon or decarbonization.
4. Ferro coke: An innovative blast-furnace raw material that improves the reduction efficiency of

(Translation for reference only)

iron ore and reduces CO₂.

6) Implementation of Effective Investment Based on Selection and Concentration, and Assurance of Financial Soundness

The balance of interest-bearing liabilities (bonds payable, borrowings, and lease obligations) increased by 475.2 billion yen (including a 166.0 billion yen increase in lease obligations at the beginning of the period due to the expansion of liability scope with the introduction of IFRS and the application of a new accounting standard for leases) compared to the start of the sixth Medium-Term Business Plan (as of March 31, 2018) to 1,806.1 billion yen. As a result, the Debt/EBITDA ratio as of the end of the period was 8.1x, with the D/E ratio of 93.2%.

Under these circumstances, we will promote both a sound financial position and growth strategies under the Medium-Term Business Plan. Investments to maintain functions will be reduced due to the results of our efforts to strengthen facilities in the steel business and the effects of structural reforms. In addition to thorough asset downsizing by reviewing businesses and assets that contribute little to earnings, we will work to secure necessary funds by improving the cash conversion cycle (CCC) through inventory reduction and other measures.

At the same time, we will also promote investments necessary for growth strategies in each of our businesses, as well as investments in carbon neutrality (GX investment) and DX investment, in order to strengthen our competitiveness and aggressively pursue growth strategies.

< Seventh Medium-Term Business Plan: Investment Plan and Asset Downsizing Plan (Four-Year Total)>

		Seventh Medium-Term Business Plan
Consolidated Investment	Equipment Investment	About 1,200 billion yen
	Business Investment and Financing	About 250 billion yen
(Of above)	GX Investment	About 340 billion yen
	DX Investment	About 120 billion yen
Asset Downsizing		About 200 billion yen

Note: GX investment is an abbreviation for Green Transformation Investment.

As for the utilization of land in the Keihin area after the structural reforms of the steel business, we will study the land use change from the perspective of maximizing economic efficiency and contributing to the sustainable development of the region and society, in cooperation with Kawasaki City and other administrative bodies. For the Ohgishima area, we will announce the development policy in FY2023, and work to put part of the land into service by FY2030.

(Translation for reference only)

7) Performance and Profitability Targets and Dividend Policy

For the final year of the Medium-Term Business Plan, we have set performance and profitability targets of 10% ROE, 320 billion yen in consolidated business profit, and 220 billion yen in profit attributable to owners of parent, and we will steadily implement each of the measures.

In addition, we have positioned the return of profits to shareholders as one of the most important matters, and will continue to pursue a dividend payout ratio of approximately 30%.

		Seventh Medium-Term Business Plan
Consolidated	Consolidated business profit	320 billion yen
	Profit attributable to owners of parent	220 billion yen
	ROE	10%
	Debt/EBITDA ratio	About 3 times
	D/E ratio	About 70%
Operating companies	Steel business • Profit per ton • Segment profit	10,000 yen/ton 230 billion yen
	Engineering business • Segment profit • Revenue	35 billion yen 650 billion yen
	Trading business • Segment profit	40 billion yen

Notes: 1. D/E ratio: For liabilities with equity subject to credit ratings, these equities reflect the evaluations of rating agencies.

2. Steel business profit per ton: (consolidated segment profit ÷ non-consolidated sales volume)

As for the impact of the spread of COVID-19, the future remains unpredictable. We will continue to monitor the situation closely and take prompt and appropriate measures according to the characteristics of each business, while giving due consideration to the prevention of infections among employees and other related parties. On the other hand, remote work, which was introduced as a countermeasure to prevent infections, has led to the promotion of work-life balance as a system that enables a variety of work styles, including balancing work with childcare and nursing care. Strengthening employee safety and health management and maximizing the abilities and motivation of human resources with diverse backgrounds are essential for sustainable growth in an increasingly globalized and complex business environment. The JFE Group will continue to enhance its efforts for diversity and inclusion and workstyle reforms.

The JFE Group is determined to continue its group-wide efforts for adherence to thorough compliance, a further commitment to environmental issues and enhanced safety, all of which help strengthen our relationships with society.

In the Seventh Medium-Term Business Plan, we will consider the use of non-financial indicators related to the environment and society as management targets, and applying them to investment decisions, executive compensation, and various other indicators, in order to further enhance corporate governance.

The JFE Group will continue to promote the sustainable development of the Group and maximize corporate value for every stakeholder including shareholders. We appreciate the continued understanding, support and encouragement of our shareholders.

(Translation for reference only)

(2) Production, order received and sales

The production, order received and sales of JFE Holdings, Inc. and its consolidated subsidiaries, etc. (including joint operations) during the 19th term were as follows. Revenue of joint operations included in Sales is an amount corresponding to equity of the JFE Group.

1) Production (Thousand tons)

Business	18th term FY2019	19th term FY2020	Change (%)
Steel business (crude steel output)	28,089	23,965	(14.7)

2) Order received (Millions of yen)

Business	18th term FY2019	19th term FY2020	Change (%)
Engineering business	413,089	501,110	21.3

3) Sales (Millions of yen)

Business	18th term FY2019	19th term FY2020	Change (%)
Steel business	2,681,350	2,255,216	(15.9)
Engineering business	512,295	485,750	(5.2)
Trading business	1,084,137	932,510	(14.0)
Eliminations or corporate	(548,065)	(446,192)	—
Total	3,729,717	3,227,285	(13.5)

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries, etc. (including joint operations) during the 19th term was 342.3 billion yen and the major expenditure was as follows. Amount of capital expenditure of joint operations included in the amount above is an amount corresponding to equity of the JFE Group.

1) Major facility completed during the 19th term

Steel Business

JFE Steel Corporation

West Japan Works (Fukuyama)

Construction of Ferro coke pilot plant

2) Major ongoing facility during the 19th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba)

Repair of No. 6 blast furnace

West Japan Works (Kurashiki)

Construction of continuous-casting machine

West Japan Works (Kurashiki)

Repair of No. 4 blast furnace

West Japan Works (Kurashiki)

Renewal of blast boiler for blast furnace

STEP 1

West Japan Works (Kurashiki)

Enhancement of steelmaking capability

West Japan Works (Fukuyama)

Renovation of No. 3 Coke oven (Battery A and B)

Corporate

Renewal of steelworks systems
(Phase 2)

(4) Fund procurement

JFE Holdings, Inc. and its consolidated subsidiaries, etc. (including joint operations) raised necessary funds through long-term loans and issuance of straight bonds. The total amount is 284.0 billion yen. The amount for joint operations included in the amount above is an amount corresponding to equity of the JFE Group.

(Translation for reference only)

(5) Assets and operating results

1) Consolidated assets and operating results of JFE Holdings, Inc.

JGAAP

(Millions of yen)

Item	16th term FY2017	17th term FY2018	18th term FY2019	19th term FY2020
Net sales	3,678,612			
Operating income	246,669			
Ordinary income	216,339			
Profit attributable to owners of parent	144,638			
Profit per share (yen)	250.86			
Net assets	2,009,911			
Total assets	4,440,910			

International Financial Reporting Standards (IFRS)

(Millions of yen)

Item	16th term FY2017	17th term FY2018	18th term FY2019	19th term FY2020
Revenue	3,627,248	3,873,662	3,729,717	3,227,285
Business profit	218,378	232,070	37,899	(12,911)
Profit attributable to owners of parent	97,635	163,509	(197,744)	(21,868)
Basic earnings per share (yen)	169.34	283.81	(343.39)	(37.98)
Total equity	1,922,065	1,991,759	1,706,552	1,760,154
Total assets	4,487,173	4,709,201	4,646,120	4,654,972

Note:

The JFE Group adopted the International Financial Reporting Standards (IFRS) from the 17th term, in place of JGAAP.

2) Assets and operating results of JFE Holdings, Inc.

JGAAP

(Millions of yen)

Item	16th term FY2017	17th term FY2018	18th term FY2019	19th term FY2020
Operating revenue	34,572	116,518	61,228	21,918
Operating income	18,010	104,233	48,548	9,334
Ordinary income	18,010	104,233	48,548	9,334
Profit	(42,180)	104,128	25,866	9,182
Profit per share (yen)	(73.14)	180.69	44.91	15.94
Net assets	981,063	1,028,332	1,014,114	1,023,456
Total assets	2,366,306	2,479,150	2,676,515	2,745,823

(Translation for reference only)

(6) Major lines of business (As of March 31, 2021)

1) JFE Holdings, Inc.

Control and administration of operating companies engaged in the steel, engineering, trading and other businesses by holding shares thereof.

2) Steel business (JFE Steel Corporation and its affiliated companies)

Manufacture and sales of various steel products, steel processed products, raw materials, etc., as well as transportation business and peripheral businesses such as the equipment maintenance and equipment work businesses.

(Major products and services)

Steel products and semi-finished products (hot-rolled steel sheets, cold-rolled steel sheets, surface-treated steel sheets, steel plates, steel shapes, H-shapes, sheet piles, rails, seamless steel pipes, forge welded steel pipes, electric resistance welded steel pipes, rectangular steel pipes, arc-welded steel pipes, electrical steel sheets, stainless sheets, steel bars, wire rods, iron powder, slabs); titanium products; steel processed products; chemical products; formed and fabricated products; various containers; mining and mineral products; iron and steel slag products; functional materials; ferroalloy; various refractories; furnace construction works; various transportation and warehousing; civil engineering and construction works; equipment management and construction works; electric works; telecommunications works; thermal power generation; gas; temporary construction materials; real estate; insurance agency business; various service businesses; various computer systems; material analysis; environmental research; technical information surveys; support for intellectual properties, etc.

3) Engineering business (JFE Engineering Corporation and its affiliated companies)

Engineering business regarding energy, urban environment, steel structures, industrial machineries, recycling business and electricity retailing business

(Major products and services)

Gas, oil, and water pipelines; various tanks such as LNG/LPG; solar, geothermal, biomass and other renewable energy generation systems; municipal waste incinerator; water treatment systems; recycling services for waste plastics, etc.; bridges, port and harbor structures; industrial machineries such as logistic systems, engines, shield tunneling machine and ballast water treatment system; pig iron making, steelmaking and mini-mill related plants; quick chargers for electric vehicles; agricultural production facilities

4) Trading business (JFE Shoji Corporation and its affiliated companies)

Purchasing, processing and sales of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, foods, etc.

(Major products and services)

Steel products (steel plates, checkered steel plates, hot-rolled steel sheets, cold-rolled steel sheets, electrical steel sheets, surface-treated steel sheets, galvanized steel sheets, tin plates, steel pipes, specialty steel pipes, steel bars, H-shapes, lightweight shaped steel plates, regular shaped steel plates, columns, wire rods, stainless steels, specialty steels, slabs); flux; iron powder; steel processed products; raw materials, other materials and equipment for ironmaking/steelmaking; non-ferrous metal products; chemical products; petroleum products; paper products; vessels; biomass fuels; civil engineering and construction works; the Terre Armeé method; canned products; agricultural and livestock products; marine products; semiconductor products; real estate and so forth.

(Translation for reference only)

(7) Major sales offices, works and overseas offices (As of March 31, 2021)

1) JFE Holdings, Inc.

Head office	Head office (Chiyoda, Tokyo)
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2) Steel business (JFE Steel Corporation)

Head office	Head office (Chiyoda, Tokyo)
Domestic sales offices	Osaka, Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Hokuriku (Toyama), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyusyu (Fukuoka), Chiba, Kanagawa (Yokohama), Shizuoka, Okayama and Okinawa (Naha)
Steel works	Sendai Works, East Japan Works (Chiba and Kawasaki), West Japan Works (Kurashiki and Fukuyama) and Chita Works (Handa)
Research laboratories	Steel Research Laboratories (Chiba, Kawasaki, Handa, Kurashiki and Fukuyama)
Overseas offices	New York, Houston, Brisbane, Brazil, Dubai, New Delhi, Mumbai, Singapore, Bangkok, Vietnam, Jakarta, Manila, Seoul, Beijing, Shanghai and Guangzhou

3) Engineering business (JFE Engineering Corporation)

Head offices	Tokyo head office (Chiyoda, Tokyo) and Yokohama head office
Domestic sales offices	Hokkaido (Sapporo), Doto (Kushiro), Tomakomai, Tohoku (Sendai), Aomori (Hachinohe), Fukko Saisei (Fukushima), Yokohama, Kawasaki, Niigata, Toyama, Shizuoka, Nagoya, Mie (Tsu), Osaka, Nara (Kashiba), Wakayama, Kobe, Shikoku (Takamatsu), Kurashiki, Chugoku (Hiroshima), Fukuyama, Yamaguchi (Hofu), Kyusyu (Fukuoka), Kumamoto, Minamikyushu (Kagoshima) and Okinawa (Naha)
Production bases	Tsurumi Engineering and Manufacturing Center (Yokohama) and Tsu Works
Research laboratory	Technical Research Center (Yokohama)
Overseas offices	Beijing, Shanghai, Philippines, Hanoi, Ho Chi Minh, Bangkok, Singapore, Malaysia, Indonesia, Yangon, India, Duisburg, U.S.A.

4) Trading business (JFE Shoji Corporation)

Head office	Head office (Chiyoda, Tokyo)
Domestic sales offices	Osaka, Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Shizuoka, Hokuriku (Toyama), Okayama, Hiroshima, Shikoku (Takamatsu), Kyusyu (Fukuoka), Chibaminami (Chiba), Keihin (Kawasaki), Hamamatsu, Chita (Handa), Okayama (Kurashiki), Kurashiki, Fukuyama, Kagoshima and Naha
Overseas offices	Taipei, Singapore, Dusseldorf, Dubai, Kaohsing, Istanbul, U.S.A., Brazil, Hong Kong, Australia, South Korea, Beijing, Shanghai, Guangzhou, Thailand, Indonesia, Philippines, Malaysia, India and Vietnam

Note:

Overseas offices include overseas subsidiaries.

Major affiliated companies and their head office locations are listed in (9) Significant subsidiaries and affiliates (pages 35-38).

(Translation for reference only)

(8) Employees (As of March 31, 2021)

Numbers of employees of JFE Holdings, Inc., operating companies and its consolidated subsidiaries are as follows.

1) Employees of JFE Holdings, Inc. and its consolidated subsidiaries

	Number of employees
JFE Holdings, Inc.	52
Steel business (JFE Steel Corporation and its consolidated subsidiaries)	45,797
Engineering business (JFE Engineering Corporation and its consolidated subsidiaries)	10,612
Trading business (JFE Shoji Corporation and its consolidated subsidiaries)	7,910
Total	64,371

2) Employees of JFE Holdings, Inc. and operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation)

	Number of employees	Year-on-year increase	Average age (years old)	Average years of service
JFE Holdings, Inc.	52	(Increase by 7)	45.1	21.2
JFE Steel Corporation	16,089	(Increase by 91)	38.3	15.8
JFE Engineering Corporation	3,866	(Increase by 25)	44.3	14.4
JFE Shoji Corporation	1,003	(Increase by 16)	39.9	14.0

Note:

For those dispatched from operating companies to JFE Holdings, Inc., the aggregated years of service for the respective companies are adapted to the calculation of the Average years of service.

(Translation for reference only)

(9) Significant subsidiaries and affiliates (As of March 31, 2021)

1) Significant subsidiaries (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
JFE Steel Corporation	Chiyoda, Tokyo	Manufacture and sales of steel products	239,644	100.0
JFE Bars & Shapes Corporation	Minato, Tokyo	Manufacture and sales of steel shapes and reinforcing steel bars	30,000	*100.0
JFE Chemical Corporation	Taito, Tokyo	Manufacture and sales of chemical products	6,000	*100.0
JFE Metal Products & Engineering Inc.	Minato, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*97.4
JFE Galvanizing & Coating Co., Ltd	Shinagawa, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*100.0
Gecoss Corporation	Chuo, Tokyo	Rental and sales of temporary construction materials	4,397	*62.0
JFE Logistics Corporation	Chiyoda, Tokyo	Various transportation and warehousing businesses	4,000	*89.2
JFE Container Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various containers	2,365	*59.6
JFE Civil Engineering & Construction Corp.	Taito, Tokyo	Contracting for civil engineering and construction works	2,300	*100.0
JFE Mineral Company, Ltd.	Minato, Tokyo	Mining and manufacture, processing and sales of mineral products, and manufacture and sales of iron and steel slag and functional materials	2,000	*100.0
JFE Life Corporation	Taito, Tokyo	Real estate, insurance agency and various service businesses	2,000	*100.0
JFE Plant Engineering Co., Ltd.	Taito, Tokyo	Manufacture and sales of machinery and equipment, contracting for electric works, telecommunications works, and equipment management and construction works	1,700	*100.0
JFE Systems, Inc.	Minato, Tokyo	Development and sales of various computer systems	1,390	*67.7
Mizushima Ferroalloy Co., Ltd.	Kurashiki, Okayama	Manufacture and sales of ferroalloy	1,257	*100.0
JFE Pipe Fitting Mfg. Co., Ltd.	Kishiwada, Osaka	Manufacture and sales of steel pipe joints	958	*86.6
JFE Kozai Corporation	Chuo, Tokyo	Shearing and fusing of steel plates/sheets, and sales of steel materials	488	*100.0
JFE Welded Pipe Manufacturing Co., Ltd.	Chuo, Tokyo	Manufacture and sales of electric resistance welded steel pipes	450	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Steel Australia Resources Pty Ltd.	Brisbane, Australia	Investments in coal mines and the iron ore mining business in Australia	AUD 460 mil	*100.0
Philippine Sinter Corporation	Manila, Philippines	Manufacture and sales of sintered ore	PHP 1,881 mil	*100.0
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sales of hot-dip galvanized steel products	THB 4,362 mil	*100.0
[Engineering business]				
JFE Engineering Corporation	Chiyoda, Tokyo	Engineering business	10,000	100.0
J&T Recycling Corporation	Yokohama	Total recycling business	650	*64.0
[Trading business]				
JFE Shoji Corporation	Chiyoda, Tokyo	Domestic and export/import trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, petroleum products, various equipment and materials, etc.	14,539	100.0
JFE Shoji Steel Construction Materials Corporation	Chiyoda, Tokyo	Sales of construction material products and equipment and materials for civil engineering/construction; metallic processing business; civil engineering/construction works; various works	1,500	*100.0
JFE Shoji Pipe & Fitting Corporation	Chiyoda, Tokyo	Sales of steel pipe and pipe material products	500	*100.0
JFE Shoji Thailand Ltd.	Bangkok, Thailand	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials, etc.	THB 20 mil	*100.0
JFE Shoji America Holdings Inc.	L.A., U.S.A.	Management of subsidiaries in Americas, etc.	USD 0 mil	*100.0
JFE Shoji America LLC	L.A., U.S.A.	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, etc.	—	*100.0
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- JFE Shoji Usuitakenzai Corporation, which was listed in the 18th term, merged with JFE Shoji Steel Construction Materials Corporation on April 1, 2020, with JFE Shoji Steel Construction Materials Corporation as the surviving company.
- JFE Shoji Trade America LLC, which was listed in the 18th term, changed its corporate name to JFE Shoji America LLC on April 1, 2020.
- JFE Shoji Trade Thailand Ltd., which was listed in the 18th term, changed its corporate name to JFE Shoji Thailand Ltd. on May 5, 2020.
- The consolidated subsidiaries totaled 327, including the companies stated above, during the 19th term.

(Translation for reference only)

2) Significant affiliates (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
Japan-Brazil Niobium Corporation	Chiyoda, Tokyo	Investment in the niobium mining business in Brazil	37,272	*25.0
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama, Hiroshima	Thermal power generation business	5,000	*50.0
Shinagawa Refractories Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various refractories, and contracting for furnace construction works	3,300	*34.1
Nippon Chuzo K.K.	Kawasaki	Manufacture and sales of cast steel products, etc.	2,627	*34.0
Nippon Chutetsukan K.K.	Kuki, Saitama	Manufacture and sales of cast-iron pipes, etc.	1,855	*30.0
NKK Tubes K. K.	Kawasaki	Manufacture and sales of seamless steel pipes	1,595	*49.0
Exa Corporation	Yokohama	Development and sales of various computer systems	1,250	*49.0
K.K. JFE Sanso Center	Fukuyama, Hiroshima	Manufacture and sales of oxygen gas, nitrogen gas and argon gas, etc.	90	*40.0
Guangzhou JFE Steel Sheet Co., Ltd.	Guangzhou, China	Manufacture and sales of cold-rolled and hot-dip zinc galvanized steel sheets	CNY 3,191 mil	*50.0
Nucor-JFE Steel Mexico, S. de R.L. de C.V.	Silao, Mexico	Manufacture and sales of hot-dip zinc galvanized steel sheets	USD 361 mil	*50.0
BaoWu JFE Special Steel Co., Ltd.	Shaoguan, China	Manufacture and sales of specialty bar steel	CNY 1,372 mil	*50.0
Thai Cold Rolled Steel Sheet Public Co., Ltd.	Bangkok, Thailand	Manufacture and sales of cold-rolled steel sheets	THB 4,816 mil	*36.0
California Steel Industries, Inc.	Fontana, U.S.A	Manufacture and sales of steel products	USD 40 mil	*50.0
JSW Steel Ltd.	Mumbai, India	Manufacture and sales of steel products	INR 3,010 mil	*15.0
[Engineering business]				
JP Steel Plantech Co.	Yokohama	Design, manufacture and installation of ironmaking machinery, etc.	1,995	*34.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Trading business]				
Hanwa Kozai Co., Ltd.	Osaka	Processing and sales of stainless products	1,076	*47.9
[Other business]				
Japan Marine United Corporation	Yokohama	Design, manufacture, sales, installation, repair and maintenance of ships, naval vessels and marine structures, etc.	57,500	35.0

- Baosteel Special Steel Shaoguan Co., Ltd., which was listed in the 18th term, changed its corporate name to BaoWu JFE Special Steel Co., Ltd. on December 10, 2020.
- The equity method affiliates (including joint operations) totaled 76, including the companies stated above, during the 19th term.

3) Matters regarding designated wholly owned subsidiaries (As of March 31, 2021)

Name	Address	Total book value (Millions of yen)	Total assets of the Company (Millions of yen)
JFE Steel Corporation	2-3 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	721,736	2,745,823

(10) Major lenders (As of March 31, 2021)

The major lenders of JFE Holdings, Inc. and consolidated subsidiaries are as follows.

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	258,943
Sumitomo Mitsui Banking Corporation	135,487
MUFG Bank, Ltd.	122,226
Development Bank of Japan Inc.	113,016

(Translation for reference only)

2. JFE Holdings, Inc.'s Share (As of March 31, 2021)

(1) Number of shares	
Total number of shares authorized to be issued	2,298,000,000
Total number of shares issued	614,438,399
(Number of shares of treasury shares included)	37,915,070)

(2) Total number of shareholders 215,592

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	53,606	9.3
Custody Bank of Japan, Ltd. (trust account)	31,127	5.4
Nippon Life Insurance Company	20,821	3.6
The Dai-ichi Life Insurance Company, Limited	13,127	2.3
Mizuho Bank, Ltd.	12,138	2.1
JFE Employees Stock Ownership Plan	10,266	1.8
Custody Bank of Japan, Ltd. (trust account 5)	8,774	1.5
STATE STREET BANK WEST CLIENT – TREATY 505234	8,471	1.5
JFE Business Partners Stock Ownership Plan	8,144	1.4
Tokio Marine & Nichido Fire Insurance Co., Ltd.	7,827	1.4

Note:

In addition to the above, JFE Holdings, Inc. retains 37,915,070 treasury shares. The treasury shares are not included in the shareholding ratio calculation.

3. Subscription Rights to Shares

Not applicable

(Translation for reference only)

4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

(As of March 31, 2021)

Position	Name	Significant concurrent post
Representative Director, President and CEO	Koji Kakigi	Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Representative Director	Yoshihisa Kitano	Representative Director, President and CEO, JFE Steel Corporation
Representative Director	Masashi Terahata	Director, JFE Steel Corporation Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Naosuke Oda	Representative Director, President and CEO, JFE Shoji Corporation
Director	Hajime Oshita	Representative Director, President and CEO, JFE Engineering Corporation
Director	Masami Yamamoto	Director and Senior Advisor, Fujitsu Limited Outside Member of the Board of Directors, Mizuho Financial Group, Inc.
Director	Nobumasa Kemori	Executive Advisor, Sumitomo Metal Mining Co., Ltd. Outside Director, NAGASE & CO., LTD. Outside Director, Sumitomo Realty & Development Co., Ltd.
Director	Yoshiko Ando	Audit & Supervisory Board Member, Kirin Holdings Company, Limited Outside Director, Sansei Technologies, Inc.
Audit & Supervisory Board Member (Full-time)	Nobuya Hara	Audit & Supervisory Board Member, JFE Steel Corporation
Audit & Supervisory Board Member (Full-time)	Kumiko Baba	Audit & Supervisory Board Member, JFE Engineering Corporation Audit & Supervisory Board Member, JFE Shoji Corporation
Audit & Supervisory Board Member	Shigeo Ohyagi	Advisor, Teijin Limited Outside Director, KDDI CORPORATION Outside Member of the Board of Directors, MUFG Bank, Ltd. Outside Director, Tokyo Electric Power Company Holdings, Incorporated
Audit & Supervisory Board Member	Isao Saiki	Partner Lawyer, Abe, Ikubo & Katayama Law Firm
Audit & Supervisory Board Member	Tsuyoshi Numagami	Professor, Graduate School of Business Administration, HITOTSUBASHI UNIVERSITY

(Translation for reference only)

Notes:

1. Naosuke Oda, Director of JFE Holdings, Inc., retired as Representative Director, President and CEO of JFE Shoji Corporation and became Senior Adviser of JFE Shoji Corporation as of April 1, 2021.
2. Masami Yamamoto, Nobumasa Kemori and Yoshiko Ando serve as Outside Directors of JFE Holdings, Inc.
3. Directors retired during the 19th term are as follows.

Position	Name	Retirement date
Director	Masao Yoshida	June 19, 2020

4. Shigeo Ohyagi, Audit & Supervisory Board Member of JFE Holdings, Inc., became Outside Director of Tokyo Electric Power Holdings, Incorporated as of June 25, 2020.
5. Tsuyoshi Numagami, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Board Member and Executive Vice President of Hitotsubashi University as of August 31, 2020.
6. Nobuya Hara, Audit & Supervisory Board Member of JFE Holdings, Inc., has extensive knowledge of and insight into finance and accounting, which he accumulated through work in corporate planning, accounting and finance at JFE Steel Corporation, and through accounting work at JFE Holdings, Inc.
Kumiko Baba, Audit & Supervisory Board Member of JFE Holdings, Inc., has extensive knowledge of and insight into finance and accounting, which she accumulated through experience in execution of duties as Corporate Officer in addition to supervision of overseas businesses and accounting and finance related operations at JFE Engineering Corporation.
Tsuyoshi Numagami, Audit & Supervisory Board Member of JFE Holdings, Inc., has been engaged in extensive research on overall corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.
7. Shigeo Ohyagi, Isao Saiki and Tsuyoshi Numagami serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
8. Directors Masami Yamamoto, Nobumasa Kemori and Yoshiko Ando and Audit & Supervisory Board Members Shigeo Ohyagi, Isao Saiki and Tsuyoshi Numagami satisfy the requirements of Independent Director/Audit & Supervisory Board Member as stipulated in the regulations of Tokyo Stock Exchange, Inc., etc., and the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members” stipulated by JFE Holdings, Inc. JFE Holdings, Inc. designated these six persons as independent Director/Audit & Supervisory Board Member as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc. and registered them as such with the Tokyo Stock Exchange, etc.
9. Corporate Officers as of March 31, 2021, are as follows.

Position	Name	Responsibility(ies)
President	Koji Kakigi	Chief Executive Officer (CEO)
Executive Vice President	Masashi Terahata	Chief Financial Officer (CFO) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. Finance Dept. and Keihin Area Land Development Dept.
Senior Vice President	Hiroyuki Fujiwara	In charge of General Administration Dept. and Corporate Planning Dept.
Senior Vice President	Toshihiro Tanaka	In charge of Investor Relations Dept. and Finance Dept.
Vice President	Makoto Iwayama	In charge of Keihin Area Land Development Dept.

(Translation for reference only)

10. Positions and responsibilities of Corporate Officers have been changed on April 1, 2021 as follows.

Position	Name	Responsibility(ies)
President	Koji Kakigi	Chief Executive Officer (CEO)
Executive Vice President	Masashi Terahata	Chief Financial Officer (CFO) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. Finance Dept. and Keihin Area Land Development Dept.
Senior Vice President	Toshihiro Tanaka	In charge of Investor Relations Dept. and Finance Dept.
Vice President	Makoto Iwayama	In charge of Keihin Area Land Development Dept.
Vice President	Seiya Kitajima	In charge of General Administration Dept. and Corporate Planning Dept.

(Translation for reference only)

(2) Outline of the contracts for limitation of liability

JFE Holdings, Inc. has entered into agreements, in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, with all the Outside Directors and Audit & Supervisory Board Members of JFE Holdings, Inc. to limit their liability to compensate damages under Article 423, Paragraph 1, of the Companies Act. The limitation on indemnity liability of each Outside Director and Audit & Supervisory Board Member to compensate damages under such agreements is set out to the amount set forth in the relevant laws and regulations.

(3) Remuneration for Directors and Audit & Supervisory Board Members

1) Remuneration for Directors and Audit & Supervisory Board Members during the 19th term

Category	Total amount (thousands of yen)	Total amount by type (thousands of yen)				Number of eligible Directors and Audit & Supervisory Board Members
		Basic remuneration	Bonus	Stock remuneration		
				Performance- linked portion	Service- length portion	
Director	247,766	234,102	0	0	13,664	9
Audit & Supervisory Board Member	121,583	121,583	–	–	–	5

Notes:

1. The above includes one Director retired during the 19th term.
2. The total amount of remuneration paid to seven Outside Directors/Audit & Supervisory Board Members is 91,847 thousand yen and consists only of basic remuneration.
3. The Company has established a bonus and a performance-linked portion of stock remuneration as performance-linked remuneration for Directors, but no performance-linked remuneration payment was made during the 19th term.
4. Above-stated stock remuneration is non-monetary remuneration and the total non-monetary remuneration for Directors recorded as an expense for the 19th term is 13,664 thousand yen.

2) Basic concept of remuneration plan for Directors and Corporate Officers

The Company has designed and operates a remuneration plan for Directors and Corporate Officers in accordance with the Basic Policy on Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Basic Policy”), which was resolved by the Board of Directors on April 26, 2018, and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers (hereinafter referred to as the “Decision Policy”), which was resolved by the Board of Directors on February 9, 2021 pursuant to the Basic Policy, based on deliberations by and reports from the Remuneration Committee.

The content of remuneration, etc. for individual Directors is determined by the Board of Directors, respecting reports made to the Board of Directors following multifaceted reviews, including reviews of consistency with the Basic Policy, etc., by the Remuneration Committee. Therefore, the Board of Directors believes that the content of remuneration, etc. for individual Directors is in line with the Basic Policy and Decision Policy.

The Basic Policy and Decision Policy established by the Company are outlined below.

<Basic Policy>

- The Board of Directors shall determine remuneration for Directors and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness and transparency.

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- The remuneration levels 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 ratios 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 Decision Policy>

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

3) Basic remuneration and annual bonus

Based on a resolution of the 16th Ordinary General Meeting of Shareholders held on June 21, 2018, the Company set Directors' remuneration at 700 million yen per year (of which 80 million yen per year is for Outside Directors), and in addition to the basic remuneration, an annual bonus shall be paid within the scope of limit on remuneration. The number of Directors involved in the resolution is eight (including three Outside Directors).

Annual bonuses are calculated by taking the total segment profit for a single fiscal year as the performance-linked indicator and multiplying the level of achievement of such indicator by a certain coefficient for each position.

The Company selected this indicator as it believes that it is important to steadily implement each measure to achieve the profit target of 280 billion yen per year in total in terms of segment profit which was set for the sixth Medium-Term Business Plan.

Total segment profit, including profit for the 19th term, is as shown in the table below.

(Unit: millions of yen)	16th term (FY2017)	17th term (FY2018)	18th term (FY2019)	19th term (FY2020)
Total segment profit	203,898	219,566	25,353	(25,408)

Note:

The JFE Group adopted the International Financial Reporting Standards (IFRS) from the 17th term, in place of JGAAP. The amount for the 16th term has been reclassified in accordance with IFRS.

4) Stock remuneration

The Company introduced a stock remuneration plan based on a resolution of the 16th Ordinary General Meeting of Shareholders held on June 21, 2018, in order to further enhance the incentive for Directors to improve medium- to long-term corporate value.

Under the plan, points are granted to Directors in the form of performance-linked points and service-length points for each fiscal year, in accordance with the Stock Grant Regulations for Officers established by the Company. The performance-linked portion of

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points are calculated by multiplying the base points specified for each position by an adjustment rate for profit attributable to owners of parent. The service-length portion of points are calculated by multiplying the base points specified for each position by an adjustment rate based on the length of the term of office for the relevant position. Upon retirement as a Director, the Company's Shares will be granted by calculating the number of points obtained by multiplying the accumulated number of points by a prescribed coefficient established based on the reason for their retirement and converting this number to the number of the Company's common shares by converting one point to one share of common stock of the Company.

The Company's shares to be granted to Directors shall be acquired through a trust funded by money contributed by the Company. Based on the resolution of the General Meeting of Shareholders, the maximum amount of money to be contributed to the trust and the maximum number of the Company's shares to be acquired by the trust as the Directors' portion was set at 600 million yen and 660 thousand shares, respectively, for the three fiscal years starting from FY2018. The number of Directors involved in the resolution is two.

The Company selected this performance indicator as the basis for calculating the performance-linked portion of stock remuneration in the belief that it is important to steadily implement each measure to achieve the profit target of 200 billion yen per year of profit attributable to owners of parent, which links directly to return to shareholders, as set during the sixth Medium-Term Business Plan period.

Changes in profit attributable to owners of parent, including the 19th term, are described in 1. (5) Assets and operating results (page 31) above.

The Company did not provide the Company's Shares to Directors during the fiscal year ended March 31, 2021.

Directors who have been dismissed and Directors who have committed any misconduct may lose the right to receive benefits for Directors based on a resolution of the Board of Directors. Directors who have already received benefits may be asked to return the economic value equivalent to the Company's Shares already received, based on a resolution of the Board of Directors if they engage in any misconduct.

5) Policy on remuneration for Audit & Supervisory Board Members

Under the Decision Policy, the Company only pays basic remuneration to Audit & Supervisory Board Members in consideration of their role of auditing management from an independent and objective standpoint, and the amount for each individual is determined through consultation between Audit & Supervisory Board Members within the scope of limit on remuneration set at the General Meeting of Shareholders. Based on a resolution of the 16th Ordinary General Meeting of Shareholders held on June 21, 2018, the Company set remuneration for Audit & Supervisory Board Members at 200 million yen per year and the number of Audit & Supervisory Board Members involved in the resolution is five.

(4) Outside Directors/Audit & Supervisory Board Members

1) Significant entities where Outside Directors/Audit & Supervisory Board Members concurrently hold positions are listed on page 40.

There is no special relationship between those entities and JFE Holdings, Inc.

2) Activities during the 19th term

• Masami Yamamoto, Director

Masami Yamamoto attended all of the 15 meetings of the Board of Directors. Having a wealth of knowledge related to ICT and a broad knowledge in corporate management in a global setting, he spoke appropriately at the meetings.

• Nobumasa Kemori, Director

Nobumasa Kemori attended all of the 15 meetings of the Board of Directors. Having experience in a broad range of businesses and corporate management and deep academic knowledge about metallic materials, he spoke appropriately at the meetings.

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- Yoshiko Ando, Director
Yoshiko Ando attended all of the 12 meetings of the Board of Directors since her appointment on June 19, 2020. Having a wealth of experience as an administrative official and a high level of expertise in the fields of employment and labor, she spoke appropriately at the meetings.
- Shigeo Ohyagi, Audit & Supervisory Board Member
Shigeo Ohyagi attended all of the 15 meetings of the Board of Directors and attended all of the 18 meetings of the Audit & Supervisory Board. Having a wealth of experience in a variety of businesses and corporate management in a global setting, as well as experience in having addressed the reinforcement of corporate governance, he spoke appropriately at the meetings.
- Isao Saiki, Audit & Supervisory Board Member
Isao Saiki attended all of the 15 meetings of the Board of Directors and all of the 18 meetings of the Audit & Supervisory Board. Having a wealth of experience and impressive knowledge in corporate legal affairs and other matters as a lawyer, he spoke appropriately at the meetings.
- Tsuyoshi Numagami, Audit & Supervisory Board Member
Tsuyoshi Numagami attended all of the 15 meetings of the Board of Directors and all of the 18 meetings of the Audit & Supervisory Board. Having deep academic knowledge about a management strategy and ideal organization of companies and experience in university management, he spoke appropriately at the meetings.

3) Overview of duties performed by Outside Directors in relation to the roles they are expected to fulfill

Directors Masami Yamamoto, Nobumasa Kemori and Yoshiko Ando spoke appropriately at meetings of the Board of Directors in regard to corporate management from their independent standpoint as Outside Directors and, during the 19th term in particular, they expressed many opinions based on their knowledge when the Company implemented profit measures under the circumstance influenced by COVID-19 and formulated the seventh Medium-Term Business Plan. In addition, they adequately fulfilled their role of strengthening governance expected by the Company as members of the Nomination Committee and Remuneration Committee, by speaking appropriately, etc.

The activities and structure of the Nomination Committee and the Remuneration Committee are described in the Corporate Governance Initiatives section below (pages 51-55).

(Translation for reference only)

5. Accounting Auditor

- (1) Designation of Accounting Auditor: Ernst & Young ShinNihon LLC
- (2) Amount of remuneration for the Accounting Auditor pertaining to the 19th term
 - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 19th term: 19,000 thousand yen
 - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 558,634 thousand yen
 - 3) Amount of payments described in 2) above, which fall under the business set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act: 556,690 thousand yen

Notes:

1. Of the significant subsidiaries of JFE Holdings, Inc., the overseas subsidiaries are subject to audits of accounts by a certified public accountant or incorporated accounting firm other than the Accounting Auditor of JFE Holdings, Inc.
 2. The audit agreement between the Accounting Auditor and JFE Holdings, Inc. does not separately stipulate audit remunerations based on the Companies Act or the Financial Instruments and Exchange Act, and such a distinction is for all intents and purposes impossible to execute. Hence, the remuneration in 1) above contains these two types of payment.
 3. The Audit & Supervisory Board examined the appropriateness of the audit performance for the prior fiscal year, the content of the audit plan for the 19th term and the adequacy of the amount of remuneration for the Accounting Auditor, and, as a result, agreed upon the amount of remuneration to be paid to the Accounting Auditor.
- (3) Non-audit work
JFE Holdings, Inc. pays the Accounting Auditor for non-audit work such as advice on accounting at consolidated subsidiaries, which is outside the scope of work (non-audit duties) stipulated under Article 2, Paragraph 1, of the Certified Public Accountants Act.
 - (4) Policy on decisions of dismissal or non-reappointment of the Accounting Auditor
At JFE Holdings, Inc., the Audit & Supervisory Board shall, upon consent of all the Audit & Supervisory Board Members, dismiss the Accounting Auditor after reviewing a case if it determines a circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act, to have occurred. In case any similar circumstance occurs, or if the Audit & Supervisory Board judges it necessary to do so, a proposal for the dismissal or non-reappointment of the Accounting Auditor shall be submitted to a General Meeting of Shareholders.

(Translation for reference only)

6. Basic Policy Regarding the Control of the Company

- (1) Basic policy regarding persons who control decisions on JFE Holdings' financial and business policies

JFE Holdings, Inc. believes that a change of control is an effective means of revitalizing corporate activities and economy, and JFE Holdings, Inc. believes that when a large-scale purchase is commenced, the shareholders of JFE Holdings, Inc. should, in principle, make decisions as to whether or not the large-scale purchase is acceptable.

However, with respect to a large-scale purchase or a proposal related to a large-scale purchase, JFE Holdings, Inc. recognizes that the shareholders of JFE Holdings, Inc. need to precisely evaluate the effects of the large-scale purchase or the proposal on the corporate value of JFE Holdings, Inc. and the common interests of the shareholders. For this purpose, JFE Holdings, Inc. believes that both the large-scale purchaser and JFE Holdings, Inc.'s Board of Directors should promptly provide the shareholders with necessary and sufficient information, opinions and suggestions, and that the shareholders should be given necessary and enough time to review them.

- (2) Special initiatives that contribute to the realization of the basic policy

The JFE Group's basic management stance is to endeavor to increase, in good faith, the corporate value and achieve the common interests of the shareholders from a long-term perspective by committing to the corporate vision of contributing to society with the world's most innovative technology.

JFE Holdings, a pure holding company at the core of the Group's integrated governance system, guides Group-wide strategy, risk management and public accountability. Under the policy that one-third or more of Directors should be Independent Outside Directors for the purpose of realizing highly transparent management, three of eight Directors are Independent Outside Directors. Also, three of five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. Moreover, by appointing one female Director and one female Audit & Supervisory Board Member, we strive to increase diversity in addition to ensuring independence. JFE Holdings, Inc. has endeavored to strengthen governance through, for example, formulation of the Basic Policy on Corporate Governance, establishment of the Nomination Committee and the Remuneration Committee, evaluation of effectiveness of the Board of Directors, introduction of medium- to long-term performance-linked stock remuneration system for executives, and formulation of basic policies for appointing and dismissing its President and their process.

Under JFE Holdings, Inc., three operating companies, namely, JFE Steel Corporation which is a world-leading integrated steel manufacturer, JFE Engineering Corporation, and JFE Shoji Corporation conduct optimal business operations in accordance with the characteristics of their respective businesses to strengthen competitiveness and expand earnings power. JFE Holdings, Inc. believes that an increase in its corporate value and sustainable growth are supported by steady implementation of various measures based on a long-term perspective including development of technologies for preservation of the global environment and by fully utilizing the source of our corporate value accumulated through long-term management efforts and ongoing investments, such as world-leading manufacturing capabilities in the steel industry, cost competitiveness, development utilizing Group-wide synergy, and excellent human capital. This fiscal year, the JFE Group has formulated its seventh Medium-Term Business Plan, aiming to establish itself as an essential entity for the sustainable development of society and the safe and comfortable lives of people, as well as to achieve economic sustainability. The JFE Group will establish a strong management foundation and boldly tackle reforms, in order to achieve the sustainable medium- to long-term growth of the Group and improve corporate value.

Furthermore, the JFE Group continues to make diverse efforts to obtain the support and cooperation of each and every stakeholder including customers, shareholders, business partners, employees and local communities.

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- (3) Initiatives to prevent decisions on financial and business policies from being controlled by non-qualified parties that are against the Group's basic policies
JFE Holdings, Inc., at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the "Policy Toward Large-scale Purchases of JFE Shares" (the "Former Policy"), and given the approval of shareholders at the Ordinary General Meetings of Shareholders held in the same year and thereafter every two years, which is the effective term of the Former Policy, has continued to operate the Former Policy. At the Ordinary General Meetings of Shareholders held on June 23, 2017 and on June 21, 2019, JFE Holdings, Inc. received shareholders' approval for the continuation of the Policy with certain amendments (hereinafter, the "Policy" shall be used to refer to the policy toward large-scale purchases of JFE shares after the changes).

Specifically, the Policy requires any large-scale purchaser that has the intent to hold 20% or more in the voting rights ratio to present in advance its management policies and business plans after the completion of the intended large-scale purchase. For a certain period thereafter, JFE Holdings, Inc.'s Board of Directors evaluates and examines the proposal from the following viewpoints: whether the large-scale purchaser has complied with the rules according to the Policy; whether the content of the proposal would irretrievably harm JFE Holdings, Inc.; or whether the proposal would seriously impair the corporate value of JFE Holdings, Inc. or the common interests of the shareholders. The Board of Directors may also disclose its opinion externally, negotiate with the large-scale purchaser and submit any alternative plans to the shareholders. The Company will invoke countermeasures if gratis allotment of stock acquisition rights as countermeasures is approved after implementing the process for confirming shareholder intent of such. However, only if the large-scale purchaser does not follow the above mentioned Large-scale Purchase Rules, or if certain requirements are met (four situations in which defensive measures were ruled by the Tokyo High Court to be acceptable as countermeasures in hostile takeovers; hereinafter referred to the "Four Situations"), the Board of Directors may invoke countermeasures without implementing the process for confirming shareholder intent.

JFE Holdings, Inc.'s Board of Directors will consult the Special Committee, which is composed mainly of Outside Directors, and obtain recommendations from the Special Committee in deciding whether or not it should take countermeasures. The Board of Directors will respect such recommendations to the maximum extent possible in making a decision on whether or not the Board of Directors will take countermeasures.

- (4) The confirmation that the above initiatives are compliant with the basic policy and do not impair the common interests of the shareholders or intend to improperly protect any executive positions, as well as the reasons thereof

The Policy provides that if a large-scale purchase of the JFE Holdings, Inc.'s shares is begun, necessary and adequate information, opinions, proposals, and so on will be promptly provided to shareholders and necessary and adequate time to investigate that information will be secured to ensure that shareholders can make accurate assessments regarding the impact of the large-scale purchase on the corporate value and the common interests of shareholders. In addition, the Special Committee, which consists of three members who are Outside Directors and Outside Audit & Supervisory Board Members, as an organization independent from JFE Holdings, Inc.'s Board of Directors, was established to ensure that the decisions of the Board of Directors relative to a large-scale purchase are made in a transparent, objective, fair and reasonable manner. Furthermore, the Policy prescribes that for all cases, excluding cases where rules are violated or the Four Situations are applicable, the process of confirming shareholder intent is required in order to invoke countermeasures, and the Company's Board of Directors will take action according to the decision. Therefore, it is designed so that no one in a management position can arbitrarily misuse the Policy for self-protection. In addition, the continuation of the Policy was approved at the Ordinary General Meeting of Shareholders held in 2019.

Consequently, the content of the Policy is based on the above basic policy and does not harm the common interests of shareholders nor intend to improperly protect any executive positions of JFE Holdings, Inc.

(Translation for reference only)

The Company has resolved to abolish and discontinue the Policy at the meeting of the Board of Directors on May 7, 2021, effective from the conclusion of this General Meeting of Shareholders.

Note:

As for fractions less than the respective units in the Business Report, the amounts and the number of shares are rounded down, whereas ratios and other values are rounded off.

(Translation for reference only)

(Reference) Corporate Governance Initiatives

JFE Holdings, Inc. has been striving to promote sustainable growth of JFE Holdings, Inc. (the “Company”) and the JFE Group (the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision. In October 2015 the Company established the “JFE Holdings, Inc. Basic Policy on Corporate Governance” (the “Policy”). A summary of the Policy and the Company’s corporate governance system may be found below. Moreover, the entire text of the Policy is available on the Company’s website at: <https://www.jfe-holdings.co.jp/en/>.

The Corporate Governance Systems of the Company and the Group

[The Group’s System]

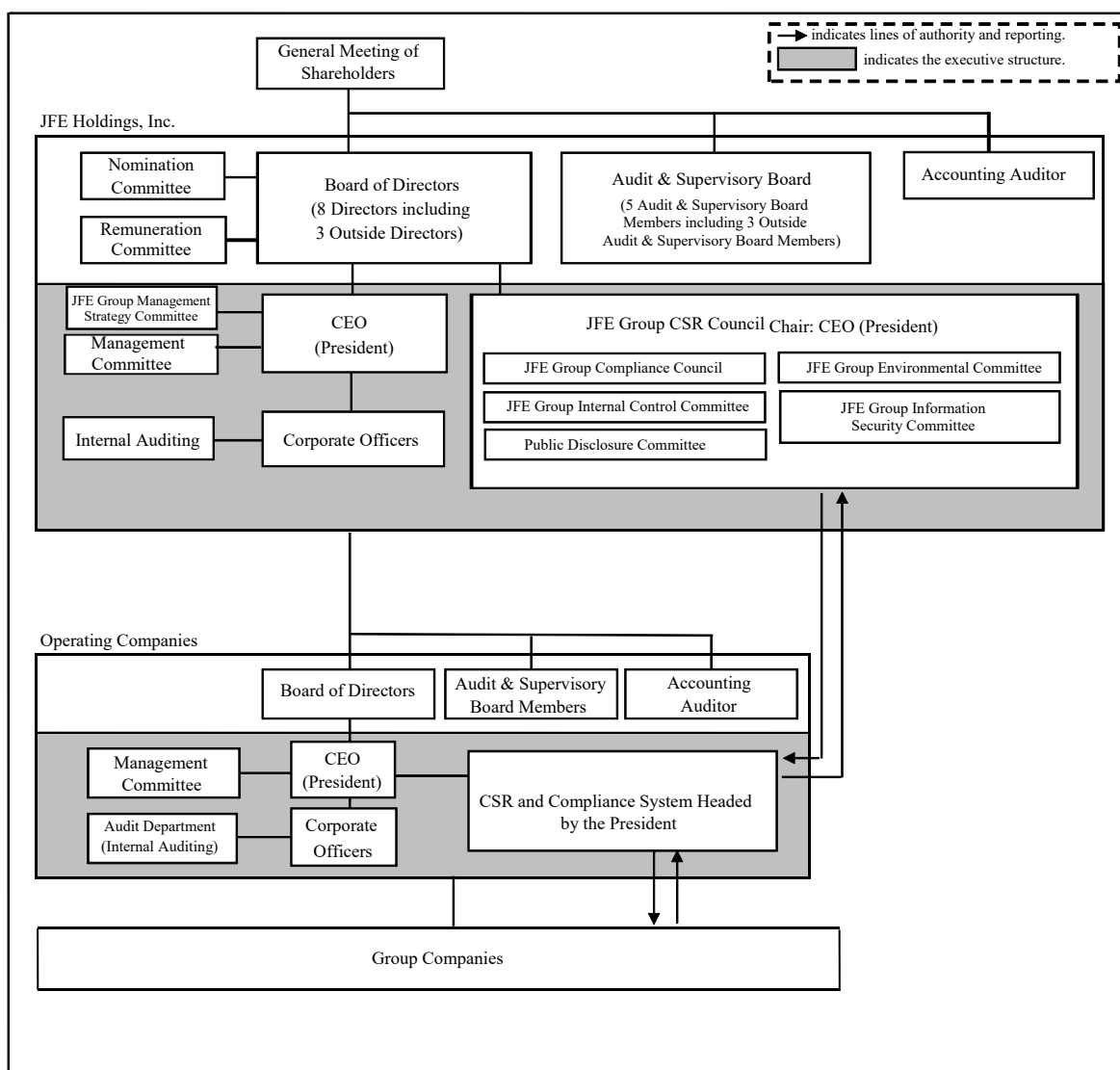
- The JFE Group has adopted a group system that treats the Company as the core pure holding company of the Group.
- The Company, the core of the Group’s integrated governance system, is responsible for Group-wide strategy, risk management, and public accountability.
- Each Operating Company has developed its own system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.
- The holding company and operating companies separately and collectively strive to maximize medium to long-term corporate value for shareholders and other stakeholders.

[The Company’s System]

- The Company makes significant decisions on management and supervises the execution of duties at the Board of Directors.
- As a company with an Audit & Supervisory Board, the Audit & Supervisory Board and its Members implement the auditing of the status of the execution of duties.
- The Company separates material decision-making on management and supervision from business execution, and has adopted the Corporate Officer System to enhance prompt decision-making of matters pertaining to business execution.
- As consultative bodies of the Board of Directors, the Company has established the Nomination Committee and the Remuneration Committee.

(Translation for reference only)

Corporate Governance System



Board of Directors

[Functions and Roles]

- In accordance with laws and regulations, the Articles of Incorporation and regulations of the Company such as the regulations of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the Group and basic policies on management.
- The Board of Directors supervises the overall management including business execution by the Company executives.
- According to the internal rules of the Company, the Company has established clear standards that clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the JFE Group.
- Significant matters are subject to deliberation at the JFE Group Management Strategy Committee, Management Committee and resolution of the Company's Board of Directors.

(Translation for reference only)

- For the purpose of facilitating prompt decision-making, the authority of making decisions other than those related to significant business execution set forth in the Rules of the Board of Directors is, in principle, granted to Corporate Officers in charge of the corresponding business.

Structure of the Board of Directors / Policy on Election of Candidates for Director

[Basic Philosophy Regarding Structure]

- The Company's Board of Directors comprises members who possess diversified knowledge, experience, and abilities. The number of the Directors shall not exceed 12, with the aim of composing one-third or more of the Directors by Independent Outside Directors.

[Election Policy]

- With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management of the Company or at each Operating Company.
- Several Independent Outside Directors will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields and who also satisfy the Company's standards for independence, as they will bear the responsibility for strengthening governance.

Audit & Supervisory Board Members / Audit & Supervisory Board

[Functions and Roles]

- Audit & Supervisory Board Members of the Company, 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 of the execution of duties by Directors.
- Audit & Supervisory Board Members of the Company, with the aim of appropriately executing their duties, communicate with Directors, etc. and express their opinions as necessary.
- Audit & Supervisory Board Members communicate with Directors, etc. of subsidiaries and endeavor to collect information and improve the auditing environment.
- Audit & Supervisory Board Members, through the Audit & Supervisory Board, endeavor to share the significant information obtained from their duties, and aim for appropriate auditing through exchange of opinions with other Audit & Supervisory Board Members.
- Full-time Audit & Supervisory Board Members endeavor to collect information through examination of the state of business and assets in addition to attending important meetings, and actively contribute to the improvement of the auditing environment.
- Outside Audit & Supervisory Board Members of the Company aim for the further enhancement of the neutrality and independence of the auditing system and functions, and carry out auditing operations from a broader perspective.

(Translation for reference only)

- Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company endeavor to improve the effectiveness of auditing by appropriately executing their authority as stipulated by laws and regulations.

Structure of the Audit & Supervisory Board / Policy on Election of Candidates for Audit & Supervisory Board Members

[Basic Philosophy Regarding Structure]

- The Audit & Supervisory Board comprises members who possess adequate knowledge concerning finance and accounting. The number of Audit & Supervisory Board Members shall not exceed six (6), of whom at least half shall be Outside Audit & Supervisory Board Members.

[Election Policy]

- With regard to inside Audit & Supervisory Board Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who deliver insight appropriate to supervisory functions, shall be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management or auditing of the Company or each Operating Company.
- Several Independent Outside Audit & Supervisory Board Members will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields, and must also be individuals who satisfy the Company's standards for independence, as they will bear the responsibility for enhancing the audit function.

Group CSR Council Initiatives

- The Group CSR Council, chaired by the CEO (President), deliberates and decides group-wide policies, supervises the penetration of policies and shares information on issues that arise on topics relating to the Group's management philosophy, risk management, responsibilities to stakeholders and society, and other corporate stances, from the perspective of preventing damage to and enhancing corporate value.
- Topics discussed by the Council include the Group's basic policies, activity plans, details of important measures, and responses to important situations. These topics are regularly reported to and discussed by the Board of Directors, and thereby the Council receives instructions from and is supervised by the Board of Directors.

(Translation for reference only)

Nomination Committee and Remuneration Committee

- In October 2015 the Company established the Nomination Committee and the Remuneration Committee which act as consultative bodies of the Board of Directors to ensure the fairness, objectiveness and transparency of personnel affairs and remuneration of the Board of Directors.
- The Nomination Committee and the Remuneration Committee comprise of a majority of Outside Directors/Audit & Supervisory Board Members, respectively, and the chairpersons are determined from Outside Directors/Audit & Supervisory Board Members.
- In FY2020, the Nomination Committee was convened four times and the Remuneration Committee was convened five times.

The composition of each Committee is as follows and the Company plans to retain this composition after the 19th Ordinary General Meeting of Shareholders.

Nomination Committee

As of March 31, 2021

Chairman	Masami Yamamoto	Outside Director
Committee Member	Yoshiko Ando	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Tsuyoshi Numagami	Outside Audit & Supervisory Board Member
Committee Member	Koji Kakigi	Board of Director
Committee Member	Yoshihisa Kitano	Board of Director

Remuneration Committee

As of March 31, 2021

Chairman	Nobumasa Kemori	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Isao Saiki	Outside Audit & Supervisory Board Member
Committee Member	Tsuyoshi Numagami	Outside Audit & Supervisory Board Member
Committee Member	Koji Kakigi	Board of Director
Committee Member	Masashi Terahata	Board of Director

(Translation for reference only)

Consolidated Financial Statements
<International Financial Reporting Standards (IFRS)>

Consolidated Statement of Financial Position

As of March 31, 2021

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,888,694	Current liabilities	1,139,017
Cash and cash equivalents	142,416	Trade and other payables	496,995
Trade and other receivables	751,824	Bonds payable, borrowings, and lease obligations	277,027
Contract assets	101,282	Contract liabilities	43,038
Inventories	785,632	Income taxes payable, etc.	15,090
Income taxes receivable	14,748	Provisions	11,518
Other financial assets	13,359	Other financial liabilities	86,836
Other current assets	79,430	Other current liabilities	208,510
Non-current assets	2,766,278	Non-current liabilities	1,755,800
Property, plant and equipment	1,772,303	Bonds payable, borrowings, and lease obligations	1,529,112
Goodwill	6,200	Retirement benefit liability	141,186
Intangible assets	95,055	Provisions	24,105
Right-of-use asset	111,938	Deferred tax liabilities	7,591
Investment property	58,310	Other financial liabilities	45,417
Investments accounted for using equity method	355,242	Other non-current liabilities	8,387
Retirement benefit asset	22,159		
Deferred tax assets	86,014	Total liabilities	2,894,818
Other financial assets	244,505	(EQUITY)	
Other non-current assets	14,547	Equity attributable to owners of parent	1,679,223
		Share capital	147,143
		Capital surplus	652,465
		Retained earnings	1,029,976
		Treasury shares	(180,639)
		Other components of equity	30,278
		Non-controlling interests	80,930
		Total equity	1,760,154
Total assets	4,654,972	Total liabilities and equity	4,654,972

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Consolidated Statement of Profit or Loss

From April 1, 2020 to March 31, 2021

(Millions of yen)

Items	Amount
Revenue	3,227,285
Cost of sales	(2,912,766)
Gross profit	314,519
Selling, general and administrative expenses	(324,057)
Share of profit of entities accounted for using equity method	14,239
Other income	25,782
Other expenses	(43,394)
Business loss	(12,911)
Profit on sales of fixed assets	28,021
Impairment losses	(7,544)
Operating profit	7,566
Finance income	1,686
Finance costs	(14,184)
Loss before tax	(4,930)
Income tax expense	(14,133)
Loss	(19,063)
Loss attributable to	
Owners of parent	(21,868)
Non-controlling interests	2,804
Loss	(19,063)

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Consolidated Statement of Cash Flow

From April 1, 2020 to March 31, 2021

(Millions of yen)

Items	Amount
I. Cash flows from operating activities	
Loss before tax	(4,930)
Depreciation and amortization	236,353
Changes in allowance	(2,696)
Interest and dividend income	(7,179)
Interest expenses	13,844
Decrease (increase) in trade and other receivables	(71,111)
Decrease (increase) in inventories	86,569
Increase (decrease) in trade and other payables	(42,479)
Other	47,381
Subtotal	255,751
Interest and dividends received	14,857
Interest paid	(12,362)
Income taxes refund (paid)	(10,972)
Cash flows from operating activities	247,274
II. Cash flows from investing activities	
Purchase of property, plant and equipment, intangible assets, and investment property	(308,123)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	29,547
Purchase of investments	(5,731)
Proceeds from sale of investments	128,898
Other	(8,812)
Cash flows from investing activities	(164,221)
III. Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	3,396
Increase (decrease) in commercial papers	(88,999)
Proceeds from long-term borrowings	224,077
Repayments of long-term borrowings	(214,826)
Proceeds from issuance of bonds	60,000
Payments for purchase of treasury shares	(65)
Other	(13,674)
Cash flows from financing activities	(30,092)
Effect of exchange rate change on cash and cash equivalents	2,752
Net increase (decrease) in cash and cash equivalents	55,712
Cash and cash equivalents at beginning of period	86,704
Cash and cash equivalents at end of period	142,416

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Segment Information

(From April 1, 2020 to March 31, 2021)

1. Overview of reportable segments

The Group organized under JFE Holdings executed commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Corporation—in accordance with the characteristics of their respective businesses. Consolidated reporting segments, one for each operating company, were characterized by their constituent products and services.

Each segment had its own respective products and services. The steel business produced and sold various steel products, processed steel products and raw materials, and provided transportation and other related businesses, such as facility maintenance and construction. The engineering business handled engineering for energy, urban environments, steel structures and industrial machines, recycling and electricity retailing. The trading business purchased, processed and distributed steel products, raw materials for steel production, nonferrous metal products, and food, etc.

2. Information about reportable segment

The Group assesses segment performance on the basis of segment profit. Segment profit is profit before tax excluding one-time items of a materially significant value.

Intersegment transactions are based on market prices and the like.

	Reportable segment				Adjustments	Amount recorded on consolidated financial statements
	Steel	Engineering	Trading	Total		
Revenue						
Revenue from external customers	1,938,933	474,908	813,443	3,227,285	-	3,227,285
Intersegment revenue	316,283	10,842	119,066	446,192	(446,192)	-
Total	2,255,216	485,750	932,510	3,673,477	(446,192)	3,227,285
Segment profit	(65,461)	24,073	20,098	(21,289)	(4,118)	(25,408)
Profit on sales of fixed assets						28,021
Impairment losses						(7,544)
Loss before tax						(4,930)
Segment assets	3,864,262	478,146	717,270	5,059,679	(404,707)	4,654,972
Other items						
Depreciation and amortization	211,645	14,629	11,065	237,340	(987)	236,353
Impairment losses	(6,351)	(59)	(1,133)	(7,544)	-	(7,544)
Finance income	689	171	1,000	1,861	(174)	1,686
Finance costs	(11,880)	(838)	(2,053)	(14,772)	588	(14,184)
Share of profit of entities accounted for using equity method	16,873	277	671	17,822	(3,582)	14,239
Investments accounted for using equity method	312,476	11,903	17,144	341,525	13,717	355,242
Capital expenditures	308,384	22,358	12,798	343,540	(1,145)	342,395

(Translation for reference only)

Non-consolidated Financial Statements <JGAAP>

Non-consolidated Balance Sheet

As of March 31, 2021

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	504,998	Current liabilities	353,181
Cash and deposits	55,328	Short-term loans payable	82,097
Operating accounts receivable	1,052	Current portion of bonds	30,000
Short-term loans receivable	416,588	Accounts payable - other	30,443
Other	32,029	Accrued expenses	1,300
		Income taxes payable	22
		Deposits received	209,317
		Unearned revenue	1
Non-current assets	2,240,825	Non-current liabilities	1,369,185
Property, plant and equipment	1	Bonds payable	260,000
Tools, furniture and fixtures	1	Long-term loans payable	1,108,663
		Provision for share-based remuneration for directors and corporate officers	30
		Allowance for corporate officers' retirement benefits	36
		Other	455
Intangible assets	8		
Trademark right	8	Total liabilities	1,722,367
		(NET ASSETS)	
		Shareholders' equity	1,023,750
		Capital stock	147,143
Investments and other assets	2,240,815	Capital surplus	772,574
Shares of subsidiaries and associates	904,392	Legal capital surplus	772,574
Investments in capital	3	Retained earnings	189,163
Long-term loans receivable	1,335,775	Other retained earnings	189,163
Long-term prepaid expenses	7	Retained earnings brought forward	189,163
Deferred tax assets	242	Treasury shares	(85,130)
Other	393	Valuation and translation adjustments	(293)
		Deferred gains or losses on hedges	(293)
		Total net assets	1,023,456
Total assets	2,745,823	Total liabilities and net assets	2,745,823

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Non-consolidated Statement of Income

From April 1, 2020 to March 31, 2021

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	8,847	
Financial revenue	10,565	
Management fee income	2,505	21,918
Operating expenses		
Financial expenses	10,383	
General and administrative expenses	2,200	12,583
Operating income		9,334
Ordinary income		9,334
Profit before income taxes		9,334
Income taxes - current		155
Income taxes - deferred		(3)
Profit		9,182

Note: Amounts are rounded down to the nearest million yen.

Independent Auditor's Report

May 17, 2021

Mr. Koji Kakigi
Representative Director, President and CEO
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo Office

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Tetsuya Yoshida
Certified Public Accountant
Designated and Engagement Partner

Keiichi Wakimoto
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of JFE Holdings, Inc. (the "Company") for the fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the above consolidated financial statements, prepared with the omission of some disclosure items required under the International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing whether it is

(Translation for reference only)

appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report

May 17, 2021

Mr. Koji Kakigi
Representative Director, President and CEO
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo Office

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Tetsuya Yoshida
Certified Public Accountant
Designated and Engagement Partner

Keiichi Wakimoto
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of JFE Holdings, Inc. (the "Company") for the 19th fiscal year from April 1, 2020 through March 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying

(Translation for reference only)

supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

(Translation for reference only)

The Audit Report of Audit & Supervisory Board

The Audit Report

Regarding the performance of duties by Directors for the 19th term from April 1, 2020 to March 31, 2021, Audit & Supervisory Board of JFE Holdings, Inc., hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit & Supervisory Board Members.

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and the Substance Thereof

(1) In compliance with the Auditing Rules of the Audit & Supervisory Board Members and auditing plans specified by Audit & Supervisory Board and based on the assigned tasks and others, each Audit & Supervisory Board Member has communicated with the Directors, the Corporate Officers and other relevant personnel to collect necessary information and improve the auditing environment. Each Audit & Supervisory Board Member has audited in the following manner.

1) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the Directors, the Corporate Officers and other relevant personnel; requested explanations therefrom, as required; examined important *kessaisho* and associated information; and studied the operations and financial position of JFE Holdings, Inc.

Moreover, each Audit & Supervisory Board Member has communicated and exchanged information with the Directors, the Audit & Supervisory Board Members and other relevant personnel of the subsidiaries, received reports on operations therefrom and studied the operations and financial position of the subsidiaries, as required.

2) Each Audit & Supervisory Board Member has supervised and verified the substance of the resolution adopted by the Board of Directors with regard to the improvement of the systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act as the systems to ensure compliance of the execution of Directors' duties described in the Business Report with laws, regulations, and the Articles of Incorporation and other requirements to ensure the propriety of business operations of the corporate group consisting of a stock company and its subsidiaries, as well as the current situation of in-house systems (internal control systems) that have been improved and operated pursuant to the resolution concerned.

Moreover, each Audit & Supervisory Board Member has heard about the internal control relative to financial reporting from the Directors, the Corporate Officers and Ernst & Young ShinNihon LLC at the proper time and requested explanations therefrom, as required.

3) Each Audit & Supervisory Board Member has confirmed the substance of the Basic Policy Regarding Control of a Company (matters set forth in Article 118, Items 3 (a) and (b), of the Ordinance for Enforcement of the Companies Act), which is described in the Business Report.

4) Each Audit & Supervisory Board Member has supervised and verified whether the Accounting Auditor maintains independence and has done appropriate audits, and has received reports on the execution of their duties and requested explanations, as required, from the Accounting Auditor. In addition, each Audit & Supervisory Board Member has been notified that "Systems to Ensure Appropriate Execution of Duties" (matters set forth in the respective items of Article 131 of the Company Accounting Ordinance) have been improved in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005) and others, and requested explanations therefrom, as required.

(2) Audit & Supervisory Board determined auditing plans, assigned tasks and others; received reports about the progress and results of audits from each Audit & Supervisory Board Member; received reports on the execution of their duties; and requested explanations, as required, from the Directors, the Corporate Officers and the Accounting Auditor.

In the manner explained above, each Audit & Supervisory Board Member and Audit & Supervisory Board have examined the Business Report and supplementary schedule thereof, the consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Income, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial

(Translation for reference only)

statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and the related supplementary schedules thereof of JFE Holdings, Inc., pertaining to the fiscal year ended March 31, 2021.

2. Audit Results

(1) Audit results regarding the Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules thereof fairly represent JFE Holdings, Inc.'s conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- 2) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any Directors with regard to the execution of their duties.
- 3) In our opinion, the substance of the resolution regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the execution of duties by the Directors concerning the internal control systems, including internal control relative to financial reporting.
- 4) We have found no matters to remark with regard to the Basic Policies Regarding Control of a Company. In our opinion, each initiative taken under the policies complies with said policies. Accordingly, they do not impair the common interests of JFE Holdings, Inc.'s shareholders or have the intention of improperly protecting any executive positions at JFE Holdings, Inc.

(2) Audit results regarding the consolidated financial statements

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Audit results regarding the non-consolidated financial statements and the supplementary schedules thereof

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 18, 2021

Audit & Supervisory Board of JFE Holdings, Inc.

Audit & Supervisory Board Member (Full-time)	Nobuya Hara
Audit & Supervisory Board Member (Full-time)	Kumiko Baba
Outside Audit & Supervisory Board Member	Shigeo Ohyagi
Outside Audit & Supervisory Board Member	Isao Saiki
Outside Audit & Supervisory Board Member	Tsuyoshi Numagami

(English Translation of the Japanese original)

This translation has been prepared for reference only. The Japanese language version will control if any discrepancy arises.