

Notice Concerning the Introduction of Both Performance-Linked and Stock-Based Compensation for Executives

Electric Power Development Co., Ltd. (J-POWER; headquartered in Chuo-ku, Tokyo; President & CEO: Toshifumi Watanabe) announced, at a Board of Directors meeting held today, that it was resolved to introduce performance-linked and stock-based compensation for full-time Directors (excluding Directors serving as Audit & Supervisory Committee Members) and executive officers (excluding those who are concurrently serving as Directors). This decision will be presented for approval at the General Meeting of Shareholders scheduled for June 2022.

1. Overview of the new system

Until now, compensation for the officers of the Company (listed above) has been divided into two types: a fixed monthly salary and a performance-linked salary determined after considering business performance. The intention of this new system is to improve the connection between compensation and business performance as well as corporate value and to provide incentives to continually improve long-term business performance and increase corporate value. With the introduction of this system, together with the fixed monthly salary, there are now three parts to Officer's compensation. The percentage of performance-linked compensation is approximately 20% of the total.

A) Performance-linked compensation

Performance-linked compensation has been introduced as an incentive to achieve the management goals set out in the Medium-Term Management Plan.

B) Stock-based compensation

To incentivize long-term growth, stock-based compensation was introduced with the aim of reinforcing the link between compensation and business performance as well as improving corporate value and sharing value with shareholders.

For an overview of the stock-based compensation system, please see J-POWER Group Integrated Report 2022. ([page 73](#))

2. Decision-making process for the introduction of the system

The introduction of performance-linked compensation and stock-based compensation has been carefully discussed by the Nomination and Compensation Committee, which serves as an advisory body to the Board of Directors and is composed of a majority of outside directors. The resolution at the Board of Directors meeting was made based on the results of these discussions.