Risk Management

Basic Policy

In order to enable the Group to achieve sustainable growth with ever-increasing corporate value through the pursuit of its vision of "contributing to society with the world's most innovative technology," we have properly identified risks across the Group. Our risk management system is subject to ongoing improvement, and effective measures are taken to eliminate as many foreseeable risks as possible.

Risk Management System

JFE Holdings is responsible for comprehensive risk management of the Group in accordance with its Basic Stance for Building an Internal Control System. The Company's Board of Directors fulfills its supervisory responsibility for risk management and has established a system to confirm its effectiveness.

With respect to risks associated with business activities, Corporate Officers responsible for each field recognize and assess these risks. As necessary, risks are further confirmed and assessed at the Group Management Strategy Council or the Management Council, both chaired by the Representative Director and President (CEO) of JFE Holdings, where countermeasure policies and risk management action plans are deliberated and decided. In addition, the responsible Corporate Officers recognize and assess ESG-related risks in areas such as compliance with the Antimonopoly Act and laws related to anti-corruption including bribery of public officials, observance of corporate policy and regulations such as the Corporate Vision and JFE Group Standards of Business Conduct, environment and climate change, personnel affairs and labor, safety and disaster prevention, human rights abuses such as sexual and power harassment, quality management, financial reporting, and information security. As necessary, these risks are confirmed and assessed by the Representative Director and Group Sustainability Council, chaired by the President (CEO) of JFE Holdings, where countermeasure policy and action plans for risk management are deliberated and decided to ensure a Groupwide response.

The Board of Directors oversees risk management and confirms its effectiveness by regularly receiving reports on Group policy and action plans on risk management, and through deliberation and decision-making on important matters.

We will continue to improve and strengthen the Groupwide risk management system based on discussions by the Board of Directors.

For our risk management policies and systems, please refer to the following information.

› **Basic Policy for Building Internal Control Systems (Japanese only)** (https://www.jfe-holdings.co.jp/company/info/pdf/naibutousei.pdf)
› **JFE Group Sustainability System** (P. 10)
› **Whistleblowing System** (P. 265)

Initiatives

Response to Specific Risks

Response to Climate Change Risks

The JFE Group has positioned "Ensuring Environmental and Social Sustainability" as one of its key initiatives and formulated the JFE Group Environmental Vision for 2050, which aims to achieve carbon neutrality by 2050. Through this vision, the Group incorporates efforts to address climate change into its business strategies and reflects the principles of the TCFD in its management approaches. In doing so, we are systematically advancing initiatives to address climate change issues and striving to become a front-runner in the development of technologies for achieving carbon neutrality.

For climate change risks and opportunities, please refer to the following information.

› **Identification and Assessment of Risks and Opportunities (TCFD Scenario Analysis)** (P. 113)

Intellectual Property Management

The JFE Group meticulously manages intellectual property across its diverse business activities. To prevent infringement on third-party intellectual property, it constantly monitors the latest information on intellectual property and implements all necessary measures.

For intellectual property activities, please refer to the following information.

› **JFE Group Report** (https://www.jfe-holdings.co.jp/en/investor/library/group-report/)

Privacy Protection

JFE has established the JFE Group Privacy Statement for managing information including "My Number," the individual number used under Japan's Social Security and Tax Number System.

To maintain the appropriate protection of personal information, employee trainings on the rules, which have been set in place in accordance with the privacy statement, have been conducted as stipulated in applicable laws of each country related to businesses and guidelines.

To reduce information security risks, including cyber-attacks and improper system use such as leaks of personal information, and to promote safe business activities, the JFE-Security Integration and Response Team (JFE-SIRT), comprising the IT division managers of each operating company, participates in the Nippon CSIRT Association, established by private sector volunteers and corporate Computer Security Incident Response Teams (CSIRTs) active in Japan. We seek to enhance the level of our initiatives by exchanging information and coordinating on security incidents.

For privacy protection policies, please refer to the following information.

› **JFE Group Privacy Statement** (https://www.jfe-holdings.co.jp/en/privacy.html)

Information Security

The JFE Group formulates various rules on information security management to prevent information leakage and system failures due to cyber-attacks and improper system use. Efforts are made to enhance information-security knowledge and awareness of rules among employees through training and education. Additionally, shared IT measures are applied in each Group company and regular information security audits are conducted to reinforce the overall information security management level in the Group.

Key issues related to IT, particularly information security, are deliberated by the JFE Group Information Security Committee to determine Group policy.

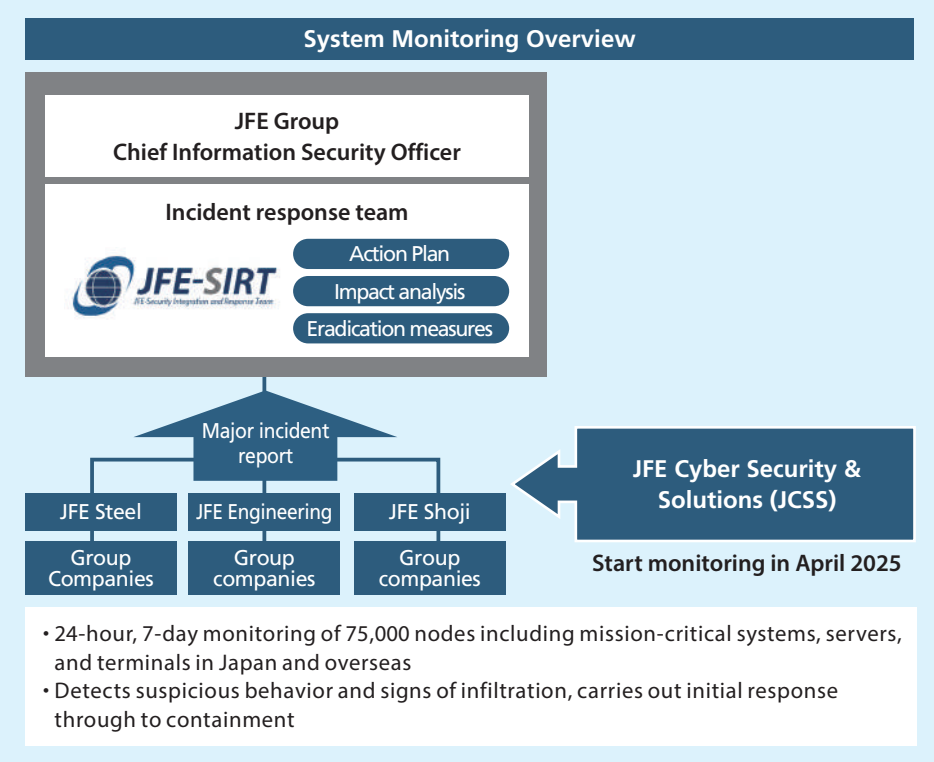
Applying the policies set by the committee, the JFE-SIRT formulates and implements information-security measures, performs information security audits, offers guidance on responding to incidents, and generally enhances the level of Groupwide information security management. In addition, JFE Cyber Security & Solutions, Ltd. was established in April 2024 to acquire and develop independent, high-level security personnel and strengthen security monitoring.

Furthermore, the JFE Group has announced the JFE Group Declaration of Cybersecurity Management. Even as we consider cybersecurity as a vital investment for our digital transformation, we understand its continual enhancement is also a material management concern, and we are further strengthening our measures, given the increasing severity, frequency, sophistication, and speed of recent cyber threats.

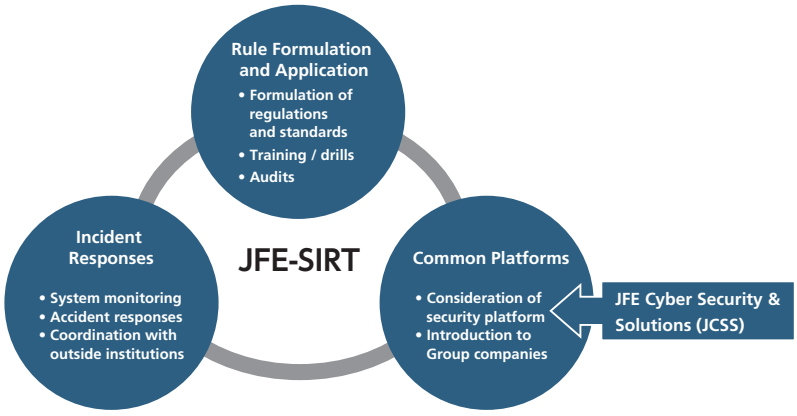
For more details about our cybersecurity measures, please see Security Management in the DX REPORT.

› **DX REPORT** (https://www.jfe-holdings.co.jp/en/investor/library/dxreport/index.html)

Digital Governance and Cyber Security Framework in the JFE Group



JFE-SIRT Initiatives



Response to Other Specific Risks

For details on other specific risks and our responses, please refer to the following information.

- **Annual Securities Report for the 24th Fiscal Year (P. 32)** ((https://azcms.ir-service.net/DATA/5411/ir/S100YCUD.pdf)
- **Initiatives to Address Climate Change** (P. 49)
- **Occupational Health and Safety** (P. 202)
- **Human Capital** (P. 186)
- **Human Rights** (P. 212)
- **Providing Quality Products and Enhancing Customer Satisfaction** (P. 226)
- **Supply Chain Management** (P. 233)

JFE Group's Business Continuity Plan

Anticipating the possibility of natural disasters caused by typhoons and major earthquakes as well as a rapid expansion of infectious diseases such as a novel influenza virus, the JFE Group has formulated a business continuity plan (BCP) to address contingencies. We conduct regular training based on the BCP while also pursuing other countermeasures.

In the event of a major earthquake, the Group Sustainability Council will promptly discuss and determine the policy on how to deal with the matter, based on predetermined response processes to minimize loss and other damages.

Response to Major Natural Disasters

We are preparing to respond in the event of a major earthquake through measures such as establishing tsunami shelters, maintaining a Companywide line of command under restricted communications and power outages, and securing data backup. We have also strengthened the drainage system at our steelworks to address the impact of typhoons and torrential rains that are occurring with increasing severity in Japan.

Response to Infectious Diseases

Apart from the development of policies against infectious diseases such as a novel influenza virus, we have been taking simulation-proven measures for varying scenarios to maintain key operations and prevent stoppages, including those at steel production sites and steelworks, even if there is an increase in the absence rate due to the spread of a disease. The policies are periodically reviewed and improved by the JFE Group Sustainability Council and other relevant bodies. Moreover, as a measure to protect employees against the threat of infectious diseases, we provide vaccinations and health checkups for employees, as well as their families, who are assigned to countries outside Japan and for those who go abroad for work. In addition to safety information in the destination countries, we also provide information about local infectious diseases and prohibit employees from going abroad to protect their safety, depending on prevailing circumstances.