

7 Corporate Governance

122	Corporate Governance
129	Board of Directors
131	Message from Outside Director

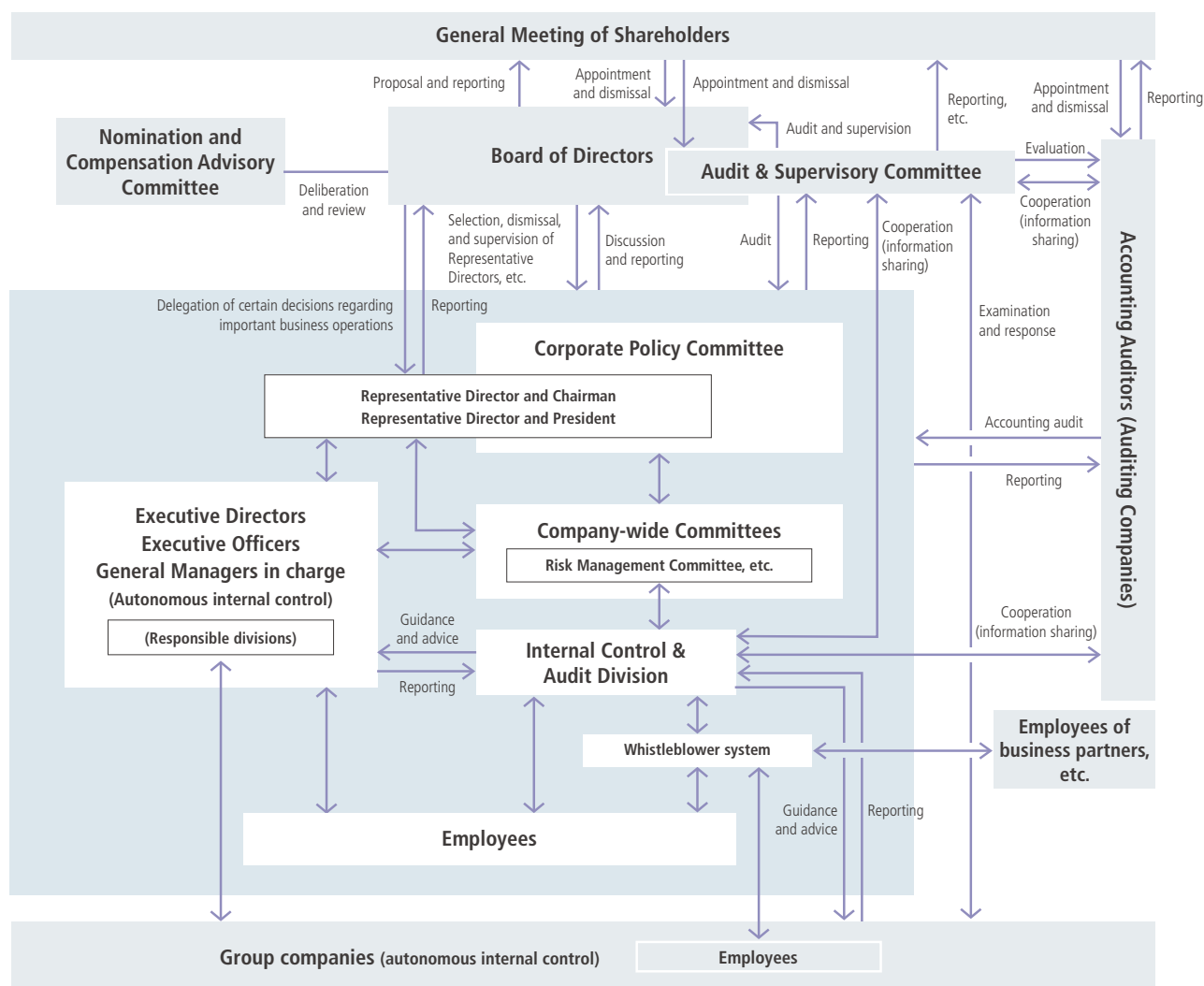
The following are the points we would like you to understand in this section

- 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 business 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.

Corporate Governance

Basic Views of Corporate Governance

Nippon Steel adopts a Company with Audit and Supervisory Committee structure to enhance deliberations on formulating corporate policies and strategies by expediting management-related decision-making, prioritizing deliberation matters at 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 is comprised of 15 members, of whom ten are Directors (excluding those who are members of the Audit & Supervisory Committee) and five Directors who are members of the Audit & Supervisory Committee. The Representative Director and President chairs the Board of Directors. Independent Outside Directors account for one-third of the members of the Board of Directors (five, including three women). 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 members of the Audit & Supervisory Committee hold voting rights for the resolution on the appointment and dismissal of Directors, the selection and dismissal of Representative Directors, and all other business execution-related decisions (except for those delegated to Directors). Furthermore, the Audit & Supervisory Committee has the authority to give its opinions at the General Meeting of Shareholders concerning the appointment and compensation of Directors (excluding Directors who are members of the Audit & Supervisory Committee). The voting rights and authority of the Audit & Supervisory Committee described above are intended to strengthen 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, environment issues, disaster prevention, and quality assurance.

Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is positioned as a place where we broadly deliberate on and consider all matters related to the nomination and compensation of our Directors, such as the composition of the entire Board of Directors and the Audit & Supervisory Committee, and the schemes and levels of compensation for Directors. The Committee is comprised of five members: Eiji Hashimoto, Representative Director and Chairman, Tadashi Imai, Representative Director and President, and Tetsuro Tomita, Kuniko Urano, and Kenji Hiramatsu, who are Outside Directors. This committee is chaired by the President and held twice a year as a general rule (scheduled for May and December in FY2025).

Corporate Policy Committee

The Corporate Policy Committee is comprised of the Representative Director and Chairman, the Representative Director and President, the Representative Directors and Executive Vice Presidents, and other members to deliberate on essential matters related to the management of Nippon Steel and its Group companies (held every week as a general rule). 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. For reference, Nippon Steel incorporates an executive officer system to enhance management efficiency through expedited decision-making and to clarify the division of responsibilities.

Company-wide Committees

As deliberative bodies preceding the Corporate Policy Committee and the Board of Directors, we have established company-wide committees by purpose and field, which are chaired by respective Executive Vice Presidents. (As of April 1, 2025, we have a total of 18 company-wide committees, including the Ordinary Budget Committee, Equipment Budget Committee, Investment and Loan Committee, Risk Management Committee, Green Transformation Promotion Committee, and Overseas Business Strategy Committee.)

Initiatives implemented to date to enhance corporate governance

June 2006	- Reduction of the number of directors outlined in the Articles of Incorporation from 48 to 15* (* The number was increased to 20 when Nippon Steel & Sumitomo Metal was established in 2012) - Introduction of an executive officer system - Introduction of limited liability contracts with external auditors	June 2015	Introduction of limited liability contracts with full-time auditors
		October 2015	Establishment of the Nomination and Compensation Advisory Committee
		June 2018	The number of outside directors was increased to three (including a female director)
June 2014	- Appointment of outside directors (two) - Introduction of limited liability contracts with outside directors	June 2020	Transition to a company with an audit and supervisory committee

[Number of meetings held in FY2024]

Board of Directors	Audit & Supervisory Committee	Nomination and Compensation Advisory Committee
18 times	16 times	Three times

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. Full-time members of the Audit & Supervisory Committee and Outside Directors, who are members of the Audit & Supervisory Committee and possess extensive experience and profound insight in their respective specialized fields, are systematically implementing audit activities while maintaining close coordination with the Internal Audit Division. The Audit & Supervisory Committee strives to enhance the effectiveness of its audit activities by reviewing the previous fiscal year's audit activities and reflecting points of improvement in the following fiscal year's audit plan.

The priority audit policies and matters for FY2025 are as follows.

[Priority audit policies and matters]

(1) Status of development and operation of internal control systems

Concerning the status of the development and operation of the internal control systems in the entire consolidated group (such as safety and health, environmental control, disaster prevention and BCP, and quality control and assurance), the Committee must address diversifying and globalizing risks with limited resources, by ensuring 1) the effectiveness of "autonomous internal control" to control and improve department-specific operations under the leadership of the general manager in charge and 2) the status of initiatives by each Administration Division (the second line) and Internal Audit Division (the third line) that are responsible for planning and promoting the efforts described in the above 1).

(2) Progress status in various initiatives under the Management Plan

- Progress status of the Medium- to Long-term Management Plan
- Progress status of securing talented human resources, promoting empowerment and diversity, and inclusion
- Progress status of business innovation and efficiency enhancement

[Main activities of Audit & Supervisory Committee]

- Attendance at important meetings
- On-site audits and tours at steelworks and other facilities
- Hearing the report from executive directors, employees, and others on the execution of their duties
- Communication and information exchange with group companies that contribute to enhancing group governance
- Hearing the report from accounting auditors
- Formation of opinions regarding the appointment and compensation of Directors (excluding those who are members of the Audit & Supervisory Committee)

Internal control systems

According to the Basic Policies on Internal Control Systems, which was resolved by the Board of Directors, and the Internal Control Basic Regulations, Nippon Steel is structured based on autonomous internal control activities by internal divisions and group companies. The Internal Control & Audit Division, in close cooperation with functional divisions in charge of risk management in respective fields, formulates annual plans concerning internal control and risk management, places checking and auditing schemes in place, regularly monitors the status of internal control across the entire Group, and strives for continuous improvement. To foster a healthy and open organization, we emphasize workplace dialogue and regularly confirm employees' awareness of compliance and internal control activities through questionnaire surveys. Furthermore, as a measure to supplement internal control, we set up and operate whistleblower and consultation desks internally and in external specialized organizations, which are accessible to officers, employees, and their families of Nippon Steel and its Group companies, as well as employees of our business partners. There were 437 whistleblower and consultation cases in FY2024 (441 in FY2023).

Risk management

We deliberate on the status of risk management initiatives at company-wide committees chaired by executive vice presidents for each purpose and field, and then report them to the Corporate Policy Committee and the Board of Directors. In addition, we deliberate on and approve the status of initiatives for overall internal controls including matters related to risk management in each field (labor safety, harassment, human rights, environment, disaster prevention, quality assurance, financial reporting, information security, etc.) at the Risk Management Committee, which is held every quarter, chaired by the Executive Vice President in charge of internal control. We also report essential matters to the Corporate Policy Committee and the Board of Directors. Nippon Steel's Board of Directors oversees the management of significant business risks through these mechanisms.

Thorough compliance

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

Based on its Corporate Philosophy and Code of Conduct, Nippon Steel developed company rules and guidelines for the prevention of bribery for domestic and foreign public officials, compliance with the Anti-Monopoly Act, environmental regulations, and the protection of personal information. We also provide thorough instructions to officers and employees on compliance with laws, regulations, and other rules.

Appropriate tax payment

Nippon Steel is making appropriate tax declarations and payments in compliance with relevant laws and regulations in all countries where it operates. On the other hand, we are striving for tax burden optimization by maintaining transparent, constructive communications with local tax authorities, while eliminating tax avoidance practices.

Policies and procedures for nominating director candidates and appointing and dismissing senior management members

Policies for nominating director candidates and appointing senior management members

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. We believe appointing the President and other senior management members is one of the most critical roles and 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 for nominating director candidates and appointing senior management members

Nippon Steel shall resolve the nomination of director candidates and the appointment of senior management members at the Board of Directors following deliberations at the Nomination and Compensation Advisory Committee. According to the policies described above, the Committee deliberates on and considers these matters from multiple angles, considering the size of the entire Board of Directors and the Audit & Supervisory Committee, as well as the balance of candidates who constitute these managerial functions. In addition, we shall discuss the nomination of director candidates who are members of the Audit & Supervisory Committee at the Board of Directors, after obtaining prior consent from the Audit and Supervisory Committee.

Procedures for dismissing the President and other senior management members

When any grounds for disqualification of directors as stipulated by law arise concerning the President or other senior management members, Nippon Steel shall dismiss them from their positions by a resolution of the Board of Directors. Furthermore, when the President or other senior management members are suspected of misconduct or breach of trust, and when significant impediments arise to the continuation of their duties, Nippon Steel shall be able to dismiss them from their positions by a resolution of the Board of Directors, as well as deliberations and considerations at the Nomination and Compensation Advisory Committee, as needed.

Policies on determining the amount of compensation for directors

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

■ Basic policies and compensation structure

The compensation for Directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors) shall consist of 1) fixed monetary compensation, 2) performance-based monetary compensation, and 3) performance-based stock compensation. The fixed monetary compensation and the performance-based monetary compensation are paid monthly. We determine the base amounts for these two types of compensation by the director's position (the amounts of compensation paid when our consolidated performance reaches a certain level), considering the levels commensurate with the required capabilities and responsibilities. Regarding the performance-based monetary compensation, we shall determine the amount of compensation for each director after an adjustment within a certain range based on our consolidated performance, without exceeding the limit approved by the General Meeting of Shareholders. The performance-based stock compensation shall be based on a trust-based stock compensation plan. Based on the stock delivery regulations established by the Board of Directors, we shall award each director (excluding a director who is a member of the Audit & Supervisory Committee and an outside director) points based on his/her position and the company's consolidated performance, considering the levels commensurate with the required capabilities and responsibilities. Upon the director's retirement, in principle, we shall deliver through a trust the number of stocks equivalent to the number of points awarded (which are acquired by the trust using money we contribute). The compensation for outside directors (excluding directors who are members of the Audit & Supervisory Committee) shall be paid monthly only in the form of fixed monetary compensation. We shall determine the amount of monthly compensation for each director within the limit approved by the General Meeting of Shareholders, considering the levels commensurate with the required capabilities and responsibilities.

■ Policies on performance-based compensation

As the benchmark indicator for performance-based monetary and stock compensations for Directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors), we shall use the underlying consolidated business profit and loss, which clearly reflects the Group's operating performance. This indicator takes into account the revenue targets in the Medium- to Long-term Management Plan from the perspective of delivering an appropriate amount of compensation according to the performance for the period. (This indicator is obtained by subtracting the inventory valuation differentials from the consolidated business profit, which we understand represents our Group's real earning power.)

■ Policy on the ratio of compensation by type

Regarding the ratio of the fixed monetary compensation, performance-based monetary compensation, and performance-based stock compensation, we shall raise the ratio of performance-based compensation (i.e., performance-based monetary and stock compensation) to grant each director appropriate incentives based on his/her position and performance. For the Representative Director and Chairman and the Representative Director and President, we set the ratio of [fixed compensation (fixed monetary compensation) to performance-based compensations (performance-based monetary compensation + performance-based stock compensation)] at around 5/5 for the base amount (the amount to be paid when achieving an underlying consolidated business profit of ¥600 billion). We shall change this ratio within the range of 3/7 to 10/0, depending on the company's performance. In addition, we set the performance-based stock compensation for these two at around 40% of the performance-based monetary compensation.

■ Method for determining individual compensation

Regarding the specific amounts and details of the fixed monetary compensation, performance-based monetary compensation, and performance-based stock compensation for each director (excluding a director who is a member of the Audit & Supervisory Committee), Nippon Steel shall resolve them at the Board of Directors following deliberations at the Nomination and Compensation Advisory Committee, where the majority of participants are outside directors.

■ Directors who are members of the Audit & Supervisory Committee

The compensation for directors who are members of the Audit & Supervisory Committee shall be paid monthly only in the form of fixed monetary compensation. We shall determine the monthly compensation for these directors within the limit approved by the General Meeting of Shareholders, taking into account the details of duties and other factors based on their position and whether they are full-time or part-time.

■ Methods for compensation policy decisions

We determine the policies for Directors (excluding directors who are members of the Audit & Supervisory Committee) at the Board of Directors following considerations at the Nomination and Compensation Advisory Committee. On the other hand, we determine the policies for Directors who are members of the Audit & Supervisory Committee through consultations among directors who are members of the Audit & Supervisory Committee. The Committee is engaging in a broad discussion on these policies based on survey results by external organizations on compensation levels for directors of other companies, including the appropriateness of our compensation systems and levels for directors.

[Total amounts of compensation for directors in FY2024]

(Compensation and others from April 2024 to June 2024)

Officer classification	Number of members (persons)	Total amount (yen)	Total amount by compensation type (yen)		
			Monthly compensation	Non-monetary compensation, etc.	Other types of compensation
Directors (excluding directors who are members of the Audit & Supervisory Committee)	10	309,710,000	309,710,000	—	—
Outside directors among these directors	2	8,640,000	8,640,000	—	—
Directors who are members of the Audit & Supervisory Committee	5	43,280,000	43,280,000	—	—
Outside directors among these directors	3	12,960,000	12,960,000	—	—
Total	15	352,990,000	352,990,000	—	—

The above includes a director (who was not a member of the Audit & Supervisory Committee) and five directors who were members of the Audit & Supervisory Committee (three of whom were outside directors), who all retired upon the conclusion of the 100th Ordinary General Meeting of Shareholders held on June 21, 2024.

(Compensation and others from July 2024 to March 2025)

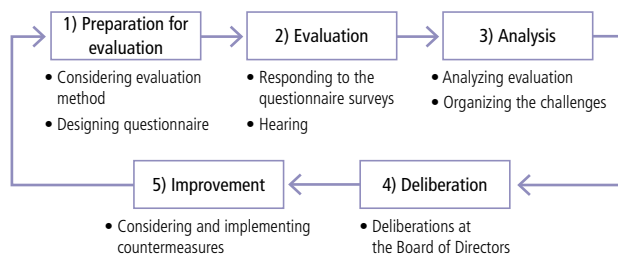
Officer classification	Number of members (persons)	Total amount (yen)	Total amount by compensation type (yen)		
			Fixed compensation	Performance-based compensation	Non-monetary compensation, etc.
Directors (excluding directors who are members of the Audit & Supervisory Committee)	10	1,801,710,000	738,630,000	1,063,080,000	—
Outside directors among these directors	2	29,880,000	29,880,000	—	—
Directors who are members of the Audit & Supervisory Committee	5	157,230,000	157,230,000	—	—
Outside directors among these directors	3	44,820,000	44,820,000	—	—
Total	15	1,958,940,000	895,860,000	1,063,080,000	—

Analysis and evaluation of the effectiveness of the entire Board of Directors

Nippon Steel is analyzing, evaluating, and improving the effectiveness of the Board of Directors to enhance its effectiveness as follows.

1. Evaluation process

We are evaluating the effectiveness of the Board of Directors through the following process: 1) preparation for evaluation, 2) evaluation, 3) analysis, 4) deliberation, and 5) improvement. Regarding 2) evaluation, we quantitatively analyze the number of matters, deliberation time, and each director's attendance rate, as well as the number of comments brought up and reported to the Board of Directors, for comparison with those in the previous fiscal years. We are also conducting questionnaire surveys and interviews with each director to understand his/her specific challenges.

**2. Effectiveness evaluation in FY2024**

Nippon Steel evaluated the effectiveness of the entire Board of Directors in FY2024 (at the Board of Directors meeting held in May 2025). As a result, we confirmed that proposals brought up and reported to the Board of Directors (including the formulation of management policies and strategies, essential matters from the perspective of business strategies, issues related to risk management, progress in carbon neutrality, diversity, and inclusion initiatives, and measures for securing talented human resources and promoting empowerment) had been appropriately explained in accordance with the Companies Act and internal regulations. We also verified that both internal and external directors asked questions and deliberated on these proposals from a diverse viewpoint and from the perspective of the medium- to long-term corporate value enhancement. Taking all things into consideration, we concluded that the Board of Directors had been working effectively.

Furthermore, based on the opinions of each director obtained from the effectiveness evaluation in FY2024, we will continue to strive for the improved operation of the Board of Directors and

prioritize deliberations to enhance its effectiveness further. To this end, we will continue to improve meeting procedures and utilize other platforms outside the Board of Directors to facilitate broader information sharing and exchange of opinions.

[Major deliberations at the Board of Directors in FY2024]

- Formulation of management policies and strategies
- Essential matters related to business strategies
- Status of Group companies (financial soundness evaluation, etc.)
- Status of initiatives for safety, environment, disaster prevention, and quality
- Status of initiatives toward carbon neutrality
- Status of initiatives for diversity and inclusion
- Measures for securing talented human resources and promoting empowerment
- Appointment of representative directors, nomination of director candidates, and appointment of senior management members
- Analysis and evaluation of the effectiveness of the Board of Directors
- Status of development and operation of internal control systems
- 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. Besides, from the perspective of further enhancing the effectiveness of the Board of Directors and based on the opinions of directors obtained from the effectiveness evaluation in FY2024, we will continue to strive to improve the structure, content, and method of provision of materials for the Board of Directors and enhance and activate deliberations by prioritizing matters subject to deliberation and reviewing the operational procedures.

Significance of holding 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 the medium- to long-term corporate value of the Group. In addition, to comply with relevant laws and regulations and ensure reliable financial reports and effective and efficient operations, Nippon Steel is developing and appropriately operating its internal control systems suitable for the Group's businesses, striving for their continuous improvement. Based on this basic policy, Nippon Steel and its Group companies share business strategies as a unified group, while taking into account the business characteristics of each Group company. With respect to the control of the Group companies, we establish basic rules in the Group Company Management Regulations to ensure appropriate operations of the control. At the same time, each Group company is building and developing its internal control system based on autonomous internal control, enhancing various internal control-related initiatives backed by our support, guidance, and advice. Furthermore, to ensure its independent decision-making, each listed subsidiary has a structure in which independent outside directors account for at least one-third of its total board members. Therefore, we understand that these subsidiaries are managed autonomously. Regarding the condition of transactions between the parent and subsidiary companies, we determine it reasonably based on general contract terms with other customers and market prices. Our listed subsidiaries confirmed that they did not harm the interests of any company. When it comes to our subsidiaries listed on the Prime Market of the Tokyo Stock Exchange, we establish a system to set up a special committee when significant parent-subsidiary transactions or actions take place. Currently, Nippon Steel has four listed subsidiaries: NS Solutions Corporation, Osaka Steel Co., Ltd., Krosaki Harima Corporation *, and Geostr Corporation. (Significance of holding each listed subsidiary is stated in the Corporate Governance Report, Chapter I. 5. Other special circumstances that may significantly impact corporate governance)

* On August 1 of this year, we announced the commencement of a tender offer for the full subsidiarization of this company.

We judge the appropriateness of these companies being listed subsidiaries from the perspectives of 1) significance for Nippon Steel, 2) significance for our subsidiaries, and 3) the necessity of being publicly listed companies. We judge the perspectives of 1) and 2) on a case-by-case basis because they vary depending on each subsidiary. Regarding the perspective of 3), our judgment must be based primarily on several factors, including enhanced presence in the industry, securing talented human resources, creditworthiness in business, procurement of growth capital, and strong motivation for growth driven by wrestling the rigor of the stock market.

Particularly when significant changes occur in our business environment or group strategies, we make timely judgments on the relationships with our listed subsidiaries and execute capital policies as needed. There are cases where we executed capital policies in the past, such as NS Trading Co., Ltd. and Sanyo Special Steel Co., Ltd., which went private. Even when our holding of listed subsidiaries is considered appropriate at present, its appropriateness may not necessarily be maintained in the future. Therefore, flexibly responding to changes is fundamental to the management of our group company.

System that promotes group management

For all subsidiaries and affiliated companies, Nippon Steel implements not only internal controls but also the formulation of consolidated management plans and PDCA-based management of consolidated financial statements. As one such example, for all group companies, including listed subsidiaries, we conduct a management soundness assessment at least once a year under quantitative criteria based on financial data, whose results we report to the Corporate Policy Committee. We also report the results to the Board of Directors once a year.

Significance of holding listed affiliated companies

Nippon Steel holds nine listed affiliated companies primarily for their contribution to the company's consolidated profits. Those companies are Godo Steel Ltd., Topy Industries Ltd., Kyoei Steel Ltd., Nippon Denko Co., Ltd., Nichia Steel Works, Ltd., NS United Kaiun Kaisha, Ltd., Nippon Coke & Engineering Co., Ltd., Sanko Metal Industrial Co., Ltd., and Sanyu Co., Ltd. Takasago Tekko K.K. All these companies constitute part of the steelmaking business segment of Nippon Steel's portfolio. Although Nippon Steel sends an auditor to some of these companies to ensure appropriate risk management, there are no matters requiring approval of Nippon Steel, nor any agreements related to governance with any one of these companies. Moreover, since Nippon Steel's ratio of voting rights does not reach a majority at any company, we understand that the independence of each company is ensured and that the risk of conflicts of interest is minimal.

Strategic shareholdings

Policy on strategic shareholdings

From the standpoints of sustainable growth and corporate value enhancement in the medium- to long-term, Nippon Steel believes it is extremely important to maintain and develop the trust and collaborative relationships with its broad range of business and alliance partners both in Japan and overseas that it has cultivated through its business activities in the past. We shall continue strategic shareholdings if they are judged to contribute to maintaining and strengthening the business foundation between us and our business and alliance partners whose shares we have, enhancing the earning power of both parties, and eventually, corporate value enhancement of Nippon Steel and its Group companies. On the other hand, we intend to sell the shares of business partner companies with which we have confirmed that the above objectives can be achieved without strategic shareholdings after thorough discussion with them.

Verification of the appropriateness of strategic shareholdings

Nippon Steel confirms the appropriateness of all strategic shareholdings by scrutinizing specifically whether the purpose of each shareholding is appropriate and whether the benefits and risks associated with holding are commensurate with the cost of capital. In this process, we verify the appropriateness of strategic shareholdings whose market values exceed a certain amount at the Board of Directors annually. The total market value of the strategic shareholdings verified at the Board of Directors accounted for around 80% of the total market value of those held by Nippon Steel on a consolidated basis (as of March 31, 2025). The number of stock brands of the strategic shareholdings held by Nippon Steel on a non-consolidated basis was 495 as of October 1, 2012, when Nippon Steel & Sumitomo Metal was established. However, the number decreased to 236 as of March 31, 2025 (the total value on the balance sheet was ¥223.2 billion).

 P.66 “Changes in Holdings”

Basic policy on the exercise of voting rights for strategic shareholdings

Nippon Steel exercises its voting rights for strategic shareholdings by comprehensively evaluating whether the related agenda item of the General Meeting of Shareholders of a company whose shares we hold contributes to the corporate value enhancement of Nippon Steel and the company. Specifically, Nippon Steel shall exercise its voting rights by formulating its voting rights exercise criteria that stipulate judgment guidelines depending on the types of agenda items, such as the appropriation of surplus funds and the appointment of directors and auditors, as well as comparing these criteria with the above-described results of verifying the appropriateness of strategic shareholdings.

Policy for dialogues with shareholders and investors

With a view to achieving sustainable growth and improving its corporate value in the medium- to long-term, Nippon Steel is taking various measures to promote constructive dialogues with shareholders. The Director responsible for Corporate Communications and the Director in charge of Accounting and Finance are responsible for overall dialogue with shareholders and investors to enhance various initiatives, in collaboration with other internal divisions, including the Corporate Communications and the Accounting & Finance Division. Specifically, we strive to proactively provide information to shareholders and respond sincerely to their questions and comments at the General Meeting of Shareholders. We also regularly invite shareholders to our local management business briefings and plant tours in various locations. In addition, we are engaged in dialogue with institutional investors through opportunities such as briefing sessions concerning our management strategies, details of our businesses, accomplishments, approaches to sustainability issues, etc. We engage in dialogue with appropriate specialists depending on the nature of our explanation. In addition, we have been strengthening our initiatives for individual shareholders in recent years. Our senior management members, including the President, and an officer in charge of IR, join these dialogue opportunities, as needed. Our senior management members and internal divisions share the opinions of shareholders and investors obtained through these initiatives, as needed. We also regularly report and provide feedback on the results to the Board of Directors.



Factory tours



Management Briefing Session

Board of Directors^(as of July 2025)

Directors



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; Project Leader of Usiminas Project, Global Business Development Sector of NSC
Jun. 2016: Representative Director and 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, Thailand Iron and 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 Usinas Siderúrgicas de Minas Gerais S.A -USIMINAS
Apr. 2020: Managing Executive Officer, Head of Unit, Plate Unit, Pipe & Tube Unit, Project Leader, VSB Project, Global Business Development Sector of NSC
Apr. 2021: Executive Vice President, Head of Global Business Development, Project Leader of 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 Global Business Development Sector of NSC
Project Leader of India Iron and Steel Project
Apr. 2024: Representative Director, Vice Chairman and Executive Vice President
Head of Global Business Development; Project Leader of 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 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, Thailand Iron and 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, Head of Unit, Plate Division of NSC
Apr. 2019: Managing Executive Officer; Head of Unit, Plate Division; Vice Head of Unit, Flat Products Division of NSC
Apr. 2020: Managing Executive Officer; Head of Unit, Flat Products Unit; Project Leader of Shanghai-Baoshan Cold-rolling & 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
Jun. 2025: Representative Director and Executive Vice President, Deputy Project Leader, USS Project, Deputy Project Leader, Next-Generation Hot Strip Mill Project 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
Jun. 2025: Representative Director and Executive Vice President of NSC, Deputy Project Leader, USS Project 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 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
Jun. 2025: Representative Director and Executive Vice President of NSC, Deputy Project Leader, USS Project, Project Leader, Next-Generation Hot Strip Mill Project; Project Leader, Electric Furnace Project of NSC



Representative Director and Executive Vice President

Nobuhiro Fujita

Apr. 1989: Joined Nippon Steel Corporation (NSC)
Apr. 2018: Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2021: Managing Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2024: Senior Managing Executive Officer; Head of R&D Laboratories, Head of Steel Research Laboratories of NSC
Apr. 2025: Executive Vice President; Head of R&D Laboratories of NSC
Jun. 2025: Representative Director and Executive Vice President; Head of R&D Laboratories, Deputy Project Leader, USS Project of NSC



Director, Member of the Board

Tetsuro Tomita

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 NSC
Apr. 2024: Advisor of East Japan Railway Company



Director, Member of the Board

Kuniko Urano

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 NSC

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



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

Kenji Hiramatsu

Apr. 1979: Joined Ministry of Foreign Affairs of Japan
Nov. 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 NSC

Outside
Director
Independent
Director



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

Aiko Sekine

Apr. 1981: Joined 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
Jul. 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 NSC

Outside
Director
Independent
Director



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 Specified Nonprofit Corporation, International Environment and Economy Institute
Oct. 2018: Co-representative of U3 Innovations LLC
Apr. 2020: Specially Appointed Professor of Tohoku University
Jun. 2024: Director, Member of the Board (Audit & Supervisory Committee Member) (Outside Director) of NSC

Outside
Director
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	●					●	●		
Hirofumi Funakoshi	Representative Director and Executive Vice President	●		●	●				●	
Hiroyuki Minato	Representative Director and Executive Vice President				●	●			●	
Nobuhiro Fujita	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.

— Roundtable Discussion of Outside Directors — To Realize Nippon Steel's Vision

Sumiko Takeuchi

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

Aiko Sekine

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

Kenji Hiramatsu

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

Tetsuro Tomita

Director,
Member of the Board

Kuniko Urano

Director,
Member of the Board

We have five Outside Directors of Nippon Steel here to discuss the characteristics of our Board of Directors, the contributions they can make by leveraging their respective expertise and experience, and their expectations for Nippon Steel's Vision.

— Characteristics of our Board of Directors

Tomita: I became an outside director five years ago, when the business environment was extremely challenging. I recall that Nippon Steel announcing a plan at that time to generate revenue by reducing its domestic crude steel production capacity to 40 million tons. However, it later successfully restructured the domestic steel business and then realized the acquisition of U. S. Steel. I have the utmost respect for the leadership of the management team members.

Our Board of Directors is characterized by Executive Vice Presidents, who are also Directors and explain agenda items themselves. Generally, executive officers or general managers

explain agenda items at many companies, but at Nippon Steel, Executive Vice Presidents responsible for respective business operations do that job. While western-style corporate governance reforms have been a mainstream trend worldwide, I do not believe that a formal separation of executive and supervisory functions is the best approach. From my experience with serving as president and then chairman of a railway company, I am keenly aware of the difficulty of that approach. I believe the Board of Directors should do more than serve as a supervisory body. Instead, it should be a place where even the executives actively participate in candid discussions about various issues. In this sense, Nippon Steel is a company in which integrated executive and supervisory functions enable essential and productive discussions.

Urano: Expressing our opinions by completely separating supervision and execution might make it difficult to formulate agenda items in the first place. Our Board of Directors strikes a balance between supervisory matters related to governance and executive matters such as growth and business strategies. Also, the secretariat does an excellent job setting the scope and depth for matters to be discussed. Such thoughtfulness is very helpful to me. Furthermore, the secretariat also provides a comprehensive preliminary explanation and answers my questions with concrete data. This allows me to focus on substantive discussions at the Board of Directors. What I emphasize is why the executive side has reached that decision. As we can easily fall into a pitfall when things go smoothly, I make sure that agenda items have been thoroughly studied from multiple perspectives. So, I am always conscious of thinking from my own perspective without blindly accepting expert opinions.



Hiramatsu: As resolution matters submitted to the Board of Directors are meticulously constructed in every detail, it is nearly impossible to add more value to them. I strive to resolve my questions during the preliminary briefing and emphasize the conveyance of my opinions, insights, and expertise-based information to the Board of Directors. Since the Board of Directors is a place for making decisions, not for a question-and-answer sessions, it does not feel as hectic as other meetings. However, I have the impression that agenda items are sincerely and thoroughly discussed. As a member of the Audit & Supervisory Committee, I consciously maintain a neutral perspective by keeping a certain distance from the executives.

Sekine: It is said that the separation between management supervision and execution at the Board of Directors is not clearly defined in many Japanese companies. Furthermore, their governance is structured in various forms, such as a company with a board of company auditors, a company with an audit

and supervisory committee, and a company with a nominating committee. Under these circumstances, I believe that how management supervision should be performed, and which form of governance structure is best vary depending on each company's management style and culture, which we cannot determine uniformly. Instead, it is essential to enhance the effectiveness of governance in a manner appropriate to that company.

At our Board of Directors, the Executive Vice President explains an agenda item, with the Chairman and President present, which fosters an atmosphere where everyone can express candid opinions. I believe this atmosphere enables substantive, in-depth discussions, leading me to think that the current governance structure fits well with Nippon Steel's organizational culture. In this context, I think an essential role of outside directors is to deepen discussions at the Board of Directors from the external viewpoint of "how the company is recognized by society," not only from the internal perspective that the executive side has been discussing, but also from the objective perspective of those who are not involved in execution.

Takeuchi: As other members said, agenda items brought up to the Board of Directors are very carefully prepared. However, no matter how carefully you prepare something, there are no guarantees in business. In such a violently changing time, what may seem like the best solution from one perspective may often turn out otherwise when viewed from another. I believe outside directors have the role of sensing early signs of changes in society and the market, informing them internally, and offering opinions from a perspective different from that within the company.

I perceive Executive Vice Presidents present at our Board of Directors with a sense of considerable tension. We seldom see heated debates at our Board of Directors. It may be because the agenda items have been thoroughly deliberated in the preceding Corporate Policy Committee. So, I have my say with the hope that a comment from an outside director may spark up discussions there.

— Roles of outside directors

Tomita: According to my experience, although outside directors are not necessarily well-versed in the company's businesses. However, they often point us to new perspectives based on their extensive experience and knowledge, and I have gained significant insight from them. Feedback from an external perspective, which is often overlooked inside the company and is extremely valuable for those engaging in executing operations internally. I understand that providing advice from this a perspective is one of the primary responsibilities of outside directors.



Meanwhile, Japanese companies have long prioritized employee engagement, considering management from a medium- to long-term perspective. This management style makes a lot of sense to me. No matter how impressive your business plans are, if your employees do not follow these plans or are exhausted, you cannot produce the desired results. While meticulously considered topics are brought up to our Board of Directors, the agenda items to be reviewed represent only a fraction of the daily issues arising in the fields of our Group, which has more than 100,000 employees. For this reason, I am checking audit and compliance reports in detail with a strong interest in employee engagement. It is not easy to manage and lead such a large number of employees and maintain thorough governance. Therefore, I intend to make use of my own experience to contribute to the company's management from this perspective as well.

Urano: I have experience working as a production management manager at a company in the heavy, capital-intensive industry, where "safety, quality, and reliability" are tenaciously emphasized, like Nippon Steel. So, I understand very well how difficult it is to penetrate governance into every corner of the production fields. "How could this happen despite such thorough governance?" Such things happen all the time. This is precisely why incorporating an outside perspective is so important. On the other hand, the answers to solve problems lie on the front lines, whether in the R&D field, production field, or sales field as an interface with customers. Therefore, enhancing front-line capabilities is essential for the company's sustainable growth. I am sure the Administrative Division and main office staff are well aware of this point. However, even if you know it in your head, there are many things you cannot realize unless you stand on the front lines. Therefore, I believe that checking for such awareness at the front lines is also an important perspective for outside directors.

Hiramatsu: I have been involved in the core of foreign policy at the Ministry of Foreign Affairs for over 40 years. I have no corporate management experience. However, I have engaged in numerous negotiations with the United States and also worked locally in India for about four years. Nippon Steel has realized a partnership with U. S. Steel and is currently gaining a foothold in India for business expansion. Given this situation, our coordination and negotiations with governments and relevant authorities around the world will remain essential in the future. Over many years, I have engaged in international negotiations and developed an understanding of how Japanese companies are recognized globally. I believe my experiences in this area could provide valuable insights for Nippon Steel's global expansion.

On the other hand, I used to say at the Ministry of Foreign Affairs, "Avoid one-way discussions." As Mr. Tomita said earlier, I felt that different perspectives and opinions often lead to discoveries and better conclusions. In that sense, while the Board of Directors is a place for making decisions, I believe it would be better if it became a place where opinions are exchanged more actively.

Sekine: With many years of experience as an accounting auditor and certified public accountant, people believe that I am skilled with numbers and tend to approach things from a numerical perspective. However, auditing is not all about looking at numbers. It is essential to understand the company's actual situation and make judgments from an outside, independent perspective. To this end, I place great importance on touring the fields for direct interviews with employees. From that experience, what I feel as an outside director is that penetrating governance into every corner of the fields is not as easy as it sounds. While the Board of Directors discusses major policies, even minor carelessness in the fields could generate a considerable risk that might undermine the company's overall credibility. Even if we provide clear instructions on governance, they become meaningless if misconduct or other impropriety occur



due to their insufficient penetration into the fields. Therefore, as a member of the Audit & Supervisory Committee, I consider it one of my roles to closely monitor even minor issues in the fields and discuss them with the Board of Directors or other relevant parties.

Takeuchi: My area of expertise is green transformation (GX), but it does not simply mean I try to reduce greenhouse gas emissions. This is an economic growth strategy aimed at enhancing efficiency and building a more sustainable society by integrating it with the transformation of industrial structure and locations, as well as digital transformation (DX). In this context, I place great importance on three points. The first point is "communication." As the industrial structure undergoes significant changes in the future, I consider that it will become increasingly important to proactively engage in dialogue with people outside the steel industry and cooperate with them toward social reforms. Nippon Steel has long been engaged in overseas businesses, making it relatively good at coexisting with different cultures. However, as that experience is limited to the steel industry, we need to change both the quality and quantity of our communication to integrate with foreign cultures from now on. I also believe we must pay attention to "tacit understanding," which is often inherent in large, highly homogeneous companies. Therefore, it is crucial to assess from an external perspective whether effective communication is fostered between management and the fields.

The second point is to urge the executive side to further sharpen its sensitivity to "negative information." In many cases, information about accidents and incidents is reported to the Board of Directors only after the cause has been investigated. However, I will encourage sharing bad news as quickly as possible.

The third point is a "sense of speed." All agenda items are

meticulously prepared and brought to the Board of Directors. As a result, the company can move extremely quickly once decisions are made. On the other hand, I am concerned that those agenda items may necessitate additional steps in preliminary preparations. I also serve as an outside director for a startup company. That company moves forward with a sense of speed, like "Try it first, and fix it immediately if it does not work." In rapidly changing situations, no matter how detailed your plans are, things often do not go as planned. Therefore, it is essential to enhance our sense of speed and flexibility. The time and manpower spent on preparations are costs. So, I will emphasize the importance of striking a balance between a sense of speed and meticulousness from an external perspective.

— Nippon Steel's Vision

Tomita: Under the leadership of our top management, Nippon Steel is changing courses to pursue full-scale global expansion. I hope the vision of "aiming to become the world's best steelmaker in ten years" will serve as a driving force to not only revive Nippon Steel but also Japan's industrial competitiveness, which has declined during the so-called "lost 20 or 30 years." Despite the limited growth in Japan, Nippon Steel is expanding into the United States, India, Thailand, and Europe. Therefore, I believe the groundwork has been sufficiently laid for the vision of "100 Million Tons, 1 Trillion Yen." I also think the message of Chairman Mr. Hashimoto, "We will return profits earned to our employees," is superb. As I said earlier, I believe enhanced employee happiness and engagement create a virtuous cycle of growth and profit distribution. I hope Nippon Steel spreads its wings around the world and utilizes its technical expertise and field capabilities for the sake of Japan's industrial community.



Urano: It is wonderful to see the leadership's commitment to "carbon neutrality," as well as the discontinuous goal of "100 Million Tons, and 1 Trillion Yen," permeate through all employees. In addition, I am always impressed by their thoroughness in anticipating various scenarios far ahead to prepare to act immediately when opportunities arise. Moreover, the company needs to communicate regularly and clearly with the fields on how they should adapt to changes. This ensures that everyone, including the fields, can move forward smoothly when the time comes to accelerate.

Now that the acquisition of U. S. Steel has been completed, I sincerely hope the company will launch a model that demonstrates, "This is Nippon Steel's global management." I want Nippon Steel to operate in each region, leveraging the Group's strengths without compromising on the policies, technology, and quality that we must protect, while respecting the value and culture of the region. As growth opportunities continue to expand for both the company and its employees, I hope Nippon Steel will continue to strive to create an environment that allows not only our Japanese employees but also global colleagues to share the joy of success.

Hiramatsu: Nippon Steel is a leader of the Japanese industrial community and actively operates around the world, which is of great importance for Japan's diplomacy and the revival of its industrial competitiveness. Given this fact, the company's vision of "100 Million Tons, 1 Trillion Yen" is an achievable goal. Now that the acquisition of U. S. Steel has been finalized, I believe Nippon Steel can set an even higher goal. Given the availability of sufficient management resources, I would like to encourage Nippon Steel to strive for a higher level, demonstrating an overwhelming global presence under the leadership of top management.



I believe the key to future growth lies in India. This country has a population of 1.4 billion and is expanding at an annual growth rate nearing 7%, with its infrastructure development still in its early stages. The potential demand for steel is enormous. Of course, we should focus on creating synergies with U. S. Steel in the short term as the top priority. However, I believe the steel market in India will eventually surpass that in Japan. I still visit India almost every month, experiencing its growth firsthand. I am always willing to give my advice for the company. I desire for Nippon Steel to succeed in India for the sake of Japan as well.

Sekine: The vision of "100 Million Tons, 1 Trillion Yen" sounds very comprehensible and is memorable to me. On the other hand, as is the case with the merger of U. S. Steel, Nippon Steel has the guts to get the job done meticulously. The company precisely set up goals that seem mere wishes at first glance, and clears them one after another. As other members said, steel is the foundation of industry, and it can help Japan's industrial community regain its vitality. I do hope that Nippon Steel will steadily make significant achievements toward the realization of this vision.

I am embarrassed to say this, but I had only the image of Nippon Steel as "a company that produces iron in big blast furnaces." However, I later learned that it has highly competitive advantages, including the possession of advanced technologies that other companies cannot replicate and the ability to meet customers' detailed needs. However, as Ms. Takeuchi said, pursuing "meticulousness" in manufacturing to the extreme might result in unnoticed inefficiencies in the company. Chairman Mr. Hashimoto said, "There is still room for further efficiency enhancement." He is right. Structural reform of the domestic steel business has not been completed yet. To help Nippon Steel strive for its goals, I will continue to offer advice from an outside perspective to the best of my ability.

Takeuchi: Nippon Steel is a company that "delivers on its promises." The growth of steel is crucial to social growth. So, I feel excited about the vision of "100 Million Tons, 1 Trillion Yen."

On the other hand, the "realization of a carbon-neutral society" is an extremely difficult challenge. Green transformation comes at significant costs. Without a system that fairly and evenly distributes the costs internationally and across industries, there is no hope for achieving carbon neutrality in the entire society. However, when it comes to bearing such costs, any country, company, and consumer would want to avoid the burden in their hearts.

As carbon neutrality is my area of expertise, please allow me to



add a few comments. Steel companies often face harsh criticism from society due to environmental concerns. Given the magnitude of CO₂ emissions, their reactions are not a surprise. However, while I observe various industries and companies as a government committee member, I consider Nippon Steel to be a company that is extremely serious about addressing such concerns. My biggest surprise after becoming an outside director is the fact that Nippon Steel is this serious about GX. Carbon neutrality is not a simple matter that the emergence of special technologies or product designs can accelerate. Instead, the entire society is asked how much burden and pain it can bear to realize the environmental "value that benefits everyone." Since consumers can hardly recognize this value, the government's institutional designs would play a crucial role. However, such institutional designs often end up with "God and the devil are in the details." Nippon Steel always examines every detail and conveys its candid opinions even to the government. For this reason, the company may sometimes look like a "resistance force." However, I learned that it was because the company is serious about its initiatives toward carbon neutrality, not about greenwashing.

On the other hand, the addition of U. S. Steel to our Group companies also means a significant increase in the generation of its global environmental impact. This calls for Nippon Steel to further commit to and develop strategies for environmental protection. At the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) and other international conferences, the parties are shifting to a phase where actionable plans are valued over less substantive carbon neutrality declarations. Given this background, I believe the world's expectations for Nippon Steel will continue to grow further. I have very high expectations of Nippon Steel's initiatives as it is one of the few companies capable of providing concrete solutions for a decarbonized society.