Compliance

Basic Policy

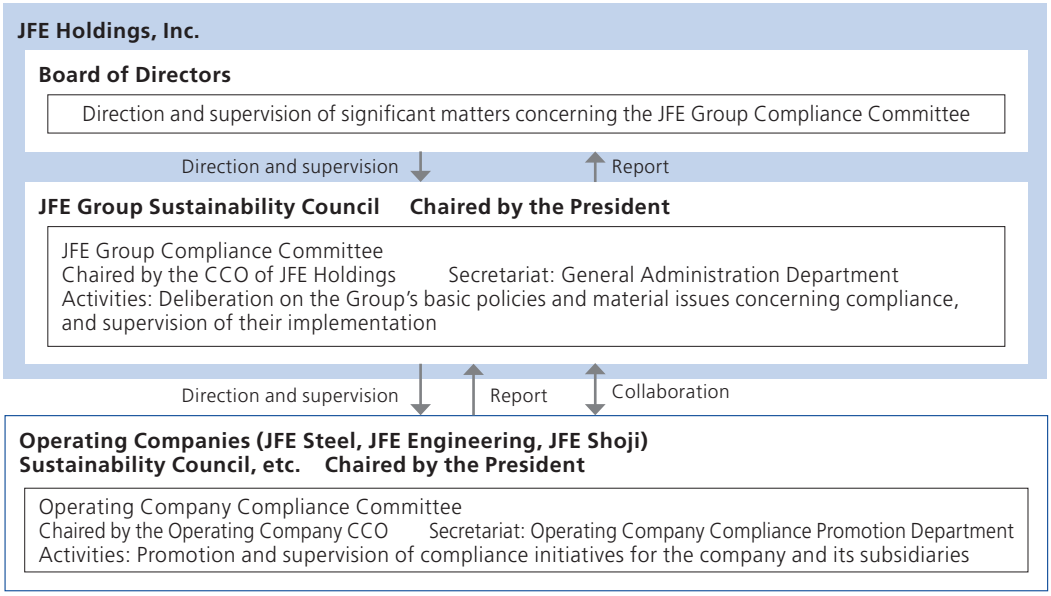
In expanding our businesses in Japan and abroad, it is important that JFE maintains relationships of trust with all stakeholders, including its customers, shareholders, and local communities. Trust can only be built upon a strong foundation of ensuring thorough compliance. Misconduct and scandals resulting from compliance violations can instantly shatter the trust that has taken many years to establish. The JFE Group positions compliance as a key management issue and 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 SME Transactions 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

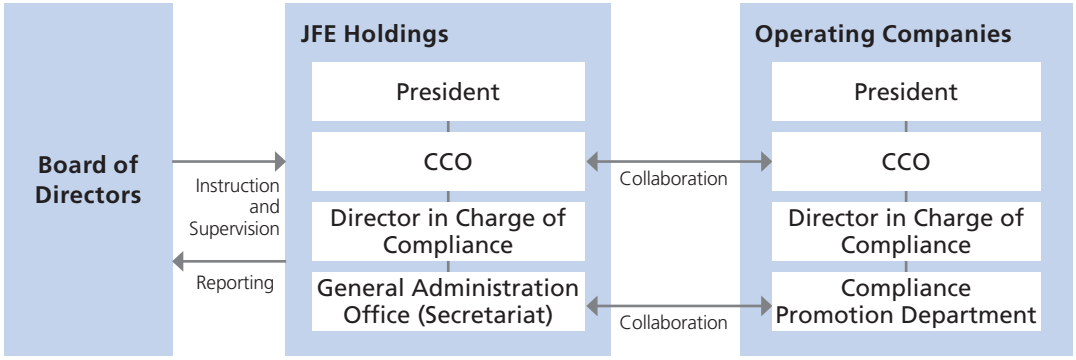
In April 2026, the JFE Group established the JFE Group Basic Policy on Compliance with the aim of further clarifying the Company's policy on ensuring thorough compliance when putting into practice its Corporate Vision, Corporate Values, and Standards of Conduct. In addition, the Group appointed Chief Compliance Officers (CCOs) at each company and established specialized compliance organizations at each operating company. In the event that a particularly serious compliance incident occurs, it is promptly reported to the Board of Directors, which provides supervision.

Under the JFE Group Sustainability Council, chaired by the President of JFE Holdings, the JFE Group Compliance Committee, chaired by the CCO, is established to deliberate on the Group's basic policies and material issues concerning compliance and supervise their implementation, generally convening about four times a year. Significant matters discussed by the JFE Group Compliance Committee, including basic Group compliance policies, responses to serious compliance incidents, the operational status of the whistleblowing system, and the results of the Corporate Ethics Awareness Survey and related initiatives, are reported annually to the Board of Directors for direction and supervision. In addition, each operating company has established an Operating Company Compliance Committee chaired by its respective CCO, creating a framework to promote and supervise business activities in compliance with laws and regulations for itself and its Group companies. Furthermore, 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.

Compliance System



Structure for Responding to Compliance Incidents



For more on the JFE Group Standards of Business Conduct, and the "JFE Group Basic Policy on Compliance," please refer to the following information.

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

> **JFE Group Basic Policy on Compliance** (https://www.jfe-holdings.co.jp/en/company/philosophy/compliance-policy.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.

> **FY2025 KPI Results and FY2026 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, etc., 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.

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

In addition, beginning in FY2025, we introduced "Integrity Training," which includes case studies and other exercises designed to foster awareness and encourage employees to independently consider measures for preventing and responding to compliance violations.

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. The Group strives to prevent misconduct, detect it an early stage, and take prompt corrective action by accepting consultations and reports across a wide range of issues, from legal violations such as Antimonopoly Act violations, corruption, and bribery to workplace misconduct and human rights abuses, including harassment. Reports and consultations are accepted via email, a dedicated phone line, and postal mail, anonymously if preferred (email is available 24/7 in both Japanese and English), 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.

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 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:

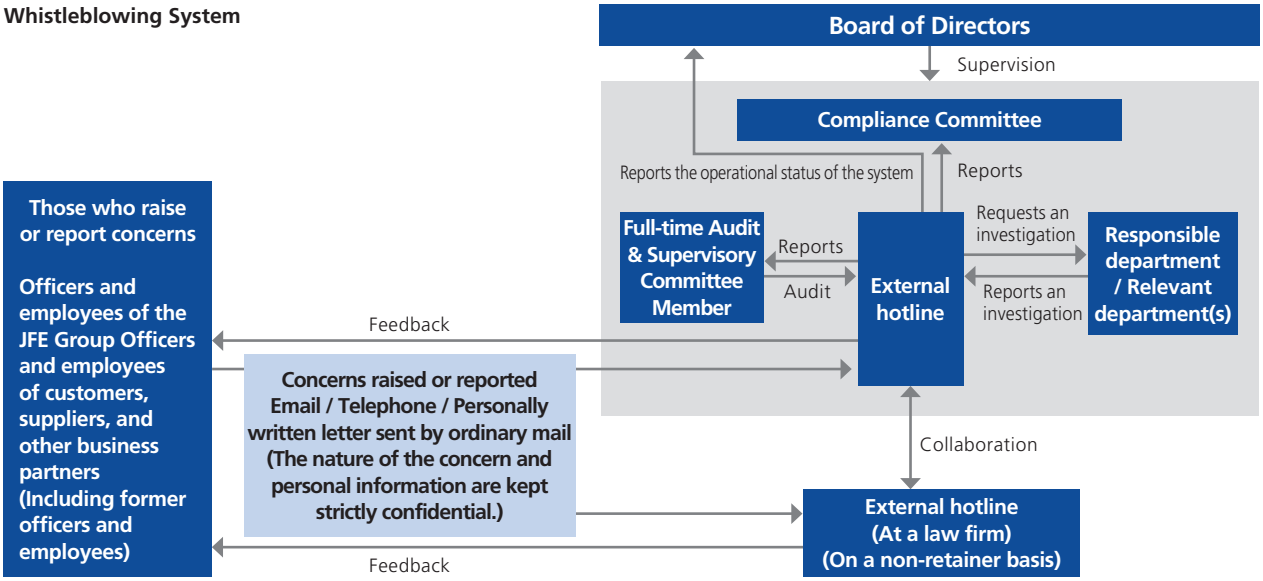
- Departments responsible for compliance at JFE Holdings and the dedicated compliance organizations at each operating company carry out necessary responses, such as implementing the initial response, confirming facts, investigating the cause, and developing measures to prevent recurrence
- Departments responsible for compliance at each operating 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
- In the event of a major compliance incident, the JFE Holdings CCO promptly reports to the Board of Directors, which provides appropriate oversight. 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

To increase the awareness and credibility of these internal reporting systems, we actively publicize them through the Company intranet, the internal newsletters of each operating company, and workplace posters, as well as during compliance training sessions that use materials distributed to all Group employees.

In addition, we invited an outside attorney to conduct a seminar for corporate ethics hotline and harassment consultation desk staff (those who receive reports, including management) within the JFE Group. We organize these training sessions every two years for hotline and consultation desk personnel, including content on confidentiality obligations when receiving reports and case studies (participants: approx. 200 in FY2020, approx. 300 in FY2022, and approx. 300 in FY2024).

› Governance Data: Whistleblowing (P. 296)

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 profits or resolve problems.

In accordance with this policy, when engaging external parties, including agents or consultants who may have connections with overseas public officials, the JFE Group maintains and operates systems to prevent the bribery of public officials by informing them of this policy, conducting reviews using a third-party appointment checklist, or having an anti-bribery confirmation letter signed. Furthermore, the effective establishment and operation of these systems is annually confirmed through internal audits, and the results are reported to the Board of Directors.

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.

In FY2025, there were no major incidents concerning the bribery of public officials.

For more on our stance on preventing bribery, please 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 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 also set up rules for reporting and responding to any related incidents and resolutely stand against antisocial forces by cooperating with law enforcement.

In addition, we 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.

In FY2025, there were no major incidents involving violations of the Antimonopoly Act.

For the JFE Group Basic Policy on Competition Law Compliance, please 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)

Confirmation and Improvement through the Employee Corporate Ethics Awareness Survey

The JFE Group regularly conducts a Corporate Ethics Awareness Survey (once every two years starting in FY2024) 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 Gifts. On the other hand, the survey also brought to our attention 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, and under their oversight, each company implemented specific initiatives and pursued improvements. A similar survey will be conducted in FY2026 to confirm the progress of improvements and changes in employee awareness, and the findings will be incorporated into future initiatives.

At the time of formulating the Eighth Medium-term Business Plan, announced in May 2025, 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 since its founding.

Compliance Incidents in the JFE Group

Indictment of JFE Group Company Employees

With regard to the submarine water pipe renewal work that JFE 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 2025, the Ministry of Land, Infrastructure, Transport and Tourism issued a 60-day 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 regard this matter very seriously and sincerely. We will strive to regain public trust as early as possible by continuing to take action to prevent a recurrence.

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.

JFE Shoji Group companies have been implementing measures to prevent recurrence, such as conducting Integrity Training, sharing information on incidents across the Group, conducting self-checks, and issuing messages from the President. The status of implementation has also been reported to and shared with the JFE Group Compliance Committee, with the Board of Directors exercising supervision over these efforts.

The JFE Group takes this matter extremely seriously, is fully committed to implementing thorough measures to prevent recurrence, and will work in concert to regain trust as quickly as possible.

*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 costs in excess of the contractually agreed amounts, thereby obtaining undue profit.

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

› **JFE Shoji Official Website (Japanese only)** (https://www.jfe-shoji.co.jp/wjfep/wp-content/uploads/2025/06/news250619.pdf)