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**Japan Petroleum Exploration Co., Ltd.**

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<https://www.japex.co.jp/en/>

The corporate governance of Japan Petroleum Exploration Co., Ltd. (“JAPEX” or the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

Contributing to society through stable energy supply and addressing social issues toward realizing the sustainable development goals is the corporate vision of JAPEX. In order to achieve the corporate vision and to maximize our corporate value in a medium- and long-term perspective, the efficient and transparent corporate management and the building of mutual trust relationships with our stakeholders including shareholders through ensuring our accountability are required, and corporate governance is one of our important topics as the foundation. We will enhance our corporate governance by respecting the purpose and spirit of Japan's Corporate Governance Code.

#### Reasons for Non-compliance with the Principles of the Corporate Governance Code

JAPEX complies with all the principles of the Corporate Governance Code.

#### Disclosure Based on the Principles of the Corporate Governance Code

##### Principle 1.4: Cross-shareholdings

JAPEX owns cross-shareholdings comprising shares of companies we have determined to be necessary to promote smooth business execution and to maintain good business relationships with the purpose of enhancing sustainable growth and medium- to long-term corporate value. To ensure that these cross-shareholdings are reasonable, the Board of Directors assesses the validity of maintaining the holdings every year by conducting a qualitative evaluation related to the appropriateness of the purpose of owning the shares and a quantitative evaluation on whether the benefits and risks from each holding cover the Company's cost of capital. Based on this assessment, regarding the shares we decided to continue owning, we disclose the purpose and number of shares held as specific investments in our Annual Securities Report. If we determine that it has become less reasonable to own certain shares, we reduce the number of those shareholdings.

Regarding the exercise of voting rights, we determine whether to vote in favor of or against proposals only after individually evaluating the appropriateness of each and comprehensively considering whether or not the proposals contribute to the purpose of owning the shares and the enhancement of medium- to long-term corporate value.

Based on this policy, on November 8, 2021, we sold a portion of our holdings of one specified investment share for approximately 50.6 billion to raise funds from the perspective of asset efficiency.

##### Principle 1.7: Transactions with Related Parties

JAPEX carries out all transactions, including transactions between related parties, in accordance with the criteria set forth in decision and authorization regulations, after review by the Administration & Legal Department and confirmation by the relevant departments, and after the approval of the President and directors in charge, and other procedures. Competitive transactions by directors, principal transactions between directors and JAPEX, and transactions involving conflicts of interest are conducted in accordance with the resolution standards of the Board of Directors after approval by the Board of Directors.

The results of transactions between related parties are disclosed in the Annual Securities Report and other documents following a resolution of the Board of Directors.

##### Supplementary Principle 2.4.1: Ensuring Diversity within the Company

###### (1) Ensuring diversity

Under the JAPEX Diversity, Equity & Inclusion (DE&I) Policy set forth below, JAPEX recognizes that ensuring diversity in human resources is an important management issue. Accordingly, we will actively work to improve our internal environment and develop human resources to actively promote the recruitment of women, foreigners, and mid-career employees as well as their promotion to managerial positions.

###### JAPEX Diversity, Equity & Inclusion (DE&I) Policy

In order to respond to changes in the business environment and achieve further growth as a comprehensive energy company, we regard the promotion of diversity, equity and inclusion (DE&I) as an important management issue, and aim to strengthen our corporate competitiveness and achieve sustainable development. To this end, we enable our diverse employees to create new value by encouraging each and every one to play their active role and grow their careers through fully demonstrating their inherent capabilities.

By respecting diversity in terms of gender, nationality, age, disability, career, personality, and values, and by correcting social imbalances caused by these characteristics and differences, we will realize an organizational culture in which all employees can be productive and active.

###### (2) Voluntary and measurable targets for diversity and their status

###### i) Women

◇Targets for the promotion of female employees to management positions: 25 or more by FY2025

Results for the past three fiscal years

FY2019	FY2020	FY2021
17	19	19

◇Targets ratio of female new-graduates: 30% or more each year by FY2025

Results for the past three fiscal years

FY2019	FY2020	FY2021
36.4%	38.5%	33.3%

###### ii) Foreigners

Although we have no record of promoting foreign employees to management positions, we will actively promote them to management positions with

a view to future business development.

(iii) Mid-career employees

To build a human resource portfolio that matches our management strategy, we have set targets for management and recruitment ratios, considering the recruitment of human resources with different skills and experience as an important issue.

◇ Targets ratio of mid-career hires in management positions: 20% or more to be maintained until FY2025

Results for the past three fiscal years

FY2019	FY2020	FY2021
17.0%	20.1%	24.5%

◇ Target ratio of mid-career hires to total hires: 50% or more each year by FY2025

Results for the past three fiscal years

FY2019	FY2020	FY2021
56.7%	63.8%	56.4%

(3) Human resources development policy for ensuring diversity, internal environment development policy, and their status

(i) Foster an organizational culture that makes the most of diversity

Policy for ensuring diversity

We seek to improve productivity and create innovation by fostering an organizational culture to make the most of their individual characteristics and qualities of all employees, with positively accepting diversity and respecting differences.

Specific implementation status

We hold workshops and training sessions to foster an organizational culture that leverages diversity. We also conduct Unconscious Bias Training to all managers.

(ii) Promote the activities of diverse human resources

Policy for ensuring diversity

By securing outstanding talents regardless of gender, nationality, age, etc., and by providing timely and appropriate placement and training as well as providing support for career and skill development tailored to each employee, we put in place a system that allows all human resources to demonstrate their capabilities and play their active role as self-directed professionals, thereby increasing individual engagement.

Specific implementation status

We have a support system to enable each employee to chart their career and achieve self-fulfillment. Annual career development meetings provide an opportunity to discuss career matters with supervisors. We offer two career courses, management and professional, to assign and train employees according to their respective career paths. In the future, we will focus on strengthening career training at career milestones and developing a system that enables employees to consult about their individual careers.

(iii) Create an environment that respects diversity

Policy for ensuring diversity

We promote the development of a work environment that allows employees to exert themselves to the fullest in all situations, taking into consideration the circumstances and characteristics of each individual, including childcare, nursing care, disabilities, and LGBTQ+.

Specific implementation status

We are committed to promoting a variety of ways of working that are tailored to the individual circumstances of each employee. We have introduced a telecommuting system and a super flextime system, as well as a principle that transfers involving relocation must be approved by the employee. We are also making efforts to encourage male employees to take childcare leave, with 75.6% of male employees taking childcare leave in FY2021.

**Principle 2.6: Roles of Corporate Pension Funds as Asset Owners**

JAPEX has a contract-type corporate pension plan. We have established a basic investment policy aimed at securing the necessary earnings over the long term in order to ensure the payment of pension benefits in the future, and has formulated the composition ratio of pension assets in consideration of risk and return. The investment management institutions entrusted by JAPEX have announced their acceptance of the Stewardship Code. We present our investment guidelines to each investment management institution and monitor their performance on a regular basis.

In addition, the Pension Asset Management Committee, which is composed of members including directors in the Finance & Accounting Department and Human Resources Department, has established a system that enables the asset allocation and asset details of pension plans to be reviewed as necessary in order to achieve appropriate pension financial management.

**Principle 3.1: Full Disclosure**

(1) Corporate vision, management strategy, and management plan

< Corporate Vision >

We have established the JAPEX Group Corporate Vision and Code of Ethics and Conduct.

Please refer to our website for details. <https://www.japex.co.jp/en/company/overview/vision/>

<Management strategy and management plan>

Based on the Long-term Vision 2030 and Medium-term Business Plan 2018-2022, formulated in May 2018, JAPEX has promoted initiatives to grow into a comprehensive energy company utilizing oil and gas E&P and its supply basis. For the oil and gas E&P business, in fiscal 2021, we ended participation to the Canada Shale Gas Project and Oil Sands Project with the aim of improving profitability through portfolio optimization. We also repurchased our own shares based on a resolution of the Board of Directors in November 2021 to expand shareholder returns and improve capital efficiency.

On the other hand, in light of the irreversible changes in the energy demand structure due to global decarbonization, in May 2021, JAPEX formulated "JAPEX2050: Toward a Carbon-Neutral Society" ("JAPEX2050"). It outlines our responsibilities to be fulfilled to realize a carbon neutral society and the direction of our business development.

Given these significant changes in the business environment surrounding JAPEX, we newly formulated "JAPEX Management Plan 2022-2030" in March 2022 as a medium- to long-term management plan aimed at strengthening profitability and shifting to the business structure described in JAPEX2050.

Please refer to our website for details. <https://www.japex.co.jp/en/ir/management/>

(2) Basic views and policies on corporate governance

Please refer to "1. Basic Views" described above.

(3) Policies and procedures for determining the compensation of directors

The compensation of directors is determined based on the policy for determining the compensation of directors set by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee. This policy is described in "Disclosure of Policy for Determining Compensation Amounts and Calculation Methods" below.

(4) Policies and procedures for the appointment and dismissal of senior management and the nomination of candidates for directors and Audit & Supervisory Board Members

The policies and procedures for the appointment and dismissal of senior management and the nomination of candidates for directors and Audit & Supervisory Board Members are as follows.

<Policies>

- In nominating candidates for directors, JAPEX comprehensively considers the right person to be in the right position, taking into consideration accurate and prompt decision-making, appropriate risk management, monitoring of business execution, and balancing the functions of JAPEX with those of each business unit.
- In nominating candidates for Audit & Supervisory Board Members, JAPEX comprehensively considers the right person to be in the right position while ensuring a balance between knowledge of finance, accounting, and legal affairs, knowledge of our business fields, and diverse perspectives on corporate management.

<Procedures>

- Candidates for directors and Audit & Supervisory Board Members are appointed based on a comprehensive consideration of their performance, character, and insight, as well as their suitability for the duties of these positions. Candidates for Audit & Supervisory Board Members are selected after obtaining the prior consent of the Audit & Supervisory Board and deliberation by the Board of Directors Meetings and the General Meeting of Shareholders. In the event that a director commits an act of misconduct or violation of laws or regulations, or is negligent in his/her duties, the resolution of a general meeting of shareholders shall be sought after thorough deliberation by the Board of Directors.
- There is a memorandum of understanding between the government and JAPEX. It states that JAPEX will consult with the government regarding “determination of candidates for directors.” This memorandum is managed in a manner that respects the independence of our management, and the existence of the memorandum has never hindered our business or restricted the contents of its business.
- When considering the appointment of candidates for outside directors and Audit & Supervisory Board Members, JAPEX receives appropriate involvement and advice from outside directors and outside Audit & Supervisory Board Members as necessary. The Nomination and Compensation Advisory Committee deliberates on matters related to the appointment and dismissal of directors and Audit & Supervisory Board Members to be submitted to the General Meeting of Shareholders.

(5) Reasons for the appointment and dismissal of senior management and the nomination of candidates for directors and Audit & Supervisory Board Members

Reasons for the appointment of directors and Audit & Supervisory Board Members of JAPEX are stated in the Notification of the Convocation to the Ordinary General Meeting of the Shareholders of JAPEX.

NAKAMURA Mitsuyoshi, Audit & Supervisory Board Member: Refer to page 14 of the Notification of the Convocation to the 51st Ordinary General Meeting of the Shareholders

The reasons for the appointment of other directors and Audit & Supervisory Board Members are stated on pages 8 to 17 of the Notification of the Convocation to the 52nd Ordinary General Meeting of the Shareholders. <https://www.japex.co.jp/en/ir/library/shareholdersmtg/>

### Supplementary Principle 3.1.3: Sustainability Initiatives

(1) Sustainability initiatives

JAPEX recognizes that our mission is to provide a stable supply of energy and that our business activities themselves are a form of Corporate Social Responsibility (CSR). Under this recognition, we have set the Five Core CSR Themes “SHINE” (\*) to promote our sustainability activities. We position climate change response as the top priority of management in our sustainability initiatives, and have established specific measures to reduce risks and create opportunities in our Medium-term Business Plan.

(\*) The five core CSR themes identified by SHINE are as follows:

S: Stable and sustainable energy supply

H: HSE as our culture

I: Integrity and governance

N: Being a good Neighbor

E: The Employer of choice

- JAPEX2050 sets forth our direction, including GHG emission reduction target and focus measures, aiming to achieve the world’s “Realizing Carbon-Neutral Society in 2050” initiative. JAPEX2050 clarifies the direction for achieving net-zero emissions (Scope 1 + Scope 2) from our operations in 2050, the GHG emission intensity reduction target of 40% in FY2030 compared to FY2019, and further expansion of businesses that contribute to the realization of a carbon-neutral society (CCS/CCUS and renewable energy). In addition, specific initiatives up to 2030 are outlined in the JAPEX Management Plan 2022-2030.
- JAPEX is formulating strategies that take into account climate change risks and opportunities by establishing a governance structure in line with the TCFD Recommendations and quantitatively assessing financial impacts based on scenario analysis, including the 2°C scenario and the 2050 net-zero scenario. We manage climate change risks that are deemed important for our business within the company-wide risk management process.
- Please refer to our website and the Integrated Report for details of our approach to sustainability, our promotion system, and our initiatives.  
Website: <https://www.japex.co.jp/en/sustainability/>  
Integrated Report 2021: [https://www.japex.co.jp/ir/uploads/JAPEX\\_IR2021\\_e.pdf](https://www.japex.co.jp/ir/uploads/JAPEX_IR2021_e.pdf)

(2) Investment in human capital

As part of its sustainability activities, JAPEX is committed to respecting employee diversity and developing human resources and to creating a fair and good working environment, with the aim of becoming the “Employer of Choice.”

- Please refer to “Supplementary Principle 2.4.1: Ensuring Diversity within the Company” for the philosophy and policy for ensuring diversity based on respect for diversity.
- In human resource development, JAPEX has established the Career Development Guidelines to support each employee’s self-realization through career development, and has introduced education programs to support the effective formation and improvement of abilities and skills required for career development. JAPEX established the Health & Productivity Management Declaration based on the idea that consideration for the health of employees contributes to the growth and sustainability of JAPEX. We have established a promotion system managed by the President to support employees in maintaining and promoting their health. JAPEX has been certified as Health & Productivity Management Outstanding Organization for six consecutive years until FY2021.
- To create a good working environment, JAPEX has introduced a flexible working style and a work-from-home system to enhance employees’ work-life balance, as well as various systems to support child-raising and nursing care.
- Please refer to our website and the Integrated Report for details of our approach.  
Website: <https://www.japex.co.jp/en/sustainability/social/>  
Integrated Report 2021 (pages 38 to 40): [https://www.japex.co.jp/ir/uploads/JAPEX\\_IR2021\\_e.pdf](https://www.japex.co.jp/ir/uploads/JAPEX_IR2021_e.pdf)

(3) Investment in intellectual property

Under JAPEX2050 and JAPEX Management Plan 2022-2030, JAPEX is working on new businesses that contribute to a carbon-neutral society, such as CCS/CCUS and renewable energy toward the realization of a carbon-neutral society. We will aggressively invest in technology in general, including intellectual property, in order to transfer our knowledge of the E&P and infrastructure/utility businesses that we have cultivated over 60 years to new

businesses.

- Please refer to our website and the Integrated Report for details of our approach.  
Website: <https://www.japex.co.jp/en/ir/management/carbonneutral/>, <https://www.japex.co.jp/en/technology/>  
Integrated Report 2021 (pages 23 to 31): [https://www.japex.co.jp/ir/uploads/JAPEX\\_IR2021\\_e.pdf](https://www.japex.co.jp/ir/uploads/JAPEX_IR2021_e.pdf)

#### **Supplementary Principle 4.1.1: Scope of Delegation to Management**

The Board of Directors discusses and makes decision concerning important business execution, the detail of which is provided by the decision-making standard of the Board of Directors, including launching new business, management strategy such as a basic plan of marketing and sales, and decision, revision, or repeal of the Medium-term Business Plan, as well as the exclusive prerogatives of the Board of Directors stipulated by laws and regulations. From the standpoint of accelerating the speed of decision-making, we compose the Executive Committee by the directors and other executives based at the headquarters to make decisions on the matters not involved by the decision-making standard of the Board of Directors and to make a discussion to assist the decision-making in the Board of Directors. The Executive Committee is held basically two times in each month, and extraordinary meeting is also held as needed. For important investments, the Investment Evaluation Committee evaluates the compatibility with the management policy prior to the institutional decision.

For decisions on other business operations, we have established decisions and authorization regulations and have appropriately delegated operational authority to the President and below.

#### **Principle 4.9: Independence Standards and Qualification for Independent Outside Directors**

JAPEX nominates Outside Officers who have experience as a corporate manager of a private company or are lawyers, and who are expected to provide supervision and wide-ranging proposals to our management based on their abundant experience and deep insight. In addition to the independence criteria stipulated by the Tokyo Stock Exchange, JAPEX judges that a person who does not meet all of the following criteria satisfies independence.

1. An executive of a company that provides products or services to JAPEX and for which the amount paid by JAPEX exceeds 2% of the consolidated net sales of the business partner in any of the last three fiscal years
2. An executive of a company in which JAPEX's borrowings account for more than 2% of the consolidated total assets of JAPEX in any of the last three fiscal years
3. An executive of a company to which we provide products or services and whose payments to JAPEX exceed 2% of consolidated net sales of JAPEX in any of the last three fiscal years
4. A person who has received compensation exceeding ¥10 million per year from JAPEX as a consultant, accounting expert, or legal expert in any of the last three fiscal years in addition to officer compensation (in the case of an organization such as a corporation or union, a person who belongs to such organization)
5. A relative within the second degree of kinship of a person who falls under any of (1) through (4) below:
  - (1) A person listed in 1. to 4. above
  - (2) An executive of a subsidiary of JAPEX
  - (3) A director who is not an executive of a subsidiary of JAPEX (limited to cases where an outside Audit & Supervisory Board Member is designated as an independent officer)
  - (4) A person who fell into (2) or (3) above, or was an executive of JAPEX (including a director who is not an executive if an outside Audit & Supervisory Board Member is designated as an independent officer) in the past three years

#### **Supplementary Principle 4.10.1: Nomination and Compensation Committee**

- Based on the resolution of the Board of Directors meeting held in March 2019, JAPEX has established a Nomination and Compensation Advisory Committee, which is composed of members including outside directors, under the Board of Directors. The committee deliberates the following matters (regarding (v), including matters related to the concept of the skills of directors, etc. and the skill matrix) prior to the Board of Directors meeting.
  - (i) Matters concerning the appointment and dismissal of directors and Audit & Supervisory Board Members to be submitted to the General Meeting of Shareholders
  - (ii) Matters concerning the selection and dismissal of representative directors
  - (iii) Matters concerning the appointment and dismissal of executive officers
  - (iv) Matters concerning compensation and bonuses for directors to be submitted to the General Meeting of Shareholders
  - (v) Other important matters concerning personnel and compensation
- The committee's deliberations require independence and objectivity. At present, the committee consists of five members, including three outside directors and the chairperson and president, who are internal directors. The majority of members are outside directors, thus ensuring independence and objectivity.

#### **Supplementary Principle 4.11.1: Views on the Balance, Diversity, and Size of the Board of Directors**

- JAPEX believes that the Board of Directors must be diverse and of a reasonable size, and must be composed of directors with a variety of knowledge, experience, and skills from the perspectives of accurate and prompt decision-making, appropriate risk management, and monitoring of business execution.
- The policies and procedures for the appointment of directors are stated in "Principle 3.1: Full Disclosure (4)."
- The Board of Directors of JAPEX is currently composed of 11 members, including five outside directors. Two of the five outside directors are women and two of them have management experience at other companies.
- A skill matrix listing the knowledge, experience, and skills of each director and Audit & Supervisory Board Member is provided on the last page of this report.

#### **Supplementary Principle 4.11.2: Directors and Audit & Supervisory Board Members Currently Serving as Officers of Other Listed Companies**

The JAPEX Notification of the Convocation to the 52nd Ordinary General Meeting of the Shareholders (pages 9 to 14, 16, 17, and 42) describes the status of significant positions concurrently held by our directors and Audit & Supervisory Board Members, including concurrent positions with officers of listed companies. <https://www.japex.co.jp/en/ir/library/shareholdersmtg/>

#### **Supplementary Principle 4.11.3: Analysis and Evaluation of the Effectiveness of the Entire Board of Directors**

JAPEX analyzes and evaluates the effectiveness of the entire Board of Directors once a year with the aim of contributing to the maximization of our medium- to long-term corporate value by ascertaining and improving the effectiveness of the supervision of management by the Board of Directors.

This year, we conducted the evaluation as follows and confirmed the results at the Board of Directors meeting in May.

##### (1) Evaluation method

Questionnaire prepared by the secretariat of the Board of Directors (evaluation of the status of initiatives to address issues identified in the questionnaire conducted in April 2021)

##### (2) Evaluation items

###### (i) Operation of the Board of Directors

- Holding further discussions related to the Medium-term Business Plan and other topics

- Holding further discussions related to looking back on projects
  - Further sharing information related to discussions of the Executive Committee
  - Further sharing information related to discussions between departments on agenda items
  - Continually considering the status of diversity
  - Detailed discussions related to a succession plan and human resource development
- (ii) Operation of the Outside Officer Liaison Meeting
- Effectively operating liaison meetings to ensure lively discussions at the Board of Directors meetings
- (3) Evaluation results
- (i) Operation of the Board of Directors
- Discussions on the Medium-term Business Plan and the review of the project are positively evaluated.
  - Regarding the sharing of information related to discussions of the Executive Committee and between departments on agenda items, it was evaluated that continued efforts are needed, including the arrangements of the subjects and contents to be shared.
  - Diversity consideration, such as the creation of a skill matrix, received a positive evaluation.
  - Discussions related to a succession plan and human resource development are evaluated as requiring continued efforts.
- (ii) Operation of the Outside Officer Liaison Meeting
- The meeting received a positive evaluation as a meaningful forum for discussion at the Board of Directors' meetings, where agendas for the Board of Directors' meetings are well explained in advance.

Based on the results of this evaluation, JAPEX will further improve the functions of the Board of Directors.

#### Supplementary Principle 4.14.2: Training Policy for Directors and Audit & Supervisory Board Members

For directors who concurrently serve as executive officers, JAPEX holds an annual officers' camp to discuss and deepen their understanding of management issues. We also hold periodic group training sessions (scheduled four times a year in FY2022) to learn the roles, responsibilities, and knowledge expected of directors of a listed company.

In addition, JAPEX fully explains its business, financial affairs, organization, and other matters to new outside officers and strives to create environment in which they can effectively fulfill their roles and responsibilities.

We also encourage each officer to self-study, provide and facilitate training opportunities suited to their roles, and broadly support the necessary costs.

#### Principle 5.1: Policy on Constructive Dialogue with Shareholders

The Corporate Communication Office is the main department in charge of our IR activities. In cooperation with the Corporate Strategy Department, the Administration and Legal Department, and the Finance & Accounting Department, we are making efforts to deepen our understanding of our business by implementing various initiatives as described below. Dialogue with shareholders and institutional investors is conducted by the officer in charge in the Corporate Communication Office, but may be conducted jointly with the president, the officer in charge in the Administration and Legal Department, or the officer in charge in the Finance & Accounting Department, depending on the situation.

- (1) Hold financial results briefings quarterly.
- (2) Conduct IR interviews with analysts and institutional investors.
- (3) Conduct individual meetings for overseas institutional investors through IR conferences.
- (4) Hold business briefings through IR conferences for individual investors.
- (5) Publish an annual integrated report and biannual shareholder newsletters (business reports).
- (6) Disclose information on our website.
- (7) Conduct tours of our business sites for shareholders.

The Corporate Communication Office compiles the opinions and information obtained from shareholders through these activities and feeds them back to senior management as appropriate.

In addition, as an effort to prevent insider trading, we have established internal regulations (Internal Information Management Regulations) concerning the handling of important matters and conduct training as needed for officers and employees to educate them.

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Minister of Economy, Trade and Industry	19,432,724	34.88
The Master Trust Bank of Japan, Ltd. (Trust)	6,548,100	11.75
INPEX CORPORATION	2,852,212	5.12
CEP LUX-ORBIS SICAV	2,269,118	4.07
Custody Bank of Japan, Ltd. (Trust)	1,410,400	2.53
NORTHERN TRUST CO. (AVFC) SUB A/C USL NON-TREATY	1,307,830	2.35
JFE Engineering Corporation	924,012	1.66
STATE STREET BANK AND TRUST COMPANY 505103	898,020	1.61
SSBTC CLIENT OMNIBUS ACCOUNT	739,634	1.33
Mizuho Bank, Ltd.	720,152	1.29

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-----
Name of Parent Company, if applicable	Not applicable

1. JAPEX holds 1,442,982 shares of treasury stock, but is excluded from the above major shareholders.
2. The change report of the statement of large-volume holdings made available for public inspection as of April 4, 2022 states that Orbis Investment Management (Guernsey) Limited and its joint holder, Orbis Investment Management Limited, each held the following shares as of March 31, 2022. However, they are not included in the status of major shareholders above since JAPEX is unable to confirm the actual number of shares held as of March 31, 2022.  
The contents of the statement of large-volume holdings are as follows:

Name or Company Name	Number of Shares Owned	Percentage (%)
Orbis Investment Management (Guernsey) Limited	1,570,400	2.75
Orbis Investment Management Limited	2,275,657	3.98

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Mining
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

### 5. Other Special Circumstances which May have Material Impact on Corporate Governance

## II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with an audit & supervisory board
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	18
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

#### Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
ITO Tetsuo	Lawyer									○			
YAMASHITA Yukari	Scholar									○			
KAWASAKI Hideichi	From another company												
KITAI Kumiko	Lawyer												
SUGIYAMA Yoshikuni	From another company												

\* Categories for "Relationship with the Company"

\* Use "○" when the director presently falls or has recently fallen under the category and "△" when the director fell under the category in the past.

\* Use "●" when a close relative of the director presently falls or has recently fallen under the category and "▲" when a close relative of the director fell under the category in the past.

a Person who executes business of the Company or a subsidiary

b Person who executes business or a non-executive director of a parent company

c Person who executes business of a fellow subsidiary

d Person/entity for which the Company is a major client or a person who executes business for such person/entity

e Major client of the Company or a person who executes business for such client

f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company

g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)

h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)

i Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)

j Person who executes business for an entity that receives donations from the Company (applies to self only)

k Others

Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
ITO Tetsuo	○	<p>Mr. ITO Tetsuo, an outside director, is Of Counsel at Nishimura &amp; Asahi, a law firm with which JAPEX has transactions. However, in light of the scale and nature of the transactions, it is judged that there is no risk of affecting the judgment of shareholders and investors. Therefore, the outline of the donations is omitted.</p> <p>Significant positions concurrently held</p> <ul style="list-style-type: none"> <li>• Of Counsel at Nishimura &amp; Asahi</li> <li>• Outside Audit &amp; Supervisory Board Member at Asahi Kasei Corp.</li> </ul>	<p>He has extensive knowledge and experience as a legal specialist. We expect him to accurately identify business challenges JAPEX faces, and pose questions that contribute to reasonable and appropriate decision-making; and therefore, have appointed him as an outside director.</p> <p>In addition, in light of the scale and nature of these transactions, they do not have a significant impact on our decision-making. There are no other relationships that may cause conflicts of interest with general shareholders. Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>
YAMASHITA Yukari	○	<p>Ms. YAMASHITA Yukari, an outside director, is the Managing Director at The Institute of Energy Economics, Japan, a business partner of JAPEX. However, in light of the scale and nature of the transactions, it is judged that there is no risk of affecting the judgment of shareholders and investors. Therefore, the outline of the donations is omitted.</p> <p>Significant positions concurrently held</p> <ul style="list-style-type: none"> <li>• Managing Director, Charge of Energy Data and Modelling Center at The Institute of Energy Economics, Japan</li> <li>• Past President at International Association for Energy Economics, Inc.</li> </ul>	<p>She has extensive knowledge through her research activities in a research lab studying energy economics and energy-and-environment-related policies. We expect her to provide us with valuable proposals that will be beneficial for JAPEX to aim for its long-term development as an integrated energy company; and therefore, have appointed her as an outside director.</p> <p>In addition, in light of the scale and nature of these transactions, they do not have a significant impact on our decision-making. There are no other relationships that may cause conflicts of interest with general shareholders. Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>
KAWASAKI Hideichi	○	----	<p>He has distinguished insights related to corporate management, in general, through his extensive corporate management experience at an entity engaged in global operations in telecommunications and other fields. We expect him to provide us with valuable proposals in addressing various business challenges JAPEX faces, based on his extensive experience; and therefore, have appointed him as an outside director.</p> <p>In addition, he does not have any relationship that may cause a conflict of interest with general shareholders. Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>
KITAI Kumiko	○	<p>Significant positions concurrently held</p> <ul style="list-style-type: none"> <li>• Attorney at Kachidoki Law Office</li> <li>• Corporate Auditor (External auditor) at TAKARA HOLDINGS INC.</li> <li>• Independent Auditor at OSAKI ELECTRIC CO., LTD.</li> </ul>	<p>She has distinguished insights gained through her extensive administrative experience primarily in the areas of labor administration in government positions, etc., as well as extensive knowledge of labor legislation and other laws. We expect her to supervise and provide wide-ranging proposals for JAPEX management from the viewpoint of a legal expert; and therefore, have appointed her as an outside director.</p> <p>In addition, she does not have any relationship that may cause a conflict of interest with general shareholders. Therefore, she is designated as an independent officer because she is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>



SUGIYAMA Yoshikuni	○	<p>Significant positions concurrently held</p> <ul style="list-style-type: none"> <li>• Director at The Yomiuri Shimbun Holdings</li> <li>• Representative Director, Chairman at Nippon Television Holdings, Inc.</li> <li>• Representative Director, Chairman at NTV Network Corporation</li> </ul>	<p>He has distinguished insights and extensive corporate management experience gained at a newspaper company and other media businesses. We expect him to supervise JAPEX management from an objective and neutral standpoint, and to provide wide-ranging proposals that contribute to promoting JAPEX's sustainable growth and enhancing our medium- to long-term corporate value; and therefore, have appointed him as an outside director.</p> <p>In addition, he does not have any relationship that may cause a conflict of interest with general shareholders. Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Inside Director

## Supplementary Explanation

The Nomination and Compensation Committee has been established under the Board of Directors, with a view toward strengthening the supervisory function of the Board of Directors, by further ensuring the transparency and objectivity of the procedures for making decisions concerning the nomination and compensation of Directors.

### Audit & Supervisory Board Member

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board receives regular reports on audit plans and audit results from the accounting auditor and exchanges opinions. The Audit & Supervisory Board also receives reports on the results of annual internal audits from the Auditing Department, and Audit & Supervisory Board Members receive monthly reports on the status of implementation of internal audits and internal control evaluations. The Auditing Department provides the results of internal audits to the accounting auditor and cooperates with the Audit & Supervisory Board by attending meetings with the accounting auditor.

Appointment of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

### Relationship with the Company (1)

Name	Attributes	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
KAWAKITA Chikara	Others														
MOTOYAMA Hiroshi	From another company							△							

\* Categories for "Relationship with the Company"

- \* Use "○" when the director presently falls or has recently fallen under the category and "△" when the director fell under the category in the past.
- \* Use "●" when a close relative of the director presently falls or has recently fallen under the category and "▲" when a close relative of the director fell under the category in the past.
- a Person who executes business of the Company or a subsidiary
- b A non-executive director or an accounting advisor of the Company or its subsidiaries
- c Person who executes business for a non-executive director of a parent company
- d An Audit & Supervisory Board Member of a parent company of the Company
- e Person who executes business of a fellow subsidiary
- f Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g Major client of the Company or a person who executes business for such client
- h Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company
- i Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l Person who executes business for entity receives donations from the Company (applies to self only)
- m Others

## Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
KAWAKITA Chikara	○	<p>Significant positions concurrently held</p> <ul style="list-style-type: none"> <li>Chairman at The Salt Science Research Foundation</li> <li>Chairman at NOMURA INSTITUTE OF ESTATE PLANNING</li> </ul>	<p>He has distinguished insights gained from his extensive experience as a graduate school professor and in government administration at the Ministry of Finance and other organizations. We judge that he is able to appropriately conduct audits from an objective standpoint independent of the senior management executing our business; and therefore, have appointed him as an outside Audit &amp; Supervisory Board Member.</p> <p>In addition, he does not have any relationship that may cause a conflict of interest with general shareholders. Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>
MOTOYAMA Hiroshi	○	<p>In the past, Mr. MOTOYAMA was an executive of Mizuho Bank, Ltd., from which JAPEX has borrowed. However, approximately 11 years have passed since his retirement.</p>	<p>He has extensive corporate management experience at financial institutions and other organizations and distinguished insights, as well as considerable knowledge in finance, accounting, taxation, risk management and other areas. We have judged that he is able to carry out audits of the execution of duties by Directors; and therefore, have appointed him as an outside Audit &amp; Supervisory Board Member.</p> <p>In addition, the major business partners listed on the left are one of several major borrowers and do not have a significant impact on our decision-making. There are no other relationships that may cause conflicts of interest with general shareholders.</p> <p>Therefore, he is designated as an independent officer because he is judged to have a neutral and fair position to pursue the common interests of shareholders.</p>

## Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

Number of Independent Directors and Independent Audit & Supervisory Board Members	7
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## Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

JAPEX designates all outside officers who satisfy the requirements for an independent officer as independent officers.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Compensation Plan
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## Supplementary Explanation for Applicable Items

- JAPEX has introduced a performance-linked compensation plan for directors, which can function as an incentive to sustainably enhance corporate value.
- Please refer to "Disclosure of Policy for Determining Compensation Amounts and Calculation Methods" below for the overview."

Persons Eligible for Stock Options	
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## Director's Compensation

### Status of Disclosure of Individual Directors' Compensation

Individual compensations are not disclosed.

In the Annual Securities Report, JAPEX discloses the total amount of compensation for internal and outside directors, including Audit & Supervisory Board Members.

The amount of compensation for directors and Audit & Supervisory Board Members in fiscal 2021 is as follows. The following share-based compensation comprised the provision equivalent to the amount related to the acquisition points in share-based compensation that were awarded during the fiscal year.

#### Directors (excluding outside directors)

Total compensation amount: ¥335 million (Basic compensation: ¥303 million, Bonuses: ¥18 million, Share-based compensation: ¥13 million)

#### Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)

Total compensation amount: ¥41 million (Basic compensation: ¥41 million)

#### Outside officers

Total compensation amount: ¥66 million (Basic compensation: ¥66 million)

### Policy on Determining Compensation Amounts and the Calculation Methods

Established

## Disclosure of Policy for Determining Compensation Amounts and Calculation Methods

The policy for determining the compensation of directors is outlined below. As a prerequisite, the 52nd Ordinary General Meeting of the Shareholders held on June 28, 2022 resolved that the basic monthly compensation for directors shall be no more than ¥50 million per month (including no more than ¥5 million per month for outside directors), and the total amount of bonuses shall be resolved at the General Meeting of Shareholders for each fiscal year.

#### Basic policy

- Regarding the compensation of directors, the compensation structure can function as an incentive to sustainably enhance corporate value. When deciding the compensation of individual directors, our basic policy is to set an appropriate level in consideration of the roles aligned with their position
- Specifically, the compensation of directors (excluding outside directors) comprises base compensation and performance-linked compensation (bonuses and share-based compensation). Compensation for outside directors is only base compensation, considering their duty of supervising management.

#### Policy for determination of compensation

- The base compensation of the Company's directors is fixed monthly monetary compensation and is decided in comprehensive consideration of their position, balance with public markets and employee pay, number of years employed, and more.
- Of performance-linked compensation, bonuses are paid at certain times every year based on consolidated net income as an indicator measuring their contribution to results for the corresponding fiscal year. Specifics are decided in comprehensive consideration of their position, dividends, the level of employee bonuses, their contribution of directors to corporate management in each fiscal year, past results, payment record, and more. The directors' contribution to corporate management is evaluated based on their contribution to the business results mentioned above, achievement of annual targets and business plans (including greenhouse gas emission reduction targets), human resource management, leadership, and execution ability.
- Of performance-linked compensation, share-based compensation is based on the officer compensation share provision rules approved by the Board of Directors within the limit approved at the General Meeting of Shareholders. JAPEX shares equivalent to the number of points provided in line with their positions and performance (using annual dividend amounts as a general rule as an indicator of performance evaluation from the perspective of maintaining our basic policy on long-term stable dividends) and a monetary amount equivalent to the market share price of said shares is provided as a general rule to directors upon retirement.
- We aim for the ratio of performance-linked compensation (bonuses and share-based compensation) to total compensation to be around 30% at standard amounts. To ensure the compensation system can better function as an incentive to sustainably enhance corporate value, we will consider revising the ratio as appropriate.
- Regarding individual compensation, the representative director and president is entrusted with the specific details based on a resolution by the Board of Directors. That authority enables the allocation of bonuses based on each director's base compensation and the directors' contribution to corporate management. It also enables the setting of the specific timing of the payment.
- Calculation methods for base compensation and bonuses are deliberated in advance at the Nomination and Compensation Committee. The representative director and president must decide the method with respect to the results of the deliberations.
- The provision of share-based compensation is reported in advance of the Nomination and Compensation Committee.

## Support System for Outside Directors and/or Outside Audit & Supervisory Board Members

JAPEX assigns two staff members as a secretariat to assist Audit & Supervisory Board Members. In addition, we continue to create an environment in which outside Audit & Supervisory Board Members can gain a clear understanding of the state of JAPEX and frankly express their opinions and questions through meetings of the Audit & Supervisory Board and other opportunities for exchanging opinions and information.

For information exchange and recognition sharing with outside directors, we hold regular meetings with the President to exchange opinions, and have established the Outside Director Liaison Meeting as a place to provide explanations to, provide information to, and exchange information with outside directors in advance of Board of Directors proposals.

## Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Counselor, Advisor, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
OKADA Hideichi	Special advisor	Provides advice based on experience and knowledge as requested by JAPEX	Full time, with compensation	October 8, 2019	-----

Number of Persons Holding Advisory Positions ( <i>Counselor, Advisor, etc.</i> ) After Retiring as Representative Director and President, etc.	1
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## Other Related Matters

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

At JAPEX, Directors or Executive Officers, who are appointed and assigned duties by the Representative Directors and Board of Directors, serve as operating officers. The Board of Directors and Audit & Supervisory Board Members (along with the Audit & Supervisory Board comprising all Audit & Supervisory Board Members) assume the role of supervising the execution of their duties. (Company with an audit & supervisory board)

### 1. Corporate Organs

#### • Board of Directors and Executive Committee

The Board of Directors, chaired by FUJITA Masahiro, Representative Director and President, is regularly held once a month, and discusses and make decision concerning important business execution, the detail of which is provided by the decision-making standard of the Board of Directors, including launching new business, management strategy such as a basic plan of marketing and sales, and decision, revision, or repeal of the Mid-term Business Plan, as well as the exclusive prerogatives of the Board of Directors. From the standpoint of accelerating the speed of decision-making, we hold the Executive Committee composed of the directors and other executives of JAPEX and chaired by FUJITA Masahiro, Representative Director and President, to make decisions on the matters not involved by the decision-making standard of the Board of Directors and to make a discussion to assist the decision-making in the Board of Directors. The Executive Committee is held basically two times in each month, and extraordinary meeting is also held as needed.

Furthermore, the Nomination and Compensation Committee has been established under the Board of Directors, with a view toward strengthening the supervisory function of the Board of Directors, by further ensuring the transparency and objectivity of the procedures for making decisions concerning the nomination and compensation of Directors. The Nomination and Compensation Committee meeting was held three times in fiscal 2021, and all members attended all the Committee meetings.

The members of the above organs as of the submission date are as follows.

Organs	Members
Board of Directors	Chairman: FUJITA Masahiro, Representative Director and President Members: WATANABE Osamu, ISHII Yoshitaka, YAMASHITA Michiro, HIRATA Toshiyuki, NAKAJIMA Toshiaki, ITO Tetsuo (Note 1), YAMASHITA Yukari (Note 1), KAWASAKI Hideichi (Note 1), KITAI Kumiko (Note 1), SHGIYAMA Yoshikuni (Note 1), NAKAMURA Mitsuyoshi, MOTOYAMA Yoshihiko, KAWAKITA Chikara (Note 2), and MOTOYAMA Hiroshi (Note 2)
Audit & Supervisory Board	Chairman: NAKAMURA Mitsuyoshi, Audit & Supervisory Board Member Members: MOTOYAMA Yoshihiko, KAWAKITA Chikara (Note 2), and MOTOYAMA Hiroshi (Note 2)
Executive Committee	Chairman: FUJITA Masahiro, Representative Director and President Members: WATANABE Osamu, ISHII Yoshitaka, YAMASHITA Michiro, HIRATA Toshiyuki, NAKAJIMA Toshiaki, SUGA Tsuyoshi, KAKU Senichiro, MATSUNAGA Tadashi, NAKAMURA Tsuneta, ABE Satoshi, and TEZUKA Kazuhiko
Nomination and Compensation Committee	Chairman: FUJITA Masahiro, Representative Director and President Members: WATANABE Osamu, ITO Tetsuo (Note 1), YAMASHITA Yukari (Note 1), and KAWASAKI Hideichi (Note 1)

Note 1. ITO Tetsuo, YAMASHITA Yukari, KAWASAKI Hideichi, KITAI Kumiko, and SUGIYAMA Yoshikuni are the Outside Directors as stipulated under Paragraph 15, Article 2 of the Companies Act.

Note 2. KAWAKITA Chikara and MOTOYAMA Hiroshi are the Outside Audit & Supervisory Board Members as stipulated under Paragraph 16, Article 2 of the Companies Act.

#### • Audit & Supervisory Board and Audit & Supervisory Board Members

All Audit & Supervisory Board Members attend the Board of Directors and the Outside Officer Liaison Meeting, and Audit & Supervisory Board Members attend the Executive Committee and other important management meetings to perform the function of management supervision by exchanging opinions as necessary with Directors and Executive Officers responsible for business execution.

In principle, the Audit & Supervisory Board meets monthly, where resolutions are made on preparation of audit plans and reports, selection of accounting auditors, and other matters. In addition, the Board reports on the audit results of major business sites and subsidiaries.

The number of Audit & Supervisory Board Members is four, two of which are outside Audit & Supervisory Board Members. Each member exercises auditing authority independently based on the auditing policy and each responsibility between the members which are predetermined.

## 2. Internal Audits

Internal audits of JAPEX are conducted by Auditing Dept. under the direct management of the President. Auditing Dept. has five staff members to conduct internal audits, who are responsible for reviewing and evaluating the execution of various management activities.

Internal audits are conducted following the annual plan in order, and Auditing Dept. reports the results of each audit to President and provides guidance and advice to the relevant business departments where necessary.

## 3. Accounting Auditor

The accounting auditor who conducts the audit of the financial statements and the internal control practices in the 52nd fiscal year has been Ernst & Young ShinNihon LLC, and the certified public accountants who conducted the audit were as follows:

Name: YUKAWA Yoshio, YAMAZAKI Kazuhiko, YOSHIDA Takeshi

Breakdown of assistants to the audit: 13 certified public accountants and 24 other assistants

## 4. Internal Committees

JAPEX has the risk management system with various internal committees. Risks in general management and each projects are evaluated and managed by the Risk Management Committee with a cross-sectional perspective, and deliberated by the expert committees to mitigate each risks.

For example, the Investment Evaluation Committee verifies risks and validity of important investments. The Risk Management Committee monitors the progress and formulates its countermeasures for the issues of each project which the investment decision was made.

The Sustainability Committee deliberates on matters related to the long-term vision, medium-term business plan, and ESG (Environmental, Social, and Governance) management including company-wide climate change measures, in order to make a sustainable growth over the medium to long term. In case to deliberate the risks of each business or project at the Sustainability Committee, the conclusions of deliberation in the Investment Evaluation Committee and the Risk Management Committees are appropriately adopted and referred. Other important matters related to information security and occupational health and safety are discussed by the Information Security Committee and the HSSE Committee.

The results of deliberation and verification in the internal committees are reported to the Executive Committee and the Board of Directors as necessary for the deliberation of related matters.

## 5. Outline of the Limited Liability Agreement

JAPEX amended the articles of incorporation at the General Meeting of Shareholders as of June 2015, enacted the new article related to the limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members, and each Outside Directors and Outside Audit & Supervisory Board Members executed the agreement based on the above article. The outline of the limited liability agreement is as follows:

- The limited liability agreement with Outside Directors  
In the case where Outside Director(s) is(are) liable for damages which have arisen to JAPEX under Paragraph 1, Article 423 of the Companies Act, given his/her performance of duties are made faithfully and without any gross negligence, he/she should be liable for damages to JAPEX within the limit of minimum amount as stipulated in each item of Paragraph 1, Article 425 of the Companies Act and should be exempted from any liabilities beyond the minimum amount by JAPEX.
- The limited liability agreement with Outside Audit & Supervisory Board Members  
In the case where Outside Audit & Supervisory Board Member(s) is(are) liable for damages which have arisen to JAPEX under Paragraph 1, Article 423 of the Companies Act, given his/her performance of duties are made faithfully and without any gross negligence, he/she should be liable for damages to JAPEX within the limit of minimum amount as stipulated in each item of Paragraph 1, Article 425 of the Companies Act and should be exempted from any liabilities beyond the minimum amount by JAPEX.

## 3. Reasons for Adoption of Current Corporate Governance System

JAPEX has introduced an Executive Officer System to clarify the business execution system. Directors or Executive Officers, who are appointed and assigned duties by the Representative Directors and Board of Directors, serve as operating officers.

In addition, in order to strengthen the supervisory function of the Board of Directors, JAPEX has appointed Outside Directors who are highly independent and have deep insight. The Outside Directors and Outside Audit & Supervisory Board Members contribute to vigorous discussion at meetings of the Board of Directors by actively providing comments and advice on proposals and deliberations from a standpoint independent of the management team.

JAPEX considers it possible to ensure that decisions are made in an objective and appropriate manner under the system in which independent Outside Directors and Outside Audit & Supervisory Board Members provide opinions and supervision regarding the management of operating officers.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Meeting of Shareholders and Facilitation of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of the Shareholders	Posting date of the notification of the convocation to the 52nd Ordinary General Meeting of the Shareholders held on June 28, 2022: June 6, 2022 (three weeks in advance) Prior to that posting, the notification of the convocation was made available on the JAPEX website on May 30, 2022.
Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet, in addition to vote by mail or in person.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Participating in an electronic voting platform for institutional investors served by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of the Shareholders in English	The English translation as a summary of the notice of the general shareholders meeting is submitted via TDnet and available on our website.

#### 2. Status of IR Activities

	Supplementary Explanation	Explanation by a representative
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings are held twice a year by a representative.	Yes
Online Disclosure of IR Information	The PDF files of Financial Results, Explanatory Materials of Financial Results, Annual and Quarterly Securities Reports, Integrated Report and other materials are available on our website. The PDF files of English translated Financial Results, Explanatory Materials of Financial Results, and Integrated Report are also available on our website.	
Placement of Department and/or Manager in Charge of IR activities	Dedicated department : Corporate Communication Office Executive in charge of IR activities: NAKAJIMA Toshiaki, Director, Managing Executive Officer	

#### 3. Status of Initiatives to Respect for Stakeholders' Position

	Supplementary Explanation
Stipulation to Respect for the Position of Stakeholders in of Internal Rules	JAPEX states in our corporate vision: "Achieve sustainable growth and maximize corporate value, while placing top priority on maintaining trust with all stakeholders." Furthermore, to realize our Corporate Vision and sustain as a company trusted by society, JAPEX has established the JAPEX Group Code of Ethics and Conduct, which provides corporate ethics standards and principles of action to be adhered by all officers and employees. The Code stipulates that we "Strive to maintain trust with stakeholders and to contribute to society" and "Respect the human rights of all people." Therefore, JAPEX's emphasis on stakeholders is clearly positioned in our Corporate Vision framework.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	JAPEX established core CSR themes "SHINE" in 2014, compiling action plans and targets for each issue, and we conduct systematic CSR activities based on the PDCA cycle. As for environmental preservation activities, JAPEX has identified "climate change response," "pollution prevention and resource recycling," and "preserving biodiversity and ecosystems" as environmental challenges that we should focus on among our core CSR themes. Under the "JAPEX HSE Policy" as our policy on occupational health, safety, and the environment, we address these challenges in daily operations through the HSE management system. JAPEX decided to focus on resolving the following three social issues from the Sustainable Development Goals (SDGs). 7: Affordable and clean energy 9: Industry, innovation and infrastructure 13: Clean action JAPEX's CSR and environmental initiatives are available on our website. ( <a href="https://www.japex.co.jp/sustainability/">https://www.japex.co.jp/sustainability/</a> )

Other

JAPEX has been certified as Health & Productivity Management Outstanding Organization for six consecutive years, which recognizes corporations that practice excellent health management in cooperation with health insurance societies and other insurers.

## **IV. Matters Concerning the Internal Control System**

### **1. Basic Views and Development Status of an Internal Control System**

The systems, which is required to ensure the properness of operations by in the Companies Act and the Regulations for Enforcement of the Companies Act, is maintained in accordance with the following policies.

1. Systems to ensure that the execution of duties by Directors complies with laws and regulations and the articles of incorporation  
JAPEX ensures mutual checks among Directors by having each Director submit proposals and reports to the Board of Directors based on each responsibility and authority in accordance with regulations and decision-making standards of the Board of Directors. In addition, Audit & Supervisory Board Members offer opinions to the Board of Directors where necessary.
2. Systems concerning the retention and management of information on the execution of duties by Directors  
JAPEX retains the minutes of Board of Directors meetings, approval for management, various contracts, and other major documents that indicate the execution status of operations. The details of the system is stipulated by the document handling regulations.
3. Regulations and other systems relating to manage risks of loss  
JAPEX reviews the credit management regulations, market risk management and derivative trading regulations, and other emergency response procedures, and where necessary, prepares manuals and other documents from the perspective of risk management.
4. Systems to ensure that Directors execute their duties efficiently  
The Board of Directors meets monthly in principle, to conduct swift decision-making on agenda items on which the Executive Committee has deliberated in advance. The Board of Directors also ensures efficient execution by delegating authority in accordance with the decisions and authorization regulations.
5. Systems to ensure that the execution of duties by employees complies with laws and regulations and the articles of incorporation  
At JAPEX, each department is managed their duties in accordance with various operating rules and manuals. The Auditing Dept. audits the effectiveness of internal controls and report the results to President.
6. Systems to ensure appropriate business activities in a business group comprised of JAPEX and its subsidiaries  
JAPEX appropriately applies the subsidiary and affiliate management regulation and the group management agreement to support the development and operation of its subsidiaries' internal control systems and risk management for ensuring the appropriateness of the business operations of the entire corporate group. Our subsidiaries establish and operate a system similar to our system that is stipulated in the preceding five items, depending on the type of business, size, and other attributes. Our subsidiaries' director report to us on the status of execution of their duties regularly or as needed. In addition, our Auditing Dept. conducts audits on subsidiaries regularly.
7. Matters relating to employees who assist in the duties of Audit & Supervisory Board  
At the request of its Audit & Supervisory Board, JAPEX appoints one or more employees as Audit & Supervisory Board office members.
8. Matters relating to the independence of the employees set forth in the preceding item from Directors  
Personnel-related decisions on the relevant employees, including appointment and transfer, are subject to the prior agreement of the Audit & Supervisory Board.
9. Matters relating to ensure the effectiveness of instructions given by the Audit & Supervisory Board Members to the relevant employees  
The employees appointed by the Audit & Supervisory Board office perform their duties in accordance with the instructions of the Audit & Supervisory Board, and operating departments cooperate with such employees in the performance of their duties.
10. Systems for our Directors and employees and subsidiaries' Directors to report to the Audit & Supervisory Board
  - (1) Our Directors make monthly business reports at Board of Directors meetings and circulate requests for management approval to the Audit & Supervisory Board Members (Note). In addition, Director or employee immediately reports to a Member of the Audit & Supervisory Board if he/she discovers any facts that may cause significant damage to JAPEX.
  - (2) Our subsidiaries' director, audit & supervisory board member, or employee report to a Member of the Audit & Supervisory Board when he/she discovers any fact that may cause significant damage to JAPEX. The same also applies to matters deemed necessary in connection with the performance of duties.(Note) Specifically, the full-time Audit & Supervisory Board Members receive requests for management approval in accordance with the segregation of duties among Audit & Supervisory Board Members.
11. Systems to ensure that persons who made a report as set forth in the preceding item are not treated disadvantageously due to such reporting  
Applicable to JAPEX and its subsidiaries, the handling procedures for such reporting stipulates that no person who made a report as set forth in the preceding item is subjected to any disadvantageous treatment for such reporting.
12. Matters relating to policies concerning the procedure for advance payment or reimbursement of expenses that arise in the execution of duties by the Audit & Supervisory Board Members, or other expenses or obligations that arise in such execution of duties  
The Audit & Supervisory Board Members may request prepayment, reimbursement, or other payment in case of necessary to execute their duties by the writing with the reason, amount, and others. Based on the writing, JAPEX makes advance payments or reimbursements.
13. Other systems to ensure effective audits of the Audit & Supervisory Board Members  
The Auditing Dept. and the accounting auditor provide information regularly to the Audit & Supervisory Board Members.
14. System to ensure the appropriateness of documents and other information related to financial calculations  
In order to ensure the reliability of financial reporting, an internal control system for financial reporting is established. And it is ensured its proper operation and evaluation of its effectiveness.

### **2. Basic Views and Development Status on Measures for Eliminating Anti-Social Forces**

JAPEX's Compliance Manual stipulates that employees shall take a firm stand against antisocial forces and have no relationship whatsoever with them and that employees shall not easily compromise with money or the like when unjustified demands are made. In addition, internal education for employees



is provided internally on how to respond to unreasonable demands by introducing specific examples.

Our Administration & Legal Dept., is in charge of dealing with antisocial forces, collects and manages internal information in a centralized manner and deals with individual cases. Furthermore, the Dept. actively collects information through participation in training sessions held by external organizations.

## V Other

### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures

Established

#### Supplementary Explanation for Applicable Items

##### (1) Basic Policy Regarding the Person Controlling Decisions Relative to Policies for Our Finances And Business

JAPEX considers that the person controlling our financial and business policy decisions should fully understand the content of our finances and business and the source of our corporate value, and is eligible to protect and enhance corporate value and ultimately the shareholders' common interests in a continuing, sustainable manner.

JAPEX believes the decision on an acquisition proposal which is associated with the transfer of corporate control should ultimately be made based on the general decision of our shareholders. Furthermore, JAPEX does not disapprove of large-scale share acquisition that contributes to our corporate value and ultimately the shareholders' common interests.

Nevertheless, among large-scale share acquisitions, there are many that do not contribute to the corporate value and the shareholders' common interests, in light of their purpose, including such that cause a clear infringement on the corporate value and the shareholders' common interests, such that has the risk of a de facto coercion against the shareholders to sell their shares, such that does not provide sufficient time and/or information for the Board of Directors and the shareholders consideration of the content of the large-scale share acquisition or for the Board of Directors to propose an alternative plan, and such that require consultation and negotiation with the acquirer to draw out a more favorable condition than the conditions presented from the acquirer.

The large-scale share acquirer should understand the source of our corporate value, not to mention the content of JAPEX's finances and business, and unless he or she protects and enhances them over medium to long term, our corporate value and ultimately the shareholders' common interests will be damaged.

JAPEX considers such a large-scale acquirer that does not contribute to our corporate value and the shareholders' common interests inappropriate as the controlling person to determine the policies of our finances and business, and thus consider necessary to protect our corporate value and ultimately the shareholders' common interests by taking essential and substantial measures against such attempts.

##### (2) Overview of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)

###### 1. Purpose

The measures aim to deter takeovers that run counter to our corporate value and the shareholders' common interests, protect and enhance our corporate value and the shareholders' common interests, through securing sufficient information and time necessary for the appropriate decision-making of shareholders alongside securing the opportunity to negotiate with the acquirers, in the event of large-scale acquisition of our company shares.

###### 2. Fundamental Structure

JAPEX adopts pre-warning type takeover defense measures where we establish procedures with which a person who intends to acquire 20% or more of our shares should comply and warn in advance that we may take countermeasures if the person fails to comply with such procedures or our corporate value and the shareholders' common interests are deemed to be impaired.

###### 3. Procedures for Introduction

JAPEX introduced takeover defense measures after obtaining approvals for a proposal to amend the Articles of Incorporation to provide a statutory basis for the introduction, etc. of takeover defense measures (a matter requiring a special resolution) as well as a proposal regarding the details of takeover defense measures (a matter requiring an ordinary resolution) at the 38th Ordinary General Meeting of Shareholders held on June 25, 2008. Then, JAPEX partially amended the takeover defense measures and gained approval for a proposal regarding the renewal thereof (a matter requiring an ordinary resolution) at the 50th Ordinary General Meeting of Shareholders held on June 26, 2020.

###### 4. Effective Period

The effective period shall be until the conclusion of the Ordinary General Meeting of the Shareholders relating to the last fiscal year ending within three years after the conclusion of the 50th Ordinary General Meeting of Shareholders held on June 26, 2020.

###### 5. Procedures for Implementation

- a. An acquirer shall submit the Intent Statement that is legally binding and includes covenant wording, etc., that expresses the intention to comply with the procedures set forth in the takeover defense measures. Within 10 business days after receiving the Intent Statement, JAPEX shall request the acquirer to submit the Acquisition Statement with necessary information.
- b. The Board of Directors shall evaluate the acquirer's proposal, consider alternatives, and so on (45 days).
- c. The Independent Committee shall weigh the proposal of the acquirer and the business plan of the Board of Directors, review the alternatives presented by the Board of Directors, and so on while negotiating and discussing with the acquirer (45 days. The period may be extended by up to 30 days on reasonable grounds).
- d. The Independent Committee shall consider whether or not the acquirer's conduct could damage corporate value or the shareholders' common interests (when damaged, the extent of damage), etc. and recommend implementation or non-implementation to the Board of Directors (the Committee may recommend implementation subject to prior approval of shareholders).
- e. With regard to implementation, the Board of Directors shall, in principle, convene a general meeting of the shareholders (hereinafter the "General Meeting of the Shareholders for Decision Hearing") to hear the shareholders' decision in the case (i) where the Independent Committee issued a reservation that shareholders' decision be heard in advance with regard to the implementation, or (ii) where it has been judged that it is appropriate to hear the shareholders' decision in light of various factors such as the time required for holding the general meeting of the shareholders and the duty of care of a good manager.
- f. In the case the General Meeting of the Shareholders for Decision Hearing is held, the Board of Directors shall make a resolution based on the resolution of the General Meeting of the Shareholders for Decision Hearing. In the case where the General Meeting of the Shareholders for Decision Hearing is not held, the Board of Directors, as a body under the Companies Act, shall pass a resolution, respecting to the maximum extent any recommendation of the Independent Committee.

###### 6. Establishment of the Independent Committee

JAPEX establishes the Independent Committee consisting of Outside Directors, Outside Audit & Supervisory Board Members, and outside experts in order to eliminate arbitrary decisions by the Board of Directors and enhance the objectivity of judgment on whether or not countermeasures should be implemented.

The members of the Independent Committee are as follows:

TSUCHIYA Keiichiro, Former President of Meiji University  
ITO Tetsuo, Outside Director of JAPEX  
KAWAKITA Chikara, Outside Audit & Supervisory Board Member of JAPEX

#### 7. Countermeasures

The allotment of share options without contribution outlined in 8. below will be implemented to dilute the acquirer's equity by issuing new shares to all shareholders other than the acquirer.

#### 8. Overview of the Allotment of the Share Options Without Contribution

##### a. Number of the share options

The number shall be equal to the total number of shares issued (excluding treasury shares) as of a certain date (hereinafter the "Allotment Date") otherwise determined by resolution of a general meeting of shareholders or the Board of Directors (hereinafter the "Resolution for the Allotment of Share Options Without Contribution").

##### b. Shareholders eligible for allotment

Shareholders other than JAPEX as of the Allotment Date

##### c. Effective date

The effective date shall be otherwise decided by the Resolution for the Allotment of Share Options Without Contribution.

##### d. Number of shares subject to the share options

The number of shares subject to each share option shall be, in principle, one share.

##### e. Period of exercise

The period shall be otherwise determined by the Resolution for the Allotment of Share Options Without Contribution within the range of one to six months.

##### f. Conditions of exercise

Any person who holds 20% or more of JAPEX share certificates or who intends to acquire 20% or more of our share certificates (hereinafter collectively the "Unqualified Persons") may not exercise the share options.

##### g. Acquisition of the share options by JAPEX

JAPEX may at any time acquire all the share options without contribution on a date otherwise specified by the Board of Directors until the day before the commencing date of the period of exercise.

JAPEX may, upon the date otherwise prescribed by the Board of Directors, acquire all the share options held by persons other than the Unqualified Persons, which are not exercised, and deliver shares in exchange for such unexercised share options.

## 2. Other Matters Concerning the Corporate Governance System

### ○ Overview of Timely Disclosure System

JAPEX adopts the following system for handling facts about our operations, business and assets that have a significant effect on investment decisions of investors (hereinafter "material facts") to ensure the timely and appropriate disclosure of material facts.

#### 1. Aggregation of Information on Material Facts

The Internal Information Management Regulations specify a supervising department and define the time of occurrence/decision for each material fact (corporate decisions, occurrences of material facts, financial information, or facts concerning subsidiaries). Information on such facts is collected by promptly notifying the Corporate Communication Office, which is responsible for information management and disclosure, from each supervising department.

#### 2. Disclosure of Material Facts

##### (1) Information Management and Prompt Disclosure

The Corporate Communication Office is responsible for determining the timing of disclosure, compiling the content of disclosure, and conducting disclosure in a consistent manner in order to prevent leaks of aggregated information before disclosure and to ensure prompt disclosure. If there is any doubt on the decisions whether or not a matter constitutes a material fact, the decision will be promptly made by the officer in charge of the Corporate Communication Office who is responsible for handling the information.

##### (2) Assurance of the Appropriateness of the Disclosure Content

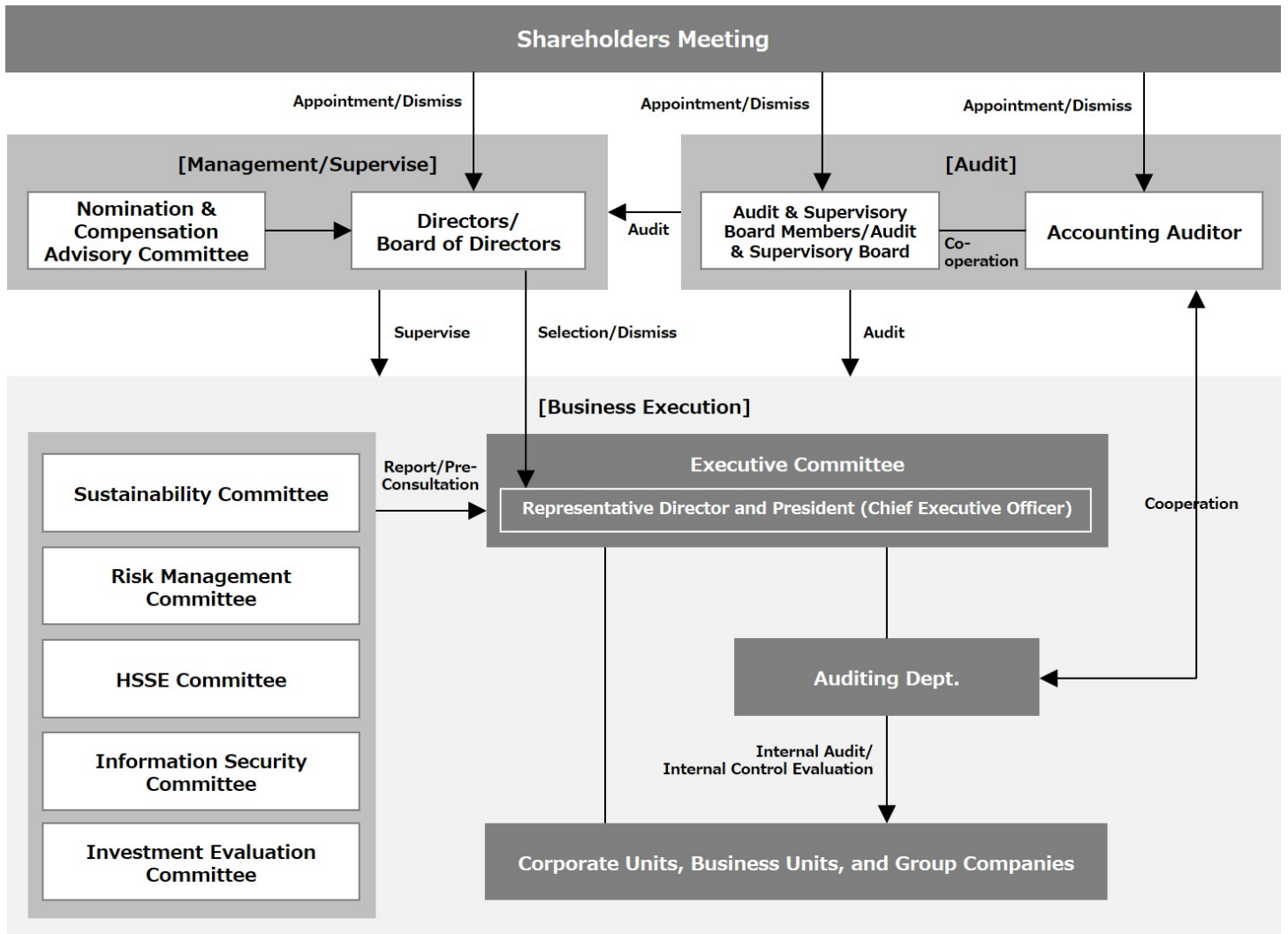
The content of disclosure is determined through appropriate internal procedures by the department in charge of handling material facts and is disclosed by the Corporate Communication Office.

##### (3) Fair Disclosure

JAPEX discloses material facts through TDnet, press release for press clubs, and on our website simultaneously in order to provide many stakeholders with wider access to information.

The Internal Information Management Regulations stipulates how to collect and disclose information on material facts to thoroughly implement the handling mentioned above.

A schematic diagram of the corporate governance structure is shown below.



## Skill Matrix

(Note) The following table shows major skills of each executive with a circle mark and does not indicate all of the knowledge, experience and abilities possessed by each executive.

Corporate management includes management experience in organizations or groups other than companies.

No.	Name	Position	Corporate management	Finance, accounting, and tax	Legal and risk management	ESG and sustainability	Energy industry-related knowledge	Global business	Technology and DX
1	WATANABE Osamu	Representative Director and Chairman	○			○	○	○	
2	FUJITA Masahiro	Representative Director and President	○		○	○	○	○	
3	ISHII Yoshitaka	Representative Director	○			○	○		○
4	YAMASHITA Michiro	Director		○	○		○		
5	HIRATA Toshiyuki	Director					○	○	○
6	NAKAJIMA Toshiaki	Director		○	○	○	○		
7	ITO Tetsuo	Outside Director			○	○			
8	YAMASHITA Yukari	Outside Director				○	○	○	○
9	KAWASAKI Hideichi	Outside Director	○			○		○	○
10	KITAI Kumiko	Outside Director			○	○			
11	SUGIYAMA Yoshikuni	Outside Director	○		○	○	○		
12	NAKAMURA Mitsuyoshi	Audit & Supervisory Board Member			○		○		○
13	MOTOYAMA Yoshihiko	Audit & Supervisory Board Member			○		○		○
14	KAWAKITA Chikara	Outside Audit & Supervisory Board Member	○	○	○				
15	MOTOYAMA Hiroshi	Outside Audit & Supervisory Board Member	○	○	○				