Corporate Governance

Basic Policy

With the steel business, engineering business and trading business at its core, the JFE Group develops a broad range of businesses in a wide range of areas together with many group companies and partners. Establishing a proper governance system is essential toward improving independence and raising efficiency in each operating company, along with the optimal management of risks, which include those related to the environment, safety, and disaster prevention in the Group. It is also necessary for the sustainable growth of the Group and the medium- to long-term improvement of its corporate value.

With the aim of enhancing the best corporate governance to embody the JFE Groups' Corporate Vision, the Company has established the JFE Holdings Basic Policy on Corporate Governance. The Company has revised the policy pursuant to its transition to a company with an Audit & Supervisory Committee, as approved at the Ordinary General Meeting of Shareholders held in June 2025.

> **JFE Holdings, Inc. Basic Policy on Corporate Governance** (https://www.jfe-holdings.co.jp/en/common/pdf/company/info/basic-policy.pdf)
> **Corporate Governance Report** (https://www.jfe-holdings.co.jp/en/common/pdf/company/info/corporate-governance.pdf)

Systems and Initiatives

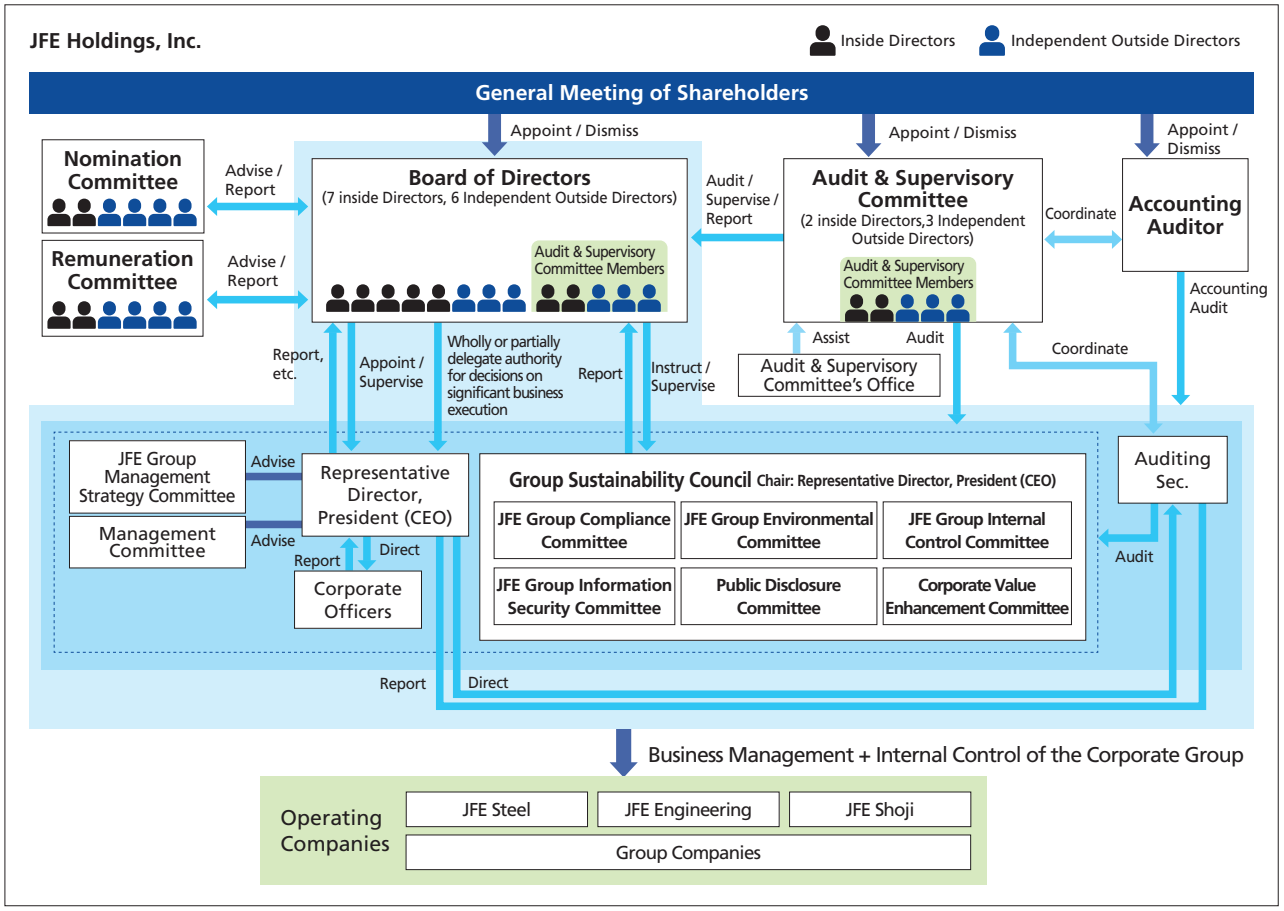
Corporate Governance System

Group Governance System

The JFE Group comprises a holding company and three operating companies, JFE Steel, JFE Engineering, and JFE Shoji.

JFE Holdings, a pure holding company at the core of the Group's integrated governance system, guides Groupwide 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.

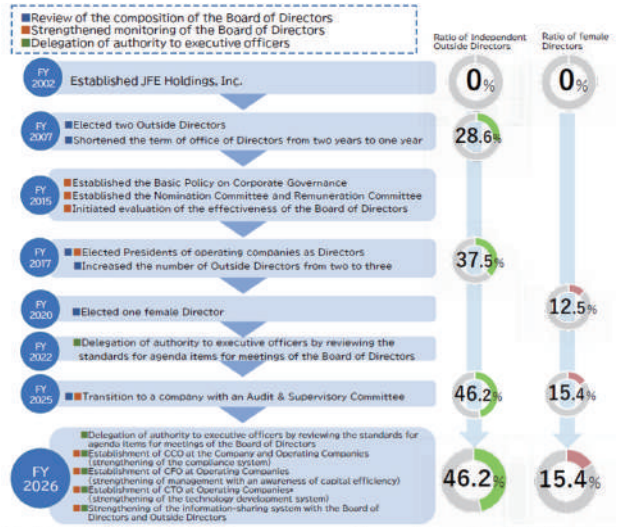


› Governance Data (P. 292)

Governance System

The Company has constructed the following corporate governance system aimed at continuously increasing corporate value and the common interest of shareholders by reinforcing the fairness, objectivity and transparency of management. Upon approval of the Ordinary General Meeting of Shareholders held in June 2025, the Company transitioned to a company with an Audit & Supervisory Committee to accelerate decision-making, enhance discussions of management policies and strategies, and further strengthen the supervisory function of the Board of Directors. In April 2026, we reviewed the standards for agenda items for meetings of the Board of Directors and how those standards are applied. We are also working to strengthen the compliance system, management focused on capital efficiency, and the technology development system.

Major Initiatives to Strengthen the Governance System



Further strengthen corporate governance through speedier decision-making and more effective supervision to achieve sustainable growth and enhance corporate value

Strengthening the Compliance System

To ensure thorough compliance, we appointed and designated Chief Compliance Officers (CCOs) at JFE Holdings and its operating companies to be responsible for promoting compliance measures and responding to serious compliance incidents. Particularly serious compliance incidents are promptly reported to the Board of Directors, which provides oversight.

Strengthening Management Focused on Capital Efficiency

The Chief Financial Officer (CFO) of JFE Holdings has promoted management focused on capital efficiency while balancing growth investments with financial discipline. We appointed CFOs at the operating companies to further advance management focused on capital efficiency. These CFOs deliberate on the business environment, profitability, risk assessment, and other aspects of investment proposals, while the CFO of JFE Holdings reviews those proposals for consistency with Groupwide strategy and the Medium-term Business Plan. This robust framework, comprising the CFO of JFE Holdings and the CFOs of the operating companies, will lead to enhanced corporate value.

Strengthening the Technology Development System

To further pursue value-creating technology development by more closely aligning that development with management strategy, we appointed Chief Technology Officers (CTOs) at JFE Steel and JFE Engineering and strengthened the execution system for technology development.

Duties of the Board of Directors and other Bodies

Appointment of Independent Outside Directors

The Company appoints several Independent Outside Directors, ensuring that they make up at least one-third of the Board. Candidates for Independent Outside Director are elected from individuals capable of strengthening corporate governance, such as those with extensive management experience in global enterprises or experts with deep professional knowledge, and who meet the Company's Standards for Independence of Outside Directors. As of July 1, 2026, 6 of the 13 Directors are Independent Outside Directors.

The Company elects several Independent Outside Directors who are Audit & Supervisory Committee Members. Independent Outside Directors who are Audit & Supervisory Committee Members will be elected from persons who are appropriate to bear the role of enhancing auditing function such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge, and meet the Company's Standards for Independence of Outside Directors. As of July 1, 2026, of the five Audit & Supervisory Committee Members, three are Independent Outside Directors who are Audit & Supervisory Committee Members.

› **Standards for Independence of Outside Directors of JFE Holdings, Inc.** (https://www.jfe-holdings.co.jp/en/common/pdf/company/info/independence.pdf)
› **Governance Data: Directors** (P. 293)

Approach to Diversity in the Board of Directors

With regard to the composition of the Board of Directors, the Company elects officers following deliberations by the Nomination Committee by focusing on the enhancement of diversity of the Board members, such as their expertise, knowledge and experience in various fields, while balancing with the appropriate size of the Board. The Company also elects Directors who possess a wealth of knowledge and experience as management in global enterprises. In this way, the Company is working to enhance gender and global diversity. As of July 1, 2026, two female Directors are in office. The Company will continue to systematically engage in initiatives to foster such human resources suitable for candidates for Directors by setting specific targets.

Skill Matrix of Directors

We have established the JFE Holdings, Inc. Basic Policy on Corporate Governance for promoting sustainable growth of JFE Holdings, Inc. and the JFE Group, the medium- to long-term improvement of corporate value, and expressing concretely the JFE Group's Corporate Vision of pursuing best practices in corporate governance and achieving further development in this area. With regard to the composition of the Board of Directors, we strive to enhance the diversity of the Board members, such as their expertise, knowledge, and experience in various fields, and identify necessary skills of corporate management in light of our business and corporate management issues of the Company and the Operating Companies. The Company selects candidates for officers following deliberations by the Nomination Committee while balancing with the appropriate size of the Board.

The skills matrix for each Director against identified skills in light of their knowledge, experience, and expertise are summarized below.

		Name	Corporate Management and Management Strategy	Sustainability and Environment	Technology and DX	Finance and Accounting	Internal Control and Governance	Legal Affairs Compliance	Personnel and Labor, Human Resources Development	Sales and Marketing	Operation with knowledge
Directors	Inside	Yoshihisa Kitano	●	●	●		●		●		Steel
		Masayuki Hirose	●	●			●			●	Steel
		Toshihiro Tanaka	●	●	●	●	●	●			Steel, Engineering, Trading
		Kazuyoshi Fukuda	●	●	●		●			●	Engineering
		Yoshifumi Ubagai	●	●			●			●	Steel, Trading
	Outside	Yoshiko Ando		●			●	●	●		—
		Takuya Shimamura	●	●			●		●	●	—
		Keiichi Kobayashi	●	●	●		●			●	—
Directors who are Audit & Supervisory Committee Members	Inside	Nobuya Hara	●			●	●				Steel
		Nakaba Akimoto					●	●			Steel, Engineering, Trading
	Outside	Tsuyoshi Numagami	●			●	●			●	—
		Yoshihisa Suzuki	●	●	●		●		●	●	—
		Naoto Nakamura	●				●	●			—

(As of June 25, 2026)

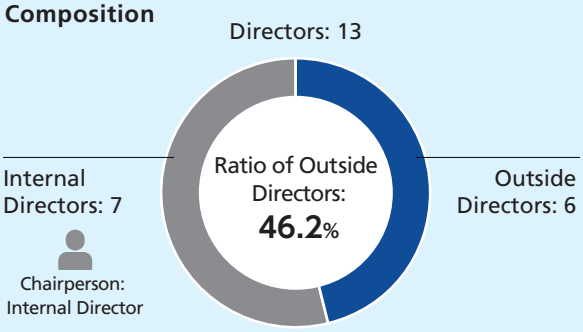
Main Responsibilities and FY2025 Activities of the Board of Directors and Audit & Supervisory Committee

Board of Directors Meetings held: 15 Attendance rate: 99.6%

Main Responsibilities and Roles

- Responsible for the Company's sustainable growth and enhancing mid- to long-term corporate value
- Makes important management decisions, including those concerning the JFE Group's management plans and fundamental management policies
- Supervises overall management, including the execution of duties by executive officers

Composition



Major Topics Discussed in FY2025

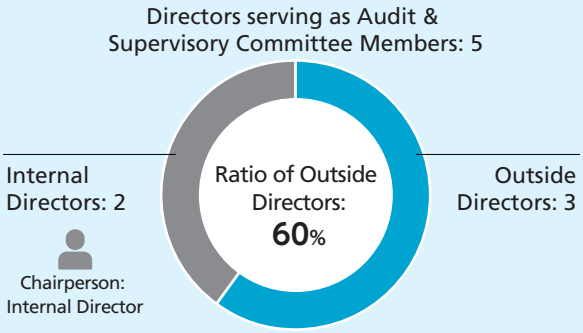
- Establishment of JFE Vision 2035 and the Eighth Medium-term Business Plan
- Progress of the Eighth Medium-term Business Plan
- Large-scale investments (e.g., expanding the manufacturing capacity of JSW JFE Electrical Steel Nashik Private Limited, establishing an integrated steel plant joint venture with JSW Steel Limited) and follow-up on investments
- Initiatives to address sustainability issues (e.g., efforts to achieve carbon neutrality, strengthening the corporate governance and compliance systems)

Audit & Supervisory Committee Meetings held: 14 Attendance rate: 100%

Main Responsibilities and Roles

- As an independent body of the Company, the Audit & Supervisory Committee audits the execution of duties by Directors, thereby contributing to the Company's sound and sustainable growth and the enhancement of public trust in the Company
- Audit & Supervisory Committee Members endeavor to share material information obtained in the course of their duties with other Committee Members through the Committee and ensure the appropriateness of audits by exchanging views with Committee Members

Composition



Major Activities

- Receives reports from Directors, Executive Officers, employees, and other relevant parties, and exchanges opinions with Representative Directors
- Attends important meetings and conducts on-site audits and inspections, including site visits
- Coordinates with the Accounting Auditor and the Internal Audit Department
- Forms opinions on the appointment and dismissal of Directors, their remuneration, and other related matters

For more on the governance data, please refer to the following information.
› Governance Data (P. 292)

Nomination and Remuneration Committees: FY2025 Activities

JFE Holdings has maintained the Nomination Committee as well as the Remuneration Committee, which acts as an advisory body of the Board of Directors to ensure fair, objective, and transparent personnel affairs and remuneration of the Board of Directors. Both committees are composed of a majority of Outside Directors, and their chairpersons are elected from among Outside Directors.

Nomination Committee Meetings held: 3 Attendance rate: 100%

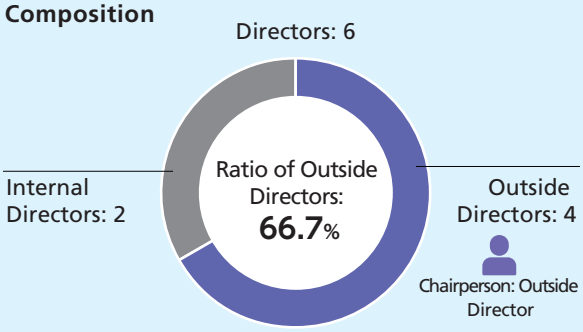
Main Responsibilities and Roles

As an advisory body to the Board of Directors, the Nomination Committee submits recommendations to the Board in order to ensure fairness, objectivity, and transparency in personnel matters concerning Directors and other officers.

Main Activities

Deliberation on the basic policy for the appointment and dismissal of the President; draft proposals for the selection of candidates for President; the President's succession plan; and matters concerning the nomination of candidates for Outside Directors

Composition



Remuneration Committee Meetings held: 5 Attendance rate: 100%

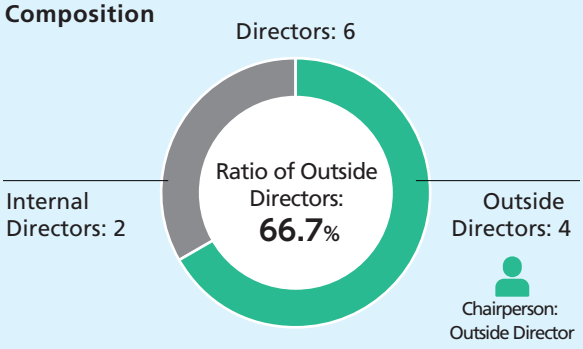
Main Responsibilities and Roles

As an advisory body to the Board of Directors, the Remuneration Committee submits recommendations to the Board to secure fairness, objectivity, and transparency in matters concerning the remuneration of Directors and other officers.

Main Activities

Deliberation on matters pertaining to the basic policy on the remuneration of Directors of the Company and its operating companies, including the appropriateness of remuneration levels, remuneration composition, and the indicators and calculations used for performance-linked remuneration.

Composition



› Governance Data: Nomination Committee and Remuneration Committee (P. 294)

Support for Directors

A Board of Directors' Secretariat is set up in the General Administration Dept. to support Outside Directors with necessary communication and arrangements, etc. Furthermore, dedicated staff to support the duties of the Audit & Supervisory Committee, which is composed primarily of Outside Directors who are Audit & Supervisory Committee Members, are allocated in the Audit & Supervisory Committee's Office.

Directors are provided, both upon appointment and on an ongoing basis, with opportunities and funding to receive training tailored to each individual Director in legal matters, corporate governance, risk management, and other subjects that help them fulfill their roles and duties.

In addition, the Company provides Outside Directors with briefings, etc., prior to the Board of Directors meetings and gives materials and explanations on each agenda item.

The Company strives to provide adequate information necessary for the execution of their duties by sharing materials for the Company's Management Council and other meetings, providing explanations on important management issues of the Company and Group companies from time to time, and offering opportunities such as exchanges of opinions with the senior management, including the President. This includes attendance at hearings on important business matters reported by each department as necessary, convening Board of Directors meetings at major business bases, and inspections of Group companies. In addition, meetings exclusively for Outside Directors serve as venues for freely exchanging information from an independent, objective standpoint.

FY2025 Results

Board of Directors Briefings 14

Board of Directors meetings convened at major business bases: 2

- JFE Steel East Japan Steelworks (Keihin district)
- JFE Steel West Japan Steelworks (Fukuyama district)

Meetings attended exclusively by Outside Directors: 4

(2 meetings included exchanges of opinions with the executive management)

Tours of major business bases and Group Companies

- JFE Steel East Japan Steelworks (Keihin district)
- JFE Steel West Japan Steelworks (Fukuyama district)
- JFE Engineering's Kasaoka Monopile Factory
- Studco's metallurgical coal mine in Australia



JFE Engineering's Kasaoka Monopile Factory

Training for Directors

- JFE Group overview, Medium-term Business Plan progress status, financial status, management issues (newly appointed Outside Directors)
- Training on green transformation (GX)-related policies and the JFE Group's initiatives (all Directors; FY2026)

Information Provision to Outside Directors

- Materials for Management Council and Group Management Strategy Committee meetings, as well as discussion summaries (FY2026)
- Macroeconomic overview and overview of steel supply and demand
- Monthly profit and loss results
- Analyst Report
- Other topics (e.g., publication of the JFE Group Report and Sustainability Report; participation in exhibitions; status and content of business briefings held by operating companies; status of and key topics raised in meetings with institutional investors; and status and content of analyst site visits and small meetings)

Analysis and Evaluation of the Effectiveness of the Board of Directors

In line with the Basic Policy on Corporate Governance, the Board of Directors has been evaluating the overall effectiveness of the Board since FY2015 and has been conducting analysis and evaluation using a third-party organization to incorporate an objective standpoint independent from the Company since FY2018.

In FY2025, the Company also conducted a questionnaire survey of all Directors covering the following matters. In addition, the Company assessed the results of the initiatives implemented in FY2025 based on the opinions and recommendations obtained through the analysis and evaluation conducted in FY2024.

Main Content of the Questionnaire

I. Operational framework for the Board of Directors
(Composition and operations of the Board of Directors, support and cooperation framework of the Secretariat, and culture)
II. Supervision function of the Board of Directors and functions of the advisory committees
(Supervision function and status of discussions at the Board of Directors, status of discussions at the advisory committees, etc.)
III. Relationships with shareholders and stakeholders

After discussing its effectiveness based on the questionnaire and the evaluation by the third-party organization, the Board of Directors determined that the overall effectiveness of the Board was ensured through robust discussions among members, supported by substantial preliminary briefings at meetings for Outside Directors and Audit & Supervisory Board Members, as well as appropriate management and leadership by the chairperson, which encouraged active participation by Directors.

Issues Identified in the Evaluation of Effectiveness for FY2024

- Following the transition to a Company with an Audit & Supervisory Committee, further discussions should focus on the ideal structure of the Board of Directors, including appropriately delegating authority to executive management and the size and diversity of the Board
- Deeper discussions should be held continually, not only on material management issues such as human capital management and initiatives to respect human rights, but also on the analysis of market evaluations and measures for improvement
- To further strengthen risk management across the entire Group, reporting to the Board of Directors on risk information, including information of subsidiaries and affiliates, should be enhanced

Initiatives in FY2025 Based on the Results of the Effectiveness Evaluation through FY2024

- Following the transition to a Company with an Audit & Supervisory Committee, the Board of Directors discussed the ideal structure of Group management and reviewed the criteria for matters to be submitted to the Board of Directors and its operations, with the aim of accelerating decision-making and further enhancing strategic discussions
- The Company increased the frequency of meetings for Outside Directors, which had previously been held on an ongoing basis. In addition, Outside Directors requested that executive members participate in these meetings as necessary to share information and exchange opinions on material management issues, the analysis of market evaluation, and initiatives for improvement, and these efforts stimulated lively discussions at meetings of the Board of Directors
- The Company established the JFE Group Basic Policy on Compliance and designated Chief Compliance Officer (CCO) positions at the Company and each operating company to clarify accountability and strengthen the compliance system

Issues for FY2026

- Following the transition to a company with an Audit & Supervisory Committee, the Board of Directors should confirm the effectiveness of its revised operations and continue discussion on its optimal structure, including its size and composition, to achieve further improvement
- To realize medium- to long-term management strategies, the Board of Directors should further enhance discussions on consistency with plans and capital efficiency, as well as discussions aimed at analyzing and improving the Company's market valuation
- To improve the effectiveness of the internal audit function, the Board of Directors should continue discussions on the role and structure of internal auditing

Taking into account the issues identified, initiatives will be proactively undertaken to further increase the effectiveness of the Board of Directors and enhance the corporate value of the Group.

Operating System

Key Decision-Making

With regard to significant matters at each company within the Group, internal rules define clear standards and procedures for decision-making. Significant matters concerning overall Group management are ultimately deliberated and decided by JFE Holdings, Inc. Each Operating Company determines important matters related to itself and its subsidiaries through its Board of Directors and Management Committee. At JFE Holdings, Inc., the JFE Group Management Strategy Committee deliberates on significant matters concerning management strategies for the entire Group, while the Management Committee considers specific significant matters related to the Company, the Operating Companies, or Group Companies. Based on these deliberations, the Board of Directors makes final decisions on significant matters. Following the transition to a Company with an Audit & Supervisory Committee in FY2025, the Company is promoting the delegation of authority to executive management and initiatives to strengthen the Board of Directors' supervisory function.

› **Governance Data: Operating System** (P. 294)

Executive Remuneration

Executive remuneration is based on the Basic Policy on Remuneration for Directors and Corporate Officers and the Policy for Deciding the Individual Remuneration for Directors and Corporate Officers founded on discussions and reports by the Remuneration Committee, and it is decided through either a resolution of the Board of Directors or deliberations by the Directors who are Audit & Supervisory Committee Board Members, for an amount within the total limit approved at the General Meeting of Shareholders.

Basic Policy on Remuneration for Directors and Corporate Officers

- The Board of Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) shall determine the remuneration system for Directors and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness, and transparency
- The remuneration level 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 ratio 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 Policy for Deciding the Individual Remuneration for Directors and Corporate Officers

- Remuneration for Directors (excluding members of the Audit & Supervisory Committee; hereinafter the same) 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 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
- An annual bonus is linked to the Company's single-year performance (calculated based on financial and non- financial indicators) 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 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 when performance target goals have been attained is set so that the ratio of basic remuneration, annual bonus and stock remuneration stands at 2:1:1

The Company pays only basic remuneration to Outside Directors and the Directors who are Audit & Supervisory Committee Members, given their roles of supervising and auditing management from an independent and objective standpoint. Directors who concurrently serve as Executive Directors of operating companies shall not be paid the annual bonus or the Stock Remuneration from the Company.

Furthermore, the calculation method for performance-linked remuneration, as described below, has been revised from FY2025 based on the Eighth Medium-term Business Plan.

Annual Bonus

The annual bonus is a remuneration package linked to both financial and ESG performance based on fiscal year results. Financial performance is measured by the total segment profit for a single fiscal year. ESG performance is assessed using the following indicators: employee safety (lost-workday injury rates, with 0% for a fatal accident), climate change (achievement of KPIs related to "Initiatives to Address Climate Change Issues"), and employee engagement (achievement of KPIs related to Enhancement of Job Satisfaction under Promotion of Human Capital Management). When the achievement rate for all targets is 100%, the weighting of annual bonus components for financial performance, employee safety, climate change, and employee engagement stands at 8:1:1:1.

The individual remuneration amount is determined by multiplying the base amount set for each position by the level of achievement for each selected performance-linked indicator. Directors and Corporate Officers who have been dismissed or have committed certain types of misconduct may lose the right to receive benefits based on a resolution of the Board of Directors. Directors and Corporate Officers who have already received benefits may be asked to return the amount based on a resolution of the Board of Directors if they engage in certain types of misconduct.

Stock Remuneration

Under the stock remuneration plan, a payment level is determined based on performance targets set in the Group's Medium-term Business Plan, etc. From FY2025, to further promote value sharing with shareholders and increase awareness of contributing to the improvement of medium- to long-term corporate value, we have selected the target values for ROE (10% or more), as set forth in the Eighth Medium-term Business Plan, and relative TSR (1 or higher) as performance indicators for the performance-linked portion. The level of payment is based on the degree of achievement of each indicator.

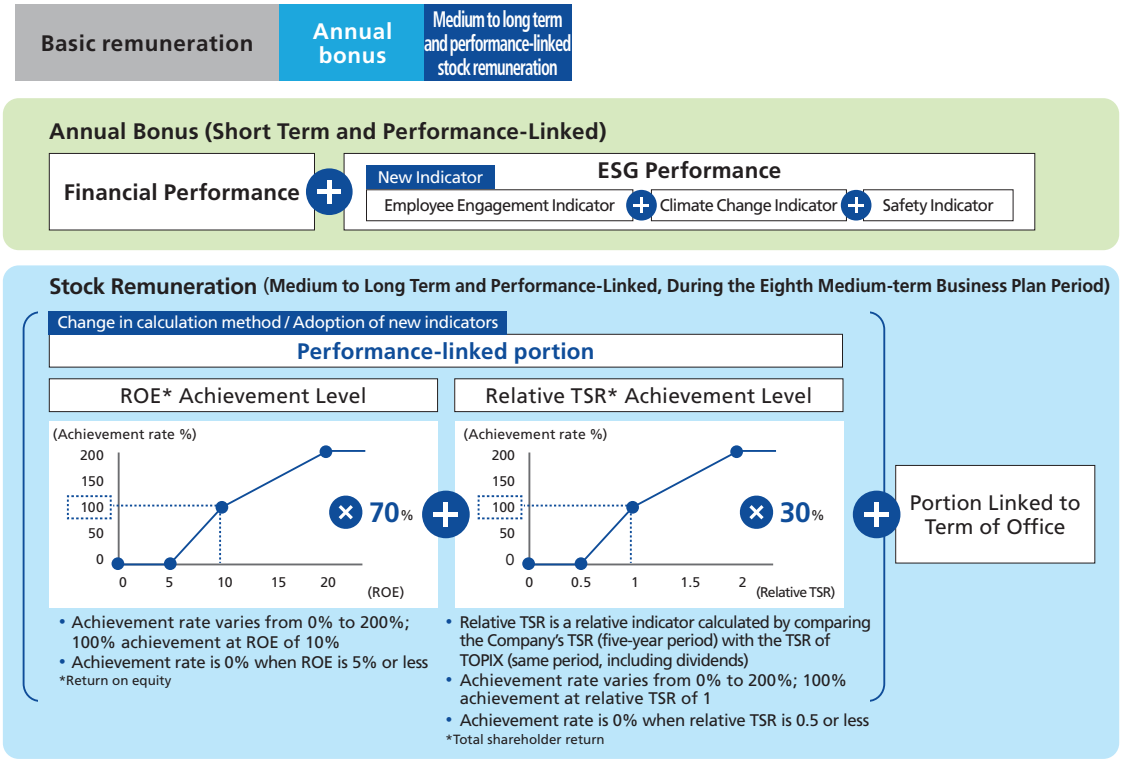
Directors and Corporate Officers who have been dismissed or have committed any misconduct may lose the right to receive benefits based on a resolution of the Board of Directors. Directors and Corporate Officers who have already received benefits may, based on a resolution of the Board of Directors, be required to return the shares and cash already provided if they engage in any misconduct.

To achieve sustainable corporate growth for the Group, the Remuneration Committee and the Board of Directors continue to improve the remuneration system for Directors to serve as an incentive with a higher level of integrity.

The outline of remuneration system for the Company's and Directors (excluding Directors who are Audit & Supervisory Committee Members)

Remuneration ratio of the Company's President upon achievement of the targets

Basic remuneration : Annual bonus : Stock remuneration = 2 : 1 : 1



› Governance Data: Operating System (P. 294)

Internal Control

The JFE Group's internal control system, in accordance with the Basic Policy for Building an Internal Control System, is maintained through various committee regulations including the Rules of the Board of Directors, Regulations for Group Management Strategy Committee, Regulations for Management Committee, Regulations for the JFE Group Sustainability Council, Regulations for Organization and Operations, Regulations for Document Management, Regulations for Addressing Violence Directed at Companies, and a Corporate Ethics Hotline. These regulations are periodically reviewed to ensure their effectiveness.

In addition, we revise and improve the Basic Policy from time to time to boost sustainable corporate value. In April 2026, the Basic Policy for Building an Internal Control System was reviewed, and a framework was established under which CCOs (Chief Compliance Officers) were appointed at the Company and each operating company, with the CCO of the Company serving as chairperson of the JFE Group Compliance Committee and the CCO of each operating company serving as chairperson of its respective Compliance Committee. At the same time, the details of coordination between the internal auditing department and the Audit & Supervisory Committee were clarified.

› Basic Policy to Establish the Internal Control Systems (https://www.jfe-holdings.co.jp/en/common/pdf/company/info/Basic_Policy_Internal_Control.pdf)

Strengthening Internal Control

Internal Audits

JFE Holdings, its major operating companies, and key Group companies have internal audit organizations comprising 187 people as of April 1, 2026. These organizations share information with one another to enhance overall auditing within the Group. They also report internal audit plans and findings to the Board of Directors, the Audit & Supervisory Committee, and the JFE Group Sustainability Council annually to maintain the effectiveness of internal audits.

As part of its commitment to thorough compliance, the JFE Group annually audits adherence to laws and internal regulations, including the Antimonopoly Law, measures taken to prevent the bribery of public officials, tax laws, security export controls, protection of personal information, as well as safety, disaster prevention, and environmental management. If an audit finds an issue or problem, the internal audit departments of JFE Holdings and the operating company work together to share the information across the Group and incorporate lessons learned in sustainability activities conducted by the Group's companies.

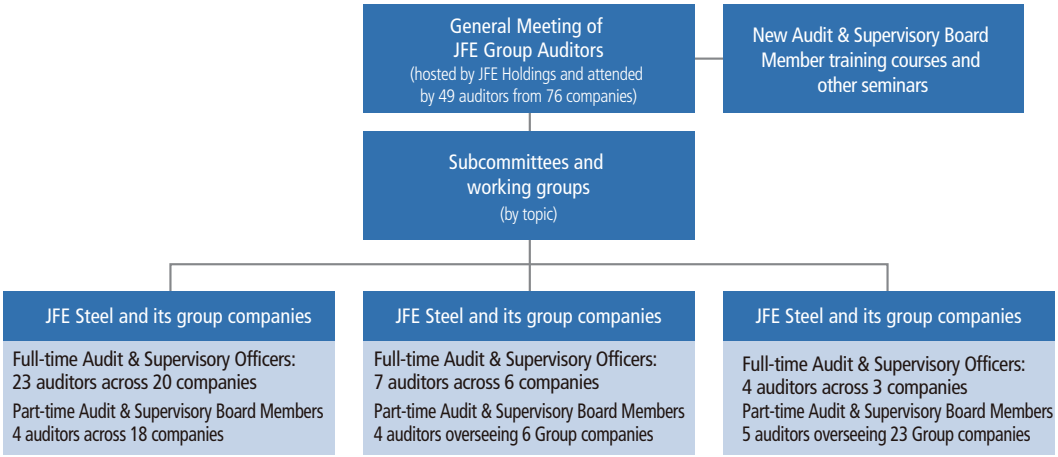
Audits by Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprises five Audit & Supervisory Committee Members, including three Outside Directors who serve as Audit & Supervisory Committee Members. Regarding the internal control system, the Audit & Supervisory Committee regularly receives reports from Directors, Executive Officers, and others on the status of its establishment and operations, requests explanations as necessary, and expresses its opinions. In accordance with the audit standards for the Audit & Supervisory Committee, audit policies, audit plans, and assignment of duties established by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member, in coordination with the Company's internal auditing department, attends meetings of the Board of Directors and other important meetings, receives reports from Directors, Executive Officers, and others on the execution of their duties, requests explanations as necessary, inspects important approval documents, and investigates the status of business operations and financial conditions. With respect to subsidiaries, Audit & Supervisory Committee Members communicate and exchange information with the Directors and Corporate Auditors of subsidiaries, receive business reports from them as necessary, and investigate the status of their business operations and financial conditions. Through these methods, the Audit & Supervisory Committee audits the execution of duties by Directors. In addition, it forms its opinions on the appointment, dismissal, and remuneration of Directors after examining the deliberations of the Nomination Committee and the Remuneration Committee.

A total of 49 full-time Audit & Supervisory Officers (including full-time Audit & Supervisory Committee Members and full-time Audit & Supervisory Board Members) and dispatched Audit & Supervisory Board Members* have been appointed across 76 companies throughout the Group, including JFE Holdings, establishing an audit framework.
The JFE Group Board of Auditors has been established, comprising these members, under which subcommittees and working groups created to address specific issues meet autonomously to share information, investigate issues, and enhance understanding. The findings of the year's activities are presented at the general meeting of JFE Group Auditors and used for the audit activities of each Audit & Supervisory Officer.

*Operating company personnel are dispatched to Group companies as part-time Outside Audit & Supervisory Board Members. Each dispatched Audit & Supervisory Board Member audits an average of one to five Group companies, with 13 Members covering 47 companies.

The JFE Group Board of Auditors



Status of Coordination among the Audit & Supervisory Committee, the Accounting Auditor, and the Internal Auditing Department

The Audit & Supervisory Committee holds meetings on a regular basis and as necessary with Ernst & Young ShinNihon, JFE's outside accounting auditor, in which the latter presents its audit plan, completed work, and results. The firm also presents an explanation of its quality management system. In turn, the Audit & Supervisory Committee explains its own audit plans and other matters and exchanges opinions to maintain close coordination. In addition, the Audit & Supervisory Committee holds meetings with the internal auditing department on a regular basis and as necessary, receives reports on internal audit plans and the status of internal audit execution and results, and exchanges opinions to maintain a close working arrangement. At the same time, it requests the internal auditing department to conduct investigations as appropriate and provides specific instructions, thereby striving to improve the effectiveness of audits.

Operating Company Governance

Some Directors and Corporate Officers of JFE Holdings serve concurrently as Directors or Audit & Supervisory Board Members of operating companies to strengthen governance and information sharing across the Group. To strengthen governance, JFE Holdings' managers attend each operating company's General Meeting of Shareholders and Management Planning Briefing, receive reports on their activities, and discuss the management policies of subsidiaries.

Policy on Listed Subsidiaries and Listed Affiliates

(1) Significance of having listed subsidiaries and affiliates based on group management approach and policies

To put into practice the Group's corporate vision of contributing to society with the world's most innovative technology, and to realize sustainable growth and enhancement of medium- to long-term corporate value, the Company forms a corporate group comprising companies with high expertise, divides business functions within the Group, and conducts business development outside of the Group. Within this corporate group, JFE Steel Corporation, a subsidiary of the Company, owns one listed subsidiary and four listed affiliates, described below.

For the listed subsidiary among them, the Company seeks an optimal structure based on the business relationship with JFE Steel Corporation, its parent company, and maintains its listing based on a comprehensive judgment that listing is necessary for the company's growth and increasing the value of the Group as a whole, from the perspective of market recognition and credibility in funding, sales and marketing, and hiring.

In addition, the four listed affiliates maintain their listing as a means to enhance their competitiveness from the perspectives of market recognition and credibility in funding, sales and marketing, and hiring. JFE Steel Corporation holds some shares in the four companies because of associated benefits such as the exchange of steel manufacturing-related technologies and human resources.

Listed Subsidiary

JFE Systems, Inc. (Tokyo Stock Exchange, Standard Market)

The main business of JFE Systems includes system integration consisting of planning, designing, developing, operation, and maintenance of information system, system construction utilizing solutions, and the company's own products, and IT infrastructure solutions that support the business system. Computer systems are an important foundation in the steel business that support overall business activities, including order acceptance, production, shipment, and quality management, and in using a variety of data. Guaranteeing the accumulation of know-how and the continuation of personnel exchanges by holding JFE Systems as a subsidiary will also be indispensable for maintaining the competitiveness of JFE Steel in pressing ahead with digital transformation.

JFE Systems, Inc.'s predecessor, Kawasaki Steel Systems R&D Corporation, was listed on the 2nd Section of the Tokyo Stock Exchange in March 2001. As of March 31, 2026, the JFE Group holds a 68.1% stake in JFE Systems, Inc.

Listed Affiliates

Gecoss Corporation (Tokyo Stock Exchange, Prime Market)

Gecoss Corporation is mainly engaged in the rental and sales of temporary construction materials, as well as in design and construction of temporary works, etc. Gecoss Corporation's predecessor, Kawasho Lease System Co., Ltd., was listed on the 2nd Section of the Tokyo Stock Exchange in August 1994 and was subsequently reassigned to the 1st Section of the Tokyo Stock Exchange in September 1996. As of March 31, 2026, the JFE Group as a whole currently holds a 39.5% stake in the company.

Shinagawa Refra Co., Ltd. (Tokyo Stock Exchange, Prime Market)

The change in the company's trade name from Shinagawa Refractories Co., Ltd. to Shinagawa Refra Co., Ltd. took effect on October 1, 2025. Shinagawa Refra Co., Ltd. is mainly engaged in the manufacture and sale of refractories as well as engineering services such as furnace design and construction. Shinagawa Shirorenga, the predecessor of the company, was listed on the 1st Section of the Tokyo Stock Exchange in May 1949 and subsequently became an affiliate of JFE Steel Corporation. As of March 31, 2026, the JFE Group holds a 34.9% stake in Shinagawa Refra Co., Ltd.

Nippon Chuzo K.K. (Tokyo Stock Exchange, Standard Market)

Nippon Chuzo K.K. is mainly engaged in the formed and fabricated materials business for manufacturing a variety of casting products and the engineering business to design and manufacture bridge components, etc. The company was listed on the 2nd Section of the Tokyo Stock Exchange in October 1961. As of March 31, 2026, the JFE Group holds 36.2% shares of Nippon Chuzo K.K.

NIPPON CHUTETSUKAN K.K. (Tokyo Stock Exchange, Standard Market)

NIPPON CHUTETSUKAN K.K. is mainly engaged in the manufacture and sale of ductile iron pipes and polyethylene pipes, as well as water pipe laying works. The company was listed on the 2nd Section of the Tokyo Stock Exchange in July 1962 and subsequently became an affiliate of JFE Steel Corporation. As of March 31, 2026, the JFE Group holds 30.0% shares of NIPPON CHUTETSUKAN K.K.

The aforementioned five companies are subject to rules different from those applicable to other consolidated subsidiaries and affiliates based on the guidelines of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange regarding listed subsidiaries, and other measures are also taken so as to ensure that each of the companies conducts autonomous corporate activities exercising autonomy and flexibility. Each company also secures its management independence as a listed company mainly by appointing outside directors who are independent from each company, JFE Steel Corporation and the Company and by establishing special committees composed of independent members including independent outside directors, and makes sure that the interests of the said subsidiary or affiliate, as well as the interests of shareholders of the subsidiary or affiliate other than the Company, will not be unfairly impaired.

With regard to the adjustment and allocation of business opportunities and business areas for the listed subsidiary and affiliates, the Company respects autonomous management decisions made by each company, except in cases where such decisions have a significant impact on the Company's consolidated financial statements.

In addition, each company independently raises and manages funds based on its own financial strategy. At present, the Company does not receive fund deposits from listed subsidiaries or listed affiliates.

With respect to matters necessary for the Group's risk management, prior consultation and reporting are required from each company while securing their independent decision-making, so as to implement risk management as a member of the Group.

(2) Measures to ensure the effectiveness of governance systems at listed subsidiaries and affiliates

Each company independently formulates its own proposals regarding the nomination of officers. JFE Steel Corporation fully respects the independence of each company and the decisions made by each company's nomination committee, and exercises its voting rights with the aim of improving each company's corporate value in the medium to long term.

To maximize the benefits of technological and personnel exchanges with each company, the Company and JFE Steel Corporation may recommend director candidates in some cases.

Furthermore, we shall regularly verify the significance of maintaining the listing of the listed subsidiaries and take necessary measures upon confirmation by its Board of Directors. The above details were verified and discussed at a Board of Directors meeting in May 2026.

Basic Policies for Strategic Shareholdings and Exercise of Related Voting Rights

All shares held by the Company are the shares of subsidiaries or affiliates. In principle, the Company's wholly owned subsidiaries and operating companies, JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation (hereinafter "Operating Companies"), do not hold listed stocks as strategic shareholdings. Strategic shareholdings, however, are allowed as an exception when holding the stocks of the Company is determined to be necessary for maintaining and achieving growth for the Group.

The Board of Directors regularly confirms the relative value of the strategic shareholdings and whether the benefits and risks of such holdings are commensurate with their capital cost, and sells shareholdings that are not significant or for which there is a risk of damage to shareholder interests. In FY2025, the Company sold all or part of five listed stocks for 2.4 billion yen (market value). Furthermore, the Board of Directors regularly examines the significance of strategic holdings and the return on investment.

The exercise of voting rights of strategic shareholdings is decided upon reviews by operating companies on the content of the proposal and is appropriately implemented in a way that will maximize shareholder interest. To be specific, the content of the proposal is to be checked by the investment application department and the investment control department, and approval will be given to proposals which are considered not to pose any threat to the maximization of interest of these operating companies as shareholders.

Of the shares for investment purposes held by JFE Steel, which has the largest balance sheet amount for investment purposes posted in the consolidated financial statements of the company, those shares of the company held for purposes other than pure investments are shown below.

Number of Stocks and Amount Recorded on the Balance Sheet

	FY2021 year-end	FY2022 year-end	FY2023 year-end	FY2024 year-end	FY2025 year-end
Number of stocks (stocks)	146	138	127	114	107
Total amount recorded on the balance sheet (billion yen)	71.2	59.0	60.8	62.8	71.0

