

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



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**Progress report on disclosure items**  
**Opinion of the Board of Directors on Shareholder Proposals**  
**Submitted for the 71st Ordinary General Meeting of Shareholders**

As announced by Electric Power Development Co., Ltd. (“J-POWER”) in the “Notice Concerning Receipt of Shareholder Proposals” released on May 9, 2023, J-POWER has received a letter from three shareholders co-filing a shareholder proposal regarding the agenda for the 71st Ordinary General Meeting of Shareholders to be held on June 28, 2023. The proposal requests that the agenda includes the incorporation of two provisions concerning response to climate change into the Articles of Incorporation of the Company as described in the Appendix (hereinafter, “Shareholder Proposals”).

J-POWER hereby announces that it has resolved at the meeting of the Board of Directors held on May 24, 2023, to oppose, for the reasons stated below, both Shareholder Proposals requesting the incorporation of provisions into the Articles of Incorporation of the Company.

**1. Details of Shareholder Proposals**

Refer to the Appendix.

**2. Opinion of the Board of Directors on Shareholder Proposals**

## **J-POWER's Policy of and Approach to Climate Change**

Based on J-POWER's Corporate 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 conduct our business with a focus on material issues for management including the provision of a stable supply of energy and response to climate change.

Furthermore, Japan, as a signatory to the Paris Agreement, is promoting efforts to steadily reduce CO<sub>2</sub> emissions while ensuring a stable supply of energy with the aim of achieving carbon neutrality by 2050.

Based on our Corporate Philosophy and Japan's national policies, in February 2021 we formulated J-POWER "BLUE MISSION 2050," a concrete plan for reaching carbon neutrality by 2050. The plan is formulated around three pillars—expanding CO<sub>2</sub>-free power sources, push for zero-emission power sources, and power networks—and launched related initiatives. (See the chart below for the latest version of the plan and our progress.)

Since the formulation of the plan, the Company's Board of Directors has been monitoring the progress of initiatives by the responsible departments, as well as adequately accommodating feedback from dialogue with shareholders and other stakeholders and identifying changes in the business environment, including government policies and the international situation, then discussing updates and revisions to the plan on an annual basis.

Most recently, all Directors, including Outside Directors, have held multiple lively discussions on whether the Company's CO<sub>2</sub> reduction target for 2030, which was set in February 2021, is at an appropriate level in light of the nationally determined contribution (NDC) for Japan as a signatory to the Paris Agreement. As a result of these discussions, the Board of Directors decided to increase the reduction target for 2030 by 1.3 million tons, based on factors including the Company's progress in expanding renewable energy, scaling up mixed combustion of biomass and establishing a joint venture company to implement carbon capture and storage (CCS) in Japan, as well as the Company's track record in reducing CO<sub>2</sub> emissions from coal-fired power plants. With the increase, our new CO<sub>2</sub> reduction target for 2030 is a 46% reduction compared with FY2013, which is in line with Japan's NDC.

Furthermore, from the perspective of sustainability management, the Nomination and Compensation Committee, in which the majority of members, including the chairperson, are Outside Directors, has held multiple discussions on methods for evaluating the non-financial value of initiatives for material issues in the officer compensation system. Based on the Committee's conclusions, the Board of Directors decided to introduce five material issues, including climate change countermeasures such as the achievement of new development targets for renewable energy and CO<sub>2</sub> reduction targets, as non-financial indicators in evaluations for performance-linked remuneration.

Through the realization of J-POWER "BLUE MISSION 2050," the Board of Directors will appropriately manage climate change-related risks and protect its corporate value from

impairment as it works for sustainable growth and improvement in corporate value by viewing change as an opportunity. By doing so, we will continue to meet the expectations of our shareholders.

Moreover, we are working to enhance disclosure of information on our response to climate change and will continue to promote efforts to achieve carbon neutrality by engaging in dialogue with our stakeholders based on the content of our disclosure, acknowledging their feedback, and reflecting it in concrete plans. The status of the Company's initiatives to address climate change can be found in materials including *Progress of J-POWER Medium-Term Management Plan*, *TCFD Recommendations-based Disclosures*, and *J-POWER Group Integrated Report*.

## Our Approach to Response to Climate Change J-POWER "BLUE MISSION 2050"

In promoting climate change countermeasures, compatibility with a stable supply of energy is essential.

J-POWER "BLUE MISSION 2050" is a concrete initiative to achieve this goal.

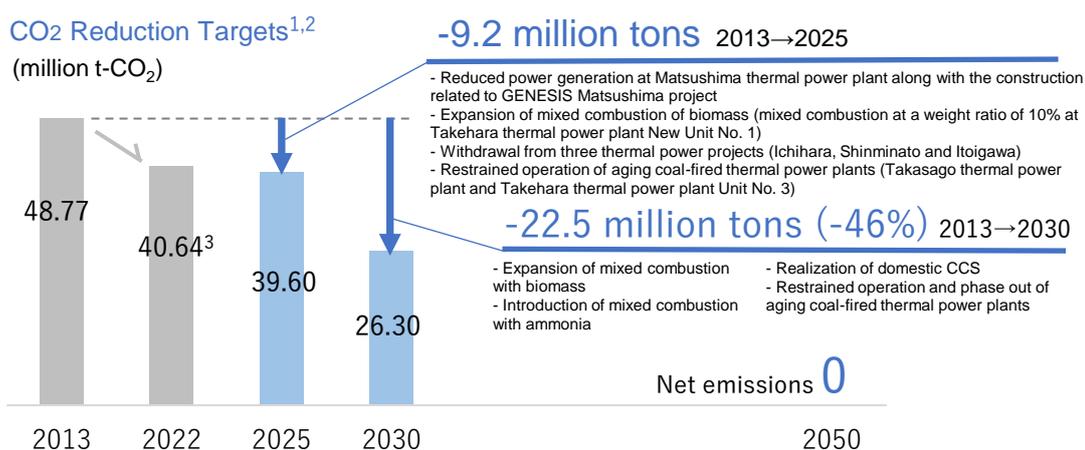
J-POWER will prioritize development of renewable energy and will augment the power network necessary for the expansion of renewable energy.

By also working on CO<sub>2</sub>-free hydrogen power generation and nuclear power in parallel with the expansion of renewable energy, we will steadily reduce CO<sub>2</sub> emissions while providing a stable supply of energy.

### CO<sub>2</sub> Reduction Targets

Increasing the CO<sub>2</sub> reduction target for 2030 by 1.3 million tons in May 2023 has brought the target in line with the Japanese government's stated reduction target.

From FY2023 to FY2030, we plan to make strategic investments of 700 billion yen, including for development of renewable energy.



1. CO<sub>2</sub> emissions of the J-POWER domestic power generation business.
2. Compared with FY2013 results. Compared with average results for the three-year period from FY2017 to FY2019, the FY2025 target is -7.0 million tons and the 2030 target is -44% (-20.3 million tons).
3. Preliminary estimate. Compared with FY2013: -8.13 million tons.

## Expanding CO<sub>2</sub>-free Power Sources

Renewable energy	New development by FY2025 at the 1,500 MW scale <sup>4</sup>
Nuclear power	Construction of Ohma Nuclear Power Plant

### Recent projects to start operation

Apr. 2022	Triton Knoll Offshore Wind Farm (U.K.)
Apr. 2022	Kumaoui Power Plant (hydropower)
May 2022	Shin-Katsurazawa Power Plant (hydropower)
Feb. 2023	Esashi Wind Farm
Feb. 2023	Shin-Shimamaki Wind Farm
Mar. 2023	Lake Mainit Hydroelectric Power Plant (Philippines)
Mar. 2023	Ashoro Power Plant Unit No. 1 (hydropower)
Apr. 2023	Onikobe Geothermal Power Plant

4. Compared with FY2017.

## Push for Zero-emission Power Sources

CO <sub>2</sub> -free hydrogen power generation	<b>J-POWER GENESIS Vision</b> Aim to generate power using CO <sub>2</sub> -free hydrogen produced by separating and capturing CO <sub>2</sub> from gasified coal
CO <sub>2</sub> -free hydrogen production	

### Recent progress

Jun. 2022	Participation in a CCS (CO <sub>2</sub> separation, capture and storage) demonstrate project which capture, transport and store CO <sub>2</sub> in Australia Participated in CTSCo and CCS Project <sup>5</sup>
Jul. 2022	Start of carbon capture and utilization (CCU) demonstration test Liquefied and transported CO <sub>2</sub> captured in Osaki Coolgen for use in promoting photosynthesis in tomato greenhouses
Oct. 2022	Start of a study of an integrated demonstration model for production of CO <sub>2</sub> negative hydrogen from domestic biomass <sup>6</sup> Study of a process that substantially reduces atmospheric CO <sub>2</sub> while producing hydrogen by combining biomass gasification and CCS
Feb. 2023	Establishment of a joint venture for a feasibility study of domestic CCS storage projects <sup>7</sup> Preparation for commercialization, including exploration and evaluation for selecting candidate CO <sub>2</sub> storage sites, with the aim of starting CO <sub>2</sub> injection in 2030 as Japan's first full-scale CCS
Feb. 2023	Completion of procedures for the environmental impact assessment scoping document for GENESIS Matsushima project Received notification from the Minister of Economy, Trade and Industry that appropriate consideration has been given to environmental conservation

5. Project conducted by Glencore Plc in Queensland, Australia.

6. Joint venture with JX Nippon Oil & Gas Exploration Corporation and Mizuho Research &

Technologies, Ltd. Project commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

7. Joint venture with ENEOS Corporation and JX Nippon Oil & Gas Exploration Corporation.

## Power Networks<sup>8</sup>

Power networks	Expansion of New Sakuma Frequency Converter Station and other facilities
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8. An initiative of J-POWER Transmission.

## Governance

Following this year's Ordinary General Meeting of Shareholders, the Company plans to partially revise its compensation system for officers.<sup>9</sup> Performance-linked remuneration will be evaluated based on its material issues, which are initiatives for increasing corporate value over the medium to long term (the supply of energy, response to climate change, respect for people, engagement with local communities, and enhancement of our business foundation), in addition to the current indicator of consolidated ordinary income.

9. Directors and executive officers (excluding Outside Directors and Audit & Supervisory Committee Members and other).

## TCFD Recommendations-based Disclosures

We conduct climate change-related disclosures based on the recommendations of TCFD. In May 2023, we updated a portion of our disclosure.

### Reference

See the links below for the materials referred to in this Opinion of the Board of Directors.

- *Progress of J-POWER Medium-Term Management Plan* (Released on May 10, 2023)  
[https://www.jpowers.co.jp/english/news\\_release/pdf/news230510\\_2e.pdf](https://www.jpowers.co.jp/english/news_release/pdf/news230510_2e.pdf)
- *TCFD Recommendations-based Disclosures* (updated version released on May 24, 2023)  
<https://www.jpowers.co.jp/english/sustainability/environment/climate/>
- *J-POWER Group Integrated Report* (FY2022 edition published in August 2022, FY2023 edition scheduled for publication by the end of August 2023)  
<https://www.jpowers.co.jp/english/ir/library/report.html>

## **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, because of concerns that it may seriously hinder prompt, flexible business execution and formulation or revision of policies in response to changes in the business environment, and lead to impairment of the corporate value of the Company.

### **Proposal 1: Partial amendment to the Articles of Incorporation (Formulation and disclosure of a business plan for reducing greenhouse gas (GHG) emissions volume)**

#### **We oppose this proposal**

As mentioned above, we have already formulated and disclosed specific plans for achieving carbon neutrality by 2050, including short- and medium-term targets, and are implementing initiatives to achieve these targets.

More specifically, Japan is advancing in stages toward achieving carbon neutrality by 2050 by reducing CO<sub>2</sub> as it maintains a stable supply of energy. In consideration of the role of our thermal power generation facilities in providing that stable supply, we will proceed with restrained operation and phase out of those facilities while phasing in and expanding mixed combustion of biomass and ammonia, CCS, and other CO<sub>2</sub> emission reduction measures and ultimately convert to CO<sub>2</sub>-free hydrogen power generation.

Through the initiatives of J-POWER “BLUE MISSION 2050,” the Board of Directors aims to realize carbon neutrality by 2050 by making steady progress toward the CO<sub>2</sub> reduction target for 2030 (46% reduction compared with FY2013), which is in line with Japan’s NDC as a signatory to the Paris Agreement, while contributing to the stable supply of energy.

We are disclosing the progress of our initiatives in our integrated report and other materials, and will continue to strive to improve disclosure.

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

We therefore oppose this proposal.

### **Proposal 2: Partial amendment to the Articles of Incorporation (Disclosure of how the Company’s remuneration policies facilitate achievement of its GHG emission reduction targets)**

#### **We oppose this proposal**

As mentioned above, following multiple discussions of officer compensation by the Nomination and Compensation Committee, in which the majority of members, including the chairperson, are Outside Directors, the Board of Directors has decided to introduce five material issues, including climate change countermeasures such as the achievement of new development targets for renewable energy and CO<sub>2</sub> reduction targets, as non-financial indicators in evaluations for performance-linked remuneration, and will partially revise the officer compensation system following this year's Ordinary General Meeting of Shareholders. We will strive to enhance disclosure of the status of our initiatives for these material issues through our integrated report and other materials.

Moreover, it is not appropriate to stipulate in the Articles of Incorporation specific details of business execution because the Articles of Incorporation are intended 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 value of the Company, the Company shall formulate and disclose a business plan to achieve science-based short- and medium-term greenhouse gas emissions reduction targets aligned with the goals of the Paris Agreement.
2. The Company shall report, in its annual report, on its progress against the targets specified in the preceding paragraph at reasonable cost (confidential information may be omitted).

### **(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. In particular, the Company has presented no indicative schedule for the retirement of its coal-fired power assets and has instead presented a plan that involves capital expenditure into speculative technology prolonging the life of these assets. This presents material financial risks to shareholders, including the risks arising from anticipated changes in greenhouse gas emissions-related public policy.

Formulating science-based targets, and disclosing a business plan to achieve them, would best manage these risks and protect corporate value. A disclosure of the Company's assessment of whether material capital expenditure aligns with the goals of the Paris Agreement in such business plan would assist shareholders.

## **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 the Company's remuneration policies facilitate the achievement of the Company's science-based short- and medium-term greenhouse gas emissions reduction targets, at a reasonable cost (confidential information may be omitted).

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

Long-term institutional investors in the Company consider 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.