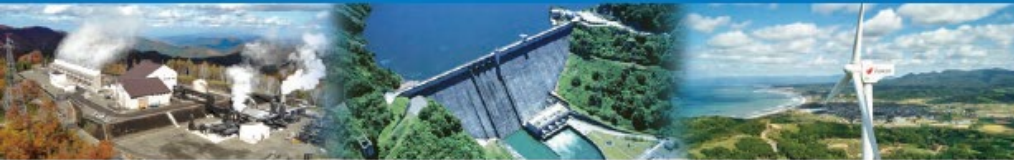


# J-POWER GROUP INTEGRATED REPORT 2021



## J-POWER Group Integrated Report 2021 Supplementary Material 〈Governance〉

## Governance

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## FY2020 Results of Attendance to the Board of Directors

Directors (13 members, including 3 independent outside directors)				Audit & Supervisory Board Members (5 members, including 3 outside audit & supervisory board member)	
Hitoshi Murayama	12 of 12	Hitoshi Kanno	12 of 12	Naori Fukuda	12 of 12
Toshifumi Watanabe	12 of 12	Yoshikazu Shimada	12 of 12	Hiroshi Fujioka	12 of 12
Akihito Urashima	12 of 12	Hiroshi Sasatsu	12 of 12	Shinichi Kawatani	12 of 12
Yoshiki Onoi	12 of 12	Go Kajitani	12 of 12	MutsutakeOtsuka*	11 of 12
Hiromi Minaminosono	12 of 12	Tomonori Ito	12 of 12	Kiyoshi Nakanishi	12 of 12
Makoto Honda	12 of 12	John Buchanan	12 of 12		
Hiroyasu Sugiyama	12 of 12				

\*Mutsutake Otsuka is retired as an audit & supervisory board member at the general meeting of shareholders held in June 2021.

## FY2020 Results of the Nomination and Compensation Committee

Number of meetings held		3
Attendance results	Go Kajitani, Outside Audit & Supervisory Board Member	3
	Mutsutake Otsuka, Outside Audit & Supervisory Board Member*	3
	Kiyoshi Nakanishi, Outside Audit & Supervisory Board Member	3
	Hitoshi Murayama, Representative Director, Chairman of the Board of Directors	3
	Toshifumi Watanabe, Representative Director, President	3

\*Mutsutake Otsuka is retired as a member of the Nomination and Compensation Committee due to the retirement as an audit & supervisory board member at the general meeting of shareholders held in June 2021.

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## Criteria to Determine the Independence of Outside Officers

The Company determines that outside officers who do not fall under any of the following items have independence.

1. Persons who executed business of the Company or any of the Company's subsidiaries in the past
2. Persons whose major business partner<sup>1</sup> is the Company or any of the Company's subsidiaries, or persons executing business for such persons
3. Persons who are major business partners<sup>1</sup> of the Company or any of the Company's subsidiaries, or persons executing business for such persons
4. Consultants, accounting professionals, or legal professionals who have received large amounts of money<sup>2</sup> and/or other items of value other than officer's compensation from the Company or any of the Company's subsidiaries (If the persons that have received such items are corporations, general partnerships, or other organizations, this means persons that belong to such organizations)
5. Persons who fall under any of 2. to 4., above, during the past 10 years
6. Persons who are close relatives of any of the persons listed in (1) to (4), below (excluding immaterial cases):
  - (1) Persons listed in 2. to 5., above;
  - (2) Persons who execute business or Directors who do not execute business of the Company or any of the Company's subsidiaries;
  - (3) Audit & Supervisory Board Members of the Company or any of the Company's subsidiaries; or
  - (4) Persons who fall under (2) or (3), above, during past 10 years

<sup>1</sup> "Major business partners" refers to business partners whose annual amount of transactions with the Company or any of the Company's subsidiaries during the past three years accounted for over 2% of the total consolidated sales of the Company or that of the other party

<sup>2</sup> "Large amounts of money" refers to amounts of 10 million or more a year, on average, during the past three fiscal years

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## Compensation Paid during Fiscal 2020

	Category	Number of Persons	Total Amount (million yen)
Directors	Directors excluding Outside Directors	13	425
	Outside Directors	3	28
	<b>Subtotal</b>	<b>16</b>	<b>453</b>
Audit & Supervisory Board Members	Audit & Supervisory Board Members excluding Outside Audit & Supervisory Board Members	2	68
	Outside Audit & Supervisory Board Members	3	51
	<b>Subtotal</b>	<b>5</b>	<b>119</b>
<b>Total</b>		<b>21</b>	<b>572</b>

Note: The number of compensated directors includes 3 directors who retired at the 68<sup>th</sup> General Meeting of Shareholders held on June 25, 2020.  
Directors compensation includes a performance-linked bonus of ¥47 million and the Directors' retirement benefits of ¥25 million for fiscal 2020,

## Compensation of Independent Auditors Paid during Fiscal 2020

Total compensation paid during fiscal 2020 by the Company and its consolidated subsidiaries to the Independent Auditors who conducted accounting audits of the J-POWER Group comprised ¥183 million for auditing procedures and ¥26 million for non-auditing functions.

Integrated Report reference pages: p.54, p.64

## Compliance Action Guidelines (Revised on October 10, 2019)

### [1] Basic Principle

In order to practice the Corporate Philosophy that underlies the J-POWER Group's CSR (Corporate Social Responsibility), cooperation and trust of people including contractors, residents in the areas of our locations, shareholders, and customers are indispensable in addition to the effort of ourselves.

Therefore, we, the J-POWER Group, based on sound social prudence and taking into account of actions expected by the society, will comply with the following items in a highly ethical manner.

#### (1) Comply with What is Determined by Laws and the Company Regulations

We, the J-POWER Group, will conduct business activities while complying with domestic/overseas laws and the Company regulations governing corporate activities.

We act with the understanding that if we commit an illegal act for any reason, it may cause social problems and may lead to serious incidents affecting the existence of the Company in the worst-case scenario.

#### (2) Act According to Social Norms and Sound Social Prudence

We, the J-POWER Group, will not only comply with laws and Company's regulations but will also respect human rights and strive to constantly exercise good sense in line with social norms and sound social prudence.

We act with the understanding that sound social prudence changes with changes in the social environment, and that what was done from long ago or what was commonly done may not be permitted today.

If we are hesitant about how to act, do not decide by ourselves but fully consult with our coworkers, supervisors and other relevant persons with attention to communication and teamwork.

## [2] Compliance Rules

### 1. Corporate Social Responsibility

#### (1) Contribution to Society

- a. We shall carry out our duties with awareness and pride as members of the J-POWER Group and contribute to the sustainable development of Japan and the world by faithfully fulfilling the mission such as a stable power supply.
- b. We shall act sensibly and responsibly as members of society, and we shall never be involved in acts that are hazardous to society, such as drunken driving.
- c. We shall actively participate in social contribution activities as good corporate citizens and contribute to the development of society.

#### (2) Appropriate Disclosure and Protection of Information

- a. We shall never alter or conceal information, and we shall provide adequate disclosure of information. We shall respect diverse views and sincerely disseminate information to maintain the trust of society.
- b. In written statements and other information released as part of public relations activities, we will never use any slanderous expressions or socially discriminatory language.
- c. We will strictly manage the personal information obtained in the course of business and use this information only for business purposes under tight control in compliance with relevant laws. Leakage of this information to outside parties will be securely prevented.

### 2. Compliance with Related Laws

- a. We ensure that necessary procedures, such as obtaining approvals and submitting notifications, are taken.
- b. We will not participate in any actions such as alteration of data or concealment of facts that may lead to loss of the Company's credibility.
- c. If any deficiencies are encountered, we will promptly report or communicate them to or consult with the parties concerned.

### 3. Workplace Health and Safety

#### (1) Accident Prevention in the Workplace

- a. We will strive to provide a work environment with a priority on securing safety. We will strive to secure safety for ourselves and to protect the safety of our coworkers.
- b. Should a work-related accident occur, we will minimize the effects of the accident with the utmost priority on saving human lives.  
We will surely follow prescribed procedures, such as reporting, and work to prevent recurrences.
- a. We will each of us constantly strive to maintain our own mental and physical health and pay attention to the mental and health of our coworkers.

#### (2) Compliance with Health and Safety Laws

We will understand and comply with laws and regulations governing workplace health and safety.

### 4. Relationships with Customers, Business Partners, and Competitors

#### (1) Safety and Reliability

- a. While constantly prioritizing the ensuring of safety, we will maintain full compliance with relevant laws, regulations, and standards. We will also take extreme care with regard to maintenance and operations and strive to provide a stable supply of electric power and other forms of energy with quality and safety.
- b. Similarly, in the matter of sales of goods and provision of service, we will comply with relevant laws, regulations, and standards with security on a top priority. We will aim for higher levels of security and reliability to engender the trust and satisfaction of customers.
- c. When we receive information about impediments to safety or reliability, we will promptly confirm the facts, and if we determine that there is a problem, contact the relevant departments and take appropriate action.

#### (2) Compliance with Competition Laws of Japan and of Foreign Countries

- a. Under no circumstances will we act in a manner that violates the antitrust laws and regulations of Japan and foreign countries, for example, by participating in cartels or collusion, fixing resale prices, or abusing a dominant bargaining position. We will engage in fair and free competition.
- b. We will not make any agreements with other business operators that affect sales prices or terms of sale and will not engage in collusive bidding or other unreasonable restraint of trade.
- c. We will not sell products at inappropriately low prices, restrict the selling prices of customers, or engage in other unfair business practices.

### (3) Appropriate Business Dealings with Business Partners

- a. When dealing with business partners, we will act with good sense and sincerity and treat partners with impartiality and fairness.
- b. When selecting partners, we will evaluate fairly and impartially factors such as quality, price, delivery period, technical development capabilities, stability of supply and financial standing.
- c. We will not exert influence that provides certain partners with improper favorable treatment.
- d. We will conclude contracts with or deal with partners, with full understanding of and attention to the Subcontract Act.

### (4) Prevention of Unfair Competition

- a. We will not acquire or use the trade secrets of other companies through improper means.
- b. We will not acquire or use the trade secrets of other companies that we know or suspect to have been obtained through improper means.

### (5) Protection and Respect of Intellectual Property

The Company's intellectual properties acquired through research and development or other business operations (inventions, ideas, designs, trademarks, literary works, technical information such as know-how and data) are important Company assets. We will strive to protect their intellectual property rights and use them properly.

We will never infringe upon the intellectual property rights of others.

### (6) Compliance with Import-Export Laws

- a. For the export and import of products, we will follow proper import/export and customs procedures in accordance with relevant laws and regulations.
- b. We will comply with the Foreign Exchange Control Act and properly implement import and export trade controls, such as export restrictions on advanced technologies.

### (7) Barring Relations with Anti-Social Forces

- a. To avoid illegal or anti-social behavior, we will maintain a basic legal knowledge, an awareness of social norms and sense of justice, and strive to constantly exercise good sense.
- b. We will be resolute in dealing with the anti-social forces that threaten the order and safety of civil society and never engage with them in relations of any sort. If an improper demand is received from anti-social forces or other parties, we will maintain a firm stance and never seek a resolution with money or other rewards.
- c. We will never use anti-social forces for corporate or personal gain.
- d. We will never conduct business with anti-social forces or businesses affiliated with anti-social forces.

### (8) Compliance with Regulations on Donations and Political Contributions

- a. In making political contributions or donations to any type of organization, etc., we will comply with the Public Officers Election Act, Political Funds Control Act, and other related laws and regulations, acting in accordance with regular methods.
- b. In accordance with Company regulations, we shall receive prior approval for contributions or donations.
- c. We will not offer bribes, illicit payments, or illegal political donations, and be extremely careful not to act in a way that may be construed as colluding with politicians or government agencies.

We will strive to build sound and transparent relationships.

### (9) Prevention of Corruption (Bribery, Excessive Entertaining/Gifts, etc.)

- a. We will not entertain or give gifts to public officials or equivalent persons in a manner that conflicts with the Criminal Law, National Public Service Ethics Act, or other rules prescribed by government agencies.
- b. We will not give, promise, or offer financial or other rewards to foreign government officials to improperly gain a business advantage or in return for a business accommodation.
- c. Entertaining and the giving of gifts to business partners will be within the scope of social courtesy.
- d. When we have no choice but to be entertained by or accept gifts from customers or business partners, it must be within the scope of social courtesy.

### (10) Appropriate Utilization of Information Systems

- a. With the recognize that cyber security is a social responsibility for a company that is a vital infrastructure operator, we take appropriate measures.
- b. We use the Company's information systems only for work purposes, and not for personal matters.
- c. We strictly manage Company information and prevent the leak or theft of confidential information.
- d. When using the Internet, we will always take care to ensure appropriate use, and we will also use Mail System carefully, e.g., not open suspicious emails.

We will refrain from acts in our private lives that could undermine the Company's social credibility, including when submitting to social media.



## 5. Relationships with Company Assets, Accounting, Shareholders, and Investors

### (1) Appropriate Use of Company Assets

Company assets need to be in a condition for efficient and ready use, and we should handle both tangible and intangible assets appropriately to prevent damage or theft. Company assets or expenditures may not be used for personal purposes.

### (2) Appropriate Accounting Management and Tax Treatment

Entries on accounting ledgers or accounting slips will be made in accordance with relevant laws, regulations, and Company regulations. We will not disguise or conceal facts, create fictional records, or accumulate off-book assets.

### (3) Disclosure of Management Information

We will provide shareholders and investors with timely and appropriate disclosure of management information, including the Company's financial condition and status of business activities. We will clearly convey the Company's management philosophy and policies. We will take seriously any opinions or criticism regarding them.

### (4) Prohibition on Insider Trading

- a. We will not buy or sell Company stocks or bonds using internal information obtained during the course of business.
- b. We will not buy or sell the stocks or bonds of business partners with which we have a business relationship, competitors, or customers using internal information obtained during the course of business prior to the disclosure of such information to ordinary investors.
- c. We will handle internal information appropriately to prevent stock transactions using internal information and not disclose such information to others not associated with the business.

## 6. Relationships with Coworkers

### (1) Respect for Human Rights

- a. We will respect the human rights of all people, including employees, and will never act in a way that leads to discrimination or the denial of personalities.
- b. We will not discriminate in any way, including on the grounds of birth, nationality, race, creed, religion, gender, physical condition, or social status.

### (2) Promotion of Diversity

We will respect the personalities and individualities of all employees and build a pleasant working environment for a wide range of human resources.

### (3) A Harassment-Free Workplace

There shall be no harassment that harms individual dignity by abusing difference of gender, official authority or position, including power harassment, sexual harassment and maternity harassment. These behaviors shall not be permitted.

### (4) Compliance with Labor Laws and Rules of Employment

- a. We will comply with labor-related laws and regulations, and strive to maintain a pleasant working environment for a wide range of human resources.
- b. We will comply with the Labor Standards Act and not impose duties that force employees to engage in excessive labor or overtime.
- c. We will comply with the overtime work agreement and not require or condone unpaid overtime.
- d. We will conduct discussions with labor unions in good faith and establish healthy labor-management relations.
- e. We will comply with the Rules of Employment.
- f. We will respect the rights of employees as prescribed by the Rules of Employment.

## Data

Integrated Report reference page: p.65

In fiscal 2020, the number of whistle-blowing reports to the Compliance Consultation Points was 11 in total, 6 at the J-POWER internal point and 5 at the external point.

No fines have ever been imposed for cases of bribery or corruption in fiscal 2020 or before.