

Risk Management

Risk Management System

JFE Holdings is responsible for comprehensive risk management in accordance with its Basic Stance for Building an Internal Control System. The JFE Group CSR Council, which is chaired by the President of JFE Holdings, collects specific information and enhance management for the purpose of reducing the frequency and impact of risks. The Corporate Officer responsible for risk works to identify potential risks associated with business activities, ethical and regulatory compliance, the disclosure of financial reports and information, as well as ESG risks such as climate change, which have become increasingly important in risk management. If potential risks are identified, they are reviewed and assessed at an appropriate meeting as necessary for further examination or the deployment of countermeasures. The Board of Directors supervises the ESG risks of the JFE Group by receiving reports and holding discussions on its material issues.

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>)
- ▶ [CSR Structure: JFE Group CSR Council](#) (P. 29)
- ▶ [Compliance \(including Anti-corruption\) : Development of the Whistleblowing System](#) (P. 159)

Response to Specific Risks

Response to Climate Change Risks

As an enterprise engaged in iron and steel manufacturing, which is associated with emitting massive volumes of CO₂, climate change is a critical managerial concern from the perspective of business continuity. Risks are identified and evaluated based on a scenario analysis conducted under the framework recommended by the TCFD, and important factors that may affect management are selected for further analysis and used in formulating future business strategies.

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

- ▶ [JFE Group's Response to the TCFD](#) (P. 74)

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.

Privacy Protection

JFE has established the JFE Group Privacy Statement for managing information including “My Numbers,” which are personally identifiable numbers under Japan’s social security and tax number systems. 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) (https://www.jfe-holdings.co.jp/en/privacy.html)

Information Security

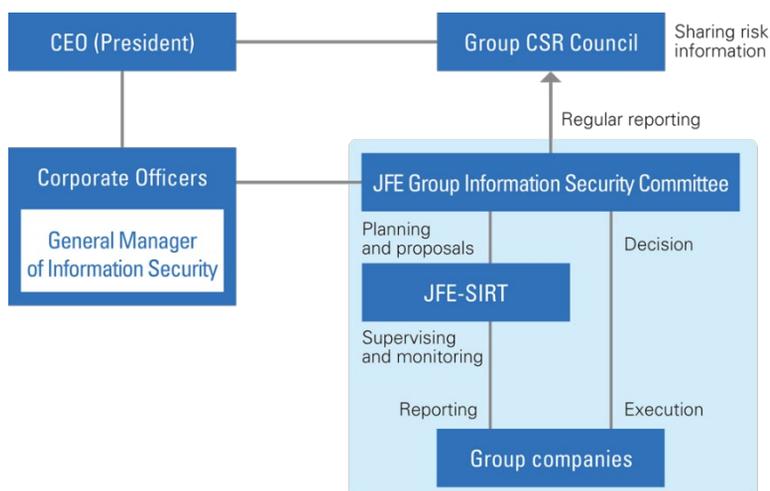
The JFE Group formulates various rules on information security management to prevent information leakage and system failures due to cyber-attacks and improper system use. Efforts are made to enhance information-security knowledge and awareness of rules among employees through training and education. 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 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 Group-wide information security management. JFE-SIRT reports on its activities to the Group CSR Council as appropriate.

* Established in April 2016.

■ JFE Group Information Security Governance System



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 new strain of influenza, 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.

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 Company-wide line of command under restricted communications and power outages, and securing data backup. We have also strengthened drainage at our steelworks to address the impact of typhoons and torrential rains that are occurring in Japan with increasing severity.

Response to the COVID-19 Pandemic

We have addressed the COVID-19 pandemic by quickly setting up a response team and implementing measures based on the policies for an assumed outbreak of a new strain of influenza. We have sought to reduce commuting by relaxing internal requirements to recommend various styles of working at home. For employees who must work at the office, we have adopted staggered commuting, installed office partitions and are using teleconferencing and other means to reduce the risk of infection insofar as possible. In particular, JFE Steel has reviewed its BCP for the novel influenza epidemic and conducted a simulation to gauge the effects on operations in case an increase in the number of infections leads to a rise in the absence rate. The company is preparing responses to diverse situations to maintain key businesses including operations at our steelworks. We will continue to place top priority on the safety and wellness of employees and others involved in the company by practicing thorough hygiene management and implementing a remote working infrastructure.

Through these initiatives, we also seek to explore more flexible workstyles and improve the productivity of our workforce.