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 approval of the Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned to a company with an Audit & Supervisory Committee. In April 2026, we reviewed the standards for agenda items for meetings of the Board of Directors and how those meetings were conducted while also strengthening governance frameworks.

In line with the launch of the Eighth Medium-term Business Plan, we revised the remuneration system for Directors. To increase the proportion of performance-linked remuneration, the ratio of basic remuneration, annual bonus, and stock remuneration was set at 2:1:1. For bonuses, in addition to financial performance, we adopted employee safety, climate change, and employee engagement indicators as ESG indicators. For stock remuneration, we adopted return on equity (ROE) and relative total shareholder return (TSR) as performance indicators.

Thorough compliance is the foundation of our relationship of trust with stakeholders and the basis of our business activities. We strive to ensure adherence to corporate ethics and compliance as a material issue of management, and we established the JFE Group's Basic Policy on Compliance in April 2026. We also appointed Chief Compliance Officers (CCOs) at JFE Holdings and each operating company to clarify accountability, thereby strengthening the compliance framework.

The JFE Group Compliance Committee, chaired by the CCO, 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

› **FY2025 KPI Results and FY2026 KPIs** (P. 19)

Key Initiatives

- **In line with the launch of the Eighth Medium-term Business Plan, we revised the remuneration system for Directors** (P. 256)
- Conducting third-party **analysis and evaluation of the Board of Directors' effectiveness** (P. 255)
- Disclosure of **skills matrix** for Directors (P. 251)
- **Corporate Ethics Awareness Survey** implemented periodically for officers and employees of JFE Holdings and operating companies (P. 267)
- Ongoing **oversight and confirmation of the effectiveness of Groupwide risk assessment by the Board of Directors** (P. 269)
- **Appointment of CCOs at JFE Holdings and its operating companies, and CFOs and CTOs at operating companies,** to strengthen the governance framework (P. 250)