

Governance: Executive Summary

With its many companies and partners, the JFE Group is engaged in a broad and diverse range of businesses, centered on the steel, engineering, and trading businesses.

Establishing a proper governance system is essential for increasing the autonomy and efficiency of each operating company and for appropriately managing various business risks, including those related to the environment, safety, and disaster prevention. It is also important for ensuring the Group's sustainable growth and improving corporate value over the medium to long term.

We have been enhancing corporate governance through such initiatives as formulating the Basic Policy on Corporate Governance, establishing the Nomination Committee and Remuneration Committee, introducing a stock remuneration system for Directors, and evaluating the effectiveness of the Board of Directors. We have also introduced indicators for employee safety and climate change to determine performance-linked remuneration for Directors. We will continue to improve our remuneration system for Directors to provide stronger incentives with a higher level of integrity and drive sustainable growth.

Thorough compliance is the foundation of our relationship of trust with stakeholders and the basis of our business activities. While we strive to ensure adherence to corporate ethics and compliance as a material issue of management, the JFE Group Sustainability Council, chaired by the president of JFE Holdings, supervises and provides guidance on compliance efforts, and important measures are reported to and deliberated by the Board of Directors for direction and supervision.

With regard to risk management, JFE Holdings as the holding company is responsible for the comprehensive risk management of the Group and has established a system under which its Board of Directors supervises risk management and confirms its effectiveness. JFE Holdings is continuously improving risk management for the entire Group based on discussions by its Board of Directors.

Objectives and results related to material issues of corporate management concerning governance

► [Material Issues of Corporate Management and KPIs](#) (P.18)

Key Initiatives

- [Introduction of non-financial metrics \(related to employee safety and climate change\) as indicators for performance-based remuneration for Directors](#) (P.220)
- [Third-party analysis and evaluation of the Board of Directors' effectiveness](#) (P.218)
- Disclosure of [skills matrix](#) for Directors and Audit & Supervisory Board Members (P.217)
- [Corporate Ethics Awareness Survey](#) implemented periodically for officers and employees of JFE Holdings and operating companies (P.230)
- [Ongoing oversight and confirmation of the effectiveness of Group-wide risk assessment by the Board of Directors](#) (P.231)