

This document is an English translation of the official Japanese version of the Summary of Proceedings and Q&A of the 98th General Meeting of Shareholders (the “Official Japanese Version”). This English translation is 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 21, 2022
Nippon Steel Corporation

Summary of Proceedings and Q&A of the 98th General Meeting of Shareholders

The following is a summary of the proceedings and Q&A of the 98th General Meeting of Shareholders held on June 23, 2022.

1. The 98th General Meeting of Shareholders: Where and When

Date	June 23, 2022
Venue	Banquet Room Tsuru, Hotel New Otani 4-1 Kioi-cho, Chiyoda-ku, Tokyo, Japan
Opened time	10:00 a.m.
Closed time	11:17 a.m.
Shareholder attendance	245 (119 in 2021)

2. Proceedings

Mr. Eiji Hashimoto, Representative Director and President of Nippon Steel Corporation (the “Company”), was assigned to chair the meeting and declared that the meeting was convened and the quorum requirements for making resolutions have been satisfied. The Chairman then delegated Mr. Masato Matsuno (Senior Audit & Supervisory Committee Member) to inform those present of the audit results.

After that, the Chairman announced that the reported matters were as stated in the Notice of the 98th 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 be taken (see details in the document and the video “Presentation: Nippon Steel’s Business Challenges and Measures to Be Taken” at the 98th General Meeting of Shareholders).

The Chairman then presented the Company Proposal (Items 1, 2, 3 and 4) and explained each item.

Following the completion of the explanations, as a matter that contributes to the



shareholders' deliberation and judgment, among the matters stated in the questionnaires sent by the shareholders in advance of this meeting, explanations were made with respect to the matter of 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 has been under seizure and has been ordered to be liquidated for cash. A series of South Korean judicial decisions since the judgement by the Supreme Court of Korea in 2018 violate the Agreement on the Settlement of Problem concerning Property and Claims and on Economic Co-operation between Japan and the Republic of Korea and the Japanese Supreme Court's precedent, and this is deeply regrettable. It was further stated that the Company will deal appropriately with the matter, taking into account the changes in the administration of the Republic of Korea, the status of diplomatic negotiations between the governments of Japan and the Republic of Korea, and other factors.

Next on the agenda were questions, motions and opinions concerning the reported matters and the Company Proposal. The Chairman and officers in charge responded to the questions (see the summary below). In addition, one shareholder submitted an amended motion to Item 4 of the Company Proposal.

Following the above, each proposal item was voted on, and all proposals were approved (the amended motion to Item 4 of the Company Proposal was rejected).

Finally, the Chairman declared the meeting to be adjourned and the General Meeting of Shareholders was over. Subsequently, new directors who were approved in Items 3 and 4 of the Company Proposal were introduced.

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

1) The Company's response to the so-called South Korean draftee issue

[Reply]

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

2) Investment toward achieving carbon neutrality

[Reply]

The technology for the production of high-grade steel in large electric arc furnaces and the technology for the production of high-grade steel using hydrogen in blast furnaces have not been established at this time. The Company has been ahead of other companies by having conducted research on hydrogen reduction for 10 years. However, actual production in large blast furnaces has not yet been demonstrated. At present, the technology development is



estimated to cost more than 500 billion yen for R&D expenses and 5–6 trillion yen for implementation. Going forward, efforts toward carbon neutrality, in addition to economic rationality, will become vital criteria for material selection, this including steel and other materials. It is therefore important to advance research and development ahead of the leading manufacturers in other countries. By realizing steelmaking in blast furnaces with a certain reduction in carbon emissions, the Company can establish the gold standard of carbon-neutral steel and end up taking initiatives.

Moreover, while the stated size of the investment is the current guesstimate, it is important to realize a new decarbonization process that makes the most of current facilities because investment efficiency is also a major consideration. The Company's strategy is to use the electric arc furnace built in the Setouchi Works Hirohata Area to manufacture world's best steel products such as electrical steel sheets, and lead the world with our sophisticated technology in the production of high-grade steel in electric arc furnaces, while production is not expected to be high.

3) Weight and strength of steel

[Reply]

In addition to its diverse properties, such as strength and ease of handling, steel is inexpensive and can be supplied in large volume, emits a low amount of CO₂ during production, and has high recyclability. It also has the potential for further enhancement of strength, depending on future research and development. The Company is confident that the steel's superiority as a basic material supporting various industries will remain unchanged. The Company as well as its Group companies will also continue development efforts from the long-term perspective, pursuing the potential for further high-performance products by combining steel with other materials that have other advantages.


4) Diversification of industrial standards for steel

[Reply]

In the automotive sector, the Company intends to provide a variety of high-performance steel products that meet the needs of the market, such as the increasing need for light-weight bodies and stronger bodies, and the rapid shift to electric cars, as environmental regulations and crash safety standards are becoming more stringent worldwide. While it is important to meet the diverse needs of customers by increasing industrial standards for steel, the Company will also seriously address the challenges of complications of steel product distribution and handling by customers.

5) Environmental incident in the East Nippon Works Kimitsu Area

[Reply]



At around 5:00 p.m. on June 18, a certain amount of desulfurization liquid generated while processing coke furnace gas leaked from the tank at the East Nippon Works Kimitsu Area. In order to prevent desulfurization liquid from flowing directly into the sea, some of the drainage outlets were closed, but on the next day, the drainage into the water channel was confirmed. The Company is taking this incident very seriously, as it has caused a great deal of worry to the residents of the neighborhood, the administration, and other people concerned. The Company is currently dedicated to taking countermeasures and measures to prevent recurrence by thoroughly investigating causality, while following instructions and guidance from relevant public organizations such as the administration and the Maritime Safety Station.

Since becoming President, I have visited all of the Company's steelworks numerous times and have been working to prevent such a case from happening by directly communicating with general managers of all lines and heads of plants and mills. In light of the occurrence of this incident, the Company will be committed to making further efforts.

6) Environmental measures in the Kansai Works Wakayama Area

[Reply]

In the Kansai Works Wakayama Area, the amount of dust fall measured in the surrounding area is significantly below the administrative target value as well as the stricter target value set by the environmental conservation agreement with Wakayama Prefecture and Wakayama City. In addition, the amount of soot and dust emissions is as low as that of residential areas in the cities near other steel mills of the Company.

7) Shareholder benefit programs

[Reply]

As special benefits for shareholders, the Company offers invitations to plant visits and business overview briefings and several other special benefits to shareholders. As you have pointed out, in order to prevent the spread of COVID-19 infections, we have suspended invitations to plant visits, concerts in the Kioi Hall, and football games of the Kashima Antlers, since fiscal 2020. The business overview briefings have been held in the reduced frequency and scale.

By putting the highest priority on the health and safety of shareholders and thoroughly preventing the spread of the COVID-19 infections, the Company intends to resume the benefit programs one by one when they become possible. At this time, however, the Company is considering with caution whether to resume them.

8) Impact of the yen's depreciation on the Company's business



[Reply]

Although the yen's depreciation makes the Company more competitive in direct exports of steel products, it is currently difficult to increase steel exports from Japan because the world economy is stagnant and demand for steel is greatly weakened. In addition, due to a continuing shortage of semiconductor-related parts caused mainly by the effects of China's lockdown, the automakers have not been able to increase their domestic production of vehicles and thus exports from Japan. Hence the Company has not been able to benefit from the depreciation of the yen. In the meantime, the cost increase caused by the yen's depreciation has resulted in a greater impact because the recovery from the COVID-19 pandemic and the effects of the carbon-neutral policies have led to a significant increase in energy resource prices, and the prices of raw materials that the Company procures from overseas have also increased significantly. Over the long run, if the global economy recovers or the surge in energy resource prices ends, we may be able to benefit from the yen's depreciation. However, at present, the Company thinks that the disadvantages are greater than the benefits.

9) Rationalization of employees


[Reply]

The structural measures of the domestic steel business were decided in a management environment where all of the offices were in the red, and there was no sign of recovery in the domestic steel business. In order to survive as a steelmaker that continues to support industrial society while protecting employment as much as possible, selective concentration was important. By visiting all plants and mills and identifying which business or facilities are competitive, we determined that the only way for the Company to survive is to increase the ratio of high value-added products and concentrate production at cutting-edge facilities. As a result of implementing the production facility structural measures and improving direct contract-based prices for customers, the Company has made a significant turnaround to become profitable. As for the response to employees or cooperative companies, the Company is providing a new job where their skills can be utilized, based on its main policy of securing place of employment by the Company and the entire Group.

10) Dealing with country risks

[Reply]

Concerning the impact of Russia's military invasion of Ukraine on the Company's business, the Company's sales operation has not been directly affected as its export of steel products to Russia or Ukraine is extremely small. However, in the weakening trend of the global economy affected by the impact of China's lockdown, inflation, and other factors, the Company has been indirectly affected by the military invasion to Ukraine. In addition, coking coal, which is mainly sourced from Russia, will be affected by economic sanctions, posing



a challenge to the Company. Given the fundamental risks including the possibility of U.S.–China conflicts and the disruption associated with the transition to a carbon-neutral society, various types of risks may continue to arise. As a response to these risks, the Company finds it important to increase the potential main sources of profits in overseas business and increase the vertical depth of its operation which extends from raw material procurement to product sales.

11) Amendment motion to Item 4 of the Company Proposal

[Context of the amended motion]

One shareholder submitted an amended motion to appoint the shareholder himself as a Director who is an Audit & Supervisory Committee Member in place of Mr. Masato Kitera, the candidate number 5, in Item 4 of the Company Proposal. This amended motion was rejected as stated above.

12) Progress of the medium- to long-term management plan

[Reply]

Business profit in fiscal 2021 included inventory valuation gains but amounted to the 690 billion yen level even excluding these gains. In order to achieve business profit of 600 billion yen for the total of five business segments domestic steel business, overseas business, interest in raw materials, steel group companies, and non-steel group companies, the domestic steel business is targeted to generate business profit of 250 billion yen or more. This goal has not yet been achieved but is expected to be achievable, given the additional effects of the ongoing structural reforms and the substantial improvement of stable production capability. In the meantime, the Company believes that business profit of 600 billion yen is not sufficient in view of the need for more funds to respond to carbon-neutral strategy and new risks, which have become greater than anticipated when the medium- to long-term management plan was formulated. The Company is considering a necessity to revise the plan including raising the target, despite being only in the second year since the plan formulation.

End