

Corporate Governance

Contents

118 Corporate Governance Structure

124 Board of Directors

126 Message from Outside Director

127 Messages from the Newly Appointed
Outside Directors

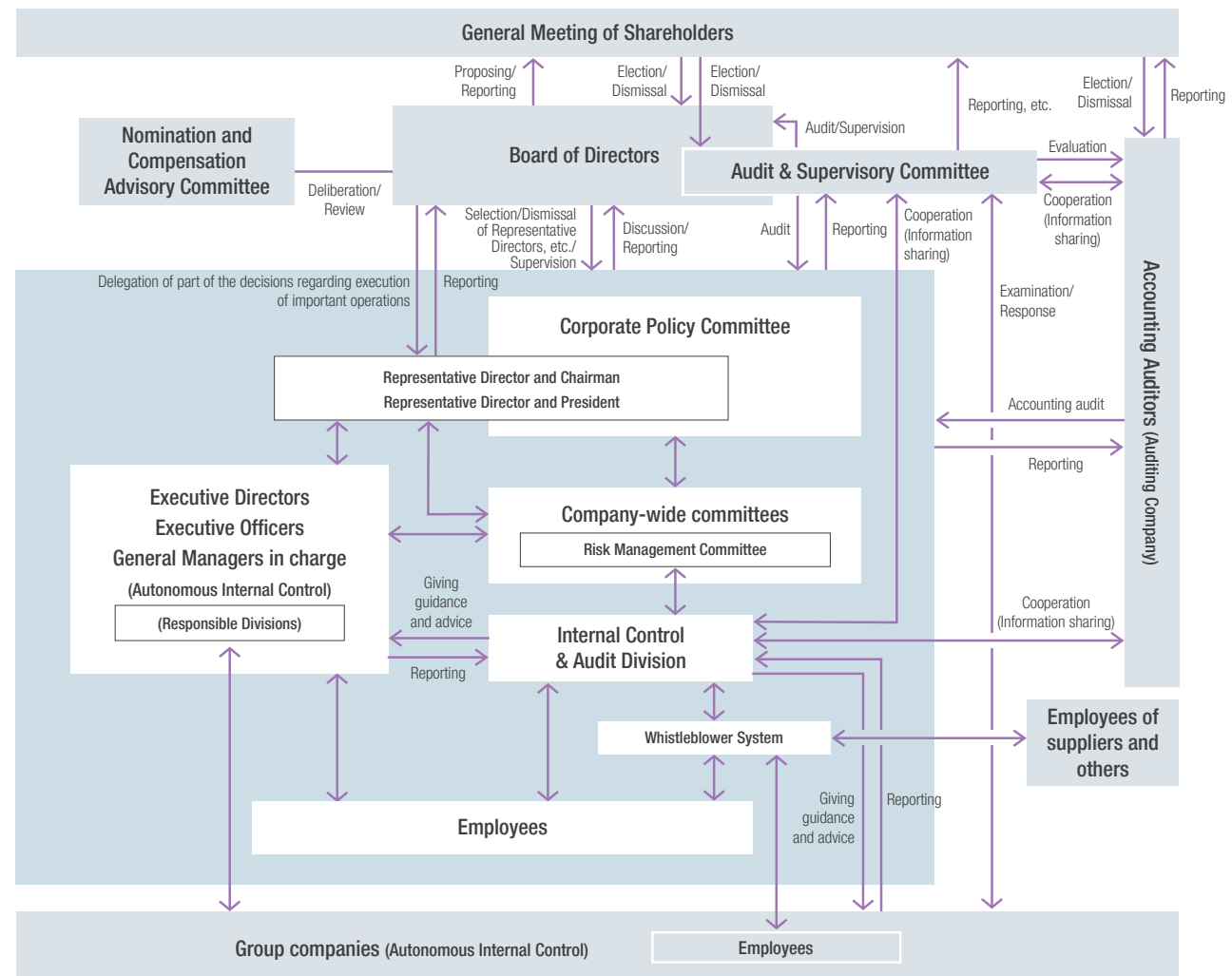
Corporate Governance Structure

The Nippon Steel Group is engaged in business activities based on its Corporate Philosophy—that we will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services.

Heeding that Philosophy, the Nippon Steel Group has established a corporate governance system suited to the businesses of the Nippon Steel Group in order to achieve sound and sustainable growth of the Nippon Steel Group and increase its corporate value over the medium- to long-term, in response to the delegation of responsibilities by and trust of all stakeholders, including its shareholders and business partners.

Basic views on corporate governance

Nippon Steel has adopted a company structure with an Audit & Supervisory Committee for the purpose of, among others, expediting management decision-making, enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies by limiting the number of items for deliberation by the Board of Directors and strengthening the supervisory function of the Board of Directors over management.



Corporate Governance Structure

Board of Directors

The Board of Directors of Nippon Steel is comprised of fifteen (15) members, of whom ten (10) are Directors (excluding Directors who are Audit & Supervisory Committee Members) and five (5) are Directors who are Audit & Supervisory Committee Members, and is chaired by the Representative Director and President. Independent Outside Directors account for one-third (5 out of 15, including three female Directors) of all members of the Company's Board of Directors.

By all Directors appropriately fulfilling their respective roles and responsibilities, prompt decision-making is achieved corresponding to changes in the management environment, and multifaceted deliberations and objective and transparent decision-making are secured.

In addition, Directors who are Audit & Supervisory Committee Members have the voting rights on the Board of Directors regarding decisions on proposals for the election and dismissal of Directors as well as on election and dismissal of Representative Director, and other decisions in general regarding business execution (excluding decisions that have been delegated to Directors). The Audit & Supervisory Committee has the authority to give its opinions at the General Meeting of Shareholders regarding the election, compensation, etc. of Directors, excluding directors who are Audit & Supervisory Committee Members. This structure strengthens the supervisory function of the Board of Directors over management.

Furthermore, the Board of Directors delegates part of the decisions regarding the execution of important operations (excluding matters

listed in each item of Article 399-13, Paragraph 5 of the Companies Act) to the Representative Director and Chairman and Representative Director and President, thereby expediting management decision-making, while enhancing discussions by the Board of Directors relating to matters, such as the formulation of management policies and strategies, important business strategic issues, safety, environmental issues, disaster prevention, and quality assurance.

Audit & Supervisory Committee

The Audit & Supervisory Committee acts with the obligation of contributing to the establishment of a high-quality corporate governance system that enables sound and sustainable growth of Nippon Steel and its Group companies, by supervising the performance of responsibilities by Directors and acting as part of the Company's oversight function, as an independent organ fulfilling its roles and responsibilities that are recently expected, in response to the delegation of responsibilities by the shareholders, and social trust.

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee has been established to conduct discussions and deliberations on a wide range of topics relating to the nomination and compensation of the Directors in general, including the compositions of the entire Board of Directors and the Audit & Supervisory Committee, the system and levels of the Directors' compensation, and other topics. The

Committee comprises five members: the Representative Director and Chairman, Eiji Hashimoto, the Representative Director and President, Tadashi Imai, and Outside Directors Tetsuro Tomita, Kuniko Urano, and Kenji Hiramatsu. The Representative Director and President serves as the chairman of the Committee. The Nomination and Compensation Advisory Committee, as a general rule, is held twice a year (plan to be held in May and December in fiscal 2024).

Corporate Policy Committee

The Corporate Policy Committee comprises the Representative Director and Chairman, Representative Director and President, Representative Directors and Executive Vice Presidents, and other members, and is held once a week, in principle. The execution of important matters concerning the management of Nippon Steel and the Nippon Steel Group is determined at the Board of Directors after deliberations in the Corporate Policy Committee. In addition, Nippon Steel has introduced an Executive Officer system for setting clear responsibilities and improving management efficiency by more prompt decision-making.

Company-wide committees

As a deliberative body prior to the Corporate Policy Committee and the Board of Directors, we have established companywide committees chaired by the Executive Vice President for each purpose and field. (As of April 1, 2024, there are a total of 23 committees, including the Ordinary Budget Committee, Equipment Budget Committee, Investment and Loan Committee, Risk Management Committee, Green Transformation Promotion Committee, and Environmental Planning Committee)

[Number of meetings held in FY2023]

Board of Directors	Audit & Supervisory Committee	Nomination and Compensation Advisory Committee
14 meetings	18 meetings	3 meetings

Measures implemented to enhance corporate governance		
June 2006	<ul style="list-style-type: none"> Reduction of the number of directors in the Articles of Incorporation from 48 to 15* (* Increase to 20 when Nippon Steel & Sumitomo Metal Corporation was established in 2012) Adoption of the Executive Management System Adoption of a limited liability contract with External Auditors 	<div>June 2015</div> <ul style="list-style-type: none"> Adoption of a limited liability contract with full-time Audit & Supervisory Board Members <div>October 2015</div> <ul style="list-style-type: none"> Establishment of the Nomination and Compensation Advisory Committee <div>June 2018</div> <ul style="list-style-type: none"> Increase the number of Outside Directors to three (appointment of a female director) <div>June 2020</div> <ul style="list-style-type: none"> Transition to a Company with an Audit & Supervisory Committee
June 2014	<ul style="list-style-type: none"> Appointment of Outside Directors (two) Adoption of a limited liability contract with Outside Directors 	

Corporate Governance Structure

Internal control system

Nippon Steel has established internal control and risk management systems, based on autonomous activities by internal divisions and group companies, according to the Basic Policy on Internal Control System, which was resolved by the Board of Directors, and the Internal Control Basic Rules. The Internal Control & Audit Division cooperates closely with each area’s functional division in charge of risk management, develops annual plans concerning internal control and risk management, prepares a scheme for check and review, regularly ascertains the status of internal control across the entire Group, and works at continual improvement.

Recognizing that the creation of a sound and open organization is indispensable in raising the efficiency of internal control, Nippon Steel emphasizes dialogues in and out of workplaces and regularly conducts awareness surveys regarding internal controls for all employees. By doing these, the Company checks the employees’ awareness on the compliance and internal control activities, carries out education and enlightenment through the survey, and complements the internal control system. Based on these results, the effectiveness of the internal control system is regularly reviewed for achieving greater efficiency in management and is incorporated in an internal control plan.

As a whistleblower system, the Compliance Consulting Room was established to receive information relating to the risks associated with operation not only from officers and employees of Nippon Steel and the Group companies, but also from their families and others. It is also positioned as one of the bodies that monitor the status of internal control activities, in addition to its functions on compliance and optimization of operations, such as to prevent accidents and violation of laws, and to improve operations. In fiscal 2023, there were 441 cases of internal reporting and consultations (compared to 433 cases in fiscal 2022).

Risk management

The status of risk management initiatives is reported to the Corporate Policy Committee and the Board of Directors after deliberations by company-wide committees chaired by the Executive Vice President for each purpose and field. In addition, the vice president in charge of internal control serves as the chairperson for overall internal control, including matters related to risk management in each field (labor safety, harassment, human rights, environment, disaster prevention, quality assurance, financial reporting, information security, etc.). The Risk Management Committee, which is held every quarter, deliberates and approves the status of initiatives, and reports important matters to the Corporate Policy Committee and the Board of Directors. Through these mechanisms, our Board of Directors supervises important managerial risk control.

Thorough implementation of compliance

Adherence to relevant laws and regulations, and building of an appropriate relationship with government and public institutions

Based on the Nippon Steel Group’s Corporate Philosophy and Code of Conduct, Nippon Steel has developed company rules and guidelines for the prevention of bribery of domestic and foreign public officials, compliance with anti-monopoly laws and environmental regulations, and protection of personal information. The Company makes sure that its officers and employees are aware of and adhere to laws and regulations and other rules.

Fair tax payment

Nippon Steel complies with relevant laws and regulations and pays tax appropriately in all countries in which it operates. The Company maintains transparent, constructive communication with tax authorities, eliminates action that could be construed to be for evasion of taxes, and bear a fair tax burden.

Activities of the Audit & Supervisory Committee

The Audit & Supervisory Committee Members who are mutually elected by the Committee cooperate closely with the department in charge of internal audits, and proceed with daily supervisory activities in a planned way, with a main focus on the development and operation of the internal control system, the development of business infrastructure, and the progress of various measures for management plans, in accordance with, among others, the standards for the Audit & Supervisory Committee’s audits, the policies and plans of audit and supervision, and assignment of duties as set forth by the Audit & Supervisory Committee.

In addition, the Audit & Supervisory Committee Members attend important meetings, such as meetings of the Board of Directors, and conduct onsite audits of steelworks and other facilities. Further, the Audit & Supervisory Committee Members ask Executive Directors and employees, among others, to explain the performance of their responsibilities, and other related matters, and actively express opinions.

For the Group companies, the Audit & Supervisory Committee Members of Nippon Steel exchange opinions and information with the Directors of such Group companies and the Directors, etc. of the responsible divisions of Nippon Steel, and as necessary, receive business reports from them and ask them for explanations.

Further, the Audit & Supervisory Committee Members of Nippon Steel seek to improve the quality of the supervisory activities as the whole Group, by establishing close cooperation with the Group companies’ audit & supervisory board members, through liaison

conferences and other opportunities.

The full-time Directors who are Audit & Supervisory Committee Members, as the Members selected by the Audit & Supervisory Committee, strive to exchange opinions with the department in charge of internal audits and other departments, collect information, and prepares the audit environment, pursuant to the audit policy and plan stipulated by the Audit & Supervisory Committee. They also attend the Board of Directors, the Corporate Policy Committee, and other meetings, interview relevant people on the agenda or matters to be reported and discussed and on other important matters, receive reports from the Accounting Auditor, and conduct surveys on the status of business and assets in the headquarters, steelworks, and other places.

The Outside Directors who are Audit & Supervisory Committee Members contribute to Nippon Steel’s sound and fair management by, among other tasks, expressing their respective opinions independently at the Board of Directors, the Audit & Supervisory Committee, and other opportunities, and performing supervisory activities, including audits on the business and affairs and the status of assets at major steelworks, etc. and hearing of reports from the Accounting Auditor, as Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee, based on their vast experience in, and deep insights into, such areas as world affairs, economics and culture, accounting, the environment and energy issues. In addition, Outside Directors who are Audit & Supervisory Committee Members strive to share information and understanding about Nippon Steel’s management issues with the Representative Director and Chairman, Representative Director and President and Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) through liaison meetings and other means.

Policies on and procedures in the nomination of director candidates and the appointment and dismissal of senior management

Policies on the nomination of director candidates and the appointment of senior management

For the nomination of Director candidates, and the appointment of senior management, Nippon Steel’s policy is to consider not only each individual’s experience, insight, and expertise, but also the size of each of the Board of Directors and the Audit & Supervisory Committee as a whole, and the balance of candidates comprising these respective boards (including the number of Outside Directors) so that Nippon Steel will establish an optimum board composition in which each individual is able to appropriately fulfill its role and responsibilities and properly respond to the management challenges of the Group’s business.

Nippon Steel believes the appointment of the President and other

Corporate Governance Structure

senior management to be one of the most important roles/functions of the Board of Directors.

To ensure that optimum human resources who are capable of realizing the sustainable growth of the entire Group and the mid- to long-term improvement of its corporate value are appointed to the office of President and other senior management in a timely manner, Nippon Steel provides various opportunities for Directors and Executive Officers who are to become successor candidates to improve their credentials by strategically assigning and rotating them to various positions, and by other means as well.

Procedures in the nomination of director candidates and the appointment of senior management

The nomination of Director candidates and the appointment of senior management are resolved at the Board of Directors after discussion at the Nomination and Compensation Advisory Committee. The Nomination and Compensation Advisory Committee conducts discussions and deliberations from various perspectives, in accordance with the policies stated above, considering, among others, the sizes of the entire Board of Directors and the Audit & Supervisory Committee and the balance among the candidates who will comprise the members.

The nomination of candidates for Directors who are Audit & Supervisory Committee Members is to be submitted to the Board of Directors for deliberation, after the approval at the Audit & Supervisory Committee.

Procedures in the dismissal of the President and other senior management

In the event that any disqualification for Directors as stipulated by laws and regulations occurs to the President or other senior management, Nippon Steel shall dismiss him or her from the President or other managerial positions by the resolution of the Board of Directors. In addition, in the event that the President or other senior management has engaged in any acts suspected of committing fraud or breach of trust, or in the occurrence of an incident to the President or other senior management that has caused significant hindrance to the continuation of duties, etc., Nippon Steel may dismiss him or her from the President or other managerial positions by the resolution of the Board of Directors, while also taking into account discussions and deliberations at the Nomination and Compensation Advisory Committee as necessary.

Policies on determining compensation for Directors

Directors (excluding Directors who are Audit & Supervisory Committee Members)

■ Basic policy

Directors (excluding Directors who are Audit & Supervisory Committee Members) are compensated solely by monthly compensation, which is designed as an appropriate composition of fixed compensation and performance-linked compensation. Fixed compensation and the base amount of performance-linked compensation (compensation paid when Nippon Steel's consolidated performance reaches a certain level) are set for each position as deemed appropriate in consideration of the skills and responsibilities required of each Director. This base amount varies within a certain range based on Nippon Steel's consolidated performance. The Company then determines the amount of monthly compensation for each Director within the limit approved by the General Meeting of Shareholders.

■ Composition of compensation and policy on performance-based compensation

Based on the above basic policy, the underlying consolidated business profit/loss which is a simple indication of the Group's operating results (calculated by deducting inventory valuation differences from consolidated business profit/loss, etc.; considered to be appropriate to demonstrate the Group's financial strength) is used as a benchmark for performance-linked compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). This is also from the perspective of providing an appropriate amount of compensation according to the performance of the period and by taking into account the earnings targets of the Medium- to Long-term Management Plan. In addition, the ratio of "fixed compensation vs. performance-linked compensation" in the standard amount (at the time of achieving underlying consolidated business profit of 600 billion yen) shall be "50% vs. 50%" for Representative Directors and roughly "70% vs. 30%" for Directors with other positions (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors). In this way, appropriate incentives are provided according to the position and performance of the Company. Compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) shall consist solely of fixed compensation.

■ Method to determine compensation for each individual

The specific amount of monthly compensation for each Director was determined by the Board of Directors after the deliberation of the "Nomination and Compensation Advisory Committee," which

consisted of the Chairman, the President, and three or more Outside Directors designated by the President, who chaired the Committee.

Directors who are Audit & Supervisory Committee

Members are compensated solely by monthly compensation, which consists solely of fixed compensation. The monthly compensation for each Director who is Audit & Supervisory Committee Member is determined to be within the limit approved by the General Meeting of Shareholders, by considering the duties of the Director's position and whether the Director is full-time or part-time.

Methods of determining the policies

The policies described above are determined by resolution of the Board of Directors, after the deliberation of the Nomination and Compensation Advisory Committee, for Directors (excluding Directors who are Audit & Supervisory Committee Members) and by discussion of Directors who are Audit & Supervisory Committee Members for Directors who are Audit & Supervisory Committee Members.

The Nomination and Compensation Advisory Committee conducts discussions on a wide range of topics including the system of Directors' compensation and the appropriateness of the compensation levels by position, taking into account the survey results of directors' compensation levels of other companies obtained from third-party research organizations.

[Total amounts of compensation for directors (FY2023)]

Position	Number of recipients	Total amount (yen)	Total amount by type (yen)		
			Monthly compensation	Non-monetary compensation	Other compensation
Directors (excluding Directors who are Audit & Supervisory Committee Members)	11	1,175,320,000	1,175,320,000	—	—
Outside directors	2	34,560,000	34,560,000	—	—
Directors who are Audit & Supervisory Committee Members	5	172,790,000	172,790,000	—	—
Outside directors	3	51,840,000	51,840,000	—	—
Total	16	1,348,110,000	1,348,110,000	—	—

The above number of recipients includes one (1) Director (excluding Directors who are Audit & Supervisory Committee Members) who retired at the conclusion of the 99th General Meeting of Shareholders held on June 23, 2023.

Corporate Governance Structure

Analysis and evaluation of the effectiveness of the Board of Directors as a whole

At Nippon Steel, the office of the Board of Directors (General Administration Division) conducts quantitative analysis through comparison of the number of the agenda items submitted for deliberation or reported to the Board and the number of hours of deliberation, as well as the attendance rate and the number of opinions expressed by attendees at the Board meetings with these of prior years; and the Board, taking into account self-assessments and opinions of each Board member on the Board's operation obtained through individual interviews with them, annually analyzes and evaluates the effectiveness of the entire Board and utilizes such analysis and evaluation to improve the future operation and administration of the Board. In fiscal 2020, Nippon Steel decided to take the opportunity of the transition to a Company with an Audit & Supervisory Committee to establish the Rules of the Board of Directors, enhance discussions by the Board on matters such as the formulation of management policies and strategies, strengthen the supervisory function of the Board over management, and devise and improve operation of meetings so as to contribute to these efforts. Measures to improve the issues, which were raised when evaluated the effectiveness in fiscal 2022, have also been implemented.

The Board of Directors, at its meeting held in June 2024, analyzed and evaluated the effectiveness of the Board for fiscal 2023, and confirmed that the Board generally functions effectively. This is because, among other reasons, all of the matters, with relevant information being provided in advance, were submitted for deliberation or reported to the Board pursuant to the Companies

Act or Nippon Steel's rules, and were resolved or confirmed, after questions & answers and discussion from various viewpoints among internal and outside Directors, in consideration of enhancing Nippon Steel's mid- to long-term corporate value. In addition, in order to further improve effectiveness, based on the opinions of each director in the effectiveness evaluation of fiscal 2023, the Company will continue to further improve the composition, contents, and method of providing materials for the Board. It will also continue to enhance and activate deliberations by streamlining and reviewing the items to be deliberated. Further, Nippon Steel will utilize other opportunities besides the Board of Directors and share a wide variety of information and exchange opinions on matters related to various environmental changes surrounding management, long-term important themes, including a theme to secure human resources and promote active participation, and risk management.

[Main matters deliberated in FY2023 Board of Directors]

- Formulation of management policy and strategies
- Important matters regarding business strategies
- Initiatives on Safety, Environment, Disaster Prevention and Quality
- Formulation of human rights policy
- Analysis and evaluation of the effectiveness of the Board of Directors as a whole
- Initiatives on diversity & inclusion
- Initiatives for achieving carbon neutrality
- Maintenance and operation status of internal control system
- Selection of Representative Director, the nomination of director candidates and the selection of senior management
- Opinion feedback from shareholders and investors

Training policy for Directors

Nippon Steel, via relevant officers, explains its corporate philosophy and the Group business lineups, among others, to each Outside Director individually once they assume their positions. In addition, after the assumption, Nippon Steel proactively provides opportunities for them to visit steelworks, research laboratories, and to have dialogue with the Chairman, the President, and the Vice Presidents. Nippon Steel also explains anew to Executive Directors and Directors who are Audit & Supervisory Committee Members, both of whom were employees of Nippon Steel, their responsibilities under important applicable laws and regulations such as the Companies Act, and Nippon Steel's rules, upon the assumption of their positions. Moreover, Nippon Steel provides opportunities for Directors to attend exchanges of opinions with outside experts and executives of other companies, as well as lectures and seminars.

Corporate Governance Structure

Significance of having listed subsidiaries

Based on the Nippon Steel Group Corporate Philosophy, Nippon Steel aims to achieve a company that is trusted by society, while promoting sound and sustainable growth and improving medium- to long-term corporate value of the Nippon Steel Group. In addition, in order to comply with relevant laws and regulations and to ensure the reliability of financial reporting and the effectiveness and efficiency of operations, Nippon Steel has developed and is appropriately operating an internal control system suitable for the Group's business operations, and is making efforts to continuously improve it. Based on this basic policy, Nippon Steel and its Group companies share business strategies and manage the Group as a whole, while taking into account the business characteristics of each Group company. With respect to control of the Group companies, Nippon Steel sets forth basic rules in the Rules for Control of Group Companies, and ensures their appropriate application, while each Group company builds and maintains its internal control system based on autonomous internal controls, and seeks to improve measures relating to internal controls based on support, guidance, and advice from Nippon Steel.

In order to ensure independent decision-making of listed subsidiaries, each of them has more than one-third of its Board members being represented by independent outside directors and Nippon Steel also recognizes that its listed subsidiaries carry out autonomous management.

Each listed subsidiary confirms that the terms and conditions of transactions between the parent company and the subsidiary are reasonably determined on the basis of general contract terms and conditions with other customers, market prices, or other reasonable criteria and that the interests of the subsidiary are not harmed. Our subsidiaries listed on the Prime Market of the Tokyo Stock Exchange (a newly classified market for large companies from April 2022) have established a system to set up a special committee if a significant parent-subsidiary transaction or action occurs.

At present, Nippon Steel currently has five listed subsidiaries: NS Solutions Corporation, Sanyo Special Steel Co., Ltd., Krosaki Harima Corporation are listed on the Prime Market of the Tokyo Stock Exchange and Osaka Steel Co., Ltd. and Geostr Corporation are listed on the Standard Market of the Tokyo Stock Exchange (a new market for mid-sized companies). Significance of having the listed subsidiaries is stated in the Corporate Governance Report, "Chapter I. 5. Other Special Circumstances which may have Material Impact on Corporate Governance."

Significance of having listed subsidiaries

Nippon Steel has nine listed subsidiaries primarily for the purpose of contributing to the Company's consolidated profits: Godo Steel Ltd., Topy Industries Ltd., Kyoei Steel Ltd., Nippon Denko Co., Ltd., Nichia Steel Works Ltd., NS United Kaiun Kaisha Ltd., Nippon Coke Industry Co., Ltd., Sanko Metal Industrial Co., Ltd., and Sanyu Co., Ltd. All these companies are part of the steelmaking and steel business segment of Nippon Steel's portfolio. Although Nippon Steel sends its employees as auditors to some companies from the perspective of appropriate risk management, there are no matters that require the approval of Nippon Steel nor any agreements related to governance with any of these companies. Moreover, since Nippon Steel holds less than a majority of the voting rights in each of these companies, the Company believes that the independence of each company is ensured and the risk of conflicts of interest is minimal.

Strategic shareholdings

Policy on strategic shareholdings

Nippon Steel, from the standpoint of sustainable growth and improvement of its corporate value in the mid-to long-term, believes that it is extremely important to maintain and develop the relationships of trust and alliance with its extensive range of business partners and alliance partners both in Japan and overseas, which have been cultivated through its business activities over the years. Accordingly, Nippon Steel shall continue to hold strategic shareholdings which are judged to contribute to maintaining and strengthening its business foundation such as the business relationships and alliance relationships between Nippon Steel and the investees, enhancing the profitability of both parties, thereby improving the corporate value of Nippon Steel and the Group.

Regarding companies for which Nippon Steel confirms, after sufficient dialogues, to be able to achieve the objectives described above without holding their shares, the Company intends to proceed with the sale of shares in such companies.

Examination of the appropriateness of the strategic shareholdings

Nippon Steel confirms the appropriateness of its strategic shareholdings by specifically examining all shareholdings to determine, among others, whether the purpose of each shareholding is appropriate and whether the benefit and risk associated with each shareholding is commensurate with the cost of capital.

The total market value of the shareholdings examined at the Board of Directors accounts for approximately 90% of the total market value

of the strategic shareholdings held by Nippon Steel on a consolidated basis (as of March 31, 2024).

The number of stocks held as strategic shareholdings by Nippon Steel on a non-consolidated basis was 495, as of October 1, 2012, when Nippon Steel & Sumitomo Metal Corporation was founded, while 252 stocks were held as of March 31, 2024 (the total value on the balance sheet was ¥269.7 billion).

Basic policy on the exercise of voting rights concerning strategic Shareholdings

Regarding the voting rights concerning each strategic shareholding, Nippon Steel exercises its voting rights upon comprehensively evaluating whether the agenda of the General Meeting of Shareholders of the investee company contributes to the improvement of the respective corporate values of Nippon Steel and the investee company. Specifically, Nippon Steel formulates criteria for the exercise of voting rights which set forth guidelines for judgment according to the type of agenda items such as the appropriation of surplus, the election of Directors and Audit & Supervisory Board Members, etc., and exercises its voting rights based on these criteria together with the results of the examination of the appropriateness of the strategic shareholdings mentioned above.

Policy for dialogues with shareholders and investors

With a view to achieving sustainable growth and improvement of Nippon Steel's corporate value in the mid-to long-term, Nippon Steel takes various measures to enhance constructive dialogues with the shareholders. The dialogues with the shareholders and investors are generally supervised by the Director responsible for General Administration and the Director responsible for Accounting and Finance, and the General Administration Division and the Accounting & Finance Division work in conjunction with other divisions of Nippon Steel to enhance the measures. Specifically, for shareholders, in addition to striving to actively provide information to the shareholders and sincerely responding to their questions and comments in the General Meeting of Shareholders, Nippon Steel holds management business briefings and plant tours, regularly in various locations. In addition, for institutional investors, through opportunities for dialogue such as explanation meetings, we are engaged in dialogue with people in appropriate fields according to the content of the explanation regarding our management strategy, business content, achievement, efforts to address sustainability issues, etc. Senior management including the President and an officer in charge of IR attend these dialogues, as necessary. The opinions of shareholders and investors obtained through these initiatives are promptly shared by the management team and each in-house sector and reported and fed back periodically to the Board of Directors.

Board of Directors

(as of July 2024)

Director



Representative Director, Chairman and CEO
Eiji Hashimoto

Apr. 1979: Joined Nippon Steel Corporation (NSC)
Apr. 2009: Director (under the Executive Management System), Director, Plate Division and Director, Structural Division of NSC
Jul. 2015: Managing Executive Officer, Vice Head of Global Business Development and Project Leader, Usiminas Project, Global Business Development Sector of NSC
Jun. 2016: Representative Director, Executive Vice President and Head of Global Business Development of NSC
Apr. 2019: Representative Director and President of NSC
Apr. 2024: Representative Director, Chairman and CEO of NSC



Representative Director, President and COO
Tadashi Imai

Apr. 1988: Joined Nippon Steel Corporation (NSC)
Apr. 2016: Executive Officer and Head of Works, Nagoya Works of NSC
Jun. 2020: Managing Director, Member of the Board of NSC
Feb. 2022: Managing Director, Member of the Board and Project Leader, Thail Steel Project, Global Business Development Sector; Deputy Project Leader, Zero-Carbon Steel Project; Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Apr. 2023: Representative Director and Executive Vice President, Head of Green Transformation Development, and Deputy Project Leader, Next Generation Hot Strip Mill Project of NSC
Apr. 2024: Representative Director, President and COO of NSC



Representative Director, Vice Chairman and Executive Vice President
Takahiro Mori

Apr. 1983: Joined Nippon Steel Corporation (NSC)
Jun. 2016: Vice President of Usiminas Siderúrgicas de Minas Gerais S.A. - USIMINAS
Apr. 2020: Managing Executive Officer, Head of Unit, Plate Unit, Head of Unit, Pipe & Tube Unit, Project Leader, VSB Project, Global Business Development Sector of NSC
Apr. 2021: Executive Vice President, Head of Global Business Development, and Project Leader, India Iron and Steel Project, Global Business Development Sector of NSC
Jun. 2021: Representative Director and Executive Vice President, Head of Global Business Development, and Project Leader, India Iron and Steel Project, Global Business Development Sector of NSC
Jun. 2024: Representative Director, Vice Chairman and Executive Vice President
Head of Global Business Development; Project Leader, India Project, Global Business Development Sector; Project Leader, USS Project of NSC



Representative Director and Executive Vice President
Naoki Sato

Apr. 1983: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Managing Executive Officer and Head of Works, Kashima Works of NSC
Apr. 2020: Executive Vice President and Head of Works, East Nippon Works of NSC
Jun. 2021: Representative Director and Executive Vice President, Project Leader, Next-Generation Hot Strip Mill Project, and Deputy Project Leader, India Iron and Steel Project, Global Business Development Sector of NSC
Apr. 2024: Representative Director and Executive Vice President Deputy Project Leader, India Project, Global Business Development Sector; Deputy Project Leader, Thai Steel Project, Global Business Development Sector; Deputy Project Leader, USS Project of NSC



Representative Director and Executive Vice President
Takashi Hirose

Apr. 1986: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer, Director, Plate Division of NSC
Apr. 2019: Managing Executive Officer, Head of Unit, Plate Unit and Vice Head of Unit, Flat Products Unit of NSC
Apr. 2020: Managing Executive Officer, Head of Unit, Flat Products Unit, and Project Leader, Shanghai-Baoshan Cold-rolled & Coated Sheet Products Project, Global Business Development Sector of NSC
Jun. 2022: Representative Director and Executive Vice President, Head of Unit, Flat Products Unit, Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC
Apr. 2024: Representative Director and Executive Vice President Deputy Project Leader, Next-Generation Hot Strip Mill Project of NSC



Representative Director and Executive Vice President
Kazuhisa Fukuda

Apr. 1986: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Managing Executive Officer and Head of Works, Hirohata Works of NSC
Apr. 2020: Managing Executive Officer and Head of Works, Setouchi Works of NSC
Apr. 2022: Executive Vice President and Head of R & D Laboratories of NSC
Jun. 2023: Representative Director and Executive Vice President, and Head of R & D Laboratories of NSC



Representative Director and Executive Vice President
Hirofumi Funakoshi

Jul. 1987: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer of NSC
Apr. 2019: Executive Officer and Head of Division, Corporate Planning Division of NSC
Apr. 2022: Managing Executive Officer, and Vice Head of Green Transformation Development of NSC
Jun. 2023: Representative Director and Executive Vice President of NSC



Representative Director and Executive Vice President
Hiroyuki Minato

Apr. 1989: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer and Head of Division, Technical Administration & Planning Division of NSC
Apr. 2020: Executive Officer and Head of Works, Muroran Works of NSC
Apr. 2021: Managing Executive Officer and Head of Works, Muroran Works of NSC
Jun. 2024: Representative Director and Executive Vice President Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project of NSC



Outside Director
Tetsuro Tomita

Independent Director

Apr. 1974: Joined Japanese National Railways
Jun. 2003: Executive Director and Deputy Director General of Corporate Planning Headquarters of East Japan Railway Company
Jun. 2008: Executive Vice President and Representative Director, Director General of Life-Style Business Development Headquarters of East Japan Railway Company
Jun. 2012: President and Representative Director of East Japan Railway Company
Apr. 2018: Chairman and Director of East Japan Railway Company
Jun. 2020: Director, Member of the Board (Outside Director) of Nippon Steel Corporation
Apr. 2024: Advisor of East Japan Railway Company



Outside Director
Kuniko Urano

Independent Director

Apr. 1979: Joined Komatsu Ltd.
Apr. 2011: Executive Officer, General Manager of Corporate Communications Department of Komatsu Ltd.
Apr. 2014: Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.
Jun. 2018: Director and Senior Executive Officer of Komatsu Ltd.
Jun. 2021: Advisor of Komatsu Ltd.
Jun. 2022: Director, Member of the Board (Outside Director) of Nippon Steel Corporation

Board of Directors

Directors who are Audit & Supervisory Committee Members



Director, Member of the Board
(Senior Audit & Supervisory Committee Member) (Full time)

Kazumasa Shinkai

Apr. 1987: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer and Head of Division, General Administration Division of NSC
Apr. 2021: Managing Executive Officer and Head of Division, General Administration Division of NSC
Apr. 2023: Managing Executive Officer of NSC
Jun. 2024: Director, Member of the Board (Senior Audit & Supervisory Committee Member) (Full time) of NSC



Director, Member of the Board
(Senior Audit & Supervisory Committee Member) (Full time)

Eiji Sogo

Apr. 1989: Joined Nippon Steel Corporation (NSC)
Apr. 2019: Executive Officer and Head of Division, Human Resources Division of NSC
Apr. 2022: Managing Executive Officer and Head of Division, Human Resources Division of NSC
Apr. 2023: Managing Executive Officer of NSC
Jun. 2024: Director, Member of the Board (Senior Audit & Supervisory Committee Member) (Full time) of NSC



Outside Director,
Member of the Board (Audit & Supervisory Committee Member)

Kenji Hiramatsu

Apr. 1979: Joined Ministry of Foreign Affairs of Japan
Apr. 2015: Ambassador of Japan to the Republic of India
Jan. 2016: Ambassador of Japan to the Republic of India and Ambassador of Japan to the Kingdom of Bhutan
Sep. 2019: Ambassador of Japan to the Kingdom of Spain
Nov. 2022: Retired from the Ministry of Foreign Affairs of Japan
Dec. 2022: Chairman of the Institute for International Strategy, The Japan Research Institute, Limited
Jun. 2024: Director, Member of the Board, Audit & Supervisory Committee Member (Outside Director) of Nippon Steel Corporation

Independent Director



Outside Director,
Member of the Board (Audit & Supervisory Committee Member)

Aiko Sekine

Apr. 1981: Citibank, N.A., Tokyo Branch
Sep. 2006: Partner of Arata Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
Jul. 2016: Chairman and President of Japanese Institute of Certified Public Accountants
July 2019: Advisor of Japanese Institute of Certified Public Accountants
Sep. 2020: Professor of Waseda University, Faculty of Commerce
Jun. 2024: Director, Member of the Board, Audit & Supervisory Committee Member (Outside Director) of Nippon Steel Corporation

Independent Director



Outside Director,
Member of the Board (Audit & Supervisory Committee Member)

Sumiko Takeuchi

Apr. 1994: Joined Tokyo Electric Power Company, Incorporated
Jan. 2012: Director and Senior Fellow of International Environment and Economy Institute
Oct. 2018: Co-representative of U3Innovations LLC
Apr. 2020: Specially Appointed Professor of Tohoku University
Jun. 2024: Director, Member of the Board, Audit & Supervisory Committee Member (Outside Director) of Nippon Steel Corporation

Independent Director

Skill Matrix of Directors

Nippon Steel believes that its Board of Directors, as a whole, must have the necessary skills and experience based on the Group's corporate philosophy and medium-to long-term management plan, etc. The main skills and experience possessed by each Director are as shown in the table on the right.

Name	Position	Corporate Planning / Business strategy	Finance / Accounting, Monetary / Economy	Personnel / Labor affairs / HR Development	Governance / Risk Management / Legal / Compliance	Technology / R&D	Sales / Purchase / Marketing	Global	Environment / Sustainability	Public Administration / Public Policy
Directors (excluding Directors who are Audit & Supervisory Committee Members)										
Eiji Hashimoto	Representative Director, Chairman and CEO	●			●		●	●	●	
Tadashi Imai	Representative Director, President and COO	●			●	●			●	
Takahiro Mori	Representative Director, Vice Chairman and Executive Vice President	●	●				●	●		
Naoki Sato	Representative Director and Executive Vice President				●	●			●	
Takashi Hirose	Representative Director and Executive Vice President	●					●	●		
Kazuhisa Fukuda	Representative Director and Executive Vice President				●	●			●	
Hirofumi Funakoshi	Representative Director and Executive Vice President	●		●	●				●	
Hiroyuki Minato	Representative Director and Executive Vice President				●	●			●	
Tetsuro Tomita	Director (Outside Director)	●		●	●			●		
Kuniko Urano	Director (Outside Director)			●	●				●	
Directors who are Audit & Supervisory Committee Members										
Kazumasa Shinkai	Senior Audit & Supervisory Committee Member (full-time)			●	●		●		●	
Eiji Sogo	Senior Audit & Supervisory Committee Member (full-time)	●		●	●		●			
Kenji Hiramatsu	Audit & Supervisory Committee Member (Outside Director)				●			●	●	●
Aiko Sekine	Audit & Supervisory Committee Member (Outside Director)		●		●			●		
Sumiko Takeuchi	Audit & Supervisory Committee Member (Outside Director)				●				●	●

* The check marks in the table indicate the main skills and experience (up to four in principle) possessed by each Director, based on their career history and experience.

Message from Outside Director



**It is important to listen
directly to the real voices on
the ground and to deepen
the dialogue.**

Outside Director
Kuniko Urano

I was appointed as an outside director of Nippon Steel in June 2022. Until then, I had spent more than 40 years at Komatsu Ltd., a machinery manufacturer, working in production and logistics departments, as well as in human resources, public relations, CSR, and other areas. Despite differences in size and overseas sales ratios, there are many common features that should be valued, such as the basic principles of safety first, high quality and reliability based on development and production technologies, and the importance of cooperation with the local community. At board meetings and other meetings, I try to frankly convey what is expected of Nippon Steel, based on my experience and by considering my perspective as a user of products and infrastructure as well as my impression of the company as an ordinary citizen. I also believe that the gender angle is important for how diversity and inclusion can be linked to corporate growth, and I take every opportunity to communicate on this point as well.

In 2020, Nippon Steel transitioned to a company with an Audit

& Supervisory Committee in order to respond to the speed and magnitude of changes in the business environment and society, and to create a structure that contributes to faster business execution while ensuring a high level of governance. The Board of Directors is designed to facilitate discussion from a variety of perspectives, focusing on the company's basic policies, progress and decisions on important matters, and risk management, including the effectiveness of internal controls. I feel that a virtuous cycle of constant improvement has been established through the evaluation of effectiveness.

The Medium- To Long-term Management Plan announced in fiscal 2021 calls for (1) restructuring the domestic steel business and strengthening group management, (2) promoting a global strategy to deepen and expand overseas business, (3) taking on the challenge of becoming carbon neutral, and (4) promoting a digital transformation strategy. These four themes are deeply interrelated, and if any one of them were missing, our future would

likely end up being different from what society (all stakeholders) expects of us. The difficulty of achieving this goal is also a source of opportunity, and I am convinced that we will continue to advance without sanctuary as we have in the past, and that the management team will always be ready and specific in encouraging employees to take on difficult challenges.

Nippon Steel's business and each of its initiatives can be characterized by a very long lead time from decision to fruition. Moreover, the future will see an increase in the importance of broadening and deepening alliances. Our activities show that we are always earnest in our efforts to identify changes in the external environment, including society, as well as domestic and global competitive axes, and to objectively evaluate not only our own technologies and resources, but also our internal culture. As the internal and external environment changes drastically in a short period of time, the practice of drawing multiple lines and multiple scenarios has been embedded at Nippon Steel, as a result of active discussions based on the diverse knowledge, experience, and networks of our executive departments, I believe this will continue to be a great strength for us. Another strength to be sustained is the absence of gaps in awareness and understanding between the head office divisions/staff divisions and on-site operations. In other words, if anyone feels discomfort, that person immediately confronts and works with others at Nippon Steel. I believe this behavior is well established.

Many companies are now focusing on investing in people. In addition to investing in systems, this should all start with ensuring that all employees feel a sense of fulfillment and growth in their jobs and workplaces. To this end, I believe that there is nothing better than simple but steady activities of directly listening to the real voices on the ground and deepening dialogue.

The sum total of the Group's employees has unlimited potential. I am proud of our efforts in the four pillars to lead us to overcoming social issues. Our double efforts to achieve high goals and conduct earnest, steady activities will certainly not be an easy journey but I am confident that we will keep on making progress toward becoming "the best steelmaker with world-leading capabilities." As an outside director, I will do my utmost to contribute to this journey.

Messages from the Newly Appointed Outside Director



I will do my best to contribute to making Nippon Steel become more globally competitive and to promote sustainable management that addresses environmental issues and social responsibility

Kenji Hiramatsu

Director, Member of the Board
(Audit & Supervisory Committee Member)

I have just been appointed as Outside Director of Nippon Steel. I have served in the Ministry of Foreign Affairs for more than 43 years, during which time I accumulated experience on a broad range of topics including security issues, economic diplomacy, and relations with the Korean Peninsula, climate change negotiations, SDGs, women's empowerment, and relations with Southeast Asia, Europe, and the United States.

Through my career I became convinced that Japan's economic and technological strengths underpin Japanese diplomacy, and that the united efforts of the public and private sectors are indispensable to hone these strengths. In India, where I served as an Ambassador, many people from Japanese companies, who had high interests in dynamic India, came to consult with me. One such company was Nippon Steel. They decided to acquire Essar, a major steel company in India, and it was a visionary deal that foresaw the potential huge demand for steel in India. Also, when I was serving as the government representative for climate change negotiations, I had in-depth discussions with Nippon Steel's people on how to harmonize global warming countermeasures with industrial development. Currently, as Chairman of the Institute for International Strategy, The Japan Research Institute, Limited, I closely follow and analyze the rapidly changing international situation. The world is now at a historic turning point and geopolitical perspectives are becoming increasingly important even for formulating corporate strategy. I hope that my experience will be of use to Nippon Steel, which is actively expanding its overseas business.

Nippon Steel is actively engaged in the development of high-value-added products and advanced technologies for CO₂ emission reduction. I would like to visit the front line of Nippon Steel's technical development at an early date. In addition, I have strived, in my experience in organizational management, to commit how to motivate young people and promote women's empowerment. I intend to exchange views on these points too with those involved at Nippon Steel.

I look forward to working with you.



Leveraging my experiences as an accounting and auditing expert, I am looking forward to being engaged with many people and contributing to raising Nippon Steel's corporate value

Aiko Sekine

Director, Member of the Board
(Audit & Supervisory Committee Member)

In June 2024, I was appointed as Outside Director of Nippon Steel.

As a certified public accountant, I was engaged in auditing the financial statements of listed companies in Japan and overseas at an auditing firm. I also served as a board member of the Japanese Institute of Certified Public Accountants (JICPA), and was involved in establishing standards related to accounting and auditing. After serving as Chairman of the JICPA for three years from July 2016, I became a professor at Waseda University's Faculty of Commerce in September 2020. Nowadays I tell university students in particular how important accounting and auditing are in society. Further, I have served as an outside director and a member of various conferences in Japan and overseas.

During my career of almost 40 years, I have worked at various companies and organizations as an accounting and auditing expert. What I have found important is to visit the fields and to communicate with various people. Auditing of corporate financial statements tends to be thought of as just looking at numbers, but accounting represents the actual state of an organization with numbers, and it is crucially important to understand a company and its environment in preparing financial statements and conducting audits. Moreover, through my engagement with various organizations, I strongly feel the importance of organizational culture and governance. I believe that these factors have a significant impact on the enhancement of corporate value.

With this in mind, through communication with other members of the Board of Directors and Audit & Supervisory Committee, as well as with various people, including on-site personnel, and with strong intent to utilize my experience with various organizations, I am eager to get to know Nippon Steel more deeply. Nippon Steel is facing a major turning point, and is aiming to become the world's best steelmaker with world-leading capabilities. I would like to contribute to the company's development from an external standpoint.

Messages from the Newly Appointed Outside Director



As an expert in energy and the environment, I will contribute to Nippon Steel's efforts to realize GX and improve competitiveness, utilizing its technological development capabilities

Sumiko Takeuchi

Director, Member of the Board
(Audit & Supervisory Committee Member)

I assumed the position of Outside Director at the 100th Ordinary General Meeting of Shareholders. After graduating from university, I worked at Tokyo Electric Power Company (TEPCO) mainly on field work and in the environmental division. I then became an independent consultant, and am currently involved in research and advocacy on energy and environmental policy. I have served in a number of public positions such as the government's GX Executive Committee and the Regulatory Reform Promotion Council, as well as teaching at universities. In addition to providing insight based on policy theories, I have wanted to promote the transition from an industrial society to a sustainable society. So, I founded a company that supports startups in the environment, energy, and infrastructure fields, and I am now serving as its co-representative.

Japan has experienced gradually weakening of its industrial competitiveness since the bursting of the economic bubble. I believe that GX (Green Transformation) is the last chance to reverse this trend and regain strength in manufacturing. At the GX Executive Committee, we are discussing this as a "growth strategy" that focuses not only on CO2 reduction but also on the transformation of the industrial structure and the restructuring of industrial locations. The steel industry is called a "difficult sector to reduce emissions", as it not only harnesses energy, but also use coal as its raw material. However, Nippon Steel's technological development capabilities are sufficient to overcome this challenge. I have heard that employees involved in this effort are very highly motivated, and I feel encouraged.

GX will be a social transformation that surpasses the industrial revolution experienced by mankind in the 18th century. It cannot be achieved by the efforts of individual companies alone; rather, it must be tackled in collaboration between industry, government, and academia. Nevertheless, at the core of that is the industry that provides solutions, and Nippon Steel is in a position to lead the way.

As a material industry that supports society, it is an extremely difficult challenge to continue stably providing high-performance but affordable products while simultaneously advancing with major reforms. I am so pleased to take part in this endeavor to strengthen competitiveness by taking GX and DX as opportunities.