

This document is an English translation of the official Japanese version of the Summary of Proceedings and Q&A of the 97th General Meeting of Shareholders (the “Official Japanese Version”). This English translation was prepared for your reference, to help you understand what is stated in the Official Japanese Version. In the event of any discrepancy between the Official Japanese Version and the English translation, the Official Japanese Version will prevail.

July 2, 2021
Nippon Steel Corporation

Summary of Proceedings and Q&A of the 97th General Meeting of Shareholders

The following is a summary of proceedings and Q&A of the 97th General Meeting of Shareholders held on June 23, 2021.

1. The 97th General Meeting of Shareholders: Where and When

Date	June 23, 2021
Venue	Banquet Room Tsuru, Hotel New Otani 4-1 Kioi-cho, Chiyoda-ku, Tokyo, Japan
Opened time	10:00 a.m.
Closed time	11:09 a.m.
Shareholder attendance	119 (The 96 th meeting in 2020: 162)


2. Proceedings

Mr. Eiji Hashimoto, President of Nippon Steel Corporation who was assigned to chair the meeting, declared the meeting open and announced that the quorum requirement for making resolutions was satisfied. Mr. Masato Matsuno, Senior Audit & Supervisory Committee Member who was designated by the Chairman, informed those present of the audit results.

After that, the Chairman announced that the reported matters were as stated in the Notice of the 97th General Meeting of Shareholders and as disclosed on the Company’s website, and made a presentation on the Company’s business challenges and measures to take (see details in the document “Presentation: Nippon Steel’s Business Challenges and Measures to Take”).

The Chairman then presented the Company Proposals (Items 1 and 2) and explained each item.

Following the completion of the explanations, as a matter that contributes to the shareholder’s deliberation and judgment, among the matters stated in the questionnaire



sent by a shareholder in advance of the meeting, one of the Executive Officers made the following explanation about the so-called “South Korean draftee” issue: the Supreme Court of Korea ruled against the Company on October 30, 2018; currently, a portion of the shares in a South Korean company owned by the Company are under seizure; a series of South Korean judicial decisions since the South Korean Supreme Court’s ruling in 2018 are deeply regrettable, as it is contrary to the Agreement on the Settlement of Problems Concerning Property and Claims and on Economic Cooperation between Japan and the Republic of Korea and the Japanese Supreme Court’s ruling; and the Company will deal appropriately with the matter, taking into account the status of diplomatic negotiations between the governments of Japan and the Republic of Korea and other factors.

The followings were questions, motions and opinions concerning the reported matters and all proposals from shareholders. The Chairman and officers responded to the questions (see details stated below). In addition, one shareholder submitted a motion to amend Item 1 of the Company Proposal.

Following the above, each proposal item was voted on, and all Company Proposals were approved (the motion to amend Item 1 of the Company Proposal was rejected).


Finally, the Chairman declared the meeting closed and the General Meeting of Shareholders was over. Subsequently, new directors who were approved in Item 2 of the Company Proposal were introduced.

3. Summary of Q&A with shareholders and the motion to amend

1) The Company’s compliance system and operation

[Reply]

In accordance with the Management Principles to continue to emphasize the importance of integrity and reliability in our actions, the Company is making every effort to have its compliance system well in place. Specifically, first, the head of each division ensures thorough compliance of his/her division and the group companies managed by his/her division, and is responsible for making them report on the status of compliance with the laws and regulations. The head also reports on any incident that may be or lead to a violation of the laws and regulations to the Head of the Internal Control & Audit Division. Second, the Head of Internal Control & Audit Division understands and evaluates the compliance of laws, regulations and the internal rules of each division and group company, takes necessary measures, and regularly reports such situation to the Risk Management Committee, the Corporate Policy Committee and the Board of Directors. Third, employees are obligated to comply with laws, regulations and the internal rules, and if there is a



violation, they will be subject to disciplinary action in accordance with the Rules of Employment. Fourth, the Company has established a whistleblower system that accepts reports from employees of the Company and its group companies. Fifth, the Company conducts compliance education for the employees through, among others, regular training sessions to comply with laws, regulations and the internal rules, and creation and distribution of manuals.

Recently, improper actions by a former employee who was engaged in mid-career recruitment at East Nippon Works Kashima Area were identified. He violated the Company's rules by personally communicating and meeting with a prospective employee. It is sincerely regrettable that such incident has occurred. Taking this incident seriously, the Company imposed strict punishment on the employee concerned. This kind of incident must never occur at the Company, which highly values integrity and reliability. The Company will thoroughly implement measures to prevent such an incident from happening again.

2) The Company's appointment of and compensation to an audit firm

[Reply]

Audit compensation includes compensation for the audit certification business and compensation for the non-audit certification business, and the total amount of compensation, etc. to the Accounting Auditor for the Company and its group companies is over 1 billion yen. The amount of compensation, etc., is determined by the estimated amount of time required to perform the audit and other factors, which is based on the audit plan formulated by the Accounting Auditor, and approved by the Company's Audit & Supervisory Committee. The Company has confidence in KPMG AZSA LLC as a major audit firm in Japan and as a part of internationally renowned KPMG Group and has asked the firm to make the audit.

3) The Company's response to the so-called "South Korean drafter" issue

[Reply]

The outline of this issue and the approach to the response are as explained earlier (see 2 above). The Company will deal appropriately with the matter.

4) The Company's environmental measures

[Reply]

By setting targets which is stricter than the legal standard levels of the amount of dust and soot emission, the Company has been satisfying the stricter standards. Specific measures include installation of windscreens in coal yards and enhancement of dust collection in the other areas that generate dust. The Company will continually consider and implement effective measures to prevent dispersion of dust in order to preserve the local environment.

5) Motion to amend Item 1 of the Company Proposal

[Context of the motion to amend]

One shareholder submitted a motion to reduce the dividend of 10 yen per share of the Company's common stock in Item 1 of the Company Proposal to 5 yen, and to use the difference to compensate so-called "South Korean draftees." This motion to amend was rejected as stated above.

6) The Company's Zero-Carbon Steel initiative

[Reply]

There is still a high degree of uncertainty regarding this initiative and many issues will need to be considered, including the cost increase when the Company moves from technology development to a specific new production process, the transfer of increased costs to product prices, and tax assistance. However, the competition for development of zero-carbon steel has already begun among the world's leading steelmakers, and any delay in the development competitions may affect the Company's global business development. The Company therefore aims to lead the world in developing zero-carbon steel technologies and to take the initiative, in order to, notably, make contribution to the Japanese manufacturing industry. Despite uncertainty about how much CO₂ reduction can be achieved, the Company will first work on research and development to find a realistic production process.

7) The Company's business in India


[Reply]

India is a market with a high growth rate of steel demand, as expected when the Company entered the market. Although economic activity temporarily stagnated, being affected by the COVID-19 outbreak, steel demand has started to increase again. In India, it is difficult to acquire land for new industrial sites, and it is also difficult for new steelmakers to enter into the market. Therefore, the risk of losing balancing between supply and demand is small in the market. The earnings of major Indian steelmakers have been strong, and the Company's business in India has also made a significant contribution to the Company's earnings since the first year.

8) The Company's outlook for future earnings

[Reply]

The Company has announced a consolidated business profit forecast of 450 billion yen for fiscal 2021, and strongly hopes to achieve this. Regarding the Company's domestic steel business, which is a driving force behind the profit growth, it has first focused on reducing the total fixed cost in the midst of a poor market environment in order to balance the total marginal profits with the total fixed cost. Going forward, the Company intends to advance its product mix to higher value-added products, and increase the proportion of the products



that are less susceptible to supply and demand conditions in China and other countries. In addition, while the Company has been working on improving long-term contractual prices (prices of order-made steel products for customers), the level of improvement attained thus far is not sufficient and the Company will continue to work on it.

9) Raw material prices

[Reply]

The price of iron ore now exceeds \$200/tonne, creating a very unusual market situation. In addition to a high level of production by Chinese integrated steelmakers who purchase 70% of the world's iron ore, speculation is affecting the market. This results in a universal cost increase throughout the world. The Company is asking customers to understand this and is seeking to reasonably pass the increased cost on to steel prices in order to ensure sufficient supply of steel.

End