



May 16, 2024

To Whom It May Concern:

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Representative: Tadashi Imai
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Stock listing: Market of Tokyo Stock Exchange / Nagoya
Stock Exchange / Fukuoka Stock Exchange
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Notice Concerning the Opinion of the Company's Board of Directors on Shareholder Proposals

Nippon Steel Corporation ("the Company") has received documents from certain shareholders stating that they intend to make shareholder proposals at the 100th General Meeting of Shareholders to be held on June 21, 2024 (the "Shareholder Proposals").

The Company resolved at its Board of Directors' meeting held today that it oppose each of these Shareholder Proposals. The details of the Shareholder Proposals and the opinion of the Board of Directors are as follows:

1. Shareholder Proposals

Please see the Annex hereto. Shareholder Proposals 1 and 2 are jointly proposed by two shareholders (with an aggregate voting rights ratio of less than 0.01%), and Shareholder Proposal 3 is jointly proposed by two shareholders (with an aggregate voting rights ratio of less than 0.30%).

2. Opinion of the Board of Directors concerning the Shareholder Proposals

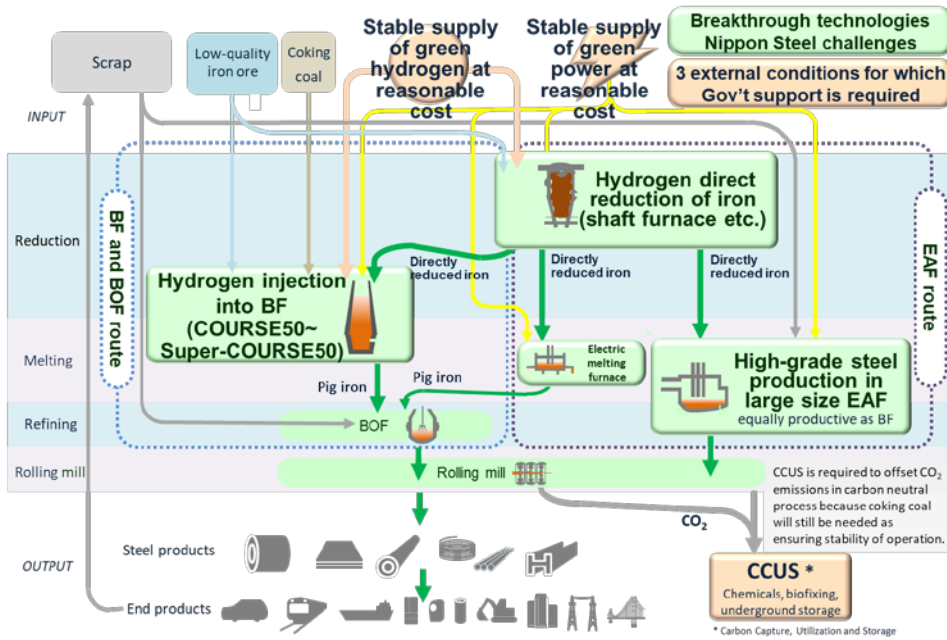
(1) Company's Efforts to Address Climate Change Issues

In March 2021, the Company announced the Nippon Steel Carbon Neutral Vision 2050, which sets out a target of reducing CO₂ emissions in Scopes 1 and 2 by 30% from 2013 levels by 2030 and a vision of achieving carbon neutrality by 2050. The Nippon Steel Carbon Neutral Vision 2050 contributes to the Japanese government's Climate Change Adaptation Plan based on the Paris Agreement and Japan's Nationally Determined Contribution (NDC).

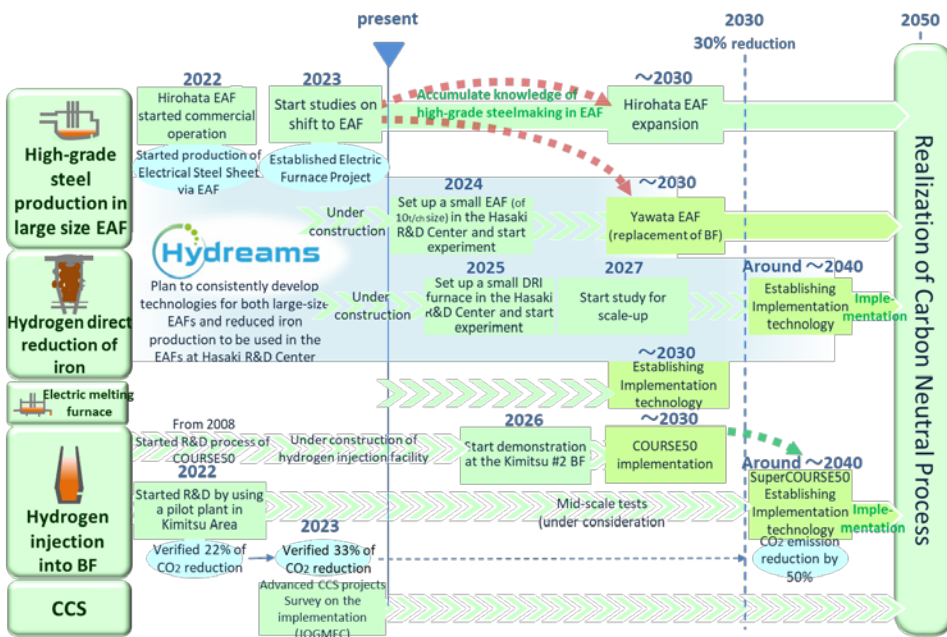
The steel industry currently does not have mass production technology needed to achieve carbon neutrality, and the Company is working diligently to develop innovative process technologies and commercialize them based on the results of such development. Specifically, as described below in Roadmap of Nippon Steel Carbon Neutral Vision 2050, the Company aims to develop and commercialize three breakthrough technologies: technologies for "hydrogen injection into BF" (COURSE50 and Super-COURSE50), technologies for "high-grade steel production in large-size EAF" and technologies for "hydrogen direct reduction of iron." Through a multi-track approach, taking measures including carbon offset by CCUS, the Company aims to realize a carbon-neutral steel production processes by 2050. In particular, as for "hydrogen injection into BF," the Company has been engaged in technology development of COURSE50 since 2008 and has already completed verification tests using a pilot test furnace. The Company has started the installation of demonstration facilities in preparation for full-scale blowing tests of hydrogen-based gas using a large-scale commercial BF (4,500m³), which is scheduled to start in fiscal 2026. In addition, the Company aims to start trials of "high-grade steel production in large-size EAF" and "hydrogen direct reduction of iron"

in fiscal 2024 and fiscal 2025, respectively. The Company expects that R&D expenses of approximately 500 billion yen and capital expenditures for commercialization of approximately 4-5 trillion yen, including, among others, government support, will be required for such extremely challenging innovation.

(Carbon-neutral steel production processes)



(Roadmap of Nippon Steel Carbon Neutral Vision 2050)



In addition to reducing CO₂ emissions from the Company’s steelmaking processes, the Company is contributing to reducing CO₂ emissions in society by providing high-performance products and solution technologies.

The Company launched NSCarbolex™ as a brand family that collectively identifies the Company’s products and solution technologies that contribute to reducing CO₂ emissions in society. NSCarbolex™ consists of two brands—NSCarbolex™ Neutral and NSCarbolex™ Solution—which represent the two values the Company provides.



Decarbonization of the steelmaking processes is an extremely ambitious challenge. In addition to developing carbon-neutral technology options, it is also essential to develop social infrastructure for green hydrogen, green power, CCUS, and other technologies. These are national challenges that should be addressed by the entire nation in cooperation with society, based on (1) policy packages to achieve both international competitiveness of industries and carbon neutrality as well as (2) policies for national strategies that include strong and continuous support, including from the financial side.

In order to maintain and strengthen the international competitiveness of Japanese industries, the introduction of drastic policies and systems based on national strategies is more important than anything else. To achieve this, the Company is taking various opportunities to make proposals on Japan's climate change measures and energy policies based on the Paris Agreement. The Company is also spearheading activities through industry associations such as the Japan Iron and Steel Federation and the Japan Business Federation (Keidanren).

For example, in government councils and committees and in discussions at Keidanren, the Company has advocated the need for a Japanese-style policy package that integrates climate change measures with the maintenance and strengthening of the international competitiveness of industries. The Company has also advocated the need for, among others, the following measures: a shift in the energy supply structure, including the active promotion of the use of nuclear power; policies aimed at the realization of carbon neutrality in the materials industry; measures to promote strong and continuous public-private investment across all stages of the decarbonization transition from R&D to facility implementation; measures to secure equal footing for hydrogen, electricity and raw material operation cost increases; and a roadmap to realize CCUS. Some of these proposals have been reflected in the GX Promotion Act and the GX Decarbonized Power Supply Act, which is an example of the Company's contribution to policy formulation.

In addition, the Japan Iron and Steel Federation has declared that the Japanese steel industry will boldly take on the challenge of achieving carbon neutrality. In March 2022, the Federation set a target for reducing CO₂ emissions from energy sources by 30% from 2013 levels by fiscal 2030, which is an ambitious target even in international terms. In May 2022, Keidanren published "Towards Green Transformation (GX)" and has been proposing necessary measures to achieve carbon neutrality by 2050 (such as GX policy Package).

Concerning the Company's efforts to address climate change issues, important matters are reported to the Board of Directors as they arise, and major progress is reported on a regular basis. In addition, opinions received from various stakeholders, including institutional investors, are regularly reported and fed back to the Board of Directors.

In addition, the Company is a signatory to the statement of support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has been disclosing information in accordance with the recommendations. The Company has also been making disclosures through business reports, securities reports, integrated reports, sustainability reports, IR materials on financial results, and individual press releases. The Company will continue to work on appropriate disclosure of its efforts to address climate change issues, taking into account trends in, among others, disclosure standards. (For details of the Company's efforts to address climate change issues, see: <https://www.nipponsteel.com/csr/>)

* Task Force on Climate-related Financial Disclosures: An international disclosure framework to disclose

information on the impact of climate change on corporate finances in four categories: governance, strategy, risk management, and indicators and targets.

(2) Opinion of the Board of Directors on Shareholder Proposal 1

The Company's Board of Directors **opposes this Shareholder Proposal.**

(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the formulation and publication of targets related to specific management issues, including climate change measures, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in "(1) Company's Efforts to Address Climate Change Issues," the Company has announced Nippon Steel Carbon Neutral Vision 2050, which will contribute to the Japanese government's Climate Change Adaptation Plan based on the Paris Agreement and Japan's Nationally Determined Contribution (NDC), and has been working to achieve the target of reducing CO₂ emissions in Scopes 1 and 2 by 30% from 2013 levels by 2030 and realize the vision of achieving carbon neutrality by 2050. Based on the assumption that the technological development necessary for the realization of carbon-neutral steel production processes and the commercialization of the technologies based on the results thereof will require, including government support, approximately 500 billion yen in R&D expenses and approximately 4-5 trillion yen in capital expenditures for the commercialization, the Company has been making steady advances in, among others, technological development and demonstration experiments, and has been disclosing such progress as appropriate, as described above in Roadmap of Nippon Steel Carbon Neutral Vision 2050. Moreover, the Company also contributes to reducing CO₂ emissions in society by providing high-performance products and solution technologies.

Furthermore, the Company will continue to timely and flexibly work on the matter of how to deal with the scope of setting CO₂ emission reduction targets (such as covered subsidiaries and affiliates and Scope 3) as it conducts business in Japan and overseas, in light of, among others, international trends in climate change measures and trends in laws, systems, and disclosure standards in each country.

(3) Opinion of the Board of Directors on Shareholder Proposal 2

The Company's Board of Directors **opposes this Shareholder Proposal.**

(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the establishment and disclosure of a compensation system that responds to specific management issues, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in "(1) Company's Efforts to Address Climate Change Issues," the Company regards climate change measures as its top priority management issue, and, believing that achieving carbon neutrality will contribute to enhancing mid- to long-term corporate value, the Company has established and strengthened its officers and organizational structures and is promoting various measures to achieve that goal, thus steadily producing results.

The Company intends to propose a revision of the amount of compensation for Directors in Items 4 and 5 at the 100th General Meeting of Shareholders after the deliberation of the Nomination and Compensation Advisory Committee consisting of the Chairman, the President and three or more Outside Directors appointed by the President who serves as the chairman of the committee. If each of these proposals is approved, the

Company will continue to properly address its management issues, including the challenge of achieving carbon neutrality under the new compensation levels and system.

(4) Opinion of the Board of Directors on Shareholder Proposal 3

The Company’s Board of Directors **opposes this Shareholder Proposal**.
(Reasons for the opposition)

The Articles of Incorporation stipulate basic matters such as the organization of the Company, and it is not appropriate to stipulate in the Articles of Incorporation specific, individual matters such as the disclosure of the Company’s position and policy proposal efforts on certain policies, as this would hinder the timely and flexible formulation and modification of policies and business execution in response to changes in the business environment.

In addition, as described in “(1) Company’s efforts to address climate change issues,” the Company is taking various opportunities to make proposals on Japan’s climate change measures and energy policies based on the Paris Agreement and is spearheading activities through industry associations. The Company also discloses information regarding these policy proposals and activities. The Company will continue to work on enhancing disclosure of information including major policy proposals and activities it has conducted, as well as policy positions in conducting these proposals and activities.

3. For Reference: Agenda of the 100th General Meeting of Shareholders

Matters to be reported to the shareholders:

Report on operations for the 99th term (from April 1, 2023 to March 31, 2024), consolidated financial statements and non-consolidated financial statements, and reports of accounting auditors and the Audit & Supervisory Committee on consolidated financial statements for the 99th term.

Matters for approval by the shareholders:

<Company Proposals (Items 1 through 5) >

Item 1: Appropriation of Surplus for the 99th Term (from April 1, 2023 to March 31, 2024)

Item 2: Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Item 3: Election of Five (5) Directors who are Audit & Supervisory Committee Members

Item 4: Revision of Amount of Compensation for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Item 5: Revision of Amount of Compensation for Directors who are Audit & Supervisory Committee Members

<Shareholder Proposals (Items 6 through 8)>

Item 6: Partial Amendment to the Articles of Incorporation

Item 7: Partial Amendment to the Articles of Incorporation

Item 8: Partial Amendment to the Articles of Incorporation

End

The contents of the Shareholder Proposals are as follows. The title of each Shareholder Proposal, details of the proposal, and reason for the proposal (as for the reason of the proposal of Shareholder Proposal 1, an outline of the reason submitted by the relevant shareholders) are quoted from relevant parts of the original documents submitted by the relevant shareholders.

Shareholder Proposal 1

Partial amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

1. The Company shall set and disclose short- and medium-term GHG emission reductions targets aligned to the goals of the Paris Agreement for scope 1, 2 and 3 emissions for all operations and affiliates.
2. The Company shall prepare and disclose transition plan that include, planned capital allocation for decarbonisation investment over the forward 3 years, along with the estimated emissions reduction impact of each investment, to achieve the short- and medium-term reduction targets.
3. The Company shall report, in its annual reporting, on its progress against such targets and transition plans at reasonable cost omitting proprietary information.

(2) Reason for the proposal

The Company's long-term corporate value depends upon a credible decarbonisation strategy and GHG emissions reduction targets aligned with the goals of the Paris Agreement. The Company should commit to the recommendation of the TCFD which recommends disclosure of group-wide scope 1, 2 and 3 emissions and the related risks.

The Company's emissions reduction targets towards 2030 are not aligned to the goals of the Paris Agreement and the Company's decarbonisation strategy relies heavily on technologies that have not been proven to materialise. Not having Paris aligned targets together with the uncertainty of its technology investment strategy presents a range of material risks to shareholders, including the risk of stranded assets.

Setting Paris-aligned targets, and disclosing credible business plans to achieve them, would best manage these risks and protect corporate value. Disclosure of the Company's forward capital expenditure and alignment with emissions reduction targets would assist shareholders assessment of the Company's plans.

Shareholder Proposal 2

Partial amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

The Company shall set and disclose, in its annual reporting, details of how the Company's compensation system incentivises and rewards progress for achieving the Company's GHG emissions reduction targets.

(2) Reason for the proposal

Long-term institutional investors in the Company consider a direct linkage between remuneration and achievement of the Company's GHG emissions reduction targets, to be in the Company's interests, as an important mechanism to incentivise executive performance towards achievement of the Company's strategy and goals and protect corporate value.

Shareholder Proposal 3

Partial amendment to the Articles of Incorporation

(1) Details of the proposal

The following clause shall be added to the Articles of Incorporation:

The Company shall disclose annually, climate-related and decarbonisation-related policy positions and lobbying activities globally, including its own direct lobbying and industry association memberships, and review these for alignment with the Company's goals of carbon neutrality by 2050 and explain the actions it will take if these activities are determined to be misaligned.

(2) Reason for the proposal

To manage strategy and risks to protect company value, it is in the Company's best interests for its climate- and decarbonisation-related policy positions and direct and indirect lobbying activities to be aligned with the Company's goal of carbon neutrality by 2050 and the achievement of its GHG emissions reduction targets.

The Filing Shareholder believes that disclosure of climate-related and decarbonisation-related policy positions and lobbying activities globally and their alignment to the Company's goals are required by good governance and essential to long-term value creation.

The current level of the Company's disclosures in these regards means shareholders cannot properly assess if the Company's lobbying activities are sufficiently coordinated and optimised to ensure the global policy environment supports its decarbonisation goals and are in line with the goals of the Paris Agreement.

End