

Last Update: July 9, 2020
Nippon Steel Corporation
Representative Director and President
Eiji Hashimoto
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Securities code: 5401
<https://www.nipponsteel.com/en>

The corporate governance of Nippon Steel Corporation (the “Company” or “NIPPON STEEL”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

(1) The Company has established a corporate governance system suited to the businesses of the NIPPON STEEL Group in order to achieve the sound and sustainable growth of the NIPPON STEEL Group and increase its corporate value over the medium- to long-term, in response to the mandate delegation of responsibilities by and trust of from all stakeholders, including its shareholders and business partners.

(2) The basic structure of NIPPON STEEL’s corporate governance is as follows.

a. Reasons for Adopting a Company with an Audit & Supervisory Committee

The Company had adopted a company structure with an Audit & Supervisory Board, having determined that this structure is effective in ensuring the efficiency and soundness of management. Under this structure, the Board of Directors, consisting chiefly of Directors with intimate knowledge of NIPPON STEEL’s businesses (which are mainly steelmaking and steel fabrication), makes decisions not only on basic management policies, but also on the execution of important business matters; and the Audit & Supervisory Board Members, with strong legal authority, attend meetings of the Board of Directors to independently supervise the execution of responsibilities by Directors and officers.

With the approval of its shareholders at the 96th General Meeting of Shareholders held on June 24, 2020, NIPPON STEEL made a transition to a Company with an Audit & Supervisory Committee as of the conclusion of the said meeting. As the fluctuation of changes in the environment surrounding steelmaking and other businesses is becoming increasingly significant, the purpose of the transition is, among others, to expedite management decision-making, enhance 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, and to strengthen the supervisory function of the Board of Directors over management.

b. Corporate Governance System

Currently, the Board of Directors of NIPPON STEEL is comprised of eighteen (18)

members, of whom eleven (11) are Directors (excluding Directors who are Audit & Supervisory Committee Members) and seven (7) are Directors who are Audit & Supervisory Committee Members, and is chaired by the Representative Director and President, as follows. Outside Directors account for more than one-third (7 out of 18) of all members of the Company's Board of Directors.

Of the above, the Directors (excluding Directors who are Audit & Supervisory Committee Members) are comprised of eight (8) Executive Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL's businesses, and three (3) Outside Directors who have vast experience in, and deep insights into, such areas as employment, labor, corporate management, international affairs, economies and cultures. The Directors who are Audit & Supervisory Committee Members are comprised of three (3) Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL's businesses, and four (4) Outside Directors who have vast experience in, and deep insights into, such areas as laws, public administration, public finances, corporate accounting and economies.

(Board of Directors' structure)

Name	Position		
[Directors (excluding Directors who are Audit & Supervisory Committee Members)]			
Kosei Shindo	Representative Director and Chairman		
Eiji Hashimoto	Representative Director and President (Chairperson)		
Shinji Tanimoto	Representative Director and Executive Vice President		
Shinichi Nakamura	Representative Director and Executive Vice President		
Katsuhiko Miyamoto	Representative Director and Executive Vice President		
Akio Migita	Representative Director and Executive Vice President		
Shuhei Onoyama	Representative Director and Executive Vice President		
Tadashi Imai	Managing Director		
Noriko Iki	Director	Outside Director	Independent Director
Tetsuro Tomita	Director	Outside Director	Independent Director
Masato Kitera	Director	Outside Director	Independent Director

[Directors who are Audit & Supervisory Committee Members]

Masato Matsuno	Senior Audit & Supervisory Committee Member (full-time)		
Shozo Furumoto	Senior Audit & Supervisory Committee Member (full-time)		
Nobuhiro Miyoshi	Senior Audit & Supervisory Committee Member (full-time)		
Hiroshi Obayashi	Audit & Supervisory Committee Member	Outside Director	Independent Director
Jiro Makino	Audit & Supervisory Committee Member	Outside Director	Independent Director
Seiichiro Azuma	Audit & Supervisory Committee Member	Outside Director	Independent Director
Hiroshi Yoshikawa	Audit & Supervisory Committee Member	Outside Director	Independent Director

(Note) The details of each member, including titles and brief personal histories, are described in “4. Corporate Governance, etc., (2) Status of Officers, 1) List of Officers” in “Section 1, 4. Status of the Reporting Company” of the 95th Term Securities Report.

(The 95th Term Securities Report (available only in Japanese),

URL: <https://www.nipponsteel.com/ir/library/securityreport.html>, pp. 65-68)

In accordance with a provision in the Articles of Incorporation, the Board of Directors of NIPPON STEEL delegates part of the decisions regarding 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, and limiting the number of items for deliberation by the Board of Directors and enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies.

At NIPPON STEEL, by all Directors appropriately fulfilling their roles and responsibilities prompt decision-makings are achieved corresponding to changes in the management environment, and multifaceted deliberations and objective and transparent decision-making by the Board of Directors are secured. In addition, Directors who are Audit & Supervisory Committee Members have 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 Directors, 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 compared to a company structure with an Audit & Supervisory Board, which the Company had adopted.

In order for all Outside Directors to obtain the necessary information and sufficiently

fulfill their roles, the Chairman, the President and other senior management regularly hold meetings with all Outside Directors to share the management challenges, and exchange opinions.

c. Establishment and Operation of the Internal Control System

To comply with applicable laws and regulations, and ensure the integrity of financial reports and the effectiveness and efficiency of business and affairs, NIPPON STEEL establishes and appropriately operates an internal control system, and strives to continually improve it. To create a sound and open organization, NIPPON STEEL establishes the internal control environment by emphasizing dialogue in and outside the workplace, regularly conducting attitude surveys with all employees, and establishing a whistleblower system to receive consultation and reports not only from employees of NIPPON STEEL and the Group companies, but also from temporary workers and employees of contractors and suppliers, and their families.

d. Appropriate Information Disclosure

To enhance management transparency and advance a correct understanding by stakeholders on the management situation of the Group, NIPPON STEEL not only seeks to disclose information in accordance with applicable laws and regulations and the rules of financial instruments exchanges, but also seeks to disclose financial and non-financial information at an appropriate timing, in an easily understandable manner, and accurately.

e. Regular Examination and Review of Corporate Governance

NIPPON STEEL regularly examines and reviews, at the Board of Directors, the corporate governance structure, its operating situation, and other relevant facts and circumstances, including the analysis and evaluation of the effectiveness of the Board of Directors as a whole so that NIPPON STEEL will be able to make improvements autonomously, considering the opinions of Outside Directors. For the specific initiatives and situations regarding the NIPPON STEEL's corporate governance, please see each item of this report.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

NIPPON STEEL conducts all matters related to every principle of the Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4] (Strategic Shareholdings)

(1) 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, and thereby improving the corporate value of NIPPON STEEL and the Group. Regarding companies for which we confirm to be able to achieve the objectives described above without holding their shares after sufficient dialogues, we will proceed with the sale of shares in such companies.

(2) 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. Of these shareholdings, each shareholding with the market value exceeding a certain threshold is examined each year at the Board of Directors. 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, 2020).

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 found, while 308 stocks were held as of March 31, 2020 (total value on the balance sheet was 237.9 billion yen).

(3) Basic Policy on 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 shareholdings in (2) above.

[Principle 1.7] (Related Party Transactions)

Regarding transactions (including indirect transactions) between NIPPON STEEL and Directors, NIPPON STEEL verifies the contents of each transaction. If the transactions fall under conflict-of-interest transactions, in accordance with applicable laws and regulations and NIPPON STEEL's internal rules, the "Rules for Board of Directors," NIPPON STEEL seeks approval at, and reports to, the Board of Directors, and confirms that all those transactions will not harm NIPPON STEEL.

Also, regarding the transactions between NIPPON STEEL, on the one hand, and other related parties, on the other hand, NIPPON STEEL verifies the contents of each transaction; subject to applicable laws and regulations, it discloses the transactions appropriately, depending on their importance and nature.

[Principle 2.6] (Roles of Corporate Pension Funds as Asset Owners)

In order to ensure the payment of pension benefits to beneficiaries into the future, NIPPON STEEL carries out the management of pension assets to achieve long-term and stable asset formation. The Accounting & Finance Division manages the pension assets under a contract-type defined-benefit corporate pension plan. Persons in charge within the Accounting & Finance Division, who are rotated every several years, manage the pension assets in accordance with NIPPON STEEL's basic policy on pension fund management and strive to exercise the roles expected of asset owners, while at the same time reinforcing their expertise through the utilization of outside consultants and other means.

Furthermore, the persons in charge of pension fund management confirm with each fund manager its investment performance, management policy, management system, management process, etc. at occasions such as quarterly investment reporting sessions, and comprehensively evaluate all of the investment products and the fund managers. In addition, NIPPON STEEL periodically convenes the Fund Management Committee comprising personnel including officers in charge of the Accounting & Finance, Corporate Planning, Human Resources and Legal Division, to confirm the soundness of pension financing and the appropriateness of the internal management system by checking the investment performance and through the deliberation and approval of the management policy.

NIPPON STEEL avoids any conflicts of interest which may arise between the beneficiaries and NIPPON STEEL by entrusting the management of its pension fund to several Japanese and overseas fund managers and by delegating the authority to exercise the relevant voting rights to each fund manager.

[Principle 3.1] (Full Disclosure)

(1) Corporate Philosophy, Management Strategies, and Management Plans

◆ Corporate Philosophy

As a fundamental philosophy, the Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services. In order to achieve this, the Group has the following management principles:

- (i) We continue to emphasize the importance of integrity and reliability in our actions.
- (ii) We provide products and services that benefit society, and grow in partnership with our customers.
- (iii) We pursue world-leading technologies and manufacturing capabilities.
- (iv) We continually anticipate and address future changes, innovate from within, and pursue unending progress.
- (v) We develop and bring out the best in our people to make our Group rich with energy and enthusiasm.

◆ Employee Action Guidelines

In order to realize the above Corporate Philosophy, NIPPON STEEL has established the following "NIPPON STEEL Group Employee Action Guidelines" that express the daily attitude and frame of mind of its employees.

What we strive for:

Creativity, Innovation and Growth

We constantly seek self-improvement, pursue ambitious goals with enthusiasm, and continuously challenge ourselves to do better.

What we value most:

Self-empowerment, Workplace and Essentiality

We observe rules, keep our promises and pierce to the heart of matters by actively investigating the facts.

What we encourage:

Dialogue, Collaboration and Sharing of Knowledge

We build mutual trust through dialogue and collaboration, and seek to pass on our spirit and skills to the next generation.

We will be guided by these principles, and act fairly and equitably throughout the world.

◆ **Management Strategies and Management Plans**

In March 2018, the NIPPON STEEL Group developed the 2020 Mid-Term Management Plan (the “2020 Plan”), which consists of a three-year plan for fiscal year 2018 through fiscal year 2020 and the initiation of development of measures beyond fiscal year 2021.

Through the implementation of the 2020 Plan, the NIPPON STEEL Group will seek to advance towards “the best steelmaker with world-leading capabilities” by continuing to strengthen the “manufacturing capabilities” of domestic mother mills, while at the same time addressing the megatrends of major changes in society and industry, including the rapid innovation in IT, growing need for lighter and stronger vehicles and a shift to electric and other new energy vehicle, and further improving its capabilities in terms of “technology,” “cost,” and “being global,” and “creating the value of steel.”

The current business environment is challenging due to a combination of factors, including continued high raw material prices and low steel product prices, as well as a decrease in demand for steel due to the spread of COVID-19. In an aim to return to non-consolidated operating profit under any business environment once COVID-19 is contained, NIPPON STEEL is working to solidify stable production, further improve long-term contractual prices, and reduce repair and maintenance costs and capital expenditures through thorough selection and concentration. Over the medium- to long-term, NIPPON STEEL will work to strengthen its profitability even in a difficult business environment by making a thorough selection of products, facilities and businesses. NIPPON STEEL will further increase the ratio of high value-added products and concentrate production to improve the cost of high-grade products. In accordance with this policy, NIPPON STEEL will bring forward the implementation of the production facility structural measures announced in February 2020, and consider and implement additional measures. NIPPON STEEL will further deepen its growth strategy by aggressively pursuing its overseas business, while at the same time withdrawing from unprofitable businesses.

Please refer to NIPPON STEEL’s website for details on the progress of the 2020 Mid-Term Management Plan and the production facility structural measures and management reform measures announced in February 2020.

(The 95th Term Securities Report (available only in Japanese),
URL: <https://www.nipponsteel.com/ir/library/securityreport.html>, pp. 18-25)

(2) Basic Views and Guidelines on Corporate Governance

Please refer to I-1 “Basic Views” of this report.

(3) Board Policies and Procedures in Determining the Compensation of Directors

a. Policies on Determining the Compensation

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

NIPPON STEEL sets the base amount of compensation for each Director’s rank taking into consideration each Director’s required skills and responsibilities, and this base amount varies within a specific range based on NIPPON STEEL’s consolidated results, and the amount of each Director’s monthly compensation is determined within the limit approved by the General Meeting of Shareholders.

Such limit was approved at 140 million yen per month (of which 12 million yen is for Outside Directors) by the 96th General Meeting of Shareholders held on June 24, 2020. (As of the date of submission of this report, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) covered by this item (a) is eleven (11) (including three (3) Outside Directors).)

(b) Directors who are Audit & Supervisory Committee Members

NIPPON STEEL determines the monthly compensation for each Director who is Audit & Supervisory Committee Member, within the limit approved by the General Meeting of Shareholders, by considering the Director’s responsibilities, depending on its rank and whether the Director is full-time or part-time.

Such limit was approved at 22 million yen per month by the 96th General Meeting of Shareholders held on June 24, 2020. (As of the date of submission of this report, the number of Directors who are Audit & Supervisory Committee Members covered by this item (b) is seven (7) (including four (4) Outside Directors).)

NIPPON STEEL abolished its retirement benefits for Directors in 2006. Furthermore, the policies relating to bonuses were deleted from the “Policies regarding the Decision on the Amount of Compensation for Directors” in 2013, and this will continue after the transition to a Company with an Audit & Supervisory Committee.

b. Procedures for Determining the Compensation

The policies on determining compensation mentioned in a. above for Directors (excluding Directors who are Audit & Supervisory Committee Members) and the specific amount of monthly compensation of each Director (excluding Directors who are Audit & Supervisory Committee Members) are resolved at the Board of Directors after discussion at the “Nomination and Compensation Advisory Committee,” comprised of the Chairman, the President, and three or more members designated by the President, who is the Chairperson, from

among the Outside Directors.

The Nomination and Compensation Advisory Committee conducts discussions and deliberations 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.

The policies on determining compensation for Directors who are Audit & Supervisory Committee Members and the specific amount of monthly compensation of each Director who is Audit & Supervisory Committee Member are determined by discussions of the Directors who are Audit & Supervisory Committee Members.

(4) Policies on and Procedures in the Nomination of Director Candidates and the Appointment and Dismissal of Senior Management

a. 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 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.

b. 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," comprised of the Chairman, the President, and three or more members designated by the President, who is the Chairperson, from among the Outside Directors.

The Nomination and Compensation Advisory Committee conducts discussions and deliberations from various perspectives, in accordance with the policies stated in a. above, taking into account, 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 will be submitted to the Board of Directors for

deliberation, after the approval at the Audit & Supervisory Committee.

c. 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.

(5) Explanations for the Appointment, Dismissal and Nomination of Each Individual in the Appointment and Dismissal of Senior Management and the Nominations of Director Candidates by the Board of Directors Based on the above (4)

NIPPON STEEL explains the nomination, appointment and dismissal of each individual in nominating Director candidates, as well as the appointment and dismissal of senior management, by indicating NIPPON STEEL’s management system, including the allocation of each individual’s responsibilities, the designation of managerial positions, and other related matters, and each individual’s brief personal history in reference materials attached to the “Notice of the General Meeting of Shareholders,” the “Securities Report” and press releases related to managerial personnel matters.

In addition, the reasons for appointment and independence of Outside Directors are explained in reference materials attached to the “Notice of the General Meeting of Shareholders” and also indicated in [Directors] of “Organizational Composition and Operation” of II-1 of this report for your reference.

[Supplementary Principle 4.1.1] (Brief Summary of the Scope of Matters Delegated to the Management)

In accordance with a provision in the Articles of Incorporation, the Board of Directors of NIPPON STEEL delegates part of the decisions regarding 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, enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies, and strengthening the supervisory function of the Board of Directors over management. The execution of important matters concerning the management of NIPPON STEEL and NIPPON STEEL Group is determined at the Board of Directors (held about once per month) after deliberations in the Corporate Policy Committee (held once a week, in principle) comprised of the Chairman, President, Executive Vice Presidents, and other members, pursuant to NIPPON STEEL’s rules.

NIPPON STEEL has introduced an Executive Officer system for setting clear responsibilities and improving management efficiency by more prompt decision-making.

[Principle 4.9] (Independence Standards of Independent Directors)

NIPPON STEEL decides the independence of Outside Directors in accordance with the independence standards set by financial instruments exchanges in Japan (e.g. Tokyo Stock Exchange), considering each individual’s personal relationship, capital relationship, transaction

relationship, and other interests with NIPPON STEEL. For the interests between the Outside Directors, on the one hand, and the NIPPON STEEL, on the other hand, on which the NIPPON STEEL bases its decisions, please refer to [Directors] of “Organizational Composition and Operation” of II-1 of this report.

[Supplementary Principle 4.11.1] (View on the Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Board Size)

To enable a prompt decision-making and to establish an effective corporate governance structure corresponding to changes in the management environment, the Board of Directors will be an appropriate size for the Group’s business lineup and management challenges, and be comprised of members, considering the balance among experience, insights, and expertise of the Board of Directors as a whole and its diversity.

The Articles of Incorporation provide that the number of Directors will be twenty (20) or less and the number of Directors who are Audit & Supervisory Committee Members will be seven (7) or less. Currently, NIPPON STEEL’s Board of Directors consists of a total of eighteen (18) Directors, including eleven (11) Directors (excluding Directors who are Audit & Supervisory Committee Members) (consisting of eight (8) Executive Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL’s businesses, and three (3) Outside Directors who have deep insight) and seven (7) Directors who are Audit & Supervisory Committee Members (consisting of three (3) Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL’s businesses, and four (4) Outside Directors who have deep insight). Outside Directors account for more than one-third (7 out of 18) of all members of the Company’s Board of Directors.

For the balance of the Board of Directors as a whole and its diversity, please see “b. Corporate Governance System” of I-1, (2) of this report.

[Supplementary Principle 4.11.2] (Directors Serving Concurrently as Directors, Audit and Supervisory Board Members, or Management at Other Listed Companies)

When deciding Director candidates, NIPPON STEEL confirms that each candidate is able to appropriately fulfill its role and responsibilities, including confirming whether the candidate concurrently serves as a director, an audit and supervisory board member, or the management at other listed companies. Whether Directors serve concurrently as directors, audit and supervisory board members or management at other listed companies are disclosed every year in reference materials attached to “Notice of Convocation for the General Meeting of Shareholders” and in “Business Report,” among others. They are all posted on NIPPON STEEL’s website. Please see the site for details.

(Notice of the 96th General Meeting of Shareholders,
URL: <https://www.nipponsteel.com/en/ir/individual/meeting.html>, pp. 61-63)

[Supplementary Principle 4.11.3] (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 of Directors and the number of hours of deliberation, as well as the attendance rate and the number of opinions expressed by attendees at the meetings of the Board of Directors with these of prior years; and the Board of Directors, taking into account self-assessments and opinions of each member of the Board of Directors on the operation of the Board of Directors obtained through individual interviews with them, annually analyzes and evaluates the effectiveness of the entire Board of Directors and utilizes such analysis and evaluation to improve the future operation and administration of the Board of Directors.

The Board of Directors, at its meeting held in June 2020, analyzed and evaluated the effectiveness of the Board of Directors for fiscal year 2019, confirming that the Board of Directors functions effectively because, among other reasons, all of the matters submitted for deliberation or reported to the Board of Directors pursuant to the Companies Act or NIPPON STEEL's rules were resolved or confirmed, after discussion among Directors and Audit & Supervisory Board Members, from the point of view of improvement of NIPPON STEEL's corporate value in the mid- to long-term or other various perspectives, with relevant information being provided in advance. In addition, from the standpoint of further enhancing the effectiveness of the Board of Directors, NIPPON STEEL has decided to take the opportunity of the transition to a Company with an Audit & Supervisory Committee to enhance discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies, strengthen the supervisory function of the Board of Directors over management, and devise and improve the operation of meetings that contribute to these efforts, based on the opinions voiced by each Director and Audit & Supervisory Board Member in the effectiveness evaluation for fiscal year 2019.

[Supplementary Principle 4.14.2] (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.

[Principle 5.1] (Policy for Dialogue with Shareholders)

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 dialogue with the shareholders. The dialogue with the shareholders and investors is 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, and issues information booklets. On the other hand, for institutional investors, NIPPON STEEL not only explains its management strategies, business lineups, business performance and other related matters, by means of briefings on financial results in each quarter, briefings on the Mid-Term Management Plan, steelworks/research laboratory tours, and other opportunities, but also holds small meetings for investors and various conferences, and visits to overseas institutional investors. Senior management and an officer in charge of IR attend these dialogues, as necessary. The opinions and other comments received from the shareholders and investors through the above-listed initiatives are reported and fed back to the Board of Directors and others responsible for the dialogue with the shareholders and investors on a regular basis.

Insider information (undisclosed material facts) is appropriately managed in accordance with NIPPON STEEL's internal rules, "Rules on Insider Information Management and Insider Trading Regulations."

"NIPPON STEEL Corporate Disclosure and Dialogue Policy" is posted on the NIPPON STEEL's

website. Please see that site for reference (URL :
<https://www.nipponsteel.com/en/ir/management/disclosure.html>) .

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	41,192,700	4.47
Japan Trustee Services Bank, Ltd. (Trust Account)	30,070,500	3.26
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	27,286,399	2.96
Nippon Life Insurance Company	24,532,498	2.66
Japan Trustee Services Bank, Ltd. (Trust Account 9)	18,808,200	2.04
Japan Trustee Services Bank, Ltd. (Trust Account 5)	18,053,000	1.96
JP MORGAN CHASE BANK 385151	14,330,901	1.55
Sumitomo Corporation	14,209,011	1.54
Meiji Yasuda Life Insurance Company	14,064,318	1.53
STATE STREET BANK WEST CLIENT - TREATY 505234	12,275,421	1.33

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation

- In addition to the above, there are 28,321,065 treasury shares owned by NIPPON STEEL (shareholding ratio: 3.07%).
- In the Statement of Large-Volume Holdings made available for public inspection on April 3, 2020, it is stated that Nomura Securities Co., Ltd. and its joint holders, NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd., held the following shares of NIPPON STEEL as of March 31, 2020. However, as NIPPON STEEL is unable to confirm the actual number of shares held by the said companies as of March 31, 2020, they are not included in the above Status of Major Shareholders. The details in the Statement of Large-Volume Holdings are as follows:

Name / Company Name	Number of Shares Owned	Ownership Ratio (%)
Nomura Securities Co., Ltd.	1,813,453	0.19
NOMURA INTERNATIONAL PLC	14,085,813	1.48
Nomura Asset Management Co., Ltd.	31,859,670	3.35
Total	47,758,936	5.03

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section, Nagoya Stock Exchange First Section, Fukuoka Stock Exchange Main Board, Sapporo Stock Exchange Main Board
Fiscal Year-End	March
Type of Business	Iron & Steel
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

(Significance of having listed subsidiaries)

NIPPON STEEL is aiming at the Group's sound and sustainable growth, improvement of its corporate value in the medium- to long-term, and winning the trust of society under the "Corporate Philosophy of the NIPPON STEEL Group." In addition, NIPPON STEEL establishes and appropriately manages an internal control system suitable for the business of the Group to comply with applicable laws and regulations, and ensure integrity of financial reporting, as well as effectiveness and efficiency of business, and continues to improve such system.

Under 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 the independence of listed subsidiaries, 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.

Furthermore, in order to ensure independent decision-making at listed subsidiaries, each listed subsidiary has a system in place where one-third or more of Directors are Independent Outside Directors, or where one-third or more of attendees at the meetings of the Board of Directors are Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, and is the Company believes that the autonomous management has been achieved for each listed subsidiary in this manner.

In light of the above, NIPPON STEEL currently has five listed subsidiaries, and views that the significance of these listed subsidiaries are as follows.

● NS Solutions Corporation

The main business of NS Solutions Corporation is the provision of engineering and consulting pertaining to computer systems, outsourcing and other services using IT.

Following the spinoff of NIPPON STEEL's information systems division in April 2001 (through a business integration with NIPPON STEEL's wholly-owned subsidiary), NS Solutions Corporation went public in October 2002, with the aim of establishing its presence in the industry, securing human resources, and raising funds for growth.

Computer systems in the steelmaking business support all aspects of business activities, including order acceptance, production, shipment, and quality control, and are an important foundation for utilizing a variety of data. The accumulation of know-how and securing the continuity of human resource supply by making NS Solutions Corporation a subsidiary are essential for NIPPON STEEL to achieve differentiation in the steel industry and maintain its competitiveness. In addition, the implementation of advanced IT in the steelmaking business and the promotion of DX (digital transformation) by NS Solutions Corporation are generating significant synergies with NIPPON STEEL.

● Sanyo Special Steel Co., Ltd.

The main business of Sanyo Special Steel Co., Ltd. is the manufacture and marketing of special steel products.

In March 2019, with the aim of strengthening the competitiveness of the special steel business through collaboration between NIPPON STEEL, Ovako, a major European manufacturer of special steel, and Sanyo Special Steel Co., Ltd., NIPPON STEEL made Sanyo Special Steel Co., Ltd. a subsidiary by capital increase through a third-party allotment, and Ovako became a wholly-owned subsidiary of Sanyo Special Steel Co., Ltd.

The special steel products of Sanyo Special Steel Co., Ltd. and NIPPON STEEL are used as materials for important parts in various industries, including automotive and industrial machinery, and demand for these products is expected to continue to grow steadily in the future as the need for high-quality special steel products increases further. By making Sanyo Special Steel Co., Ltd. a subsidiary, the three companies including NIPPON STEEL and Ovako work together to strengthen the business base and technological capabilities, and develop a framework for global business development, thereby strengthening the medium- to long-term competitiveness of the special steel business.

● Osaka Steel Co., Ltd.

The main business of Osaka Steel Co., Ltd. is the manufacture and marketing of shapes, bars, and billets.

Osaka Steel Co., Ltd. became a subsidiary in 1990 to promote collaboration with NIPPON STEEL.

The steel products of Osaka Steel Co., Ltd. are mainly destined for the construction, civil engineering, shipbuilding, and industrial machinery. Osaka Steel Co., Ltd. provides products that meet the needs of its customers in cooperation with NIPPON STEEL and its Group companies. Furthermore, NIPPON STEEL believes that operating Osaka Steel Co., Ltd. as a subsidiary contributes to maximizing the value of Osaka Steel Co., Ltd. and the NIPPON STEEL Group through collaboration with NIPPON STEEL in various areas, such as production and technology in every process from steelmaking to rolling.

● Krosaki Harima Corporation

The main business of Krosaki Harima Corporation is the manufacture and marketing of refractories and construction of furnaces.

As NIPPON STEEL began to apply International Financial Reporting Standards from March 2019, Krosaki Harima Corporation became a subsidiary with the aim of achieving a closer collaboration.

The manufacture and marketing of refractories and construction of furnaces that Krosaki Harima Corporation is engaged in are indispensable to NIPPON STEEL's steel business. NIPPON STEEL believes that operating Krosaki Harima Corporation as a subsidiary contributes to maximizing the value of Krosaki Harima Corporation and the NIPPON STEEL Group through measures such as deepening the joint study of various collaborative issues, including the improvement of quality and product development capabilities.

● Geostr Corporation

The main business of Geostr Corporation is the manufacture and marketing of concrete and metal products for civil engineering and building construction work.

In October 2011, Geostr Corporation, which was a company accounted for using the equity method, absorbed Tokyo Econ Kentetu Co., Ltd. (NIPPON STEEL's consolidated subsidiary at that time) through an absorption-type merger, with the aim of unifying segment (tunnel lining materials) manufacturing divisions in the Group, integrating management resources, strengthening cooperation through enhancing efficiency of manufacturing divisions, and increasing the Group's corporate value. As a result of the merger, Geostr Corporation became a consolidated subsidiary of NIPPON STEEL,

By having Geostr Corporation as a subsidiary, it will be possible to share the steel production and utilization technologies developed by NIPPON STEEL and Geostr Corporation's concrete production and utilization technologies, thereby achieving high product competitiveness in segment products for civil engineering materials. In addition, the collaboration between the two companies will enable them to respond to a wide range of customer needs and to conduct swift sales activities, such as proposing optimal products that meet use condition of customers, with a full range of segment specifications. This helps create synergies with civil engineering materials products of the Group and increase the value of NIPPON STEEL's construction products business.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	18
Appointment of Outside Directors	Appointed
Number of Outside Directors	7
Number of Independent Directors	7

Outside Directors' Relationship with NIPPON STEEL (1)

Name	Attribute	Relationship with NIPPON STEEL*											
		a	b	c	d	e	f	g	h	i	j	k	
Noriko Iki	Other									○			
Tetsuro Tomita	From another company									○			
Masato Kitera	Other												
Hiroshi Obayashi	Lawyer												
Jiro Makino	Other												
Seiichiro Azuma	CPA												
Hiroshi Yoshikawa	Scholar											△	

* Categories for "Relationship with NIPPON STEEL"

* "○" when the director presently falls or recently fell under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or recently fell under the category;

"▲" when a close relative of the director fell under the category in the past

- Executive of NIPPON STEEL or its subsidiaries
- Non-executive director or executive of a parent company of NIPPON STEEL
- Executive of a fellow subsidiary of NIPPON STEEL
- A person whose major client or supplier is NIPPON STEEL or an executive of such person
- Major client or supplier of NIPPON STEEL or an executive of such client or supplier
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from NIPPON STEEL besides compensation as a director/audit & supervisory board member
- Major shareholder of NIPPON STEEL (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier of NIPPON STEEL (which does not fall under any of d, e, or f) (the director himself/herself only)
- Executive of a company with which NIPPON STEEL mutually appoints outside directors/audit & supervisory board members (the director himself/herself only)
- Executive of a company or organization that receives donations from NIPPON STEEL (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Noriko Iki		Yes	Although Ms. Iki serves as President of Japan Institute for Women's Empowerment & Diversity Management, to which NIPPON STEEL outsources a part of its in-house trainings and pays the membership fee, since the amount of	[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Ms. Iki is well-qualified for the position by her deep insight she accumulated at Ministry of Health, Labour and Welfare (MHLW) in areas including employment, labor and promoting the success of diverse personnel,

			outsourcing fee paid to the said institute accounts for less than 1% of the consolidated selling, general and administrative expenses of NIPPON STEEL, the said institute is not a specified associated service provider of NIPPON STEEL. The annual membership fee paid to the said institute by NIPPON STEEL is 650,000 yen.	and her ample experience, etc. as Director-General of the Tokyo Labour Bureau of MHLW, the Ambassador Extraordinary and Plenipotentiary and other key positions. [Reasons for Designation as an Independent Director] Although Ms. Iki serves as President of Japan Institute for Women's Empowerment & Diversity Management, to which NIPPON STEEL outsources a part of its in-house trainings and pays the membership fee, since the amount of outsourcing fee paid to the said institute accounts for less than 1% of the consolidated selling, general and administrative expenses of NIPPON STEEL, the said institute is not a specified associated service provider of NIPPON STEEL. The annual membership fee paid to the said institute by NIPPON STEEL is 650,000 yen. She does not conflict with the independence standards as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between her and the general shareholders as stated above, NIPPON STEEL has designated her as an Independent Director.
Tetsuro Tomita		Yes	Although Mr. Tomita is engaged in the execution of business of East Japan Railway Company, which has a business relationship with NIPPON STEEL for transactions of steel and other products/services, since the amount of transactions with the said company accounts for less than 1% of the consolidated revenue of NIPPON STEEL, the said	[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Tomita is well-qualified for the position by his deep insight and ample experience in corporate management. [Reasons for Designation as an Independent Director] Although Mr. Tomita is engaged in the execution of business of East Japan Railway Company, which has a business relationship

			company is not a specified associated service provider of NIPPON STEEL.	with NIPPON STEEL for transactions of steel and other products/services, since the amount of transactions with the said company accounts for less than 1% of the consolidated revenue of NIPPON STEEL, the said company is not a specified associated service provider of NIPPON STEEL. He does not conflict with the independence standards as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.
Masato Kitera		Yes	Not applicable	<p>[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Kitera is well-qualified for the position by his deep insight regarding international affairs, economy, culture, etc., cultivated in the Ministry of Foreign Affairs as well as ample experience earned as Ambassador Extraordinary and Plenipotentiary and other important positions.</p> <p>[Reasons for Designation as an Independent Director] He does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.</p>

Hiroshi Obayashi	Yes	Yes	Not applicable	<p>[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Obayashi is well-qualified for the position by his deep insight as a legal professional and ample experience as Prosecutor General and other key positions.</p> <p>[Reasons for Designation as an Independent Director] He does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.</p>
Jiro Makino	Yes	Yes	Not applicable	<p>[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Makino is well-qualified for the position by his deep insight in the general area of finance that he accumulated at the Ministry of Finance, and his ample experience as Commissioner of National Tax Agency and other key positions.</p> <p>[Reasons for Designation as an Independent Director] He does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.</p>

Seiichiro Azuma	Yes	Yes	Not applicable	<p>[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Azuma is well-qualified for the position by his deep insight and ample experience as a certified public accountant possessing deep familiarity with corporate accounting.</p> <p>[Reasons for Designation as an Independent Director] He does not conflict with either the independence standards or attribute information as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. the Tokyo Stock Exchange), and does not have any special interests in NIPPON STEEL. Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.</p>
Hiroshi Yoshikawa	Yes	Yes	<p>Although Mr. Yoshikawa engaged in the execution of business of The University of Tokyo until March 2016, to which NIPPON STEEL makes donations, he currently does not engage in the execution of business of the university. Furthermore, the university is not a specified associated service provider of NIPPON STEEL. NIPPON STEEL donates eighteen million (18,000,000) yen annually for a corporate sponsored research program in the School of Engineering at The University of Tokyo.</p>	<p>[Reasons for Appointment as an Outside Director] NIPPON STEEL believes that Mr. Yoshikawa is well-qualified for the position by his deep insight he accumulated as a university professor and his ample experience as President of Rissho University and Dean of the Graduate School of Economics of The University of Tokyo.</p> <p>[Reasons for Designation as an Independent Director] Although Mr. Yoshikawa engaged in the execution of business of The University of Tokyo until March 2016, to which NIPPON STEEL makes donations, he currently does not engage in the execution of business of the university. Furthermore, the university is not a specified associated service provider of NIPPON STEEL. NIPPON STEEL donates eighteen million (18,000,000) yen annually for corporate sponsored research</p>

				<p>program in the School of Engineering at The University of Tokyo. He does not conflict with the independence standards as set by each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange), and does not have any special interests with NIPPON STEEL.</p> <p>Because NIPPON STEEL believes that there is no possibility of a conflict of interest between him and the general shareholders as stated above, NIPPON STEEL has designated him as an Independent Director.</p>
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[Audit & Supervisory Committee]

Committee's composition and attributes of Chairperson

	Audit & Supervisory Committee
All Committee Members	7
Full-time Members	3
Inside Directors	3
Outside Directors	4
Chairperson	Inside Director

Appointment of Directors and/or Employees to Assist the Audit & Supervisory Committee	Appointed
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Matters related to the independence from Executive Directors of Directors and/or employees to assist the Audit & Supervisory Committee

NIPPON STEEL has established the Audit & Supervisory Committee Members' Office and has assigned full-time employees (dedicated staff members), in order to assist the Audit & Supervisory Committee in the smooth execution of its duties. No Directors have been assigned to assist the Audit & Supervisory Committee in its duties.

Dedicated staff members are full-time employees and perform their duties under the direction of the Audit & Supervisory Committee. In addition, the Head of the Human Resources Division discusses with the Audit & Supervisory Committee in advance the transfer and evaluation, etc. of the dedicated staff members to ensure their independence from the executive divisions and the effectiveness of the Audit & Supervisory Committee's instructions to the dedicated staff members.

Cooperation among the Audit & Supervisory Committee, Accounting Auditors, and Internal Audit Departments

With the approval of its shareholders at the 96th General Meeting of Shareholders held on June 24, 2020, NIPPON STEEL made a transition to a Company with an Audit & Supervisory Committee as of the conclusion of the said meeting.

- Cooperation between the Audit & Supervisory Committee and the Accounting Auditor
At the beginning of a fiscal year, the Audit & Supervisory Committee and the Accounting Auditor will exchange opinions on matters of concern from the previous fiscal year, items of focus in the audit and other matters, based on the audit plan drafted by the Accounting Auditor, which outlines scope of the audit, the audit structure, and priority audit items for the period, among others, so that an effective accounting audit will be executed.

Moreover, at each quarter, the Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee will receive a report on the progress and the results of the quarterly review from the Accounting Auditor and exchange opinions regarding matters stated in the quarterly report including non-financial information.

Furthermore, at the end of a fiscal year, the Audit & Supervisory Committee will receive the Auditor’s Report and a report on the audit results including the priority audit items for the period from the Accounting Auditor, and will use such reports for the basis of the Audit Report, which is subsequently prepared by the Audit & Supervisory Committee.

In addition, the Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee and the Accounting Auditor will cooperate and mutually contribute to forming their respective audit opinions by exchanging opinions on audit activities at regular liaison conferences.

- Cooperation between the Audit & Supervisory Committee and Internal Audit Departments
The Audit & Supervisory Committee Members appointed by the Audit & Supervisory Committee will attend quarterly meetings of the Risk Management Committee, and the Audit & Supervisory Committee will receive regular reports from the Internal Control & Audit Division, and both parties will exchange opinions to ensure close collaboration. In addition, the Audit & Supervisory Committee will regularly interview functional divisions managing important risks, such as safety, environment, disaster prevention, quality assurance and other matters, on the status of their respective activities, to enhance the effectiveness of audit activities. Moreover, the Internal Control & Audit Division and functional divisions will formulate an annual plan based on the opinions of the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee will share information on litigation with the Legal Division.

- Cooperation between the Accounting Auditor and Internal Audit Departments
The internal audit department reports quarterly to the Accounting Auditor with respect to the contents and related matters of the discussions at the Risk Management Committee, and discusses appropriately with the Accounting Auditor the development and operation of the internal control system relating to financial reports, to pursue its continuous improvement.

[Voluntary Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee’s Name	Nomination and Compensation Advisory Committee	Nomination and Compensation Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2

Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	An Executive Director	An Executive Director

Supplementary Explanation

The “Nomination and Compensation Advisory Committee”, comprised of the Chairman, the President, and three or more members designated by the President, who is the Chairperson, from among the Outside Directors, 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 Nomination and Compensation Advisory Committee comprises six members, the Representative Director and Chairman, Kosei Shindo, the Representative Director and President, Eiji Hashimoto, and Outside Directors Noriko Iki, Tetsuro Tomita, Masato Kitera and Hiroshi Obayashi. The President serves as the chairman of the Committee. The Nomination and Compensation Advisory Committee, as a general rule, is held twice a year (in fiscal year 2020, in May and December (scheduled)).

[Independent Directors]

Number of Independent Directors	7
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Matters relating to Independent Directors

NIPPON STEEL decides the independence of Outside Directors in accordance with the independence standards set by the financial instruments exchanges in Japan (e.g. Tokyo Stock Exchange), considering each individual’s personal relationship, capital relationship, business relationship, and other interests with NIPPON STEEL.

As stated above, since NIPPON STEEL believes that each of the Outside Directors is independent, NIPPON STEEL has reported all of them as Independent Directors to each financial instruments exchange in Japan (e.g. Tokyo Stock Exchange).

[Incentives]

Incentive Policies for Directors	Introduction of Performance-linked Compensation
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Supplementary Explanation

In accordance with “a. Policies on Determining the Compensation” indicated in (3) under I-1. [Principle 3.1] (Full Disclosure) of this report, compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists only of monthly compensation, and is all based upon performance of NIPPON STEEL, in order to give incentives for the Group’s sustainable growth and improvement of its corporate value.

Although compensation for Directors who are Audit & Supervisory Committee Members (excluding Outside Directors) is fixed compensation in principle, the amount of compensation will be increased or decreased only in the event of significant changes in the consolidated performance of NIPPON STEEL.

Although compensation for Outside Directors is fixed compensation in principle, the amount of compensation

may be increased or decreased only in the event of significant changes in the consolidated performance of NIPPON STEEL.

As indicators for performance-linked compensation, NIPPON STEEL uses consolidated annual profit/loss, which clearly indicates its business performance, and business profit/loss in the steelmaking segment, which accounts for about 90% of consolidated revenues, while taking into account other factors including revenue targets in the Mid-Term Management Plan.

The method for determining the amount of such performance-linked compensation is indicated in (3) b. "Procedures for Determining the Compensation" under I-1. [Principle 3.1] (Full Disclosure) of this report.

Recipients of Stock Options	
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Supplementary Explanation

[Director Compensation]

Disclosure of Individual Directors' Compensation	
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Selected Directors

Supplementary Explanation

The total amounts for all the Directors, all the Outside Directors, all the Audit & Supervisory Board Members, and all the Outside Audit & Supervisory Board Members, respectively, are disclosed in the 95th Term Securities Report and the Business Report as information before the transition to a Company with an Audit & Supervisory Committee. In addition, when the total amount of consolidated compensation and other consideration for an individual Director is one hundred million (100,000,000) yen or more, such total amount is disclosed in the Securities Report.

In fiscal year 2019, total monthly compensation amounts of 910,777,000 yen were paid to fifteen (15) directors (including monthly compensation of 43,200,000 yen to three (3) Outside Directors) and 210,000,000 yen paid to nine (9) Audit & Supervisory Board Members (including monthly compensation of 57,600,000 yen to five (5) Outside Audit & Supervisory Board Members).

* The amounts stated above include the compensation paid to two (2) Directors and two (2) Audit & Supervisory Board Members (including one (1) Outside Audit & Supervisory Board Member) who resigned at the conclusion of the 95th General Meeting of Shareholders held on June 25, 2019.

Policy on Determining Compensation Amounts and Calculation Methods	
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Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

This is indicated in (3) "Board Policies and Procedures in Determining the Compensation of Directors" of I-1. [Principle 3.1] (Full Disclosure) of this report for reference.

[Supporting System for Outside Directors]

NIPPON STEEL supports the performance of responsibilities by Outside Directors by assigning a sufficient number of staff members in the General Administration Division and the Audit & Supervisory Committee

Members' Office, and timely and appropriately providing company information such as offering prior explanations about the matters to be submitted for deliberation or reported to meetings of the Board of Directors and other important meetings. The Audit & Supervisory Committee Members' Office has dedicated staff members that support Directors who are Audit & Supervisory Committee Members, in order to ensure their independence from the Directors (excluding Directors who are Audit & Supervisory Committee Members). Under the direction of all Directors who are Audit & Supervisory Committee Members, including Outside Directors, such staff members support supervisory activities and otherwise engage in work relating to supervision.

[Status of persons who resigned from Representative Director and President or other position]

Name	Position / title	Description of duties	Working arrangements/terms (full-time/part-time with/without compensation)	Date of resignation from office of President	Term of office
Takashi Imai	Senior Advisor, Honorary Chairman	Expresses opinions upon the request of management. Also serves as executives of some outside organizations. [Major public office] Chief Director, The Industry Club of Japan Chairman, Japan Atomic Industrial Forum, Inc. Honorary Chairman, KEIDANREN (Japan Business Federation)	Part-time without compensation	March 31, 1998	None
Akio Mimura	Senior Advisor, Honorary Chairman	Expresses opinions upon the request of management. Also serves as executives of some outside organizations. [Major public office] Chairman, The Japan Chamber of Commerce and Industry Chairman, The Tokyo Chamber of Commerce and Industry Advisor, KEIDANREN (Japan Business Federation)	Part-time with compensation	March 31, 2008	None
Hiroshi Tomono	Senior Advisor	Expresses opinions upon the request of management. Also serves as executives of some outside organizations. [Major public office] Chairman, Kansai Association Switzerland-Japan President, Tekko Gakuen Educational Association Advisor, KEIDANREN (Japan Business Federation)	Part-time with compensation	March 31, 2014	None
Shoji Muneoka	Senior Advisor	Expresses opinions upon the request of management. Also serves as executives of some outside organizations.	Full-time with compensation	March 31, 2014	5 years or less

		[Major public office] Chairman, Japan-China Economic Association Chairman, The Ports and Harbours Association of Japan Advisor, KEIDANREN (Japan Business Federation)			
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Number of Senior Advisors/Honorary Chairmen who served as Representative Director and President or other equivalent positions	4
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2. Matters on Functions of Business Execution, Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

A summary of and views on the current corporate governance system are indicated in the I-1 “Basic Views” of this report.

Please also see I-1 “Basic Views” of this report, in addition, the following supplementary explanations about business execution, auditing and supervision, nomination, and compensation decisions, among others, and the chart at the end.

(1) Business Execution and activities of the Board of Directors

In accordance with a provision in the Articles of Incorporation, the Board of Directors of NIPPON STEEL delegates part of the decisions regarding 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, enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies, and strengthening the supervisory function of the Board of Directors over management. The execution of important matters concerning the management of NIPPON STEEL and NIPPON STEEL Group is determined at the Board of Directors (held about once per month) after deliberations in the Corporate Policy Committee (held once a week, in principle) comprised of the Chairman, President, Executive Vice Presidents, and other members, pursuant to NIPPON STEEL’s rules.

As corporate committees engaging in deliberations before the Corporate Policy Committee and the Board of Directors, there are 23 company-wide committees, depending on their respective purposes and areas.

The status of attendance at the meetings of the Board of Directors held in the fiscal year ended March 31, 2020 (15 meetings in total) for those who attended the meetings of the Board of Directors held after the conclusion of the 96th General Meeting of Shareholders is as follows.

	Name	Attendance rate	
Directors (excluding Directors who are Audit & Supervisory Committee Members)			
Inside Director	Kosei Shindo	100%	
	Eiji Hashimoto	100%	
	Shinji Tanimoto	94%	
	Shinichi Nakamura	100%	
	Katsuhiro Miyamoto	100%	
	Akio Migita	100%	*1
	Shuhei Onoyama	—	*2
	Tadashi Imai	—	*2
	Outside Director	Noriko Iki	100%
	Tetsuro Tomita	—	*2
	Masato Kitera	—	*2
Directors who are Audit & Supervisory Committee Members			
Inside Director	Masato Matsuno	100%	*1, *3
	Shozo Furumoto	—	*2
	Nobuhiro Miyoshi	—	*2
Outside Director	Hiroshi Obayashi	100%	*3
	Jiro Makino	100%	*3
	Seiichiro Azuma	100%	*3
	Hiroshi Yoshikawa	92%	*1, *3

*1 Status of attendance at the 12 meetings of the Board of Directors held since his/her appointment.

*2 Appointed on June 24, 2020.

*3 Status of attendance at the meetings of the Board of Directors for fiscal year 2019 as an Audit & Supervisory Board Member.

(2) Supervision

(i) Supervision by the Board of Directors

The Board of Directors is comprised of eighteen (18) members, of whom eleven (11) are Directors (excluding Directors who are Audit & Supervisory Committee Members) and seven (7) are Directors who are Audit & Supervisory Committee Members. Outside Directors account for more than one-third (7 out of 18) of all members of the Company's Board of Directors.

Of the above, the Directors (excluding Directors who are Audit & Supervisory Committee Members) are comprised of eight (8) Executive Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL's businesses, and three (3) Outside Directors who have vast experience in, and deep insights into, such areas as employment, labor, corporate management, international affairs, economies and cultures. The Directors who are Audit & Supervisory Committee Members are comprised of three (3) Directors who were employees of NIPPON STEEL with intimate knowledge of NIPPON STEEL's businesses, and four (4) Outside Directors who have vast experience in, and deep insights into, such areas as laws, public administration, public finances, corporate accounting and economies.

At NIPPON STEEL, by all Directors appropriately fulfilling their roles and responsibilities prompt decision-makings are achieved corresponding to changes in the management environment, and multifaceted deliberations and objective and transparent decision-making by the Board of Directors are secured. In addition, Directors who are Audit & Supervisory Committee Members have 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 Directors, 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 compared to a company structure with an Audit & Supervisory Board, which the Company had adopted.

To secure capable Outside Directors and allow Non-executive Directors, including Directors who are Audit & Supervisory Committee Members who were employees of NIPPON STEEL to adequately carry out their expected roles in the performance of their duties, NIPPON STEEL has concluded an agreement with each of the Non-executive Directors that limits his liability under Article 423, paragraph 1 of the Companies Act to the greater of twenty (20) million yen or the Minimum Liability Amount, as defined in Article 425, paragraph 1 of the Companies Act, so long as he acts in good faith and without gross negligence in performing his responsibilities.

(ii) Supervision by the Audit & Supervisory Committee

NIPPON STEEL's Audit & Supervisory Committee is comprised of three (3) full-time Directors who are Audit & Supervisory Committee Members who were employees of NIPPON STEEL, with intimate knowledge of NIPPON STEEL's businesses, and four (4) Outside Directors who are Audit & Supervisory Committee Members who have vast experience in, and deep insights into, such areas as laws, public administration, public finances, corporate accounting and economies. The Audit & Supervisory Committee will act 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.

Specifically, the Audit & Supervisory Committee Members will cooperate closely with Internal Audit Departments, 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 audit and supervisory standards, and the policies and plans of audit and supervision as set forth by the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee Members will 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 will 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 will 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 will 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.

NIPPON STEEL has established the Audit & Supervisory Committee Members' Office and has assigned six (6) full-time dedicated staff members, in order to assist the Audit & Supervisory Committee in the smooth execution of its duties.

The Outside Directors who are Audit & Supervisory Committee Members will 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, based on their vast experience in, and deep insights into, such areas as laws, public administration, public finances, corporate accounting and economies. In addition, Outside Directors who are Audit & Supervisory Committee Members will 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, as well as opportunities for exchanging opinions exclusively among Outside Directors.

(iii) Internal Control and Audit

NIPPON STEEL has determined its basic policy on the internal control system at the Board of Directors, as indicated in "IV. Matters Related to the Internal Control System" of this report, and is operating it under such policy.

(iv) Accounting Audits

NIPPON STEEL has appointed KPMG AZSA LLC as its accounting auditor. The names of the certified public accountants who execute the accounting audit activities at NIPPON STEEL under the Companies Act and the Financial Instruments and Exchange Act, and

the composition of the assistants for such audit activities, are as follows.

KPMG AZSA LLC

- Continuous Audit Period

14 years

- Names of the Certified Public Accountants Who Execute the Activities (Designated Limited Liability Partner)

Mr. Koichi Kobori, certified public accountant; Mr. Hirotaka Tanaka, certified public accountant; and Mr. Takashi Hasumi, certified public accountant.

The number of years that Mr. Koichi Kobori, Mr. Hirotaka Tanaka, and Mr. Takashi Hasumi have continuously conducted NIPPON STEEL's audits is seven or less.

- Composition of the Assistants Involved in Accounting Audit Activities

The composition of the assistants involved in accounting audit activities is decided under KPMG AZSA's appointment standards. Specifically, certified public accountants are the principal members, and assistants, such as system specialists, are also included.

In addition, KPMG AZSA and its executive partners in charge of NIPPON STEEL's audits have no special interests with NIPPON STEEL.

(Policies and Reasons for Selection of the Accounting Auditor)

NIPPON STEEL selects the Accounting Auditor considered well-qualified based on the policy on selecting the Accounting Auditor, which is formulated by the Audit & Supervisory Committee. Specifically, such policy requires selection of an Accounting Auditor from among multiple candidates based on the scale and the global nature of our business, while taking into consideration the Accounting Auditor's independence, specialty, audit quality, track record, audit plan, audit structure, and level of audit fees. The above policy applies to the Audit & Supervisory Board prior to the transition to the Audit & Supervisory Committee, and on the basis of such policy, NIPPON STEEL has judged that KPMG AZSA LLC is well-qualified for its Accounting Auditor.

As for the policy regarding decision on dismissal or non-reelection of the Accounting Auditor, NIPPON STEEL shall dismiss the Accounting Auditor by unanimous consents of the Audit & Supervisory Committee Members upon occurrence of events justifying such dismissal, pursuant to laws and regulations. In addition, the Audit & Supervisory Committee shall resolve and submit proposal to dismiss or not to reelect the Accounting Auditor to the General Meeting of Shareholders if any event materially interferes with continuation of the audit services occurs. The above policy applies to the Audit & Supervisory Board prior to the transition to the Audit & Supervisory Committee, and on the basis of such policy, the Audit & Supervisory Board of NIPPON STEEL carried out an evaluation of KPMG AZSA LLC, to conclude that a proposal for dismissal or non-reelection of the Accounting Auditor need not be submitted to the General Meeting of Shareholders.

(Evaluation of the Accounting Auditor by the Audit & Supervisory Committee)

The Audit & Supervisory Committee of NIPPON STEEL shall evaluate the Accounting Auditor in consideration of the factors including its independence, specialty, audit quality, audit activities, level of audit fees, and adequacy of audit report. The above treatment

applies to the Audit & Supervisory Board prior to the transition to the Audit & Supervisory Committee, and the Audit & Supervisory Board Members and the Audit & Supervisory Board of NIPPON STEEL have judged that KPMG AZSA LLC is suitable and adequate as the Accounting Auditor.

(3) Decision on Directors' Compensation and the Nomination of Director Candidates

This is indicated in (3) "Board Policies and Procedures in Determining the Compensation of Directors" and (4) "Policies on and Procedures in the Nomination of Director Candidates and the Appointment of Senior Management" of [Principle 3.1] (Full Disclosure) of I-1 of this report for reference.

3. Reasons for Adoption of Current Corporate Governance System

This is indicated in (2) of I-1 "Basic Views" of this report, for reference.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	A notice of the General Meeting of Shareholders is sent three weeks prior to the General Meeting of Shareholders (one week prior to the statutory deadline). From the viewpoint of early disclosure of information, the notice of the General Meeting of Shareholders, with its English translation, is posted on the websites of NIPPON STEEL and Tokyo Stock Exchange at least four weeks prior to the General Meeting of Shareholders (in 2020, the Japanese original text was posted on May 20 and the English translation on May 26).
Scheduling AGMs Avoiding the Peak Day	The ordinary General Meeting of Shareholders is held by avoiding the peak day.
Allowing Electronic Exercise of Voting Rights	Implemented.
Participation in Electronic Voting Platform	NIPPON STEEL is registered at the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English	English translation of the notice of the General Meeting of Shareholders (full text including Reference Documents for the General Meeting of Shareholders) is posted on the websites of NIPPON STEEL and Tokyo Stock Exchange four weeks prior to the General Meeting of Shareholders (in 2020, English translation was posted on May 26).
Other	<p>[Disclosure of supplementary explanation materials of the items on the agenda of the General Meeting of Shareholders]</p> <p>Based on the questions from shareholders about the items on the agenda of the General Meeting of Shareholders, supplementary information is disclosed and posted on the websites of NIPPON STEEL and Tokyo Stock Exchange, as necessary (in 2020, no supplementary information was posted).</p> <p>[Explanations and summary of Q&A at the General Meeting of Shareholders]</p> <p>As the General Meeting of Shareholders NSSNC makes every effort to clearly explain the business report and the major management issues to shareholders using slides and other audiovisual materials throughout the presentation, and politely answer questions from shareholders.</p> <p>[Analysis of the results of the exercise of voting rights]</p> <p>Items on the agenda that received a considerable number of opposing votes are analyzed each year at subsequent meetings of the Board of Directors based on the proportions of votes “for” and “against” by shareholder composition and by shareholder category, and the information disclosed by the institutional investors on the results of the exercise of voting rights. NIPPON STEEL utilizes these results in its SR and IR activities.</p>

2. IR Activities

	Supplementary Explanations	Explanation by a representative
Preparation and Publication of Disclosure Policy	NIPPON STEEL aims to realize its sustainable growth and the medium- to long-term enhancement of corporate value by gaining shareholders' and investors' understanding and trust as to its management policies and business activities through timely, appropriate and	

	<p>fair disclosure of information and constructive dialogue. To this end, “NIPPON STEEL Corporate Disclosure and Dialogue Policy” has been established and is available on NIPPON STEEL’s website.</p> <p>(Japanese) https://www.nipponsteel.com/ir/management/disclosure.html</p> <p>(English) https://www.nipponsteel.com/en/ir/management/disclosure.html</p>	
Regular Investor Briefings for Individual Investors	<p>Management performance briefings are held for individual shareholders who hold ten units of shares or more. In the briefing, NIPPON STEEL Directors or officers explains on business performance, the Mid-Term Management Plan, NIPPON STEEL’s contribution to regional communities, and initiatives towards the environmental preservation and other topics, while questions from shareholders are also answered. In fiscal year 2019, NIPPON STEEL held a total of five briefings in Osaka and Kanazawa.</p>	Yes
Regular Investor Briefings for Analysts and Institutional Investors	<p>At the time of announcing the performance four times a year, an officer in charge of IR holds briefings in Japan to explain the performance overview and other topics. Subsequently, the materials used in the briefing and a summary of Q&A are posted both in Japanese and English on NIPPON STEEL’s website. When important matters arise regarding the management strategies, briefings are organized as necessary.</p> <p>Furthermore, as part of constructive dialogue to enhance corporate value, NIPPON STEEL regularly holds small meetings between the analysts, institutional investors and the President. NIPPON STEEL also invites the analysts and institutional investors to plant tours as necessary to deepen their understanding of NIPPON STEEL’s business.</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>NIPPON STEEL’s senior management, an officer in charge of IR, and the IR department conduct dialogue with overseas investors through face-to-face meetings and securities conferences held in Japan and overseas.</p>	Yes
Posting of IR Materials on Website	<p>Financial results materials (IR Briefings, Summaries of Q&A, Financial Results, Securities Reports, Quarterly Reports and others) and publications for shareholders and investors (Integrated Reports, Sustainability Reports, Fact Books, Business Reports, Interim Reports and others) are posted in “IR Library” on NIPPON STEEL’s website.</p> <p>(Japanese) https://www.nipponsteel.com/ir/library/index.html</p> <p>(English) https://www.nipponsteel.com/en/ir/library/index.html</p> <p>Documents relating to the General Meeting of Shareholders (Notices of the General Meeting of Shareholders, Notices of Resolutions of the General Meeting of Shareholders and others) are posted on the General Meeting of Shareholders page.</p>	

	<p>(Japanese) https://www.nipponsteel.com/ir/individual/meeting.html</p> <p>(English) https://www.nipponsteel.com/en/ir/individual/meeting.html</p> <p>English translations are provided for all documents excluding Securities Reports.</p>	
Establishment of Department and/or Manager in Charge of IR	The Investor Relations Department in the Accounting & Finance Division is established.	
Others	In addition to the above initiatives, in fiscal year 2019, to deepen shareholders' understanding of the Group's business performance and others, NIPPON STEEL sent out the Interim Report in November to shareholders. Furthermore, six of NIPPON STEEL's steelworks gave tours in fiscal year 2019 for shareholders who held ten units of shares or more (chosen by lottery) to view the actual manufacturing sites.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The "Corporate Philosophy of the NIPPON STEEL Group" provides that the Group continues to emphasize the importance of integrity and reliability, and the "Code of Conduct of the NIPPON STEEL Group" requires that the Group act with a strong sense of ethical values and in compliance with applicable laws and regulations, and respect the positions of various stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	<p>[Sustainability Report 2019]</p> <p>Since NIPPON STEEL (former Nippon Steel Corporation) became the first in the Japanese steel industry to issue an environmental report in 1998, it has presented in the sustainability reports its progress in environmental management and various initiatives in environmental preservation activities and CSR activities.</p> <p>In the fiscal year 2019 edition, NIPPON STEEL's stance on the pursuit of social sustainability is clearly communicated, and its environmental, social and governance (ESG) initiatives, which are the foundation of its sustainable growth, are introduced in detail.</p> <p>For those who wish to view more detailed information, a link to the website (URL) is provided on each page. Sustainability Report 2019, URL: https://www.nipponsteel.com/en/csr/report/index.html</p> <p>[Environmental Activities]</p> <p>Having identified environmental activities as critical for our corporate management, under the principle of Ecological Management, NIPPON STEEL is committed in the Basic Environmental Policy established in October 2012, to contribute to the creation of a society oriented toward environmental preservation with lower environmental impact. We have been actively engaged in various environmental measures, which encompass some at the local community level and others of global scale. These efforts include the maintenance and improvement of good living environments, the</p>

	<p>promotion of reduction and recycling of waste, addressing global warming issues, and the maintenance and improvement of biological diversity. (URL: https://www.nipponsteel.com/en/csr/env/policy/index.html)</p> <p>NIPPON STEEL is committed to solving the issues involved in creating a sustainable society through innovative technology development and by promoting “three ecos,” namely, Eco Process (The way we manufacture is eco-friendly: We manufacture steel products with world’s highest-level energy efficiency and low CO2 emission), Eco Products (What we produce is eco-friendly: We contribute energy saving and lowering CO2 emission by reducing the weight of products, improving energy efficiency, and utilizing by-products), and Eco Solution (Sharing our eco-solutions: We contribute to environmental preservation on a global level by providing environment and energy-efficient technology to countries around the world.</p> <p>[CSR Activities]</p> <p>As CSR activities to support art and culture, NIPPON STEEL opened the Kioi Hall in 1990 with halls dedicated to both classical music and traditional Japanese music, and has been focused on music sponsorship through the operation of the Hall and support for the activities of the NIPPON STEEL Arts Foundation, including the awarding of the NIPPON STEEL Music Awards each year to promising young musicians and to those who have made contributions to the development of the culture of music in Japan.</p> <p>NIPPON STEEL also supports community-based sports teams for soccer, volleyball, rugby, judo, baseball and other sports, and develops junior sports teams, gives sports classes for children, and makes its sport facilities available for them nationwide.</p> <p>NIPPON STEEL is also involved in the creation of forests and community clean-ups in the areas of its steelworks. Our “Creation of Hometown Forests” projects started with planting small tree saplings on the premises of Oita Works in 1971, with the aim of facilitating harmonious coexistence between nature and humans. This project has subsequently expanded to our domestic production bases, and our forests have grown into large forests with a total area of around 900 hectares.</p> <p>As educational activities, NIPPON STEEL supports environmental education and conducts lectures mainly at its steelworks and nearby elementary and junior high schools, in order to foster interest and better understanding of the steel industry among young people and to have them know the joy of manufacturing and the depth of science technology.</p> <p>Over the years, NIPPON STEEL has accepted school teachers each year under the Training Programs for Educators at Private Companies sponsored by the Japan Institute for Social and Economic Affairs and the Japan Iron and Steel Federation, offering tours of its steelworks for the teachers to gain better understanding of the industry, as well as an experience-based safety education program.</p> <p>Going forward, NIPPON STEEL will continue to promote these activities and, together with local communities, contribute to regional development.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>(1) The “Nippon Steel Corporation Group Code of Conduct” provides that NIPPON STEEL discloses its corporate information in a fair and proactive manner.</p> <p>(2) The “Basic Policy on Internal Control System” of NIPPON STEEL provides that NIPPON STEEL seeks timely and accurate disclosure of</p>

	<p>important corporate information such as management plans and financial information, in compliance with applicable laws and regulations, and other requirements.</p> <p>(3) The “Rules on Insider Information Management and Insider Trading Regulations” provide that after corporate decision that falls under “insider information” is made by or reported to the Board of Directors, NIPPON STEEL will release it promptly to multiple news media organizations, and disclose it in accordance with the rules of each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange).</p> <p>(4) The “NIPPON STEEL Corporate Disclosure and Dialogue Policy” provides that NIPPON STEEL will disclose information in compliance with applicable laws and regulations and the rules of each financial instruments exchange, and that with respect to financial and non-financial information other than that stated above, NIPPON STEEL will also disclose the information that is considered to be likely to affect investment decision in a timely, appropriate, and fair manner.</p>
Others	<p>In addition to the above, NIPPON STEEL is engaged in a wide-range of initiatives.</p> <p>[Initiatives towards the empowerment of women]</p> <p>NIPPON STEEL, given the advance of the aging society with low birthrate, is promoting various measures to realize a work environment, in both offices and operational worksites, in which diverse personnel such as the elderly and women can be active, and also proactively hire women for manufacturing worksites. Five worksites have 24-hour in-house nurseries in order to support early return of female workers in shift work-places from maternity and baby care leave (established at East Nippon Works Kimitsu Area, Nagoya Works, Kyushu Works Yawata Area, Kyushu Works Oita Area, and Setouchi Works Hirohata Area).</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

(1) Basic policy on internal control system

The resolutions made by NIPPON STEEL as necessary for the execution of duties of the Audit & Supervisory Committee and as a system for ensuring appropriateness of its business are as follows.

NIPPON STEEL is aiming at continuous improvement of its corporate value and winning the trust of society under the “Corporate Philosophy of the NIPPON STEEL Group.” In addition, NIPPON STEEL will establish and appropriately manage an internal control system (a system for ensuring appropriateness of business, etc.) as follows to comply with applicable laws and regulations, and ensure integrity of financial reporting, and effectiveness and efficiency of business, and will continue to improve such system in view of further enhancement of corporate governance.

(i) Matters Necessary for the Execution of Duties of the Audit & Supervisory Committee

i) Matters related to Directors and Employees to Assist the Audit & Supervisory Committee of NIPPON STEEL in its Duties

NIPPON STEEL will establish the Audit & Supervisory Committee Members’ Office and assign full-time employees (the “dedicated staff members”), in order to assist the Audit & Supervisory Committee in the smooth execution of its duties. No Directors will be assigned to assist the Audit & Supervisory Committee in its duties.

ii) Matters related to the Independence of the Dedicated Staff Members from Other Directors (Excluding Directors Who are Audit & Supervisory Committee Members) and Matters related to Ensuring the Effectiveness of Instructions of the Audit & Supervisory Committee to the Dedicated Staff Members

The dedicated staff members are full-time employees and perform their duties under the direction of the Audit & Supervisory Committee. In addition, the Head of the Human Resources Division discusses with the Audit & Supervisory Committee in advance the transfer and evaluation, etc. of the dedicated staff members to ensure their independence from the executive divisions and the effectiveness of the Audit & Supervisory Committee’s instructions to the dedicated staff members.

iii) System for Directors, Employees, Etc. of NIPPON STEEL and Its Subsidiaries to Report to the Audit & Supervisory Committee

The Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, General Managers, and other employees of NIPPON STEEL will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or NIPPON STEEL’s rules, either directly or through the related divisions such as the Internal Control & Audit Division, on the status of the execution of duties, the maintenance and operation of the internal control system (hereinafter including the status of whistleblower systems.), major accidents and incidents, and other matters related to risk management. They will also report important management matters to the Board of Directors, the Corporate Policy Committees and the Risk Management Committees, and other corporate committees, and thereby share such information with the Audit & Supervisory Committee.

In addition, the directors, audit & supervisory board members, employees, etc. of each Group company of NIPPON STEEL will report to the Audit & Supervisory Committee in a timely and appropriate manner in accordance with laws and regulations or NIPPON STEEL’s rules and other regulations, either directly or through the related divisions such as the Internal Control & Audit Division, on the status of the execution of duties, the maintenance and operation of internal control systems, major accidents and incidents,

and other matters related to risk management at each Group company.

- iv) System to Ensure that the Person Who Made the Report Referred to in the Preceding Paragraph will not be Treated Unfavorably for the Reason of Making Such Report

NIPPON STEEL will stipulate Rules for the Whistleblower System, which state that NIPPON STEEL shall not unfavorably treat a person who has reported as stated in the preceding paragraph, for reasons of such report, make such rules known, and implement them appropriately.

- v) Matters related to the Policy for the Handling of Expenses Incurred in the Performance of Duties by Audit & Supervisory Committee Members

NIPPON STEEL will record in its budget such expenses as it deems necessary for the execution of duties of Audit & Supervisory Committee Members. If an Audit & Supervisory Committee Member requests reimbursements of such expenses, NIPPON STEEL will handle them appropriately in accordance with the provisions of the Companies Act.

- vi) Other Systems to Ensure that Audits by the Audit & Supervisory Committee are Conducted Effectively

The General Manager of the Internal Control & Audit Division and the heads of each functional division of NIPPON STEEL cooperate closely with the Audit & Supervisory Committee through means such as exchanging opinions on the operation of the internal control system and other matters on a regular basis or whenever necessary. In addition, NIPPON STEEL will strive to create an environment that enables the Audit & Supervisory Committee to conduct audits in an organized and efficient manner.

- (ii) System to Ensure that Execution of Duties by the Directors of NIPPON STEEL Complies with Applicable Laws and Regulations and the Articles of Incorporation and Other Systems to Ensure Appropriateness of Operation in the Corporate Group Consisting of NIPPON STEEL and its Subsidiaries

- i) System to Ensure that Performance of Responsibilities by the Directors of NIPPON STEEL Complies with Applicable Laws and Regulations and the Articles of Incorporation

The Board of Directors will make decisions or receive reports on important matters of management in accordance with the Rules of the Board of Directors and other relevant internal rules.

In accordance with the resolution at the Board of Directors, each of the Executive Directors will, in his/her assigned area, perform his/her responsibilities and supervise the performance of responsibilities of employees, and report such supervisory status to the Board of Directors.

- ii) System for the Preservation and Management of Information in relation to the Performance of Responsibilities by the Directors of NIPPON STEEL

NIPPON STEEL will appropriately preserve various information in relation to the performance of responsibilities, including minutes of Meetings of the Board of Directors, by, among others, specifying managers in charge of information preservation and management, and classifying each information by security level, in accordance with the internal rules for information management.

NIPPON STEEL will seek to make timely and accurate disclosure of important corporate

information, such as its management plan and financial information, in addition to such disclosure as required by applicable laws and regulations.

iii) Rules and Other Systems with respect to Loss-related Risk Management of NIPPON STEEL

The General Manager of each division will identify and evaluate risks associated with business in his/her division, and carry out his/her duties in accordance with the authority and responsibilities set out in internal rules for organization and operation.

With respect to risks related to areas such as safety and health, environment and disaster prevention, information management, intellectual properties, quality control, and integrity of financial reporting, the division in charge of each specific area (each functional division) will establish rules and other systems from a company-wide perspective, inform other divisions of such rules and systems, identify and evaluate the status of risk management at other divisions through monitoring and other methods, and provide guidance and advice to such divisions.

Upon the occurrence of an accident, disaster, compliance issue, or other event which causes a material effect on the management, the Executive Directors will immediately convene “Emergency Control Headquarters” and other meetings, and take necessary actions in order to minimize the damage, impact, and other effects.

iv) System to Ensure Efficiency in the Performance of Responsibilities by Directors of NIPPON STEEL

The Board of Directors will make decisions on the execution of management plans and business strategies, as well as important business executions such as capital expenditure, and investments and provision of loans, after such matters are deliberated by companywide Committees for relevant areas such as ordinary budget, plant and equipment investment budget, investment and financing, and technology development, and the Corporate Policy Committee.

The business execution under the resolution at the Board of Directors and other corporate organizations is performed promptly by the Executive Directors, Executive Officers, and General Managers.

v) System to Ensure that Performance of Responsibilities by Employees of NIPPON STEEL Complies with Applicable Laws and Regulations and the Articles of Incorporation

NIPPON STEEL will build and maintain an internal control system based on autonomous internal controls.

Each General Manager will develop an autonomous internal control system in his/her Division, and strive to ensure thorough compliance with applicable laws and regulations and internal rules, and prevent any violation of applicable laws and regulations in business and affairs. NIPPON STEEL will also develop and enhance an employee-education system that includes regular seminars, and the creation and distribution of manuals for the purpose of ensuring compliance with applicable laws and regulations and internal rules. When each General Manager becomes aware of any potentially illegal acts or facts, he or she will immediately report such matters to the General Manager for the Internal Control & the Audit Division.

The General Manager of the Internal Control & Audit Division will confirm the status of developing and operating company-wide internal control systems, and identify and evaluate each Division’s situation of compliance with applicable laws and regulations and internal rules, and take necessary measures such as preventing violations of applicable

laws and regulations and internal rules. Moreover, the General Manager will report on such matters to the Risk Management Committee, and further report on important items among such matters to the Corporate Policy Committee and the Board of Directors. The General Manager will also establish and operate a whistleblower system that provides consultations and takes reports regarding risks in the operation of business.

Employees are obligated to comply with applicable laws and regulations and internal rules and to appropriately perform their responsibilities. Employees who violate applicable laws and regulations and internal rules will be subject to disciplinary action under the Rules of Employment.

vi) System to Ensure Appropriateness of Operation in the Corporate Group Consisting of NIPPON STEEL and its Subsidiaries

Under the “Corporate Philosophy of the NIPPON STEEL Group,” NIPPON STEEL and each Group company will share business strategy and conduct their business in a unified manner, taking into account each company’s business characteristics, and will familiarize their respective employees with their respective business operation policies and other related matters. With respect to control of the Group companies, NIPPON STEEL will set forth basic rules in the Rules for Control of group companies, and ensure their appropriate application.

Each Group company will build and maintain its internal control system based on autonomous internal controls, and seek to improve measures relating to internal control through, among other measures, information sharing with NIPPON STEEL. Each responsible division of NIPPON STEEL will confirm the status of internal controls at each Group company, and provide assistance in its improvements, where necessary.

The General Manager of the Internal Control & Audit Division will coordinate with each functional division, and identify and evaluate the situation of internal control of the Group companies as a whole, and provide guidance and advice to each responsible division and each Group company.

The specific systems under the views above are as follows.

i. System for Reporting to NIPPON STEEL in relation to the Performance of Responsibilities by the Group Companies’ Directors

The responsible divisions of NIPPON STEEL will request that each Group company report on important management matters in relation to NIPPON STEEL’s consolidated management or each Group company’s management, including business plans, significant business policies, and financial results, and give advice and other guidance.

ii. Rules and Other Systems with respect to Group Companies’ Loss-related Risk Management

The responsible divisions of NIPPON STEEL will request that each Group company report on the situation of risk management in each Group company, and give advice and other guidance.

iii. System to Ensure Efficiency in the Performance of Responsibilities by the Group Companies’ Directors

The responsible divisions of NIPPON STEEL will evaluate the business performance of each Group company, and give support for the management.

- iv. System to Ensure that the Performance of Responsibilities by Group Companies' Directors and Employees Complies with Applicable Laws and Regulations and the Articles of Incorporation

The responsible divisions of NIPPON STEEL will request that Group companies report on their respective situation on compliance with applicable laws and regulations, and the development and operation of internal control systems, and give necessary support, advice, and other guidance. Additionally, such divisions will request that each Group company report on any actions and facts in such Group company that may violate applicable laws and regulations, and promptly report to the General Manager of the Internal Control & Audit Division.

(2) Outline of status of operation

(i) Operational organization

NIPPON STEEL has established an operational organization for its internal control systems. This organization consists of the Internal Control & Audit Division (23 full-time and 22 concurrently with their other posts), which is responsible for the internal control plan and internal audits, and functional divisions responsible for managing risk in each field (about 700 staffs). NIPPON STEEL has also designated a person in charge of risk management (about 150 for NIPPON STEEL) and a person responsible for risk management (about 550 in group companies) who are engaged in planning and promoting autonomous internal-control activities in each division and Group company.

This organization operates the internal control system as follows.

(ii) Specific status of operation

i) Internal control plan

In March of each year, NIPPON STEEL develops an annual plan on internal control for NIPPON STEEL Group as a whole based on changes in the related laws and the business circumstances. This plan includes a basic policy, separate plans for each function, including safety, environment, plant safety, and quality, an internal audit plan, and an education plan. Each division and Group company creates its own plan for the fiscal year based on such annual plan developed by NIPPON STEEL.

ii) Autonomous internal control activities

In accordance with the annual plan, each division and Group company autonomously performs internal control activities based on the characteristics of each business and its inherent risks. Specifically, such activities include establishment, education and voluntary inspections of operational rules, manuals and other documentation; third-party monitoring; and improvements to operations based on the results thereof.

Such divisions and Group companies immediately report any accidents, disasters, facts that may violate applicable laws and regulations, etc. to the Internal Control & Audit Division, and coordinate with the relevant divisions to take corrective measures, such as measures to prevent recurrence. The Internal Control & Audit Division compiles case studies of such incidents and shares them within the NIPPON STEEL Group. Each division and Group company then performs inspections for similar risks.

iii) Internal audits, etc.

Internal audits confirm the status of internal controls via internal-control checklists and other documents. Additionally, the Internal Control & Audit Division and each functional division monitor each division and group company.

As measures to complement NIPPON STEEL's internal controls, NIPPON STEEL also operates a hotline for internal reporting and consultation hotlines within the company and at external professional organizations, which are open to employees of NIPPON STEEL and group companies and their families, as well as employees of NIPPON STEEL's suppliers and others. In fiscal year 2019, there were 425 cases of internal reporting and consultations. In addition, NIPPON STEEL and its major group companies conduct employee awareness surveys regarding internal controls.

iv) Assessment and improvement

The Internal Control & Audit Division reports the status of operation of the internal control system at the quarterly meeting of the Risk Management Committee. It is also reported at meetings of the Corporate Policy Committee and Board of Directors. Such status is also shared with each division and Group company at the meeting of the persons in charge of risk management and the meeting of the persons responsive for risk management.

The Internal Control & Audit Division also assesses the effectiveness of its internal control system as of the end of each fiscal year, and compiles a report of its assessment based on the status of internal-control activities, internal audits, etc. This assessment is then reported to the Risk Management Committee, Corporate Policy Committee, and Board of Directors.

Based on the results of these assessments, NIPPON STEEL establishes measures to improve the effectiveness of its internal control system, and incorporates them into the next fiscal year's internal control plan.

v) Education and awareness raising

The Company educates employees and officers of NIPPON STEEL and those of its group companies through sessions on internal controls prepared by NIPPON STEEL. The sessions include position-specific training, and are given to everyone from new hires to executive management. The Company also works actively to raise awareness of its approach to internal controls, establishment of better workplace culture, and other topics through a dialog between the Internal Control & Audit Division, and each division of NIPPON STEEL, and its group companies.

vi) Coordination with the Audit & Supervisory Committee and Accounting Auditor

The Internal Control & Audit Division shall report the status of internal controls to the Audit & Supervisory Committee each quarter. It will also report and discuss the status of internal controls with the Risk Management Committee with the attendance of Audit & Supervisory Committee Members. The Internal Control & Audit Division will also cooperate closely with the Audit & Supervisory Committee through means such as exchanging opinions on the operation of the internal control system and other matters on a regular basis. It reports and discusses such matters as the results of assessments of internal controls relating to the status of operation of the Risk Management Committee and reporting of financial statements to the Accounting Auditor

periodically.

2. Basic Views on Eliminating Anti-Social Forces

NIPPON STEEL provides, in “Corporate Philosophy of the NIPPON STEEL Group,” that the Group continues to emphasize the importance of integrity and reliability, and provides in the “Code of Conduct of the NIPPON STEEL Group” that the Group will not have any relationships of any kind with anti-social forces or organizations that threaten order and safety in the civil society, and will take firm action against all unreasonable demands. NIPPON STEEL has established “Rules that Prohibit any Relationships with Anti-social Forces and Prevent Damage Caused by Them,” and internal systems thereunder.

Specifically, NIPPON STEEL defines the role of each relevant division and communication systems between them by establishing a division, a General Manager, and a personnel in charge of public relations, maintains regular contacts with police departments and other relevant authorities, and seeks to promote educational activities through information sharing within the Group and internal seminars.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

The Basic Policy on the Composition of Persons to Control the Decision-Making over the Financial and Business Policies of the Company

Under the corporate philosophy that the NIPPON STEEL Group will pursue world-leading technologies and manufacturing capabilities, and contribute to society by providing excellent products and services, the NIPPON STEEL Group aims to improve its corporate value, and further the common interests of its shareholders, by enhancing its competitiveness and profitability through the planning and execution of management strategies.

NIPPON STEEL believes that in the event a third party proposes the acquisition of substantial shareholdings in NIPPON STEEL (a "Takeover Proposal"), the ultimate decision as to whether or not to accept the Takeover Proposal should be made by the then shareholders of NIPPON STEEL. On the other hand, NIPPON STEEL believes that such Takeover Proposals could include those with the potential to cause clear damage to the corporate value of NIPPON STEEL or the common interests of the shareholders of NIPPON STEEL or those with the potential to practically coerce shareholders into selling their shares of NIPPON STEEL.

Consequently, NIPPON STEEL will pay close attention to the status of trading of shares of NIPPON STEEL and changes of its shareholders in order to prepare for such disadvantages to the shareholders of NIPPON STEEL in the event a Takeover Proposal is made by a third party, and, for the occasions where a Takeover Proposal is actually made, will make efforts to enable its shareholders to make an appropriate informed judgment based on sufficient information and with a reasonable time period to consider such proposal. If a Takeover Proposal is reasonably judged to damage the corporate value of NIPPON STEEL, which could result in harm to the common interests of shareholders of NIPPON STEEL, NIPPON STEEL will aim to protect its corporate value and the common interests of its shareholders by taking prompt and appropriate measures to the extent permitted under the then applicable laws and regulations.

2. Other Matters Concerning to Corporate Governance System

(1) The Corporate Governance System, including an Overview of the Internal Control System

Please see the chart indicated below.

(2) Overview of the Timely Disclosure System

NIPPON STEEL's internal system for ensuring the timely disclosure of its corporate information as described below.

(i) Information Disclosure Concerning Corporate Decisions

Corporate Decisions by NIPPON STEEL and its subsidiaries that are subject to timely disclosure are submitted for deliberation by or reported to the Board of Directors, or reported to the General Manager of the General Administration Division in accordance with the internal rules, and then disclosed in accordance with the rules of each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange).

(ii) Information Disclosure Concerning the Occurrence of Facts

Occurrence of Facts regarding NIPPON STEEL and its subsidiaries that are subject to timely disclosure are reported to the Board of Directors or the General Manager of the General Administration Division in accordance with the internal rules, and then disclosed

in accordance with the rules of each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange).

(iii) Information Disclosure Concerning Financial Results

Information concerning financial results is submitted for deliberation by and reported to the Board of Directors, and then disclosed in accordance with the rules of each financial instruments exchange on which NIPPON STEEL is listed (e.g. Tokyo Stock Exchange).

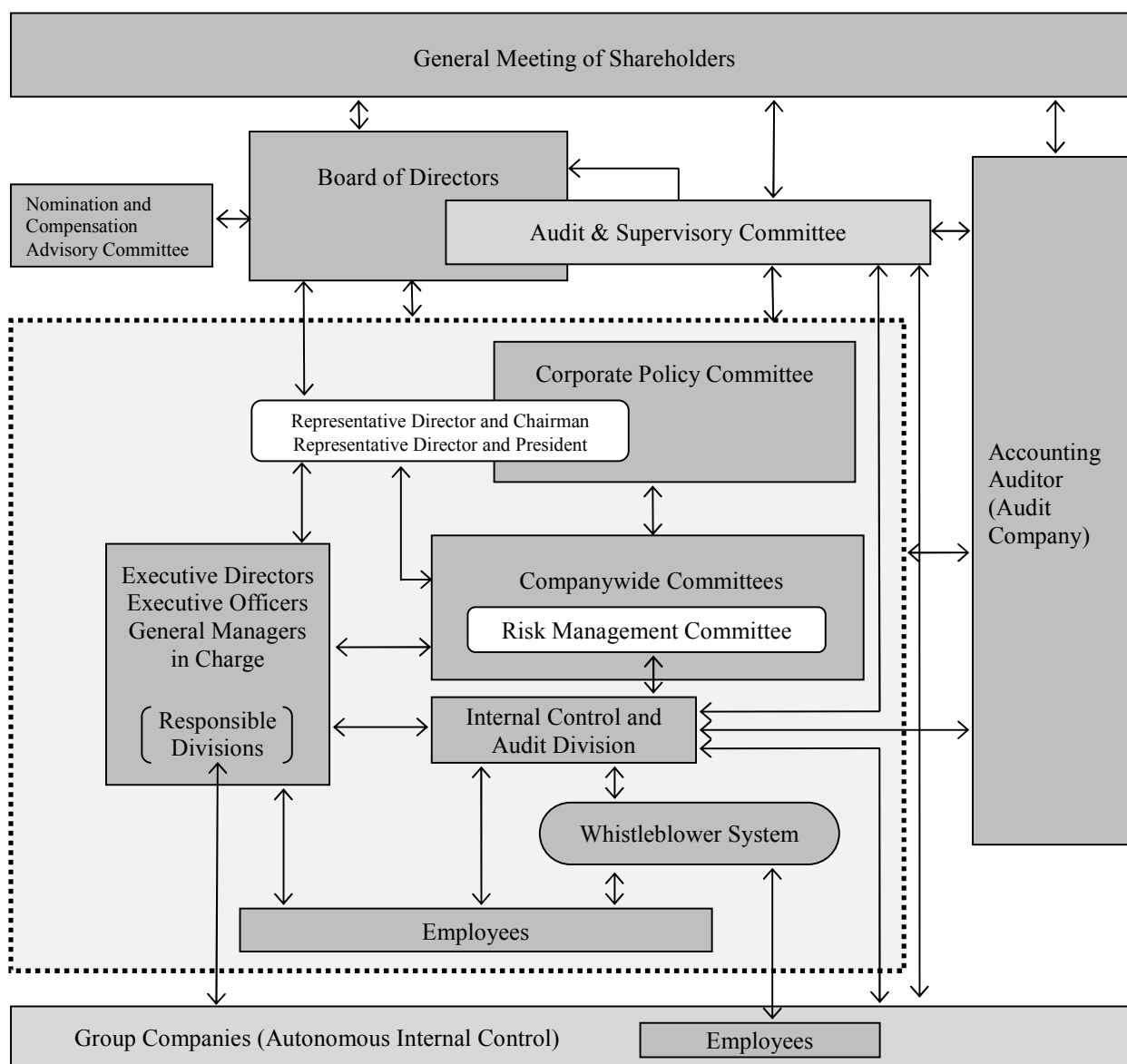
(iv) Others

All of the information mentioned above is disclosed by the Senior Manager of the General Administration Department of the General Administration Division (the responsible person for handling information), in a timely manner. Furthermore, when such information is disclosed, it is posted on NIPPON STEEL's website.

(Translation)

<Reference: Relationship Diagram regarding NIPPON STEEL's Organization and Internal Control>

The following is a diagram illustrating the relationship regarding NIPPON STEEL's organization and internal control.



(Note)

- 1: In accordance with a provision in the Articles of Incorporation, the Board of Directors of NIPPON STEEL delegates part of the decisions regarding 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, enhancing discussions by the Board of Directors relating to matters such as the formulation of management policies and strategies, and strengthening the supervisory function of the Board of Directors over management.
The execution of important matters concerning the management of NIPPON STEEL and NIPPON STEEL Group is determined at the Board of Directors (held about once per month) after deliberations in the Corporate Policy Committee (held once a week, in principle) comprised of the Chairman, President, Executive Vice Presidents, and other members, pursuant to NIPPON STEEL's rules.
- 2: As corporate organizations engaging in deliberations before the Corporate Policy Committee and the Board of Directors, there are 23 company-wide committees in total, including the Ordinary Budget Committee, the Plant and Equipment Investment Budget Committee, the Investment and Financing Committee, the Fund Management Committee, the Technology Development Committee, the Environment Management Committee, and the Risk Management Committee, depending on each purpose.
- 3: NIPPON STEEL has established an operational organization for its internal control systems. This organization consists of the Internal Control & Audit Division (23 full-time and 22 concurrently with their other posts), which is responsible for the internal control plan and internal audits, and functional divisions responsible for managing risk in each field (about 700 staffs). NIPPON STEEL has also designated a person in charge of risk management (about 150 for NIPPON STEEL) and a person responsible for risk management (about 550 in group companies) who are engaged in planning and promoting

autonomous internal-control activities in each division and Group company.

- 4: As far as the Group companies are concerned, each company establishes and develops an internal control system based on its autonomous internal control, and the responsible divisions of NIPPON STEEL provide assistance in their improvement, where necessary. Furthermore, the General Manager for the Internal Control & Audit Division of NIPPON STEEL identifies and evaluates the situation of internal control of NIPPON STEEL Group as a whole, and gives guidance and advice to each responsible division and each Group company.