

OSAKA STEEL CO., LTD.

Notice of the 46th General Meeting of Shareholders

OSAKA STEEL CO., LTD.

1-9-3 Minami Okajima, Taisho-ku, Osaka, Japan 541-0045

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(Stock Exchange Code 5449)

May 31, 2024

(Start Date of Measures for Electronic Provision: May 30, 2024)

To Shareholders with Voting Rights:

Taisuke Nomura

Representative Director and President

OSAKA STEEL CO., LTD.

Registered head office: 1-9-3 Minami Okajima, Taisho-ku, Osaka

Headquarters: 3-6-1 Doshomachi, Chuo-ku, Osaka

**NOTICE OF CONVOCAATION OF
THE 46TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

It is our pleasure to inform you of the 46th Annual General Meeting of Shareholders of OSAKA STEEL CO., LTD. (the “Company”). The meeting will be held as described below.

In convening this Meeting, the Company has taken measures for the electronic provision and posted the matters subject to measures for electronic provision on the following website as “Notice of the 46th General Meeting of Shareholders.”

The Company’s website

<https://www.osaka-seitetu.co.jp/ir/meeting/>

Matters subject to measures for electronic provision are also posted on the following website, in addition to the above website.

Tokyo Stock Exchange website

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?show=show>

Please access the website above, enter the Company name “OSAKA STEEL” in the issue name (company name) field, or the Company’s securities code “5449” in the code field, and press “Search.” Select “Basic information” and then “Documents for public inspection/PR information” in that order and see the relevant information.

Exercising voting rights in advance is also available via the Internet or in writing. **Please review the Reference Documents for the General Meeting of Shareholders posted in the Matters Subject to Measures for Electronic Provision, indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is received by 5:20 p.m. (Japan time), the end of the Company’s business hours, on Friday, June 21, 2024.**

- 1. Date and Time:** Monday, June 24, 2024 at 10:00 a.m. (Japan time)
- 2. Place:** Suehiro Room, 6F, Osaka Chamber of Commerce and Industry Building
2-8, Honmachibashi, Chuo-ku, Osaka

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 46th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 46th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved: <Company proposals>

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Dividends of Surplus
- Proposal 3:** Election of Eight (8) Directors
- Proposal 4:** Election of One (1) Audit & Supervisory Board Member
- Proposal 5:** Election of One (1) Substitute Audit & Supervisory Board Member
<Shareholder proposals>
- Proposal 6:** Partial Amendments to the Articles of Incorporation (Prohibition of Provision of Funds to Controlling Shareholder through Deposits or Loans)
- Proposal 7:** Dividends of Surplus (Special Dividend)
- Proposal 8:** Partial Amendments to the Articles of Incorporation (Development and Disclosure of a Plan to Achieve a PBR of 1 or Higher)
- Proposal 9:** Partial Amendments to the Articles of Incorporation (Number of Directors, etc.)
- Proposal 10:** Partial Amendments to the Articles of Incorporation (Development and Disclosure of a Plan to Reduce Greenhouse Gas Emissions)

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - ◎ Should revisions arise to the matters subject to measures for electronic provision, the revised versions will be posted on the respective websites where such matters are posted.

The company's website: <https://www.osaka-seitetsu.co.jp/en/index.html>

Reference Documents for the General Meeting of Shareholders

Proposals and References

<Company proposals> (Proposals 1 to 5)

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reason for the Proposal

Unless otherwise provided by law, traditionally, decisions on dividends of surplus, etc. of the Company are made by resolution of the Board of Directors in order to implement flexible capital policies.

The Company announced its “Initiatives for the Realization of Management that is Conscious of Cost of Capital and Stock Price” in January 2024, one of which is the enhancement of its disclosures and dialogue with shareholders. Wishing to hear shareholders’ opinions and hold constructive dialogue about the distribution of dividends of surplus, etc., the Company will use this opportunity to amend the Articles of Incorporation.

2. Details of amendments

A comparison of the amendments between the current Articles of Incorporation and the amended Articles of Incorporation is as follows.

Amended parts are underlined.

Current Articles of Incorporation	Proposed amendments
Article 39 (Decision-making Body for Dividends of Surplus, etc.) Unless otherwise provided for by laws and regulations, the Company <u>shall determine</u> the matters set forth in each item of Article 459, Paragraph (1) of the Companies Act, including distribution of dividends of surplus, <u>by a resolution of the Board of Directors, without relying on a resolution of the General Meeting of Shareholders.</u>	Article 39 (Decision-making Body for Dividends of Surplus, etc.) Unless otherwise provided by law, the Company <u>may determine</u> the matters set forth in each item of Article 459, Paragraph (1) of the Companies Act, such as dividend distribution of surplus, <u>by a resolution of the Board of Directors of the Company.</u>

Proposal 2: Dividends of Surplus

Conditional on the approval of Proposal 1: Partial Amendments to the Articles of Incorporation, the Company seeks approval for the following dividend.

The Company believes that profits should be appropriately returned to shareholders in accordance with business performance.

The ordinary steel electric furnace industry to which the Company belongs experiences major fluctuations in the price of scrap, its main raw material, and the market conditions of its major products, which impacts greatly on performance. In such an industry, in addition to building an unwavering financial position for the long-term stability of its management foundations, the Company strives to improve its capital efficiency as a company and aims for the stable enhancement of corporate value.

As stated in the Osaka Steel Group Medium-Term Management Plan announced in April 2021, the Company has a payout ratio target of around 30% and proposes a year-end dividend of 14.50 yen per share.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and its total amount

Common stock of the Company	14.50 yen per share
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The total amount of dividend	564,332,112 yen
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As the Company paid an interim dividend of 10 yen per share, the annual dividend of surplus for the fiscal year under review will be 24.50 yen per share.

(3) Effective date of distribution of surplus

June 25, 2024

Proposal 3: Election of Eight (8) Directors

The term of office of all eight (8) current Directors ends at the conclusion of the 46th General Meeting of Shareholders.

The Board of Directors proposes that eight (8) Directors, including three (3) Outside Directors, be elected.

The candidates for Directors are set forth below.

No.	Name		Current status, responsibilities and material concurrent positions	Attendance at the Board of Directors' meetings
1	Junichi Tani	[New candidate]	Executive Advisor of the Company, Executive Officer of NIPPON STEEL CORPORATION	-% -/ meetings
2	Teruyuki Wakatsuki	[Reappointment]	Managing Director, Responsible for Matters related to Product Planning, Safety & Environment, Production & Technical Control, and Plant Engineering	100% 16/16 meetings
3	Takashi Sekino	[New candidate]	Managing Executive Officer	-% -/ meetings
4	Kazuo Imanaka	[Reappointment]	Director General Manager, Head of Osaka Unit, Head of Osaka Unit Sakai Works	100% 16/16 meetings
5	Taisuke Nomura	[Reappointment]	Representative Director and President	100% 16/16 meetings
6	Hironobu Ishikawa	[Reappointment] [Outside] [Independent]	Outside Director, Advisor, Kansai Biomass Recycling Network Co., Ltd.	94% 15/16 meetings
7	Shinya Matsuzawa	[Reappointment] [Outside] [Independent]	Outside Director, Advisor, Legal Affairs Division, SHIONOGI & Co., Ltd.	100% 16/16 meetings
8	Mitsuhiro Sato	[Reappointment] [Outside] [Independent]	Outside Director	100% 16/16 meetings

Name (date of birth)	Brief personal history (with material concurrent positions)	Number of shares of the Company owned
<p>1</p> <p>[New candidate]</p> <p>Junichi Tani (November 26, 1962)</p> <p>Years in office as Directors (at the end of this Meeting) - years</p> <p>Attendance at the Board of Directors' meetings in FY2023: -/- meetings (-%)</p>	<p>April 1987 Joined Sumitomo Metal Industries, Ltd. (now NIPPON STEEL CORPORATION [NSC])</p> <p>April 2008 General Manager, Head of Steelmaking Division, Kashima Works, Steel Sheet and Building Material Company of Sumitomo Metal Industries, Ltd.</p> <p>October 2010 Director, General Manager, Head of Steelmaking Division of Sumikin Iron & Steel Corporation</p> <p>October 2012 General Manager, Head of Production Technology Division, Wakayama Works of Nippon Steel & Sumitomo Metal Corporation (NSSMC: now NSC)</p> <p>April 2014 General Manager, Head of Steelmaking Division, Yahata Works of NSSMC</p> <p>April 2016 Deputy Head of Yahata Works of NSSMC</p> <p>April 2017 Executive Officer, Acting General Manager, Head of Safety Division of NSSMC</p> <p>April 2018 Executive Officer, Acting Head of Yahata Works of NSSMC</p> <p>April 2020 Managing Executive Officer, Acting Head of Kyushu Works of NSC</p> <p>April 2021 Managing Executive Officer, Acting Head of East Nippon Works of NSC</p> <p>April 2024 Executive Officer of NSC Executive Advisor of the Company To the present</p> <p><u>Reasons for the election as Director Candidate</u> The Board of Directors has proposed the election of Mr. Junichi Tani as a Director because it decides that he is well-qualified for the position with his high level of knowledge and strong leadership based on his achievements in the control, etc. of the production engineering sectors and the manufacturing frontlines, as well as his ample business knowledge and experience in the steel business.</p>	<p>0</p>

Name (date of birth)		Brief personal history (with material concurrent positions)	Number of shares of the Company owned	
2	<p>[Reappointment]</p> <p>Teruyuki Wakatsuki (March 2, 1959)</p> <p>Years in office as Directors (at the end of this Meeting) 7 years</p> <p>Attendance at the Board of Directors' meetings in FY2023: 16/16 meetings (100%)</p>	<p>April 1983 Joined NIPPON STEEL CORPORATION (NSC)</p> <p>January 2007 General Manager, Head of Rail, Shape & Spiral pipe Technology Department, Construction Products Marketing Division, Construction Products Unit of NSC</p> <p>April 2012 Executive Counselor, General Manager, Production & Technical Control Division, International Business Development Division of the Company</p> <p>June 2012 Executive Officer, General Manager, Production & Technical Control Division, International Business Development Division of the Company</p> <p>November 2012 Executive Officer, General Manager, Head of Product Planning Division, International Business Development Division of the Company</p> <p>June 2014 Senior Executive Officer, General Manager, Head of Product Planning Division, International Business Development Division of the Company</p> <p>April 2016 Senior Executive Officer, General Manager, Head of Osaka Okajima Works, Head of Product Planning Division, International Business Development Division of the Company</p> <p>April 2017 Senior Executive Officer, General Manager, Head of Osaka Unit Okajima Works, Head of Product Planning Division, International Business Development Division of the Company</p> <p>June 2017 Director, General Manager, Head of Osaka Unit Okajima Works, Head of Product Planning Division of the Company</p> <p>June 2018 Director, General Manager, Head of Product Planning Division of the Company</p> <p>June 2020 Managing Director, General Manager, Head of Product Planning Division of the Company</p> <p>June 2022 Managing Director, General Manager, Head of Product Planning Division, responsible for Matters related to Safety & Environment, Production & Technical Control, and Plant Engineering of the Company</p> <p>June 2023 Managing Director, responsible for Matters related to Product Planning, Safety & Environment, Production & Technical Control, and Plant Engineering of the Company</p> <p>To the present</p>	19,100	
		<p><u>Reasons for the election as Director Candidate</u></p> <p>The Board of Directors has proposed the re-election of Mr. Teruyuki Wakatsuki as a Director because it decides that he is well-qualified for the position with his excellent performance in the field of planning products and supervising manufacturing plants since joining the Company, and with his ample business knowledge and experience in the steel business.</p>		

Name (date of birth)		Brief personal history (with material concurrent positions)	Number of shares of the Company owned
3	[New candidate] Takashi Sekino (October 15, 1965)	April 1989 April 2013 June 2016 April 2020 April 2023 April 2024	0
	Years in office as Directors (at the end of this Meeting) - years	Joined NIPPON STEEL CORPORATION (NSC) General Manager, Head of Production Scheduling Division, Oita Works of Nippon Steel & Sumitomo Metal Corporation (NSSMC: now NSC) Head of Chicago Office of NIPPON STEEL & SUMITOMO METAL U.S.A. INC. Executive Counselor, Global Business Development Sector, Head of Global Business Support Center of NIPPON STEEL CORPORATION (NSC) Executive Councilor of NSC President of NIPPON STEEL SOUTHEAST ASIA CO., LTD. Managing Executive Officer of the Company To the present	
	Attendance at the Board of Directors' meetings in FY2023: -/- meetings (-%)		
	<u>Reasons for the election as Director Candidate</u>		
	The Board of Directors has proposed the election of Mr. Takashi Sekino as a Director because it decides that he is well-qualified for the position with his deep knowledge of the overseas business, excellent performance in the field of marketing, and with his ample business knowledge and experience in the steel business.		

Name (date of birth)		Brief personal history (with material concurrent positions)		Number of shares of the Company owned
4	[Reappointment] Kazuo Imanaka (August 4,1962) Years in office as Directors (at the end of this Meeting) 4 years Attendance at the Board of Directors' meetings in FY2023: 16/16 meetings (100%)	April 1985	Joined NIPPON STEEL CORPORATION (NSC)	8,000
		July 2011	General Manager, Head of Electrical Steel Sheet Division, Hirohata Works of NSC	
October 2012	General Manager, Head of Electrical Steel Sheet Division, Hirohata Works of NIPPON STEEL & SUMITOMO METAL CORPORATION (NSSMC)			
April 2014	General Manager, Head of Tin Mill Products Division, Hirohata Works of NSSMC			
April 2017	Executive Vice President of JCAPCPL			
April 2020	Executive Officer, General Manager, Head of Production & Technical Control Division, Head of Purchasing Division of the Company			
June 2020	Director, General Manager, Head of Production & Technical Control Division, Head of Purchasing Division, responsible for Matters related to Safety & Environment, Plant Engineering of the Company			
		April 2022	Director, General Manager, Head of Osaka Unit, Head of Osaka Unit Sakai Works of the Company To the present	
		<u>Reasons for the election as Director Candidate</u> The Board of Directors has proposed the re-election of Mr. Kazuo Imanaka as a Director because it decides that he is well-qualified for the position with his excellent performance in the field of production & technical control and supervising manufacturing plants since he has joined the Company, and with his ample business knowledge and experience in the steel business.		

Name (date of birth)		Brief personal history (with material concurrent positions)	Number of shares of the Company owned
5	<p>[Reappointment]</p> <p>Taisuke Nomura (November 8, 1959)</p> <p>Years in office as Directors (at the end of this Meeting) 4 years</p> <p>Attendance at the Board of Directors' meetings in FY2023: 16/16 meetings (100%)</p>	<p>April 1982 Joined NIPPON STEEL CORPORATION (NSC)</p> <p>May 2003 General Manager, Head of Production Scheduling Division, Nagoya Works of NSC</p> <p>April 2011 President of NIPPON STEEL INDIA PRIVATE LIMITED</p> <p>October 2012 President of NIPPON STEEL & SUMITOMO METAL INDIA PRIVATE LIMITED</p> <p>July 2015 Executive Counselor, Global Business Development Sector, Head of Global Business Support Center of NIPPON STEEL & SUMITOMO METAL CORPORATION (NSSMC) (now NIPPON STEEL CORPORATION)</p> <p>April 2017 Executive Officer, Vice Head of Global Business Development of NSSMC</p> <p>April 2019 Managing Executive Officer, Vice Head of Global Business Development of NIPPON STEEL CORPORATION</p> <p>April 2020 Executive Officer of NIPPON STEEL CORPORATION</p> <p>June 2020 Executive Advisor of the Company Representative Director and President of the Company To the present</p>	24,100
		<p><u>Reasons for the election as Director Candidate</u></p> <p>Mr. Taisuke Nomura has a deep knowledge of overseas business in addition to his ample business knowledge and experience in the steel business. Since his appointment as Representative Director, he has demonstrated outstanding leadership and appropriately executed important operations and made management decisions. The Board of Directors has proposed the re-election of Mr. Taisuke Nomura as a Director because it decides that he is well-qualified for these reasons</p>	

Name (date of birth)	Brief personal history (with material concurrent positions)	Number of shares of the Company owned
<p data-bbox="161 936 181 965">6</p> <p data-bbox="204 745 421 1149"> [Reappointment] [Outside] [Independent] Hironobu Ishikawa (December 4,1954) Years in office as Directors (at the end of this Meeting) 6 years Attendance at the Board of Directors' meetings in FY2023: 15/16 meetings (94%) </p>	<p data-bbox="432 297 1203 1093"> April 1979 Joined MITSUI & CO., LTD. April 2006 General Manager, Head of Energy Business Division of MITSUI & CO., LTD. April 2010 Executive Officer, General Manager, Head of Human Resources & General Administration Division of MITSUI & CO., LTD. April 2013 Managing Executive Officer, Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of MITSUI & CO., LTD. President of Mitsui & Co. Europe PLC April 2015 Senior Managing Executive Officer, Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of MITSUI & CO., LTD. President of Mitsui & Co. Europe PLC April 2016 Advisor of MITSUI & CO., LTD. May 2016 International Senior Advisor of Kreab Worldwide AB June 2018 Outside Director of the Company December 2019 Advisor, Pasona Group Inc. November 2021 Advisor, Kansai Biomass Recycling Network Co., Ltd. To the present [Material concurrent positions] Advisor, Kansai Biomass Recycling Network Co., Ltd. </p>	<p data-bbox="1321 745 1342 775">0</p>
	<p data-bbox="432 1234 1452 1592"> <u>Reasons for the election as Outside Director Candidate and an outline of his expected roles</u> The Board of Directors has proposed the re-election of Mr. Hironobu Ishikawa as an Outside Director because it decides that he is well-qualified for the position with his contribution to strengthening corporate governance of the Company, and with his ample business knowledge that he accumulated at other companies for many years and his experience in corporate management from his global viewpoint. In addition, if he is appointed, he will deliberate from an objective and neutral standpoint as a member of the Executive Changes and Remuneration Meeting (chair) and the Special Committee, which are optional committees. Since his appointment as an Outside Director of the Company, Mr. Hironobu Ishikawa will have served in such position for Six (6) years at the conclusion of this General Meeting of Shareholders. </p>	

Name (date of birth)	Brief personal history (with material concurrent positions)	Number of shares of the Company owned
<p data-bbox="161 719 177 741">7</p> <p data-bbox="204 533 416 607">[Reappointment] [Outside] [Independent]</p> <p data-bbox="204 629 416 685">Shinya Matsuzawa (February 27, 1956)</p> <p data-bbox="204 707 416 808">Years in office as Directors (at the end of this Meeting) 5 years</p> <p data-bbox="204 831 416 931">Attendance at the Board of Directors' meetings in FY2023: 16/16 meetings (100%)</p>	<p data-bbox="432 297 1198 320">April 1979 Joined SHIONOGI & CO., LTD.</p> <p data-bbox="432 342 1198 398">April 2005 General Manager, Head of Legal Affairs Division of SHIONOGI & CO., LTD.</p> <p data-bbox="432 421 1198 477">April 2013 Executive Officer, General Manager, Head of Legal Affairs Division of SHIONOGI & CO., LTD.</p> <p data-bbox="432 499 1198 555">April 2016 General Manager, Head of Legal Affairs Division of SHIONOGI & CO., LTD.</p> <p data-bbox="432 577 1198 633">April 2019 Advisor, Legal Affairs Division of SHIONOGI & CO., LTD.</p> <p data-bbox="432 656 1198 712">June 2019 Outside Director of the Company To the present</p> <p data-bbox="432 734 1198 790">[Material concurrent positions] Advisor, Legal Affairs Division, SHIONOGI & CO., LTD.</p> <p data-bbox="432 813 1198 835"><u>Reasons for the election as Outside Director Candidate and an outline of his expected roles</u></p> <p data-bbox="432 846 1198 981">The Board of Directors has proposed the re-election of Mr. Shinya Matsuzawa as an Outside Director because it decides that he is well-qualified for the position with his contribution to strengthening corporate governance of the Company, and with his ample business knowledge that he accumulated at other companies for many years and his experience in corporate legal affairs.</p> <p data-bbox="432 1003 1198 1081">In addition, if he is appointed, he will deliberate from an objective and neutral standpoint as a member of the Executive Changes and Remuneration Meeting and the Special Committee (Chair), which are optional committees.</p> <p data-bbox="432 1104 1198 1171">Since his appointment as an Outside Director of the Company, Mr. Shinya Matsuzawa will have served in such position for Five (5) years at the conclusion of this General Meeting of Shareholders.</p>	<p data-bbox="1321 533 1337 555">0</p>

Name (date of birth)		Brief personal history (with material concurrent positions)	Number of shares of the Company owned	
8	[Reappointment] [Outside] [Independent] Mitsuhiro Sato (March 16, 1956) Years in office as Directors (at the end of this Meeting) 3 years Attendance at the Board of Directors' meetings in FY2023: 16/16 meetings (100%)	April 1978	Joined TAKENAKA CORPORATION	0
		April 2002	Head of Construction Engineering Department of TAKENAKA CORPORATION	
		March 2006	Head of Quality Supervision Department of TAKENAKA CORPORATION	
		March 2008	Manager, Head of Supervision Department of TAKENAKA CORPORATION	
		March 2012	Manager, Head of Audit Department of TAKENAKA CORPORATION	
		March 2014	Auditor of TAKENAKA CORPORATION	
		March 2021	Retired	
		June 2021	Outside Director of the Company To the present	
<u>Reasons for the election as Outside Director Candidate and an outline of his expected roles</u> The Board of Directors has proposed the re-election of Mr. Mitsuhiro Sato as an Outside Director because it decides that he is well-qualified for the position with his contribution to strengthening corporate governance of the Company, and with his ample business knowledge that he accumulated at another company for many years and his engineering expertise in the construction field. In addition, if he is appointed, he will deliberate from an objective and neutral standpoint as a member of the Executive Changes and Remuneration Meeting and the Special Committee, which are optional committees. Since his appointment as an Outside Director of the Company, Mr. Mitsuhiro Sato will have served in such position for Three (3) years at the conclusion of this General Meeting of Shareholders.				

(Notes)

1. There is no special interest between each of these candidates and the Company.
2. Mr. Hironobu Ishikawa, Mr. Shinya Matsuzawa, and Mr. Mitsuhiro Sato are candidates for outside directors. The Company has registered them as independent officers with the Tokyo Stock Exchange.
3. The Company has entered into a contract with Mr. Hironobu Ishikawa, Mr. Shinya Matsuzawa, and Mr. Mitsuhiro Sato that limits their liability for damage caused by their failure to perform their duties, in accordance with Article 427, Paragraph 1 of the Companies Act and Article 27, Paragraph 2 of the Articles of Incorporation of the Company. The maximum amount of liability under said contract is the amount stipulated by law. If Proposal No. 3 is approved as originally proposed, the contract with each of them will be continued.
4. The Company has entered into a contract with each candidate for director that compensates for the costs as set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for the loss as set forth in Item 2 of the same paragraph to the extent stipulated by law. If Proposal No. 3 is approved as originally proposed, the contract with each of them will be continued.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Shigeji Sugimoto ends at the conclusion of the 46th General Meeting of Shareholders. The Board of Directors proposes that one (1) Audit & Supervisory Board Member be elected.

The submission of this proposal has been consented to by the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is set forth below.

Name (date of birth)	Brief personal history, positions and roles in the Company, and material concurrent positions	Number of shares of the Company owned
<p>[Reappointment] [Outside] [Independent] Shigeji Sugimoto (July 1, 1951)</p> <p>Years in office as Audit & Supervisory Board Member (at the end of this Meeting) 4 years</p> <p>Attendance at the Board of Directors' meetings in FY2023: 15/16 meetings (94%)</p> <p>Attendance at Audit & Supervisory Board meetings in FY2023: 12/13 meetings (92%)</p>	<p>April 1974 Joined Tohmatsu Awoki & Co. (currently known as Deloitte Touche Tohmatsu LLC)</p> <p>April 1978 Registered as certified public accountant</p> <p>July 1989 Partner, Tohmatsu Awoki & Sanwa</p> <p>January 2016 Established Shigeji Sugimoto Certified Public Accountant Office</p> <p>May 2016 Outside Audit & Supervisory Board Member of AEON Fantasy Co., Ltd.</p> <p>June 2016 Outside Audit & Supervisory Board Member of AEON Bank, Ltd.</p> <p> Outside Audit & Supervisory Board Member of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION (currently known as NIPPON STEEL TRADING CORPORATION)</p> <p>June 2020 Audit & Supervisory Board Member of the Company To the present</p> <p>[Significant concurrent positions] Shigeji Sugimoto Certified Public Accountants Office CPA Outside Audit & Supervisory Board Member, AEON Fantasy Co., Ltd. Outside Audit & Supervisory Board Member, AEON Bank, Ltd. Outside Audit & Supervisory Board Member, NIPPON STEEL TRADING CORPORATION</p>	<p>0</p>
<p><u>Reasons for the election as Outside Audit & Supervisory Board Member Candidate</u> The Board of Directors has proposed the re-election of Mr. Shigeji Sugimoto as an Outside Audit & Supervisory Board Member because it decides that he is well-qualified for the position with his capability to perform his duties by appropriate action from objective viewpoint, and with his ample experience and expert knowledge as a certified public accountant, notwithstanding the fact that he does not have experience participating corporate management other than as an Outside Audit & Supervisory Board Member. Since his appointment as an Outside Audit & Supervisory Board Member of the Company, Mr. Shigeji Sugimoto will have served in such position for Four (4) years at the conclusion of this General Meeting of Shareholders.</p>		

(Notes)

1. There is no special interest between Mr. Shigeji Sugimoto and the Company.
2. Mr. Shigeji Sugimoto is a candidate for an Outside Audit & Supervisory Board Member. The Company has registered him as an independent officer with the Tokyo Stock Exchange.
3. The Company has entered into a contract with Mr. Shigeji Sugimoto that limits his liability for damage caused by his failure to perform his duties, in accordance with Article 427, Paragraph 1 of the Companies Act and Article 37, Paragraph 2 of the Articles of Incorporation of the Company. The maximum amount of liability under said contract is the amount stipulated by law. If Proposal No. 4 is approved as originally proposed, the contract with him will be continued.
4. The Company has entered into a contract with Mr. Shigeji Sugimoto that compensates for the costs as set forth in Article 430-2, Paragraph 2, Item 1 of the Companies Act and for the loss as set forth in Item 2 of the same paragraph to the extent stipulated by law. If Proposal No. 4 is approved as originally proposed, the contract with him will be continued.

Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member

To prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by laws and regulations, the Board of Directors proposes that one (1) Substitute Audit & Supervisory Board Member be elected.

The effectiveness of the election under this Proposal may be cancelled based on resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Audit & Supervisory Board.

The submission of this proposal has been consented to by the Audit & Supervisory Board.

The candidate for Substitute Audit & Supervisory Board Member is set forth below.

Name (date of birth)	Brief personal history and material concurrent positions	Number of shares of the Company owned
<p>Tatsuji Kishimoto (June 16,1960)</p>	<p>April 1987 Registered as attorney (Osaka Bar Association) Joined Norio Kodama Legal Office (current Shinsei Sougou Law Office)</p> <p>April 1998 Partner, Shinsei Sougou Law Office</p> <p>April 2007 Member of Conciliation Committee, Osaka Family Court</p> <p>April 2009 Specially Appointed Professor, Graduate School of Kansai University, School of Accountancy Mediator, Non-Profit Organization, Financial Instruments Mediation Assistance Center</p> <p>June 2011 Outside Audit & Supervisory Board Member, CHARLE CO., LTD.</p> <p>April 2012 Part-time Lecturer, Graduate School of Kansai University, School of Accountancy</p> <p>April 2020 Representative, Shinsei Sougou Law Office</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member), CHARLE CO., LTD. Outside Audit & Supervisory Board Member, Daiwa House Industry Co., Ltd. To the present</p> <p>[Material concurrent positions] Representative, Shinsei Sougou Law Office Outside Director, CHARLE CO., LTD. Outside Audit & Supervisory Board Member, Daiwa House Industry Co., Ltd.</p>	0
	<p><u>Reasons for the election as Substitute Outside Audit & Supervisory Board Member Candidate</u></p> <p>The Board of Directors has proposed the election of Mr. Tatsuji Kishimoto as an Outside Audit & Supervisory Board Member because it decides that he is well-qualified for the position with his capability to perform his duties by appropriate action from objective viewpoint, and with his ample experience and expert knowledge as a lawyer, notwithstanding the fact that he does not have experience participating corporate management other than as an Outside Audit & Supervisory Board Member or Director who is an Audit and Supervisory Committee Member.</p>	

(Notes)

1. There is no special interest between Mr. Tatsuji Kishimoto and the Company.
2. Mr. Tatsuji Kishimoto is a candidate for substitute Outside Audit & Supervisory Board Member. If Proposal No. 5 is approved as originally proposed and if he is appointed as an Audit & Supervisory Board member, the Company will register him as an independent officer with the Tokyo Stock Exchange.
3. If Proposal No. 5 is approved as originally proposed and if Mr. Tatsuji Kishimoto is appointed as an Audit & Supervisory Board member, the Company will enter into a contract with him that limits his liability for damage caused by his failure to perform his duties, in accordance with Article 427, Paragraph 1 of the Companies Act and Article 37, Paragraph 2 of the Articles of Incorporation of the Company. The maximum amount of liability under said contract is the amount stipulated by law.
4. If Proposal No. 5 is approved as originally proposed and if Mr. Tatsuji Kishimoto is appointed as an Audit & Supervisory Board member, the Company will enter into a contract that compensates for the costs as set forth in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for the loss as set forth in Item 2 of the same paragraph to the extent stipulated by law.

[Reference] Draft Skill Matrix of the Directors and Audit & Supervisory Board Members (from late June)

In order to ensure that the Board of Directors demonstrates its decision-making and supervisory functions appropriately, the following skill matrix presents the areas of the knowledge, experience, ability, etc. possessed by each Director in which are particularly expected by the Company.

Name	Gender	Proposed title	Independency (Only for Outside Directors)	Corporate management	Manufacturing/ Technical/ QA	Marketing/ Sales	Finance/ Accounting	HR/ Human resource development	Legal affairs/ Risk Management	Environment, Sustainability	Global experience
Junichi Tani	Male	Representative Director and President		•	•			•	•	•	
Teruyuki Wakatsuki	Male	Managing Director			•	•		•	•	•	
Takashi Sekino	Male	Managing Director		•		•	•	•	•	•	•
Kazuo Imanaka	Male	Director			•					•	•
Taisuke Nomura	Male	Director, Advisor		•		•	•	•		•	•
Hironobu Ishikawa	Male	Outside Director	•	•		•		•	•	•	•
Shinya Matsuzawa	Male	Outside Director	•			•			•		•
Mitsuhiro Sato	Male	Outside Director	•		•				•	•	
Hiroshi Shiraishi	Male	Senior Audit & Supervisory Board Member		•	•			•	•	•	•
Shuichi Takami	Male	Outside Audit & Supervisory Board Member	•						•		
Shigeji Sugimoto	Male	Outside Audit & Supervisory Board Member	•				•		•		
Takaki Goto	Male	Audit & Supervisory Board Member				•	•		•		

* The above list does not represent all the expertise and experience of Directors and Audit & Supervisory Board Members.

[Shareholder Proposals] (Proposals 6 to 10)

Proposals 6 to 10 have been made by shareholders.

As the proposing shareholder has withdrawn part of these shareholder proposals and the Board of Directors of the Company has consented to the withdrawal, the withdrawn proposal is not presented. With the exception of the withdrawn proposal, these proposals are presented verbatim as submitted by the proposing shareholder.

The Board of Directors of the Company is **against** all of these proposals, as explained below.

Contents of and Reasons for Proposals

Of Proposals 1 through 5 below (the “Proposals”), for Proposals 1, 3, 4, and 5, if, due to the approval or non-approval of other proposals at this General Meeting of Shareholders (including proposals made the Company), formal adjustments of the chapters and articles of the Company’s Articles of Incorporation (including but not limited to changes to article numbers) are required, the article wording referred to in these proposals shall be interpreted as the article wording after such necessary adjustments have been made. Also, if any proposal in the Proposals is withdrawn, the numbers of the proposals subsequent to the withdrawn proposal shall be interpreted as having been brought forward as necessary. Detailed explanations of the shareholder proposals presented below can be found on the website of Strategic Capital, Inc. (<https://stracap.jp/english/>), accessible by the special link found in the top right corner. Unless expressly indicated as “(non-consolidated),” all figures in these proposals are based on the consolidated financial statements.

(Company Note: “Of Proposals 1 through 5 below (the “Proposals”), for Proposals 1, 3, 4, and 5” refers to Proposals 6 and Proposals 8 through 10.

Proposal 6: Partial Amendments to the Articles of Incorporation (Prohibition of Provision of Funds to Controlling Shareholder through Deposits or Loans)

(1) Summary of Proposal

Establish the following new chapter and article in the current Articles of Incorporation.

Chapter VII. Prohibition of Provision of Funds to Controlling Shareholder through Deposits or Loans
(Prohibition of Provision of Funds to Controlling Shareholder through Deposits or Loans)

Article 43. The Company must not provide funds through deposits or loans to Nippon Steel Corporation or to its subsidiaries or associates.

(2) Reason for Proposal

For approximately 20 years, the Company has been providing funds to its parent company through the CMS. The scale of such funds provision reached 68.6 billion yen at the end of the previous fiscal year, which is more than 70% of the Companies market capitalization. However, the interest income was only 150 million yen, which is an interest rate of approximately 0.2%, which was well below cost-of-capital.

As a result, the Company's PBR has not risen above the liquidation value of 1 even once since 2008, remaining at the exceedingly low level of 0.56 as of March 29 this year.

Furthermore, the Company procured funds in USD and loaned the full amount to its overseas subsidiary. The interest paid on that loan as of the end of the previous fiscal year was approximately 400 million yen, which is an interest rate of approximately 3%. That interest is an expense that would not have been incurred had the aforementioned provided funds been reversed, converted into USD, and lent to the Company's subsidiaries. Taking into account the difference between the aforementioned interest expense and interest income, this is a loss of approximately 370 million per yen year.

Although the Company has already repaid the USD-denominated debt, the provision of funds through the CMS is a system that contributes to the parent company's cash management, on the other hand, it detracts from the Company's shareholder value, and it should be prohibited.

Board of Directors' Opinion on Proposal 6

The Board of Directors of the Company [is against this proposal](#).

- Reason for Opposition

The Board of Directors believes that this proposal is not appropriate for inclusion in the Articles of Incorporation, which are the fundamental rules of the Company.

The Company operates in the electric furnace industry, which experiences intense fluctuations in performance due to factors such as fluctuations in the price of the industry's raw materials, namely scrap metals. The business climate is also expected to become even harsher in coming years due to changes in the environment surrounding scrap procurement caused by the shift toward electric furnaces on the path to carbon neutrality, as well as rising electricity prices and other factors. Under these circumstances, for sustainable growth, it is necessary to maintain a stable financial foundation and to secure the necessary funds to put toward business investments for the expansion of business profitability. We are constantly considering the proper level of cash reserves, while keeping sight of the market environment and other factors, and we believe that the current level is within an appropriate range.

In terms of the investment of cash reserves, having compared and considered the CMS against other forms of external investment in terms of safety, flexibility and stability, we have chosen to deposit and loan those funds in the CMS, which offers economically advantageous terms. The CMS and the loans are not the provision of funds, but the deposits and loans are made at timings and in amounts determined based on the Company's judgment on each occasion. The Company is able to withdraw these funds and loans from the CMS at any time that we consider it necessary.

Proposal 7: Dividends of Surplus (Special Dividend)

(1) Summary of Proposal

Distribute a special dividend as described below, on the condition that the proposal for the partial amendment of the Articles of Incorporation to recognize the General Meeting of Shareholders as the decision-making body for dividends of surplus is approved and passed. If a Company proposal for the appropriation of profits is made by the Company at this General Meeting of Shareholders, this proposal will be an additional proposal that is independent of and exist alongside that proposal.

(i) Type of dividend property

Cash

(ii) Matters concerning the allotment of dividend property and the total amount thereof

Distribute a dividend of 881 yen per share in addition to the dividend amount per share of common stock of the Company based on a Company proposal for dividends of surplus passed at this General Meeting of Shareholders (if any). The amount of the special dividend to be paid in accordance with this proposal will be the amount obtained by multiplying the dividend amount per share of common stock of the Company by the number of shares with rights to receive dividends as of March 31, 2024.

(iii) Effective date of dividend of surplus

Day after the date of this General Meeting of Shareholders of the Company

(2) Reason for Proposal

The intent of this proposal is to distribute a special dividend amounting to 50% of the funds provided through the CMS.

As stated in the Reasons for Proposal 1, the CMS continues to detract from the Company's shareholder value, and the Company should prohibit it immediately.

If the Company were to prohibit the provision of funds through the CMS, as of the end of the previous fiscal year, 68.6 million yen in cash would become available for use, and we propose that 50% of that amount be distributed as a special dividend, with the remainder to be used in business investments, etc.

The Company's equity ratio as of the end of the previous fiscal year is extremely high at approximately 70%, and it would still be around 65% even if a special dividend were to be paid. As such, the Company's financial soundness can be maintained at an adequate level.

Board of Directors' Opinion on Proposal 7

The Board of Directors of the Company [is against this proposal](#).

- Reason for Opposition

The Company pays performance-linked dividends in accordance with the level of profit attributable to owners of parent, from the perspectives of flexible returns of profits to shareholders and ensuring stability of management and finances. It has continued to issue dividends with a target payout ratio of around 30%.

The Company operates in the electric furnace industry, which experiences intense fluctuations in performance due to factors such as fluctuations in the price of the industry's raw materials, namely scrap metals. The business climate is also expected to become even harsher in coming years due to changes in the environment surrounding scrap procurement caused by the shift toward electric furnaces on the path to carbon neutrality, as well as rising electricity prices and other factors. Under these circumstances, for sustainable growth, it is necessary to maintain a stable financial foundation and to secure the necessary funds to put toward business investments for the expansion of business profitability. The Company will continue to consider the appropriate level of cash reserves at all times in light of the market environment and other factors, but we believe that the current level is within the appropriate level.

Accordingly, the Board of Directors of the Company opposes this proposal seeking the payment of a special dividend.

Proposal 8: Partial Amendments to the Articles of Incorporation (Development and Disclosure of a Plan to Achieve a PBR of 1 or Higher)

(1) Summary of Proposal

Establish the following new chapter and article in the current Articles of Incorporation.

Chapter VIII Management Plan

(Management Plan)

Article 44.

1. If the PBR (per-book-ratio: the figure calculated by dividing the share price of the Company's common stock by the Company's consolidated net assets per share [calculated in accordance with the Implementation Guidance on Accounting Standard for Earnings per Share (ASBJ Guidance No. 4), in addition to subtracting treasury shares from outstanding shares]) as of the final day of trading on the Tokyo Stock Exchange in the previous fiscal year of the Company is less than 1, the Company will develop a management plan to achieve a PBR of 1 or higher.
2. The contents of the management plan developed in accordance with the preceding paragraph must be reasonable, including setting a target for ROE that exceeds cost-of-capital and initiatives for the realization of that target.
3. The Company will announce the management plan developed in accordance with the preceding two paragraphs on the system for the communication of timely disclosures operated by the Tokyo Stock Exchange by the date of announcement of the financial results for the second quarter of that fiscal year.

(2) Reason for Proposal

In March last year, in its "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Tokyo Stock Exchange strongly urged companies whose PBR is consistently less than 1 to disclose their policies and concrete initiatives for the improvement of their cost of capital and profitability, as well as the state of progress of those initiatives.

In January this year, the Company announced its "Initiatives for the Realization of Management that is Conscious of Cost of Capital and Stock Price." However, there was no time limit set for these initiatives, and the announcement was merely a compilation of the contents of existing disclosures, with no development of new measures.

The Company's PBR has not risen above the liquidation value of 1 since 2008, remaining at the exceedingly low level of 0.56 as of March 29 this year. Drastic management reforms and changes to capital policies are needed to break free from this protracted stagnation of the stock price. To this end, we request that the Company redevelop and disclose its plans with rational contents, including setting an ROE target that exceeds cost of capital and plans for realizing that target.

Board of Directors' Opinion on Proposal 8

The Board of Directors of the Company [is against this proposal](#).

- Reason for Opposition

The Board of Directors believes that this proposal is not appropriate for inclusion in the Articles of Incorporation, which are the fundamental rules of the Company.

In response to the Tokyo Stock Exchange's "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," the Company announced its "Initiatives for the Realization of Management that is Conscious of Cost of Capital and Stock Price" on January 30 this year. We will strive to improve ROE by improving profitability to strengthen the state of the company and implementing growth strategies, engage in a shareholder returns policy focused on the return of profits, sustainability initiatives, and securing a management foundation that will enable sustainable growth, and enhance our disclosures and dialogue with shareholders. We believe that the result of these efforts will be the improvement of PER (rise in expected growth rate, fall in cost of equity), which will lead in turn to the improvement of PBR.

We will continue to promote initiatives to realize management that is conscious of cost of capital and stock price and make efforts to enhance the disclosure of specific details of those initiatives.

Proposal 9: Partial Amendments to the Articles of Incorporation (Number of Directors, etc.)

Amend Article 18 of the current Articles of Incorporation as follows. (Amended parts are underlined.)

Current Articles of Incorporation

(Number of Directors)

Article 18. The number of Directors shall be not less than three (3) and not more than twelve (12).

Proposed Amendment

(Number of Directors, etc.)

Article 18.

1. The number of Directors shall be not less than three (3) and not more than twelve (12).

2. A majority of the Directors of the Company shall be Outside Directors as set forth in Article 2, Paragraph (1), Item (xv) of the Companies Act.

(2) Reason for Proposal

Five of the eight full-time Directors of the Company are originally from Nippon Steel Corporation, and the Company is essentially an *amakudari* destination for retiring Nippon Steel executives.

On this point, the Corporate Governance Code states, ‘Controlling shareholders should respect the common interests of the company and its shareholders and should not treat minority shareholders unfairly, and accordingly, companies with a controlling shareholder are required to develop a governance system to protect the interest of minority shareholders’ (General Principle 4). The Practical Guidelines for Corporate Governance Systems points out that, in the appointment of management executives to listed subsidiaries, given the existence of risk of conflict of interest between controlling shareholders and general shareholders, the challenge for listed subsidiaries is to consider the interests of general shareholders and to select persons who are capable of enhancing the corporate value of the listed subsidiary.

The Company continues to detract from its shareholder value while contributing to the parent company through the CMS. The conflict of interest between the controlling shareholder and general shareholders is clear, and governance should be strengthened by increasing the number of outside directors.

Board of Directors' Opinion on Proposal 9

The Board of Directors of the Company [is against this proposal](#).

- Reason for Opposition

Regarding the composition of the Board of Directors, the Company has set its size as one that is suited to the nature of the Group's business and management issues and seeks to achieve a membership that considers the balance and diversity of experience, knowledge, and expertise.

In the event that Proposal 3 is passed, the membership of the Board of Directors will satisfy the Corporate Governance Code's call for listed companies with a controlling shareholder to have at least one-third of directors appointed as independent outside directors.

The three independent outside directors express appropriate opinions from an objective and neutral standpoint with the perspective of ensuring the interests of general shareholders in the Board of Directors, officer personnel and compensation meetings, and the special committee that deliberates on conflicts of interest between the controlling shareholder and general shareholders, and we believe that the system of supervision by the three independent outside directors is functioning effectively.

The Company has judged that the inclusion of this shareholder's proposal in the Articles of Incorporation would restrict the pool of prospective candidates for Director and make it difficult to consider a flexible Board of Directors composition in accordance with the management issues of various times.

We will continue to consider the optimal composition of the Board of Directors to accommodate management issues, primarily in the officer personnel and compensation meetings.

Proposal 10: Partial Amendments to the Articles of Incorporation (Development and Disclosure of a Plan to Reduce Greenhouse Gas Emissions)

(1) Summary of Proposal

Establish the following new chapter and article in the current Articles of Incorporation.

Chapter IX Environmental Measures

(Environmental Measures)

Article 45.

1. The Company will develop and disclose a business plan that includes short-term and medium-term greenhouse gas emissions reduction targets and investment plans for the maintenance and enhancement of the Company's long-term corporate value, in light of the risks and business opportunities accompanying climate change.
2. In the reduction targets in the preceding paragraph, targets covering Scope 1 (direct emissions), Scope 2 (indirect emissions, e.g. through electricity use), and Scope 3 (emissions by other companies associated with the business) will be disclosed separately.
3. The Company will disclose the state of progress of the business plan in Paragraph 1 for each fiscal year in its Integrated Report, etc.

(2) Reason for Proposal

The Company has stated its aim to reduce total greenhouse gas emissions by 30% compared with 2013 levels by 2030 and to be carbon neutral by 2050. However, the measures to reach these targets lack specificity, and there has been no disclosure of a timeframe or the necessary financial plan for achieving its goals. In addition, even though the electric furnace business, which recycles steel scrap and manufactures steel products, has a smaller environmental impact than the blast furnace business and is a tailwind toward the realization of a decarbonized society, disclosures are inadequate.

Consequently, it is difficult to believe that investors who are interested in environmental measures are evaluating the Company sufficiently.

Therefore, we request that the Company develop and disclose its short- and medium-term greenhouse gas reduction targets for Scope 1 through 3 and its financial plan for achieving them, with the aim of lowering its cost of capital.

Board of Directors' Opinion on Proposal 10

The Board of Directors of the Company [is against this proposal](#).

- Reason for Opposition

The Articles of Incorporation are the fundamental rules of the Company, and we believe that the establishment of the kind of provisions concerning the kind of separate, concrete execution of operations that this proposal advocates would be inappropriate, as it would hinder the flexible execution of operations and formulation or amendment of policies in response to changes in the management environment.

The Group has declared its target of reducing total CO2 emissions by 30% compared to 2013 levels by 2030 and its vision of being carbon neutral by 2050, and the entire organization is involved in efforts to realize that target and vision.

To date, we have been promoting measures to reduce CO2 emissions, such as the installation of energy-saving equipment and the amalgamation and closure of inefficient works. At this stage, we have made progress to the point that, in fiscal 2022, the most recent year for which data is available, emissions had been reduced by 29% compared to 2013 levels.

Going forward, in addition to promoting the conversion to energy-saving equipment for equipment that consumes large amounts of electric power, including the installation of an energy-saving furnace at our Sakai works announced last year and the roll-out to other locations, we will proceed systematically with improvements to other, ancillary equipment. We are also considering measures such as the generation and purchase of clean power and the use of carbon offset schemes, and, in addition to working toward the realization of carbon neutrality, we will strive to enhance our disclosures.