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To Whom It May Concern:

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### **Notice Concerning the Opinion of the Company's Board of Directors on Shareholder Proposal**

Nippon Steel Corporation (the “**Company**”) received documents from certain shareholders stating that they intend to make a shareholder proposal (the “**Shareholder Proposal**”) at the Company's 102nd General Meeting of Shareholders to be held on June 23, 2026.

The Company resolved at its Board of Directors' meeting held today that it opposes the Shareholder Proposal. The details of the Shareholder Proposal and the opinion of the Company's Board of Directors are as follows:

#### 1. Shareholder Proposal

Please see the Annex to this notice. The Shareholder Proposal is proposed by two shareholders (with an aggregate voting rights percentage of less than 0.01%).

#### 2. Opinion of the Board of Directors on the Shareholder Proposal

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

#### (Reasons for the Opposition)

The Company considers that this Shareholder Proposal is not appropriate as (i) the company is taking measures to manage the Group, including its listed subsidiaries, through timely and appropriate consideration, with deliberations taking place as necessary at its Board of Directors, and (ii) it is inappropriate to prescribe in the Articles of Incorporation in a uniform and rigid manner individual and specific matters such as the establishment of a committee to deliberate on matters concerning listed subsidiaries.

### **Measures Implemented by the Company**

The Company is taking measures to manage the Group, including its listed subsidiaries, as follows:

#### **(i) The Company's Management of the Group including its listed subsidiaries**

Guided by the Nippon Steel Corporation Group Corporate Philosophy, the Company aims to be a company that is relied upon by society, while promoting sound and sustainable growth and improving the medium- to long-term corporate value of the Nippon Steel Group (the “**Group**”). In

addition, the Company has basic guiding principles for the management of the Group and is engaged in, among others, examination of the capital policies of group companies, PDCA management such as formulation of consolidated management plans and management of consolidated financial results, and the establishment and maintenance of an internal control system suitable for the Group's businesses.

The Company determines a basic policy on capital policies for its group companies with due regard to their missions within the Group, their importance in the Group's business strategies, and the characteristics of their businesses and, with respect to each Group company, take into account, among other factors, the business environment, financial condition, historical background, and, in the case of listed subsidiaries, impact on minority shareholders in considering and determining its optimal structure.

Based on this approach, the Company considers the capital policies of individual group companies at the Corporate Policy Committee and other forums, drawing from a wide range of options in a flexible and timely manner in response to changes in the business environment and the Group's strategy. In light of such considerations, deliberations are also conducted, as necessary, by the Board of Directors, in which independent outside directors constitute one-third of the members.

With respect to the capital policies of listed subsidiaries, the Company also conducts continuous reviews as necessary, taking into account the need to avoid disadvantaging minority shareholders. As a result of such reviews, for example, the Company made its listed subsidiary Nisshin Steel Co., Ltd. a wholly-owned subsidiary in 2019, and its equity method listed affiliate Nippon Steel Trading Corporation a consolidated and unlisted subsidiary in 2023. The Company also made its listed subsidiary Sanyo Special Steel Co., Ltd. a wholly-owned subsidiary in 2025, and another listed subsidiary Krosaki Harima Corporation a wholly-owned subsidiary on April 1, 2026. The Company has taken these actions following individual consideration at meetings of the Corporate Policy Committee and other forums from a comprehensive perspective, including measures to enhance its corporate value based on business strategies, and upon deliberation and resolution by the Board of Directors.

In addition, based on the aforementioned basic approach toward management of the Group, the Company evaluates the business and financial conditions of all group companies, including listed subsidiaries, in a timely and appropriate manner, conducts an assessment of the management soundness of each company at least once a year based on financial data and reports the result to the Corporate Policy Committee and the Board of Directors in order to consider and implement measures to strengthen the foundations of each company as necessary.

**(ii) Listed subsidiaries' governance structure with consideration for protection of minority shareholders**

The Company considers that independent decision-making is ensured and autonomous management is conducted at each of its listed subsidiaries, with more than one-third of the Board members of each of those subsidiaries being independent outside directors in accordance with the principle of the Corporate Governance Code.

Under a structure that secures such independence, the Company takes proper measures, including deciding the terms and conditions of parent-subsidiary transactions on the basis of standard commercial terms and conditions with other customers, market prices, and other reasonable criteria, in order to ensure that the minority shareholders of the listed subsidiaries are not disadvantaged. In addition, NS Solutions Corporation and Osaka Steel Co., Ltd., which are among the Company's listed subsidiaries, have each established a system to set up a special committee comprised solely of independent outside directors if a significant parent-subsidiary transaction or action occurs.

As described above, the Company is taking measures to manage the Group, including the capital policy and other matters of its listed subsidiaries, through timely and appropriate consideration in response to changes in the business environment and the Group's strategy, with deliberations taking place as necessary at the Company's Board of Directors, one-third of whose members are independent outside directors. The Company is consistently committed to promoting sound and sustainable growth, and improving the medium- to long-term corporate value, of the Group. From the perspective of protecting minority shareholders, each listed subsidiary is also managed appropriately under a governance structure that secures its independence.

The Company also appropriately discloses the details of its measures above in the relevant disclosure documents. The Company intends to continue taking measures to manage the Group with a consistent approach while striving to enhance disclosure regarding such details. Accordingly, the Company does not believe it is necessary to establish a committee to deliberate on matters concerning its listed subsidiaries.

#### **Appropriateness of Amending the Articles of Incorporation**

The Company considers this Shareholder Proposal to be inappropriate as it seeks to prescribe in a uniform and rigid manner in the Articles of Incorporation, which prescribe basic matters such as the organization of the Company, an individual and specific matter, namely the establishment of a committee to deliberate on matters concerning listed subsidiaries, interfering with the Company's swift policy formulation and amendment and business execution in response to changes in the business environment.

End

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## I. Proposal

1. Amendment to the Articles of Incorporation with Regard to the Establishment of the Strategic Review Committee for Listed Subsidiaries

## II. Details of the Proposal

With regard to the proposal in 1. below (the “Proposal to Amend Articles of Incorporation”), if any formal adjustments (including but not limited to renumbering of clauses) to any chapters or clauses of the Company's Articles of Incorporation referred to in the Proposal to Amend Articles of Incorporation are required due to approval or disapproval of other proposals (including those related to any of the Company’s proposals) presented at the Company's General Meeting of Shareholders, the clauses related to the Proposal to Amend Articles of Incorporation shall be deemed to refer to the clauses that reflect the required adjustments. For more explanation of the Shareholder Proposal below, please refer to <https://stracap.jp/NIPPON-OSAKASTEEL/> or the link to a special webpage to be provided in the upper right-hand corner of the website of Strategic Capital, Inc. (<https://stracap.jp/>). All corporate figures contained in the Shareholder Proposal are based on the Company's consolidated financial statements, unless identified as “non-consolidated.”

1. Amendment to the Articles of Incorporation with Regard to the Establishment of the Strategic Review Committee for Listed Subsidiaries

To add the following Chapter and Article to the current Articles of Incorporation:

### CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS

#### Article 29

- The Board of Directors shall establish, under the Board of Directors, a Strategic Review Committee for Listed Subsidiaries (the “**Committee**” as referred to in this article) to support decision-making by the Board of Directors.
2. The Committee shall comprise five (5) or more directors of the Company selected by resolution of the Board of Directors, a majority of whom shall be Outside Directors.
  3. The Committee may request that the representative directors of listed subsidiaries of which the Company is the parent company, as well as any other persons whom the Committee deems necessary, attend meetings of the Committee and provide explanations.
  4. From the perspectives of maximizing shareholder value of the Company and its listed subsidiaries and protecting the interests of minority shareholders of the listed subsidiaries, the Committee shall deliberate on the matters listed below and report its findings to the Board of Directors:
    - (1) policy on holding listed subsidiaries (including but not limited to making them wholly owned subsidiaries of the Company, divesting all of the Company’s holdings of shares of listed subsidiaries, or maintaining the listing of a listed subsidiary);
    - (2) where the listing of a listed subsidiary is to be maintained, the rationale and the specific contributions of maintaining the subsidiary’s listing to enhancing shareholder value of both the Company and the listed subsidiary;
    - (3) whether listed subsidiaries have established a certain governance, which will ensure

- appropriate discipline regarding their management and protect the interests of minority shareholders of listed subsidiaries; and
- (4) where a listed subsidiary's PBR as of the last stock trading day of the previous fiscal year is below 1x, or its return on equity as of the end of the previous fiscal year is below 8%, the appropriateness of the management plans, capital policy and measures to enhance shareholder value of such listed subsidiary.
- (For the purpose hereof, "PBR" means the value calculated by dividing the price per share of common stock by the per-share amount of consolidated net assets (meaning the value calculated in accordance with the methods, including deducting the number of treasury shares from the number of issued shares when computing the divisor, specified in Guidance No.4 of the Accounting Standards Board of Japan (ASBJ) titled "Guidance on Accounting Standard for Earnings Per Share".)
5. The Committee shall be held at least once every quarter and may be convened by any member of the Committee. Resolutions of the Committee shall be adopted by a majority of the votes of the members present at a meeting where a majority of the members entitled to participate in the vote are present. In addition, the detailed procedures for convening and holding meetings of the Committee, the terms of office of members, and other related matters shall be set forth in the Rules of the Strategic Review Committee for Listed Subsidiaries prescribed by the Committee.
6. Expenses required for operation of the Committee shall be borne by the Company.

### **III. Reasons for the Proposal**

1. Amendment to the Articles of Incorporation with Regard to the Establishment of the Strategic Review Committee for Listed Subsidiaries

Since 2025, the Company has made two listed subsidiaries wholly owned, while at the same time partially selling its stake in Osaka Steel Co., Ltd. and keeping it listed. The response lacks consistency and increases the subsidiaries' cost of capital.

Despite this, it appears that the Company's Board of Directors has not discussed a policy regarding holding these listed subsidiaries.

However, the Company now requires enormous funds due to the acquisition of U.S. Steel and recently even issued zero-coupon convertible bonds with stock acquisition rights. It should therefore also consider selling shares in non-essential listed subsidiaries to raise the necessary funds.

More fundamentally, the Tokyo Stock Exchange has highlighted issues with parent-subsidary dual listings such as lack of protection for minority shareholders; furthermore, the fact that no discussion at all has taken place at the board level regarding this distorted ownership structure is problematic.

Accordingly, such a committee should be established in order to create a framework for examining the policy on holding listed subsidiaries from the perspectives of the Company's group strategy, capital policy, and the protection of minority shareholders of listed subsidiaries.

End