

## 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, and evaluating the effectiveness of the Board of Directors.

Upon the approval of the Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned to a company with an Audit & Supervisory Committee. In line with the launch of the Eighth Medium-term Business Plan, we revised the remuneration system for Directors. We reviewed the remuneration structure to increase the proportion of performance-linked remuneration, changing the ratio of basic remuneration, annual bonus, and stock remuneration from 6:2:2 to 2:1:1. In addition, we introduced employee engagement as a new ESG indicator for bonuses and revised the indicators for the calculation of stock remuneration to return on equity (ROE) and relative total shareholder return (TSR).

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

> [FY2024 KPI Results and FY2025 KPIs](#) (P. 19)

### Key Initiatives

- [In line with the launch of the Eighth Medium-Term Management Plan, we revised the remuneration system for Directors](#) (P. 239)
- [Conducting third-party analysis and evaluation of the Board of Directors' effectiveness](#) (P. 237)
- Disclosure of [skills matrix](#) for Directors (P. 235)
- [Corporate Ethics Awareness Survey](#) implemented periodically for officers and employees of JFE Holdings and operating companies (P. 249)
- [Ongoing oversight and confirmation of the effectiveness of Group-wide risk assessment by the Board of Directors](#) (P. 231)