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Notice of Continuation and Partial Revision of Medium-/Long-term Performance-linked Remuneration for Directors, etc.

JFE Holdings, Inc. (“Company”) passed a resolution at a meeting of its Board of Directors today to partially revise stock remuneration linked to performance over the medium to long term for Directors and Corporate Officers of the Company and its operating companies JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation. The Board also passed a resolution to submit a proposal for said revision to the 23th Ordinary General Meeting of Shareholders (“General Meeting of Shareholders”) on June 25. The details follow. The Company hereby announces that, based on the assumption that the proposed transition to a Company with an Audit and Supervisory Committee—as disclosed in the “Notice of Transition to Company with Audit & Supervisory Committee” dated February 6, 2025—will be approved at the 23rd Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2025 (“General Meeting of Shareholders”), the Company passed a resolution at today’s Board of Directors meeting to continue and partially revise the stock remuneration plan linked to medium- and long-term performance for Directors and Corporate Officers.

Additionally, the Board resolved to partially revise the stock remuneration plan linked to medium- and long-term performance for Directors and Corporate Officers of its operating companies—JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Corporation (collectively, the “Revision”).

The Company also resolved to submit a proposal regarding the stock remuneration plan for its Directors to the upcoming General Meeting of Shareholders. Details are as follows.

1. Company’s Stock Remuneration Plan

- (1) In a resolution passed at the 16th Ordinary General Meeting of Shareholders on June 21, 2018, the Company introduced a remuneration plan (“Plan”) under which the Company’s Shares and an amount of cash equivalent to the market price of the Company’s shares (“Company’s Shares”) are provided to Directors and Corporate Officers of the Company and its operating companies, listed in (2) below and hereinafter collectively referred to as the “Group’s Directors/Officers” under a scheme called the Board Benefit Trust (“BBT”).

(For details regarding eligible persons and the previous structure of the Plan, please refer to the “Notice of Partial Revision of Medium-/Long-term Performance-linked Remuneration Plan for Directors, etc.” announced on May 7, 2021.)

At the 19th Ordinary General Meeting of Shareholders held on June 25, 2021 (the “Previous General Meeting of Shareholders”), a partial revision of remuneration amounts and items under the Plan for the Company’s Directors was approved, and the Plan has continued in its current form since then.

The Plan is a stock remuneration plan whereby shares in the Company are acquired through a trust funded by cash contributed by the Company (“Trust”) and the Company’s Shares are paid through the Trust to the Group’s Directors/Officers pursuant to the Stock Grant Regulations for Officers established by the Company and its operating companies.

- (2) Specially, following the Revision, those eligible for the Plan include Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and operating companies (limited to Executive Directors only) and Corporate Officers not concurrently serving as Directors (excluding residents outside Japan) of the Company as well as of operating companies JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Trade Corporation (hereinafter collectively referred to as the “Group’s Directors/Officers”).

2. Background and Purpose

- (1) According to the Plan, the Company's Shares are granted to the Group's Directors/Officers according to the level of achievement against performance targets in the Medium-Term Business Plan, thereby clarifying the linkage among remuneration, performance results of the Group and stock value. In this way, the sharing of value with shareholders is enhanced with the aim of raising awareness regarding the contributions of the Group's Directors/Officers to increase corporate value over the medium-to-long term.
- (2) In conjunction with the transition to a Company with an Audit and Supervisory Committee, the Company intends to abolish the current remuneration framework under the existing Plan for Directors and in turn establish a new remuneration framework under the revised Plan for Directors, which newly excludes Directors who are Audit and Supervisory Committee Members and Outside Directors (hereinafter referred to as the "Directors").

Additionally, today the Group announced its eighth Medium-Term Business Plan to guide operations in the fiscal years 2025–2027. In order to further enhance the linkage between Director/Officer remuneration, Company performance and share value, the Company will partially revise the Plan, including by increasing the remuneration framework. For the performance-linked portion of the Plan—under which Company Shares, etc. are granted commensurate performance target achievement levels under the Business Plan—the performance indicators will be adjusted to the Business Plan's targets.

A Board of Directors resolution for the continuation and partial revision of the Plan was obtained following deliberations by and reports from the Remuneration Committee in accordance with the basic policies for remuneration and deciding individual remuneration of Directors and Corporate Officers. Both policies are scheduled to be amended at a meeting of the Board of Directors, following the conclusion of the General Meeting of Shareholders, as part of transitioning to a Company with an Audit and Supervisory Committee.

- (3) This continuation and partial revision shall be subject to approval through a proposal regarding the Plan's remuneration framework, which will be submitted to the General Meeting of Shareholders.

3. Content of Plan's Revisions

The details of this Plan after the revision are expected to be as follow. (The main revisions shall be underlined. For the content of the previous Plan, please refer to the "Notice of Partial Revision of Medium-/Long-term Performance-linked Remuneration Plan for Directors, etc." published on May 7, 2021.)

<https://www.jfe-holdings.co.jp/uploads/2020-setumei210507-03.pdf>

(1) Outline of Plan

The Plan covers the four fiscal years from fiscal 2021 to 2024 ("Previous Target Period") under the seventh Medium-Term Business Plan, as resolved at the previous General Meeting of Shareholders, as well as the three fiscal years from fiscal 2025 to 2027 ("Current Target Period") under the eighth Medium-Term Business Plan. The term "Target Period" refers to the current and future Target Periods under forthcoming medium-term business plans. Each Target Period shall correspond to the period covered by the applicable medium-term business plan, and may range from one to five fiscal years.

Structure of the Plan	Performance-linked portion	The Company's Shares are granted according to the level of achievement against performance targets under the Medium-Term Business Plan, etc., for a Target Period ¹ - No payment shall be made to those eligible at an operating company for a fiscal year in which a segment loss is recorded.
	Service-length portion	The Company's Shares are granted according to the length of the term of office at each company and for each position.
Those eligible for the Plan		- <u>Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and operating companies (limited to Executive Directors only)</u> - Corporate Officers of the Company and operating companies not concurrently serving as Directors (excluding residents outside Japan)
Cash limit amount to be contributed by the Company to the Trust		1.8 billion yen per one fiscal year multiplied by the number of fiscal years related to the Target Period (of which, 200 million yen per one fiscal year multiplied by the number of fiscal years related to the Target Period will be for Directors)
Limit of number of the Company's Shares to be acquired by the Trust for provision		2.9 million shares per one fiscal year multiplied by the number of fiscal years related to the Target Period (of which, 320,000 shares per one fiscal year multiplied by the number of fiscal years related to the Target Period will be for Directors)
Method of acquisition of the Company's Shares by the Trust		Through the stock market or by subscription to the disposal of the Company's treasury shares
Time of granting the Company's Shares		When the Group's Directors/Officers retire, in principle

¹ For the performance-linked portion during this Target Period, the performance indicators will be return on equity (ROE) attributable to the owners of the parent company listed in the eighth Medium-Term Business Plan and the relative total shareholder return (relative TSR) calculated by comparing the Company's shareholder total return with that of the TOPIX stock index. The payment level for each fiscal year will vary from 0% to 200%, including 100% when a performance target is achieved.

(2) General Meeting resolution for partial revision of Plan

The Company shall implement the Plan after a resolution has been passed at the General Meeting regarding the limit amount to be contributed to the Trust as remuneration for the Company's Directors, the limit of number of shares to be acquired (specified in (4) below) under the Plan as well as other necessary matters.

(3) Trust duration

From August 16, 2018 until the Trust is terminated (the Trust shall continue without establishing a specific expiry date as long as the Plan remains in effect. The Plan shall be terminated when the Company's Shares are delisted or when the Stock Grant Regulations for Officers are abolished, for example.)

(4) The cash limit amount that the Company contributes to the Trust for the Group's Directors/Officers, and limit of number of the Company's Shares to be granted from the Trust (including the number of shares subject to conversion into cash)

The Company shall continue the Plan for the Target Period and for each subsequent Target Period and contribute the following money to the Trust as the funds to acquire the Company's share for the purpose of provision of the Company's Shares to the Group's Directors/Officers.²

The Company shall contribute money to the Trust to provide Company Shares, etc., to the Group's Directors/Officers. The amount shall be calculated by multiplying 1.8 billion yen per fiscal year by the number of fiscal years in the relevant Target Period (of which 200 million yen per fiscal year shall be allocated for Company Directors). The maximum amount for Company Directors is based on the number of Directors after the conclusion of this General Meeting and taking into account any future re-elections of Directors. This amount is set as the maximum remuneration in the case of achieving the highest performance level (which corresponds to 200%, with 100% being the target achievement level).

In the event of additional contributions for each Target Period, if there are remaining shares and cash in the Trust (hereinafter referred to as "Remaining Shares, etc."), the amount of Remaining Shares, etc. (using the book value of Company Shares as of the last day of the fiscal year preceding the relevant Target Period) shall be deducted from the maximum contribution amount, and the remaining amount shall be the upper limit for the additional contribution corresponding to the Target Period. When calculating the Remaining Shares, etc., Company Shares remaining in the Trust shall exclude those corresponding to points granted to Group Directors/Officers before the start of the Target Period in question, for which the provision of shares to Group Directors/Officers is yet to be completed.

Additionally, the total number of shares to be provided to Group Directors/Officers under this Trust (including shares subject to liquidation [7]) for each Target Period shall be limited to the number calculated by multiplying 2.9 million shares per fiscal year by the number of fiscal years in the relevant Target Period (of which 320,000 shares per fiscal year shall be allocated for Company Directors). This share limit is set in consideration of the maximum contribution amount described above, as well as the Company's stock price, among other factors.

² The cash amount that the Company contributes to the Trust shall include the amounts for the operating companies, with each one paying a settlement amount to the Company each time a payment is made to those eligible at the relevant company.

(5) Methods of acquisition of Company's Shares

The Trust shall acquire the Company's Shares, funded by cash contributed through (4) above, either through the stock market or by subscription to the disposal of the Company's treasury shares, and new shares shall not be issued. Details of acquisition of the Company's Shares through the Trust shall be disclosed in a timely and appropriate manner.

(6) Calculation method for number and amount of Company's Shares to be granted to Group's Directors/Officers

For each fiscal year, the Group's Directors/Officers are granted points based on matters such as their positions and performance achievements in accordance with the Stock Grant Regulations for Officers of the relevant company. The limit of the total number of points granted to the Group's Directors/Officers shall be 2,900 thousand points (of which, 320 thousand points shall be for the Company's Directors) for each fiscal year.

The points granted for each fiscal year, in principle, are accumulated until the retirement of the relevant Group's Directors/Officers, and the number of such accumulated points is multiplied by a prescribed coefficient established based on the reason of their retirement (not exceeding 1). The points computed in this manner (hereinafter referred to as the "Defined Number of Points") are converted the number of the Company's common shares by converting one point to one share of common stock of the Company. The Company's Shares thus calculated will be granted as described in (7) below. (However, if actions such as a stock split, a gratis allotment or a stock consolidation of the Company's Shares is carried out in the future, the Company will reasonably adjust the limit of number of points, the number of points already granted or their conversion ratio, in accordance with matters such as the ratios of such actions.)

The number of points granted for each fiscal year in this Current Target Period shall be calculated as follow.

(i) Performance-linked portion

In calculating the performance-linked portion, the Company emphasizes the importance of aligning with shareholders' interests for long-term corporate value enhancement by considering the cost of equity capital. The targets for ROE and relative TSR set in the eighth Medium-Term Business Plan are used as indicators. Specifically, the Performance-linked Points, set for each company and position, are calculated by multiplying the base points by an adjustment rate based on the achievement level against the ROE and relative TSR targets in the eighth Medium-Term Business Plan. The adjustment rate is set at 100% when the targets are met, and it varies within the range of 0% to 200%.

$$\frac{\text{Annual Points to be granted}}{\quad} = \frac{\text{Performance-linked Points}}{\quad} \times \frac{(\text{Achievement Level of ROE Target (0\%–200\%)} \times 70\%) + (\text{Achievement Level of Relative TSR Target (0\%–200\%)} \times 30\%)}$$

No performance-linked portion shall be granted to those eligible at an operating company for a fiscal year in which the operating company records a segment loss.

(ii) Service-length portion

The service-length portion is calculated by multiplying the base points specified for each company and position (hereinafter referred to as "Service-length Points") by an adjustment rate based on the length of the term of office for the relevant position. The adjustment rate shall be 100% for those who remain in office for the entire service period for the relevant fiscal year.

$$\frac{\text{Annual Points to be granted}}{\quad} = \frac{\text{Service-length Points}}{\quad} \times \frac{\text{Adjustment rate based on the length of the term of office for the relevant position (0\% to 100\%)}}{\quad}$$

(7) Provision of the Company's Shares

In principle, the Group's Directors/Officers who retire shall receive from the Trust the Company's Shares corresponding to the Defined Number of Points determined under (6) after retirement, if they meet the beneficiary requirements provided in the Stock Grant Regulations for Officers of the respective company, by carrying out specified beneficiary confirmation procedures. However, if they meet the requirements

providing in the Stock Grant Regulations for Officers of the respective company, the Group's Directors/Officers shall receive cash instead of the Company's Shares in an amount equivalent to the market value of such shares for a certain percentage of the points. The Trust may sell the Company's Shares to make such cash provision.

If a Group's Director/Officer who is granted points is dismissed by a resolution of the General Meeting of Shareholders or the Board of Directors, or if said person commits misconduct, within the period between serving in office or date of resignation and the date of receiving the benefits, the right to receive said benefits may be revoked by a resolution of the Board of Directors of the Company or its operating company. In addition, in the case of misconduct after receiving the benefits, in accordance with a resolution of the Board of Directors of the Company or an operating company, a claim may be made for reimbursement equivalent to the value of shares or money received by the Group's Director/Officer.

(8) Exercise of voting rights

In accordance with instructions from the trust administrator, the voting rights attached to the Company's Shares in the Trust's account shall not be uniformly exercised. This approach intends to ensure neutrality to the Company's management regarding the exercise of voting rights attached to the Company's Shares in the Trust's account.

(9) Dividends

The Trust shall receive dividends from the Company's Shares held in the Trust's account and allocate them to the payment of the costs for acquiring the Company's Shares, to the trust fees for the Trust's trustee, etc. if the Trust is terminated, residual funds in the Trust, including dividends, shall be donated to organizations that have no conflicts of interest with the Company and the Group's Directors/Officers in accordance with the provisions of the Stock Grant Regulations for Officers.

(10) Termination of trust

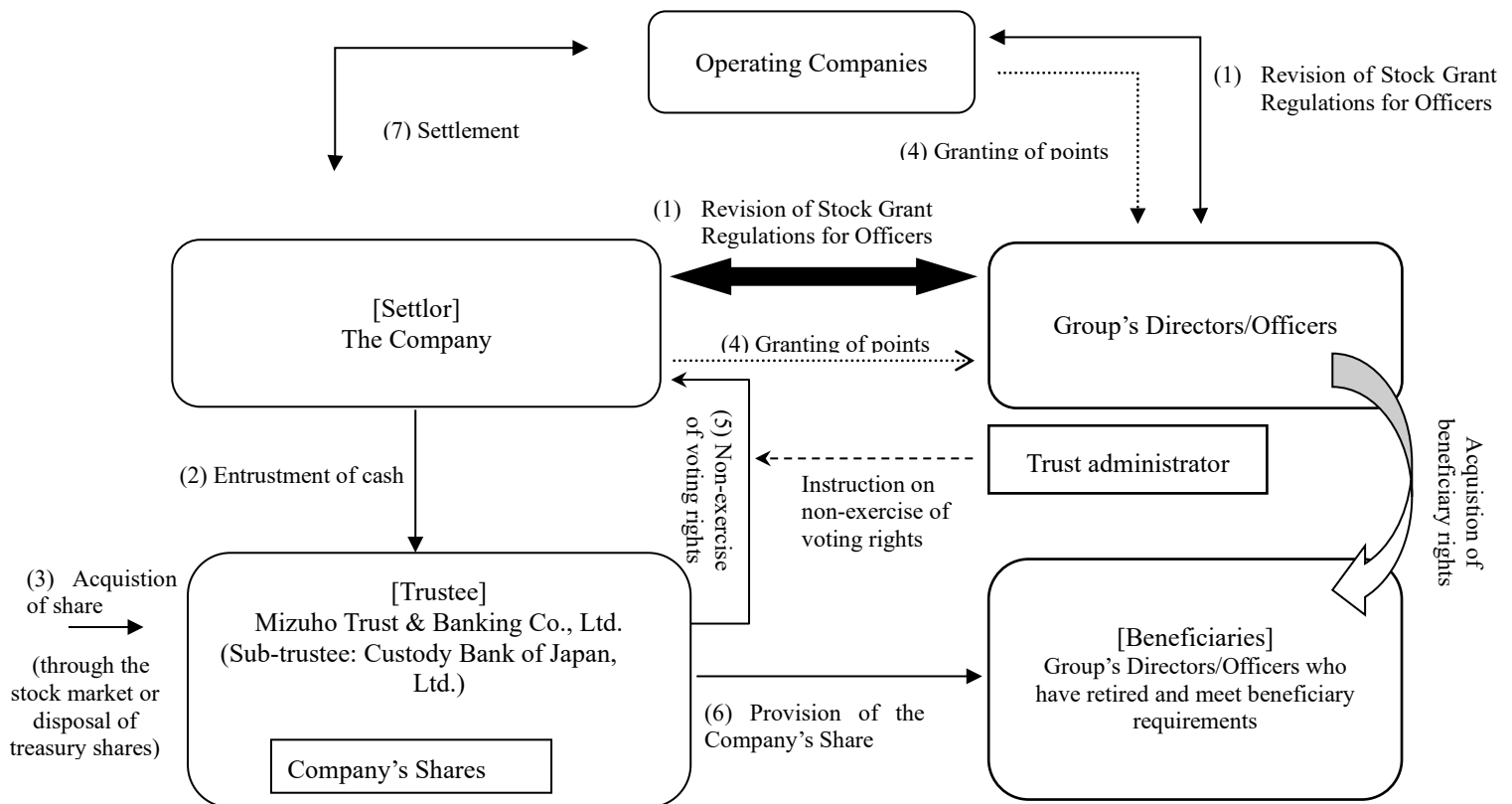
The Trust shall terminate upon the occurrence of events such as delisting of the Company's Shares or abolition of the Stock Grant Regulations for Officers. Regarding the Company's Shares among the Trust's residual assets at the time of termination of the Trust, the Company plans to acquire all such shares without consideration and cancel them by resolution of the Board of Directors. Of the residual assets of the Trust at the time of termination of the Trust, cash shall be provided to the Company excluding the amount to be donated to organization in accordance with (9) above.

Outline of the Trust

Outline of the Trust

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|----------------------------|---|
| (1) Name: | Board Benefit Trust (BBT) |
| (2) Settlor: | The Company |
| (3) Trustee* | Mizuho Trust & Banking Co., Ltd.
(Sub-trustee: Custody Bank of Japan, Ltd.) |
| (4) Beneficiaries: | The Group's Directors/Officers who have retired and meet the beneficiary requirements provided in the Stock Grant Regulations for Officers |
| (5) Trust administrator: | A third party who has no conflict of interest with the Company |
| (6) Type of trust: | Monetary trust other than cash in trust (third party beneficiary trust) |
| (7) Trust agreement date: | August 16, 2018 |
| (8) Cash entrustment date: | August 16, 2018 |
| (9) Period of trust: | From August 16, 2018 until the termination of trust
(Trust shall continue without determining a specific expiry date as long as the Plan remains in effect.) |

Reference: Structure of the Plan



- (1) Upon obtaining the resolution at the General Meeting of Shareholders to introduce the Plan for the Company's Directors, the Company will partially revise the Stock Grant Regulations for Officers, also covering Corporate Officers, by resolution of the Board of Directors. Similarly, operating company will revise the Stock Grant Regulations for Officers upon obtaining resolution at their respective General Meeting of Shareholders and the Board of Directors.
- (2) The Company will entrust cash for both the Company and operating companies within limits as approved by resolutions of the General Meeting of Shareholders and the Board of Directors as described in (1) above.
- (3) The Trust will acquire the Company's Shares funded by cash entrusted in accordance with (2) above through the stock market or by subscription to the disposal of the Company's treasury share.
- (4) The Company and operating companies will grant points to the Group's Directors/Officers based on the Stock Grant Regulations for Officers of the relevant company.
- (5) In accordance with instructions from a trust administrator independent from the Company, the Trust will not exercise the voting rights attached to the Company's Shares in the Trust's account.
- (6) The Trust will provide a number of the Company's Shares to the Group's Directors/Officers who have retired and meet the beneficiary requirements provided in the Stock Grant Regulations for Officers of the relevant company (hereinafter referred to as the "Beneficiaries") based on the number of points granted to said Beneficiaries. However, the Group's Directors/Officers who meet the requirements provided in the Stock Grant Regulations for Officers will receive cash in an amount equivalent to the Company's Shares at market value for a certain percentage of the points.
- (7) The operating companies will pay certain settlement money to the Company in proportion to the provisions made to their Directors, etc.