

*This is an English translation of the Japanese original version.  
Please note that if there is any discrepancy, the original Japanese  
version will take priority.*

**May 24, 2022**

**Electric Power Development Co., Ltd. (J-POWER)**

**Notice regarding the Opinion of the Board of Directors  
on the Shareholder Proposals**

As Electric Power Development Co., Ltd. (“J-POWER”) announced in the “Notice Concerning Receipt of Shareholder Proposals” released on May 13, 2022, it has received a letter from four shareholders to jointly submit shareholder proposals requesting incorporation of three provisions regarding response to climate change into the Articles of Incorporation of J-POWER as described in the Appendix (hereinafter referred to as the “Shareholder Proposals”), as regards the agenda for the 70th Ordinary General Meeting of Shareholders to be held on June 28, 2022.

J-POWER hereby announces that it has resolved at the meeting of the Board of Directors held today to oppose, for the reasons stated below, all the three Shareholder Proposals which request incorporating provisions in the Articles of Incorporation of J-POWER.

**1. Details of Shareholder Proposals**

Refer to the Appendix.

**2. Opinion of the Board of Directors of J-POWER on the Shareholder Proposals**

(J-POWER’s policy of and approach to climate change)

Based on J-POWER’s philosophy—“We will meet people’s needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world”—we aim to realize an affluent society and enhance corporate value through our business activities in Japan and overseas on the basis of trust we have built with our stakeholders.

To this end, we have identified stable supply of energy and response to climate change as material issues which are key issues for management and are striving to achieve both of them simultaneously.

In February 2021, we formulated and announced J-POWER “BLUE MISSION 2050” as a concrete approach to these key issues. It consists of three pillars—expanding CO<sub>2</sub>-free power sources, push for zero-emission power sources, and power network—aiming to achieve carbon neutrality by 2050 while reducing CO<sub>2</sub> emissions in stages.

Specifically, we are focusing on the development of renewable energies such as wind, hydro, geothermal, and solar power as well as the development of nuclear power, which is CO<sub>2</sub>-free and produces substantial amounts of electricity on a stable basis. On the other hand, from the aspect of compatibility with stable supply of energy, it is necessary to utilize a combination of various power sources that contribute to achieving carbon neutrality, and thus we will make efforts to replace thermal power generation utilizing coal which is inexpensive and capable of stable supply, with power generation using CO<sub>2</sub>-free hydrogen. We are also working to contribute to the stabilization and enhancement of Japan's power networks in order to maximize the effective use of renewable energy.

Through these efforts to achieve a balance between stable supply of energy and response to climate change, we aim to realize our goals in the short-, medium-, and long-term time frames, which are reducing CO<sub>2</sub> emissions from our domestic power generation business by seven million tons by FY2025 and by 19 million tons by FY2030, a 40% reduction, compared to the FY2017–FY2019 three-year average, and then achieving net-zero emissions, or carbon neutrality, by 2050.

Japan is a signatory to the Paris Agreement on climate change. Under this international framework, Japan has set an ambitious goal of a 46% reduction in greenhouse gas emissions by FY2030 compared to FY2013, in line with the 2050 carbon neutrality goal. Meanwhile, resource-poor Japan has no energy source that is advantageous in all aspects. Therefore, Japan's energy policy is based on simultaneously achieving S+3E, which stands for safety as a major premise followed by energy security, economic efficiency, and environment, in order to ensure that the strengths of each energy source are maximized and that the weaknesses of various energy sources complement each other.

We believe that our action plan J-POWER "BLUE MISSION 2050" is consistent with Japan's energy policy and greenhouse gas reduction targets and will contribute to achieving them. We will update the plan as appropriate in the event of significant changes in policy, economic conditions, or other assumptions. Through the implementation of this action plan, we will appropriately manage risks related to climate change, prevent damage to corporate value, and strive for sustainable growth and expansion of corporate value by viewing change as an opportunity and will thus continue to meet the expectations of our shareholders.

We have disclosed the progress of these initiatives in J-POWER Group Integrated Report (hereinafter referred to as the "Integrated Report") and other documents to date and will continue to enhance such disclosure.

(Regarding the incorporation of provisions concerning response to climate change into the Articles of Incorporation of the Company)

The Articles of Incorporation set forth the basic matters concerning the company organization and other matters. We believe that it is not appropriate to stipulate in the Articles of Incorporation specific details of policies and plans concerning specific management issues, such as response to climate change, and other specific details of business execution, as it may prevent the company from flexibly changing policies, etc., and promptly implementing them as necessary.

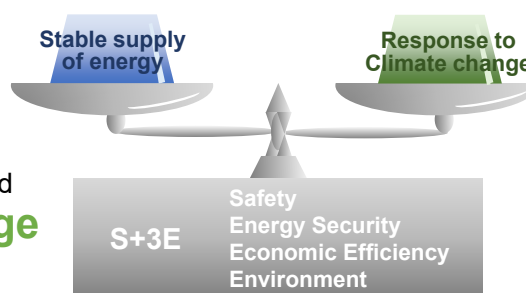
## Our approach to response to climate change J-POWER “BLUE MISSION 2050”

### Corporate Philosophy

#### Our Mission

**We will meet people’s needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world.**

To realize the corporate philosophy, it is essential to achieve a **balance** between **stable supply of energy** and **response to climate change** under the **S+3E** concept.



Specific efforts to realize this goal are as follows:

### J-POWER “BLUE MISSION 2050”

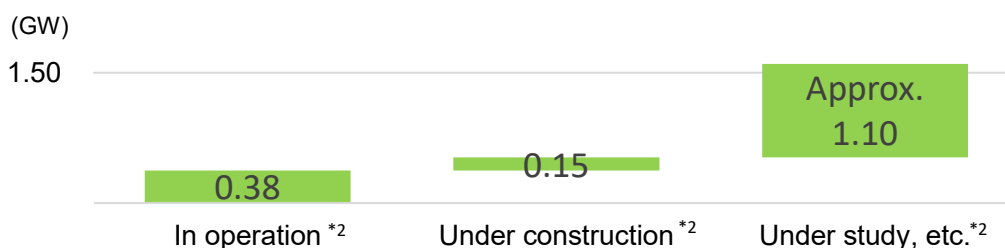
Expanding CO2-free power sources	Push for zero-emission power sources	Power network
Renewable energy Nuclear power	Hydrogen power generation CO2-free hydrogen production	Power network stabilization Power network enhancement

In J-POWER “BLUE MISSION 2050,” we focus on the development of renewable energy.

At the same time, from the aspect of compatibility with stable supply of energy, we aim to achieve carbon neutrality by working on various power sources that contribute to achieving carbon neutrality in addition to renewable energy sources.

### Renewable energy

1.5 GW-scale new development by FY2025\*1  
300-billion-yen investment for development in FY2022–2025



\*1 Compared to FY2017

\*2 Owned capacity as of the end of April 2022, or assumed maximum owned capacity if capacity is yet to be determined

### Nuclear power

Construction of Ohma Nuclear Power Plant (1,383 MW)

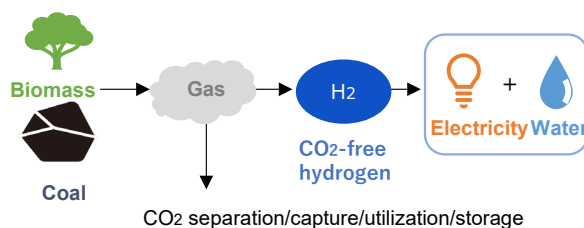
### Power network

New Sakuma Frequency Converter Station (300 MW) and other reinforcements

### CO<sub>2</sub>-free hydrogen power generation

J-POWER GENESIS Vision

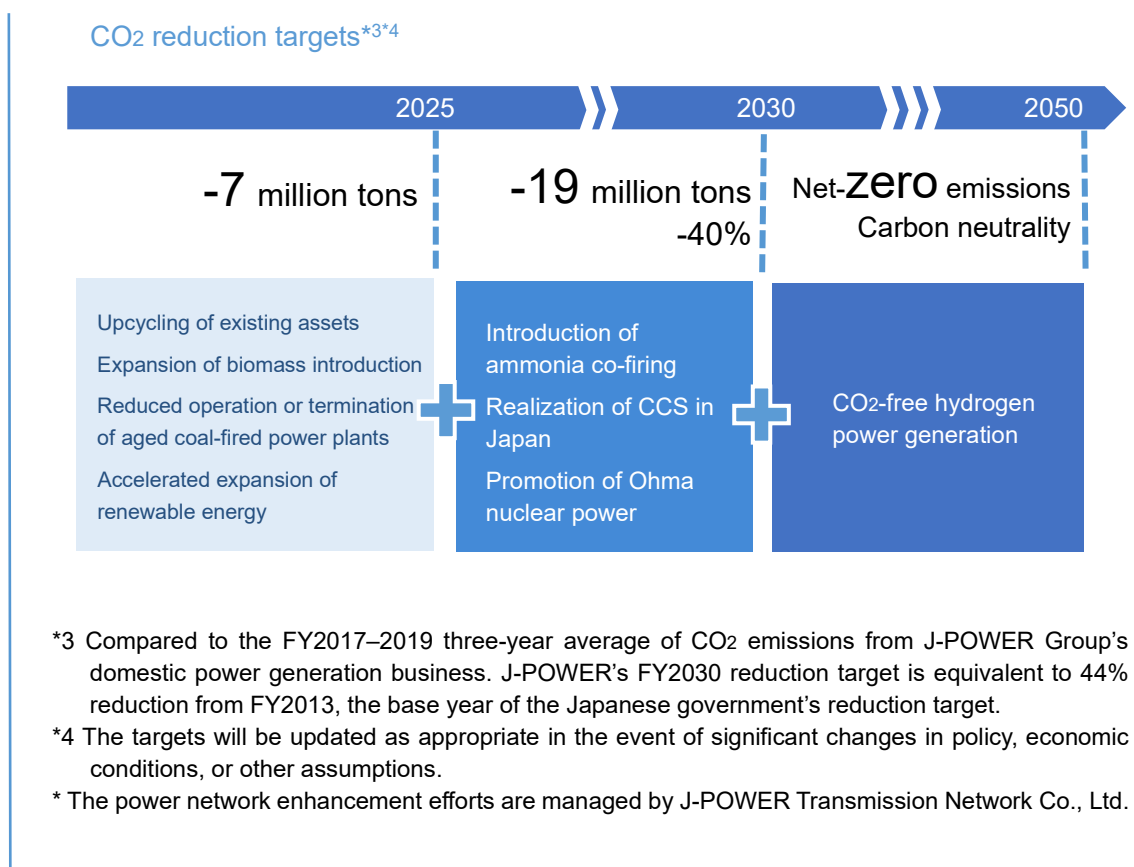
- Power generation using CO<sub>2</sub>-free hydrogen produced by separating and capturing CO<sub>2</sub> from gasified coal
- Challenge to start CO<sub>2</sub> storage from 2030
- Coal gasification and CO<sub>2</sub> separation/capture technologies have already been proven, and CO<sub>2</sub> utilization and storage technologies have already been commercialized overseas.



Through these efforts, we aim to reduce CO<sub>2</sub> emissions while maintaining stable supply of energy.

The J-POWER Group has formulated short-, medium-, and long-term CO<sub>2</sub> reduction targets.

These targets and progress are disclosed in the Integrated Report and other documents.



**[Proposal 1: Proposal of partial amendment to the Articles of Incorporation regarding the formulation and disclosure of business plans for reducing greenhouse gas emissions]**

**We oppose this proposal**

As mentioned above, we have already formulated and disclosed specific plans, including short-, medium-, and long-term goals, for addressing climate change and are implementing measures to achieve these goals. We have been disclosing our progress in the management plans and the Integrated Report and will continue to enhance such disclosure.

Moreover, it is not appropriate to stipulate in the Articles of Incorporation specific details of business execution because the Articles of Incorporation intend to stipulate the basic matters of the company.

We therefore oppose this proposal.

**[Proposal 2: Proposal of partial amendment to the Articles of Incorporation regarding disclosure of J-POWER's assessment of the alignment of its capital expenditure with greenhouse gas emissions reduction targets]**

**We oppose this proposal**

As mentioned above, we are prioritizing capital expenditure for the execution of J-POWER "BLUE MISSION 2050." We have been disclosing the use of capital expenditure in our Medium-Term Management Plan and earnings results presentations and will continue to enhance such disclosure.

Moreover, it is not appropriate to stipulate in the Articles of Incorporation specific details of business execution because the Articles of Incorporation intend to stipulate the basic matters of the company.

We therefore oppose this proposal.

**[Proposal 3: Proposal of partial amendment to the Articles of Incorporation regarding the disclosure of how the remuneration policies facilitate the achievement of greenhouse gas emissions reduction targets]**

**We oppose this proposal**

As mentioned above, to enhance our corporate value, it is necessary to pursue carbon neutrality by 2050 while achieving a balance between stable supply of energy and response to climate change, and this cannot be realized solely by achieving CO<sub>2</sub> emission reduction targets. We therefore believe that it is not appropriate to set a remuneration policy based on individual indicator of the degree of achievement of CO<sub>2</sub> emission reduction targets.

Moreover, it is not appropriate to stipulate in the Articles of Incorporation specific details of business execution because the Articles of Incorporation intend to stipulate the basic matters of the company.

We therefore oppose this proposal.

The details of the Shareholder Proposals are given below. Posted texts are English translation prepared by J-POWER of the original texts which were submitted by proposing shareholders in Japanese.

### **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 of the Company:

##### Article X

1. To promote the long-term corporate value of the Company, given the risks and opportunities associated with climate change, and in accordance with the Company's commitment to achieve carbon neutrality by 2050, the Company shall formulate and disclose a business plan with science-based short- and mid-term greenhouse gas emissions reduction targets aligned with Articles 2.1(a) and 4.1 of the Paris Agreement.
2. The Company shall report, in its annual report, on its progress against the business plan specified in the preceding paragraph on an annual basis.

#### (2) Reason for the proposal

Long-term institutional investors in the Company see its corporate value depending upon a credible decarbonization strategy and science-based short-, medium- and long-term greenhouse gas emissions reduction targets aligned with the goals of the Paris Agreement and investor expectations.

While we welcome the Company's intention to achieve carbon neutrality by 2050, the Company's targets are not yet aligned with the goals of the Paris Agreement. This presents a range of material financial risks to shareholders. We consider that formulating science-based targets, and disclosing a business plan to achieve them, would best manage these risks and protect corporate value.

### **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 of the Company:

##### Article Y

The Company shall disclose, in its annual report, details of how it assesses the alignment of the Company's capital expenditure with its greenhouse gas emissions reduction targets.

#### (2) Reason for the proposal

Long-term institutional investors in the Company see its corporate value depending upon

a credible decarbonization strategy and science-based short-, medium- and long-term greenhouse gas emissions reduction targets aligned with the goals of the Paris Agreement and investor expectations.

Capital expenditure aligned with such targets is of particular significance for the Company's corporate value given the high greenhouse gas emissions from its coal-fired power generation business, and the low level of economic rationality and feasibility certainty attaching to the decarbonization technologies of thermal power detailed in the Company's "BLUE MISSION 2020." We consider that corporate value would be protected with greater disclosure of how the Company assesses the alignment of its capital expenditure with greenhouse gas emission reduction targets.

### **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 of the Company:

##### **Article Z**

The Company shall disclose, in its annual report, details of how the Company's remuneration policies facilitate the achievement of the Company's greenhouse gas emissions reduction targets.

#### **(2) Reason for the proposal**

Long-term institutional investors in the Company see its corporate value depending upon a credible decarbonization strategy and science-based short-, medium- and long-term greenhouse gas emissions reduction targets aligned with the goals of the Paris Agreement and investor expectations.

We consider that a direct linkage between remuneration and the achievement of greenhouse gas emissions reduction targets to be in the Company's interests as an important mechanism to facilitate executive performance against decarbonization goals, which would result in protecting corporate value.