



J-POWER GROUP INTEGRATED REPORT 2023

J-POWER Group Integrated Report 2023

Supplementary Material

Governance

Index

ガバナンス Governance

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- | | |
|---|--------|
| 1. Board of Directors/ Nomination and Compensation Committee | P.2 |
| 2. Criteria to Determine the Independence of Outside Officers | P.3 |
| 3. Compensation | P.4 |
| 4. Strategic Shareholdings | P.5 |
| 5. Compliance Action Guidelines | P.6-11 |
-

Board of Directors/ Nomination and Compensation Committee

*Integrated report reference page: p.80-86

FY2022 Results of Attendance to the Board of Directors

Directors (excluding Audit & Supervisory Committee Members) (12 members, including 3 Outside Directors)				Directors (Audit & Supervisory Committee Members) (4 members, including 3 Outside Directors)	
Hitoshi Murayama	13of13	Hiroshi Sasatsu	13of13	Naori Fukuda	13of13
Toshifumi Watanabe	13of13	Takaya Nomura	10of10*2	Hiroshi Fujioka	13of13
Yoshiki Onoi	13of13	Go Kajitani	13of13	Kiyoshi Nakanishi	13of13
Hiroyasu Sugiyama	13of13	Tomonori Ito	13of13	Kimiko Oga	13of13
Hitoshi Kanno	13of13	John Buchanan	13of13		
Osamu Hagiwara	10of10*2				
Yoshikazu Shimada	13of13				

FY2022 Results of the Nomination and Compensation Committee

Number of meetings held	6
Attendance results	
Go Kajitani	6
Hiroshi Fujioka	6
Kiyoshi Nakanishi	6
Hitoshi Murayama	6
Toshifumi Watanabe	6

*1 Hitoshi Murayama, Yoshiki Onoi, Go Kajitani retired from the Board of Directors at the General Meeting of Shareholders in June 2023.

*2 The table shows attendance at Board of Directors meetings held after his appointment on June 28, 2022.

*3 The Company transitioned into a company with an Audit & Supervisory Committee as resolved at the 70th Ordinary General Meeting of Shareholders held on June 28, 2022. Accordingly, Messrs. Naori Fukuda, Hiroshi Fujioka, Shinichi Kawatani, and Kiyoshi Nakanishi and Ms. Kimiko Oga who served as Audit & Supervisory Board Members retired on that day. Among them, Messrs. Naori Fukuda, Hiroshi Fujioka, and Kiyoshi Nakanishi and Ms. Kimiko Oga assumed the office of Directors serving as Audit & Supervisory Committee Members. (Attendance includes attendance as an auditor.)

Criteria to Determine the Independence of Outside Officers

*Integrated report reference page: p.82

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 partner¹ is the Company or any of the Company's subsidiaries, or persons executing business for such persons
3. Persons who are major business partners¹ 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 money² 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

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

¹ "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

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

Compensation

*Integrated report reference page: p.86

Compensation paid to directors, Audit & Supervisory Board members, and auditors in Fiscal 2022

Category of Directors	Number of persons	Total compensation (millions of yen)	Basic compensation (millions of yen)	Performance-Linked Compensation (millions of yen)	Stock Compensation (millions of yen)
Directors (excluding Audit & Supervisory Committee Members)	15	412	333	52	27
(Outside Directors)	(3)	(28)	(28)	(-)	(-)
Directors (Audit & Supervisory Committee Members)	4	65	65	-	-
(Outside Directors)	(3)	(38)	(38)	(-)	(-)
Audit & Supervisory Board Members	5	29	29	-	-
(Outside Audit & Supervisory Board Members)	(3)	(12)	(12)	(-)	(-)
Total	19	506	427	52	27

1. The company transitioned into a company with an Audit & Supervisory Committee as resolved at the 70th Ordinary General Meeting of Shareholders held on June 28, 2022.
2. The “Number of Persons” in Directors (Excluding Directors serving as Audit & Supervisory Committee Members) above includes 3 Directors who retired at the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 28, 2022.
3. The basic remuneration of Directors (Excluding Directors serving as Audit & Supervisory Committee Members) includes a performance-linked bonus of 11 million yen for this fiscal year (for April through June) that is based on the policy for determining remuneration for Directors used before June 28, 2022. The Company’s performance-linked bonus is not based solely on indicators showing the status of profits, indicators showing the status of the market price of shares, or other indicators showing the business performance of the Company; and thus does not fall under performance-linked remuneration.
4. The “Total amount of remuneration, etc.” and the “Number of Persons” in Audit & Supervisory Board Members above are for 5 Audit & Supervisory Board Members who retired at the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 28, 2022. Of them, for 4 persons who assumed office as Directors serving as Audit & Supervisory Committee Members, the remuneration, etc. after their assumption of office is included in the remuneration of Directors serving as Audit & Supervisory Committee Members above.
5. The Company introduced a stock compensation system as non-monetary remuneration by the resolution of the 70th Ordinary General Meeting of Shareholders held on June 28, 2022. The amount of stock compensation represents the amount recorded as expenses from July 1, 2022 through March 31, 2023.

Compensation

*Integrated report reference page: p.82

Compensation of Outside Auditors Paid during Fiscal 2022

Total compensation paid during fiscal 2022 by the Company and its consolidated subsidiaries to the Outside Auditors who conducted accounting audits of the J-POWER Group comprised ¥194million for auditing procedures and ¥15 million for non-auditing functions.

Strategic Shareholdings

*Integrated report reference page: p.81

Basic Policy

- J-POWER does not maintain strategic shareholdings unless such shareholdings are deemed to serve a purpose.
- Shareholdings are deemed to serve a purpose if they are judged to contribute to the Company's sustainable growth and the medium-to long-term enhancement of its corporate value based on the comprehensive consideration of their profitability, verified through properly ascertaining expected returns and other effects, as well as their objectives, such as the development of joint business.

Validity evaluation of Strategic Shareholding

- Every year, the Board of Directors evaluates the rationality and necessity of each strategic shareholding from such perspectives as consistency with the objectives of said holdings and the balance of the shareholding's profitability against the Company's cost of capital.
- Holdings found to not serve a purpose are disposed of, with due consideration given to the market impact of such disposal.

Criteria for the Exercise of Voting Rights for Strategic Shareholdings

- Exercises the voting rights of its strategically held shares based on careful consideration of the medium- to long-term enhancement of the corporate value of the Company and the companies whose shares it holds as well as its objectives in holding such shares.

Changes in number of Investments in equity securities held for other than pure investment and its book value

	2021.03	2022.03	2023.03
Number of security names	17	17	17
Book value (million yen)	26,177	28,699	28,298

*Excluding Start-up investments in unlisted companies.

Compliance Action Guidelines

*Integrated report reference page: p.81

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 issues 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.

Compliance Action Guidelines

[2] Compliance Rules

Integrated Report reference pages: pp.81

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.

Compliance Action Guidelines

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Integrated Report reference pages: pp.81

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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.
- c. 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.

Compliance Action Guidelines

4. Relationships with Customers, Business Partners, and Competitors

Integrated Report reference pages: pp.81

(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.

Compliance Action Guidelines

(3) Appropriate Business Dealings with Business Partners

Integrated Report reference pages: pp.81

- 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.

Compliance Action Guidelines

Integrated Report reference pages: pp.81

(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.

Compliance Action Guidelines

(8) Compliance with Regulations on Donations and Political Contributions

Integrated Report reference pages: pp.81

- 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. We 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.

