

Corporate Governance Report

(English Translation of the Japanese original)

This translation has been prepared for reference only. The Japanese language version will prevail if any discrepancy arises.

Last Update: October 29, 2015

JFE Holdings, Inc.

Eiji Hayashida

Representative Director, President and CEO

Contact: Stock Sec., Investor Relations and Corporate Communications Dept.

+81-3-3597-4321

Security Code: 5411

<http://www.jfe-holdings.co.jp>

The corporate governance of JFE Holdings, Inc. (hereinafter the “Company”) is as follows.

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

1. Basic Views

With the aim of promoting sustainable growth of the Company and the JFE Group (or the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision, the Company has established the “Basic Policy on Corporate Governance,” which is published on the Company’s website.

(<http://www.jfe-holdings.co.jp/en/company/h-gaiyo/index.html#kei>)

- (1) The Company continuously aims at achieving the best corporate governance and its further enhancement.
- (2) From the viewpoint of enhancing sustainable growth and medium to long-term corporate value of the JFE Group, the Company makes effort to pursue thoroughly fair, objective and transparent corporate governance based on the following basic concept.
 - 1) The Company respects the rights of shareholders and makes effort to ensure an environment which allows shareholders to execute their rights appropriately, as well as to secure effective equal treatment of shareholders.
 - 2) In addition to shareholders, the Company gives consideration to the interests of various stakeholders including employees, customers, business partners, creditors, local communities and cooperates with them appropriately.
 - 3) The Company discloses its information appropriately and ensures the transparency of the Company.
 - 4) The Company endeavors to ensure the effectiveness of the supervisory function of the Board of Directors on business execution as a core holding company of the JFE Group.
 - 5) The Company engages in constructive dialogue with shareholders to contribute to the enhancement of sustainable growth and medium to long-term corporate value.
- (3) The Company establishes and discloses the JFE Group’s “Corporate Vision,” “Corporate Values” and “JFE Group Standards of Business Conduct” which form the framework of basic business principles which are applicable to all business activities shared by all executives and employees of the JFE Group.

“Corporate Vision”

The JFE Group - contributing to society with the world’s most innovative technology

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“Corporate Values”

A Challenging Spirit, Flexibility, Sincerity

“JFE Group Standards of Business Conduct”

All JFE Group executives and employees will faithfully adhere to the following Standards of Business Conduct in all facets of corporate activities. These standards were created to embody the Corporate Vision of the JFE Group and go hand-in-hand with the Corporate Values.

Senior executives are to take the lead in communicating these standards to employees throughout the group, and also business partners, and in creating effective systems and mechanisms to ensure adherence to corporate ethical standards. Senior executives shall be directly involved both in the resolution and implementation of measures to prevent the recurrence of any violations of these standards. They shall disclose information about violations in a timely and accurate manner both inside and outside the group, shall clarify the authority and accountability involved and shall deal rigorously with offenses.

1. Provide quality products and services

Earn the trust and regard of customers by endeavoring to provide safe, high-quality products and services based on superior technology, and by fully respecting and protecting the privacy of personal and customer information.

2. Be open to society at large

Endeavor to communicate with shareholders and the broader community, and actively disclose corporate information.

3. Coordinate and cooperate with the community

Actively contribute to the community as a good corporate citizen in a spirit of coordination and cooperation.

4. Globalize

Endeavor to achieve mutual understanding with people around the world, working from a global perspective and with respect to international norms, and also local cultures and customs.

5. Exist in harmony with the global environment

Actively work to achieve better living standards and the advancement of societies, as well as harmonious existence with the global environment.

6. Maintain proper relations with government and political authorities

Endeavor to build and maintain sound and proper relationships with government and political authorities.

7. Respond appropriately to anti-social elements

Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal and improper demands.

8. Respect human rights

Respect all employees and members of the general public as individuals and refrain from any and all discrimination in corporate activities.

9. Provide challenging work environments

Provide employees with attractive, safe and challenging work environments.

10. Comply with laws and ordinances

Comply with all applicable laws and ordinances, endeavor to compete fairly and freely, refrain from

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illegal business activities, promote sound business practices, and be faithful and sincere in all activities and dealings.

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

[Principle 4.2 Roles and Responsibilities of the Board of Directors (2)] and

[Principle 4.2.1 Remuneration of the Management]

The Company adopts a system of the remuneration of Directors, etc. which is linked to business performance of a single fiscal year, but does not currently employ a system linked to medium to long-term business performance.

The Remuneration Committee, which was established in October 2015, will study a new remuneration system linked to medium to long-term business performance in order to design appropriate incentives that contribute to the enhancement of corporate value of the Company.

[Supplementary Principle 4.11.3 Analysis and Evaluation of Effectiveness of the Board of Directors]

In order to enhance the effectiveness of the Board of Directors, the Board of Directors performs self-evaluation by way of processes such as interviews with all Directors/Audit & Supervisory Board Members, etc., and discusses points to be improved, effective measures concerning analysis and evaluation, etc.

The analysis and evaluation of the overall effectiveness of the Board of Directors will be performed by the end of the current fiscal year, and the summary of the results will be disclosed in a timely and appropriate manner.

(Basic Policy on Corporate Governance 4-2.(7))

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

[Principle 1.4 Strategic-Shareholdings]

(1) Policy on strategic holdings of listed stocks

- 1) The Company's operating companies, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation (hereinafter the "Operating Companies"), hold listed stocks as strategic holdings for the aim of facilitating the promotion of business transactions and financial transactions, etc.
- 2) The Company and the Operating Companies regularly review at the Board of Directors Meeting the significance of major strategic holdings and the return on investment such as dividend yield, and consider from a comprehensive perspective, selling the shares which has become insignificant or cause damage risk to shareholder interest.

(Basic Policy on Corporate Governance 2-1.(5) 1) and 2))

(2) Standards on the exercise of voting rights of strategic holdings

The exercise of voting rights of strategic shareholdings is decided upon reviews by Operating Companies on content of the proposal and is appropriately implemented in consideration of shareholder interest. To be specific, the content of the proposal is to be checked by the investment application department and the investment control department, and approval will be given to proposals which are considered to pose no threat to the maximization of interest of these Operating Companies as shareholders.

(Basic Policy on Corporate Governance 2-1.(5) 3))

[Principle 1.7 Related Party Transactions]

- (1) Competing transactions and conflict of interest transactions between the Company and Directors or Corporate Officers are to be specified as approval matters in the Board of Directors Meeting in accordance with the regulations of the Board of Directors. If such transactions are to be initiated, the transactions have to be discussed and approved in the Board of Directors Meeting with regard to the rationality, validity, etc. to ensure that the transactions shall not damage the interest of the Company and its shareholders.
- (2) The Company discloses material facts concerning the transactions stated in the preceding paragraph in an appropriate manner in accordance with laws and regulations.
- (3) In order to prevent related parties of the Company from carrying out any insider trading, the Company stipulates regulations concerning the handling of undisclosed material facts and applies them strictly.

(Basic Policy on Corporate Governance 2-1.(7))

[Principle 3.1 Full Disclosure]

- (1) The Group has established and discloses its “Corporate Vision,” “Corporate Values” and “JFE Group Standards of Business Conduct.” Please refer to “I.1. Basic Views” of this report. (Basic Policy on Corporate Governance 1-2.(3))
The Group also formulated and discloses its Medium-term Business Plan. Detailed information is available on the Company’s website.
(<http://www.jfe-holdings.co.jp/en/company/h-gaiyo/index.html#kei>)
- (2) “Basic Policy on Corporate Governance” which stipulates the basic concept, framework and operation policy concerning corporate governance of the Group has been established and is disclosed on the Company’s website.
(<http://www.jfe-holdings.co.jp/en/company/h-gaiyo/index.html#kei>)
(Basic Policy on Corporate Governance 1-2., 4-1.)
- (3) Policies and procedures in determining the remuneration of senior management and Directors by the Board of Directors
Policy and procedures in determining the remuneration of Directors, etc. are stated in “II.1.(6) Director Remuneration” of this report.
In October 2015, the Company established the Remuneration Committee which comprises of a majority of Outside Directors/Audit & Supervisory Board Members and acts as an advisory body of the Board of Directors to ensure fair, objective and transparent remuneration of Directors.
The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of Directors, etc. of the Company and the Operating Companies, and reports to the Board of Directors.
(Basic Policy on Corporate Governance 4-6.(4))
- (4) Policies and procedures in appointing senior management and nominating candidates for Directors and Audit & Supervisory Board Members by the Board of Directors
 - Based on the following views, the Board of Directors decides the candidates for Directors with the involvement and advice of Outside Directors, and election will be carried out at the General Meeting of Shareholders.
 - 1) The Company’s Board of Directors comprises of members who possess diversified knowledge, experiences and abilities. The number of the Directors shall not exceed 12.
 - 2) With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management of the Company or each Operating Company.
 - 3) The Company elects several Independent Outside Directors with the aim of composing one-third or more of the Directors by Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge, and satisfy the Company’s Independence Standards.
 - Based on the following views, the Board of Directors decides the candidates for Audit & Supervisory Board Members with the consent of the Audit & Supervisory Board as well as the involvement and advice of Outside Directors, and election will be carried out at the General Meeting of Shareholders.
 - 1) The Audit & Supervisory Board comprises of members who possess appropriate knowledge concerning finance and accounting. The number of Audit & Supervisory Board Members shall not exceed 6, among which 3 or more shall be Outside Audit & Supervisory Board Members.
 - 2) With regard to inside Audit & Supervisory Board Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who delivers an insight appropriate to bear the supervision function will be elected from those who possess profound understanding and knowledge on the business by way of

processes such as engagement in management or auditing of the Company or each Operating Company.

- 3) The Company elects several Independent Outside Audit & Supervisory Board Members. Independent Outside Audit & Supervisory Board Members will be elected from persons who are appropriate to bear the role of enhancing auditing function such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge, and satisfy the Company's Independence Standards.

In October 2015, the Company established the Nomination Committee which comprises of a majority of Outside Directors/Audit & Supervisory Board Members, and acts as an advisory body of the Board of Directors.

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the successor of the Chief Executive Officer of the Company, the election of Representative Directors and Directors with executive powers, and the nomination of candidates for Outside Directors and Outside Audit & Supervisory Board Members.

(Basic Policy on Corporate Governance 4-2.(2) and (5), 4-3.(2) and (4), 4-6.(3))

- (5) Explanation on each individual election and nomination in electing the senior management and nominating candidates for Directors and Audit & Supervisory Board Members

With regard to the reasons for election of candidates for Outside Directors/Audit & Supervisory Board Members, "Reasons for Election" are stated in the Reference Materials of the Notice of the 13th Ordinary General Meeting of Shareholders of the Company and in "II.1. (2) Directors and (3) Audit & Supervisory Board Members" of this report.

Reasons for election of inside Directors/Audit & Supervisory Board Members are as follows:

[Inside Directors]

Eiji Hayashida

Mr. Hayashida has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in overseas business, new business development, corporate planning and administration, and financial operations in the Company and JFE Steel Corporation, the core company of the Group, and execution of duties as Corporate Officer of both companies.

He has served as Representative Director of both companies. Based on his profound understanding and knowledge on the Company's business, he formulated and is actively implementing the 5th Medium-term Business Plan announced in April 2015.

Koji Kakigi

Mr. Kakigi has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations in human resource and labor administration departments, and execution of duties as Corporate Officer in management departments such as general administration, legal affairs, accounting, finance, and procurement in JFE Steel Corporation, the core company of the Group.

As Representative Director, President and CEO of JFE Steel Corporation, he is actively implementing the 5th Medium-term Business Plan, such as working on streamlining the domestic manufacturing base and expanding overseas businesses.

Shinichi Okada

Mr. Okada has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in financial operations such as fund-raising and project financing, and execution of duties as Corporate Officer in corporate planning and administration.

As part-time Director of JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation, the Group's core companies, he is working on corporate management of each company with his profound understanding and knowledge on each business.

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[Inside Audit & Supervisory Board Members]

Sakio Sasamoto

Mr. Sasamoto has abundant experience and knowledge accumulated in the Company through his experience of operations in general administration and legal affairs in charge of compliance and risk control, operation of human resources, and execution of duties as Corporate Officer. He served as Representative Director of Group companies, and has profound understanding and knowledge on the Group's business.

As part-time Audit & Supervisory Board Member of JFE Engineering Corporation and JFE Shoji Trade Corporation, the core companies of the Group, he is working to strengthen the Group's sound management through attendance at important meetings of each company, etc.

Yasushi Kurokawa

Mr. Kurokawa has abundant experience and knowledge on finance and accounting which he has accumulated in JFE Steel Corporation, the core company of the Group, through his experience of operations in overseas business, corporate planning and administration, and finance, and execution of duties as Corporate Officer.

As part-time Audit & Supervisory Board Member of JFE Steel Corporation, he is working to strengthen the Group's sound management through attendance at important meetings of said company, etc.

[Supplementary Principle 4.1.1 Summary of Scope of Delegation from the Board of Directors to Management]

- (1) Based on the fiduciary duty to shareholders, the Board of Directors takes the responsibility to ensure sustainable growth of the Company and the enhancement of medium to long-term corporate value. In accordance with laws and regulations, the Articles of Incorporation and related regulations of the Company such as the regulations of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the Group and basic policies on management. Further, the Board of Directors supervises the overall management including business execution by the executive person.
- (2) According to the internal rules of the Company, the Company establishes clear standards which clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the Group, and significant matters are subject to deliberation at the Company's Management Committee and resolution of the Company's Board of Directors.
- (3) For the purpose of facilitating prompt decision-making related to business execution, the authority of making decisions other than those related to significant business execution set forth in the regulations of the Board of Directors, in principal, is given to Corporate Officers in charge of the corresponding business.

(Basic Policy on Corporate Governance 4-2.(1))

[Principle 4.8 Effective Use of Independent Directors]

The Company elects several Independent Outside Directors with the aim of composing one-third or more of the Directors by Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge.

2 of the 5 Directors of the Company are Independent Outside Directors who satisfy the Independence Standards of the Company. The Company has already appointed one-third or more of Independent Outside Directors.

(Basic Policy on Corporate Governance 4-2.(2) 2) and 4), 4-2.(5))

[Principle 4.9 Independence Standards for Independent Directors]

The Company has established a set of Standards for Independence of Outside Directors/Audit & Supervisory Board Members, the outline of which is stated in "II.1.(4) Independent Directors/Audit & Supervisory Board Members" of this report and disclosed on the Company's website.

(<http://www.jfe-holdings.co.jp/en/company/h-giayo/index.html#kei>)

(Basic Policy on Corporate Governance, Appendix, 4-2.(2) and (5))

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

- (1) The Company's Board of Directors comprises of members who possess diversified knowledge,

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experiences and abilities. The number of the Directors shall not exceed 12.

- (2) With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those who possess profound understanding and knowledge on the business by way of processes such as engagement in management of the Company or each Operating Company.
- (3) The Company elects several Independent Outside Directors with the aim of composing one-third or more of the Directors by Independent Outside Directors. Independent Outside Directors will be elected from persons who are appropriate to bear the responsibility of strengthening governance such as those who possess abundant experience as management in global enterprises or experts who possess profound knowledge, and satisfy the Company's Independence Standards.

(Basic Policy on Corporate Governance 4-2.(2))

[Supplementary Principle 4.11.2 Concurrent Posts Assumed by Directors and Audit & Supervisory Board Members]

The Company discloses significant concurrent positions of Directors and Audit & Supervisory Board as well as candidates thereof in the Notice of the Ordinary General Meeting of Shareholders of the Company each year.

The significant concurrent positions of Outside Directors and Outside Audit & Supervisory Board Members as of the date of the update of this report are also shown in "II.1.(2) Directors and (3) Audit & Supervisory Board Members" of this report.

(Basic Policy on Corporate Governance 4-2.(4) 2), 4-3.(3) 2))

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors]

In order to enhance the effectiveness of the Board of Directors, the Board of Directors performs self-evaluation by way of processes such as interviews with all Directors/Audit & Supervisory Board Members, etc., and discusses points to be improved, effective measures concerning analysis and evaluation, etc.

The analysis and evaluation of the overall effectiveness of the Board of Directors will be performed by the end of the current fiscal year, and the summary of the results will be disclosed in a timely and appropriate manner.

(Basic Policy on Corporate Governance 4-2.(7))

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]

With regard to matters concerning laws and regulations, corporate governance and risk management, etc. necessary for appropriate accomplishment of the roles and duties of Directors and Audit & Supervisory Board Members, the Company provides training opportunities and funding support appropriate for each Director and Audit & Supervisory Board Member at the time they assume office and continuously thereafter. In addition, especially for Outside Directors and Outside Audit & Supervisory Board Members, information is provided such as briefings on the Company's business content, performance, finance and management issues and site visits of major business bases.

(Basic Policy on Corporate Governance 4-5.)

[Principle 5.1 Policies concerning Improvement of Systems and Measures for Promoting Constructive Dialogue with Shareholders]

- (1) The Company makes effort to contribute to the enhancement of sustainable growth of corporate value through dialogue with shareholders and investors, and establishes the Investor Relations and Corporate Communications Dept. responsible for promoting constructive dialogue.
- (2) In addition to the appointment of Directors/Corporate Officers who supervise and are in charge of the Investor Relations and Corporate Communications Dept. as the persons responsible for promoting constructive dialogue with shareholders and investors, the Investor Relations and Corporate Communications Dept. acts as the core and ensures close collaboration including appropriate exchange of information with related departments providing assistance to facilitate dialogue.
- (3) In order to promote active dialogue with institutional investors, a Representative Director offers various briefings concerning Medium-term Business Plan and results announcements, etc., and domestic and international investors' interviews, etc. With regard to individual shareholders and investors, corporate briefings and plant tours are organized.

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- (4) The Company collects opinions and questions from the dialogue regularly, reports and shares information with Directors, Audit & Supervisory Board Members and Corporate Officers.
 - (5) The Company establishes the disclosure policy and endeavors to prevent leakage of insider information and provide fair disclosure.
- (Basic Policy on Corporate Governance 2-1.(3))

2. Capital Structure

- (1) Foreign Shareholding Ratio From 20% to less than 30%

(2) Status of Major Shareholders

Name / Company Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	34,402,800	5.60
Japan Trustee Services Bank, Ltd. (trust account)	24,365,800	3.97
Nippon Life Insurance Company	20,821,161	3.39
Mizuho Bank, Ltd.	16,403,402	2.67
The Dai-ichi Life Insurance Company, Limited	13,127,425	2.14
Tokio Marine & Nichido Fire Insurance Co., Ltd.	10,391,487	1.69
STATE STREET BANK AND TRUST COMPANY 505223	8,106,105	1.32
THE BANK OF NEW YORK MELLON SA/NV 10	7,729,875	1.26
Trust & Custody Services Bank, Ltd. as a trustee for Mizuho Trust Retirement Benefits Trust Account for Kawasaki Heavy Industries	7,563,120	1.23
Isuzu Motors Limited	7,434,900	1.21

- (3) Controlling Shareholder (except for Parent Company) —
- (4) Parent Company None
- (5) Supplementary Explanation

3. Corporate Attributes

- (1) Listed Stock Market and Market Section Tokyo Stock Exchange, First Section
Nagoya Stock Exchanges, First Section
- (2) Fiscal Year-End March
- (3) Type of Business Iron & Steel
- (4) Number of Employees (consolidated) as of the End of the Previous Fiscal Year 1,000 or more
- (5) Sales (consolidated) as of the End of the Previous Fiscal Year 1 trillion yen or more
- (6) Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year 300 or more

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

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

Among the consolidated subsidiaries of the Company, the 3 companies, Gecoss Corporation, JFE Container Co., Ltd. and JFE Systems, Inc. are the listed subsidiaries. Rules are applied to these listed companies which differ

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from those applicable to other consolidated subsidiaries, and other measures are also implemented to ensure the independence of the listed companies.

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

1. Organizational Composition and Operation

(1) Organization Form Company with Audit & Supervisory Board

(2) Directors

- | | |
|--|-----------|
| 1) Maximum Number of Directors Stipulated in Articles of Incorporation | 12 |
| 2) Term of Office Stipulated in Articles of Incorporation | 1 year |
| 3) Chairperson of the Board | President |
| 4) Number of Directors | 5 |
| 5) Appointment of Outside Directors | Appointed |
| a) Number of Outside Directors | 2 |
| b) Number of Independent Directors | 2 |

c) Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*1										
		a	b	c	d	e	f	g	h	i	j	k
Masafumi Maeda	Scholar								○		○	
Masao Yoshida	From another company											

*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/audit & supervisory board member are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

d) Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masafumi Maeda	○	<p>(Significant concurrent posts) Professor of Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory of NIDEC CORPORATION (part-time)</p> <p>(Attributes of Outside Director) The Company and JFE Steel Corporation, a subsidiary of the Company, made donations to the University of Tokyo, on the board of which he served. In addition, JFE Steel Corporation has business transactions with NIDEC CORPORATION, and Mr. Maeda is serving as the Head of Production Engineering Laboratory of NIDEC CORPORATION (part-time). A summary of such donations and transactions has been omitted, since the Company determined that such donations and transactions should not influence the judgment of shareholders and investors, as follows.</p> <ul style="list-style-type: none">- Mr. Maeda does not fall under the person who has received donations exceeding a certain amount (an annual average, over the past 3 years, of either 10 million yen or 30% of the person's total expenses, whichever is larger) from the Company or the Operating Company (see * in "II.1.(4) Independent Directors/Audit & Supervisory Board Members" of this report), and thus he satisfies the Independence Standards established by the Company.- Mr. Maeda does not fall under the person for whom the Company or the Operating Company is a major business partner (see * in "II.1.(4) Independent Directors/Audit	<p>Mr. Maeda has remarkable knowledge in metallic materials through his long-term research on recycling of materials and thermodynamics of materials. Moreover, he has been involved in management of the University of Tokyo as Managing Director, through which he gained abundant experience in organization management. Although he does not have past experience in corporate management other than having served as Outside Director, the Company has judged that Mr. Maeda, with his extensive knowledge and deep insight as well as his performance as Outside Director of the Company for 4 years, is eligible to reassume the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance.</p> <p>In addition, Mr. Maeda satisfies the standards for independence stipulated in the "Securities Listing Regulations" and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Maeda as Independent Director, based on the judgment that he is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.</p>

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		<p>& Supervisory Board Members” of this report) and the person who is a major business partner of the Company or the Operating Company, and thus he satisfies the Independence Standards established by the Company.</p> <p>The Company established the Standards for Independence of Outside Directors/Audit & Supervisory Board Members as described in “II.1.(4) Independent Directors/Audit & Supervisory Board Members” of this report. An outside director or outside audit & supervisory board member is deemed not to have independence from the Company in the event that he/she falls under any of the items stipulated in the standards.</p>	
Masao Yoshida	○	<p>(Significant concurrent posts) Chairman and Representative Director of Furukawa Electric Co., Ltd. Outside Director of FURUKAWA CO., LTD.</p>	<p>Mr. Yoshida has been successful in managing Furukawa Electric Co., Ltd. for many years and has long experience and broad knowledge in management of the manufacturing business. He operated businesses based on the core material technologies of copper and a broad range of other materials, tapped into new businesses, reorganized businesses and promoted global business development. Based on such in-depth knowledge and his outstanding insight, the Company believes Mr. Yoshida is eligible to assume the position of Outside Director of the Company, a post responsible for reinforcing its corporate governance. In addition, Mr. Yoshida satisfies the standards for independence stipulated in the “Securities Listing Regulations” and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Yoshida as Independent Director, based on the judgment that Mr. Yoshida is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.</p>

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- 6) Voluntary Establishment of Committee(s) Corresponding to
Nomination Committee or Remuneration Committee Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	6	6
Full-time Members		
Inside Directors	2	2
Outside Directors	2	2
Outside Experts		
Other	2	2
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the successor of the Chief Executive Officer of the Company, the election of Representative Directors and Directors with executive powers, and the nomination of candidates for Outside Directors and Outside Audit & Supervisory Board Members. The Nomination Committee comprises of 6 members including 2 Inside Directors, 2 Outside Directors and 2 Outside Audit & Supervisory Board Members.

The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of Directors, etc. of the Company and each Operating Company and reports to the Board of Directors. The Remuneration Committee comprises of 6 members including 2 Inside Directors, 2 Outside Directors and 2 Outside Audit & Supervisory Board Members.

(3) Audit & Supervisory Board Members

- 1) Establishment of Audit & Supervisory Board Established
- 2) Maximum Number of Audit & Supervisory Board Members stipulated in Articles of Incorporation 6
- 3) Number of Audit & Supervisory Board Members 4
- 4) Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Departments

Audit & Supervisory Board Members closely cooperate with Ernst & Young ShinNihon LLC, the accounting auditor, by holding meetings (10 times in FY2014) periodically or whenever necessary, where Audit & Supervisory Board Members receive detailed reports on audit plans, status of audit implementation and audit results, and detailed explanation on the quality control system of the accounting auditor, and provide explanation on audit plan, etc. and opinions are exchanged. The Audit & Supervisory Board Members also closely cooperate with the internal auditing department by holding meetings (4 times in FY2014) periodically or whenever necessary, where the Audit & Supervisory Board Members receive detailed reports on internal audit plans, status of internal audit implementation and results of internal audit, and opinions are exchanged.

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- 5) Appointment of Outside Audit & Supervisory Board Members Appointed
- a) Number of Outside Audit & Supervisory Board Members 2
- b) Number of Independent Outside Audit & Supervisory Board Members 2
- c) Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroyuki Itami	Scholar													
Shigeo Ohyagi	From another company													

* Categories for "Relationship with the Company"

- Executive of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Audit & Supervisory Board Member of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- Others

- d) Outside Audit & Supervisory Board Member's Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroyuki Itami	○	(Significant concurrent posts) Professor of Graduate School of Innovation Studies of Tokyo University of Science Outside Audit & Supervisory Board Member of Mitsui O.S.K. Lines, Ltd. Outside Director of Toshiba Corporation	Mr. Itami has been actively engaged in research on corporate management for many years and has profound knowledge in corporate management and business strategy. He also has a wealth of knowledge in industrial fields through research on technology management. The Company has judged that he is capable of contributing to the audit operations of the Company in an independent manner and with a broad perspective.

(Translation for reference only)

			<p>In addition, Mr. Itami satisfies the standards for independence stipulated in the “Securities Listing Regulations” and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Itami as Independent Audit & Supervisory Board Member, based on the judgment that Mr. Itami is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.</p>
Shigeo Ohyagi	○	<p>(Significant concurrent posts) Chairman of the Board of Teijin Limited Outside Director of Sharp Corporation Outside Director of Recruit Holdings Co., Ltd.</p>	<p>Mr. Ohyagi has a wealth of knowledge and experience as senior executive officer of Teijin Limited, which globally develops a wide range of businesses in diversified fields, including advanced fibers & composites, electronics materials & performance polymer products, pharmaceuticals and home healthcare. He also has actively strived to reinforce corporate governance of said company. The Company has judged that Mr. Ohyagi is capable of contributing to the audit operations of the Company in an independent manner and with a broad perspective.</p> <p>In addition, Mr. Ohyagi satisfies the standards for independence stipulated in the “Securities Listing Regulations” and the Independence Standards established by the Company, and would have no conflict of interests with general shareholders. Hence, the Company has designated Mr. Ohyagi as Independent Audit & Supervisory Board Member, based on the judgment that Mr. Ohyagi is capable of adequately bearing the supervision function from a standpoint independent from the management of the Company.</p>

(4) Independent Directors/Audit & Supervisory Board Members

Number of Independent Directors/ Audit & Supervisory Board Members 4

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company has designated all Outside Directors/Audit & Supervisory Board Members who meet qualification for Independence as Independent Directors/Audit & Supervisory Board Members.

Standards for Independence of Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.

JFE Holdings, Inc. (the “Company”) establishes the standards for independence of Outside Directors and Outside Audit & Supervisory Board Members as described below. An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or has been an executive director, executive officer or employee (collectively the “Executive”) of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company who is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average, over the past 3 years, of either 10 million yen or 30% of the person’s total expenses, whichever is larger) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, has been the Executive of such legal entity or the parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past 3 years) in addition to the director’s or audit & supervisory board member’s remuneration from the Company or its operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.
- 8) An accounting auditor of the Company or its operating company, or a person who is an employee, etc. of such accounting auditor; or a person who has performed auditing on the Company or its operating company as an employee, etc. of such accounting auditor in the past 3 years.
- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company which has accepted directors from the Company or its operating company, or of the parent company or a subsidiary of such company.
- 10) A person who is or, in the past 3 years, has been the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of foregoing items 1) through 10) (the person’s spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director/audit & supervisory board member of the Company in light of the person’s personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director/audit & supervisory board member, by providing the reason to assume that the person is appropriate for an independent outside director/audit & supervisory board member of the Company, and by explaining that the person fulfills the requirements for an independent outside director/audit & supervisory board member.

- * “Operating company” refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation.
- * “Major business partner” refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

(Translation for reference only)

(5) Incentives

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| 1) Incentive Policies for Directors | Other |
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Supplementary Explanation

Total amount of bonus to Directors is proposed at the General Meeting of Shareholders in consideration of the Company's business results for the relevant fiscal year, and determined based on the resolution by the General Meeting of Shareholders.

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| 2) Recipients of Stock Options | — |
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(6) Director Remuneration

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| 1) Disclosure of Individual Directors' Remuneration | Selected Directors |
|---|--------------------|

Supplementary Explanation

Total amount of remuneration, etc. for Directors (excluding Outside Directors) is 272,264 thousand yen. Information on remuneration (including remuneration as a Director of a consolidated subsidiary) for Directors who receive 100 million yen or more is disclosed in the Annual Securities Report on an individual basis.

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| 2) Policy on Determining Remuneration Amounts and Calculation Methods | Established |
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The Board of Directors of the Company has established a policy on determination of the remuneration for Directors/Audit & Supervisory Board Members, as follows.

- The remuneration for Directors/Audit & Supervisory Board Members consists of basic remuneration and bonus paid in consideration of the business results, etc. Retirement benefits were abolished in June 2006.
- Basic remuneration
With regard to the remuneration for Directors/Audit & Supervisory Board Members, the maximum limit per month is determined by the resolution of the General Meeting of Shareholders.
Amount of remuneration for each Director is determined by the resolution of the Board of Directors within the maximum limit per month resolved at the General Meeting of Shareholders by changing the basic amount set in accordance with the relevant position within a certain range based on the business results, utilizing the data from external surveys.
Amount of remuneration for each Audit & Supervisory Board Member is determined by mutual consultation among Audit & Supervisory Board Members within the maximum limit per month resolved at the General Meeting of Shareholders.
- Bonus
Total amount of bonus for Directors/Audit & Supervisory Board Members is proposed at the General Meeting of Shareholders in consideration of the Company's business results for the relevant fiscal year, dividends, and other circumstances, and determined based on the resolution by the General Meeting of Shareholders.
With regard to allocation of the total amount of bonuses resolved by the General Meeting of Shareholders for each Director and Audit & Supervisory Board Member, the allocation to each Director is determined by the resolution of the Board of Directors based on certain standards, and the allocation to each Audit & Supervisory Board Member is determined by mutual consultation among Audit & Supervisory Board Members.

In October 2015, the Company established Remuneration Committee which comprises of a majority of Outside Directors/Audit & Supervisory Board Members and acts as an advisory body of the Board of Directors.

(Translation for reference only)

The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of Directors, etc. of the Company and each Operating Company and reports to the Board of Directors.

The Company has not established a scheme of Directors/Audit & Supervisory Board Members' remuneration linked to medium to long-term business results, etc.

The Remuneration Committee will study new schemes linked to medium to long-term business results, in order to design appropriate incentives contributing to enhancement of the corporate value of the Company.

(7) Supporting System for Outside Directors and/or Audit & Supervisory Board Members

Dedicated staff to support Outside Directors is not allocated, but Outside Directors are provided with explanations on materials prior to the meeting of the Board of Directors.

Dedicated staff to assist the duties of Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members is allocated in the Audit & Supervisory Board Members' Secretariat. Personnel affairs of the dedicated staff are discussed with Audit & Supervisory Board Members. Outside Audit & Supervisory Board Members are provided in the meeting of Audit & Supervisory Board with explanations on agenda items of the meeting of Management Committee, agenda items of the meeting of the Board of Directors of the month, with the materials distributed.

The Company strives to provide Outside Directors and Outside Audit & Supervisory Board Members with adequate information necessary for execution of their duties by providing explanations on important management issues from time to time, and offering opportunities such as exchanges of opinions with the senior management including the President, attendance to hearings of important business reporting by each department as necessary, inspections of offices and the Group companies, etc.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Organizations of the Company

The Company and its Operating Companies have adopted a system of "Company with Audit & Supervisory Board" with dual supervision functions of the Board of Directors supervising business execution and Audit & Supervisory Board Members conducting audits. In addition, the Corporate Officer System has been introduced to clarify authority and accountability by separating decision-making on management from business execution and to enhance prompt execution.

The Company's Board of Directors comprises 5 Directors including 2 Outside Directors, who are Independent Outside Directors, and strives to maintain and improve management efficiency, while making decisions on statutory issues, formulating important management policies and strategies, and supervising business execution. The Audit & Supervisory Board comprising 4 Audit & Supervisory Board Members, including 2 Outside Audit & Supervisory Board Members, who are Independent Outside Audit & Supervisory Board Members, monitors management and enhances sound management.

The Group's governance system has been strengthened by reinforcing the fairness, objectivity and transparency of management with the aim of continuously increasing the corporate value and the common interest of shareholders. In June 2007, 2 Outside Directors were added and the term of Directors was shortened from 2 years to one for greater versatility in developing an optimal management structure and greater clarity of management responsibilities.

In October 2015, the Company has established the Nomination Committee and Remuneration Committee which act as an advisory body of the Board of Directors to ensure fair, objective and transparent personnel affairs and remuneration of the Board of Directors.

The Nomination Committee and Remuneration Committee comprise of a majority of Outside Directors/Audit & Supervisory Board Members, respectively, and the chairpersons are determined from Outside Directors/Audit & Supervisory Board Members.

The Nomination Committee deliberates and reports to the Board of Directors on matters pertaining to the successor of the Chief Executive Officer of the Company, the election of Representative Directors and Directors with executive powers, and the nomination of candidates for Outside Directors and Outside Audit & Supervisory Board Members.

The Remuneration Committee deliberates matters pertaining to the basic policy on the remuneration of Directors, etc. of the Company and each Operating Company and reports to the Board of Directors.

(2) Business Execution

With regard to significant matters of each company within the Group, internal rules of each company stipulate clear standards which clarify the determination procedures, and significant matters pertaining to the management as the Group is ultimately subject to deliberation and determination at the Company.

Specifically, each Operating Company decides significant matters concerning itself and its own group companies through deliberation at the Management Committee, etc., after which the Board of Directors renders its decisions. The Company employs this same procedure for matters important to the Company as well as the Operating Companies and the Group companies.

The Company, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation hold the Management Committee and the Board of Directors meeting once or twice a month, respectively.

The Management Committee of the Company (Chair: President, Secretariat: Corporate Planning Dept.) consists of all the 4 Corporate Officers and the Presidents of JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation who participate depending on the agenda. The Audit & Supervisory Board Members also take part in the Management Committee.

All Directors, major Corporate Officers and Audit & Supervisory Board Members take part in the Management Committee of JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation (Chair: President of each company, Secretariat: Corporate Planning Dept. of each company).

Businesses within the Group utilize the best systems to optimize their products and operations, working to achieve unity between strategies and earnings by products and operations. Specifically, JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation adopt By Product Sector System, By Business Division System and By Sales Division System segmented by products and regions, respectively. Furthermore, technology development and IT issues shared across the Group are deliberated by a Group-wide meeting structure.

(3) Internal Audits, Audit by Audit & Supervisory Board Members and Audit by Accounting Auditor

(a) Internal audit

Internal audit organizations have been established at the Company (4 members as of March 31, 2015), its principal Operating Companies (20 members as of March 31, 2015) and key Group companies, and conduct the audit of business operations of each company to enhance overall internal auditing structure within the Group, by mutually sharing information.

(b) Audit by Audit & Supervisory Board Members

With regard to audit by Audit & Supervisory Board Members, it is carried out by a structure of 4 Audit & Supervisory Board Members including 2 Outside Audit & Supervisory Board Members, and they attend the Board of Directors meeting and the Management Committee as well as other important meetings. They audit the manner in which Directors execute their duties by conducting interviews on operational status from Directors and Corporate Officers and by receiving operational reports from subsidiaries. Audit & Supervisory Board Members of the Company and the Group companies exchange information to promote cooperation.

(c) Audit by accounting auditor

Ernst & Young ShinNihon LLC has been designated as the accounting auditor. The names of the certified public accountants who executed accounting audit, and the audit corporations which they belong to are as follows.

Yasuharu Nakajima
Certified Public Accountant
Designated and Engagement Partner
(Ernst & Young ShinNihon LLC)

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner
(Ernst & Young ShinNihon LLC)

(Translation for reference only)

Naoya Nishino
Certified Public Accountant
Designated and Engagement Partner
(Ernst & Young ShinNihon LLC)

Takashi Inayoshi
Certified Public Accountant
Designated and Engagement Partner
(Ernst & Young ShinNihon LLC)

- (Notes) 1. Continuous years of service of each of the above persons are not more than seven years.
2. Composition of assistants in the accounting audit is determined in accordance with the selection standards of the Audit Corporation and specifically, they are composed of certified public accountants and other assistants as major members in addition to the system professionals.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a pure holding company comprising 3 Operating Companies with diverse business operations. With the aim of ensuring the autonomy and efficiency of management and exercising the appropriate management supervision function at each Operating Company, the Company adopts for them the Corporate Officer System to clarify authority and accountability by separating decision-making on management from business execution and to enhance prompt execution, and adopts Outside Directors with strong independence to improve transparency of the Board of Directors and secure sound management.

Furthermore, in October 2015, the Company has established the Nomination Committee and Remuneration Committee which each comprise of a majority of Outside Directors/Audit & Supervisory Board Members, to reinforce the management supervision function by the Board of Directors, by enhancing the engagement of Outside Directors/Audit & Supervisory Board Members in appointment of the Chief Executive Officer and determination of Directors' remuneration.

As the Company's business activities consist of a broad and diverse range of business areas, the Company emphasizes preventing misconducts on a Group-wide basis and ensuring the internal control and compliance system. From this perspective, management supervision by Audit & Supervisory Board Members who are legally empowered to exercise rights such as right to investigate, right to demand cessation of any misconduct, etc. is considered effective.

The Company considers the current system most effective in pursuing the sustainable growth and enhancement of corporate value, while striking a proper balance between growth-oriented governance and defensive governance.

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
a. Early Notification of General Shareholder Meeting	Date of mailing of the Notice of the 13th Ordinary General Meeting of Shareholders: June 3, 2015 (Wednesday)
b. Scheduling General Shareholder Meetings Avoiding the Peak Day	Date of the 13th Ordinary General Meeting of Shareholders held: June 25, 2015 (Thursday)
c. Allowing Electronic Exercise of Voting Rights	An electronic voting system is adopted.
d. Participation in Electronic Voting Platform	A platform for exercise of voting rights for institutional investors operated by ICJ Inc. is adopted.
e. Providing Convocation Notice in English	Full English translation is prepared for the Notice.
f. Other	The Notice (Japanese and English versions) was posted on the Company's website on May 29.

(Translation for reference only)

2. IR Activities

	Supplementary Explanations	Presentation by Representatives
a. Preparation and Publication of Disclosure Policy	The Disclosure Policy is posted on the Company's website.	
b. Regular Investor Briefings for Individual Investors	Briefings are held around once a month at various locations and explanations are provided principally by Directors/Corporate Officers who are responsible for investor relations.	Available
c. Regular Investor Briefings for Analysts and Institutional Investors	Briefings are held around every 3 months for around 200 analysts and institutional investors.	Available
d. Regular Investor Briefings for Overseas Investors	Conference calls for foreign institutional investors are organized quarterly following release of the quarterly financial results. In addition, management of the Company visits overseas investors.	Available
e. Posting of IR Materials on Website	Financial results information, timely disclosure information other than financial results information, securities reports, references at the Company briefings, notice of ordinary general meeting of shareholders, "To Our Shareholders," etc.	
f. Establishment of Department and/or Manager in Charge of IR	Department in charge of investor relations: Investor Relations and Corporate Communications Dept. Directors/Corporate Officers in charge of investor relations: Vice President, Tetsuo Oki	
g. Other		

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
a. Stipulation of Internal Rules for Respecting the Position of Stakeholders	Respect for the position of stakeholders is stipulated in the JFE Group's "Corporate Vision," "Corporate Values" and "JFE Group Standards of Business Conduct."
b. Implementation of Environmental Activities, CSR Activities etc.	<p>The Group, aiming to contribute to the betterment of society as a responsible member, strives to make the implementation and further strengthening of corporate social responsibility (CSR) central to its business. The JFE Group CSR Council, which was established by the Company in October 2005 and convenes quarterly, chaired by the President, supervises and instructs the Group's overall CSR activities and related issues such as compliance, environment, personnel affairs and labor, safety, disaster prevention, and social contributions. The Group is working to improve the internal control and enhance the control of its operation by establishing Group-wide bodies, including the JFE Group Compliance Council, JFE Group Environmental Committee and JFE Group Internal Control Committee under the JFE Group CSR Council.</p> <p>Each Operating Company is continuing to promote CSR. JFE Steel Corporation established the CSR Council chaired by the President in July 2005, following the establishment of the CSR Section in April 2005. Specific committees and sub-committees in areas such as compliance, global environment, risk management, safety and disaster prevention, customer satisfaction, social contributions, etc. established under the CSR Council have been actively conducting the activities in each area, while promoting CSR awareness together with the Group companies. JFE Engineering Corporation and other Operating Companies are promoting</p>

	<p>CSR activities, with the Compliance Council, etc. taking the lead.</p> <p>JFE Steel Corporation established a system relating to environmental management (independent environmental management organization, environmental audit by an internal auditing department) in February 2005, and has been enhancing its environmental initiatives.</p> <p>The Company has issued “JFE Group CSR Report 2015” covering environmental and social aspects of the Group’s businesses.</p>
c. Development of Policies on Information Provision to Stakeholders Specifically	<p>The Company recognizes the importance of timely and appropriate disclosure of information, and strives to improve its internal systems to conduct timely, accurate and fair disclosure of corporate information to its shareholders and investors. The Company filed a declaration with the stock exchanges to pledge to the effect that the Company will carry out disclosure of information in good faith.</p> <p>Specifically, as an internal system, the Company established internal regulations concerning treatment of material facts, based on which departments for controlling, aggregating, confirming and announcing the material facts are established respectively to conduct timely and appropriate disclosure of significant corporate information with cooperation among the departments.</p>
d. Other	<p><Promotion of diversity></p> <p>The Group recognizes promotion of diversity as one of the Group’s key strategies to maximize the capabilities of its employees coming from varied backgrounds, and is actively hiring women and promoting their participation.</p> <p>In FY2014, the ratio of women among new recruits was approximately 12% (42 out of 345 persons) for general positions at the Company and the Operating Companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation), while the ratio was approximately 20% (24 out of 126 persons) for clerical general positions. In FY2012, JFE Steel Corporation has started recruiting women for on-site careers at the steelworks, and has female workers accounting for approximately 10% (24 out of 236 persons) of regular hires. The Group has set the numerical targets for increasing the number of female employees in management positions by 3 times (282 persons) by 2020, and has been working to expand appointment of female employees in management positions as early as possible (Numerical targets set in August 2014: 94 persons, 1.8%; Latest results in April 2015: 130 persons, 2.5%).</p> <p><Major initiatives of the Operating Companies></p> <p>The Group is developing a work environment that enables women to play a more active role. The Group adopts a greater variety of childcare-support programs than those required by Japanese laws. Such systems include a childcare leave program which is applicable to employees with children aged 3 and under (JFE Steel Corporation), a shortened working hours program which is applicable to employees until their children graduate from elementary school (JFE Steel Corporation and JFE Engineering Corporation), and a program to subsidize part of the costs of using nursery schools as well as a program to rehire former employees who had left the company to give birth, care for children or elderly relative, etc. (JFE Steel Corporation and JFE Shoji Trade Corporation). Furthermore, all Operating Companies including JFE Steel Corporation has established Diversity Promotion Sections and are working on promoting enlightenment activities such as stratified training and gatherings for female employees. In addition, JFE Engineering Corporation opened its own childcare facility, called Children’s Forest, for children of its own employees and the Group companies’ employees. JFE Shoji Trade Corporation regularly holds “J Mama Meetings” that bring together female employees on childcare leave,</p>

	and support employees returning to work smoothly. Such activities of the Group were highly recognized and, in March 2015, the Company was selected for the second consecutive year as a Nadeshiko Brand company in a project organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, Inc. The Group will continue to focus its efforts on supporting career advancement of female employees.
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IV. Matters Related to the Internal Control System

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

The Company operates and improves the internal control systems pursuant to the following Basic Policy for Building an Internal Control System, which were resolved by the Board of Directors, by establishing rules and regulations such as Regulations of the Board of Directors, Regulations of the Management Committee, Regulations of the JFE Group CSR Council, Regulations of the JFE Group Compliance Council, Regulations of the JFE Group Internal Control Committee, Regulations of the Public Disclosure Committee, regulations of organizations and operations, and regulations on storage and management of information, and by establishing the Corporate Ethics Hotline.

[Basic Policy for Building an Internal Control System]

JFE Holdings, Inc. shall establish its internal control systems as described below to comply with laws, regulations and the Articles of Incorporation and maximize its corporate value toward the realization of the Corporate Vision—"The JFE Group—contributing to society with the world's most innovative technology"—and the goal of establishing a highly sustainable business structure. JFE Holdings, Inc. shall endeavor to review and improve the basic policies and the internal control systems established in accordance therewith on an ongoing basis.

1. Systems Set Forth in Article 362, Paragraph 4, Item 6 of the Companies Act and in the Respective Items of Article 100, Paragraph 1 of the Ordinance for Enforcement of the Companies Act
 - (1) Systems to ensure compliance of the execution of duties by Directors and employees with laws, regulations and the Articles of Incorporation
 - (a) The authority of Directors, Corporate Officers and employees shall be clarified in the in-house rules for authority and responsibilities and other internal policy guidelines. Their respective duties shall be executed in compliance with the relevant rules and regulations.
 - (b) A Compliance Council shall be established. It shall deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations. The Compliance Council shall also supervise the progress of the measures implemented.
 - (c) A "Corporate Ethics Hotline" to help ensure that important information regarding the compliance of ethics, laws and regulations is directly communicated from the front lines to top management shall be provided, streamlined and appropriately operated.
 - (d) The internal auditing department shall audit the compliance conditions of the relevant laws, regulations and the Articles of Incorporation.
 - (2) Systems to ensure the efficient execution of Directors' duties
 - (a) The Directors shall encourage in-depth deliberations at the meetings of the Board of Directors and the Management Committee. The Directors shall also sufficiently deliberate before drawing conclusions at appropriate organizational bodies, as required.
 - (b) The internal auditing department shall audit the effectiveness and efficiency of the business.
 - (3) Systems to keep and manage information pertaining to the execution of duties by Directors
 - (a) The minutes of the Board of Directors meetings shall be prepared with regard to information on matters to be resolved by and reported to the Board of Directors, in accordance with the relevant laws and regulations. The board minutes shall be appropriately kept and managed.
 - (b) Information regarding organizational bodies, such as the Management Committee, that addresses important management matters shall be appropriately recorded, stored and managed.
 - (c) Important corporate documents, such as kessaisho (documents for approval), which are related to the execution of Directors' duties, shall be appropriately recorded, stored and managed.
 - (4) Rules and other systems regarding loss risk management

(Translation for reference only)

- (a) As for risk management of risks involving business activities, compliance with ethics, laws and regulations, financial reporting and information disclosure, the Corporate Officers in charge shall endeavor to recognize their respective risks. The appropriate organizational bodies shall check, identify and evaluate the risk factors, as required, and deliberate and make decisions on how to cope therewith.
 - (b) Important management matters shall be deliberated and decided in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.
 - (5) Systems to ensure the propriety of business operations conducted by the corporate group
 - (a) The respective Group companies of the JFE Group shall streamline their in-house systems with regard to the matters specified in the basic policies, as required, by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.
 - (b) JFE Holdings, Inc., shall determine its decision-making procedures, etc., for important group management matters, as well as important matters (including matters with regard to loss risk management.) of the operating companies (significant subsidiaries being operating companies of which JFE Holdings, Inc., directly holds shares thereof) and their affiliated Group companies in accordance with the regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.

Each operating company shall determine its decision-making procedures, etc., for important matters for itself and its affiliated Group companies in accordance with its regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.
 - (c) JFE Holdings, Inc. shall deliberate and make decisions regarding important group management matters in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.

Each Operating Company (significant subsidiaries being operating companies of which JFE Holdings, Inc. directly holds shares thereof) shall, determine its decision-making procedures for important matters of it and its affiliated Group companies to deliberate and make decisions thereon pursuant to its Rules of the Board of Directors, etc.

JFE Holdings, Inc., shall streamline and appropriately operate the Corporate Ethics Hotline as a system to help ensure that important information of the entire Group regarding the compliance with the code of ethics, laws and regulations is directly communicated from the front lines to top management.
 - (d) The internal auditing department of JFE Holdings, Inc., shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at the operating companies, or receive reports from the respective internal auditing departments of such operating companies. The internal auditing department of each operating company shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at its affiliated Group companies, or receive reports from the respective internal auditing departments of such Group companies.
 - (e) The respective Group companies of the JFE Group shall streamline their required systems, which are necessary to ensure the reliability of their financial reporting, and disclose appropriate information at appropriate times.
2. Systems Set Forth in the Respective Items of Article 100, Paragraph 3 of the Ordinance for Enforcement of the Companies Act
- (1) Matter regarding employees as assistants to support Audit & Supervisory Board Member's duties
Employees who support any Audit & Supervisory Board Member in conducting his/her duties shall be staff of the Audit & Supervisory Board Member's Secretariat.
 - (2) Matter regarding the independence of employees as assistant to support Audit & Supervisory Board Member's duties from Directors
The personnel affairs of the employees who serve as assistants to the Audit & Supervisory Board Members shall be consulted with the Audit & Supervisory Board Members.
 - (3) System for ensuring the effectiveness of the instructions given to employees as assistants to support Audit & Supervisory Board Member's duties

(Translation for reference only)

The employees who serve as assistants to the Audit & Supervisory Board Members shall perform their operations of supporting an Audit & Supervisory Board Member's duties under the supervision of said Audit & Supervisory Board Member.

- (4) System for reporting to the Audit & Supervisory Board Members
 - (a) The Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, the Management Committee and other important meetings and receive reports thereat.
 - (b) The Directors, Corporate Officers and employees shall report the execution of their duties (including important matters regarding the Operating Companies and their affiliated Group companies) to the Audit & Supervisory Board and/or any Audit & Supervisory Board Member as required or if so requested by the Audit & Supervisory Board or any Audit & Supervisory Board Member. The Directors, Corporate Officers and employees of the operating companies or their affiliated Group companies shall report the execution of their duties to the Audit & Supervisory Board and/or any Audit & Supervisory Board Member as required or if so requested by the Audit & Supervisory Board or any Audit & Supervisory Board Member.
 - (c) JFE Holdings, Inc., shall streamline the Corporate Ethics Hotline as a system that allows anyone to directly report to or consult with an Audit & Supervisory Board Member. The details of any violations that have been reported or discussed over the Corporate Ethics Hotline are handled by the department in charge thereof and shall then be reported to the Audit & Supervisory Board and/or the Audit & Supervisory Board Members, as they occur.
- (5) System to ensure that anyone who has reported to an Audit & Supervisory Board Member does not suffer detrimental treatment for the reason of having made said report
JFE Holdings, Inc. shall stipulate in the relevant regulations that anyone who has reported any violations through the Corporate Ethics Hotline and that anyone who has reported or discussed any violations with the Audit & Supervisory Board and/or the Audit & Supervisory Board Members shall not be unfavorably treated, and shall appropriately operate said regulations.
- (6) Policies with regard to expense prepayment and/or reimbursement procedures related to the execution of duties by the Audit & Supervisory Member, and the handling of any other expenses or obligations that derive from the execution of the relevant duties
JFE Holdings, Inc., shall respond to the request as soon as possible if a request is made with regard to the prepayment or reimbursement of expenses that are required for the execution of duties of Audit & Supervisory Board Members.
- (7) Other systems to ensure effective audits by the Audit & Supervisory Board Members
 - (a) The Directors, Corporate Officers and employees shall cooperate with the Audit & Supervisory Board Members in improving the auditing environment so that various Audit & Supervisory Board Members' activities can be smoothly executed, including access to important documents, site examinations, exchanges of opinion with Directors and others, examination of subsidiaries and collaboration with the Audit & Supervisory Board Members of any subsidiaries, all of which are considered necessary for the audits executed by the Audit & Supervisory Board Members.
 - (b) The Audit & Supervisory Board Members shall receive reports from the Accounting Auditor and the internal auditing department on their audit results (including important matters regarding the Operating Companies and their affiliated Group companies) in an appropriate and timely manner and maintain a close working arrangement with the Accounting Auditor and the internal auditing department.

2. Basic Views on Eliminating Anti-Social Forces

- (1) Basic views on eliminating anti-social forces
The Company has established "JFE Group Policies for Addressing Anti-social Forces" by resolutions of the Board of Directors and, based on the policies, works to ensure sound company management through uniform organization-wide measures under the JFE Group's compliance system in response to anti-social activities.

"JFE Group Policies for Addressing Anti-social Forces"

The JFE Group aims to completely avoid any relationships with anti-social forces, and the general administration and legal affairs departments of Group companies have been designated as the departments responsible for dealing with issues related to anti-social forces. These departments report

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any incidents involving anti-social forces, establish regulations for dealing with such incidents, and will work with police and other authorities to resolutely address matters involving anti-social forces.

(2) Progress of eliminating anti-social forces

(a) Establishment of JFE Group Standards of Business Conduct

The JFE Group Standards of Business Conduct stipulates “Firmly resist all elements and organizations that threaten social order and stability, and refuse all illegal and improper demands.”

(b) Establishment of Regulations for Addressing Violence Directed at Companies

“Regulations for Addressing Violence Directed at Companies” have been established to clarify the standards of response to anti-social forces, including a manual on the initial steps that should be taken in responding to violence targeting companies.

(c) Training conducted

E-learning is conducted and guidebooks on compliance are distributed to ensure that all JFE Group executives and employees are thoroughly informed on the “JFE Group Policies for Addressing Anti-social Forces” and the standards of response to anti-social forces, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

The Company, at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the “Policy Toward Large-scale Purchases of JFE Shares” (the “Policy”), and given the approval of shareholders at the Ordinary General Meetings of Shareholders held in the same year and thereafter every two years, which is the effective term of the Policy, has continued to operate the Policy.

The Group’s basic management stance is to endeavor to enhance, in good faith, corporate value and the common interests of shareholders by committing to the Corporate Vision of contributing to society with the world’s most innovative technology, which has guided the Group since its founding. The Policy has been adopted to ensure that the shareholders of the Company can, if a large scale purchase of the Company’s shares is proposed, precisely evaluate the effects of the proposal on the corporate value of the Company and the common interest of shareholders. It aims at providing promptly the shareholders with necessary and sufficient time, opinions and suggestions from both the large-scale purchaser and the Company’s Board of Directors, and giving necessary and enough time for the shareholders to review them, in line with the basic management stance above.

Specifically, the Policy requires any large-scale purchaser that has the intent to hold 20% or more in the voting rights ratio to present in advance its management policies and business plans after the completion of the intended large-scale purchase. For a certain period thereafter, the Company’s Board of Directors evaluates and examines the proposal from the following viewpoints: whether the large-scale purchaser has complied with the rules according to the Policy; whether the content of the proposal would irretrievably harm the Company; or whether the proposal would seriously impair the corporate value of the Company or the common interests of shareholders. The Board of Directors may also disclose its opinion externally, negotiate with the large-scale purchaser and submit any alternative plans to the shareholders. In order to ensure that the decision by the Company’s Board of Directors will be made in a transparent, objective, fair, and reasonable manner, a Special Committee, as an organization independent from the Board of Directors, will be established with 3 members composed of Outside Directors and Outside Audit & Supervisory Board Members. In case the Special Committee submits recommendations to the Company’s Board of Directors to the effect that the Board of Directors should take countermeasures to prevent the large-scale purchase, the Board of Directors may take countermeasures against the large-scale purchase to protect the corporate value of the Company and the common interests of the shareholders by referring to advice from outside professionals and respecting the recommendations to the maximum extent possible. Such countermeasures include the issuance of subscription rights to shares or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and the Company’s Articles of Incorporation.

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At the Ordinary General Meeting of Shareholders of the Company held on June 25, 2015, the continuation of the Policy was approved by the shareholders of the Company. Hence, the Policy will remain effective until the close of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within 2 years after the date of said Ordinary General Meeting of Shareholders.

Note: For details of the Policy, please refer to the material below (on the Company's website)

News release of April 23, 2015

"Notice Concerning the Continuation of Policy Toward Large-Scale Purchase of JFE Shares (Anti-Takeover Measures)"

(the Company's website: <http://www.jfe-holdings.co.jp/>)

2. Other Matters Concerning Corporate Governance System

Outline of timely disclosure system

In order to maintain the credibility of the Group in the securities markets, the Company, Operating Companies and Group companies formulate internal regulations concerning material facts, and, by establishing departments managing information and judging and implementing timely disclosure of information, disclose significant corporate information in a timely and appropriate manner in addition to statutory disclosure such as annual securities reports and extraordinary reports based on the Financial Instruments and Exchange Act.

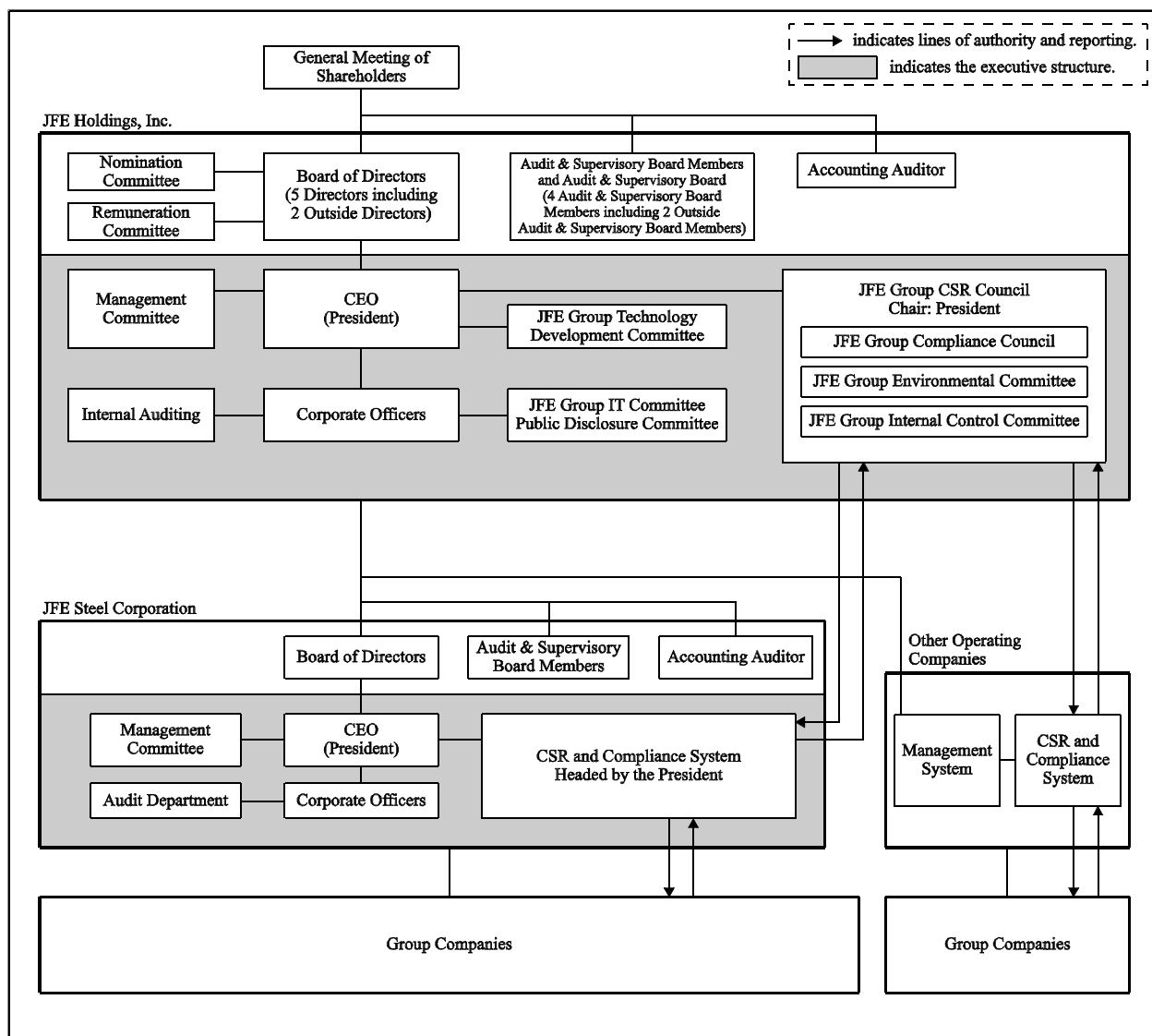
With regard to timely disclosure of corporate information, the information is disclosed by registering with TDnet, in accordance with the "Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities" set out by the Tokyo Stock Exchange (the "Timely Disclosure Rules").

[Flow of timely disclosure of corporate information]

- 1) "Information on decisions made" and "Information on financial results" that fall under the "Timely Disclosure Rules"
"Department controlling material facts" which administers relevant events communicates and coordinates with "department aggregating information on material facts" (department in charge of general administration), "department confirming material facts" (department in charge of legal affairs) and "department controlling announcement" (department in charge of public relations) on the form and contents, etc. of the timely disclosure. In the event that the Company makes decisions on the events, the "department controlling announcement" promptly conducts the timely disclosure via TDnet.
- 2) "Information on events occurred" that falls under the "Timely Disclosure Rules"
In the event that relevant events occur, "department controlling material facts" which administers relevant events communicates and coordinates with "department aggregating information on material facts" (department in charge of general administration), "department confirming material facts" (department in charge of legal affairs) and "department controlling announcement" (department in charge of public relations) on the form and contents, etc. of the timely disclosure, and the "department controlling announcement" conducts the timely disclosure via TDnet appropriately.

(Translation for reference only)

[Diagram 1] Corporate Governance System



(Translation for reference only)

[Diagram 2] Timely Disclosure System

JFE Holdings, Inc.

