

## Compliance

### Basic Policy

In expanding our businesses in Japan and abroad, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders and local communities. Trust can only be built upon a strong foundation of ensuring thorough compliance. Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. Therefore, JFE believes it is extremely important that all members of the organization deepen their knowledge and awareness of compliance and perform their jobs accordingly. It conducts training on various topics such as the Antimonopoly Act, the Subcontract Act and anti-corruption, including prevention of bribery of public officials, using e-learning and compliance guidebooks and through guidebook reading sessions as well as by other means.

### Compliance System

The Compliance Committee chaired by Representative Director, President and CEO of JFE Holdings generally convenes four times a year to deliberate basic policies and issues and then supervise their implementation. Each operating company has a similar in-house system for promoting and supervising compliance. In addition, the JFE Group has introduced a Corporate Ethics Hotline to ensure that crucial information regarding compliance can be communicated directly from the front lines to top management.

For more on the JFE Group Standards of Business Conduct, please refer to the following information.

➤ [JFE Group Standards of Business Conduct](https://www.jfe-holdings.co.jp/en/company/philosophy/guideline.html) (https://www.jfe-holdings.co.jp/en/company/philosophy/guideline.html)

### Targets and Results

The JFE Group Standards of Business Conduct guide employees to conduct their business activities based on the Corporate Vision and Corporate Values. They also help to strengthen awareness among all JFE Group executives and employees and ensure adherence to corporate ethics. We promote the initiatives by upholding the Ensure Adherence to Corporate Ethical Standards and Compliance as material issues of corporate management and setting KPIs to achieve those targets.

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

## Initiatives

### Ensure Adherence to Corporate Ethical Standards and Compliance

#### Compliance Education

The JFE Group's Compliance Guidebook, created as part of our effort to foster corporate compliance culture across the Group, is distributed to all Directors and employees inside and outside Japan for individual and group review. In addition to information about laws and ordinances relevant to our business activities, it provides guidance on which actions comply with internal rules and which do not (such as cartels, collusive bidding, the bribing of public officials, insider trading, harassment, and other acts in violation of laws related to the environment, labor standards, and occupational health and safety). The guidebook also provides a simple explanation of concrete standards for complying with laws and internal rules and for acting in accordance with social mores with over a hundred case studies.

Questions that come up in the course of daily operations as well as situations and cases that test our judgment have been compiled in the guidebook with explanations by the relevant department. The content has been reviewed by legal counsel. The guidebook has been reviewed regularly according to the revisions of relevant laws and rules, and some of the cases described have been added, revised, or omitted since the first edition in 2006 to improve its overall content.

The JFE Group also conducts regular training on compliance with the Antimonopoly Act, insider trading restrictions, security export controls, the Construction Business Act, anti-corruption laws including laws against bribery of public officials, and more.

#### Whistleblowing System

The JFE Group has established a Corporate Ethics Hotline, a contact point accessible to all officers and employees (including contract workers, part-time workers, and temporary staff, either active or retired) of the JFE Group as well as those of suppliers and other business partners. The purpose of the hotline is to ensure adherence to corporate ethics and compliance and to prevent corruption and human rights abuses. Reports and consultations are accepted via e-mail, a dedicated phone line and postal mail, anonymously if preferred, and an external hotline to an independent law firm is also provided.

To encourage the active sharing of information, the Corporate Ethics Hotline is operated under rules and regulations that ensure strict confidentiality and protect people who report information or seek advice against acts of retaliation. We investigate the facts of any incident that has been reported on and consulted about only after consulting with the whistleblower to protect their privacy, and feedback the investigation results to the whistleblower if requested.

We strive to prevent incidents of misconduct and ensure the early detection and correction of wrongdoing by accepting consultations and reports, ranging from compliance issues such as violation of the Antimonopoly Act, corruption, and bribery, to human rights abuses including misconduct and harassment in the workplace. In the event that violations of laws are confirmed, corrective and remedial measures are taken in the organization involved. Details of the reports and consultation received at the Corporate Ethics Hotline are regularly communicated to full-time Audit & Supervisory Board Members (including full-time Audit & Supervisory Committee Members and full-time Audit & Supervisory Board Members) while the operational status of the system is reported to the Board of Directors for their supervision.

We also accept inquiries, anonymously if preferred, on compliance and other issues from external stakeholders via a form available on the corporate website. The content is handled as confidential and appropriately addressed.

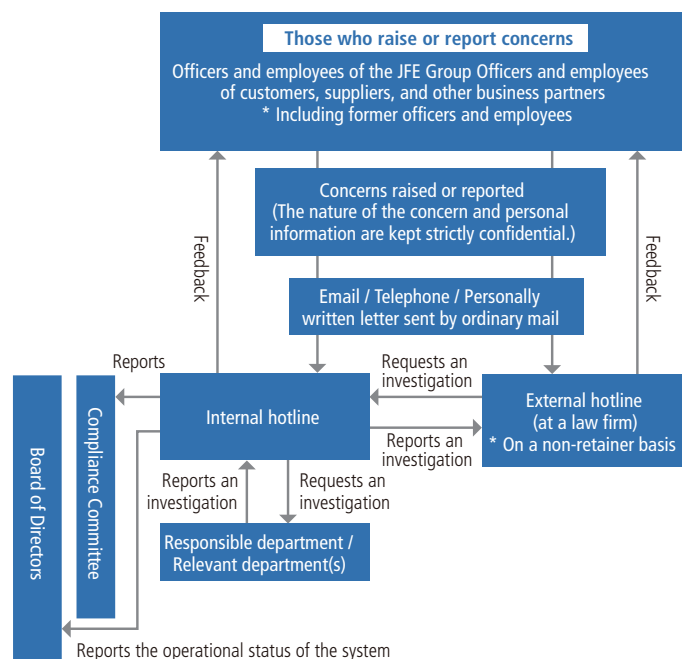
Procedures for handling illegal acts or other violations:

- Departments responsible for compliance at JFE Holdings and each operating company carry out necessary responses, such as implementing the initial response, confirming facts, investigating the cause, and developing measures to prevent recurrence.
- Departments responsible for compliance at each company report on the facts, cause, and recurrence prevention measures to the Compliance Committee at each company to confirm the cause and assess the effectiveness of recurrence prevention measures and the responsibility of related parties.

- Matters such as major violations are reported to the Compliance Committee to be shared across the entire Group and to facilitate horizontal implementation of recurrence prevention measures to make sure that no similar violations occur anywhere in the Group.

➤ [Governance Data: Whistleblowing](#) (P. 282)

### Whistleblowing System



## Preventing Corruption and Bribery

Under its Standards of Business Conduct, the JFE Group endeavors to comply with laws and ordinances, compete fairly and freely, refrain from illegal business activities, and build and maintain sound and proper relationships with governments and political authorities.

We explicitly prohibit bribery, such as the offering and receiving of illegal payoffs, excessive entertaining or favors, as well as corruption such as embezzlement from a position of advantage and promotion of conflicting interests. The Group strives to thoroughly prevent corruption by stating in its Company rules that these offenses will be penalized.

The bribing of public officials has become a major business risk in recent years due to growing global awareness of corruption and a stronger drive by authorities to expose such wrongdoing. The JFE Group does not tolerate any kind of illegal activity in Japan or any other country, including bribery, such as offering money or other benefits to public officials, and never resorts to these illegal activities to gain profit or resolve problems.

Considering this, the Group issued JFE Group's Basic Policy on Preventing Bribery of Public Officials and disseminate it throughout the Group including operating companies. The JFE Group also maintains various systems to prevent the bribery of public officials, such as by stipulating that efforts be made to use third-party appointment checklists or have an anti-bribery confirmation letter signed when using external parties including agents or consultants who may have connections with overseas public officials.

In addition, based on the results of risk assessments, the JFE Group provides employees with annual training and e-learning programs on the prevention of bribery of public officials.

For more on our stance on preventing bribery, refer to the following information.

➤ [JFE Group's Basic Policy on Preventing Bribery of Public Officials](#)

(<https://www.jfe-holdings.co.jp/en/company/philosophy/anti-bribery.html>)

## — Tax Transparency

The JFE Group upholds the JFE Standards of Business Conduct and complies with both the letter and spirit of the tax laws of each country as well as international rules, including the taxation guidelines issued by the Organization for Economic Co-operation and Development and other international institutions. We will pay taxes in every country where we do business in a timely, appropriate, and fair manner.

Moreover, we seek to forge relationships of trust with the tax authorities in each country by raising transparency and without resorting to tax planning or the use of tax havens to evade taxation.

## — Resisting Organized Crime

The JFE Group declares in its standards of business conduct that it will firmly resist all antisocial forces and has established the JFE Group Policies for Addressing Antisocial Forces and Regulations for Addressing Violence Directed at Companies to clarify the measures to be taken against antisocial forces, including an initial response manual.

The JFE Group Policies for Addressing Antisocial Forces has been approved by the Board of Directors, and we will seek to establish sound corporate management based on an organized and unified response to the issue within the framework of our system of compliance. We have specifically set up a section responsible for handling antisocial forces in the General Administration and Legal Affairs departments of each Group company to completely discontinue any dealings with antisocial forces. We will also set up rules for reporting and responding to any related incidents and will resolutely stand against antisocial forces by cooperating with law enforcement.

In addition, we will seek to establish thorough awareness of the JFE Group Policies for Addressing Antisocial Forces and specific rules governing our response among all executives and employees by providing e-learning and distributing the Compliance Guide Book.

## — Compliance with the Antimonopoly Act

The JFE Group, in its JFE Group Standards of Business Conduct, requires complying with laws and regulations, engaging in fair and free competition, conducting legitimate business activities, and acting with integrity in accordance with sound business practices. The JFE Group views past violations of the Antimonopoly Act seriously and established the JFE Group Basic Policy on Competition Law Compliance on the principle of zero tolerance for violating the Antimonopoly Act and other laws and strictly responding to any infringements. Under this policy, the Group establishes and maintains operating rules for contact with competitors, conducting in-house training, and performing internal audits to ensure compliance with the Antimonopoly Act. Periodic reports to the Group Compliance Committee strengthen oversight and support the effective implementation of initiatives.

For the JFE Group Basic Policy on Competition Law Compliance, refer to the following information.

➤ [JFE Group Basic Policy on Competition Law Compliance](https://www.jfe-holdings.co.jp/en/company/philosophy/competition-law.html) (<https://www.jfe-holdings.co.jp/en/company/philosophy/competition-law.html>)

## — Confirmation and Improvement through the Employee Corporate Ethics Awareness Survey

The JFE Group regularly conducts a Corporate Ethics Awareness Survey (once every two years) for Directors and employees of the Company as well as the operating companies to confirm the penetration of and thorough compliance with the Group's Corporate Vision, Corporate Values, and Standards of Business Conduct, along with the identification of potential risks. The survey conducted in FY2024 confirmed that many employees sufficiently understood the Group's Vision, Corporate Values, and relevant laws and regulations, with a consistently high awareness of compliance, including adherence in the workplace to the JFE Group's Basic Policy on Preventing Bribery of Public Officials and the Guidelines for Entertainment and Gift. On the other hand, the survey also brought our attention to issues to address going forward. The results of the Corporate Ethics Awareness Survey and the policy responses were reported to the JFE Group Sustainability Council and the Board of Directors in FY2025. Going forward, issues identified will continue to be reflected in the specific initiatives of each company for improvement under the supervision of the JFE Group Sustainability Council and the Board of Directors.

At the time of formulating the Eighth Medium-term Business Plan, the Board of Directors of JFE Holdings reaffirmed that the Group's Corporate Vision and Corporate Values remain the unchanging principles of the JFE Group, serving as a unifying force for the entire organization throughout the 22 years since its founding and far into the future.

## ■ Compliance Incidents in the JFE Group

### ■ Indictment of JFE Group Company Employees

With regard to the submarine water pipe renewal work that KFE Engineering Corporation contracted with Taketomi Town, Okinawa, in June 2017 and June 2020, a former employee of JFE Engineering Corporation was convicted for violating the Act on Elimination and Prevention of Involvement in Bid Rigging, etc., and for obstructing public contract-related auction bidding. As a result, in May 2024, the Ministry of Land, Infrastructure, Transport and Tourism issued a business suspension order against the company, covering public works related to the water supply facilities construction business throughout Japan, pursuant to the Construction Business Act.

We deeply regret this situation and sincerely apologize for the inconvenience and concern caused to many of the related parties.

We regard this matter very seriously and sincerely. We will strive to regain public trust as early as possible by preventing a recurrence through the implementation of measures addressing the identified causes of the incident.

### ■ Inappropriate Conduct in JFE Shoji's Biomass Fuel Trading

JFE Shoji Corporation has confirmed the occurrence of inappropriate conduct\* in connection with its biomass fuel trading business involving certain customers.

We deeply regret this situation and sincerely apologize for the inconvenience and concern caused to many of the related parties. We regard this matter very seriously and sincerely. We will strive to regain public trust as early as possible by preventing a recurrence through the implementation of measures addressing the identified causes of the incident.

\*With respect to palm kernel shells and wood pellets supplied to biomass power plants, the company's Biomass Fuel Department charged customers prices and marine freight in excess of contractually agreed amounts, thereby obtaining undue profit.

For more on our stance on our measures to prevent recurrence, refer to the following information.

> [JFE Shoji Official Website \(Japanese only\)](https://www.jfe-shoji.co.jp/wjefep/wp-content/uploads/2025/06/news250619.pdf) (https://www.jfe-shoji.co.jp/wjefep/wp-content/uploads/2025/06/news250619.pdf)