

# Compliance (including Anti-corruption)

## 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 law, regulations on subcontractors and Anti-corruption including bribery of public officials via e-learning, guidebooks, guidebook reading sessions, and other means.

## Compliance System

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.

The Compliance Committee chaired by the president of JFE Holdings generally convenes every quarter 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, operating companies have 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)

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## Ensure Adherence to Corporate Ethical Standards and Compliance

### Thorough Compliance

As part of its initiative to raise awareness of compliance, the JFE Group compiled a Compliance Guidebook that was distributed to employees and executives (domestic and overseas) to be used in activities such as collation and to ensure that the rules are fully communicated and informed. The guidebook provides a simple explanation of concrete standards for complying with laws and internal rules and for acting in line 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 JFE Group also conducts training on compliance with the Antimonopoly Act, insider trading restrictions, security export controls, the Construction Business Act, laws against bribery of public officials, and more.

## Whistleblowing System

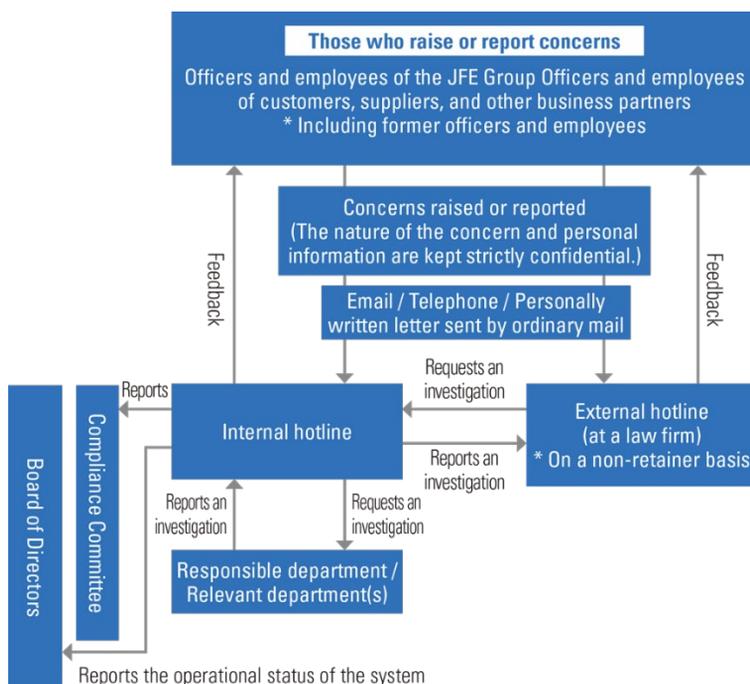
The JFE Group has established a Corporate Ethics Hotline to ensure that crucial information regarding compliance, including violation of the Antimonopoly Act, bribery, or all kinds of workplace harassment can be communicated directly from the front lines to top management rapidly and accurately. The hotline is accessible to all officers and employees of the JFE Group as well as those of suppliers and other business partners. Reports and consultations are accepted via e-mail, a dedicated phone line and postal mail, 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 reported incident only after consulting with the whistleblower to protect their privacy.

In the event that violations of human rights and other laws are confirmed, corrective measures are taken with regard to the organization involved. We provide feedback on the result of investigations to the whistleblower upon request. Whistleblowing and requests for advice are regularly reported to full-time Audit & Supervisory Board Members, and the operational status of the system is reviewed by the Board of Directors.

We accept inquiries on compliance and other issues from outside stakeholders via a form on the corporate website. The content is handled as confidential and appropriately addressed.

### ■ Whistleblowing System



## Anti-corruption

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 company rules state that these offenses will be penalized.

## Preventing Bribery

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Under its Standards of Business Conduct, the JFE Group endeavors to build and maintain sound and proper relationships with governments and political authorities. 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. Based on these thoughts, the Group issued JFE Group's Basic Stance 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.

For 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)

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## Resisting Organized Crime

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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 Law

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The JFE Group views past violations of the Antimonopoly Act seriously and continues to implement thorough measures to eliminate the possibility of future infringements. The internal audit departments of the two Group companies involved in the violations, JFE Steel and JFE Engineering, are auditing transactions with other companies to ensure compliance with the Antimonopoly Law by confirming that no activities are suspected of violating the law. The audits are being conducted regularly at each office, including branches and branch offices. Each Group company is implementing similar measures to prevent violations of the Antimonopoly Law.

## Confirmation and Improvement through the Employee Awareness Survey

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The JFE Group regularly conducts a Corporate Ethics Awareness Survey for directors and employees of the Company as well as the operating companies to confirm the penetration and thorough compliance of the Group's Corporate Vision, Corporate Values, and Standards of Business Conduct, along with the identification of potential risks. The survey conducted in 2019 confirmed that many employees acknowledged the vision and corporate policy and are aware of compliance matters when carrying out their work. On the other hand, the survey also brought to our attention issues to address going forward. The survey results were reported to the Board of Directors and JFE Group CSR Council, and each company worked on reflecting the information in their specific initiatives.