

---

**Corporate Governance Guidelines**  
**of**  
**JERA CO., INC.**

---

---

## TABLE OF CONTENTS

---

<b>1. GENERAL PROVISIONS .....</b>	<b>1</b>
1-1. Purpose .....	1
1-2. Basic Concepts concerning Corporate Governance .....	1
<b>2. BASIS OF ORGANIZATIONAL STRUCTURE.....</b>	<b>2</b>
2-1. Outline of Organizational Structure of JERA.....	2
<b>3. DIRECTORS AND BOARD .....</b>	<b>3</b>
3-1. Roles and Responsibilities of Board .....	3
3-2. Structure of Board.....	3
3-3. Appointment of Directors.....	3
3-4. Duties of Directors .....	3
3-5. Compensation for Directors.....	4
3-6. Support for Directors.....	4
3-7. Evaluation of Effectiveness of the Board.....	4
<b>4. CORPORATE AUDITORS .....</b>	<b>5</b>
4-1. Structure of Corporate Auditors .....	5
4-2. Appointment of Corporate Auditors .....	5
4-3. Roles of Corporate Auditors.....	5
4-4. Compensation for Corporate Auditors .....	5
4-5. Support for Corporate Auditors .....	6
<b>5. COMMITTEES, ETC. ....</b>	<b>7</b>
5-1. Nomination and Compensation Committee .....	7
5-2. Leadership Panel and Expert Committees .....	7
<b>6. SHAREHOLDERS AND OTHER STAKEHOLDERS.....</b>	<b>8</b>
6-1. Ensuring Shareholders' Rights and Equality .....	8
6-2. Dialogue with Shareholders and Provision of Information .....	8
6-3. Transactions with Related Parties.....	8
6-4. Relationships with Other Stakeholders.....	8
6.4.1 Policy.....	8

6.4.2 Compliance .....	9
6.4.3 Whistleblowing.....	9
6.4.4 Sustainability.....	9
6.4.5 Diversity .....	9
<b>7. OTHERS .....</b>	<b>10</b>
7-1. Revision and/or Rescission.....	10
7-2. Publication and Language .....	10

---

# 1. GENERAL PROVISIONS

---

## 1-1. Purpose

These Corporate Governance Guidelines (the “Guidelines”) set forth the basic concepts and system for the corporate governance of JERA Co., Inc. (“JERA”) and provide the action guidelines for the governance of JERA. The Guidelines aim to achieve sustainable growth and enhance the enterprise value of JERA.

## 1-2. Basic Concepts concerning Corporate Governance

JERA has established as a fundamental philosophy the development of a vibrant and self-sufficient business culture with strong financial standing that is trusted in the global energy market, and corporate governance capabilities enabling independent business management and fair and swift decision-making. Accordingly, JERA shall appropriately establish and implement a corporate governance system in accordance with these Guidelines and shall continue to strive to enhance and strengthen such corporate governance system.

---

## 2. BASIS OF ORGANIZATIONAL STRUCTURE

---

### 2-1. Outline of Organizational Structure of JERA

JERA has adopted an organizational structure that includes (i) a board of directors (the “Board”), consisting of directors from JERA who are familiar with JERA’s business, and outside directors who have extensive knowledge and experience (the “Outside Directors”, and together with the directors from JERA, the “Directors”), that shall make material business decisions and supervise business execution and (ii) corporate auditors as independent officers (the “Corporate Auditors”) who shall be responsible for auditing the execution of the Directors’ duties. In addition, in order to separate the decision-making and supervision of management from the execution of business and to effectuate accurate and prompt decision-making and efficient business execution, JERA has adopted an executive officer system where executive officers are responsible for business execution based on the decisions made by the Board.

---

## 3. DIRECTORS AND BOARD

---

### 3-1. Roles and Responsibilities of Board

The Board is responsible for setting management goals, business strategies, and making important management decisions of JERA, as well as for supervising the execution of business, in accordance with applicable laws and regulations and the Articles of Association of JERA (the “Laws and Regulations”) and the rules prescribed by JERA.

### 3-2. Structure of Board

JERA believes that a Board structure that enables the Board to respond promptly and appropriately to the business environment and to ensure the objectivity and soundness of its decisions is essential for JERA to expand its business globally across its business domain. Accordingly, the Board strives to ensure diversity within the Board as a whole in terms of knowledge, experience and other various elements. For example, in addition to the executive Directors from JERA and Directors from its shareholders (the “Shareholders”), Directors who are from neither of JERA nor the Shareholders shall be appointed.

### 3-3. Appointment of Directors

Candidate Directors shall be decided by a resolution made by the Board after deliberation by the Nomination and Compensation Committee, taking into consideration personal characteristics and core competencies appropriate for their role as Directors and the structure of the Board as prescribed in 3-2.

### 3-4. Duties of Directors

Each Director owes a fiduciary duty to JERA as provided for under the Companies Act, and shall always act in accordance with such duty and the Laws and Regulations.

Each Director shall adequately collect information and consider matters to be discussed and reported at the Board in advance, request explanations and express opinions as necessary, and make his/her best efforts to enable the Board to make prompt and clear decisions following a fair and appropriate process.

### **3-5. Compensation for Directors**

Compensation for Directors shall be decided by a resolution made by the Board, within the range approved by the shareholders' meeting based upon the result of deliberation at the Nomination and Compensation Committee.

In order to provide sound incentives for JERA's sustainable growth, in addition to fixed compensation, performance-linked compensation may be offered to Directors.

### **3-6. Support for Directors**

JERA shall establish a system to support the Directors in order to ensure that each Director can properly perform his/her expected duties, by providing each of the Directors with necessary training programs during their tenures, providing each of them with appropriate and abundant information, and providing opportunities to obtain knowledge and advice from international external experts concerning JERA's core business.

In addition, JERA shall hold Directors' Discussions, a forum for the Directors to exchange opinions freely on comprehensive agenda items related to JERA's business challenges. Directors' Discussions aim to promote full and frank discussions among the Directors as well as effective use of the knowledge of the Outside Directors and thereby secure the effectiveness of discussions at the Board and the Board's supervisory functions over the execution of business.

### **3-7. Evaluation of Effectiveness of the Board**

The Board shall annually evaluate the effectiveness of the Board, and based on such evaluation, seek to enhance the functioning of the Board.

---

## **4. CORPORATE AUDITORS**

---

### **4-1. Structure of Corporate Auditors**

The Corporate Auditors shall include one or more Corporate Auditors who are from neither JERA nor the Shareholders. Furthermore, JERA has established the Corporate Auditors Council as a voluntary organization to facilitate communication among the Corporate Auditors, and provide information and exchange opinions relating to audit, management, business, and other related matters.

### **4-2. Appointment of Corporate Auditors**

Candidates for Corporate Auditors shall be decided, with the consent of the majority of the current Corporate Auditors, by a resolution of the Board based upon the result of deliberation by the Nomination and Compensation Committee, which resolution shall be made from the viewpoint of whether the candidates have abundant knowledge and experience, a strong performance record, and advanced expertise required for corporate auditing.

### **4-3. Roles of Corporate Auditors**

Each Corporate Auditor shall audit the execution of duties by the Directors, based on his or her responsibility as an independent officer and by making use of his or her knowledge and experience.

Each Corporate Auditor shall enhance the efficiency and effectiveness of audits by coordinating with the internal audit department of JERA and the accounting auditors.

### **4-4. Compensation for Corporate Auditors**

Compensation for Corporate Auditors shall be decided through discussion among Corporate Auditors within the amount approved by the shareholders' meeting based upon the result of deliberation at the Nomination and Compensation Committee.

In order to ensure the independence of Corporate Auditors, compensation for Corporate Auditors shall be fixed compensation only.



#### **4-5. Support for Corporate Auditors**

JERA shall establish a system to support Corporate Auditors in order to ensure that each Corporate Auditor can acquire information necessary for fulfilling his/her expected duties and other necessary support by providing training programs, similar to those for the Directors, and establishing a Corporate Auditors Office.

---

## **5. COMMITTEES, ETC.**

---

The following committees shall be established as voluntary organizations to supplement the functions of the Board and to enhance the effectiveness of JERA's governance:

- (1) Nomination and Compensation Committee
- (2) Leadership Panel and Expert Committees

### **5-1. Nomination and Compensation Committee**

The Nomination and Compensation Committee shall be established to discuss matters concerning personnel affairs and compensation of the Directors, the Corporate Auditors, and the executive officers. The Nomination and Compensation Committee shall consist of at least three (3) Directors including one (1) full-time Director and two (2) non-full-time Directors from the Shareholders.

### **5-2. Leadership Panel and Expert Committees**

The Leadership Panel shall be established as a forum to deliberate and decide important management issues and to receive necessary reports, based on the policies determined by the Board. The Leadership Panel shall consist of the Chairman, the President, the Vice President(s) and the head of each division, etc.

In addition, Expert Committees shall be established to cover all of the major areas in the responsibility of the Leadership Panel to provide advice to assist the deliberations of the Leadership Panel from a professional perspective.

Every matter to be considered at or reported to the Board shall, in principle and to the extent practicable, be deliberated and determined at the Leadership Panel, taking into account the advice of the relevant Expert Committees, and the results of such deliberation and noteworthy Expert Committee advice will be reported to the Board.

---

## 6. SHAREHOLDERS AND OTHER STAKEHOLDERS

---

### 6-1. Ensuring Shareholders' Rights and Equality

JERA shall strive to create an environment for appropriate and effective exercise of rights of shareholders in order to fully ensure shareholders' rights and equality.

### 6-2. Dialogue with Shareholders and Provision of Information

JERA shall ensure that the shareholders are furnished with information that is material to the interests of the shareholders in accordance with the Laws and Regulations. JERA shall hold periodic dialogues with the shareholders to report business results and to create common understanding with respect to important management issues.

### 6-3. Transactions with Related Parties

JERA shall establish appropriate procedures and monitor transactions with related parties (including Directors and affiliated companies) so that such transactions will not harm the interests of JERA, the Shareholders, or other stakeholders.

JERA shall conduct all transactions with its shareholders and other affiliates on a fair and equitable arm's-length basis, as mutually independent transaction parties.

### 6-4. Relationships with Other Stakeholders

#### 6.4.1 Policy

JERA shall, in order to fulfill its social responsibilities and achieve sustainable growth and the creation of mid- to long-term enterprise value, build good relationships with stakeholders, and strive for appropriate cooperation.

## **6.4.2 Compliance**

JERA shall comply with the JERA Group Compliance Policy and the JERA Group Compliance Code of Conduct, and shall strive to earn and maintain the trust of all stakeholders. In addition, Directors and executive officers themselves will not only observe such Policy and Code of Conduct and serve as role models for employees, but will also devote themselves to promote them internally and to ensure that all of the employees act in accordance with them.

## **6.4.3 Whistleblowing**

JERA shall establish a whistleblowing system and operate such system appropriately in accordance with internal rules in order to promptly detect and correct illegal or improper acts related to the JERA Group's business operations, thereby contributing to business operations in compliance with the Laws and Regulations.

## **6.4.4 Sustainability**

JERA shall contribute to the sustainable development of society as a whole and aggressively and proactively address issues related to sustainability, such as social and environmental issues.

## **6.4.5 Diversity**

JERA strives to promote diversity and foster a corporate culture that makes diversity a strong point.

## **7. OTHERS**

---

### **7-1. Revision and/or Rescission**

These Guidelines shall be reviewed from time to time by the Board, and revised and/or rescinded, by resolution of the Board as necessary in light of future changes in the business of and environment surrounding JERA.

### **7-2. Publication and Language**

These Guidelines are prepared in Japanese and English and posted on the JERA website in both Japanese and English.