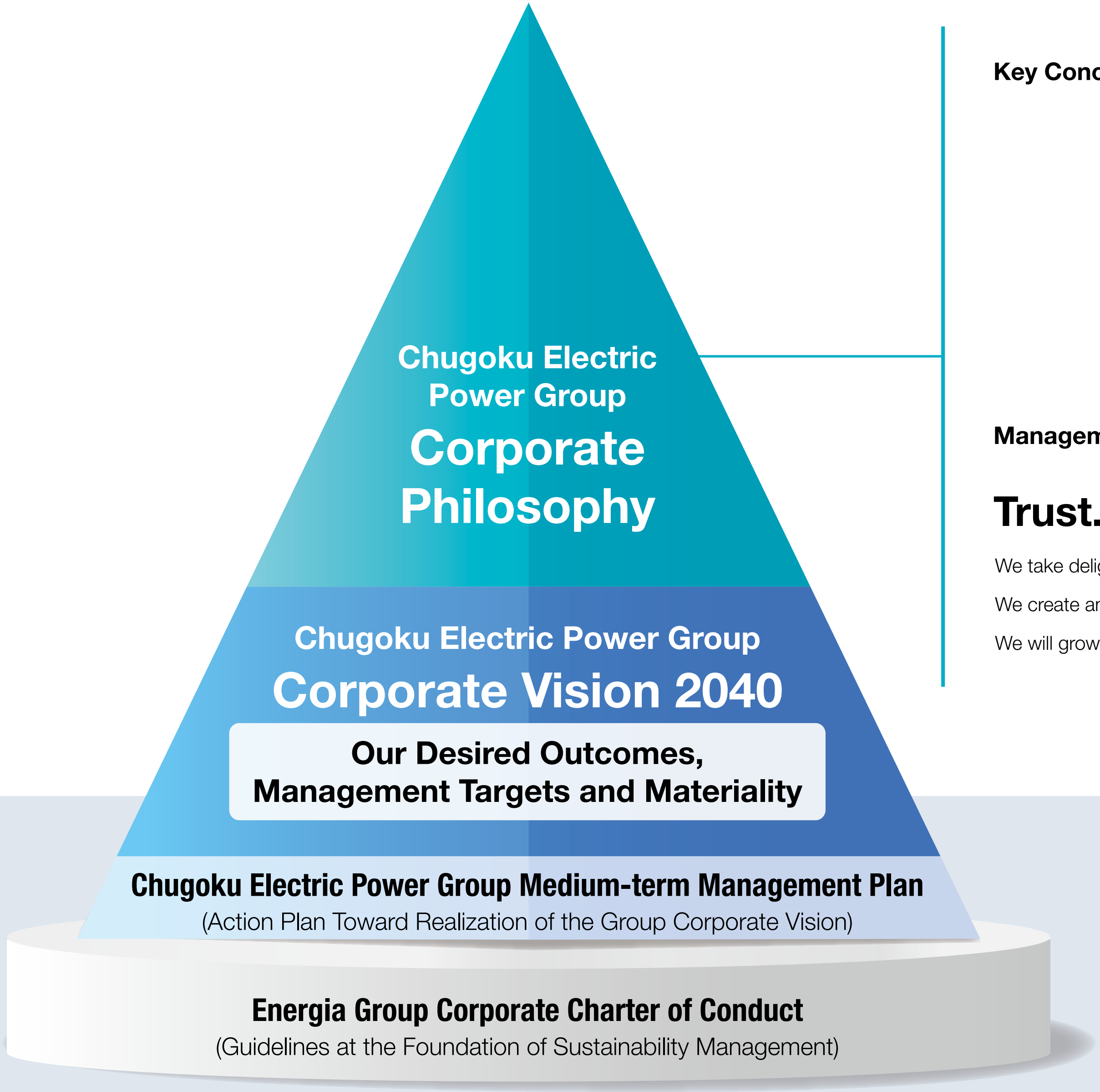
CHUGOKU ELECTRIC POWER GROUP

INTEGRATED REPORT 2025

Chugoku Electric Power Group **Philosophical Framework**



Key Concept Expression of the Group's Significance in Society (Purpose)

ENERGIA

With You, and With the Earth

Energia stands for a "new, bright, warm and dynamic society," and signifies Chugoku Electric's attitude towards achieving such a society.

Management Philosophy Expression of the Group's Beliefs and Values to Cherish into the Future (Values)

Trust. Creation. Growth.

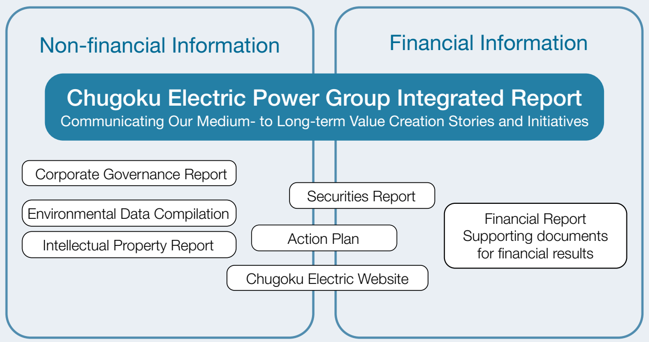
We take delight in earning the trust of our customers.

We create an abundant future through energy.

We will grow together with community.

CONTENTS

Information Disclosure Framework



Editorial Policy

This report has been prepared in order to deepen understanding of the Group among shareholders, investors, and the Group's other myriad stakeholders. It gathers together financial and non-financial information, such as that pertaining to the Group's business activities and its ESG initiatives, as well as medium- to long-term value creation stories and initiatives.

In future reports, we will work to provide even better contents, and endeavor to disclose information to all of our stakeholders in an easy-to-understand manner.

Reporting Period

April 1, 2024–March 31, 2025 (Information from outside the above period is also included)

Reporting Scope

The Chugoku Electric Power Co., Inc. and its group companies

Published

September 2025

Main Guidelines Referenced

METI: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
IIRC: International Integrated Reporting Framework
GRI: GRI Standards
FSB: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
TNFD: Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (version 1.0), etc.

Caution Regarding Forward-looking Statements

The forward-looking statements contained in this report are based on currently available information and certain assumptions, and include risks and uncertainties. As such, due to various factors, actual results may differ greatly to those in this report.

Note 1: The company's fiscal year begins on April 1 and ends on March 31 of the following year. FY 3/2025 is used to Denote the year ended March 31, 2025.

Note 2: Throughout this report, "ton," or its abbreviation "t," refers to a metric ton, i.e. 1,000 kilograms.

About the Chugoku Electric Power Group
Overview of the Chugoku Region
History of the Chugoku Electric Power Group
At a Glance
Financial/Non-financial Highlights
Message from the President
Message from the President
Chugoku Electric Power Group Corporate Vision 2040
Aiming for Reforms to the Corporate Culture – Regaining Trust –
Carbon Neutral 2050 Initiatives
Management Strategies for Value Creation
Value Creation Story
Promotion of Sustainability Management (Promotion structure and materiality assessment and identification)
Energia Group Corporate Charter of Conduct
Value Creation Through Our Business Activities
Business Management Framework/ Comprehensive Energy Business
Sales Business
Power Generation Business
Evolving Trading/Risk Management
Power Transmission and Distribution Business
Information and Telecommunications Business
International Business
Foundations for Value Creation
Environment
Stakeholder Engagement
Personnel
[Roundtable] Roundtable Discussion with External Directors
Digital Transformation (DX)
R&D/Intellectual Properties
Governance
Management Data

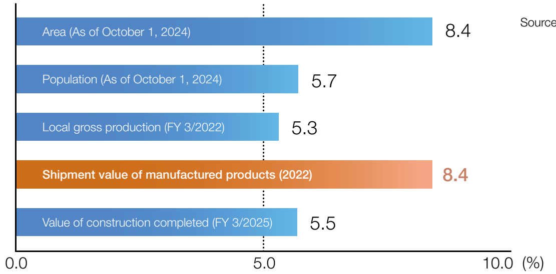
Overview of the Chugoku Region

A region where manufacturing excels

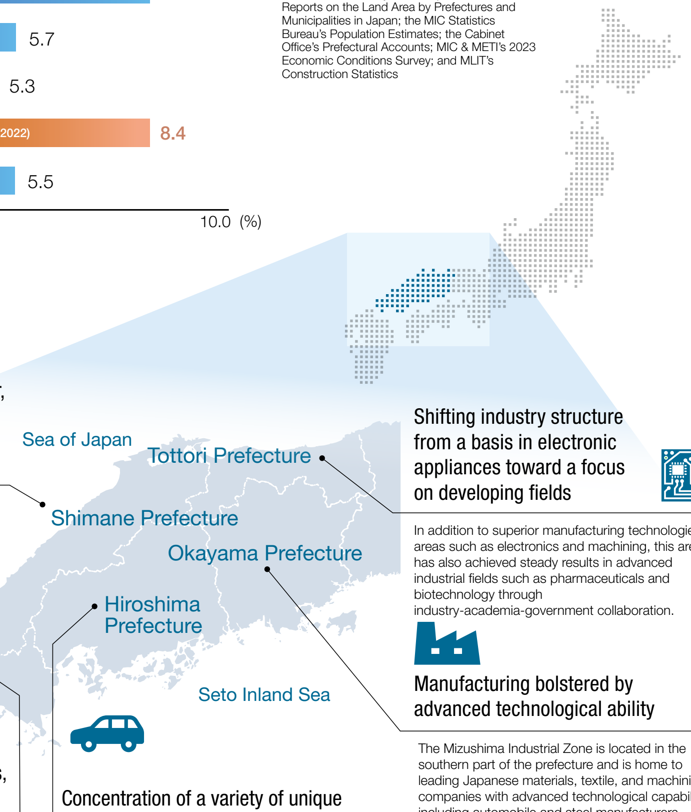
The Chugoku region has long been one of Japan's foremost manufacturing hubs, producing everything from iron and steel, to chemicals, cars, ships, industrial machinery, and oil and petroleum products. In 2022, the region manufactured and shipped goods worth around 30 trillion yen, boasting 8.4% of the national total; this is a true center of manufacturing.

Major economic indicators for the Chugoku region in proportion to the entire country

The total shipment value of manufactured products for the five prefectures of the Chugoku region is around 30 trillion yen, coming behind only the Kanto, Tokai, and Kansai regions.



Source: Created based on the MLIT Geospatial Information Authority's The Report of Statistical Reports on the Land Area by Prefectures and Municipalities in Japan; the MIC Statistics Bureau's Population Estimates; the Cabinet Office's Prefectural Accounts; MIC & METI's 2023 Economic Conditions Survey; and MLIT's Construction Statistics



Application of cutting-edge power, electronics, and IT to traditional special steel and casting industries

A diverse range of industries related to automobiles, electrical machinery, and electronics are located here, with special steel, agricultural machinery, and foundries in the eastern section, and ceramics, fishery processing, and wood products in the western area.

Shifting industry structure from a basis in electronic appliances toward a focus on developing fields

In addition to superior manufacturing technologies in areas such as electronics and machining, this area has also achieved steady results in advanced industrial fields such as pharmaceuticals and biotechnology through industry-academia-government collaboration.

Manufacturing bolstered by advanced technological ability

The Mizushima Industrial Zone is located in the southern part of the prefecture and is home to leading Japanese materials, textile, and machining companies with advanced technological capabilities, including automobile and steel manufacturers.

Concentration of a wide range of industries, including for chemicals, transportation machinery, and pharmaceuticals

In addition to basic materials-based industries such as chemicals, petroleum, and steel, the region is also active in the manufacture of transportation machinery. In recent years, there has been a series of capital investments by pharmaceutical and medical equipment manufacturers.

Concentration of a variety of unique industries creates innovation

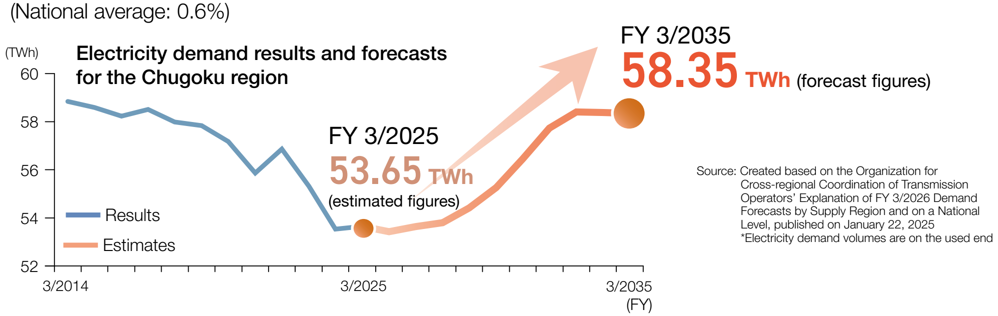
From heavy industries such as shipbuilding, steel, and automobiles to cutting-edge industries such as electronics and electrical equipment, this well-balanced and well-stratified group of industries has become a major driving force behind the prefecture's economy.

*Created based on materials made publicly available on respective local authorities' websites

Potential for Increased Electricity Demand

As the world moves even faster toward digital transformation (DX) and green transformation (GX), investment in data centers and the semiconductor industry is expanding in the Chugoku region, and future electricity demand is expected to increase. The average growth rate between FY 3/2025 to FY 3/2035 is assumed to be 0.8%. (National average: 0.6%)

Electricity demand results and forecasts for the Chugoku region



Source: Created based on the Organization for Cross-regional Coordination of Transmission Operators' Explanation of FY 3/2026 Demand Forecasts by Supply Region and on a National Level, published on January 22, 2025
*Electricity demand volumes are on the used end

Growing Decarbonization Needs in the Chugoku Region

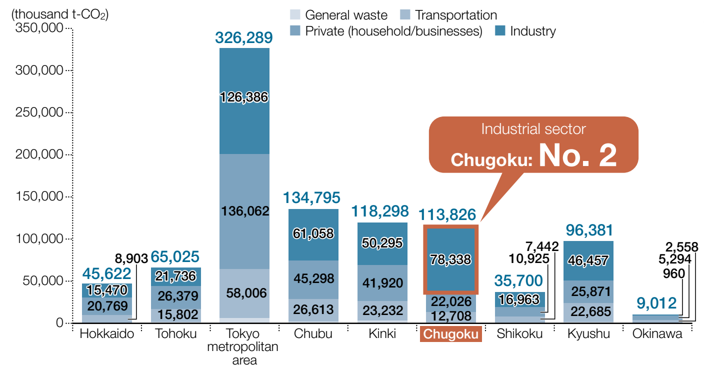
The Chugoku region is second only to the Tokyo metropolitan area in terms of CO_2 emissions from the industrial sector, and studies toward carbon neutrality are progressing mainly in industrial complexes where manufacturing industries are concentrated.

In the Chugoku region specifically, there are many coal-fired private power plants used by manufacturers, and there is an accelerating trend toward receiving grid power and switching to LNG toward GX. In addition, steelmakers are increasingly shifting from coal-based blast furnaces to electric furnaces, which is expected to generate power needs equivalent to around 0.5 to 1 nuclear power station units.

Furthermore, in the Chugoku region, 12 proposals in 15 municipalities across 2 prefectures have been selected as Decarbonization Leading Areas* (across Japan: 88 proposals in 117 municipalities across 40 prefectures, as of May 9, 2025).

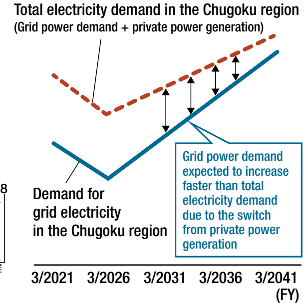
*An area that achieves virtually zero CO_2 emissions from electricity consumption in the private sector toward carbon neutrality by 2050, and that takes the lead in reducing greenhouse gas emissions through the introduction of renewable energy sources and energy conservation in accordance with regional characteristics

CO_2 emissions by sector by region



*Drafted based on the Ministry of the Environment, Current Estimates of CO_2 Emissions by Sector, Data by Prefecture (FY 3/2022)

Illustration of electricity demand in the Chugoku region



History of the Chugoku Electric Power Group

Since its establishment in May 1951, the Chugoku Electric Group has provided a stable supply of electricity to support the foundations of people's lives and of industry, and while responding to the needs of the times—including developing electricity sources, responding to environmental issues, and enhancing competitiveness—it has continued to grow alongside the Chugoku region.
Going forward, it will continue to respond to the changes and demands of the times and to accompany the region on the path to growth.

1950s

From economic recovery to rapid economic growth

To respond to growing electricity demand in line with economic development, the Group prioritized the development of electricity with a focus on the construction of large-capacity thermal power plants. At the same time, it moved forward with the development of network equipment, including transmission lines and substations.

- 1951 Established Chugoku Electric
- 1959 Thermal power capacity exceeds that of hydropower (shift from reliance on hydropower to thermal power)
- 1960 Maximum power capacity for all sources controlled by Chugoku Electric exceeds 1 GW
- 1961 Commenced operations at Mizushima Power Station
- 1969 Approved inclusion of Shimane Nuclear Power Station Unit 1's basic electricity development plans
- 1969 Commenced full-scale operations at the Shin-Nariwagawa Power Station, the company's first pumped-storage hydroelectric power station

1970s

Oil crises, pollution problems, and energy-saving policies

After two oil crises, the Group moved steadily ahead with efforts to diversify energy sources with the aim of achieving an optimal mix of fuels, while also making an early start on environmental measures to address deepening pollution issues, including eliminating atmospheric pollutants like sulfur oxides and nitrogen oxides.

- 1974 Commenced operations at Shimane Nuclear Power Station Unit 1 (Japan-first)
- 1974 Installed desulfurization equipment at Mizushima Unit 2 (Japan-first for an oil-fired thermal power station)
- 1979 Installed denitrification equipment at Kudamatsu Unit 2 (world-first for an oil-fired thermal power station)
- 1980 Installed denitrification equipment at Shimonoseki Unit 1 (world-first for a coal-fired thermal power station)
- 1980 Commenced commercial operations of 500 kV substation and power line
- 1989 Commenced operations at Shimane Nuclear Power Station Unit 2
- 1990 Commenced operations at Yanai Power Station Unit 1 series (1-1) (combined cycle), the company's first LNG-fired thermal power station

1990s

Energy liberalization and global warming problems

With competition in the electricity industry in full swing, the Group worked to enhance its power and distribution facilities to maintain stable supplies even amid a changing management environment. Moreover, efforts by electricity businesses to counter environmental issues grew in importance in line with the increasing severity of global warming.

- 1991 Created new Corporate Philosophy and logo
- 1991 Typhoon Mireille caused 1.55 million power outages. Further reinforced disaster countermeasures as a result
- 1993 Formulated the Chugoku Electric Environmental Action Plan
- 1994 Maximum power capacity for all sources controlled by Chugoku Electric exceeds 10 GW
- 1998 Commenced operations at Misumi Power Station Unit 1
- 2000 Partial liberalization of retail electric power sales began
- 2001 Approved inclusion of Kaminoseki Nuclear Power Station Unit 1 & 2's basic electricity development plans
- 2001 Commenced commercial operations of Route 2, a 500 kV power line
- 2009 Established Osaki CoolGen Corporation as a joint venture with J-Power to achieve innovative, low-carbon thermal power

2010s

Great East Japan Earthquake, power system reforms, and decarbonization

Following the Great East Japan Earthquake, power system reforms progressed with the full liberalization of electricity retail, the spinning off of power transmission and distribution businesses, and thorough efforts to ensure no preferential treatment between dealings inside and outside the Group, ushering in a new era for the electricity industry. Further, decarbonization movements gained momentum and electricity businesses' duty to reduce carbon emissions grew in importance.

- 2011 Commenced operations at the Fukuyama Photovoltaic Power Station (the company's first foray into mega solar)
- 2015 Ended operations at Shimane Nuclear Power Station Unit 1
- 2016 Formulated new Corporate Philosophy
- 2016 Full liberalization of retail electric power sales began. Developed new electricity rate plan and members-only website
- 2019 Commenced operation of a biomass power station (now Energia Power Yamaguchi Corporation)
- 2020 Launched Chugoku Electric Power Transmission & Distribution Co., Inc.
- 2021 Announced Chugoku Electric Power Group Carbon Neutral 2050
- 2022 Commenced operations at Misumi Power Station Unit 2
- 2025 Resumed commercial operations at Shimane Nuclear Power Station Unit 2. Established Chugoku Electric Power Group Corporate Vision 2040


Chugoku Electric's head office at the time of the company's founding


Shin-Nariwagawa Power Station (hydro)


Shimane Nuclear Power Station Unit 1


Denitrification equipment at Kudamatsu Unit 2

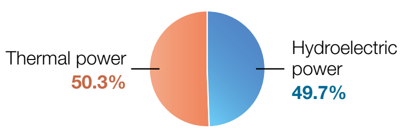

500 kV power line


Yanai Power Station (LNG-fired thermal)

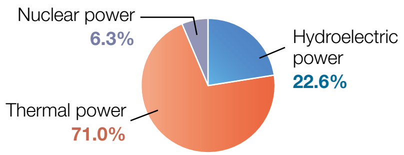

Misumi Power Station (coal-fired thermal)


Fukuyama Photovoltaic Power Station

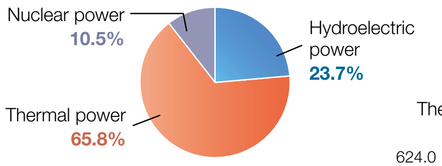
FY 3/1961 Power generation facilities: 1,182 MW



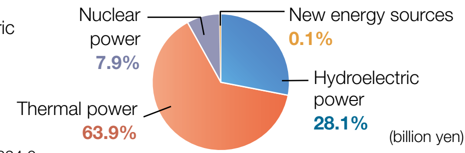
FY 3/1981 Power generation facilities: 7,264 MW

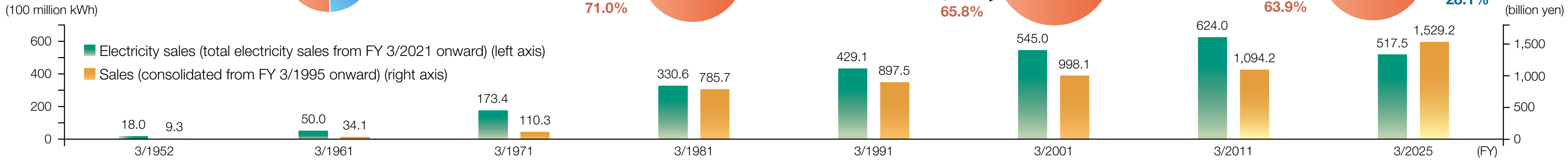


FY 3/2001 Power generation facilities: 12,188 MW



FY 3/2025 Power generation facilities: 10,359 MW





Note: Due to rounding up, breakdown figures do not total exactly 100%.

At a Glance

(FY 3/2025)

Comprehensive Energy Business 17 companies

Sales (operating revenue)
1,408.0 billion yen

Sales Business

We are working as a Group to offer a range of high-value-added services that cater to diverse energy-related needs, be it for the home or for industry, to ensure that we continue to be chosen by customers.

Power Generation Business

We are working to build a composition of power sources that is first and foremost safe, but also one that is stable, economically efficient, and environmentally friendly.

Power Transmission and Distribution Business 2 companies

Sales (operating revenue)
511.5 billion yen

To ensure the electricity generated at power stations is provided to customers in a stable manner, we maintain and operate transmission, transformation, and distribution facilities while working to update our power network for the next generation.

Information and Telecommunications Business 1 company

Sales (operating revenue)
49.4 billion yen

We are engaged in the telecommunications and information processing businesses through which we build high-quality, high-reliability communications networks, operate data centers, and provide DX solutions.

Other 19 companies

Sales (operating revenue)
110.5 billion yen

We are also engaged in a wide range of other businesses, including real estate, building management, and construction consulting.

Fuel procurement

Fuel procurement
(FY 3/2025)

*1 Excludes heavy oil used in internal combustion, but includes heavy oil used as a combustion aid.
*2 Includes sold amount

Heavy oil*1	Coal*2	LNG*2	Biomass
90 thousand kl	5.96 million t	1.57 million t	0.59 million t
	Main sources Australia, Indonesia, etc.	Main sources Australia, Malaysia, etc.	

Power generation

Chugoku Electric power generation facilities (As of March 31, 2025)

Thermal power (steam)	Hydroelectric power	Nuclear power	New energy sources
6,623 MW (63.9%)	2,910 MW (28.1%)	820 MW (7.9%)	6 MW (0.1%)
Coal: 3,259 MW LNG: 2,514 MW Oil: 850 MW			
6 sites	90 sites	1 site	2 sites

Transmission and distribution

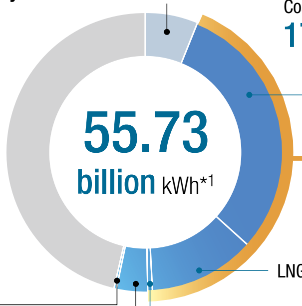
Transmission, transformation, and distribution facilities
(As of March 31, 2025)

Transmission	Transmission line length	Overhead	8,132 km
		Underground	692 km
Transformation	No. of substations 554	Capacity	61.786 million kVA
Distribution	Distribution line length	Overhead	81,534 km
		Underground	3,291 km

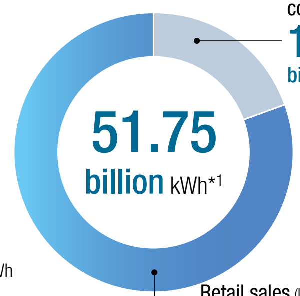
Sales

No. of customer accounts (As of March 31, 2025)	4.75 million homes	Lighting: 4.41 million homes Power: 330,000 homes

Generated and received electricity
(FY 3/2025)

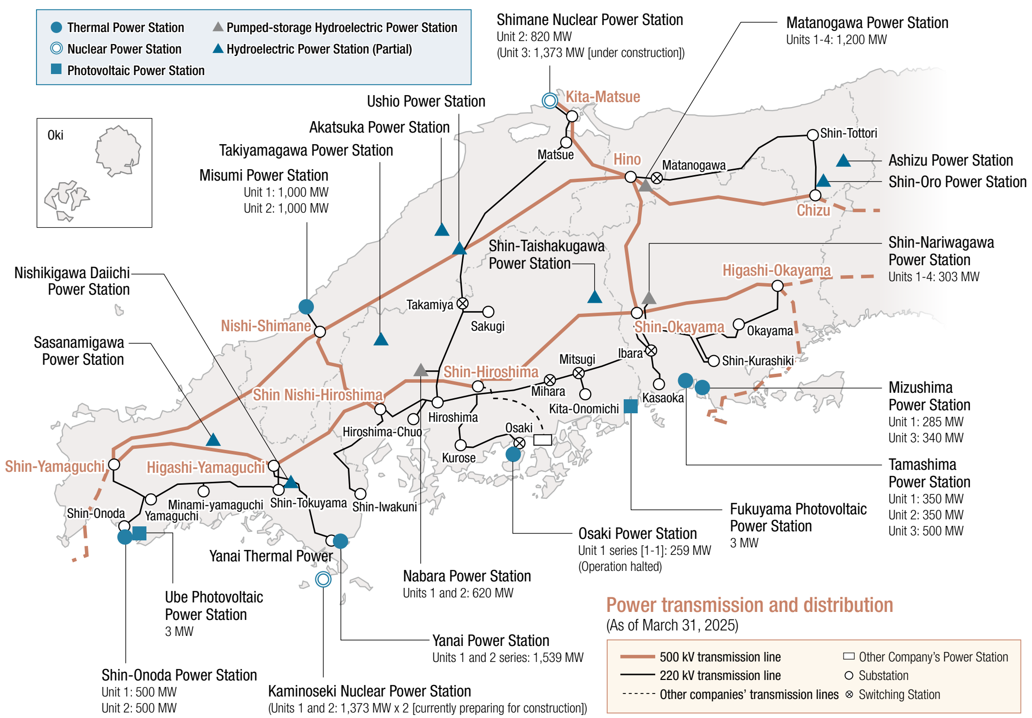


Total electricity sales
(FY 3/2025)



*1 Due to rounding up, figures may not add up exactly.
*2 Calculated based on the METI Agency for Natural Resources and Energy's Survey of Electric Power Statistics report (section on electricity demand results)

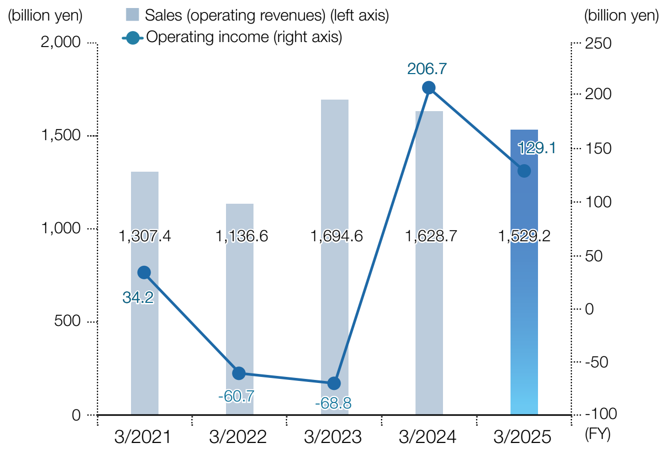
Chugoku Electric power generation facilities (As of March 31, 2025)



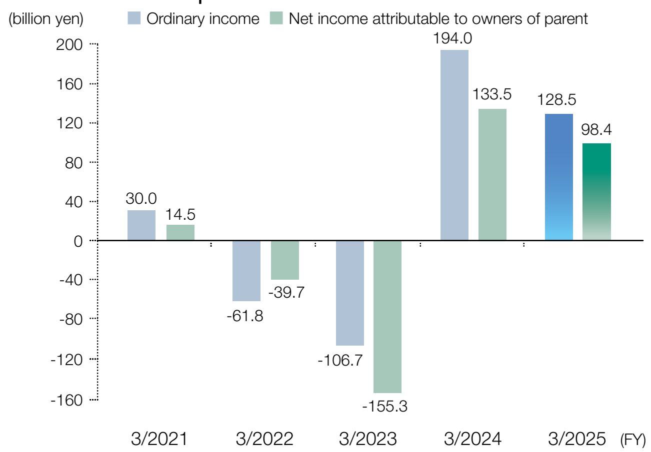
Financial/Non-financial Highlights

Financial (Consolidated)

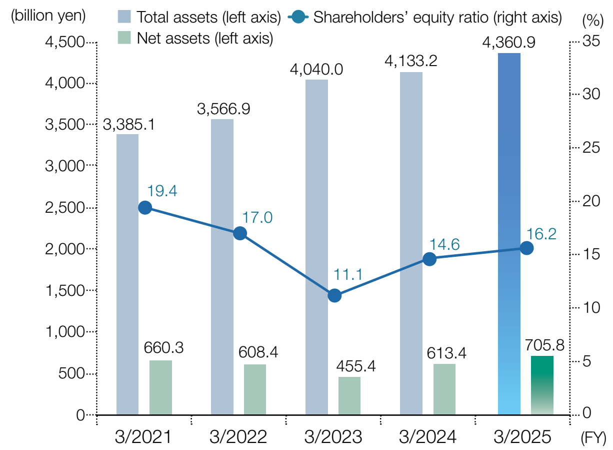
Sales (operating revenues)/Operating income



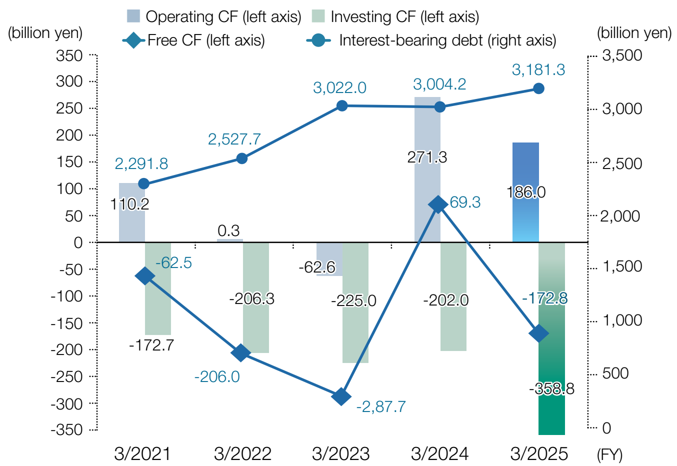
Ordinary income/Net income attributable to owners of parent



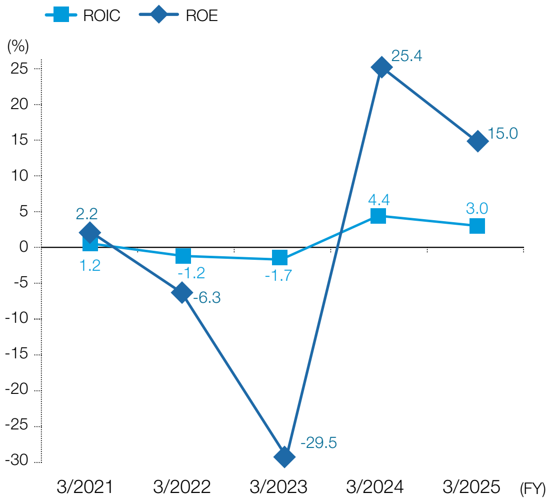
Total assets/Net assets/Shareholders' equity ratio



Cash flow (operating CF/investing CF/free CF)/Interest-bearing debt

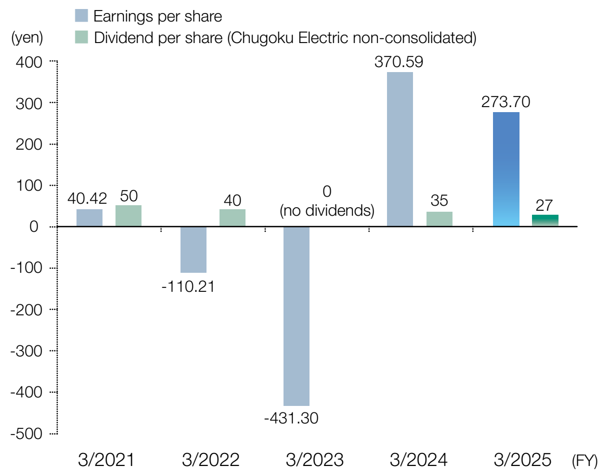


ROIC/ROE



Notes: · Invested capital for ROIC has been calculated based on averages at the beginning and end of the period.
· The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.

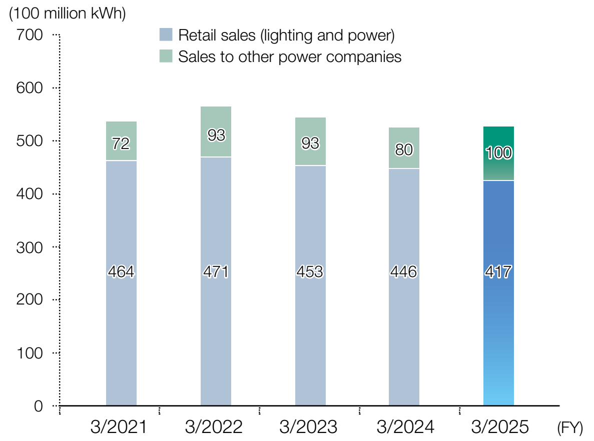
Earnings per share/Dividend per share (Chugoku Electric non-consolidated)



Financial/Non-financial Highlights

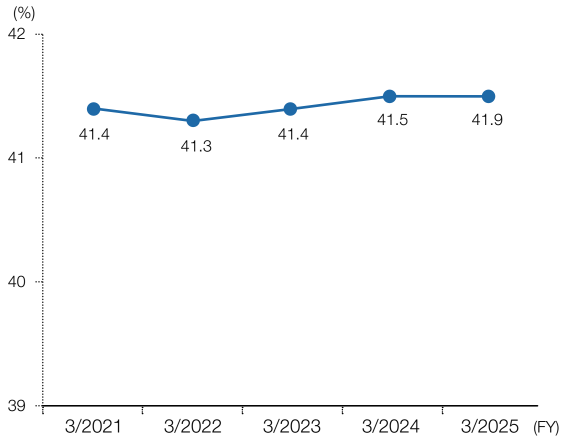
Non-financial

Electricity sales



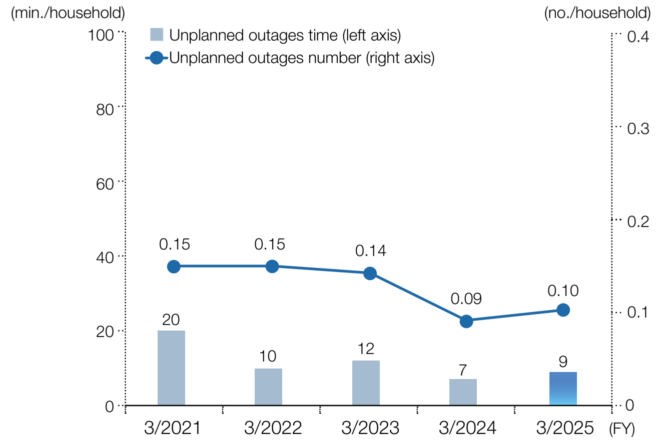
Note: Sales for Chugoku Electric

Thermal efficiency of thermal power stations (generator output, HHV)

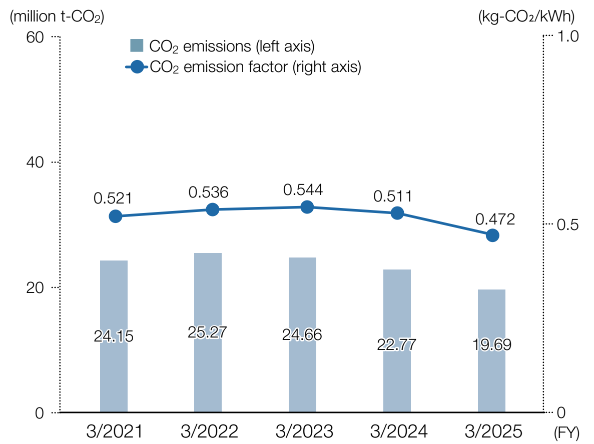


Note: Results for Chugoku Electric

Annual number and time of unplanned outages per customer household (Chugoku Electric Power Transmission & Distribution)

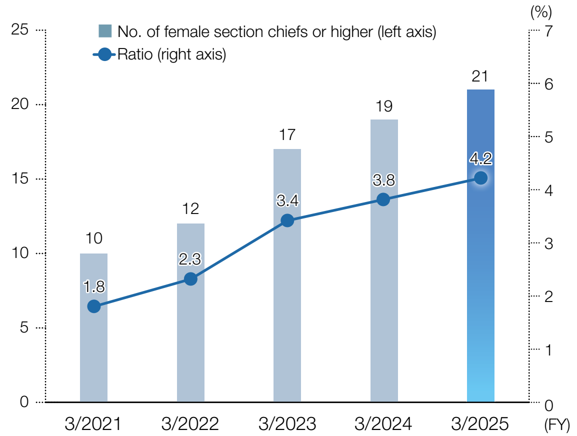


CO_2 emissions/CO_2 emission factor



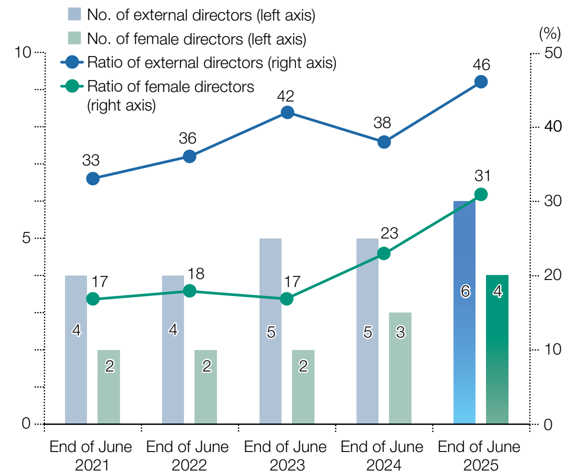
Notes: · Figures for Chugoku Electric
· CO_2 emission factor for FY 3/2025 is a provisional value; the official value will be announced by the government.

No. and ratio of female section chiefs or higher



Note: Figures for Chugoku Electric

No. and ratio of external directors/ No. and ratio of female directors



Note: Figures for Chugoku Electric

Message from the President

Issues society face include greater demand for electricity and for decarbonization; we recognize that these present opportunities for growth and aim to be a corporate group that continues growing together with its stakeholders

中川賢剛

Nakagawa Kengo

Representative Director
President and Chief Executive Officer

Looking back on the past two years

The two years since I was appointed president have flown by. At that time, our series of inappropriate incidents had shaken the trust of our stakeholders, and two consecutive fiscal years of significant losses also meant our consolidated shareholders' equity ratio hit an all-time low level. It was a very difficult situation and I think employees also felt that sense of anxiety for the future. To break out of that, I set out two priority issues—regaining trust and restoring our revenue and financial base—and I have done all I can to advance those efforts.

For the former, after carefully analyzed the underlying causes of the incidents, we have worked to strengthen internal controls that incorporate outside perspectives, enhance education and training for executives and other employees, and invigorate in-house communication. In these and other ways, our efforts to prevent recurrence extend even to reforming fundamental ways of thinking and acting, and we have worked steadily to implement these.

For the latter, I set up two project teams under my direct control with the goal of addressing increased volatility in fuel and wholesale power prices (a primary cause of our significant financial losses) and to expand profits in line with reforms to power systems. In a short space of time it has worked on formulating and then implementing strategies. Additionally, in terms of the safety measures at Shimane Nuclear Power Station Unit 2 that we have been enacting for many years, these likewise had the Group working together on the finishing touches, and on December 23 last year we were actually able to restart operations after a break of 13 years.

Through these initiatives, we recorded consolidated ordinary income of 194 billion yen in FY 3/2024 and 128.5 billion yen in FY 3/2025. We also achieved our target of a consolidated equity ratio of 15% or more 12 months early. While the journey to regain trust and restore our revenue and financial base is still ongoing, we are beginning to feel some of the results, with successes over these two years and building momentum in the Group toward reforms and growth.

Now, though, the environment surrounding the energy business is changing drastically. Progress in digital transformations (DX) and green transformations (GX) suggest that demand for electricity is going to rise, and increasing geopolitical risks are drawing more attention to the importance of ensuring energy security. Taking this on board, in February this year a meeting of the Japanese cabinet decided on the Seventh Strategic Energy Plan, the country's fundamental energy policy. In addition to renewable energy, the plan sets forth a policy of continuing to utilize nuclear power. These reveal the direction of government measures to balance stable energy supplies with decarbonization.

In the Chugoku region, in addition to increases in demand, such as for data centers accompanying the progression of DX, electrification is predicted to become more common in the manufacturing industry as part of the GX. For the manufacturing industry in particular, the Chugoku region is one of only a few heartlands in Japan, and as such future demand for electricity and decarbonization needs—for example, switching private power generation equipment from coal to gas—is forecast to grow at a faster pace than the national average.

In response to this situation, meeting the Chugoku region's needs for stable energy supplies and decarbonization is our mission as a corporate group based in the area, but also a real opportunity for the Group to grow. Leveraging the results of our efforts so far to regain trust and restore our revenue and financial base, I would like us to further accelerate efforts aimed at reforms and growth, so as to make steady progress on this journey to future growth.

Continued stable operations at Shimane Unit 2 and an early start at Unit 3

Maintaining stable operations at Shimane Unit 2 and an early start to operations at the power station's Unit 3 are both the basis of our growth and a necessity. I was on-site to attend the restart at Unit 2, and amid the tense nervousness I felt, I watched the employees working to restart the power station and I was struck by their dependability, but also sobered by the fact that it marked a new start. With the consensus of the local community, we will continue to make utmost efforts to ensure stable operations with safety as our main premise.

The restart of operations at Shimane Unit 2 took us a big step closer to a stabilizing and restoring our revenue and financial base, and to decarbonizing our power sources. It was, however, just the start. Now, we are putting all of our energies into starting commercial operations at Shimane Unit 3 to moving into a further stage of growth.

Although it is a great challenge from a financial perspective to work on nuclear power plant projects in sequence, which require advance investments, However, we are seeing a national policy of promoting both stable energy supplies and decarbonization, and there are also the needs of customers, communities and society in front of us; with a strong will and the strengths of the Group behind us, we as management will do whatever it takes to start operations at Unit 3.

Message from the President

The thoughts behind the Chugoku Electric Power Group Corporate Vision 2040

We will achieve growth by responding to recent changes in the business environment, and meeting needs for stable energy supplies and decarbonization. We have formulated the Chugoku Electric Power Group Corporate Vision 2040 to share our unshakeable determination and vision for the future toward growth with our customers, local communities, society, shareholders, investors, and Group employees, and to achieve growth together.

This new Group Corporate Vision is categorized into two stages: the period to FY 3/2031, in which we will steadily continue with transformation and foundation building for growth, and then FY 3/2031 and beyond, in which we will aim for further growth and enhancement of corporate value while also giving more back to stakeholders.

In the stage taking us up to FY 3/2031, as we work for an early start at Shimane Unit 3, we will firmly manage the processes and investment amounts involved, while also harnessing the predictability of recovering investment secured through long-term decarbonized power resource auctions and other means, and make proactive use of sustainable finance to secure the funds we need.

In addition, we will continue to steadily improve profits during this period through measures such as enhancing our customer services, enhancing power source value, and evolving our trading. By doing so, we will continue to rebuild and strengthen our balance sheet and financial base, steadily advancing our creation of a base for growth with an eye on the stage in FY 3/2031 and beyond.

For trading in particular, it is no exaggeration to say that with advances in reforming power systems, the strength or weakness of our utilization of the electricity transactions market will determine the success of our energy business. As such, advancing market intelligence and risk management is essential. As a result, to advance trading in both our power generation and wholesaling business and retail power business, we will make progress in putting in place the right organizational structure and securing and developing specialist personnel. At the same time, by working flexibly on the timelines and products we handle and expanding our transaction areas, we aim to attain further profits.

The period in FY 3/2031 and beyond will be the stage in which we steadily take advantage of the results of prior investments and aspire to further growth. Leveraging a competitive energy mix—that balances economic viability and environmentalism—advanced trading technologies, sales capabilities built up over many years, and a financial base that boasts high capital profitability and stable financial base, we will accelerate our efforts to achieve carbon neutrality by 2050 while also expanding our initiatives in the international business and other new business fields to achieve sustainable growth.

Of these, in terms of our efforts to achieve carbon neutrality, this is an area in which the Chugoku region has massive potential. In addition to our Kaminoseki site, where we will build a new nuclear power station, there is significant development potential for floating offshore wind power in the seas on the San'in side with its favorable wind conditions. By advancing our initiatives with close consideration of the region's potential and technological development trends, I hope we will help society to decarbonize and make further improvements to our corporate value.

Corporate culture where diverse personnel can fulfill their potential and take on challenges

For us to lay out specific strategies for growth in this manner, and to steadily work to implement them, we must secure the people who will carry these tasks on their shoulders and it is imperative that each one can take on challenges, play active roles, and grow, and that we can bring together their individual strengths.

When I was first appointed president, employees were anxious about the future and seemed to have lost confidence. Through our efforts to regain trust and restore our revenue and financial base, though, they boldly tackled immediate issues and gained results. In this way, momentum for reform and challenges gradually grew. This is something I personally realized from taking opportunities to engage in dialogue with employees by visiting business sites. I will continue to ensure that management takes the lead in establishing a culture that encourages and supports each and every worker to challenge themselves, and lauds them for doing so.

Moreover, so that employees can fulfill their potential and tackle challenges with a positive mindset, it is essential that we promote diversity, equity, and inclusion (DE&I) so that everyone—regardless of gender, age, or background—can play an active role. In the future, we will roll out measures to ensure ease of working and job satisfaction, using employee engagement scores and other indicators to verify the results and make continuous improvements. Additionally, in areas such as trading, risk management, and DX that are new fields for us to tackle, I believe that there is a need

Message from the President

for us to proactively acquire and utilize specialist personnel with diverse backgrounds, including mid-career hires from different industries. We will make firm efforts to put in place the right environment, including through systems.

For our stakeholders

As I have explained, the path to growth laid out in the new Group Corporate Vision considers our future in two major stages: the period to FY 3/2031, in which we will move forward with investments in Shimane Unit 3 and the new Yanai Unit 2, and then FY 3/2031 and beyond, with its goal of further growth and improvements to corporate value. To quantitively represent the level of success of these, we have set management targets for FY 3/2031 and FY 3/2041 for ROE, ROIC, and equity ratio.

In the period between now and FY 3/2031, we have placed emphasis on strengthening our financial base so that we can steadily procure the funds needed for large-scale investments in Shimane Unit 3 and similar, but the period in FY 3/2031 and beyond is fundamentally one of reaping the benefits of prior investments. In it, I would like to see more weight placed on repaying liabilities and improving shareholder returns.

Speaking of which, as we exceeded our target of achieving a consolidated equity ratio of 15% or more—the condition we set for reviewing our existing dividend policy—in April this year we announced our dividend forecasts, based on a review of dividend policy for FY 3/2026 and beyond and performance forecasts. However, this forecast suggested a lower dividend than in FY 3/2025, causing a drop in our share value.

We in management firmly took this on board and undertook repeated discussions on how we can meet the expectations of shareholders and investors, and what shareholder returns should look like to match our policy of advancing business management that considers asset efficiency and capital profitability. As a result, we decided to revise our dividend policy for FY 3/2027, which marks the start of initiatives based on our Group Corporate Vision, and beyond.

Under our new dividend policy, in order to provide shareholders with stable dividends even during the process of rebuilding our financial base, we will introduce the concept of dividend on equity (DOE).

Specific dividend levels will be determined based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2% until the start of commercial operation at Shimane Nuclear Power Station Unit 3.

After the commencement of commercial operation of Shimane Nuclear Power Station Unit 3, we plan to further enhance shareholder returns in light of improved business performance and stable positive free cash flow expected.

We also aim to achieve a price-to-book ratio (PBR) of 1 or more in the early 2030s, and seek to stabilize it at that level or higher into the future.

These are all challenging targets, but we are prepared to forge ahead and achieve these goals.

At the Chugoku Electric Power Group, we have set out our management philosophy in the words “Trust. Creation. Growth.” These words embody our value creation story, which we have clarified in our new Group Corporate Vision: “We will create economic and social value based on the capital generated from the trust of our stakeholders, and return that value to our stakeholders, leading to the next stage of growth.”

By making this story a reality, we will meet the expectations of stakeholders while also steadily contributing to the development of a more sustainable society. We will aim to continue disclosing our progress to everyone and take on board feedback on our journey to growth. I hope we can count on your continued understanding and support.

Chugoku Electric Power Group Corporate Vision 2040

The Chugoku Electric Power Group Corporate Vision 2040 was formulated with the desire to grow together with all our stakeholders, with a focus on our energy business that has our domestic electricity business as a growth pillar, and by viewing major changes in the business environment and regional challenges, such as increased demand for electricity and growing needs for decarbonization, as opportunities for significant growth for the Chugoku Electric Power Group.

In the Chugoku Electric Power Group Corporate Vision 2040, we have established our desired outcomes for FY 3/2041, and have set management targets and materiality (priority initiative themes) to bring these outcomes to fruition. Through the realization of the Chugoku Electric Power Group Corporate Vision 2040, we will meet the expectations of our stakeholders and contribute to the creation of a sustainable society.

Our Desired Outcomes

The Chugoku Electric Power Group maximizes corporate value by improving economic and social value

In our business activities, centered on the energy business, we will mobilize the strengths of our employees to continuously enhance profitability and growth while strengthening the trust of our customers and communities. While doing this, we will consistently address the demands of society by promoting sustainability management.

Leading the region with energy solutions

By supporting regional energy, we build a strong business foundation and contribute to the development of the community.
We will lead GX in our community by addressing customers' issues and needs, including for decarbonization, with a wide range of solutions.
We will leverage our strengths to grow outside our region and overseas.

Becoming the best partner for prosperous lifestyles and community development

We will be well-attuned to the issues of our customers and community, creating the future of the community as a trusted partner.

We will help to build prosperous lifestyles and communities by leveraging the collective strengths of the Group.

All employees take on challenges and shine in their positions

We will provide new value by combining the strengths of employees with diverse experiences and values.

We will create an environment that encourages ambition and growth for each and every employee and allows them to maximize their abilities under a transparent and open corporate culture.

Chugoku Electric Power Group Corporate Vision 2040

Management Targets

Financial targets (Economic value)

	FY 3/2026 (Outlook)	FY 3/2031	FY 3/2036	FY 3/2041
ROE	Approx. 7.6%	8% or more		10% or more
ROIC	Approx. 1.7%	3% or more		WACC +1% or more
Equity ratio	Approx. 16.5%	20% or more		Approx. 25% to 30%

KPIs to achieve financial targets

	FY 3/2026 (Outlook)	FY 3/2031	FY 3/2036	FY 3/2041
Ordinary income	85.0 billion yen	110.0 billion yen	130.0 billion yen	160.0 billion yen
Total electricity sales volume	57.4 billion kWh	60.0 billion kWh	65.0 billion kWh	70.0 billion kWh

Note 1: All financial targets are on a consolidated basis.
Note 2: WACC for FY 3/2026 is expected to be approximately 1.6%. WACC for FY 3/2031 is assumed to be just under 3%.

Sustainability targets (Social value)

E	Environment	Group Target	**Integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature** **Supply chain GHG emissions (Scope 1, 2, and 3) 50% reduction by FY 3/2031 and 60% reduction by FY 3/2036 (vs. FY 3/2014)**
		Target for Chugoku Electric Power Company	Reduce CO_2 emissions by 50% by FY 3/2031 in both retail and power generation businesses (vs. FY 3/2014) *Toward FY 3/2036, we will work to achieve the Group's overall goal of a 60% reduction in supply chain GHG emissions (vs. FY 3/2014).
S	Community/ society	Group Target	**Earning the trust of our community and society**
		Target for Chugoku Electric Power Company	Trust in Chugoku Electric: 75% or more (percentage of positive responses to a "trustworthy" corporate image in our web survey) Promoting co-creation activities to solve community issues and enhancing communication with the community and society
	Personnel	Group Target	**Diverse personnel achieve empowerment and greater engagement**
		Target for Chugoku Electric Power Company	Ratio of female section chiefs and above: Equal to the ratio of female employees (20% or more) Employee engagement: 70% or more (positive response rate)
G	Governance	Group Target	**Build fair, transparent, and effective governance**
		Target for Chugoku Electric Power Company	Ratio of external directors: 50% or more Ratio of female directors: 30% or more

Materiality

- Continuous evolution of the energy business
- Expanding the value provided by the Group's collective capabilities to solve community and social issues
- Creating an environment where diverse human resources can demonstrate their abilities
- Strengthening the management foundation to achieve higher corporate value

Chugoku Electric Power Group Corporate Vision 2040

Ensuring Management That Is Conscious of Capital Cost and Stock Price

Improving PBR (price-to-book ratio)

Our PBR remains below 1x, and we recognize the need to continue our efforts to improve profitability and asset efficiency. We believe that the main reasons for our low PBR have been low profit margins due to higher unit costs of power generation resulting from the shutdown of nuclear power plants and deteriorating business performance due to intensifying competition in the retail market and soaring fuel and market prices, as well as low asset efficiency due to an increase in long-term inactive assets.
Most recently, ROE and ROIC have been improving as a result of the restart of Shimane Unit 2 to improve profitability, as well as the decommissioning of aging thermal power plants and streamlining of assets through asset sales and other measures. In the retail business and the power generation and wholesaling business, although the environment has been difficult due to declining market prices and intensifying competition, we are implementing measures based on the strategies formulated in the project established in FY 3/2025 to enhance profitability and optimize power balancing, and we are beginning to see positive results.
Going forward, we will accelerate efforts to improve profitability and asset efficiency under the Chugoku Electric Power Group Corporate Vision 2040.

	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026* (Outlook)
PBR (Price-to-book ratio)	0.7x	0.5x	0.5x	0.7x	0.4x	—
ROE (Return on equity)	2.2% [0.9%]	-6.3% [2.3%]	-29.5% [-12.2%]	25.4% [13.5%]	15.0% [14.4%]	Approx. 8.7% [Approx. 7.6%]
PER (Price earnings ratio)	33.6x	—	—	3.1x	3.1x	—
ROIC (Return on invested capital)	1.2% [0.8%]	-1.2% [0.6%]	-1.7% [0.4%]	4.4% [2.5%]	3.0% [2.5%]	Approx. 2.0% [Approx. 1.7%]

*As of April 30, 2025
Note: Figures in brackets for ROE and ROIC exclude the time lag effect of the fuel cost adjustment system.
Shareholders' equity for ROE and invested capital for ROIC have been calculated based on averages at the beginning and end of the period.
Profit used for ROIC calculation is business profit (net of tax), which is operating income plus dividends received, etc.

Initiatives in the Chugoku Electric Power Group Corporate Vision 2040

In the Chugoku Electric Power Group Corporate Vision 2040, we have set financial targets through FY 3/2041 with the aim of achieving sustainable growth based on high capital profitability and a stable financial base. We have also set ROE and ROIC targets from the perspective of advancing management that is more conscious of cost of capital and stock price.
Through FY 3/2031, we will steadily increase profits while controlling asset and liability growth even as we invest in Shimane Unit 3 and the new Yanai Power Station Unit 2 for future growth, transforming to a sound financial structure. From FY 3/2031 onward, we aim to reap the rewards of our investment and continue to grow sustainably with a high capital profitability and a stable financial base, and to achieve a PBR consistently over 1.0.
In order to realize the Chugoku Electric Power Group Corporate Vision 2040, we will work to enhance profitability and asset efficiency in each business, with the domestic electricity business as a pillar of our business portfolio. Meanwhile, we will also enhance shareholder returns.

Financial targets in the Chugoku Electric Power Group Corporate Vision 2040

Transformation and foundation building
Reaping investment rewards — Early achievement of 1x PBR
Sustainable growth — Constant PBR over 1x

Financial targets	FY 3/2026 (Outlook)	FY 3/2031	FY 3/2036	FY 3/2041
ROE	Approx. 7.6%	8% or more		10% or more
ROIC	Approx. 1.7%	3% or more		WACC +1% or more
Equity ratio	Approx. 16.5%	20% or more		Approx. 25% to 30%

Future Direction of Shareholder Returns	Performance-linked	FY 3/2027 Aiming for DOE of 2%	After commencement of commercial operation of Shimane Unit 3: Enhancing shareholder returns

Initiatives in each business

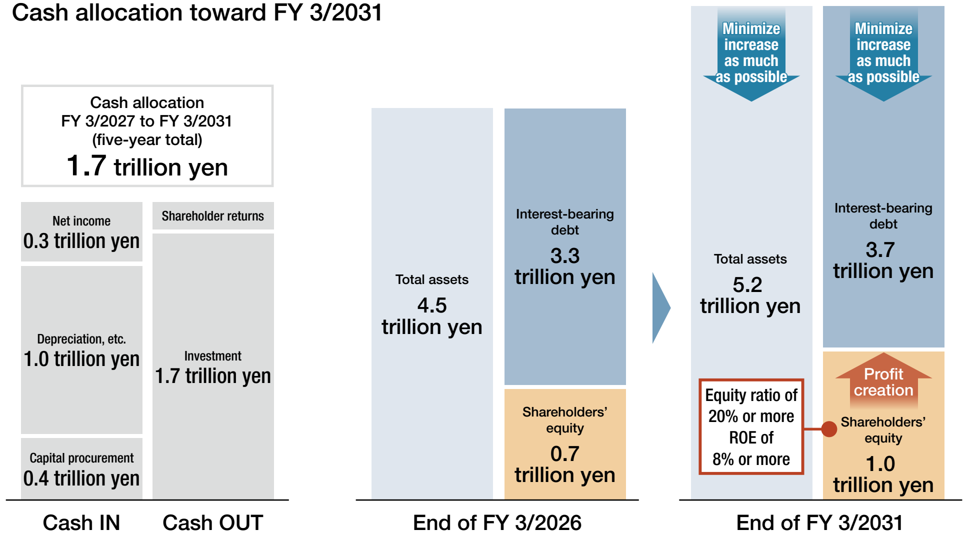
Domestic electricity business	Retail electricity business	· Developing value-added rate plans and services and expanding energy solutions · Capturing increasing demand for electricity due to electrification of the manufacturing industry and new construction of data centers, expanding retail electricity sales through aggressive business development outside the Chugoku region · Strengthening our power source procurement function
	Power generation and wholesaling business	· Through FY 3/2031, enhancing profitability by maximizing the use of Shimane Unit 2* and improving the option value of thermal power generation by utilizing the power trading market, and by evolving trading · From FY 3/2031 onward, improving competitiveness by starting operations at Shimane Unit 3 and Yanai Power Station Unit 2 Further expanding trading opportunities and increasing profits with a highly competitive power supply mix · Developing offshore wind power, transitioning from and replacing thermal power, and working toward the Kaminoseki Nuclear Power Station construction plan to achieve carbon neutrality and increase profits *Shimane Nuclear Power Station Unit 2
	Power transmission and distribution business	· Building a next-generation electricity network to attract large-scale demand to the Chugoku region · Efficiently forming facilities and improving utilization of network equipment · Securing stable profits in light of institutional trends
International/group businesses	International business	· Through FY 3/2031, enhancement of profitability of existing projects and optimization through asset replacement · Contributing to the expansion of international business revenue and decarbonization in Japan and overseas by working on new projects in FY 3/2031 and beyond
	Gas wholesaling business	· Strengthening solution proposals integrating electricity and gas to meet customers' needs for electrification and fuel conversion for GX
	Information and telecommunications business	· Capturing new business opportunities by contributing to evolving digital technologies for communities and society
	Social infrastructure, Lifestyles/safety	· Enhancing infrastructure- and security-related services, effectively utilizing real estate and other assets
Business portfolio optimization		· Evaluating and improving businesses and assets using ROIC and other indicators · Realigning the business portfolio to streamline assets and quickly recover funds

Chugoku Electric Power Group Corporate Vision 2040

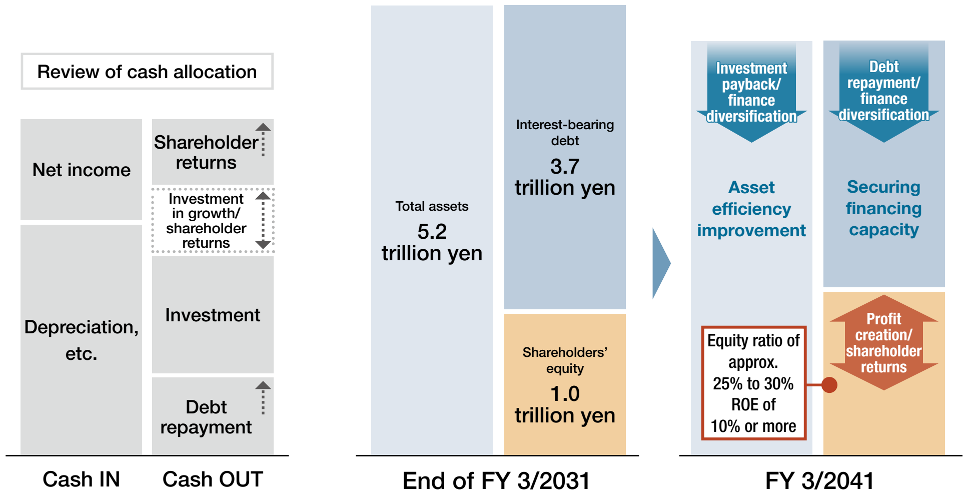
Cash allocation

To realize the Chugoku Electric Power Group Corporate Vision 2040, through FY 3/2031, we will use debt financing to invest in the Shimane Unit 3 and New Yanai Power Station Unit 2, which are essential for the Group's future growth, including stabilized management and greater competitiveness, decarbonization, and more.
In our efforts to curb an increase in liabilities, we will steadily increase profits by enhancing customer services, increasing the value of power sources, evolving trading, and more, while carefully selecting investments outside of Shimane Unit 3 and the new Yanai Unit 2 to the extent that they do not interfere with a stable supply of energy, among other efforts.
From FY 3/2031 onward, our fundamental view is that this will be a period for reaping the rewards of our investments; therefore, we will adapt our approach to cash allocation up to that point, placing more emphasis on debt repayment and shareholder returns. We intend to pursue growth investments while also utilizing project financing for investment opportunities that can be expected to generate adequate returns for sustainable growth.

Cash allocation toward FY 3/2031



Cash allocation for FY 3/2031 and beyond



Note 1: Values in the chart are rounded to the nearest whole number. Information on liabilities other than interest-bearing liabilities has been omitted.
Note 2: Graph values are assumptions made at the time the Group Corporate Vision was formulated, and do not constitute a guarantee.

Chugoku Electric Power Group Corporate Vision 2040

Shareholder Return and Dividend Policy

Dividend policy for FY 3/2026

- Taking into consideration our current financial situation and the risk of future fluctuations in business performance, we will continue to pay dividends based on performance in accordance with our dividend ratio.
- Regarding the level of our dividend ratio, we are still in the process of restoring our financial base and will therefore aim for a basic dividend ratio of 12%.
- Going forward, we will strive to pay an annual dividend of at least 10 yen per share, assuming we keep increasing management stability.
- Based on the above policies, we will pay dividends following the standard of dividend according to the profit attributable to owners of parent.
- However, in the event that profit attributable to owners of parent fluctuates significantly due to extraordinary gains or losses or other special factors, dividend will be set in light of the impact of such fluctuations without relying on the standard of dividend.
- We will consider revising this dividend policy when the consolidated shareholders' equity ratio is expected to return to 20%.

Standard of dividend

Profit attributable to owners of parent (Billions of yen)	Annual dividend per share (Yen)
to less than 33.0	10
From 33.0 to less than 36.0	11
As follows, the annual dividend per share will increase by ¥1 for every ¥3.0 billion increase in profit attributable to owners of parent.	
From 36.0 to less than 39.0	12
⋮	⋮
From 45.0 to less than 48.0	15
⋮	⋮
From 60.0 to less than 63.0	20
⋮	⋮
From 75.0 to less than 78.0	25
⋮	⋮
From 90.0 to less than 93.0	30
⋮	⋮
From 105.0 to less than 108.0	35
⋮	⋮
From 120.0 to less than 123.0	40
⋮	⋮
From 135.0 to less than 138.0	45
⋮	⋮

Note: Dividend will be determined based on the above standard even when profit attributable to owners of parent is equal to or exceeds 138.0 billion yen.

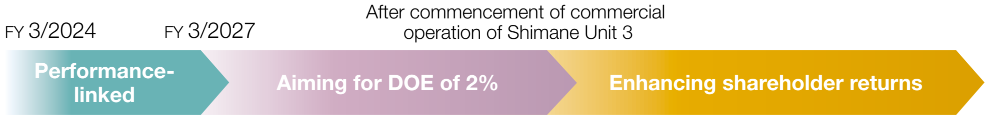
Future direction of shareholder returns

In formulating the Chugoku Electric Power Group Corporate Vision 2040, we will review our dividend policy from FY 3/2027 in the interest of alignment with our financial strategy and enhancing predictability of dividends.

Direciton of shareholder returns

- In order to provide shareholders with stable dividends even during the process of rebuilding our financial base, we will introduce the concept of dividend on equity (DOE) in deciding dividends from FY 3/2027 onward, when we will begin to carry out the Chugoku Electric Power Group Corporate Vision 2040.
- Specific dividend levels will be determined based on a comprehensive consideration of factors such as the status of rebuilding our financial base, while aiming for a DOE of 2% until the start of commercial operation at Shimane Unit 3.
- After the commencement of commercial operation of Shimane Unit 3, we plan to further enhance shareholder returns in light of improved business performance and stable positive free cash flow expected.

Illustration of the direction of shareholder returns



Chugoku Electric Power Group Corporate Vision 2040

Enhancing Communication with Shareholders and Investors

The Chugoku Electric Power Group understands that shareholders and investors are important partners in developing our business with an eye on raising our corporate value. Through our IR activities, we punctually and accurately relay information—on topics such as the status of our management environment and finances, and our management strategies toward the future—and work to enhance engagement (i.e., constructive dialogue). We make use of the opinions and requests we receive in our business operations, and we will tie this all in to gaining further understanding and trust from shareholders and investors and improving corporate value.

Proactive engagement promotion

Through financial briefings and other methods, we regularly create chances to exchange ideas between the President and other executives and institutional investors, securities analysts, and others. In such ways, we are proactively implementing dialogue activities.

Major dialogue opportunities in FY 3/2025

Financial briefings (in the second quarter, and for the full-year)	Twice	President, executives
Small meetings with the President	Once	President
Small meetings with external directors	Once	External directors
ESG briefings*	Once	Executives, IR- and ESG-related departments
Facility tours*	Once	Executives, IR-related departments
Individual meetings	117	Executives, IR- and ESG-related departments

*Held with corporate bond investors and stock investors

Corporate information sessions

These are held twice a year, once for the second quarter and once after the full-year results are announced. By holding these in a hybrid format that combines a face-to-face briefing with video conferencing, we work to improve ease of participation. In FY 3/2025, institutional investors, securities analysts, and others from around 100 companies took part.

FY 3/2025 financial results briefing

Both presentation materials and on-the-day Q&A session information are provided in English as well as Japanese on our website.

Small meetings

As well as annual small meetings with the President, since FY 3/2023 external directors also hold small meetings. In FY 3/2025, the small meeting with the President focused on the medium- to long-term financial situation and dividend measures. The small meeting with external directors, meanwhile, centered on the status of initiatives to improve corporate value and issues and expectations related to business operations. At both types of meeting, there were lively exchanges.

ESG meetings

To deepen understanding of our sustainability management initiatives, we hold ESG meetings and work proactively on our communication. In FY 3/2025, the theme was carbon neutrality for the meeting, which was held jointly for stock investors and corporate bond investors. We were able to receive feedback and deepen participants' understanding on a wide range of initiatives and we will continue to hold these meetings.

Individual meetings

WEB Basic Policy of IR
https://www.energia.co.jp/e/ir/info/policy.html

We are also proactive in our holding of individual meetings. In FY 3/2025, between meetings after financial results announcements and those on ESG topics, we held 117 meetings with institutional investors and others from inside and outside Japan. These are valuable opportunities to deepen understanding of the Chugoku Electric Power Group, and depending on the dialogue theme, we have individuals in management positions attend, such as those from the Carbon Neutrality Promotion Division or similar, and we strive to provide detailed explanations.

Engagement matters of concern

On the management and financial front, interest is growing in business strategies that take the changing business environment into account and in our initiatives aimed at operating Shimane Nuclear Power Station Unit 3. We also received feedback and details about expectations related to our new Group Corporate Vision.
In ESG-related topics, there is increased interest in our initiatives toward carbon neutrality.

Main matters of concern in FY 3/2025

Management/finances	Recovery in performance and financial base, competitive environment, dividend policy, operation schedule at Shimane Nuclear Power Station
Environment	Checks and measures related to achieving CO_2 reduction targets, decarbonization-related investment, transition in thermal power generation, TCFD, TNFD
Social	Link between contributing to local communities and raising corporate value, personnel strategies
Governance	Effectiveness of the Board of Directors, group governance

Timely feedback to management

The ideas and wishes we receive via IR and other dialogue activities are valuable feedback for our Group and are reported to the Board of Directors twice a year.
Also, from the perspective of sharing information in a timely manner and applying it to business operations, management—including directors—and our relevant departments receive feedback as necessary from each IR event (financial briefings, small meetings, etc.) and once a month on topics such as dialogue at individual meetings and on market trends.

Improvements to business operations and disclosure courtesy of engagement activities

In FY 3/2025, taking into account the opinions and requests we receive as part of dialogue activities, we worked to enhance disclosure of management indicators (segment-specific ROIC, etc.) and ESG information (decarbonization-related investments, TNFD, etc.), and worked on measures such as holding ESG briefings. In the future, we will continue to share with shareholders and investors inside and outside Japan data on our performance and finances, as well as sustainability-related information, such as our initiatives to raise corporate value. At the same time, we will use this information as a tool to promote proactive engagement.

Regaining Trust

Aiming for Reforms to the Corporate Culture

Taking into consideration our series of cases of inappropriate conduct, we have implemented a number of direct initiatives to prevent recurrence, with the exception of ending system-sharing with Chugoku Electric Power Transmission & Distribution, which is scheduled to be completed in June 2026. Alongside this, we have taken on board assessments and advice about the nature and status of our internal control systems—including recurrence prevention measure proposals from the Corporate Ethics Committee and Internal Control Enhancement Committee, which include external experts—and we will use this to confirm the effectiveness of these initiatives going forward and to strengthen our internal controls.

When we are making steady progress with our recurrence prevention measures, if we consider the underlying causes of the inappropriate conduct, we see the importance of continually working to reform our corporate culture. Such reforms are already underway, but there is more to be done to ensure that this development takes hold; to ensure that these measures are implemented quickly and effectively, we have made an executive directly responsible for such reforms and established the Corporate Culture Reform Promotion Committee, with a membership comprising heads of relevant organizations. With an executive officer involved and taking responsibility, we have established a system that encourages cross-organizational cooperation in this area.

To gain the trust of the region, enhance our corporate value, and achieve sustainable growth, we will continue to work together to drive forward reforms to our corporate culture.

Message from the Executive Officer Responsible for Corporate Culture Reform

Minamoto Kyosuke

Executive Officer, Supervisor of Corporate Culture Reform

Our business activities are founded in the trust of people from our region. Moreover, to fulfill our goals of enhanced corporate value and sustainable growth for the region, we believe that alongside business strategy and personnel strategy, a positive corporate culture is absolutely essential.

Of course, it is people that carry forward reforms. Our aim is to develop open workplaces that provide motivation and ease of work, with respect paid to free and open discussion that goes beyond organizations or job positions, so that our diverse employees can, regardless of age or gender, display their personal strengths without hesitation.

There is no silver bullet to reform corporate culture, nor is it something that happens overnight. Instead, I believe that we all have to work together to build a corporate culture that maintains our heritage as a company of looking to the people of our region and fulfills our mission of supporting their lives and the regional economy. At the same time, we should not fear change, but continue to take on new challenges.

Corporate Culture Reform Promotion Committee

President and CEO

Executive Officer, Supervisor of Corporate Culture Reform

Corporate Culture Reform Promotion Committee

Roles

To study the basic policy behind our efforts and major measures, and to monitor the status of initiatives

Composition

- Chairperson …. Executive Officer, Supervisor of Corporate Culture Reform
- Members ……. Head of the Regional Relations Division, Head of Human Resources Development Division, Head of Corporate Planning Division, Head of Compliance Promotion Division, and any others designated by the chairperson
- Secretariat …… Regional Relations Division (Communications Promotion)

Corporate Culture Reform Promotion Working Group

Roles

To investigate and implement measures formed through cooperation between relevant organizations, share the status of specific initiatives, etc.

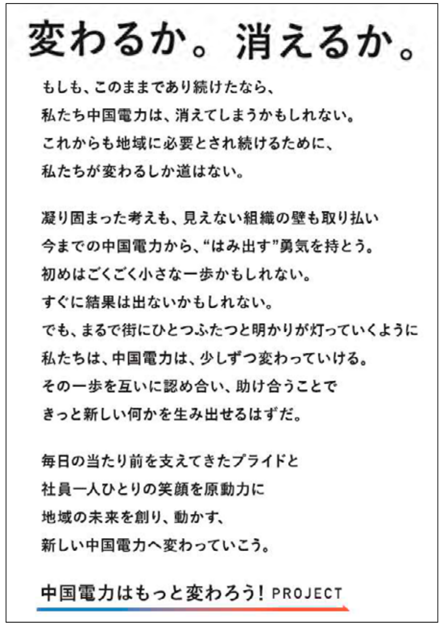
TOPICS Chugoku Electric "Motto Kawarou" Project

Over the course of around four months, 30 younger employees from different departments put themselves forwards to take part in workshops and repeated discussions to consider how we should change how we think and act, and to encourage employees to put their ideas into action.

Project members presented the findings of these discussions to executive officers, and announced a call to action to employees, as well as a guiding ideal and the actions needed to attain it.

Now, taking on board the project team's suggestions, we are moving forward with companywide initiatives in areas such as creating a sense of growth among employees (support for personal career development, etc.) and exchanges between those from different organizations and backgrounds (in-house internships, etc.)

Executive officers heard a report of the project team's findings on October 16, 2024



変わるか。消えるか。

もしも、このままであり続けたなら、
私たち中国電力は、消えてしまうかもしれない。
これからも地域に必要とされ続けるために、
私たちが変わるしか道はない。

凝り固まった考えも、見えない組織の壁も取り払い
今までの中国電力から、"はみ出す"勇気を持とう。
初めはごくごく小さな一歩かもしれない。
すぐに結果は出ないかもしれない。
でも、まるで街にひとつふたつと明かりが灯っていくように
私たちは、中国電力は、少しずつ変わっていける。
その一歩を互いに認め合い、助け合うことで
きっと新しい何かを生み出せるはずだ。

毎日の当たり前を支えてきたプライドと
社員一人ひとりの笑顔を原動力に
地域の未来を創り、動かす、
新しい中国電力へ変わっていこう。

中国電力はもっと変わろう! PROJECT

Call to action from project members to all employees

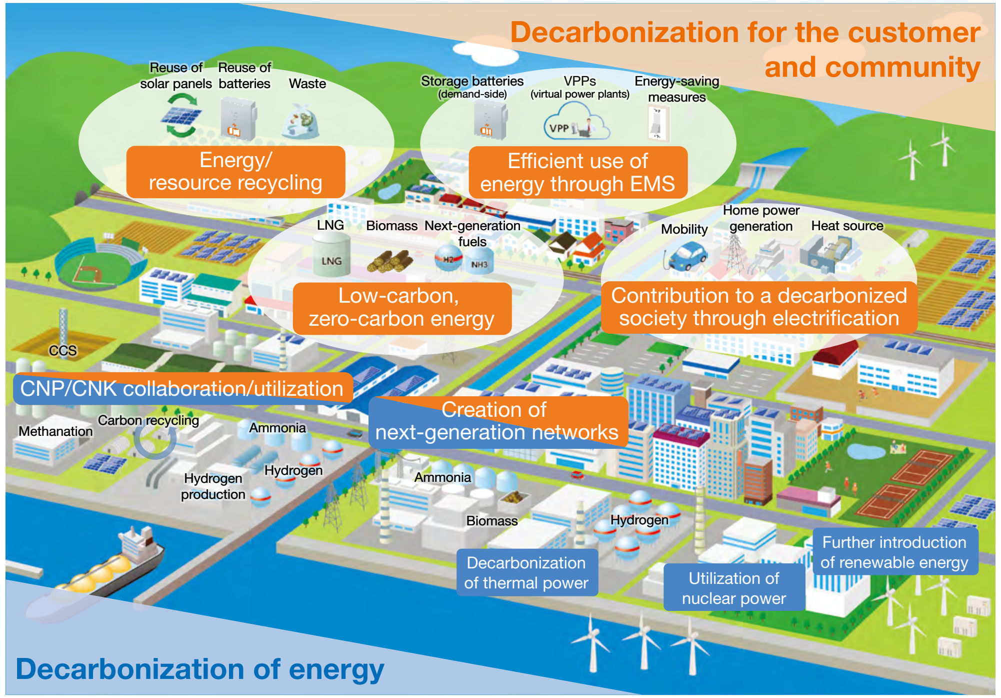
Carbon Neutral 2050 Initiatives

In February 2021, we announced our determination to tackle the challenge of Carbon Neutral 2050—Shifting gears as we aim to achieve a decarbonized society. To do so, we are advancing initiatives in two key areas: decarbonization of energy and decarbonization for the customer and community.
As a new goal for this, we will aim to reduce our overall supply chain emissions (Scopes 1-3) compared to FY 3/2014 levels by 60% by FY 3/2036.
As the first step towards this, we will continue with our CO_2 emissions reduction goal for FY 3/2031, and promote priority measures to achieve this.

We will strive to be carbon neutral by 2050

- We will proceed with the decarbonization of energy.
- We will contribute to community development through activities aimed at carbon neutrality.
- We will develop technologies that contribute to carbon neutrality.

The Chugoku Electric Power Group's Vision for Carbon Neutral 2050



Note:
CNP: Carbon neutral port CNK: Carbon neutral complex EMS: Energy management system
CCS: The storage of separated and captured CO_2 underground, etc.
Carbon recycling: Reuse of separated and captured CO_2 Methanation: The synthesis of methane from hydrogen and CO_2

Supply chain GHG emissions (including for group companies)

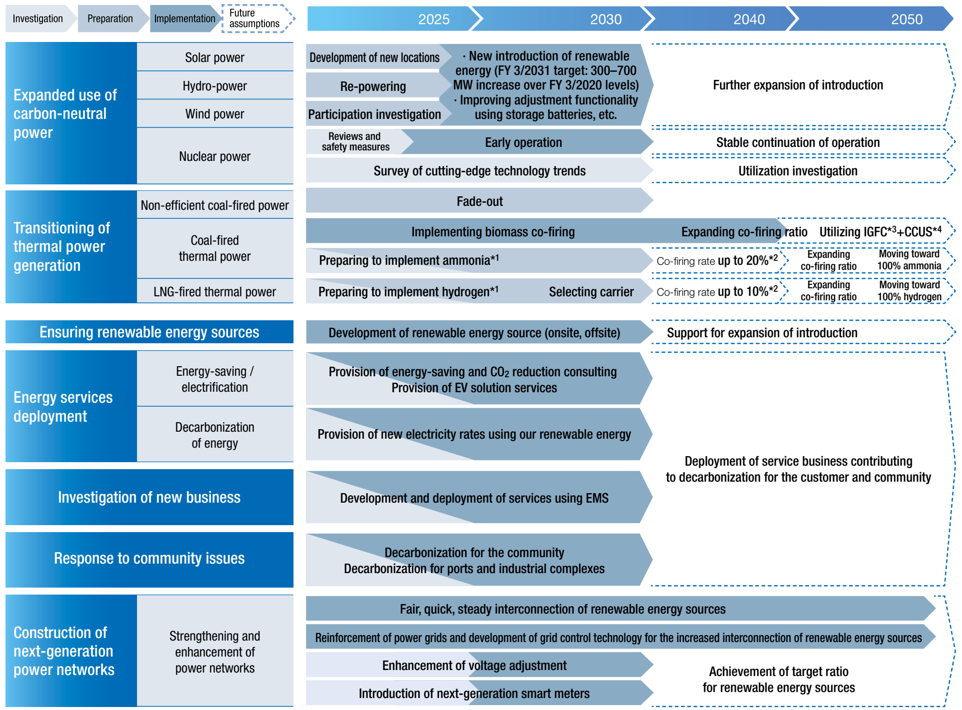
FY 3/2014	FY 3/2031	FY 3/2036
Reference year (49.55 million t)	-50% (24.8 million t)	-60% (19.8 million t)

Decarbonization of energy	Decarbonization for the customer and community
Direction of initiatives	Direction of initiatives
Achieving the decarbonization of energy through expanded use of carbon-neutral power and the transitioning of thermal power generation	Develop services and deploy business contributing to decarbonization for the customer and community

CO_2 emissions reduction targets for FY 3/2031

CO_2 emissions	Halve CO_2 emissions by FY 3/2031 for both retail and power generation businesses (compared to FY 3/2014)

Priority measures



*1 We will proceed toward full-scale operation once the various conditions are in place *2 Co-firing rates indicated based on the calorific value
*3 Integrated Coal Gasification Fuel Cell Combined Cycle Technology *4 Use of CO_2 that has been separated and stored
Note: We are currently focusing on the measures above, for which we expect to see technical progress toward practical application.
The measures will be evaluated and reviewed as appropriate based on future trends in technology development.

Management Strategies for Value Creation

Contents

Value Creation Story

We will create economic and social value based on the various capital we have that are sources of value creation, generated from the trust of our stakeholders, and return that value to our stakeholders, leading to the next stage of growth.
Through the realization of the Chugoku Electric Power Group Corporate Vision 2040, we will meet the expectations of our stakeholders and contribute to the creation of a sustainable society.

Further building trust from stakeholders and creating a virtuous cycle by linking trust to the next source of value creation

Management Philosophy **Trust. Creation. Growth.**

Trust (INPUT)
Utilizing human, financial, and other capital resources, which are the source of value creation based on the trust of our stakeholders, in the business activities of our Group

Creation (ACTIVITY)
Working to build workplaces where employees can demonstrate their creativity, and creating economic and social value to be delivered to customers, the community, and other stakeholders through the Group's energy and other business activities

Growth (OUTCOME)
Through the creation of economic and social value from our business activities, we will grow together with our stakeholders and return benefits to them in a balanced manner, while achieving the goals of the Group Corporate Vision.

Source of value creation

Produced based on trust from stakeholders

Human capital
- Employees

Intellectual capital
- Technical capabilities/expertise
- Registered patents

Social capital
- Good relationships from our involvement with customers, the community, local governments, business partners, etc.
- Permits and licenses

Natural capital
- Local resources to generate hydro, solar, wind, and biomass power

Financial capital
- Total assets
- Interest-bearing debt
- Shareholders' equity

Manufacturing capital
- Power generation facilities
- Transmission, distribution, and substation facilities
- Information and telecommunications facilities, etc.

Potential and issues in the Chugoku region × **The Chugoku Electric Power Group's strengths**

Materiality

- Continuous evolution of the energy business
- Expanding the value provided by the Group's collective capabilities to solve community and social issues
- Creating an environment where diverse human resources can demonstrate their abilities
- Strengthening the management foundation to achieve higher corporate value

Chugoku Electric Power Group Medium-term Management Plan (Action Plan Toward Realization of the Group's Corporate Vision)

Our Desired Outcomes

The Chugoku Electric Power Group maximizes corporate value by improving economic and social value

- Leading the region with energy solutions
- Becoming the best partner for prosperous lifestyles and community development
- All employees take on challenges and shine in their positions

Management targets

Financial targets (Economic value)		FY 3/2031	FY 3/2041
	ROE	8% or more	10% or more
	ROIC	3% or more	WACC+1% or more
	Equity ratio	20% or more	Approx. 25% to 30%*

*Target for FY 3/2036 to FY 3/2041

Sustainability targets (Social value)		
	E	Integrated actions toward carbon neutrality, creation of a recycling-oriented society, and coexistence with nature
	E	Supply chain GHG emissions (Scope 1, 2, and 3) 50% reduction by FY 3/2031 and 60% reduction by FY 3/2036 (vs. FY 3/2014)
	S	Earning the trust of our community and society
	S	Diverse personnel achieve empowerment and greater engagement
	G	Building fair, transparent, and effective governance

Contributing to the creation of a sustainable society through energy-focused businesses

Achieving the Energia concept

Energia Group Corporate Charter of Conduct (foundation for sustainability management)

- Promotion of compliance management
- Promotion of environmental management
- Respect for human rights
- Enhancement of communication with society
- Provision of products and services useful to society
- Contributions to local community development
- Assurance of industrial safety and health
- Formation of a vibrant corporate culture
- Rigorous crisis management
- Duties of Executives (governance)

Note: Energia stands for a "new, bright, warm and dynamic society," and signifies Chugoku Electric's attitude towards achieving such a society.

Promotion of Sustainability Management
(Promotion structure and materiality assessment and identification)

In order to enhance corporate value and achieve sustainable growth, the Chugoku Electric Power Group has established the Energia Group Corporate Charter of Conduct as guidelines at the Foundation of Sustainability Management. Furthermore, we have formulated the Chugoku Electric Power Group Corporate Vision 2040 and will implement specific initiatives to realize the established desired outcomes and management targets by incorporating them into the Chugoku Electric Power Group Medium-term Management Plan.
Through these efforts, we will continue to pursue our management philosophy, "Trust. Creation. Growth.," linking this to value creation to promote sustainability management.

Sustainability management promotion system (governance)

In terms of our response to sustainability-related issues, we have set specific measures in the Group Medium-term Management Plan and are managing their progress to achieve the goals of our Group Corporate Vision and Energia Group Corporate Charter of Conduct. Responses are regularly discussed at weekly (in principle) Management Committee meetings and monthly (ordinarily) Board of Director meetings as necessary to ensure the promotion of a PDCA cycle.
Specific initiatives for each measure are advanced primarily by each responsible organization, and a meeting body is established to deal with matters that require cross-organizational consideration. Each organization and committee submits the status of its action on sustainability issues to the Management Committee and the Board of Directors in a timely and appropriate manner.

Meeting bodies considering cross-organizational matters

Environment	Companywide Environmental Committee Carbon Neutrality Promotion Committee Chugoku Electric Power Group Environmental Committee
Personnel	Female Empowerment Committee Human Rights Education Promotion Committee Health and Safety Promotion Meeting
Corporate culture	Corporate Culture Reform Promotion Committee
Governance	Corporate Ethics Committee Nomination Committee Compensation Committee Internal Control Enhancement Committee Risk Management Committee IT Committee

Note: As of end of August 2025

Materiality and major issues connected to materiality

We have established four material issues as themes that we will focus on in order to achieve our desired outcomes. We will continue to take actions regarding major issues connected to materiality in the Group Medium-term Management Plan.

Materiality	Major Issues
Continuous evolution of the energy business	• Stable energy provision and decarbonization • Utilize nuclear power generation while making safety the top priority • Developing new rate plans and services • Evolving market trading and market risk management
Expanding the value provided by the Group's collective capabilities to solve community and social issues	• Leading community GX • Strengthening efforts for regional co-creation and attracting companies • Improving resilience through community partnerships • Business development for stronger local infrastructure and digital evolution • Expanding business domains and areas by leveraging technology and expertise
Creating an environment where diverse human resources can demonstrate their abilities	• Retaining and growing diverse personnel • Creating an open workplace that facilitates ambitious challenges • Preventing industrial accidents and maintaining/promoting health • Promoting DX and other methods to increase added value and productivity
Strengthening the management foundation to achieve higher corporate value	• Solidifying our financial base and improving capital profitability • Transfer technology (including with suppliers) and maintain the supply chain • Ensure compliance • Evolving governance and risk management for the Group's growth • Enhancing communication with stakeholders

Promotion of Sustainability Management (Promotion structure and materiality assessment and identification)

Materiality assessment and identification process

Step 1 Identification of issues

To realize the concept of "Energia," which is our purpose, each organization examined the issues to be cleared to achieve our desired outcomes and management targets set in the Chugoku Electric Power Group Corporate Vision 2040. Over 100 issues were identified.

Step 2 Evaluation of importance

Issues identified were evaluated based on two axes: importance to stakeholders and importance to the Group.
Exchanges of opinions were held with a diverse range of employees within the head office and at operating institutions (42 offices, 16 meetings), as well as with Group company presidents and employees, to identify issues of high importance as major challenges. The original 10 major challenges were revised to 18 through discussion. After categorizing these 18 items, a draft materiality was organized.

Step 3 Testing of validity

The validity of the organized draft materiality was tested through exchanges of opinions with financial market participants and discussions with external directors.

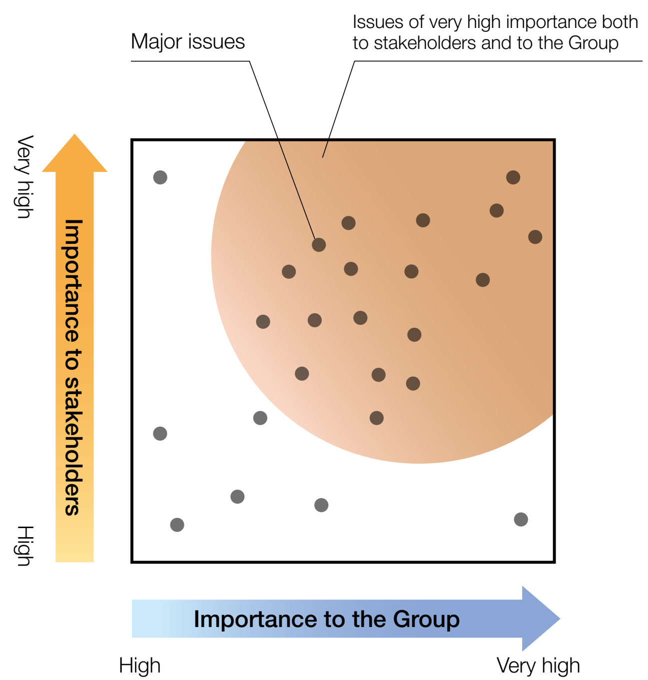
Step 4 Identification of materiality

The Management Committee and Board of Directors discussed the draft materiality, which had been determined valid through testing. Materiality was identified by resolution of the Board of Directors.

Step 5 Implementation of PDCA cycle

Major issues connected to materiality will be reflected in the Group Medium-term Management Plan, and initiatives carried out accordingly. The Board of Directors monitors the progress of these, and will discuss the necessity for review in light of the Group's business situation and stakeholder opinions.

Evaluation of importance



Importance to stakeholders

Evaluation based on the level of interest of stakeholders (customers, communities/society, business partners, financial institutions/creditors, shareholders/investors, young people/students who will lead the next generation, employees, and others) in the Group's business activities

Importance to the Group

Evaluation of economic value by taking into account the impact of risks and opportunities over time

Energia Group Corporate Charter of Conduct

We have codified how we should behave as the Energia Group Corporate Charter of Conduct, guidelines that form the basis of our sustainability management, with the aim of properly responding to the wishes of society, raising our corporate value, and achieving sustainable growth.
In April 2024, as part of our efforts to reenergize our corporate group, we undertook a review of the charter, one result of which was that we clarified that promoting compliance management should be our foremost priority.

We at the Energia Group believe it is our mission to create and grow value that is meaningful to society in competition that is both fair and free through sound business activities founded on trust from society, and by doing so, contribute to the achievement of a sustainable society.
Holding such awareness, the executives and employees in the Energia Group will think and act independently and in a highly ethical manner based on the following principles of conduct, and will carry out their responsibilities as members of society as well as achieve both improved corporate value for our Group and continuous growth.

■ Promotion of Compliance Management
Both in Japan and overseas, we will strictly abide by laws, regulations, and rules as well as social norms including the underlying ethics and morals, and each individual will practice the three conducts of “reflecting on good judgment,” “speaking honestly,” and “proactively making corrections.”
Specifically, we will engage in fair and free competition, appropriate transactions, and responsible procurement, as well as maintain sound relationships with governments and administrations. In our international business activities, we will respect the local culture and customs and work to contribute to local development.

■ Promotion of Environmental Management
We consider environmental problems to be problems shared by all of humanity, and will proactively engage in efforts including the promotion of global warming countermeasures, the formation of a recycling-oriented society, and environmental preservation.

■ Respect for Human Rights
With respect for the human rights of all people at the very core of our business activities, we will strive toward the realization of a society in which there is no discrimination whatsoever and human rights are truly respected.

■ Enhancement of Communication with Society
By proactively, effectively, and fairly publishing our corporate information as well as engaging in constructive dialogue with a wide variety of stakeholders, we will precisely grasp and reflect the demands of an ever-changing society and the needs of our customers in our business activities.

■ Provision of Products and Services Useful to Society
By making tireless efforts for improved quality and creating new value through innovation, we will safely and stably provide quality products and services that bring our customers satisfaction. We will also provide information related to our products and services in an appropriate manner and engage in sincere communication.

■ Contributions to Local Community Development
As a corporate group rooted in the Chugoku region, we will participate in efforts aimed at solving social issues through our business activities to contribute to the development of the local community.

■ Assurance of Industrial Safety and Health
Placing top priority on assuring safety as well as mental and physical health, which are the foundation of our business activities, we will strive to prevent industrial accidents as well as to maintain and promote health.

■ Formation of a Vibrant Corporate Culture
In order to enable diverse human resources to demonstrate their capabilities to solve issues and create new value, we will engage in training human resources and enabling technology and skills to be passed on to the new generation, as well as promote efforts to create an open workplace that not only values unfettered discussions between individuals from different organizations and posts, but is also comfortable and provides job satisfaction.

■ Rigorous Crisis Management
We will construct a crisis management structure in terms of our organization and our systems and rigorously carry out efforts toward preventing impact from occurring and minimizing any losses from impacts that do occur with regard to natural disasters, cyber attacks, actions by anti-social forces, terrorism, and other such threats to the social lives of citizens and our corporate business activities.

■ Duties of Executives
Executives of the Energia Group will engage in management with awareness that it is their duty to implement this Charter, and will construct governance with fairness, transparency, and viability, with an aim to improve the corporate value of the Group and achieve continuous growth. Furthermore, in implementing this Charter, they will take the lead and form an example, not only ensuring that all employees act in accordance with this Charter but also encouraging other parties in the Group’s supply chain to act in accordance with the spirit of this Charter.
If there is ever a situation that violates the spirit of this Charter and causes the Group to lose the trust placed in us by society, the executives will declare their intent to solve the said issue, working to discover the causes and prevent recurrence. Furthermore, the executives will fulfill their responsibility to provide explanations through prompt and accurate disclosure of information, and, having clarified the relevant authority and responsibility, impose strict punishments where appropriate, including on themselves.

Value Creation Through Our Business Activities

Contents

Business Management Framework

For the Chugoku Electric Power Group, we operate business management at the business level, i.e., Chugoku Electric or other group company.
Under the Group's medium-term management plans, we have set business revenue targets (which cover each business' profit and expenses for each fiscal year) and management targets (which are groupwide targets that aim to encourage progress in competitiveness, sustainable growth, or similar). We periodically monitor progress in these areas.

Business level

	Chugoku Electric	Group Companies
Comprehensive Energy Business · Sales business P28 · Power generation business P32	• Energy Sales Division • Power Generation Division • Supply & Trading Division • Energy Business Portfolio Optimization Project*1	• Energia Solution & Service Company, Inc. • Energia Power Yamaguchi Corporation • Chugoku Electric Power Australia Resources Pty. Ltd. (CEPAR)
Power Transmission and Distribution Business P42 · Power transmission and distribution business, etc.		• Chugoku Electric Power Transmission & Distribution Company, Inc. • Denryoku Support Chugoku Co., Inc.
Information and Telecommunications Business P44 · Telecommunications business · Information processing business, etc.		• Enecom, Inc.
International Business*2 P46	• International Business Division	• International Business Companies*3
Management divisions*4	• Carbon Neutrality Promotion Division • Regional Relations Division, etc.	
		• Other Group Companies

Note: As of June 26, 2025
*1 A temporary project team under the direct control of the President to intensively examine the development of a system and framework to optimize market transactions.
*2 Included in the Comprehensive Energy Business reporting segment
*3 Excluding CEPAR
*4 Included in multiple business-level reporting segments

Comprehensive Energy Business

In the Comprehensive Energy Business, the liberalization of the electricity sector has led to increased competition between companies in the industry. Against this background, we continue to respond to wholesale dealings with equal treatment of in-house and external sources, while also implementing various initiatives to increase revenue in the electricity business.

Initiatives aimed at increasing revenue in the electricity business

Amid rapid changes in the business and competitive environment due to the strengthening of fair wholesale dealings both internally and externally, two project organizations under the direct control of the President were established from April to September 2024 to study and speedily formulate measures to increase earnings in our wholesaling and retail businesses.
In the retail business, the Profitability Reinforcement Project reviewed our standard rate plans, developing and expanding diverse rate plans that would be preferred by customers, and considering the enhancement of price competitiveness through optimal power source procurement.

Strategy for retail business (Profitability Reinforcement Project)

Main measures	Details
Review of standard rate plans	In principle, the unit price of electricity volume charges for the standard rate plans for high-voltage and extra high-voltage customers will be reduced uniformly by 0.3 yen per kWh. Reviewed the calculation basis of the fuel cost adjustment amount to ensure that fluctuations in fuel and market prices are properly reflected in rates.
Development of new rate plans	Newly established and expanded rate plans to meet customer needs and to compete with various rate plan proposals by competitors (e.g., market-linked options).
Optimal power source procurement	Formulated optimal power source procurement strategies to provide diverse rate plans and achieve the price competitiveness necessary to maintain and expand the volume of electricity sold.

For the wholesaling business, the Power Balancing Optimization Project established wholesale rate plans that will be preferred by retail electricity suppliers, and studied measures such as optimization of power source and fuel procurement necessary to achieve this goal.

Strategy for wholesaling business (Power Balancing Optimization Project)

Main measures	Details
Setting of new wholesale rate plans	Based on the needs of retail electricity suppliers, we revised our system to allow customers to choose from a simple metered rate system and a two-tier rate system, in addition to newly established market-linked plans, plans with non-fossil certificates (premium option), etc.
Power balancing optimization	Formulated optimal wholesale sales strategy and optimized fuel procurement based on the restart of the Shimane No. 2 Unit and prevailing market conditions.

By implementing the various measures studied in both projects, total electricity sales in FY 3/2026 are expected to increase from FY 3/2025.
To increase earnings in the electricity business, we will continue our efforts to optimize electricity and fuel procurement and provide diverse rates, plans, and services that meet customer needs.

Sales Business

We aim to expand sales and profitability and sustainably increase corporate value based on the trust of our customers.

Kawakami Isao
Managing Executive Officer
Chief Operating Officer of Energy Sales Division

Looking back on FY 3/2025, in order to increase the profitability of the electricity business even in an increasingly competitive environment, we established the Profitability Reinforcement Project under the direct control of the President. In this project, we analyzed customer needs and conducted a short-term, intensive study on establishing rate plans that would be preferred by customers and how to achieve this, including power source procurement. Furthermore, we formulated a sales strategy policy for contract renewal in FY 3/2026.

Based on this policy, we have announced a uniform price reduction of standard rate plans for high-voltage and extra high-voltage customers effective April 1, 2025, and have carried out aggressive activities to capture demand in and outside the Chugoku region. As a result, we expect a significant recovery in electricity sales in FY 3/2026 and have felt some positive response to this.

For us, the primary mission of the Energy Sales Division is to increase sales and profitability to sustainably enhance corporate value, but this would not be possible without the trust of our customers. In addition to low-cost, high quality, and stable supply, customers, especially mid-sized to large corporations, are increasingly seeking low-carbon energy sources as the 2050 carbon-neutral interim target year of FY 3/2031 approaches. By providing energy solutions that meet the diverse needs of these customers, we hope to contribute to solving their problems and revitalizing the local community.

Environmental Awareness

Opportunities in business operations

- Formulation of the 7th Strategic Energy Plan and GX2040 Vision
- Increased electricity demand due to DX progress and acceleration toward carbon neutrality (e.g., new/expanded data centers and semiconductor plants, conversion to electric furnaces)
- Requests to create demand during hours when renewable energy output is limited

Risks in business operations

- Difficulty stimulating demand for electricity as Japan's population shrinks, advances are made in energy efficiency, and economic growth weakens
- Continued risk of fluctuations in fuel and electricity market prices due to geopolitical risks and the occurrence of extreme weather events
- Intensifying competitive environment due to increased power source liquidity resulting from fair wholesale dealings both internally and externally

Desired outcomes, major issues, and objectives

Expand sales and profitability and sustainably increase corporate value based on the trust of our customers
Contribute to solving customers' issues and revitalizing the community by providing energy solutions that meet diverse needs

Issues
· Maintain customer base in the Chugoku region and strengthen regional support functions
· Establish an optimal retail business environment, including adaptation to fair wholesale trading both internally and externally, and upgrading market risk management

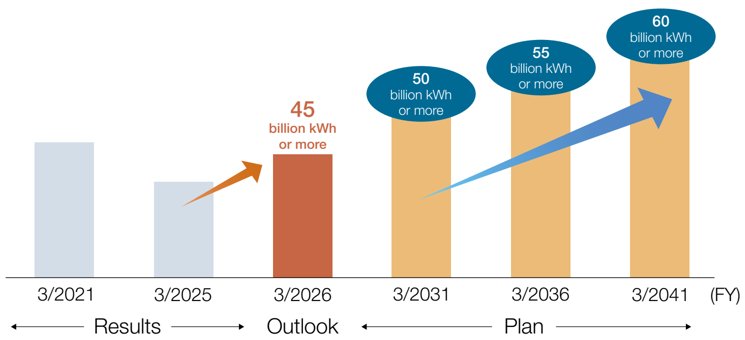
Efforts to increase electricity sales volume and other related metrics

Expand energy solutions that fit customers' issues and needs

- Rate plans and services that cater to different lifestyles
- Electricity rate plans that use renewable energy and non-fossil fuel certificates
- **Solar PPA services**
- Added-value services that help to resolve customer issues
- **Capturing demand** through electrification
- **Demand-response (DR) services**
- **Energy conservation and CO_2 reduction consulting services**
- **Community-based activities** (e.g., messaging/ dialogue)
- **Strengthening power procurement capabilities**

Expansion of electricity and natural gas (LNG) sales

Chugoku Electric Power Company electricity sales volume



Sales Business

Rate Plans and Services in Line with Customers' Needs and Supply-demand Situation

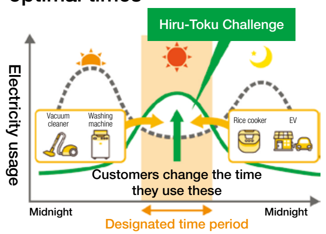
Power rate plans and demand-response (DR) services that contribute to effective use of renewable energy

Expectations are rising for our DR initiatives to create daytime electricity demand when renewable energy output must be frequently curbed, and adapt electricity usage to match the constantly changing supply caused by weather and other factors, so as to further increase renewable energy use and ensure that electricity is used effectively.

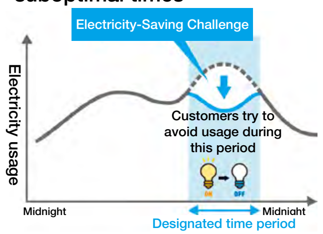
As an initiative to create demand during daytimes and so encourage more effective use of renewable energy, we are providing household customers with a rate plan called "Gutto Zutto. Ohisama Shift Course" that offers a cheaper unit cost during the daytime, compared to the evening, in seasons where are more limits to renewable energy output (i.e., not summer).

As efforts to encourage customers to move to using electricity at optimal times, for household customers we offer the designated period DR service "Gutto Zutto. Eco App" to inform them when they should move their electricity usage; the Hiru-Toku Challenge and Electricity-Saving Challenge services that reward customers who successfully hit targets with points; and the "Gutto Zutto. Time Service," which encourages customers to shift their electricity usage to certain designated times.

Encouraging use during optimal times



Discouraging use during suboptimal times



For more details about these services, please refer to the website.

WEB Gutto Zutto. Ohisama Shift Course
https://www.energia-support.com/pricemenu/ohisama.html

WEB "Gutto Zutto. Eco App," an online designated-time DR service
https://www.energia-support.com/ecoapp/index.html

WEB Gutto Zutto. Time Service
https://www.energia-support.com/point/timeservice.html

Electricity rate plans using renewable energy and non-fossil fuel certificates

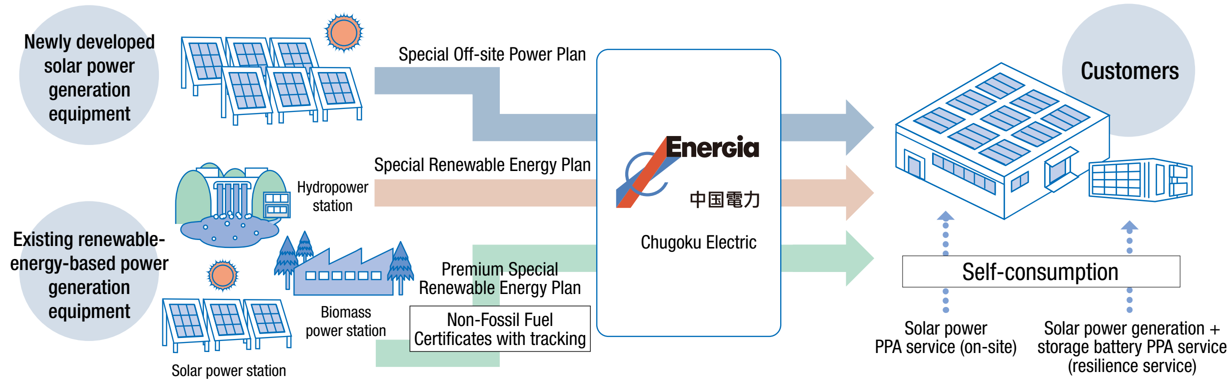
These are electricity rate plans with low CO_2 emissions for electricity we provide to customers.

Household: Gutto Zutto. Renewable Energy Green Plan*1

Corporate customers: Special Renewable Energy Plan,*2 Premium Special Renewable Energy Plan,*2 Special Off-site Power Plan

Solar power PPA service

This service involves installing solar power generation equipment in customers' buildings or on their property, enabling them to use the power generated for a monthly service fee.



*1 In FY 3/2026, we plan to offer an electricity supply that combines electricity generated from solar power and electricity with Non-Fossil Fuel Certificates. For more details about the composition of our power sources, etc., please refer to the website.

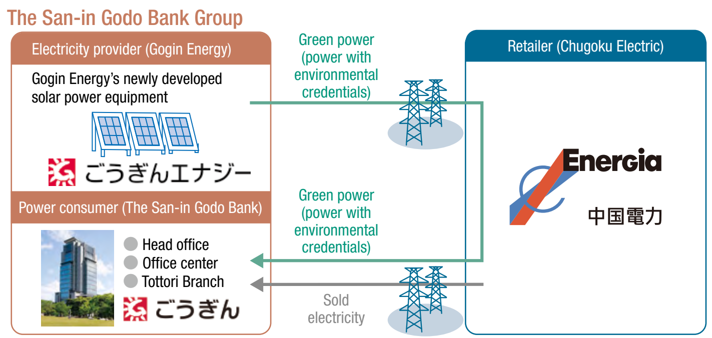
*2 In FY 3/2026, we plan to offer an electricity supply that combines electricity purchased under a feed-in-tariff ("FIT electricity") and electricity for which we have purchased electricity with non-fossil fuel certificates. Part of our FIT electricity procurement costs are funded by a levy on electricity users, including those who are not our customers. For more details about the composition of our power sources, etc., please refer to the website.

WEB Gutto Zutto. Renewable Energy Green Plan
https://www.energia-support.com/pricemenu/greenplan.html

WEB Special Renewable Energy Plan & Premium Special Renewable Energy Plan
https://www.energia.co.jp/elec/b_menu/co2_free/index.html

TOPICS Signing of an MOU with The San-in Godo Bank and Gogin Energy for an Off-site Corporate PPA (March 2025 press release)

We have signed a memorandum of understanding related to an off-site corporate PPA for solar power with The San-in Godo Bank, Ltd. and Gogin Energy Co., Ltd. Based on this memorandum, we will purchase green power (power with environmental credentials) that Gogin Energy generates through its newly developed solar power equipment in the Chugoku area that create around a megawatt of solar power, and supply it to The San-in Godo Bank.



Sales Business

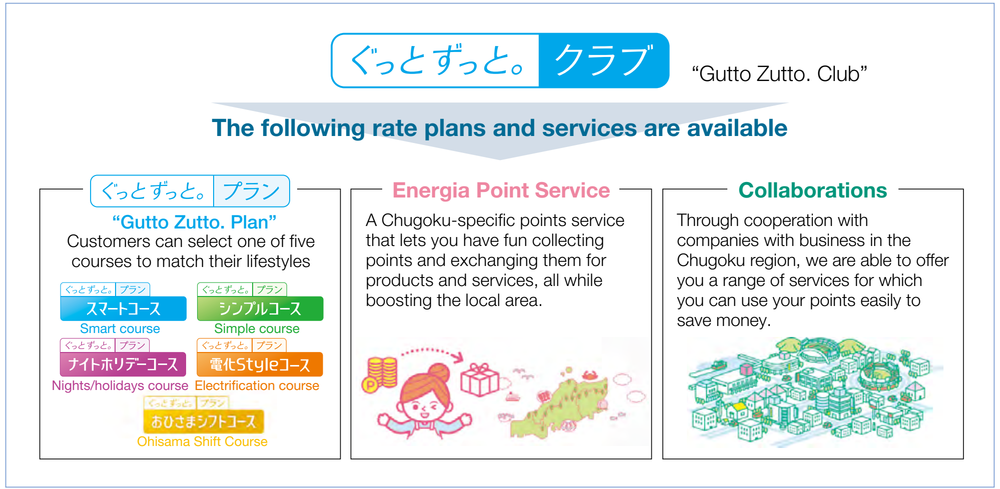
Rate plans and services in line with customers' lifestyles

We have developed "Gutto Zutto. Plan," a rate plan that customers can select to match their lifestyles, and the "Gutto Zutto. Club" members' website. For the latter, we offer the Energia Loyalty Point service, as well as various special offers such as collaborative plans that we have created alongside companies with bases in the Chugoku region.

As of the end of FY 3/2025, there were 1.7 million accounts for rate plans brought in after the full liberalization of electricity retail, and approximately 1.45 million customers had favored us by becoming subscribers on our members' websites.

We are also working on expanding our range of services that meet customers' needs, such as a service where customers can receive discounts by purchasing electricity alongside regional cable television or U-NEXT video streaming subscriptions.

Chugoku Electric members' website

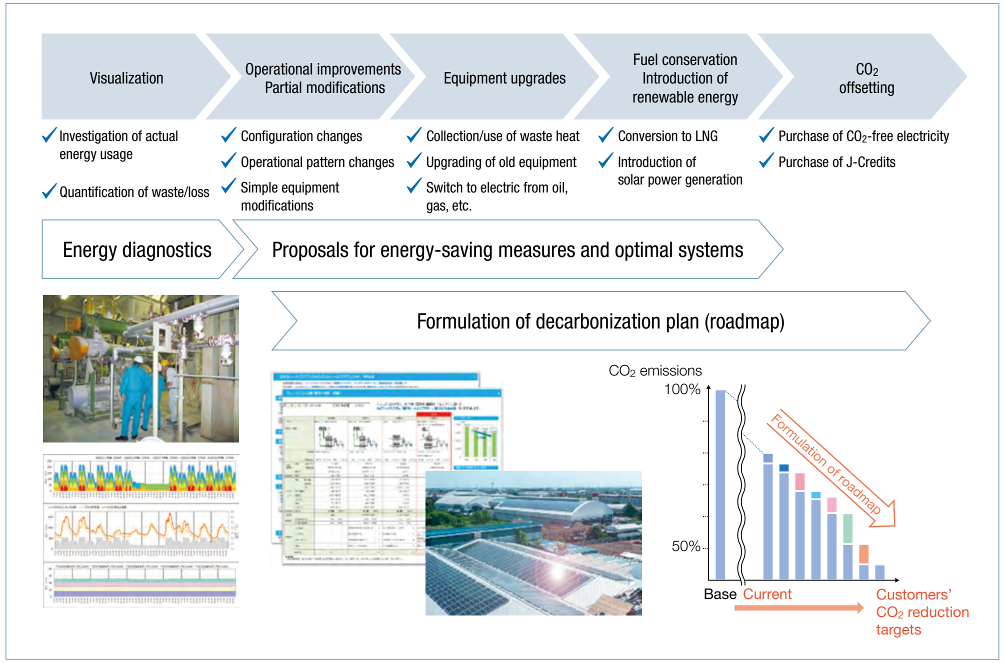


Electricity bundle discounts service

These services allow you to get a discount for buying them as a set with an electricity rate plan, or for paying for them together.

Energy-saving and CO_2-reduction Proposals

To cater to customers' decarbonization needs, we are offering a package consulting service for energy-saving and CO_2 reduction measures. Specifically, we help customers formulate a roadmap that covers everything from the investigation and analysis of their energy usage to the implementation of decarbonization measures.

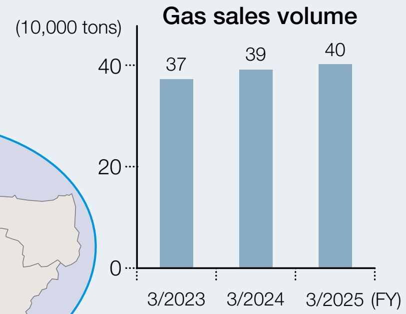


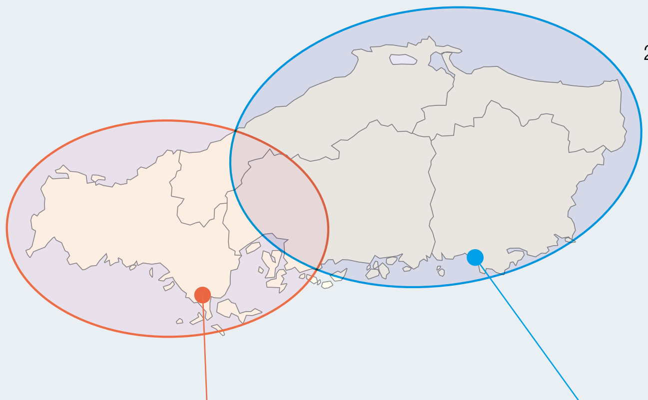
Sales Business

Sales of Natural Gas (LNG)

Through our group company, Energia Solution & Service Company, we deliver natural gas (LNG) to city gas companies, factories, and other corporate customers in the Chugoku region.
There is growing demand for a switch to LNG because it is seen as a transitional energy source on the path to a carbon neutral society. While exploiting the strengths of our Yanai-Mizushima Two-Base System, we are working to respond to customers' carbon neutrality needs.

Supplied through pipelines and tanker trucks





Yanai LNG Base

Mizushima LNG Base

Task Efficiency Boosts

By using the internet or text messages to inform customers of their monthly electricity usage and provide them with rate plan payment slips, we have reduced postage and other costs.
At our customer service center, in response to customer queries, in addition to the conventional operator response, to improve customer convenience we now allow 24-hour submission of notifications of moving home online, and have developed AI-powered automated voice responses.

Get rate plan payment slips on your phone!

We can send customers their payment slips (electronic barcodes) straight to their smartphones.
Customers are then able to take the barcode on their phone to a convenience store to pay their bill.

Key point 1

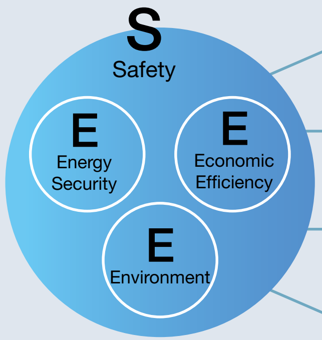
Customers **can easily check** their month rates and payment history on their smartphones.

Key point 2

This helps **reduce paper usage** and **CO_2 emissions**, which all helps protect the natural environment!

Power Generation Business

Through a power source mix in line with the S + 3E policy (Safety + Energy Security, Economic Efficiency and Environment), we will engage in efforts aimed at decarbonization and enhanced competitiveness.



- Further improvement of safety of nuclear power stations
- Decarbonization of thermal power generation
- Further introduction of renewable energy

In nuclear power generation, which is a pillar of our efforts to combat global warming, we will work toward the stable operation of Shimane Nuclear Power Station Unit 2, which resumed commercial operation in January 2025, and the operation of Unit 3, on the premise that safety will be ensured. Furthermore, we will work toward the construction of the Kaminoseki Nuclear Power Station as an important power source for the future.

In addition, we will steadily make transitions toward decarbonization of thermal power generation, and will actively work to achieve the Group's goal of introducing new renewable energy sources.

In addition, we will reinforce our resistance to fuel price fluctuation risks, while also aiming to secure revenue using a variety of different electricity markets.

Kitano Tatsuo
Representative Director,
Vice President & Senior Managing Executive Officer
Chief Operating Officer of Power Generation Division

Environmental Awareness

Opportunities in business operations

- Rising demand for electricity due to increase in data centers, etc.
- Needs for carbon-free electricity rise with moves toward carbon neutrality
- Diversification of opportunities for securing revenue as more electricity markets open up
- Further innovation in DX technologies such as AI and IoT

Risks in business operations

- Intense competition with electricity providers due to the expansion of wholesale trading to a wider area
- Fluctuation of fuel and wholesale electricity market prices
- Greater capital investment required for moves toward carbon neutrality
- Electricity accidents or breakdowns leading to unexpected shutdowns
- Increase in operating costs due to rising prices

Desired outcomes, major issues, and objectives

We aim to achieve both profitability and environmental friendliness by building an optimal power supply portfolio and increasing the value of electricity through initiatives aimed at carbon neutrality in addition to the safe and stable supply of electricity.

Major issues toward achieving our desired outcomes

Nuclear

- Stable operation of Shimane Unit 2
- Early start of operations at Shimane Unit 3
- Ensuring the installation of Facility for Specific Severe Accidents and Other Accidents
- Initiatives toward the construction of Kaminoseki Nuclear Power Station

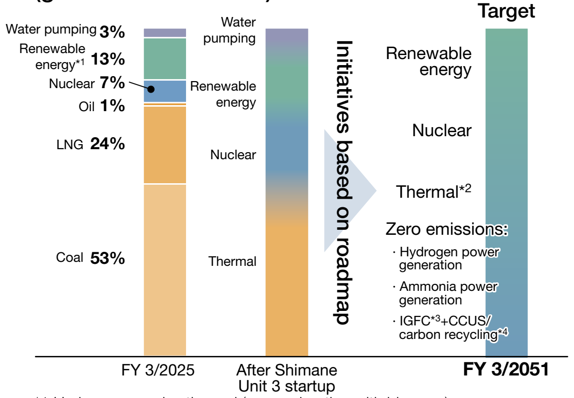
Renewable energy

- Maximum introduction and utilization of renewable energy, taking into account the environment and other factors
- Effective utilization of hydroelectric power through replacement of aging facilities
- Securing regulation capability for maximum utilization of renewable energy

Thermal

- Reliable process control for the start of operation at the new Yanai Unit 2
- Efforts to improve efficiency and achieve lower carbon emissions through technology development and introduction of cutting-edge technology
- Effectively utilizing and operationally improving power generation facilities to increase revenues in the electric power market, etc.

Proportion of generated electric power (generated ourselves)



*1 Hydropower, solar, thermal (co-combustion with biomass)
*2 Measures to achieve zero emissions are for reference purposes, and may be revised based on the results of further studies from various economic and technological perspectives
*3 Integrated Coal Gasification Fuel Cell Combined Cycle Technology
*4 Technology to separate and capture CO_2 for reuse, underground storage, or the like

Main initiatives and measures to resolve issues

- Use of nuclear power generation, provided safety is assured
  - Stable operation of Shimane Unit 2 and reliable process management of Unit 3 through appropriate compliance with new regulatory standards (Operation to commence by FY 3/2031 for Unit 3)
  - Initiatives at Kaminoseki Nuclear Power Station to restart preparations and survey and investigate a site for an interim storage facility for used fuel
- Further introduction of renewable energy
  - Further expansion of renewable energy sources such as solar and wind power
  - Investigation of the effects of introducing grid storage batteries and synchronous condensers
- Transition toward the decarbonization of thermal power stations
  - Study and preparation for implementation of expanded biomass co-firing, ammonia co-firing, and CCUS in coal-fired power plants
  - Replacement of LNG-fired power plants (new Unit 2 at Yanai Power Station) and study on introduction of hydrogen co-firing and preparation for implementation
- Optimization of fuel procurement
  - Studies into how to pursue stable and flexible fuel procurement that considers supply, demand, and market trends, and into procurement of carbon-neutral fuels
- Securing of revenue using a variety of electricity markets
  - Improvement of revenue-earning capability in electricity transactions markets by enhancing operations, such as by reducing minimum output at thermal power stations
- Further cost reductions and operational efficiency
  - Cost reductions through competitive ordering and increased upstream purchasing, etc.
  - Enhancement and efficiency of operations and maintenance management through DX

Power Generation Business

Further Improvement of Safety of Nuclear Power Stations

Response to conformity reviews for new regulatory requirements at Shimane Nuclear Power Station

Safety measure work at Shimane Nuclear Power Station Unit 2 was completed in October 2024, and that December the unit was restarted (with the paralleling of its generators).

Then, in January 2025 the unit underwent an integrated load performance test.* After receiving written confirmation from the Nuclear Regulation Authority (NRA) connected to the operator pre-operational inspections, we were able to restart commercial operations at the unit.

At Unit 3, meanwhile, we are currently responding to conformity reviews for new regulatory requirements and provided we can ensure safety, we aim to have safety measure work completed at some point in FY 3/2029, and to start commercial operation by FY 3/2031.

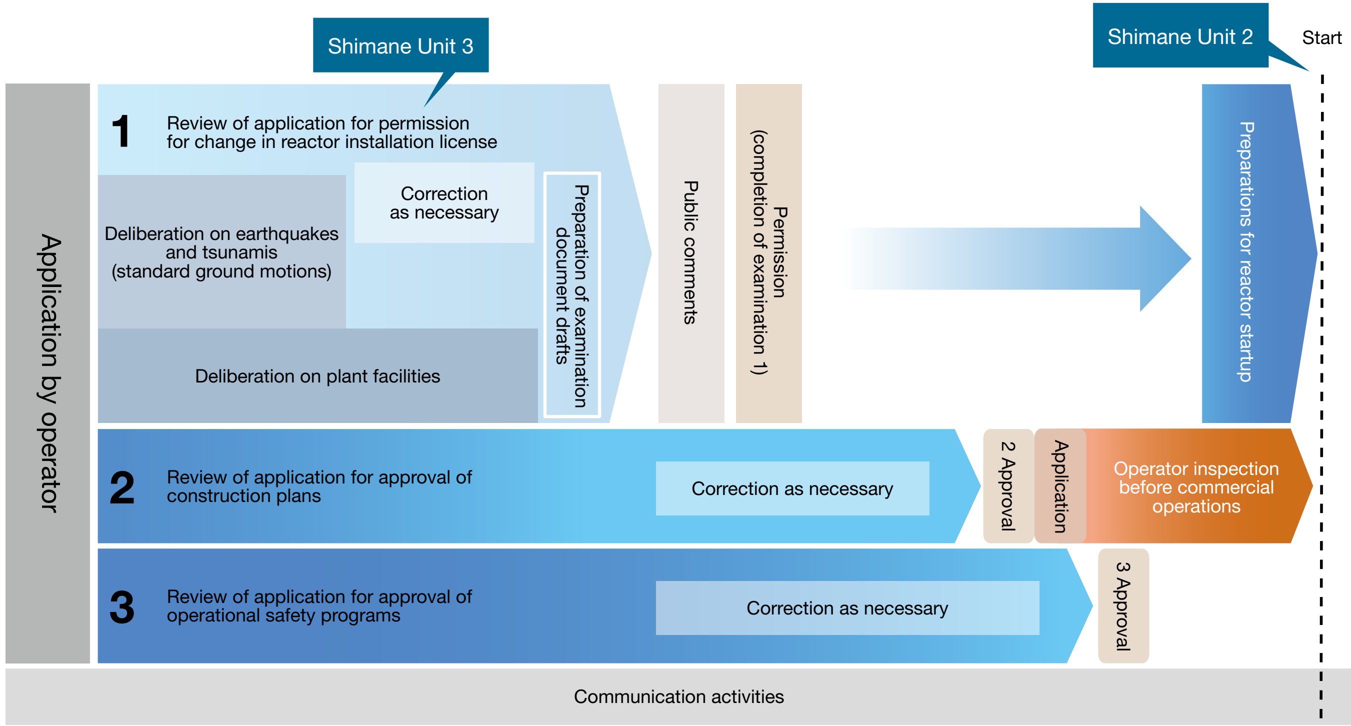
The main preparatory projects for Facility for Specific Severe Accidents and Other Accidents at Unit 2 were completed by the end of FY 3/2025, and we are continuing with the remaining preparatory projects and part of the main construction work.

Moving forward, we will continue to make all possible efforts to ensure Unit 2's stable operation and Unit 3's early start, while providing thorough explanations as to the nature of our measures to gain the understanding of our local communities.

Power generation

Unit	Shimane Nuclear Power Station Unit 2 Unit 3 (under construction)
Output	Unit 2: 820 MW Unit 3: 1,373 MW
Location	Matsue City, Shimane Prefecture

*Final inspection of the periodic operator inspection and operator inspection before commercial operations process for facilities to verify overall whether the operation status of each facility is normal according to parameters such as temperature, pressure, etc.



As of the end of July 2025

Approval history for Shimane Nuclear Power Station

December 25, 2013	Unit 2: Applied for permission for change to our reactor installation license, approval for construction plans, approval for changes to operational safety programs
July 4, 2016	Applied for permission for change in reactor installation for Facility for Specific Severe Accidents and Other Accidents and on-site permanent DC power facilities (tertiary system)
August 10, 2018	Unit 3: Applied for permission for change to our reactor installation license
September 15, 2021	Unit 2: Received permission for change to our reactor installation license
August 30, 2023	Unit 2: Received approval for construction plans
May 30, 2024	Unit 2: Received approval for changes to operational safety programs
October 23, 2024	Received permission for change in reactor installation for Facility for Specific Severe Accidents and Other Accidents and on-site permanent DC power facilities (tertiary system)

Shimane Unit 2: Steps to the resumption of commercial operation

October 2024	Start of fuel loading
December 2024	Reactor startup
December 2024	Generator paralleling (restart)
January 2025	Resumption of commercial operation

January 10, 2025
Received written confirmation connected to pre-operational confirmation

Power Generation Business

Efforts to Restart Shimane Nuclear Power Station Unit 2

Over the 13 years since the disaster at Fukushima No. 1 Reactor, Shimane Unit 2 has continued to work toward greater power station safety, implementing initiatives to both enhance safety measures and the adaptability of the personnel who enact them.

In terms of the former, and learning the lessons of the incident in Fukushima, we have been running various activities to enhance our safety measures by preventing issues with reactor fuel or used fuel, such as to prevent water ingress, secure power sources, and guarantee cooling functions.

For the latter, to strengthen the adaptability of our personnel to react to problems, we have run drills and similar that imagine various nuclear power generation issues such as a total loss of power due to a large-scale earthquake or tsunami. In this way we have striven to maintain and improve our site capabilities.

As a result, we believe we have made great strides in improving power generation safety, but with new insights to take on board, we will not be letting up on our safety efforts. Instead, we hope to enact a number of initiatives that go even further for power generation that offers everyone peace of mind.

Enhanced safety measures

Preparing for major earthquakes

Seismic reinforcement for equipment and pipes

Preventing water ingress from tsunamis

Strengthened seawall (reaching 15 m above sea level)

Securing power sources

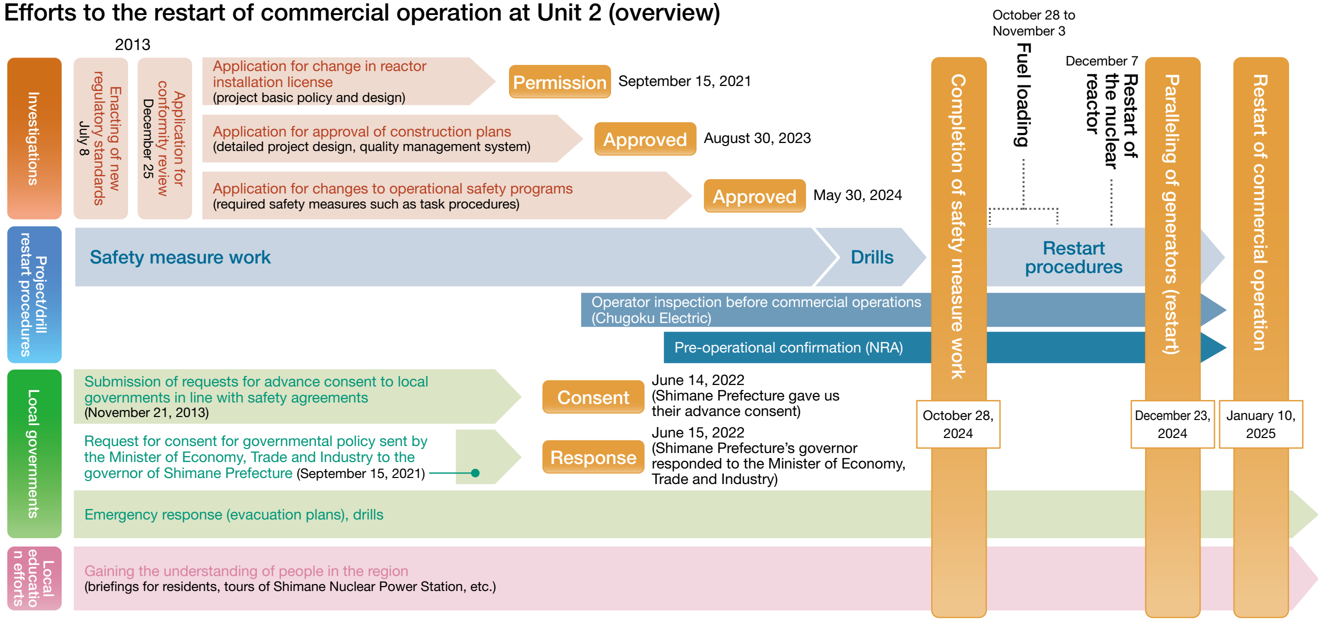
Installation of gas turbine generators

Preparing for large-scale incidents

Installation of filtered venting systems

WEB Safety Work at the Shimane Nuclear Power Station
https://www.energia.co.jp/anzen_taisaku/movie/index.html

Efforts to the restart of commercial operation at Unit 2 (overview)



Strengthening personnel adaptability

Improvement of emergency response capability

Emergency response drills are repeatedly carried out in preparation for a nuclear emergency such as loss of all power due to a large earthquake or tsunami.

Furthermore, as an effort to ensure smooth evacuation support for community members, we participate in nuclear power disaster response drills held by relevant municipalities as we aim to strengthen our collaboration with such municipalities and organizations.

Command center drill

Maintaining and improving site capabilities

To enhance the technical capabilities of younger workers, we have worked to provide them with technical skills through our own simulation facilities and by sending them to work at other companies' currently operating nuclear power stations.

Moreover, with the aim of further improving site capabilities, we have invited retired employees that have worked as technicians for many years at Shimane Nuclear Power Station to come back and by supporting younger workers in their tasks they are passing down their skills.

Task support from retired employees

Work procedures related to the restart

October 2024: Fuel loading of the reactor

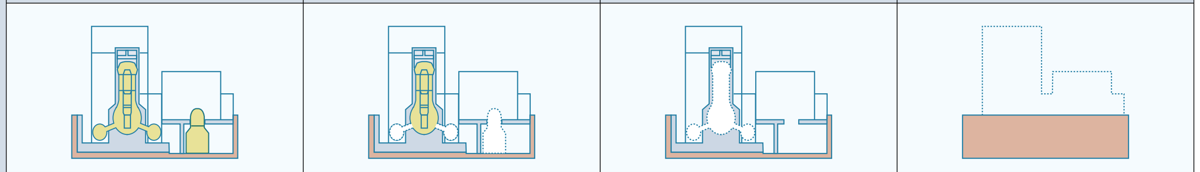
December 2024: Generation restart operations in the Central Control Office

Power Generation Business

Decommissioning of Shimane Nuclear Power Station Unit 1

The decommissioning plan for Unit 1 was approved in April 2017, after which we made preparations for the dismantling work—the first stage of the decommissioning. For equipment no longer offered for use, that does not impact transfers to companies that process new fuels or safety functions (such as for major transformers), we dismantled and removed those pieces that are not in the radiation-controlled area.
In May 2024, we entered the second stage of decommissioning. As part of this, we have begun to dismantle and remove equipment no longer in use within the radiation-controlled area (excluding the reactor body itself), and we will continue to prioritize safety above all else in our efforts to decommission the unit.

	Date of approval of decommissioning plan–FY 3/2024	FY 3/2025–FY 3/2036	FY 3/2037–FY 3/2044	FY 3/2045–FY 3/2050
Decommissioning implementation breakdown	Period of preparation for dismantling work (1st stage)	Period of dismantling and removal of peripheral equipment around reactor body, etc. (2nd stage)	Period of dismantling and removal of the reactor body, etc. (3rd stage)	Period of dismantling and removal of buildings, etc. (4th stage)
Main work	Safe storage	Safe storage	Dismantling and removal of reactor body	
		Dismantling and removal of equipment inside radiation-controlled area (other than reactor body)	Dismantling and removal of equipment inside radiation-controlled area (other than reactor body)	
	Carrying out and transfer of fuel	Carrying out and transfer of fuel		Dismantling and removal of buildings, etc.
	Investigation of contamination situation	Investigation of contamination situation		
	Removal of contamination	Removal of contamination	Removal of contamination	Removal of contamination
	Dismantling and removal of equipment outside the radiation-controlled area	Dismantling and removal of equipment outside the radiation-controlled area	Dismantling and removal of equipment outside the radiation-controlled area	Dismantling and removal of equipment outside the radiation-controlled area
	Treatment and disposal of radioactive waste	Treatment and disposal of radioactive waste	Treatment and disposal of radioactive waste	Treatment and disposal of radioactive waste



Completed Planned

Organizing a temporary storage area for dismantled equipment (second stage preparatory work)

Work to dismantle and dispose of equipment related to toxic liquids (second stage work)

WEB Decommissioning Plan for Unit 1
https://www.energia.co.jp/atom_haishi/index.html

New site in Kaminoseki

From the perspective of S + 3E, we aim for a well-balanced energy mix, and so we recognize that Kaminoseki Nuclear Power Station is an important energy source. As such, we are working on construction plans for a new power station, although this is predicated on safety.
The measures we have in place for storing used fuel have contributed to the long-term stable operation of Shimane Nuclear Power Station, and so we are currently running investigations into installing interim storage facilities for used fuel at our Kaminoseki site.

Surveys and investigations into interim storage facilities for used fuel

Between August 2023 and August 2025, we conducted a survey in order both to assess the site's potential and to gather data needed to study plans. The results of our analysis and checks, based on the objective data we gained through this surveys, led us to assess that there are no issues standing in the way of building an interim storage facility that cannot be surmounted with technology. As the site has been judged to be viable, on August 29, 2025 we submitted a written report laying out the above to Kaminoseki's mayor.
Moving forward, we will share the survey's findings with the people of the region in an easy-to-understand manner, and strive to further deepen understanding.

WEB Press release from August 29, 2025
https://www.energia.co.jp/atom_info/press/2025/16080.html

WEB Full text of the site viability survey
https://www.energia.co.jp/atom/interim_storage/pdf/interim_storage_202508.pdf

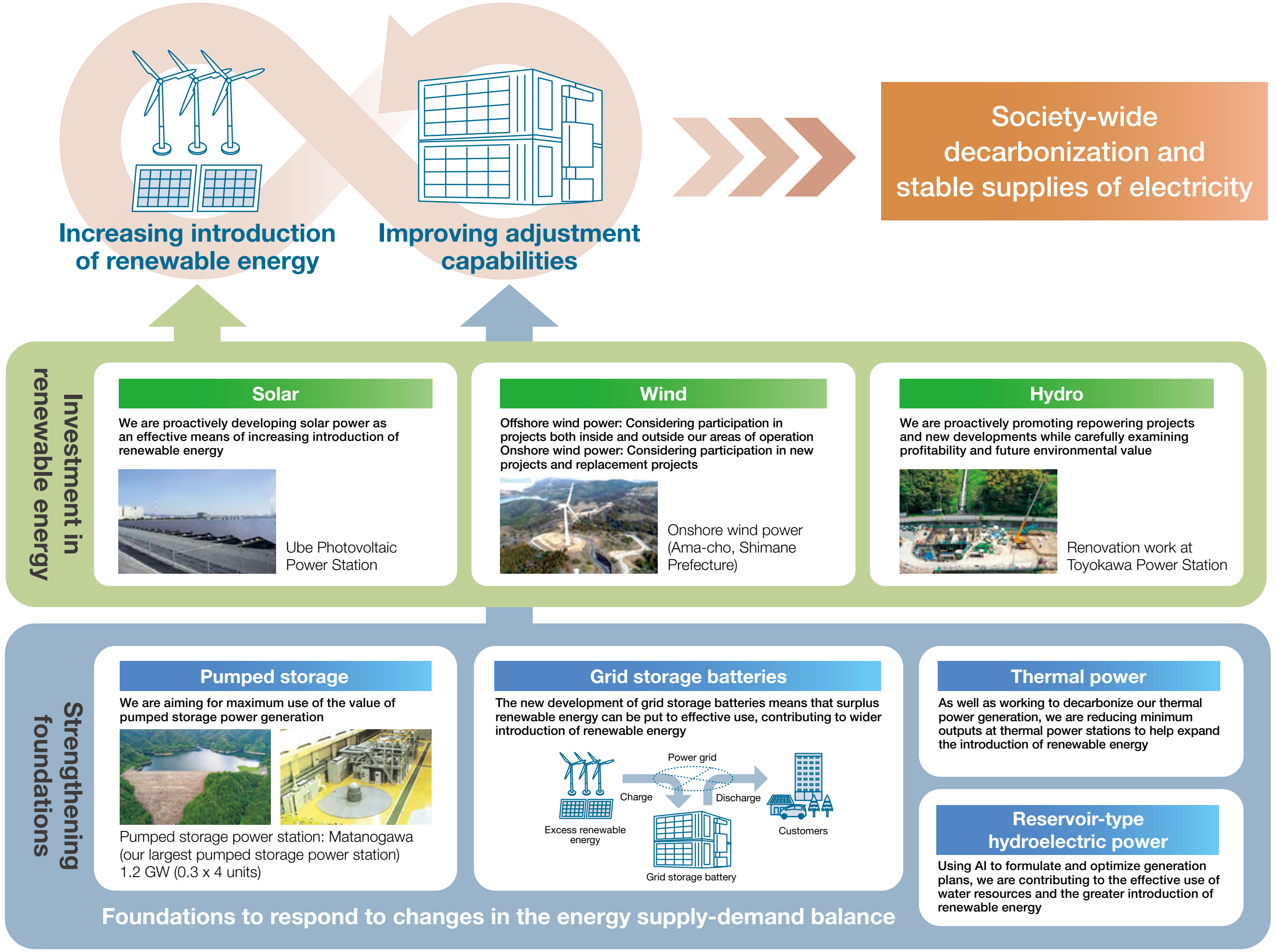
Submitted a written report laying out the above to Kaminoseki's mayor. (August 29, 2025)

Site viability survey (August 2025)

Power Generation Business

Further Introduction of Renewable Energy

In line with the expansion of renewable energy, adjustment capabilities using pumped storage plants, grid storage batteries, thermal power, and other sources are growing in importance. We will therefore work to both expand introduction of renewable energy and improve our adjustment capabilities.



Renewable energy initiatives

From the twin perspectives of improving energy self-sufficiency and lessening environmental impact, we are working proactively to further expand the introduction of solar and wind power and increase output for existing hydropower to achieve carbon neutrality by 2050.

Looking ahead, we will proactively seek to develop offshore wind power—which we believe has particular potential for growth—and continue to maximize introduction of renewable energy.

Introduction of renewable energy since FY 3/2021 (Japan)

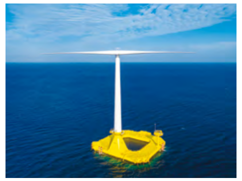
Hydro	· Repowering of existing hydroelectric power Enacted: [Kitahara: March 2024; and 5 other power plants] To be enacted: [Toyokawa: March 2026; and 7 other power plants]
Solar	· On-site and offsite solar power stations
Wind	· Kitakyushu Hibikinada Offshore Wind Farm [Began participating in November 2024, start to operations in April 2025]
Biomass	· Mixed-fuel generation with woody biomass [Shin-Onoda Units 1 and 2: Expansion of mixed-fuel combustion from August 2020 onward] [Misumi Unit 2: November 2022]
	· Biomass power generation business [Kaita Biomass Power Co., Ltd.: April 2021, expansion of mixed-fuel combustion from April 2024] [ENERGIA POWER YAMAGUCHI CORPORATION: Expansion of mixed-fuel combustion from September 2021 onward]

Initiatives to develop floating offshore wind power

The San'in coast of the Chugoku region has many deep waters, holding great potential for developing floating offshore wind turbines.

In order to improve our technical abilities to develop floating offshore wind power generation, we joined the Floating Offshore Wind Technology Research Association (FLOWRA) in June 2024.

In November 2024, with the goal of gaining expertise related to running floating offshore wind operations, and to tie this in to our own future development, we became an investment partner in Kitakyushu Hibikinada Offshore Wind Farm, which began commercial operation in April 2025.



Kitakyushu Hibikinada Offshore Wind Farm	
Location	Offshore at Hibikinada, Kitakyushu City, Fukuoka Pref.
Output	3,000 kW
Commercial operation start	April 22, 2025

Decarbonization of Thermal Power Generation

Through our transition plan for thermal power generation, we are working on decarbonization. Coal-fired thermal power has advantages in terms of fuel supply stability and economy, however its CO_2 emissions are a major issue. To reduce these CO_2 emissions, we are working to introduce cutting-edge technology and expand use of mixed-fuel combustion using biomass. For our LNG-fired thermal power facilities, meanwhile, we are making progress on their replacement using the latest, ultra-high-efficiency gas turbine combined cycle generation method.
Moreover, we will proactively move forward to realize Carbon Neutral 2050 by studying, and preparing to introduce next-generation fuels like hydrogen and ammonia, or to adopt CCS technologies. In these ways, we are enacting efforts toward decarbonization.

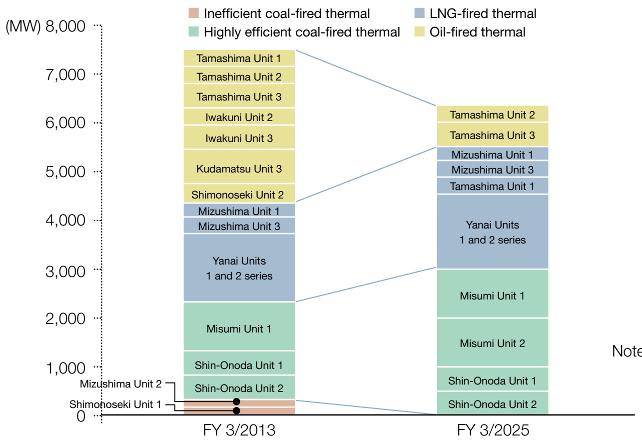
Major decarbonization initiatives

Transitioning of thermal power generation P20

(1) Closing aging thermal power facilities
(2) Efficiency enhancements for thermal power facilities
(3) Studies into introduction of decarbonization technologies

Closing aging thermal power facilities

As well as developing highly efficient power facilities, we are ending operations at aging thermal power facilities. By doing so, we are further reducing our environmental impact as we work toward carbon neutrality, and further strengthen our power source competitiveness.

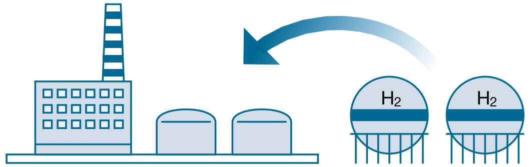


Note: The Osaki 1-1 series is excluded as it halted operations in December 2011. Also, Shin-Onoda Units 1 and 2 are supercritical generators, but are used for co-combustion with woody biomass so are classified as highly efficient coal-fired thermal energy facilities.

TOPICS Yanai Power Station (new Unit 2) Replacements

As part of our decarbonization efforts, we are preparing to replace Yanai Power Station Unit 2 (two of four LNG plants). These replacements are predicted to reduce CO_2 emissions by improving power generation efficiency, but to go even further, we will look at the equipment required for hydrogen co-firing.

Investigation into future hydrogen co-firing



Project	Yanai Power Station Unit 2 Replacement Plan*
Location	Yanai City, Yamaguchi Pref.
Generator type	Gas turbine and steam power (combined cycle)
Output (facility total)	Current: 1,539 MW (Unit 1: 786 MW; Unit 2: 792 MW)
	Future: approx. 1,700 MW (Unit 1: 786 MW; Unit 2: 396 MW; new Unit 2: approx. 500 MW)
Fuel	LNG
Project start	September 2027 (scheduled)
Operations start	March 2030 (scheduled)

*After winning a tender at the FY 3/2024 long-term decarbonization energy auction put on by the Organization for Cross-regional Coordination of Transmission Operators

Operation of highly efficient thermal power plants and increased use of mixed-fuel combustion

At Misumi Power Station Unit 2, which began commercial operations in November 2022, we have installed ultra-supercritical generation equipment, which is the best available power generation method, with the goal of enhancing our economic and environmental performance. Further, through mixed-fuel combustion at Misumi Unit 2 and Shin-Onoda Units 1 and 2, we are working to achieve further reductions in CO_2 emissions.

Misumi Unit 2	Biomass percentage	Approx. 10%
	CO_2 reduction	Approx. 500,000 t-CO_2 per year
Shin-Onoda Units 1 and 2	Biomass percentage	Approx. 8%
	CO_2 reduction	Approx. 400,000 t-CO_2 per year

TOPICS Safety Measures for Biomass Mixed-fuel Combustion

To prevent spontaneous combustion or fires starting in wood pellets, we have put in place a range of measures, including optimizing storage silo operations and installing equipment to monitor and prevent such incidents. We also implement measures to prevent particulate matter being released, including cleaning and dust collectors.
In the future, we will enact continuous safety measures and use biomass fuel effectively to continue to reduce our CO_2 emissions.

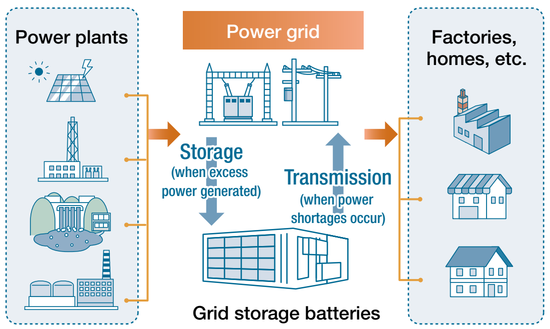

Dust collection equipment designed and manufactured via tie-ups with group and local companies


Pelletizing equipment turns collected particulate matter into pellets that can be reused as fuel

Power Generation Business

TOPICS Introduction of a Grid Storage System

Taking advantage of a FY 3/2025 Ministry of Economy, Trade and Industry subsidy program that supports the introduction and expansion of renewable energy, including the introduction of power storage systems, such as those that use grid storage batteries, we are moving forward with efforts to introduce a grid storage system on the site of the Kudamatsu Power Station.

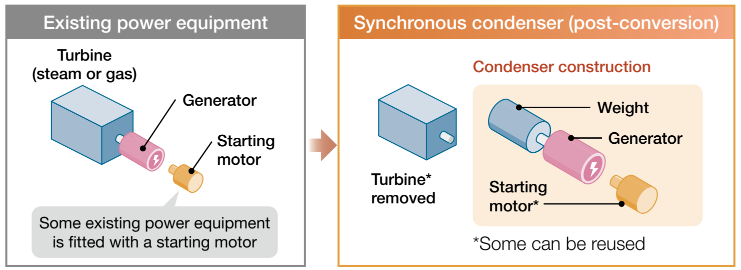


[Equipment overview]
Output: 10 MW+
Storage capacity: 30 MWh+
[Project]
FY 3/2026 onward: construction
FY 3/2029: operation start (scheduled)

TOPICS Investigations into Using Synchronous Condensers for Existing Equipment

Our efforts to respond to drops in stability for power grids that result from the increase in non-synchronous power sources such as solar power generation were selected for inclusion in an investigation into converting existing power equipment to use synchronous condensers by the New Energy and Industrial Technology Development Organization (NEDO). We have started a study to research issues with the conversion of decommissioned synchronous generators to synchronous condensers and the grid stability benefits and cost-savings of doing so.

Conversion concept

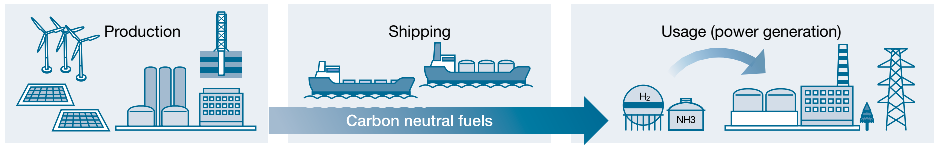


TOPICS Investigation of Supply Chains for Rollout of Next-generation Fuels

We will continue with examinations to quickly build an economically rational supply chain for next-generation fuels.

Procurement (production, shipping)
We will examine specific procurement methods, including carrier selection.

Usage (power generation)
We will examine introducing and expanding use of ammonia in coal-fired thermal power, and hydrogen in LNG-fired thermal power.



TOPICS Studies into the Introduction of CCS at Thermal Power Plants

We have been commissioned by the Japan Organization for Metals and Energy Security (JOGMEC) for two "Engineering Design Work for Advanced CCS* Projects", and working toward CO_2 storage overseas, we are investigating introducing CCS equipment to our Misumi Power Station and Energia Power Yamaguchi Corporation's Hofu Biomass Power Station and evaluating its business viability. Through this study, we are constructing a CCS value chain that goes from capturing CO_2 at power plants to transporting it and storing it, and we aim to launch a CCS business by FY 3/2031 at the soonest.

*Carbon dioxide Capture and Storage

Power plants used for the advanced CCS business


Misumi Power Station

Project	Malaysia Southern Malay Peninsula CCS Project
CO_2 capture amount	Approx. 1 million tons/year

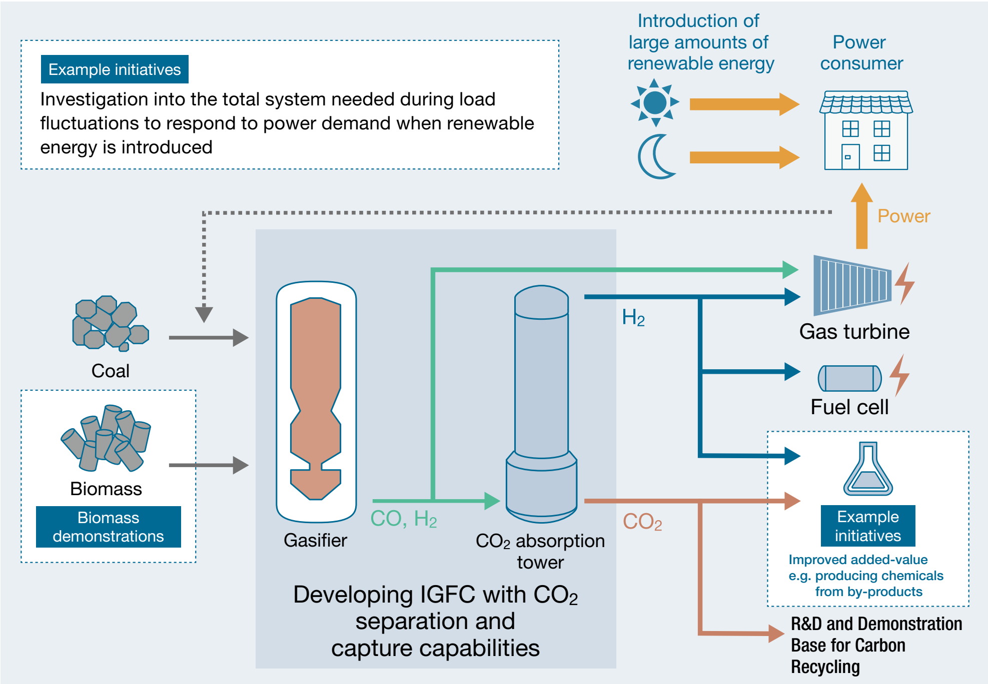

Hofu Biomass Power Station

Project	Malaysia Sarawak CCS Project
CO_2 capture amount	Approx. 500,000 tons/year

Power Generation Business

Promotion of the Osaki CoolGen Project as a trial of technologies that produce virtually zero CO_2 emissions during generation

Through the demonstration projects undertaken by Osaki CoolGen Corporation, a company we established jointly with Electric Power Development Co., Ltd., we worked to develop an integrated coal gasification fuel cell combined cycle (IGFC)*1 with CO_2 separation and capture capabilities. The demonstrations were completed in FY 3/2023, and we achieved the targets in all tests, including plant performance and reliability. In FY 3/2024 and FY 3/2025, we worked to develop the technology for the gasification of biomass-mixed fuel for use in an integrated coal gasification combined cycle (IGCC)*2 with CO_2 separation and capture capabilities. As well as achieving a biomass fuel mix ratio of 50%, we were also able to make forecasts toward commercialization by confirming equipment specifications and operating methods.
From August 2025, we will be researching ways to improve our ability to adjust loads, with an eye on a decarbonized society that has introduced large amounts of renewable energy.



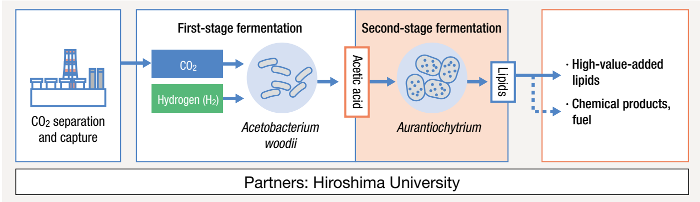
*1 Triple combined cycle coal-fired thermal power generation that combines fuel cells with IGCC.
*2 Coal is gasified, and the product gas is used to drive gas turbines alongside steam turbines to achieve combined cycle coal-fired thermal power generation.
The Osaki CoolGen Project and development of carbon recycling technologies that are underway are assisted and commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

Development of carbon recycling technologies

We are working on the development of technologies for the effective utilization of CO_2 in chemical products, civil engineering materials, and more.

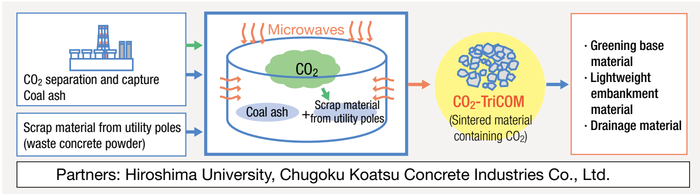
Development of a Gas-to-Lipids bioprocess (Commercialization target: around 2030)

Aiming to develop a bioprocess for CO_2 recycling, we have been working with Hiroshima University to research and develop technologies to make use of the fermentation functions of two microorganisms to develop a technology that can use hydrogen and CO_2 emitted from power plants to manufacture high-value-added lipids that are ingredients in health foods, chemicals, and other products.
In a NEDO project that stretched from FY 3/2021 to FY 3/2025, we used experimental equipment at our carbon recycling trial and research site in Osakikamijima to trial the production of lipids made from CO_2 captured as part of the Osaki CoolGen Project.
Going forward, as we work toward practical applications for this technology, we hope to address the issues in terms of performance and cost that research has highlighted. Our plan for the two years from FY 3/2026 is to continue to use the aforementioned experimental equipment to make progress with research, including studies into improving equipment and reducing costs.



Development of "Triple C" recycling technology (CO_2-TriCOM) (Commercialization target: 2030 onwards)

We are currently developing technologies to create sintered material that can be used in civil engineering work. The process first involves mixing CO_2 and coal ash from power plants, as well as scrap materials from utility poles. The CO_2 is then solidified through a sintering process using microwaves.
In another FY 3/2021 to FY 3/2025 NEDO project, we advanced our efforts to reduce the amount of CO_2 emitted when producing one ton of sintered material containing CO_2 by around 100 kg compared to creating other civil engineering materials.
We will continue to move ahead with studies aimed at accomplishing our targets and we aim to achieve commercialization in or after 2030.



Power Generation Business

Enhancing Thermal Power Facility Operations and Maintenance, and Improving Operational Efficiency

By utilizing digital transformation (DX) and other technologies at thermal power plants, we aim to smartify operational safety, to achieve goals such as enhancing operational safety capabilities and improving productivity.

Moreover, to ensure stable operations during the peak demand periods during summer and winter, which require the heaviest energy loads, we carry out systematic repair work during the low-load periods of spring and autumn. To expand our introduction of renewable energy further, we are working to make improvements to operational efficiency, such as by lowering minimum outputs at thermal power plants.

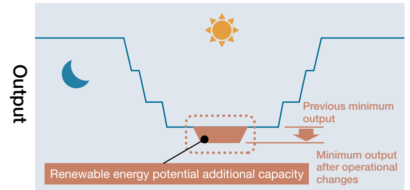
Enhancing thermal power facility operations and maintenance
- Using AI and IoT to detect trouble signs
- Adopting robots, drones, etc., for patrols and inspections

Improving thermal power facility operational efficiency
- Undertaking systematic maintenance during low-load periods
- Lowering minimum outputs
- Improving output fluctuation levels

Reducing minimum outputs to expand the introduction of renewable energy and improve profitability

In the daily supply and demand of electricity, the amount generated from renewable energy sources like solar power fluctuates widely in output depending on factors such as the weather and time of day, and thermal power is responsible for adjustable output to cover this. Through measures such as minimizing output at thermal power facilities and improving output fluctuation levels, we are actively implementing original initiatives to improve operational efficiency. As well as aiming to further expand the introduction of renewable energy, we are enhancing the value of the flexible capacity that thermal power facilities offer. Through these, our goal is to further raise profitability in the electricity transactions markets.

How minimizing output leads to greater use of renewable energy



Advanced Safety Implementer Accreditation System

Our thermal power operations were recognized by the Minister of Economy, Trade and Industry in September 2024 for their use of technology and independent efforts to secure an advanced level of safety. This certification will allow us greater flexibility in determining when to conduct voluntary checks and other details. As a result, optimization during repairs will further enhance the reliability of our equipment and ensure more standardized installation capabilities. By doing so, we will work towards more economical power generation operations.

Accredited Advanced Safety Implementer Requirements	
Commitment by Top Management Responsibility by representatives, clear policies, established compliance systems, etc.	**Advanced Risk Management System** Systems, etc., to evaluate risks and implement measures based on these
Application of Technologies Use of IoT, big data, AI, drones, and other cutting-edge technologies	**Response to Cybersecurity and Related Risks** Cyberattack countermeasures based on safety tasks that utilize the IoT, etc.

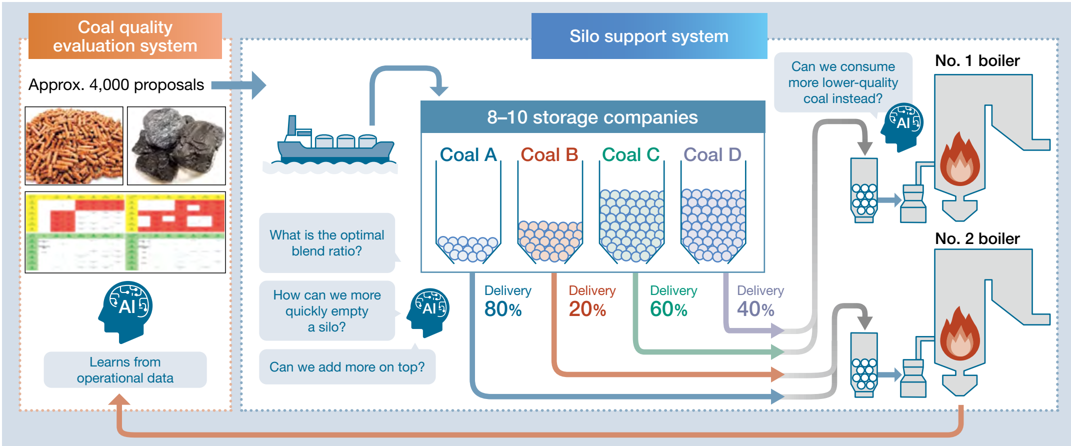
Inspection item	Frequency	
	Previously	In future
Boiler	6 years	Flexible
Steam turbine	6 years	

Development of a fuel operation AI and use of robots, drones, etc., for patrols

Coal-fired thermal power involves a high degree of fuel consumption and a need to store lots of coal, and coal mixing, ship freight operations, and other tasks are increasingly complex. Taking into account aspects such as daily income/expenditures, the storage situation, and the properties of coal and biomass fuels, we are carrying out these complicated tasks based on the expertise of a limited number of seasoned employees.

As such, our aim is to calculate the optimal blend ratios for lower-grade coal, for which we do not have much of a track record of use, for further optimization, task efficiency improvements, and greater competitiveness. To do so, we are developing coal quality evaluation systems and coal silo operation support systems, and have started trial operations at Misumi Power Station.

Within power stations, we are also considering having robots and drones conduct patrols and inspections in place of workers, and investigating initiatives to introduce smart technologies to these checks. This enables qualitative patrols and investigations that are not influenced by factors such as operators' levels of experience, and the operational data that robots and drones collect is analyzed by AI, which we will use to make judgments on abnormalities and quickly eliminate trouble.

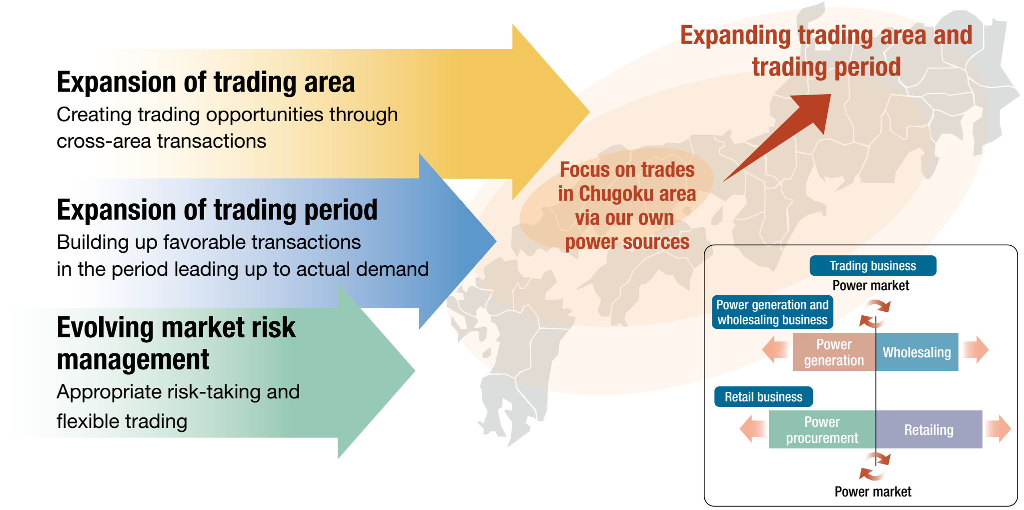



Drone independent flights trial


Robot patrols/investigations trial

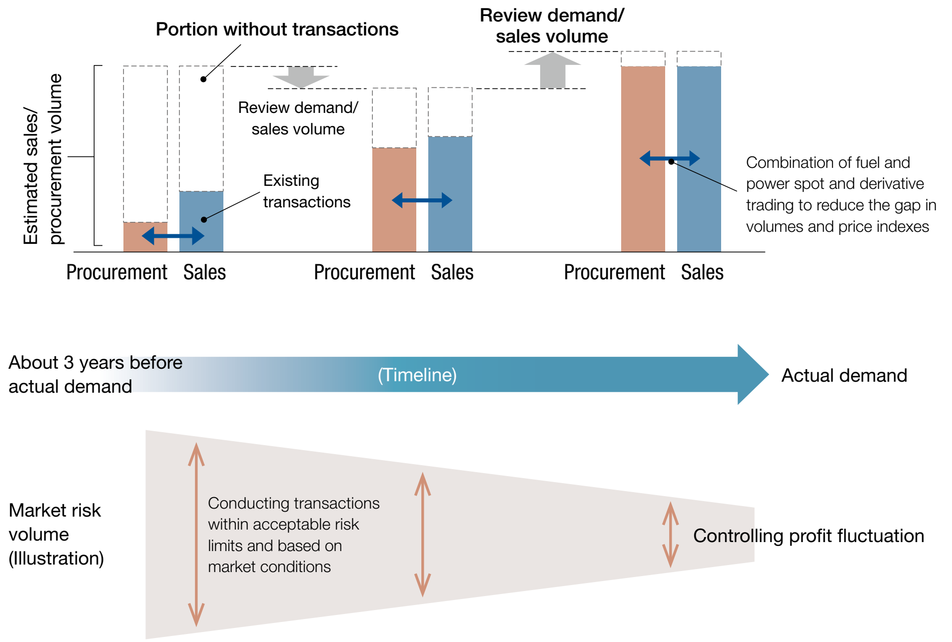
Evolving Trading/Risk Management

With the expansion of electricity trading across areas due to deregulation and the advancement of equal trading both internally and externally, the development of electricity futures markets, etc., and the entry of a wide variety of players, the liquidity of the electricity trading market is rapidly increasing, and we expect this to be a new business opportunity.
We will work to increase profits by maximizing and utilizing the value of our own power sources, including kWh, kW, ΔkW, and non-fossil value, and by further expanding our trading areas and actively and flexibly building up trading of various products related to electricity and fuel over a more medium- to long-term time horizon under appropriate market risk management by improving our organizational structure and utilizing specialized human resources.



Initiatives for market trading and risk management

We will control market price fluctuations for fuel and electricity by gradually accumulating procurement and sales transactions based on the market outlook in the portfolio structure for both power generation and retail sales over a multi-year period derived from actual demand. Furthermore, we will control the fluctuation of income and expenditures within our management capacity by mitigating the effects of fluctuations in fuel and power market prices through the time dispersion effect.
In this process, we will frequently review electricity demand and sales volume based on the prevailing economic and energy outlooks, and work to realize and maintain energy security for electricity as well as to achieve our goal of stable business profits.
As a guideline indicator for this purpose, we will monitor the amount of market risk as a notional value in the risk case of a large downturn in profits, and manage risk so that even in such a case, it will remain within the Company's management capacity.



Power Transmission and Distribution Business

While fulfilling our mission to deliver electricity in a stable manner at low cost, we will promote the formation of rational electricity network facilities with a view to becoming carbon neutral by 2050.

Chugoku Electric Power Transmission & Distribution Company, Inc., which is responsible for the power transmission and distribution business, is working to steadily implement the business plan set forth in the new wheeling charge system (revenue cap system) introduced in April 2023, with the aim of realizing the targets of the long-term vision targeting FY 3/2031.
Although the cost of materials, equipment, and labor has been rising most recently due to soaring prices, we have steadily implemented measures for aging facilities and worked to reduce costs by reviewing the volume of power to be solicited—taking into account the utilization of excess regulation capacity—and to improve management efficiency by upgrading inspection work for distribution facilities using digital technology, etc.
Going forward, we will continue to efficiently and systematically implement measures related to ensuring energy security and expanding the introduction of renewable energy for decarbonization.

WEB Revenue cap system overview
https://www.energia.co.jp/nw/company/activity/rc/gaiyou.html

WEB FY 3/2024–FY 3/2028 business plan
https://www.energia.co.jp/nw/company/activity/rc/doc/jigyoukeikaku_202309.pdf

Hasegawa Hiroyuki
Representative Director and President
Chugoku Electric Power Transmission & Distribution Company, Incorporated

Environmental Awareness

Opportunities in business operations

- Increase in opportunities for greater efficiency through innovative DX technologies including AI and IoT
- Increase in introduction of renewable energy to achieve carbon neutrality
- Acquisition of opportunities for systematic capital investment in line with the introduction of the new wheeling charge system
- Increase in demand for data centers and other large-scale facilities due to the progress of digitalization

Risks in business operations

- Increase in materials, equipment, and labor costs due to soaring prices
- Impacts on stable supplies caused by increasingly frequent and severe natural disasters
- Aging of electric power equipment
- Decrease in grid demand due to population decline and expansion of distributed power sources and storage batteries

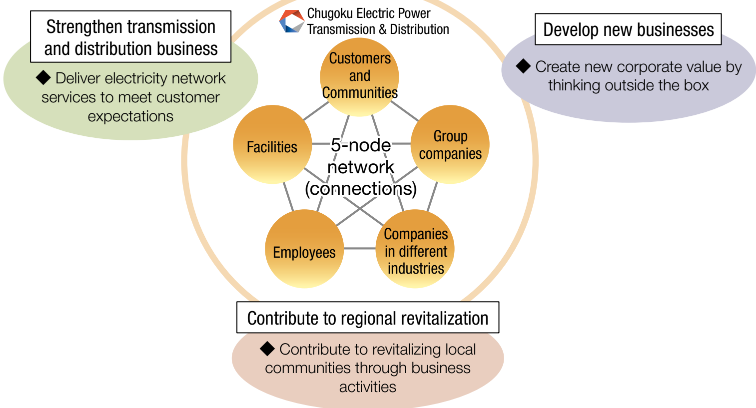
Desired outcomes, major issues, and objectives

In addition to tackling the three main areas of our long-term vision—strengthening the transmission and distribution business, developing new businesses, and contributing to regional revitalization—we will strive to develop alongside our regional community while uniting the strengths of our five networks.

Aims for FY 3/2031

Corporate Vision of Chugoku Electric Power Transmission & Distribution

A company which develops together with the regional community by uniting the strengths of its “5-node network”



Major issues

- Ensure energy security and form rational electricity network facilities
  We will implement measures related to ensuring energy security, such as countermeasures for aging facilities, speeding up disaster recovery, and strengthening cyber security, as well as form rational electricity network facilities with an eye toward carbon neutrality by 2050.
- Strengthening our management foundation
  As the number of company employees decreases, we will work to both increase labor productivity and maintain and improve operational quality by simplifying processes and utilizing digital technology and data.
- Reform of our profit structure
  We will continue to work on developing measures to expand wheeling demand with the aim of improving utilization of electricity network facilities. In addition, we will expand earnings by developing new businesses through new services utilizing our assets and alliances with other companies.

Objectives

- Achieve ordinary income of 14 billion yen by FY 3/2031
- Maintain world-class power quality and minimize the social impact of power outages

Main initiatives and measures to resolve issues

- Addressing the expansion of renewable energy introduction for decarbonization
- Creating new value through business process transformation and DX using digital technologies
- Strengthening resilience against more frequent and severe natural disasters
- Establishing a sustainable supply chain for stable procurement of materials, equipment, and construction work
- Reviewing business implementation systems for greater efficiency, e.g., by broadening offices’ area of responsibility
- Creating area demand through new ideas and ingenuity

Power Transmission and Distribution Business

Response to increasing introduction of renewable energy to achieve decarbonization

To ensure power producer predictability in the face of an increasing number of connection applications for renewable energy, the website of Chugoku Electric Power Transmission & Distribution discloses the volume of renewable energy, such as solar power, for which applications are received and information on available grid capacity, and measures are being taken to enable the grid to handle increased introduction.

WEB Renewable energy applications
https://www.energia.co.jp/nw/energy/kaitori/status/

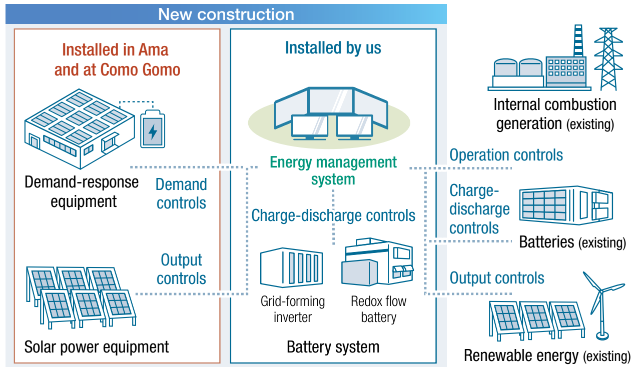
Reforming work processes using digital technologies and creating new value with DX

Using digital technologies, we aim to enhance productivity, while also taking a new look at how we think and act so as to make fundamental improvements to our work processes. Moreover, we will utilize our assets and data to create new value, by means of enhancing the value of existing services and offering new ones.

TOPICS Signing of a Cooperative Agreement on Carbon Neutrality

On September 6, 2024, Chugoku Electric Power Transmission & Distribution signed a cooperative agreement on carbon neutrality with the Ama Town (in Shimane Prefecture's Oki District) and Como-gomo.company to promote carbon neutrality efforts and resilience improvements in Ama.

This agreement has established a public-private partnership, and the three signatories combine their resources to further accelerate activities to bring about a decarbonized society. Also, by enabling independent power supply operations during emergencies, and other measures, we are constructing a next-generation power network that can respond to disasters.



Initiative overview

An energy management system*1 is able to forecast renewable energy outputs and demand for electricity, while also controlling battery charging and transmission, output for generation powered by internal combustion, and how much power that equipment requiring it receives depending on the generation/demand situation. By doing so, it can maintain a balance between supply and demand and ensure a stable supply of power while also making maximal use of renewable energy.

Introducing a grid-forming inverter,*2 meanwhile, supplements the system's inertial force and secure power grid stability to make it easier to introduce and expand renewable energy use.

For Ama, which did not possess a stable energy source like a generator powered by internal combustion, we are introducing the technologies needed for an independently operated power grid (a microgrid) and aiming to improve the resilience of its power supplies during disasters.

Future activities

Utilizing the knowledge we have gained through this initiative, we will aim for regional microgrids that can be used on remote islands or in mountainous areas and roll these out via designated area supply systems, etc.

WEB Signing of a Cooperative Agreement on Carbon Neutrality with Ama and Como Gomo
https://www.energia.co.jp/nw/press/assets/press/2024/p20240906.pdf

*1 A system that can show energy usage and control equipment operations to optimize energy operations.
*2 These inverters, which are also called "virtual-inertia power conditioners," use new functions that replicate inertia to provide an alternative for the role usually performed by internal combustion generation, etc. A next-generation technology, they aim to stabilize power grids and further expand the introduction of renewable energy.

Stronger resilience in preparation for increasingly frequent and severe natural disasters

To strengthen resilience (toughness and ability to recover in a disaster), we are taking measures to prevent accidents and speed up recovery when accidents occur. Moreover, during power outages, we communicate easy-to-understand information on the impacted areas and recovery schedules via power outage information apps, our website, and other channels.

Partnerships with relevant institutions during disasters

- Partnerships with the Japan Coast Guard Headquarters and other relevant institutions based on agreements for cooperation during times of disaster, etc.

Drill practicing the transport of recovery personnel and materials to an isolated location by a helicopter (a UH-1) belonging to the JGSDF's 13th Aviation Squadron (January 2025)

Joint drills with power transmission and distribution companies

- With the aim of offering each other mutual support and to strengthen cooperation with relevant organizations in the event of a disaster, we held joint drills with ten power transmission and distribution companies, focused on restoring transmission and distribution equipment.

Joint drill with power transmission and distribution businesses (November 2024)

Communication of information on power outages and recovery forecasts

- Active communication of information through website and social media, etc.
- Push notifications and maps of power outage locations through power outage information apps

Information and Telecommunications Business

Under the new corporate vision, “f r o m E n e c o m,” we will work to ensure profits and acquire new sales.

Okabe Keiji
Director and President
Enecom, Inc.

Our efforts under the previous management vision from FY 3/2020 to FY 3/2025 generally achieved their targets. Each business steadily implemented measures to address issues and worked to increase sales and profits, resulting in record-high net sales in FY 3/2025.

In the information and telecommunications industry, the market size of cloud computing and data centers is expanding amid the rapid spread of generative AI. Going forward technological innovation is expected to further advance in the telecommunications infrastructure market toward the realization of Society 5.0 as advocated by the Japanese government and the underlying infrastructure of Beyond 5G. However, the fiber to the home (FTTH) market is reaching maturity, and competition among carriers to acquire customers is expected to intensify further.

In this environment, Enecom has adopted a new corporate vision targeting FY 3/2036, “f r o m E n e c o m,” under which each and every employee will continue to take “+Action.”

Enecom, which is responsible for Chugoku Electric Power Group’s information and telecommunications business, will continue its efforts to secure profits and generate new sales by providing value through customer-oriented services and other means. Through DX and other means, we will also take on the challenge of creating new value by supporting the transformation of our customers’ businesses and lifestyles and working to solve environmental and social issues.

“f r o m E n e c o m,” Enecom’s new corporate vision

WEB Enecom: Corporate Vision
https://www.enecom.co.jp/about/vision/

Environmental Awareness

Opportunities in business operations
- Changes to lifestyles and business environments
- Acceleration of corporate DX activities
- Advances in AI and telecommunications technology

Risks in business operations
- More intense competition in the information and telecommunications business
- Damage to company facilities or information leakage due to natural disasters
- Cyberattacks or similar interrupting services or causing information leaks
- Increase in procurement costs due to soaring prices

Desired outcomes

By achieving our three core visions, we aim to make Enecom a company that is consistently preferred by all who work with us.

Gathering human resources who turn stakeholders’ ideals into reality

Constant ambition and exploration driven by stakeholder perspectives
Always creating new and greater value as seen by stakeholders

Employees as value creation drivers
Each and every employee leverages their expertise to create value

Forums for all employees to thrive
Creating a place where diverse human resources can maximize their abilities

Pursuing sustainability

Embracing DX for a GX society
Adapting to the GX society while pursuing DX, and driving transformation in business, industrial structures, and lifestyles

Creating value as a sustainable enterprise
Addressing societal challenges through R&D and new ventures, continuously generating new value

Realizing well-being
Creating an environment where every employee feels joy

Growing with and supporting the community

Supporting regional social infrastructure through information and telecommunications
Contributing to the region’s development through the information and telecommunications business

Supporting the development of the region’s next generation of human resources
As a collaborative partner of the community, taking on the challenge of fostering the next generation of human resources and growing together with the community

Helping to cherish our community
As a local company, supporting activities to cherish our community, such as through culture and sports

Evaluation indicators

Quantitative assessment will focus on two perspectives: individual initiatives (three core visions) and the overall picture (financial).

1. Individual initiatives FY 3/2036

Gathering human resources who turn stakeholders’ ideals into reality	Customer satisfaction (Expectations of the company)	80% or more
Pursuing sustainability	Carbon neutrality (Scope 1 and 2)	Decarbonization 100%
	Employee engagement	75 point or more
Growing with and supporting the community	Community recognition of the company	80%

2. Overall picture FY 3/2036

Net sales	70 billion yen or more
Operating income	7 billion yen or more
ROA	7% or more

Efforts to Strengthen and Expand Our Information and Telecommunications Business

Corporate customers

From communications networks and data centers to cloud, security, and DX solutions, we offer a rich range of services to cater to customers' diverse needs.

EneWings solution service for corporate customers


Hiroshima Data Center

For corporate customers, Enecom offers construction and maintenance services for communications network services, data centers, cloud services, security services, network devices and servers.

The Enewings Direct Exchange Service, launched in April 2023, is located in Hiroshima and enables customers' sites to connect directly to the mega cloud services of five major US-based IT companies. The service can be used as a secure, stable business platform that connects Enecom's Ethernet network, V-LAN, and the EneWings Hiroshima Data Center with the mega cloud services without using the internet.

In August 2023, we started a new backup service equipped with ransomware* countermeasures. The following August, we launched EneWings Security Management, a service that monitors and analyses security device logs to detect signs or traces of cyberattacks. In response to the threat of cyberattacks, which grow more advanced with each passing day, Enecom security technicians carry out impact surveys and give explanations of real threats based on the actual environment and shut down communications if needed in an emergency.

Furthermore, as a new service, we offer the EneLearn Drone Meister e-learning service, which includes teaching materials for those wishing to acquire national drone certifications and those wanting to gain basic knowledge, which combine Enecom's own on-site expertise with rules specified by the Ministry of Land, Infrastructure, Transport and Tourism. Another new service that we have developed is the Metaverse Exhibition Maker, a platform that makes it easy for users to hold virtual events. We trialed an e-sports event business model with the Hiroshima e-Sports Company Tournament in November 2024 using this service, and we are working to expand it further.

We will work to strengthen the competitiveness of our existing services by leveraging our network services to reflect customer needs and industry trends, while also promoting value creation through customer-driven, comprehensive solution proposals.

*Ransomware is a form of malware that encrypts files and renders them unusable, which is followed by a demand for a ransom to return them to their original state

Support for promotion of digital transformation of companies through consulting

For corporations interested in DX across Japan, Enecom offers consulting services that cover various cutting-edge digital services and technologies such as generative AI, RPA, IoT, machine learning, and public cloud networks.

In the field of generative AI, which we began offering consulting services for in 2023, we are working with customers on initiatives to utilize the many functions that generative AI can offer, such as complementing and strengthening management resources and capabilities, and improving productivity. The enhanced digital technology application capabilities gained by backing the development of digital personnel (human resources skilled in digital technologies) helps to change corporate cultures and achieve a shift to more productive, more creative high-added-value work. We work to apply advanced digital technologies, and one example is using machine learning to predict supply and demand levels.

This effort will enable us to respond flexibly to customers' diversifying needs (for DX, CX, EX, ecosystem construction support, etc.) with combinations of optimal digital technologies and services.

In the future, we will make proposals that combine the latest digital technologies and services and support companies' efforts to raise productivity and develop their own digital personnel, in order to contribute to digital advances for the region and wider society.

Individual customers

In addition to ensuring secure internet connections through optical fiber, we will also support customers' lifestyles through convenient, enjoyable services.

Internet connection service MEGA EGG

Enecom offers MEGA EGG as an internet connection service for personal use.

The MEGA EGG Optic Basic service is offered over Enecom's own fiber optic lines in five prefectures in the Chugoku region and includes a provider fee for fare plans up to 1 gigabyte. It also includes security services, to protect users' computers from viruses or similar, as standard.

Our MEGA EGG Optic 10 Giga ultrafast internet service, which we have offered in some areas since April 2024, is optimized for use cases like multiple simultaneous internet users; stable video playback, remote working, or online learning; superior online gaming; and high-resolution videos.

We also expanded the area where we offer 10-gigabyte services in October 2024 and again in April 2025, and we plan to gradually expand the service area in the future.

In July 2025, meanwhile, we started offering a rental service for Wi-Fi 7 routers, a new standard of tri-band router that is also compatible with the 6 GHz band.

MEGA EGG by エネコム

International Business

Initiatives in the International Business

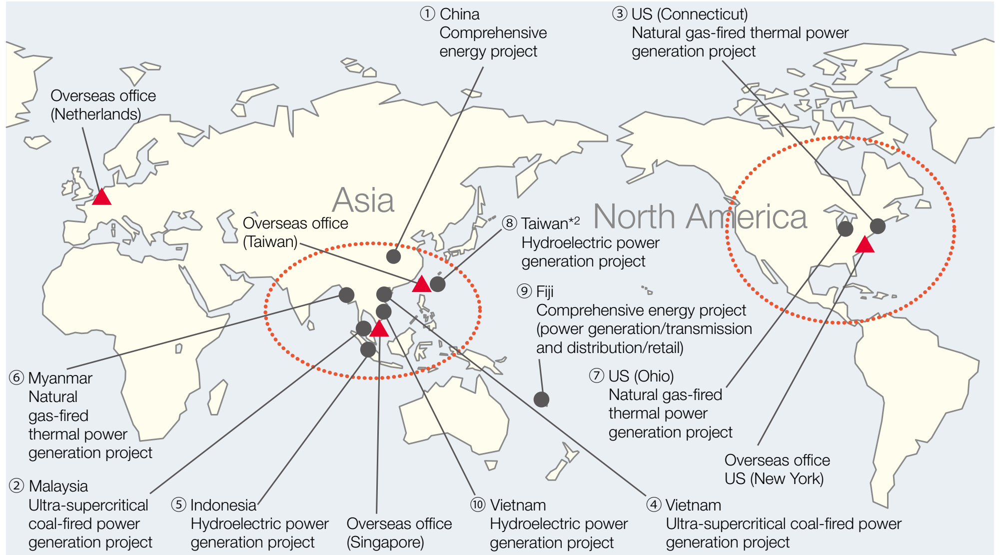
To strengthen our management foundation, we are taking actions in our international business by utilizing the technology and expertise we have cultivated in our domestic electricity business.
In terms of investments in overseas electricity projects, we have participated in a total of 10 power generation and integrated energy projects in eight countries around the world, including in Asia, North America, and Fiji.
In our overseas consulting business, we have been commissioned by governments and private companies to conduct feasibility studies and supervise construction in a wide range of technical fields, including electricity projects, and have participated in a total of 143 projects in 35 countries around the world.
Through FY 3/2031, we will carefully select new investments, adding value to existing projects and building an optimal portfolio by selling and replacing assets. Through these efforts, we will cultivate diverse personnel that will lead the future of the Group.
Toward FY 3/2041, we will accelerate our efforts in new projects based on the advanced expertise, human networks, and cultivated human resources accumulated through our international business, while expanding international business earnings and contributing to decarbonization in Japan and overseas, thereby enhancing corporate value.

International electricity business investment (as of June 30, 2025)
10 projects in 8 countries, with holdings equivalent to output of 1,257 MW

Overseas consulting business (as of June 30, 2025) 143 projects in 35 countries

Overseas projects ● and manned overseas offices ▲

*2 Joint investment between Chugoku Electric Power Company and CHUDENKO



Example of investment in the international business

TOPICS

Cambodia: 10 MW Solar Power and 3 MWh Storage Battery Project in Pursat Province


Power station exterior (drone aerial photo)

In March 2025, Chugoku Electric and SchneiTec Co., Ltd., a renewable energy power generation company in Cambodia, jointly established a local operating company to construct and operate a solar power plant with storage batteries and an output of 10 MW in the Krakor district of Pursat Province.
Chugoku Electric acquired a 10% interest in the project and plans to sell the electricity generated to Electricite du Cambodge (EDC), the national power authority, for 20 years. This investment marks our first initiative in Cambodia.
This project has been selected by the Ministry of the Environment under the Facility Subsidy Project of the Joint Crediting Mechanism*1 investment support program, for which the Global Environment Centre Foundation publicly solicited, as the 10 MW Solar Power and 3 MWh Storage Battery Project in Pursat Province. In this project, we will measure, report, and verify the greenhouse gas emission reduction effects for 17 years after the start of operation.

*1 A system whereby partner countries work together to reduce greenhouse gas emissions, and both countries share in the results of the reductions

Example of overseas consulting project

TOPICS

Micronesia: Research Project for the Formulation of a Master Plan for Electricity Mainly from Renewable Energies

In February 2025, we were commissioned by the Ministry of Economy, Trade and Industry (METI) to conduct a research project on the formulation of a master plan for electric power generation mainly from renewable energy sources in Pacific island countries, jointly with CHUDEN ENGINEERING CONSULTANTS CO., LTD.
In Micronesia, the government has set a goal of 70% renewable energy generation by 2030. In addition, in 2018, the country formulated an energy sector master plan to install renewable energy facilities; however, it faces challenges such as stabilizing the power grid.
This project will study the feasibility of introducing a Japanese company's virtual synchronous generator technology to Pohnpei Island in Pohnpei and Weno Island in Chuuk State, and formulate a master plan to ensure a stable power supply even if the ratio of renewable energy sources such as hydroelectric and solar power increases in the future. This will contribute to achieving the country's renewable energy generation ratio target.

Foundations for Value Creation

Contents

Environment

We will strive to reduce the environmental impact of our business activities, including the decarbonization of energy, and contribute to the decarbonization of our customers and communities.

Omoto Hiroaki
Managing Executive Officer
Chief Operating Officer of Carbon Neutrality Promotion Division

We wish to keep the environmental impact that comes with our business activities to a minimum, and to that end the entire Group has come together and recognized that we have a responsibility to work on conserving the environment.

In our business activities, we promote environmental management through the initiatives listed in our action plan, such as Promotion of Global Warming Countermeasures and Promotion of the Formation of a Recycling-oriented Society, founded in the basic policy from the Chugoku Electric Power Group Environmental Action Plan.

In addition, based on the Basic Policy of the Chugoku Electric Power Group Carbon Neutral Strategy, we are working to implement priority measures set from the perspectives of the decarbonization of energy and decarbonization for the customer and community in order to become carbon neutral by 2050.

We will continue to enhance disclosure information (in accordance with the TCFD, TNFD, etc.) on these environmental initiatives.

From FY 3/2027, the Chugoku Electric Power Group Environmental Action Plan and the Basic Policy of the Chugoku Electric Power Group Carbon Neutral Strategy have been integrated into the new Chugoku Electric Power Group Environmental Management Policy, designed to further promote environmental management based on trends in national environmental policy and other factors.

Chugoku Electric Power Group Environmental Management Policy P58

Environmental Awareness

Opportunities

Opportunities arising from initiatives
- Acquisition of decarbonized power source-oriented customers
- Capturing new market opportunities
- Development of services and businesses that contribute to regional decarbonization

Risks

Risks arising from failure to act
- Increase in carbon costs due to stricter CO_2 emission regulations
- Customer turnover/decreased sales mainly due to high CO_2 emission coefficients
- Increase in financing costs due to deteriorating ESG ratings

Desired outcomes

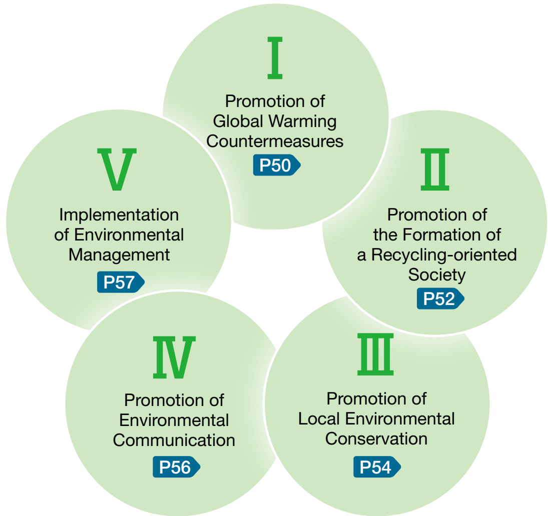
The need to address environmental issues is becoming more and more important amid societal demands for decarbonization and biodiversity preservation, and ESG (environmental, social, and governance) investment is expanding. As for the Chugoku Electric Power Group, we preceded these demands by promoting environmental initiatives since 2015 (for Chugoku Electric itself, these began in 1993) by establishing an environmental action plan.

Basic Policy

The Chugoku Electric Power Group will:
- Contribute to realizing a society that enables sustainable development through simultaneously achieving compatibility with the environment, stable supply of power, and profitability, with our ultimate priority being on ensuring safety as a corporate group handling energy.
- We will contribute to the mitigation of climate change through efforts to achieve carbon neutrality by 2050.
- Always cherish the environment based on the following three policies and aim to be a corporate group trusted by our customers.
  1. Vigorously approach global warming countermeasures and other important issues such as promoting formation of a recycling-oriented society and promoting local environmental conservation, etc.
  2. Contribute to building a society in harmony with the environment by providing customers with products and services that are environmentally friendly.
  3. Actively implement two-way communications with local communities comprising dialogue, activities, and other efforts related to environmental conservation.

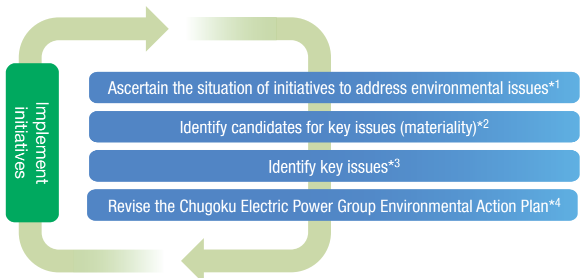
Major initiatives

Action Plan



Identification and review of key issues

Key environmental issues at the Group are determined by the process indicated in the following diagram, and reviews are carried out periodically based on the situation of ongoing initiatives.



*1 Ascertain the situation of initiatives to address environmental issues throughout the entire Group.
*2 Identify environmental issues likely to have higher importance based on factors such as relevant laws/regulations and social demands pertaining to the environment.
*3 Identify key issues by referring to in-house review and opinions of outside experts.
*4 Incorporate identified key issues into the Chugoku Electric Power Group Environmental Action Plan following decision by the President (important revisions are submitted to the Board of Directors).

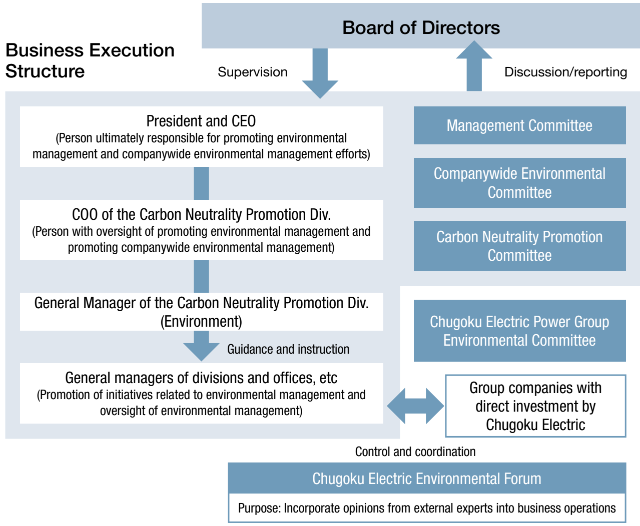
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Environmental Management & Carbon Neutrality Promotion Organization

At Chugoku Electric, the head of the Carbon Neutrality Promotion Division oversees companywide environmental management under the command of the President and CEO, who bears ultimate responsibility for the company's environmental management.

We reflect the results of reviews conducted by the Environmental Management Promotion Committee, the Chugoku Electric Power Group Environmental Committee, and other committees in our environmental management. This enables us to undertake initiatives in line with our environmental policies in a unified manner across the entire group.

The Board of Directors receives reports from the President and CEO twice a year on the status of environmental initiatives and other matters, and oversees the execution of tasks related to the environment, including environmental management.



	Composition	Frequency
Companywide Environmental Committee	Chair: COO of the Carbon Neutrality Promotion Div. Members: Heads of business divisions and departments	Twice yearly (in principle)
Carbon Neutrality Promotion Committee	Chair: COO of the Carbon Neutrality Promotion Div. Members: General managers of divisions and relevant departments	Four times a year (in principle)
Chugoku Electric Power Group Environmental Committee	Chair: General Manager of the Carbon Neutrality Promotion Div. (Environment) Members: Environmental management leaders at each company of the Chugoku Electric Power Group	Twice yearly (in principle)
Management Committee	Members: Ten outside experts	At least once a year

Chugoku Electric Power Group Environmental Targets

FY 3/2025 Results and FY 3/2026 Targets

Of the fourteen environmental targets, we achieved ten, nearly achieved two, and fell short on two. We will continue working toward our environmental targets for FY 3/2026.

Chugoku Electric Power Group Environmental Management Policy P58

Achieved | Almost achieved | Not yet achieved

Action Plan	Item	Target	FY 3/2025 Results	Evaluation	Remarks
I. Promotion of global warming countermeasures	Use of nuclear power generation, provided safety is ensured	Early operation restart of Unit 2, and start of operation of Unit 3, at the Shimane Nuclear Power Station*1	Unit 2: Began commercial operation in January 2025 Unit 3: Currently responding to conformity reviews for new regulatory requirements	Achieved	
	New introduction of renewable energy	FY 3/2021–3/2031 300–700 MW	370 MW	Achieved	
	Responding to growing introduction of renewable energy	Introduction wherever possible (grid connections)	16.73 GW · Connections completed: 13.14 GW · Connection applications: 3.59GW	Achieved	
	Thermal power station heat efficiency	Achievement of benchmark indicators*1,2 based on the Act on Rationalizing Energy Use by FY 3/2031	Thermal power A: 1.04 Thermal power B: 44.3% Coal: 45.51%	Achieved	
	Provision of energy-saving products and services to customers	FY 3/2031 No. of EcoCute units installed: More than 900,000	750,000 units	Achieved	FY 3/2025 plan: 750,000 units (cumulative total) vs. FY 3/2025 results: 750,000 units (up 10,000 units from FY 3/2024 results)
	Promotion of vehicle electrification	FY 3/2031 Electrification rate of company-use vehicles (excl. special vehicles, etc.): 100%	30.3%	Almost achieved	FY 3/2025 plan: 31% vs. FY 3/2025 results: 30.3% (8% increase on FY 3/2024 results)
	CO_2 emissions	Halve CO_2 emissions by FY 3/2031 for both the retail business and power generation business (compared to FY 3/2014)*1	Retail: 19.69 million t-CO_2 (53.4% reduction) Power generation: 15.62 million t-CO_2 (37.6% reduction)	Achieved	
	CO_2 emissions factors	Undertake the challenge to achieve the national emission factor based on the FY 3/2031 Forecast for Energy Supply and Demand*1,3	FY 3/2024 0.422 kg-CO_2/kWh*4	Achieved	
II. Promotion of the formation of a recycling-oriented society	Effective utilization rate for coal ash	99% or higher	95.7%	Not yet achieved	Decline in effective utilization rate for coal ash due to reduced demand for cement, etc.
	Waste recycling rate (excluding coal ash)	95% or higher	93.6%	Not yet achieved	Decline in the waste recycling rate due to industrial waste contaminated with chemicals incurred during the removal of steel towers, etc.
III. Promotion of local environmental conservation	Proper disposal of PCBs	Disposal of full amount by the end of FY 3/2027	Making steady progress with disposal	Achieved	
IV. Promotion of environmental communication	Activities supporting education on energy and the environment for the next generation	Active implementation	No. of visiting schools, etc. 233	Achieved	Held events including a nature observation session at Kirarahama (Yamaguchi City, Yamaguchi Prefecture) and a forest event (Kitahiroshima Town, Hiroshima Prefecture)
V. Implementation of environmental management	Thorough environmental management	Implementation of groupwide environmental management measures and thorough compliance with environmental laws and regulations	Received guidance on one occasion	Almost achieved	Received guidance from a municipality regarding the improper disposal of fluorocarbons (took measures to prevent a recurrence)
	Percentage of employees participating in environmental education	100%	100%	Achieved	

*1 At Chugoku Electric. *2 Standards for energy conservation to be achieved in the medium to long term. As levels to aim for, the following have been established for electricity suppliers: Indicator A (1.00 or higher), Indicator B (44.3% or higher), and coal-fired thermal power generation efficiency indicator (43% or higher). *3 This goal is a target of the Electric Power Council for a Low Carbon Society (ELCS), and is a forecast that assumes various issues in terms of both supply and demand have been overcome for the national government's goal of -46% (compared to FY 3/2014). If this forecast is achieved, the emission factor for all of Japan will be about 0.25 kg-CO_2/kWh (on used end). *4 As the ELCS CO_2 emission factor FY 3/2025 results are not yet confirmed, the previous year's results were used for this evaluation (as of September 2025). *5 Training related to topics such as global warming countermeasures, the creation of a recycling-oriented society, and biodiversity.

Environment

I Promotion of Global Warming Countermeasures

Further use of non-fossil energy

Nuclear

- Use of nuclear power generation while making safety a top priority
- Developing new nuclear power as a key countermeasure for global warming
- Investigation and utilization of cutting-edge technologies

Renewable energy and decarbonized power sources

- Further introduction of hydro, solar, wind, biomass, and other forms of renewable energy
- Expansion of dispersed/renewable energy connection capacity via more sophisticated electricity network facilities
- Investigation into introduction of hydrogen/ammonia power generation technology, etc.

Efficient use of fossil energy

- Use of the economically best available technology (BAT) in developing new thermal power stations. Optimizing operation and maintenance of existing power stations
- Development of advanced technology such as power generation based on an integrated coal gasification fuel cell (IGFC) combined cycle, carbon recycling, etc.

Promotion of efficient use of energy and electrification

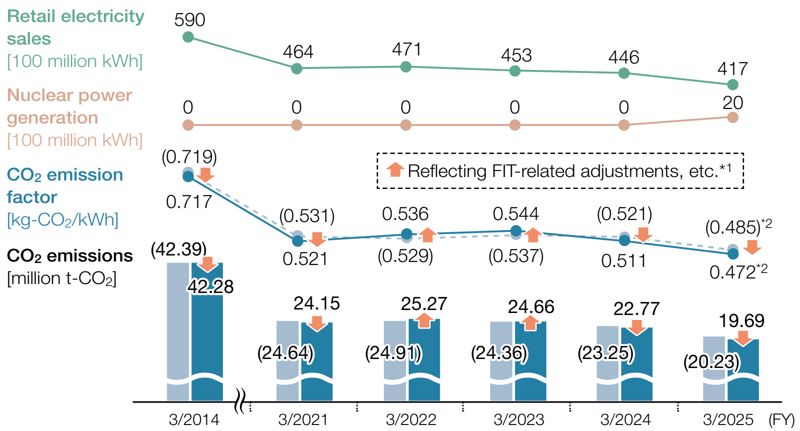
- Support for customers' energy-saving measures through use of smart meters, etc.
- Provision of heat pumps and other energy-saving products
- Development of services and roll out of businesses that contribute to decarbonization among customers and regions

Other measures

- Efficient operation of power transmission/distribution equipment
- Curbing emissions of greenhouse gases other than CO_2 (SF_6, etc.)
- International technical support toward decarbonization

CO_2 Emissions Record

In FY 3/2025, CO_2 emissions for our electricity retail business were 19.69 million t-CO_2, and the CO_2 emission factor was 0.472 kg-CO_2/kWh. CO_2 emissions decreased over FY 3/2024 due to a drop in retail electricity sales. The CO_2 emission factor decreased compared to FY 3/2024 despite the drop in retail electricity sales due to factors such as the increase in the non-fossil fuel energy ratio with the restart of commercial operations at Shimane Nuclear Power Station Unit 2. (Numerical values are adjusted*1)



*1 Reflects adjustments relating to feed-in-tariffs (FIT) and deductions from CO_2 emissions credits based on the Act on Promotion of Global Warming Countermeasures, etc.
Figures in parentheses indicate values before reflection (emissions and emissions factors before adjustment).

*2 CO_2 emission factor for FY 3/2025 is a provisional value; the official value will be announced by the government.

TOPICS

Joining the GX League

With an eye on achieving carbon neutrality and bringing about societal change in the run up to 2050, we have joined the GX League with the aim of achieving sustainable growth for society now and in the future.

WEB GX League website
https://gx-league.go.jp/

Participation in Challenge Zero

(Challenge Net Zero Carbon Innovation)

We are a participant in Challenge Zero, an initiative to realize a decarbonized society promoted by the Japan Business Federation (Keidanren).

WEB Challenge Zero website
https://www.challenge-zero.jp/

Environment

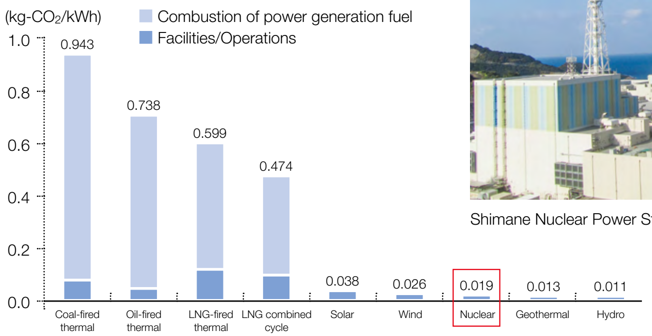
Further Use of Non-fossil Energy

Use and development of nuclear power

Nuclear power is outstanding in terms of fuel supply stability and economy. It also does not emit CO_2 during operation, and thus is superior for combating global warming.
Therefore, it is important to maintain a certain level of nuclear power in the energy mix. While ensuring that safety is the top priority, we will strive to ensure the continued stable operation of Shimane Unit 2 and start up Shimane Unit 3 as early as possible, and develop the Kaminoseki Nuclear Power Station as a vital power source for the future.

Further Improvement of Safety of Nuclear Power Stations P33

CO_2 emissions factors by power source in Japan




Shimane Nuclear Power Station

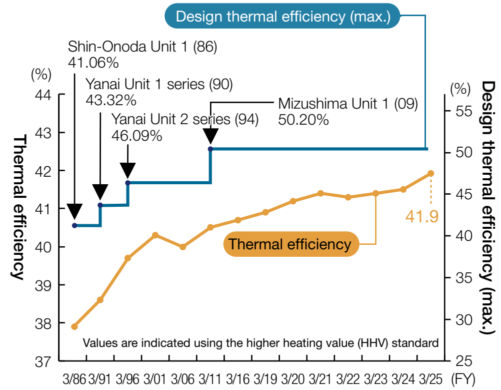
Note: CO_2 emissions are calculated for combustion of power generation fuel, as well as for energy consumed in every phase from raw material mining, to facility construction, fuel transport/refining, operation, maintenance, etc.
Source: Central Research Institute of Electric Power Industry (CRIEPI) Report "Life Cycle CO_2 Emissions Evaluation of Japanese Power Generation Technology (July 2016)"

Further introduction of renewable energy

At the Chugoku Electric Power Group, we have set ourselves the target of 300–700 MW more renewable energy by FY 3/2031 (compared to FY 3/2020). In addition to our efforts in Japan—repowering existing hydroelectric power stations, developing solar and wind power, and promoting biomass power generation—we are actively working toward the decarbonization of society through participation in hydro power projects overseas.

Efficient Use of Fossil Energy

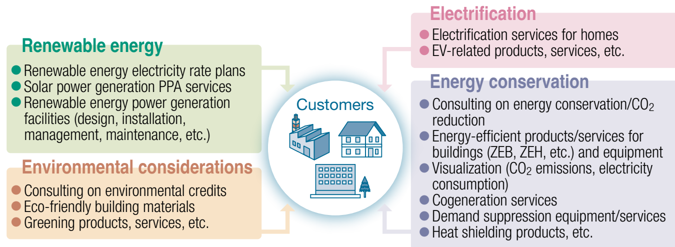
In order to curb CO_2 emissions and attain the benchmark indicators of the Act on Rationalizing Energy Use through efficient use of fossil energy, we are working to improve thermal efficiency by using BAT* in developing new thermal power generation facilities, and optimizing operation and maintenance of equipment at existing power stations. As a result, we maintained a high thermal efficiency in FY 3/2025 of 41.9%. If we assume the thermal efficiency of each of our thermal power stations is improved by 1%, then CO_2 emissions will be reduced by approximately 360 thousand t-CO_2 every year, and this will save roughly 120 thousand kL of fuel (in heavy oil equivalent).
We achieved the target levels for the FY 3/2025 benchmark indicators based on the Act on Rationalizing Energy Use due to factors including an increase in the proportion of high-efficiency coal-fired thermal power generation.



*Best Available Technology

Promotion of Efficient Use of Energy and Electrification

Our Group is working to make efficient use of energy more prevalent through approaches such as recommending high-efficiency systems suited to the needs of each customer, and providing information to help people conserve energy.
Elsewhere, as a part of our efforts to realize the decarbonization of society, we offer customers electricity rate plans for electricity with low CO_2 emissions, install solar power generation equipment at customers' buildings or on their property, and provide services that enable them, to use the power generated for a monthly service.



WEB Carbon neutrality topics and examples
https://www.energia.co.jp/tokusetu_site/carbon-neutral/topics/

Operation of highly efficient thermal power plants and increased use of mixed-fuel combustion P37
Further introduction of renewable energy P36
Rate Plans and Services in Line with Customers' Needs and Supply-demand Situation P29
Response to increasing introduction of renewable energy to achieve decarbonization P43
Initiatives in the international business P46
Energy-saving and CO_2-reduction Proposals P30

Environment

Promotion of the Formation of a Recycling-oriented Society

Promoting the 3Rs, that is reduction, reuse and recycling, putting a primary focus on reducing generation of wastes

Encouraging switches to recyclable resources as a plastic recycling measure

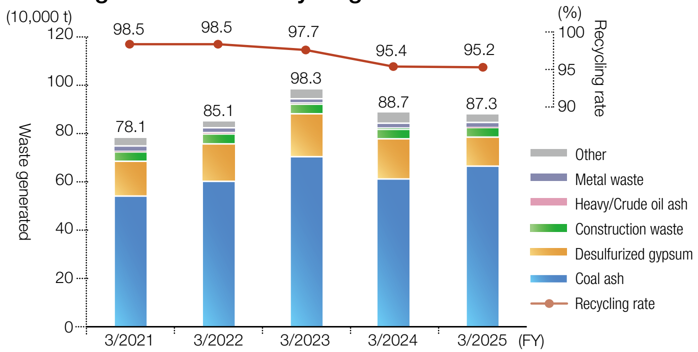
Developing advanced recycling technologies and offering waste-derived products such as products using coal ash to customers

Promoting the 3Rs

To help promote a recycling-oriented society, at the Chugoku Electric Power Group we are promoting initiatives in environmentally friendly product purchases and projects, and engaged in efforts to recycle waste. In FY 3/2025, we were able to recycle 95.2% of the waste we generated,* because although the amount of waste produced dropped, the percentage of coal ash that we were able to use effectively decreased.

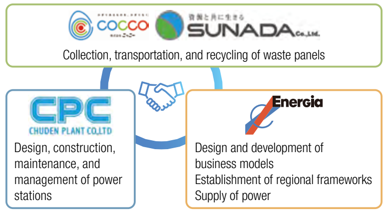
*Includes the amount of coal ash effectively utilized

Waste generated and recycling rate

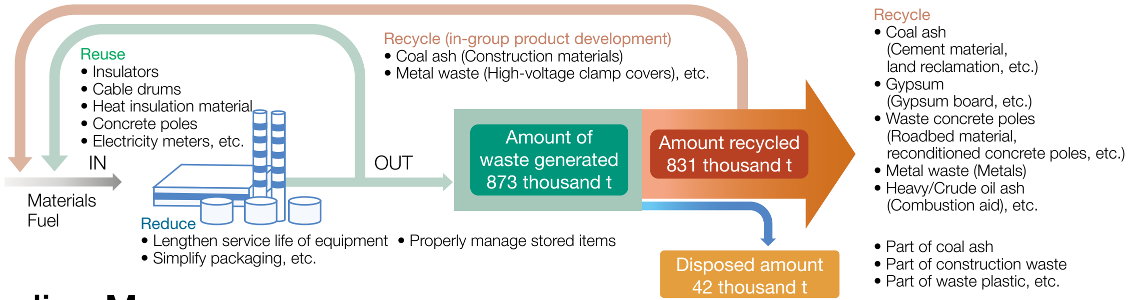


TOPICS Reuse and Recycling of Solar Panels

We work with local businesses and municipalities to promote the reuse and recycling of solar panels. Through these efforts, we aspire to create a recycling-oriented society in which solar power can be utilized continuously as a power source and resource.



Flow of waste treatment and recycling



Plastic Recycling Measures

We have set targets based on the Plastic Resource Circulation Act and other rules, and are working to control emissions and recycle such resources.

Targets for curbing industrial waste for products that use plastics and toward plastic recycling

◆ Maximum controls on waste
◆ Maximum shift toward plastic recycling, etc.*1

*1 Plastic recycling (material recycling & chemical recycling) and heat recovery.
Note: These targets apply to both Chugoku Electric and Chugoku Electric Power Transmission & Distribution

FY 3/2025

	Chugoku Electric	Chugoku Electric Power Transmission & Distribution
Waste	110 t	396 t
Proportion recycled	74 t	265 t
Recycling rate	67%	67%

Example initiatives

· Use of recycled plastics and paper materials for PR goods
· Switch to paper for packaging materials, etc.

PR product made from recycled plastic

Environment

Developing Advanced Recycling Technologies and Offering Waste-derived Products to Customers

Development of coal ash products

We are actively developing coal ash products to recycle the coal ash produced by coal-fired thermal power stations. These efforts include developing construction materials exploiting coal ash characteristics, as well as application technologies for such products.
In recent years, we have gone beyond the Chugoku region and are working to expand our sales channels outside the area, so that now a whole range of customers are utilizing our Light Sand and other products.

Overview of coal ash products

Coal ash serving as raw material	Fly ash		Clinker ash
Product name	Eco-powder	Hi-beads	Light Sand
Product description	Made by sorting and grading fly ash 	Made by adding a small amount of cement and water to fly ash, and then granulating 	Made by crushing lumps of clinker ash into a sandy form 
Track record of use	Tunnel spraying material, fly ash concrete, construction material, etc.	Material for environmental remediation of bottom sediments in coastal regions and estuaries, and ground improvement in ports, etc.	Lightweight banking material, retaining wall backfill material, backfill/drainage material around structures (for athletic fields), etc.

Product manufacturing capacity at each power station

Manufacturing location	Product manufacturing capacity (annual)
Misumi Power Station	Hi-beads: Approx. 50 thousand t Light Sand: Approx. 30 thousand t Eco-powder: Approx. 20 thousand t
Shin-Onoda Power Station	Light Sand: Approx. 30 thousand t Eco-powder: Approx. 40 thousand t

Artificial soil was used in the slopes on the northeast side of a football stadium in Hiroshima (Light Sand)

Examples of use

Concrete admixture used in a pedestrian bridge over the Oda Shizuma Road in Shimane Pref. (Eco-powder)

Greening material used in the open space around Hotel Okura (Tokyo) (Light Sand)

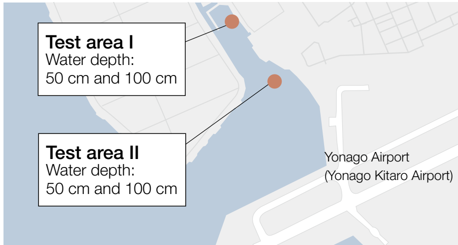
WEB Effective use of coal ash (Information on coal ash products)
https://www.energia.co.jp/business/sekitanbai/index.html

TOPICS Adoption of Our Coal Ash Products for the Sakaiminato Blue Carbon Promotion Project (Nakahama Port Seaweed Farming Pilot Test)

Hi-beads, our coal ash product, has been adopted for the Sakaiminato Blue Carbon Promotion Project (Nakahama Port Seaweed Farming Pilot Test) being run by Sakaiminato City in Tottori Prefecture.
Sakaiminato City's port has many artificial structures, such as concrete revetments, a characteristic which has prevented the formation of large seaweed beds here. Seaweed beds are thought to have a blue carbon effect, absorbing carbon dioxide from the sea through photosynthesis. For this reason, the city is conducting research and studies aimed at preserving and restoring seaweed beds.
We provided approximately 160 kg of Hi-beads samples to Sakaiminato City, which were installed underwater at two locations in Nakahama Port in May 2025, along with concrete blocks and other structures. In addition to contributing to the formation of seaweed beds, Hi-beads are expected to increase phytoplankton through water purification and other effects, thereby enhancing the blue carbon effect of seaweed beds.
In the future, we will continue to work with Sakaiminato City, which is monitoring the growth of seaweed beds and verifying the effectiveness of Hi-beads, with the aim of helping to improve the local environment.

Locations

Nakahama Port
(Koshinozu-cho, Sakaiminato City, Tottori Prefecture)



Amount

Provided samples of approximately 160 kg (8 bags) stored in mesh bags as a measure to prevent leakage

WEB Adoption of Our Coal Ash Products for the Sakaiminato Blue Carbon Promotion Project (Nakahama Port Seaweed Farming Pilot Test)
https://www.energia.co.jp/info/2025/15912.html

Environment

III

Promotion of Local Environmental Conservation

Reduction of environmental impact on air, water, etc.

Prevention of noise, vibration, soil contamination, and foul odors, and harmonization with the surrounding landscape

Proper management of chemical substances such as PCBs and asbestos

Protection of biodiversity in accordance with local characteristics, through implementation of environmental assessments, etc.

Reduction of Environmental Impact and Harmonization with the Surrounding Landscape

Environmental conservation measures at power stations

In order to conserve the local environment, we measure and monitor soot, wastewater, and other power station emissions based on laws established by the national and local governments, and environmental conservation agreements with local governments. We are also introducing environmental protection equipment employing state-of-the-art technologies.

Overview of environmental conservation measures

Measures to prevent air pollution
- Sulfur oxide (SOx) countermeasures
- Nitrogen oxide (NOx) countermeasures
- Soot countermeasures
- Measures to prevent scattering of particulate

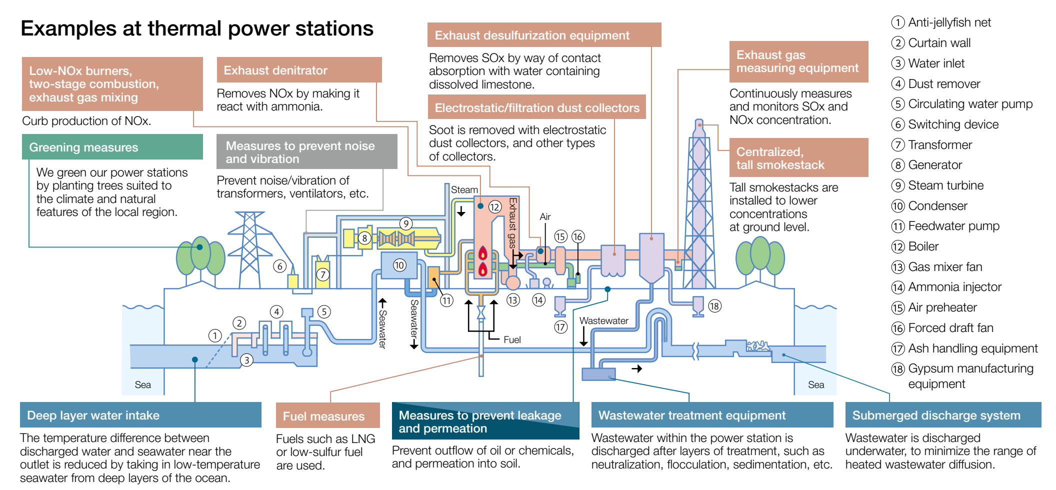
Measures to prevent water pollution
- On-site wastewater countermeasures
- Heated water waste countermeasures
- Measures to prevent oil leakage

Measures to prevent noise, vibration, and foul odors

Measures to prevent soil contamination
- Measures to prevent leakage
- Measures to prevent permeation

Measures to harmonize with the surrounding environment
- Measures to maintain landscapes
- Protection of nature
- Greening

Examples at thermal power stations



Proper Management of Chemical Substances

Efforts to detoxify PCBs

Our Group is striving to treat 100% of PCB (polychlorinated biphenyl) waste within the statutory time limit.

Treatment of high-concentration PCB waste was completed by the end-of-FY 3/2021 deadline. Low-concentration PCB waste is detoxified at a certified facility outside our company. This treatment will be done in a planned fashion by the deadline (end of FY 3/2027).

WEB High-concentration PCB waste treatment situation (Environmental Data Collection)
https://www.energia.co.jp/energy/energia/kaiji/index.html

Response to the asbestos issue

Our Group established a policy on response to the asbestos issue in FY 3/2006. We are dealing appropriately with this issue by banning new use of asbestos, and periodically investigating the usage situation.

WEB Efforts to address the asbestos issue
https://www.energia.co.jp/energy/energia/ishiwata/index.html

Protection of Biodiversity in Accordance with Local Characteristics

Implementation of environmental assessments

When newly constructing or expanding a power station or other facility, we conduct an environmental impact assessment based on legal and regulatory requirements to evaluate the potential impacts of construction work and the start of operations on the surrounding natural and social environments, with the aim of minimizing such impacts. In addition to thoroughly investigating, predicting, and evaluating these impacts in advance using the latest technologies, we also listen to the views of the local community and take appropriate measures to conserve the environment, thereby minimizing the environmental impact on the surrounding area.

At Yanai Power Station Unit 2, we plan to replace it with a new Unit 2 with an output of around 500 MW. As this plan qualifies as a business covered by the Environmental Impact Assessment Act, we are carrying out environmental assessments.*1

*1 In surveys such as upper-atmosphere meteorological observations, we observe the air temperature, wind direction, wind speed, and other characteristics of the sky above power stations, in order to measure and evaluate the spread of exhaust gases from chimneys

High-altitude weather observation (August 2024)

Monitoring the surrounding environment after the start of power station operation

We conclude environmental conservation agreements with the relevant local governments prior to the start of power station operations with the aim of ensuring that the living and natural environments of nearby communities are properly preserved. We monitor the condition of the air, sea, and other aspects of the environment surrounding the power station, report the results to these local governments, and provide disclosure to the general public.

TOPICS Certification as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment for Our Company-owned Forests

To continually secure and utilize the water necessary for hydroelectric power generation, we have roughly 1,500 ha of forest for recharging water resources. These forests are located in the upper reaches of the Yoshii River and Takahashi River in Okayama Prefecture, and the Ota River in Hiroshima Prefecture, where we carry out proper management. These forests have many functions aside from recharging water resources, including absorbing CO_2, preventing soil runoff, and protecting the habitat environments of wild animals and plants.

In October 2024, we received certification from the Ministry of the Environment as a Nationally Certified Sustainably Managed Natural Site*2 for a portion (approximately 150 hectares) of our company-owned forest in Kitahiroshima Town, Yamagata County, Hiroshima Prefecture. This is in recognition of our efforts to preserve biodiversity through private initiatives and other measures in this area of forest.

In addition, from the perspective of effectively utilizing environmental value, we plan to create approximately 2,000 tons of J-Credits (for forest absorption) over eight years through the maintenance and management of company-owned forests, including this Nationally Certified Sustainably Managed Natural Site.

We will continue our efforts to preserve biodiversity based on the Chugoku Electric Power Group Environmental Action Plan with the aim of helping to bring about a more sustainable society.

Company-owned forest in Kitahiroshima Town certified as a Nationally Certified Sustainably Managed Natural Site

自然共生サイト 認定 30by30

*2 A program that certifies areas where biodiversity conservation is being promoted through private sector initiatives, etc., and promotes private sector activities

TOPICS Biodiversity Initiatives

Creating a habitat environment for fish and shellfish by installing an artificial reef

By installing an artificial reef (shoal) in the sea area in front of the seawall at Unit 3 of our Shimane Nuclear Power Station, we have reduced the water depth, making it easier for sunlight to reach the seabed. This creates a favorable habitat for the propagation and growth of fish, shellfish, and seaweed species such as *Ecklonia kurome*.

At Chugoku Electric, focusing on the ability of seaweed beds to absorb CO_2 and reduce greenhouse gases, we acquired J Blue Credits for the 15.7 t of CO_2 absorbed by these seaweed beds between 2017 and 2021 following a J Blue Credits Scheme review. We are using the credits that we acquire for events such as travel tours in Matsue City and basketball matches.

■ Travel packages

Nippon Travel Agency Co., Ltd. now offer individual traveler travel packages with J-Credits. This offsets the CO_2 emissions produced moving around Matsue and Tamatsukuri Onsen by public transport.

■ Basketball matches

In October 2024, B.League home games for the Shimane Susanoo Magic professional men's basketball team were held as carbon-neutral matches. The CO_2 emissions of the electricity used at the venue was offset.

PAC-MAN™ & ©Bandai Namco Entertainment Inc.

■ Horikawa Pleasure Boat

We offset the CO_2 emissions associated with the electricity used to power the electric boats that tour the moat at Matsue Castle and the charcoal briquettes used to heat their seats in winter.

■ Beauty and Fashion Muse Festival

Muse Festival 2025, a beauty and fashion festival featuring popular salons from the San'in region, was held in Matsue City. The event offset the CO_2 emissions generated during the festival, making it a carbon-neutral event.

Environment

IV Promotion of Environmental Communication

Two-way communication

· Proactive information disclosure/distribution and consultation with the public

Partnership with society

· Voluntary implementation of environmental conservation activities, and participation in and cooperation with community events
· Promotion of activities to support energy/environmental education for the next generation
· Promotion of technical cooperation with developing countries and international exchange by accepting trainees, etc.

Two-way Communication

Enhancement of information disclosure

At Chugoku Electric, we are continuing with efforts to enhance our disclosure of environmental information.

Climate change	TCFD	We have continued to disclose information since FY 3/2021, and in FY 3/2025 as in FY 3/2024 our efforts were cited as a positive example in the Ministry of the Environment's Recommendations for Management Strategies That Use Sustainability (Climate- and Nature-related) Information Disclosure Information Disclosure Based on TCFD Recommendations P59-P63
	CDP	Evaluation results for responses to the 2024 CDP questionnaire Climate change: B Water security: B- WEB Response to CDP https://www.energia.co.jp/e/environment/other/index.html
Nature	TNFD	Disclosed since FY 3/2025. The main improvements for FY 3/2026 were as follows: • Organize each process for inputs, production processes, and emissions by each power generation method to identify dependencies and impacts specific to our business activities • Develop proprietary scenarios and identify risks/opportunities through internal workshops, etc. Information Disclosure Based on TNFD Recommendations P66-P71
ESG topics	SASB	Disclosed since FY 3/2022 WEB Information Disclosure in Line with SASB Standards https://www.energia.co.jp/e/environment/other/index.html
	Chugoku Electric Power Group Environmental Data	The Chugoku Electric Power Group discloses its key environmental data on its website Acquired third-party evaluations to enhance the reliability of the environmental information contained in this report WEB Chugoku Electric Power Group Environmental Data https://www.energia.co.jp/energy/energia/kaiji/index.html

Partnership with Society

To spark an interest in energy and the environment, we conduct education support activities for the next generation (e.g., visiting schools, electricity seminars, and uploading videos to YouTube).

Date held	Educational activities (examples)	Venue	Target audience
2024.5.21	Lecture, Yamaguchi Prefectural Assembly (Special Committee for Promoting the Decarbonization of Industry)	Yamaguchi City, Yamaguchi Prefecture	General public
2024.6.6	Lecture, GX Seminar	Online	General public
2024.9.29	Energia Nature Observation Event in Kirarahama	Yamaguchi City, Yamaguchi Prefecture	Elementary school students and younger
2024.10.20	Forest event in a forest for recharging water resources	Kitahiroshima Town, Hiroshima Prefecture	Elementary school students and younger
2025.1.10	Lecture, Hiroshima University	Higashihiroshima City, Hiroshima Prefecture	University students
2025.6.21	Participation in World Environment Day Hiroshima	Hiroshima Prefecture, Hiroshima City	Elementary school students and younger

In 2024, as part of our efforts to promote environmental education for the next generation, we teamed up with Kitahiroshima Town in Hiroshima Prefecture, with whom we concluded a comprehensive partnership agreement on biodiversity conservation, to hold a forest event at our forest for recharging water resources in Kitahiroshima Town. This was the first time we had collaborated with a company from a different industry for such an event (cooperation: Asahi Group Japan, Ltd.).

Forestry event at a company-owned forest (Kitahiroshima) in October 2024 (co-organized by Kitahiroshima Town and with the assistance of Asahi Group Japan)

Environment

V Implementation of Environmental Management

Compliance with environmental laws, agreements, etc., through approaches such as bolstering environmental education and training for employees

Continual improvement of the Environmental Management System (EMS)

Reducing electricity use in our own offices, promoting paperless operations using information and communications technology, actively purchasing green products, and otherwise implementing green office activities

Strengthening in-group collaboration and coordinating with business partners

Compliance with Environmental Laws, Agreements, Etc., and Continual Improvement of the Environmental Management System

Bolstering environmental education and training for employees

As part of its efforts to raise environmental awareness among all employees, in addition to providing environmental education at each workplace, since FY 3/2017, the Group has been conducting training sessions for employees at business sites and other locations. These sessions, led by the Carbon Neutrality Promotion Division, focus on environmental laws and regulations, including the Act on Waste Management and Public Cleaning and the Fluorocarbon Emissions Control Act, with the aim of reducing environmental risks.

Continual improvement of the Environmental Management System (EMS)

We operate our own environmental management system that incorporates the thinking behind ISO 14001, and work to enact the Chugoku Electric Power Group Environmental Action Plan and promote environmental risk management.

In managing these risks, each of our business offices works to make risk visible by identifying environmental laws and regulations applicable to work/equipment at their office, and manage compliance according to a list of compliance matters. Compliance status is also reviewed periodically, as are management methods where necessary. By steadily implementing the PDCA cycle, we work to make continuous improvements.

The Carbon Neutral Promotion Division, meanwhile, through environmental management reviews*1 and Group environmental audits*2 for each office or group company, works to verify legal compliance and identify points for improvement, and where necessary reflects these in rules to ensure environmental management takes root and environmental risks are lessened.

The results of the environmental management reviews and Group environmental audits are reported to the Companywide Environmental Committee and Chugoku Electric Power Group Environmental Committee.

*1 Plan to visit all offices over a three-year period, conducting reviews at approx. 12 offices per year

*2 Assess the impact of environmental risks on the business activities of Group companies, conducting environmental audits at approx. three selected companies per year

Environmental award system

At Chugoku Electric we have run an environmental award system since FY 3/2006. Through this system, we commend employees and business offices that have achieved outstanding results in their efforts to counter environmental issues.

Environmental awards ceremony

Environmental awards FY 3/2025

Name of activity

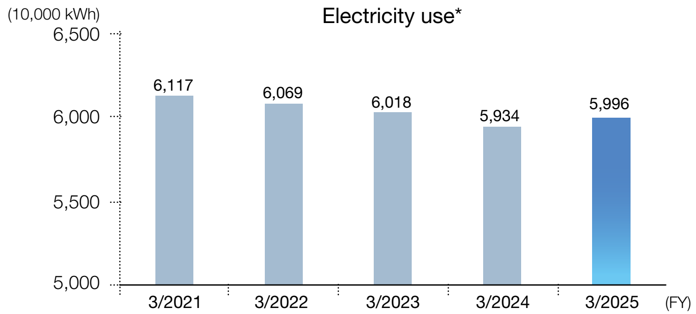
Promotion of carbon neutrality through the development of solar power generation equipment and off-site PPAs

Commended department

Decarbonization Solutions Promotion Office
Energy Sales Division

Implementing Green Office Activities

In our Group, we have established an Action Plan for Green Office Implementation, and we are promoting efforts to save energy such as improving electricity/water use and gasoline fuel efficiency, as well as initiatives relating to resource saving and recycling, including reduction in waste volume, reduction/recycling of office paper, and green purchasing.



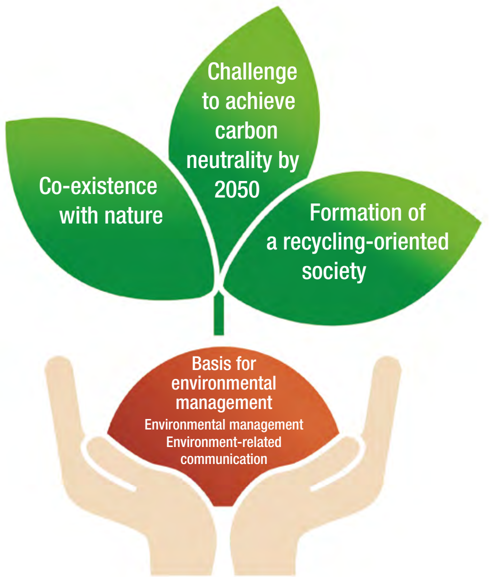
*Electricity use for each fiscal year in the chart is the average of the most recent three years.

Chugoku Electric Power Group Environmental Management Policy

The Chugoku Electric Power Group is founded in the Chugoku region and as such we strive to reduce the environmental impact of our business activities. To do so, our efforts towards environmental conservation have so far been driven by two policies—the Chugoku Electric Power Group Environmental Action Plan and the Basic Policy of the Chugoku Electric Power Group Carbon Neutral Strategy.
To reflect factors such as trends in Japanese environmental measures, and to further promote environmental management, we have formulated the new Chugoku Electric Power Group Environmental Management Policy. Going forwards, we will promote environmental initiatives based on the new policy, and help to make society more sustainable. We also aim to actively share information on the results of these initiatives outside our Group, and to create opportunities to work with people in the region and encourage them to learn more about our energy business.

Policy

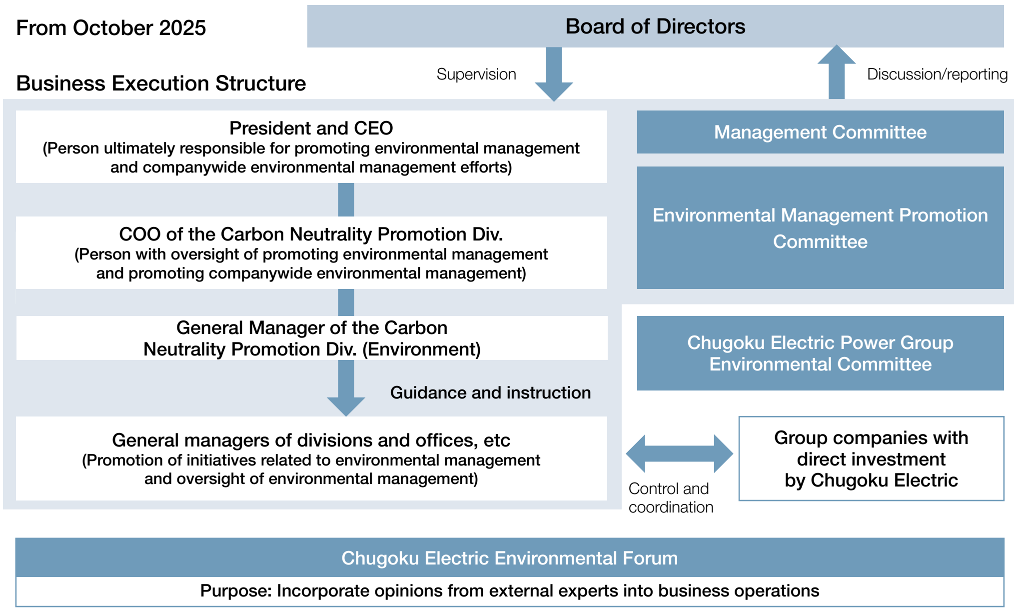
◆ We will strive to be carbon neutral by 2050.
◆ We will promote the formation of a recycling-oriented society.
◆ We will contribute to co-existence with nature.
◆ We will enhance efforts that form the basis of our environmental management.



- We have organized our ongoing efforts to reduce our environmental impact into three categories: challenge to achieve carbon neutrality by 2050, formation of a recycling-oriented society, and co-existence with nature. We have chosen to represent our approach to environmental management as leaves of a growing plant.
- Promoting environmental management requires enhanced management of environmental indicators and better communication of environmental issues with stakeholders. As such we have represented the three main initiative themes as the soil that feeds the plant.

Changes to the environmental management promotion framework

In line with the new policy, we have merged the Companywide Environmental Committee with the Carbon Neutrality Promotion Committee, and created the new Environmental Management Promotion Committee to have discussions related to environmental management plans and similar in one place. The President and CEO will continue to bear ultimate responsibility for environmental management promotion and environmental management while under his or her command the chief operating officer (COO) of the Carbon Neutrality Promotion Division oversees it companywide.
By appropriately reflecting in environmental management the results of discussions by the committees, we will continue to promote groupwide efforts based on policies related to the environment.
The Board of Directors hears from the President and CEO on the status of environmental initiatives twice a year, and supervises the execution of duties related to the environment, including environmental management.



	Composition	Frequency
Environmental Management Promotion Committee	Chair: COO of the Carbon Neutrality Promotion Div. Members: General managers of divisions and relevant departments	Four times a year (in principle)
Chugoku Electric Power Group Environmental Committee	Chair: General Manager of the Carbon Neutrality Promotion Div. (Environment) Members: Environmental management leaders at each company of the Chugoku Electric Power Group	Twice a year (in principle)
Chugoku Electric Environmental Forum	Members: Ten outside experts	At least once a year

Information Disclosure Based on TCFD Recommendations

In June 2019, we signed an agreement to support the Recommendations of the Task Force on Climate-related Financial Disclosures,*1 and are working to further enhance our disclosure of information related to climate change.

*1 The TCFD was set up by the Financial Stability Board (FSB) with the aim of developing methods for voluntary, uniform disclosure of climate-related financial information. TCFD recommendations provide frameworks for disclosure of information related to climate-related risks and opportunities.

Governance

At Chugoku Electric, recognizing the importance of initiatives to address climate change, we have set up the Carbon Neutrality Promotion Committee and the Companywide Environmental Committee. The former is responsible for understanding, assessing, and promoting our carbon neutrality initiatives, while the latter serves to promote initiatives that address climate change and other environmental issues.

The important matters discussed at each committee are reported to the Board of Directors.

Moreover, one part of directors' bonuses (excluding that for external directors and Audit and Supervisory Committee directors) takes into account the results of initiatives to reduce CO_2 emissions.

Executive Compensation P111

Main matters reported to the Board of Directors regarding climate issues (FY 3/2025)

- ✓ FY 3/2024 results in the GX League
- ✓ Status of implementation, etc., of key issues set out in the Basic Policy of Chugoku Electric Power Group Carbon Neutral Strategy
- ✓ FY 3/2024 results from the Chugoku Electric Power Group Environmental Action Plan
- ✓ Risk management status, etc.

Main matters discussed at the Carbon Neutrality Promotion Committee (FY 3/2025)

- ✓ FY 3/2024 results in the GX League*2
- ✓ Status of implementation, etc., of the priority measures in the Basic Policy of Chugoku Electric Power Group Carbon Neutral Strategy*2
- ✓ Status of initiatives toward decarbonization for customers and local communities
- ✓ Status of initiatives for advanced CCS business

*2 Matters reported to the Board of Directors

Effective October 2025, we are revising our promotion framework by establishing the Environmental Management Promotion Committee as a deliberative body for reviewing our progress on environmental management initiatives in an integrated manner.

Environmental Management & Carbon Neutrality Promotion Organization P49

Risk management

We have established the Risk Management Division as an organization that oversees Group-wide risk management, promoting and supporting risk management across the entire Group under the companywide risk management system (P112).

With a constant awareness of the necessity and importance of risk management, each organization is responsible for taking the lead in understanding and assessing the risks in their main line of business, prioritizing early detection and the prevention of risks that can be identified in advance. For risks that are difficult to foresee, priority is placed on activities to minimize any potential impact. In the event that such a risk does materialize, rather than playing down its impact, the necessary response is implemented at speed as required by our various stakeholders.

The Risk Management Division identifies risks across the entire Group and assesses the severity of each risk based on its degree of impact and frequency. The division has positioned risks that could have a significant impact on our business activities as risks that require priority supervision by management, and submits information to the Management Committee on the conditions surrounding their management while also reporting to the Board of Directors.

In addition, the Internal Audit Division confirms and assesses whether internal controls for managing risks are functioning effectively in each business division.

Moreover, we recognize stricter regulations related to climate change as serious risks that require close observation and countermeasures. The major business and other risks (P113,114) that could severely impact our Group's performance are also shown in our Securities Report.

Strengthening Risk Management P112-P115

Strategies

In line with future uncertainties, we have analyzed various scenarios to enable us to strategically engage in efforts to achieve Carbon Neutral 2050.

These analyses are not intended to predict results. They are for the purpose of examining long-term events and countermeasures based on certain assumptions.

Assumed scenarios

At Chugoku Electric, to allow for science-based assessments of the risks and opportunities associated with climate change, we have set a 1.5°C Scenario (Net Zero by 2050 Scenario) and a 4°C Scenario based on data published by the International Energy Agency (IEA) and other organizations.

1.5°C Scenario	4°C Scenario
● Reinforcement of global climate change countermeasures and the steady reduction of GHG emissions ● Japan's achievement of its NDC*3 and carbon neutrality by 2050 ● Limitation of global average temperature rises to below 1.5°C by the end of the 21st century (Reference) ● IEA: World Energy Outlook 2024 NZE Scenario*4 ● Seventh Strategic Energy Plan ● GX2040 Vision	● Insufficient global climate change countermeasures and inadequate reduction of GHG emissions ● Global average temperature rises reach approximately 4°C by the end of the 21st century (Reference) ● Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, SSP5-8.5 scenario*5 ● Japan Meteorological Agency: Climate Change in Japan 2020 4°C Increase Scenario

*3 Nationally determined contribution. Compulsory GHG emissions reduction targets that must be provided by each party under the Paris Agreement. Japan's NDC is to reduce its GHG emissions by 46% in FY 3/2031 compared to FY 3/2014. It will also continue with efforts to achieve its lofty goal of 50%, and to reduce GHG emissions by 60% and 73% by FY 3/2036 and FY 3/2041, respectively, from their FY 3/2014 levels.

*4 A scenario in which global average temperature rises have been stabilized at 1.5°C.

*5 A scenario in which climate change policies are not introduced under fossil-fuel dependent developments.

Information Disclosure Based on TCFD Recommendations

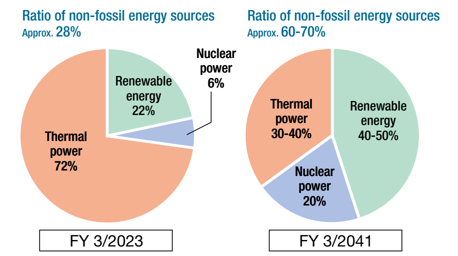
Changes in business environment

Following analysis of the assumed business environment changes in each scenario, in the 1.5°C Scenario, there would be a significant impact on our business on both the supply and demand sides, while climate change would have a significant impact on our business in the 4°C Scenario.

1.5°C Scenario | Energy supply

According to the IEA's World Energy Outlook 2024, the global ratio of non-fossil energy sources is set to significantly increase ahead of 2050. In Japan, the Seventh Strategic Energy Plan outlines the country's policy to introduce renewable energy as the main power source to the maximum extent possible, and includes a non-fossil fuel energy ratio of approx. 60 to 70% for FY 3/2041. In addition, the plan aims to achieve a balanced power mix that avoids over-reliance on specific power or fuel sources.

Japan's energy composition*1



Main impacts on our business

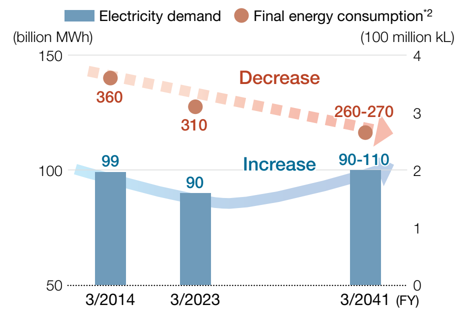
- ✓ Tightening of GHG emissions regulations
- ✓ Increasing needs for non-fossil energy sources
- ✓ Increasing needs for highly efficient/decarbonized thermal power generation
- ✓ Greater investment in decarbonization technologies
- ✓ Accelerated introduction of renewable energy in line with technology advancements

*1 Created in-house based on the Seventh Strategic Energy Plan.

1.5°C Scenario | Energy demand

According to the IEA's World Energy Outlook 2024, global electricity demand and electrification rates will continue to rise ahead of 2050. In Japan, the Seventh Strategic Energy Plan predicts that while final energy consumption will decrease, electricity demand will increase due to such factors as advances in electrification driven by GX and the new construction and expansion of data centers and semiconductor factories.

Japan's energy supply and demand outlook*1



Main impacts on our business

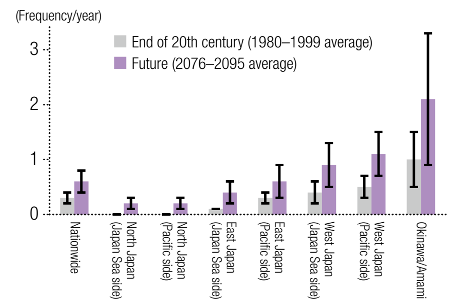
- ✓ Increasing social desire for decarbonization
- ✓ Promotion of electrification for decarbonization
- ✓ Increasing need among customers for energy conservation and decarbonization in their business activities

*2 Final amount of energy used by consumers (crude oil equivalent).

4°C Scenario | Climate change

According to the Sixth Assessment Report from the IPCC, global average temperatures and sea levels are set to continue to rise during the 21st century. In its Climate Change in Japan 2020 report, the Japan Meteorological Agency predicts that this would lead to an increase in frequency of cloudbursts and stronger typhoons.

Frequency of cloudbursts*3



Main impacts on our business

- ✓ Increasing severity of natural disasters (cloudbursts, typhoons, etc.)
- ✓ Changing rainfall patterns
- ✓ Rising average temperatures and sea levels

*3 Created in-house based on the Japan Meteorological Agency's Climate Change in Japan 2020; the bars show the frequency in each area and the vertical black lines show the range of annual change.

Climate change risks and opportunities

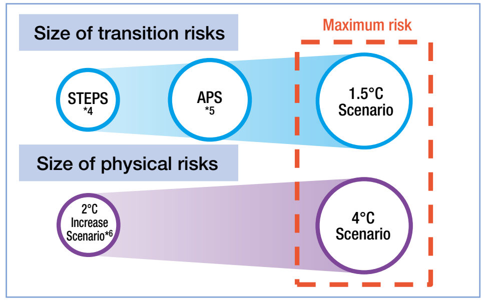
Based on the scenarios outlined above, we recognize climate change risks and opportunities as seen on the following page. In order to maximize our opportunities while ensuring a thorough response to climate change risks, we will engage in various measures for both supply and demand.

Ahead of the achievement of Carbon Neutral 2050, we have formulated the Basic Policy of Chugoku Electric Power Group Carbon Neutral Strategy to clarify our course of action and actualize our initiatives. This basic policy outlines our policy to decarbonize the energy we provide and promote decarbonization among our customers and regions. It also contains the priority measures that we are implementing to help us achieve this target by FY 3/2031.

Both the 1.5°C Scenario and the 4°C Scenario have been set as the main scenarios in which climate change risks are at their maximum severity.

By working on measures that assume the main scenarios will come to fruition, we will be able to respond to both scenarios and engage in business with our resilience assured.

We believe that transition risks and opportunities are one and the same.



*4 A scenario that envisages the course of action for energy systems based on the current state of energy policies. (IEA World Energy Outlook 2024 STEPS scenario)
*5 A scenario that envisages the complete achievement of climate-related pledges, such as net-zero targets and NDCs, by each national government within the designated period. (IEA World Energy Outlook 2024 APS scenario)
*6 A scenario in which the 2°C target of the Paris Agreement is largely achieved. (From the Japan Meteorological Agency's Climate Change in Japan 2020)

Information Disclosure Based on TCFD Recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate change risks and opportunities

: Priority measures in the Basic Policy of Chugoku Electric Power Group Carbon Neutral Strategy

Scenario	Changes in business environment (main impacts on our business)		Group risks and opportunities (: Risks : See P62 for financial impact of opportunities)	Timeline*1 (Short-term)	Timeline*1 (Medium term)	Timeline*1 (Long term)	Major impact on business*2
1.5°C Scenario	✓ Tightening of GHG emission regulations (Act on GX Promotion, Act on Rationalizing Energy Use, Act on Sophisticated Methods of Energy Supply Structures, Act on Promotion of Contracts of the State and Other Entities, Which Show Consideration for Reduction of Emissions of Greenhouse Gases, etc.)	Transition risks (Policy/Law)	◆ Increase in costs in line with tightened regulations 1 ◆ Lost revenue from a decrease in market competitiveness and the utilization rate of power generation using fossil fuels ◆ Drop in electricity sales due to loss of bidding eligibility	○	○	○	○
	✓ Increasing needs for non-fossil energy sources ✓ Increasing needs for highly efficient/decarbonized thermal power generation ✓ Greater investment in decarbonization technologies	Opportunities (Energy sources)	◆ Proactive adoption of hydro, solar, and wind power	○	○	○	○
			◆ Use of nuclear power with safety as top priority 1 3 ◆ Examination and utilization of advanced nuclear power technologies	○	○	○	○
			◆ Utilization of high-efficiency coal-fired thermal power and biomass power ◆ Utilization of carbon-free power sources (hydrogen/ammonia power generation, IGFC+CCUS/Carbon recycling, etc.)	○	○	○	○
			◆ Expansion of international business (renewable energy projects)	○	○	○	○
	✓ Rapid adoption of renewable energy due to technological advancements	Transition risks (Technologies)	◆ Increase in grid countermeasure costs	○	○	○	○
	✓ Heightened social awareness of decarbonization ✓ Promotion of electrification for decarbonization ✓ Increasing needs among customers for energy-saving and decarbonization measures in their business activities	Transition risks (Technologies)	◆ Drop in prospect of utilization of existing intellectual property due to rapid technological changes and a drop in competitive/growth capabilities due to insufficient acquisition of new intellectual property		○	○	
		Transition risks (Reputation, market, policy/law)	◆ Potential impact on market share and fund procurement if our decarbonization initiatives are deemed insufficient and our reputation for reliability and corporate image suffers 3 ◆ Increase in lawsuits if our decarbonization efforts are deemed insufficient	○	○	○	○
		Opportunities (Market)	◆ Increased profits driven by the advancement of electrification, DR,*3 Solar PPA,*4 and other services 2	○	○	○	○
			◆ Development of carbon recycling technologies (CO_2-TriCOM, Gas-to-Lipids)*5		○	○	
4°C Scenario	✓ Increasing severity of natural disasters (cloudbursts, typhoons, etc.) ✓ Changing rainfall patterns	Physical risks (Acute)	◆ Increase in recovery and countermeasure costs in line with facility damage 2 ◆ Increase in costs due to enhanced resilience measures (facility countermeasures to prepare for disasters, creation of coordinated systems to ensure early recovery)	○	○	○	○
			◆ Decreasing water flow rates (Decreasing hydropower) 4	○	○	○	
	✓ Rising average temperatures and rising sea levels	Physical risks (Chronic)	◆ Adverse impact on business activities			○	

The Group's measures for risks and opportunities

Decarbonization of energy sources ····· Power Generation Business P32-P40
- ✓ Expanded use of carbon neutral power
  - Further introduction of renewable energy Indicators and Targets A P62
    - ● Further introduction of hydroelectric, solar, and wind power ● Initiatives for the biomass power generation business
  - Utilize nuclear power generation while making safety the top priority Indicators and Targets B P62
    - ● Initiatives for the stable operation of Shimane Unit 2 and early commencement of operations at Unit 3
    - ● Roll out of various measures aimed at further improvement of safety ● Construction of new location in Kaminoseki
- ✓ Transitioning of thermal power generation Indicators and Targets C P62
  - ● Fade out of inefficient coal-fired thermal power ● Launch of state-of-the-art Misumi Unit 2, expansion of biomass mixed-fuel combustion
  - ● Promotion of the Osaki CoolGen Project ● Series replacement of Unit 2 at Yanai Power Station
  - ● Examination and preparation of hydrogen/ammonia power generation ● Examination of measures to launch CCS systems

Expansion of International Business ····· Initiatives in the international business P46
- ✓ Increase projects with a focus on renewable energy

Construction of next-generation power networks ···· Power Transmission and Distribution Business P42, P43
- ✓ Install interconnection lines and trunk grids in line with national master plan
- ✓ Install local grids to make renewable energy the main source of power and to reinforce resilience

Promotion of intellectual property strategy ····· Intellectual Properties P101-P103
- ✓ Acquire and use intellectual property in GX and other domains, and strategically file patent applications

Promotion of sustainable finance ····· Promotion of sustainable finance P64, P65
- ✓ Issue transition bonds and finance through transition-linked loans
- ✓ Engage with financial institutions and corporate bond investors associated with sustainable finance

Proactive communication with stakeholders ····· Enhancing Communication with Shareholders and Investors P18
- ✓ Relay opinions and requests from market dialogue in-house and encourage the improvement of initiatives

Propose solutions to cater to customers' decarbonization needs Indicators and Targets D P62
- ✓ Ensuring renewable energy sources ✓ Energy services deployment ✓ Exploring new businesses } Sales Business P28-P31
- ✓ Response to community issues } Promoting regional decarbonization P78, P79

R&D on decarbonization ····· Development of carbon recycling technologies P39
- ✓ Steadily develop carbon recycling technologies

Improved resilience ····· Strengthening Resilience P43
- ✓ Confirm safety of hydroelectric power facilities (dams, etc.)
- ✓ Implement flood countermeasures for substations, communication station buildings, etc. (elevation of existing equipment, watertight measures for buildings, etc.)
- ✓ Increase the number of generator vehicles, etc. ✓ Conduct joint training based on disaster cooperation plans

Effective use of water resources ····· Further Introduction of Renewable Energy P36
- ✓ Conduct hydroelectric repowering and optimize power generation planning through AI

*1 Short term: Current fiscal year to FY 3/2027; Medium term: FY 3/2028 to FY 3/2031; Long term: FY 3/2032 to FY 3/2051
*2 In addition to evaluating current impact on our business, considerations have also been made based on priority initiatives. Note that these impact evaluations are not final, and may fluctuate based on external environmental changes such as new national policies and energy circumstances.
*3 Demand response. A mechanism whereby holders of users' energy resources or third parties control these resources to change power demand patterns.
*4 Power purchase agreement.
*5 Technologies that solidify CO_2 so it can be reused in civil engineering materials and concrete (CO_2-TriCOM) and a technology that uses a bioprocess to generate high-value-added lipids from CO_2 (Gas-to-Lipids).

Information Disclosure Based on TCFD Recommendations

Main financial impacts of climate change-related risks and opportunities

The main financial impacts from the Group's climate-related risks and opportunities, shown in the table on the previous page, are as below.

: Risks
: Opportunities

CO_2-related financial impacts*1

- Risk 1: Cost increases in the event CO_2 emissions are not reduced*2 — Approx. **67.0** billion yen/year
- Opportunity 1: Cost decreases in line with reduced CO_2 emissions from the startup of Shimane Unit 3*2 — Approx. **77.0** billion yen/year

Short-term income/expenditure-related impacts

- Risk 2: Damage costs*3 (Impact of the heavy rainfall disaster in July 2018) — Approx. **3.7** billion yen
- Risk 3: Impact on interest expenses in the event interest rates fluctuate by 0.1%*2 — Approx. **0.8** billion yen
- Risk 4: Impact on raw material costs due to a 1% decrease in water flow rates*2*4 — Approx. **0.4** billion yen
- Opportunity 2: Increase in income from electricity rates in the event electricity sales increase by 1%*2 — Approx. **10.0** billion yen
- Opportunity 3: Decrease in fuel costs due to 1% increase in utilization rate of Shimane Unit 2*2 — Approx. **0.9** billion yen

*1 Assuming full-scale introduction of carbon pricing in FY 3/2031 or beyond.
For carbon prices, we have referred to the NZE Scenario and Advanced Economies (Net-zero Commitments) section for FY 3/2031 from the IEA's World Energy Outlook 2024, basing the calculations on $140/t$CO_2$.
*2 Calculated based on FY 3/2025 achievements. Values are not definitive and fluctuate based on the achievements of the fiscal year used for calculation.
*3 Actual expenses as an indicator of future financial impact.
*4 The average water flow rate for the past ten years is 97% (range: 76–116%)

Indicators and Targets

Ahead of our achievement of carbon neutrality by 2050, we have set targets for FY 3/2031 and are carrying out the necessary investments to achieve them. These investments are being managed through the Chugoku Electric Power Group Environmental Action Plan.

Climate-related Targets

Indicator			Target	FY 3/2025
CO_2 emissions			**Halve CO_2 emissions by FY 3/2031 for both retail business and power generation business (compared to FY 3/2014)**	Retail business: 19.69 million t-CO_2 (53.4% reduction) Power generation business: 15.62 million t-CO_2 (37.6% reduction)
Energy supply	Expansion of use of carbon neutral power	Further introduction of renewable energy A	FY 3/2021-FY 3/2031 300-700 MW	370 MW
		Utilize nuclear power generation while making safety the top priority B	Early operation restart of Unit 2, and start of operation of Unit 3, at the Shimane Nuclear Power Station	Unit 2: Commercial operation resumed in January 2025 Unit 3: Currently responding to conformity reviews for new regulatory requirements
	Transitioning of thermal power generation C	Thermal power station heat efficiency	Achievement of benchmark indicators based on the Act on Rationalizing Energy Use by FY 3/2031	Thermal power A: 1.04 Thermal power B: 44.3% Coal: 45.51%
Energy demand	Propose solutions to cater to customers' decarbonization needs D	Provision of energy-saving products and services to customers	FY 3/2031 No. of EcoCute units installed: More than 900,000	750,000 units

Chugoku Electric Power Group Environmental Targets FY 3/2025 Results P49

GHG emissions across the supply chain

Item	FY 3/2023	FY 3/2024	FY 3/2025
Scope 1 (Direct emissions of greenhouse gases by the business operator)	19.61 million t-CO_2	18.05 million t-CO_2	15.83 million t-CO_2
Scope 2 (Indirect emissions due to use of electricity supplied from other companies)	40 t-CO_2	30 t-CO_2	0.63 million t-CO_2
Scope 3 (Indirect emissions other than Scope 2)	13.00 million t-CO_2	13.27 million t-CO_2	11.85 million t-CO_2

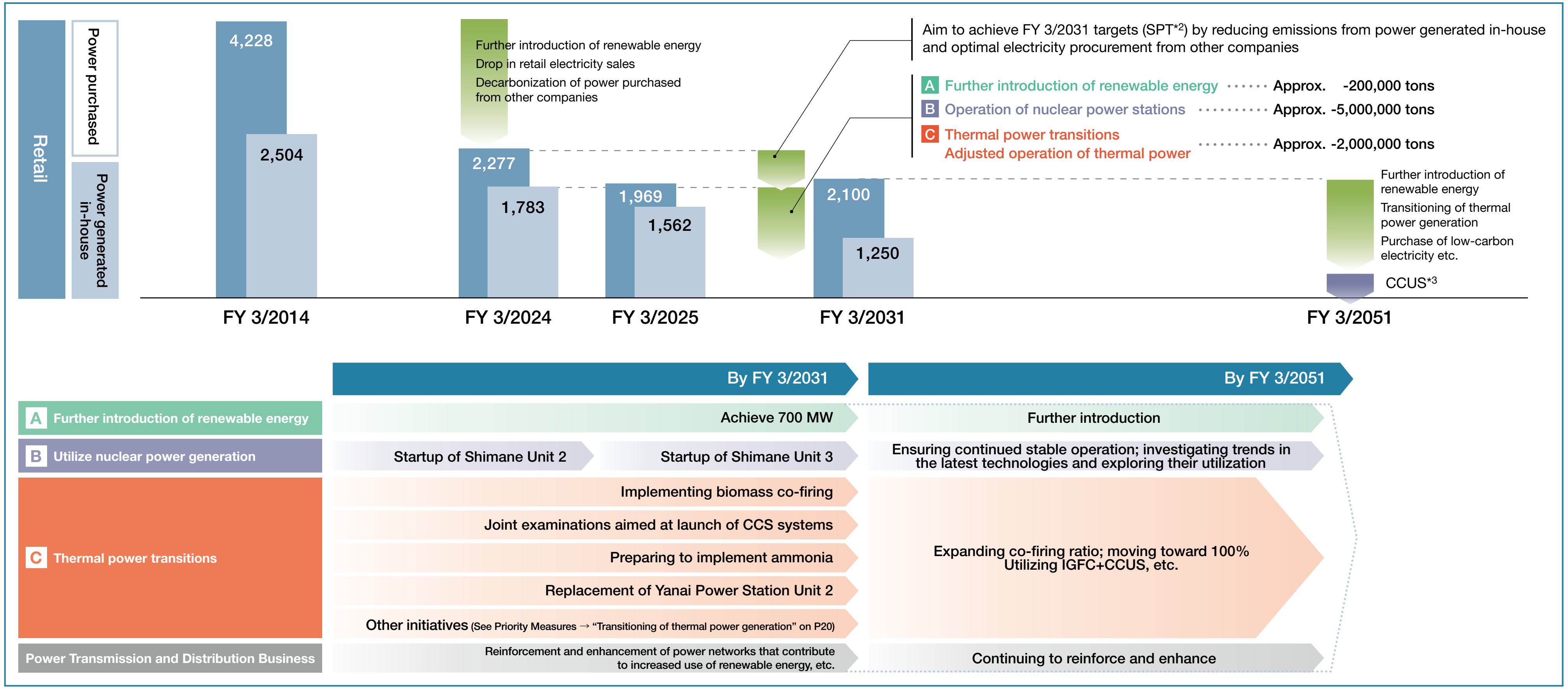
*1 Combined figures for Chugoku Electric Power and Chugoku Electric Power Transmission & Distribution
*2 Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7) (Ministry of the Environment, Ministry of Economy, Trade and Industry), etc.

Non-financial (ESG) Data (Environment) P122

Information Disclosure Based on TCFD Recommendations

Initiatives to achieve CO_2 emissions reduction targets (Overview)

In our power generation business, in addition to the operation of nuclear power stations, we are engaged in various other initiatives to reduce CO_2 emissions, such as the replacement of LNG-fired thermal power equipment and the promotion of ammonia mixed-fuel combustion and CCS*1 systems. In the retail business, we are aiming to achieve optimal electricity procurement based on comprehensive assessments of economic efficiency and environmental friendliness, and in turn achieve our CO_2 emissions reduction targets for FY 3/2031.



Investment associated with decarbonization FY 3/2025–FY 3/2031 Approx. total of 1.3 trillion yen

Energy sources	Renewable energy	Approx. 150.0 billion yen
Energy sources	Nuclear power*4	Approx. 400.0 billion yen
Energy sources	Thermal power	Approx. 150.0 billion yen
Power Transmission and Distribution*5		Approx. 600.0 billion yen

*1 Carbon dioxide capture and storage
*2 Sustainability performance targets: Targets set as part of the Sustainable Finance Framework of the Chugoku Electric Power
*3 Carbon dioxide capture, utilization, and storage
*4 Investments related to safety measure work
*5 Total investments in the power transmission and distribution business

Note 1: The CO_2 emissions reduction effect is estimated based on the reduction of emissions from our own power generation
Note 2: The above information may be subject to review based on the results of diverse examinations that take into account economic and technological aspects, etc.

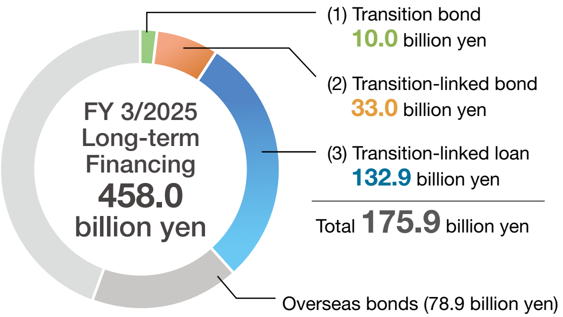
Leveraging Sustainable Finance

Promotion of sustainable finance

Toward the Chugoku Electric Power Group goal of achieving carbon neutrality by 2050, we are using sustainable finance and aim to work with financial institutions and all our investors to achieve a decarbonized society and sustainable growth. In FY 3/2025, in addition to transition bonds and transition-linked bonds, we procured a total of 175.9 billion yen in capital through sources such as transition-linked loans from 29 regional banks throughout Japan—primarily 5 partner financial institutions we work with in the Chugoku region—and transition-linked loans from other institutions, particularly the big three national banks. This has been allocated toward our decarbonization efforts. (In FY 3/2025, total decarbonization-related investment was 218.7 billion yen).

On May 29, 2025, we issued transition bonds with a stated use of carrying out safety measures and similar at our Shimane Nuclear Power Station Unit 3, which will be a new operating power source. We will continue to maintain conscientious dialogue with investors and financial institutions, and utilize transition finance as a way to advance decarbonization efforts so that we can achieve stable energy supplies and a decarbonized society, as well as contributing to the development of our region.

Track record of raising capital via sustainable finance



Sustainable finance reporting
(1) Transition bonds: overview and procured finance allocation status

Name	456th corporate bond (five-year bond)
Amount and date of issue	10.0 billion yen (May 29, 2024)
Use of proceeds	New investments and refinancing related to (A) the development, construction, management, and improvement of renewable energy projects (solar and hydroelectric power); and (B) the reinforcement and enhancement of power networks that contribute to increased use of renewable energy
Allocated amounts (of which, refinancing)	(A) 2.5 billion yen (-) (B) 7.5 billion yen (-)
Unallocated balance	Allocation completed

WEB Sustainable Finance Promotion
https://www.energia.co.jp/ir/irzaimu/finance.html

(2) Transition-linked bonds: overview

Name	457th corporate bond (ten-year bond)	465th corporate bond (ten-year bond)
Amount and date of issue	16.0 billion yen (May 29, 2024)	17.0 billion yen (March 13, 2025)
Use of proceeds	Equipment, loan repayments, redemption of corporate bonds, and loans to Chugoku Electric Power Transmission & Distribution Co., Inc.	
SPT*1	Halve CO_2 emissions in our electricity retail business by FY 3/2031 (compared to FY 3/2014; contribution of 0.2% of amount issued if not achieved)	

*1 Sustainability Performance Targets are targets to achieve for key performance indicators in transition-linked bonds/loans.

(3) Transition-linked bonds (syndication method): overview

Contract signed	September 25, 2024	March 27, 2025
Amount (contract period)	53.9 billion yen/ten years	103.0 billion yen/ten years
Use of proceeds	Measures aimed at bringing about carbon neutrality, including strengthening and advancing carbon-free power sources, such as renewable energy and nuclear power, and electricity networks	
SPT*1	Halve CO_2 emissions in our electricity retail business by FY 3/2031 (according to achievement status, future interest rate conditions may fluctuate)	

WEB Raising capital via transition-linked loans (Signed September 25)
https://www.energia.co.jp/press/2024/15532.html
WEB (Signed March 27)
https://www.energia.co.jp/assets/press/2024/p20250327-1.pdf

Transition bonds: environmental improvement effects (development, construction, management, and improvement of renewable energy projects)
The Chugoku Electric Power Group's renewable energy equipment capacity and reduction in CO_2 emissions

	Renewable energy equipment capacity		Reduction in CO_2 emissions in the electricity retail business (FY 3/2025)*2
	March 31, 2025	(Ref.) March 31, 2024	
Solar	Approx. 150 MW	Approx. 110 MW	Approx. 70,000 t-CO_2/year
Wind	Approx. 2 MW	Approx. 2 MW	Approx. 2,000 t-CO_2/year
Hydro	Approx. 820 MW	Approx. 820 MW	Approx. 1,150,000 t-CO_2/year
Biomass	Approx. 290 MW	Approx. 290 MW	Approx. 890,000 t-CO_2/year

*2 Calculated by multiplying power generation in FY 3/2025 (in kWh) by the adjusted CO_2 emission factor of 0.472 kg-CO_2/kWh

(Reinforcement and enhancement of power networks that contribute to increased use of renewable energy)
Renewable energy connections/applications within the service area of Chugoku Electric Power Transmission & Distribution Co., Inc.

	Capacity of connections completed	
	March 31, 2025	(Ref.) March 31, 2024
Solar	7,260 MW	6,960 MW
Wind (onshore)	350 MW	350 MW
Biomass	4,530 MW	4,410 MW
Hydro (excl. pumped storage)	1,000 MW	980 MW
Geothermal	0 MW	0 MW

WEB Renewable energy applications
https://www.energia.co.jp/nw/energy/kaitori/status/

Capital investment in the Chugoku Electric Power Group's power transmission and distribution business

Total	78,550 million yen (FY 3/2025)

Transition-linked bonds/loans: progress on CO_2 reduction plans

For details on CO_2 emissions in our electricity retail business, please see P50. We also receive third-party evaluations for our CO_2 emissions record. Further details can be found in the Chugoku Electric Power Group Environmental Data Compilation for 2025.

CO_2 Emissions Record P50

Leveraging Sustainable Finance

Engagement activities to support sustainable finance

With the aim of deepening understanding of the Chugoku Electric Power Group's transition-related initiatives and its entire business activities, work on engagement (i.e., constructive dialogue) with financial institutions and bond investors is ongoing. We are diligent in ensuring sufficient information disclosure and detailed explanations to achieve more close-knit communication, and we recognize the importance of relationships in which we boost one another. So that the feedback that we receive through these engagement activities is tied into future improvements and reform, we ensure it is rolled out throughout the Group and utilize it to improve business activities and enhance our disclosure. In terms of our in-house efforts, we plan to feed back details on the effects of engagement at our next dialogue session, and by developing an engagement cycle that links dialogue, internal cooperation, improvements/reform, and disclosure, we are working to raise corporate value.

External engagement session (November 2024)

Dialogue with bond investors

Total: 122 sessions (FY 3/2025)

Sustainable Finance

Internal engagement straddling organizations

37 sessions and 1,000 participants so far

Internal engagement session (February 2025)

External engagement | Internal engagement

❶ Dialogue with financial institutions and bond investors

We strive to carefully explain topics such as our transition initiatives, financial results briefings, and performance forecasts centered on disclosure. As well as one-on-one dialogue, we hold repeated dialogue with small meetings, group roundtable discussions, and facility tours. ESG engagement brings together various major administrative bodies to enact it and tie it in to promoting sustainability management. As these bodies are able to receive this objective external feedback directly, they can link it to their efforts to enhance corporate value.

The feedback that we received in our previous dialogue session is being fed back as an effect of our engagement in things like internal progress or projects tied into reviews.

❷ Internal cooperation over engagement feedback

Financial institutions and bond investors conduct extensive analysis into businesses and companies inside and outside Japan, so the opinions we receive from them enable us to get objective external evaluations and benefit from what they notice. As such, we take on board this valuable feedback, share it within the Group, and link it to action that utilizes it in our business operations. This information is also provided to management and others on a monthly basis, and reported to the Board of Directors twice a year.

As we take a finance-based approach, our engagement efforts straddle organizations, including bringing in site employees such as those at power stations and sales centers to hear feedback from investors and financial institutions. By promoting and working to achieve a society-wide transition to carbon neutrality, we aim both to enhance our corporate value and change awareness among our employees.

❸ Ties to internal improvements and reform

We carry out studies to see how we can connect feedback from financial institutions and bond investors that is shared within the Group into improvements and reform, and those that can be implemented are. We work to strengthen internal cooperation by communicating with the Group's major administrative bodies and cooperating to respond so as to raise corporate value.

❹ Reflection in disclosure

Improvements and reforms within the Group are reflected in our disclosure. By supplementing this with engagement activities, we work to deepen understanding of our business, including initiatives related to the transition to a decarbonized society.

Thoughts on Internal Engagement

Usually employees working at sites like power stations or sales centers, or those in head office departments, would have no direct contact with feedback, but I pour my energy into ensuring they get to hear, face to face, about topics such as our capital procurement and finance situation, and the wishes of financial institutions and capital bond investors. Employees' thoughts on our company and the Chugoku region, which I have been able to pick up directly through these activities, as well as the expectations for our company that we have gained through our engagement with financial institutions and corporate bond investors, are what drive me to do my job.

Our Group has always developed together with the Chugoku region. Going forward, I hope to work with the financial institutions and corporate bond investors—who are important business partners—and my fellow employees to tackle the challenging issues of providing a stable energy supply and decarbonization and by helping the Group to make the biggest possible contribution to the Chugoku region's further development and growth, and by doing so raise our corporate value.

(Ichida Masahiro, Assistant Manager of the Finance Group, Corporate Management Div.)

General Manager of the Sustainability Promotion Dept., Corporate Management Div., with members of the Finance Group

The words of support and encouragement we get through dialogue with investors and financial institutions are an expression of the expectations society has for our corporate activities but also a major stimulus. Feeding back their thoughts to many of our colleagues who work at different sites enables them all to get a real sense of how their duties are tied to social value, it also raises their motivation and pride in their daily tasks.

Because engagement is about connecting people, working together sincerely like this can lead to unexpected discoveries for both sides and helps to expand possibilities. Using this feedback from investors and financial institutions as a driving force, we work together as a team to promote the kind of sustainability management that comes from changing people's awareness and to achieve corporate value improvements.

(Meshizuka Sei, General Manager of the Sustainability Promotion Dept., Corporate Management Div.)

Information Disclosure Based on TNFD Recommendations

Introduction

The Chugoku Electric Power Group aims to create a "new, bright, warm and dynamic society." To this end, we are committed to realizing a sustainable society that simultaneously achieves environmental compliance, energy security, and economic efficiency, with safety as our top priority.
The Chugoku region, where our Group operates, is home to the Setonaikai National Park and Daisen-Oki National Park. About 74% of the region is mountainous, providing a rich natural environment that is home to many endemic species, such as *Rhodeus suigensis*, a species of temperate freshwater ray-finned fish, and the Oki salamander.
However, like many other parts of the world, the Chugoku region is now facing a series of threats to its natural environment from such things as climate change and the rapid extinction and decline of species, leading to concerns about the deterioration of its natural environment, including the loss of biodiversity. It was against this backdrop that the Kunming-Montreal Global Biodiversity Framework (GBF) was adopted, and Japan formulated its National Biodiversity Strategy 2023–2030. Of particular significance, Target 15 of the GBF and Basic Strategy 3 of the National Biodiversity Strategy stress the need to accelerate efforts to address biodiversity in business, and companies need to take proactive steps toward achieving "nature positive" outcomes aimed at halting the loss of natural capital and working toward its restoration. Our Group is determined to play its part in achieving the goals of the Paris Agreement and the GBF by incorporating biodiversity conservation into our business activities in line with these international and domestic frameworks. Our Group will use TNFD*1 disclosure as an opportunity to clarify the extent of our dependencies and impacts on nature, identify risks and opportunities in an appropriate manner, and strengthen our efforts to address issues related to nature. In doing so, we hope to enhance the sustainability of our business.


Installed artificial nesting boxes at Shin-Onoda Power Station (Sanyo-Onoda City, Yamaguchi Prefecture) to protect peregrine falcons, a threatened species


Onbara Dam (Kagamino-cho, Okayama Prefecture), the oldest buttress dam for power generation in Japan, surrounded by lush forests of white birch, larch, and other trees

General requirements

Item	Details
Application of materiality	We have adopted a double materiality approach that evaluates both the relationship between natural capital and business activities and the impact of business activities on natural capital.
Scope of disclosure	At the Chugoku Electric Power Group, we have determined that the scope for our activities shall be the power generation business and the power transmission and distribution business operated by Chugoku Electric and Chugoku Electric Power Transmission & Distribution in the Chugoku region, which have a high dependency and impact on nature. For the upstream side of the supply chain, we utilized ENCORE*2 to evaluate dependencies and impacts at the fuel procurement stage. We evaluated direct operations by referring to the ENCORE assessment, organizing each process for inputs, production processes, and emissions by each of the seven types of power generation, identifying dependencies and impacts, and evaluating the associated risks and opportunities.
Regions with issues related to nature	We used publicly available tools such as IBAT*3 and Aqueduct*4 to assess the importance of biodiversity and water stress in the areas surrounding all of our power stations (nuclear, thermal, hydroelectric, solar, and internal combustion engine power stations) that we operate directly. We disclose detailed information on the natural environment surrounding our key sites and sites that are important from the perspective of nature and biodiversity conservation.
Integration with other forms of sustainability-related disclosures	The Chugoku Electric Power Group publishes an integrated report in which it aligns the content of its disclosures with the TCFD recommendations.
Periods under consideration	In line with the TCFD recommendations, we have set short-term (2026) as well as medium-term (2030) and long-term (2050) targets, taking into consideration the target years set by the Kunming-Montreal Global Biodiversity Framework and other initiatives.
Stakeholder engagement	We disclose information to stakeholders in our annual integrated reports. In 2024, we held a briefing session on our ESG initiatives for investors. Also, our management regularly engages in dialogue with external experts on sustainability issues. Every year, we offer environmental training to our employees to share information on the latest social trends and the relationship between our business activities and the environment.

Governance

Chugoku Electric has established a system to promote environmental management and carbon neutrality under the command of the President and CEO, who bears ultimate responsibility for the company's environmental management. Under the supervision of the Board of Directors, we deliberate on the formulation of strategies and basic policies, including those related to climate change and other issues related to nature, as well as the monitoring of progress of measures we have taken. For more information on governance related to engagement with local communities, please see Promotion of Sustainability Management (Promotion structure and materiality assessment and identification) (P23).
Environmental Management & Carbon Neutrality Promotion Organization P49
In addition, all Group executives and employees follow the Chugoku Electric Power Group Human Rights Policy in working to bring about a society that truly respects human rights. Respect for Human Rights P92

*1 TNFD = Taskforce on Nature-related Financial Disclosures.
*2 A tool developed by the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) that enables corporations to gauge the dependencies and impacts of each business process on nature.
*3 IBAT = Integrated Biodiversity Assessment Tool.
*4 An online data platform provided by the World Resources Institute (WRI) that aggregates information on water risks.

Information Disclosure Based on TNFD Recommendations

Management of risks and impacts

We evaluated nature-related issues, such as interface with nature, dependencies, impacts, risks, and opportunities, using the LEAP approach advocated by the TNFD. For more information on GHG emissions, please see Information Disclosure Based on TCFD Recommendations (P59).

Below is an overview of the specific steps we have taken using the LEAP approach.

In addition, in the operation of our power stations, we carry out regular monitoring to confirm that we comply with a) regulatory values stipulated by laws and regulations and b) regulatory values stipulated in agreements, etc., we have entered into with local communities based on the results of environmental assessments and other information.

LEAP approach

Locate	Using IBAT and Aqueduct, we organize information related to nature (PA/KBA/STAR/water stress areas) in the vicinity of all power stations and identify sites that are important in terms of biodiversity.
Evaluate	Using ENCORE, we assess our dependencies and impacts on nature in terms of direct operations and fuel procurement. With regard to direct operations, in order to gain a more detailed understanding of our dependencies and impacts, we identify ecosystem services and impact factors that are dependent on each process for inputs, production processes, and emissions by each of the seven power generation types.* *Coal-fired, biomass-fired, LNG-fired, heavy oil-fired, internal combustion, nuclear, hydroelectric, and solar power generation.
Assess	We identify related risks and opportunities from dependencies and impacts. We then hold internal workshops to analyze scenarios and evaluate the timing and impact of the identified risks and opportunities.
Prepare	Finally, we organize data related to Core Global Disclosure Metrics to the fullest extent possible.

Strategy (dependencies and impacts)

We have conducted an in-depth review since FY 3/2025 of the direct operations within our power generation and transmission/distribution businesses that have significant impacts in Japan.

Upstream in the value chain

In line with the LEAP approach advocated by the TNFD, we used the ENCORE tool to gauge and assess the dependencies and impacts of our activities on nature. As a result, we determined that for fuel procurement (mining at the upstream end of the value chain, etc.), freshwater supply (provisioning services) and global climate regulation (regulating and maintenance services) are highly important in terms of dependencies.

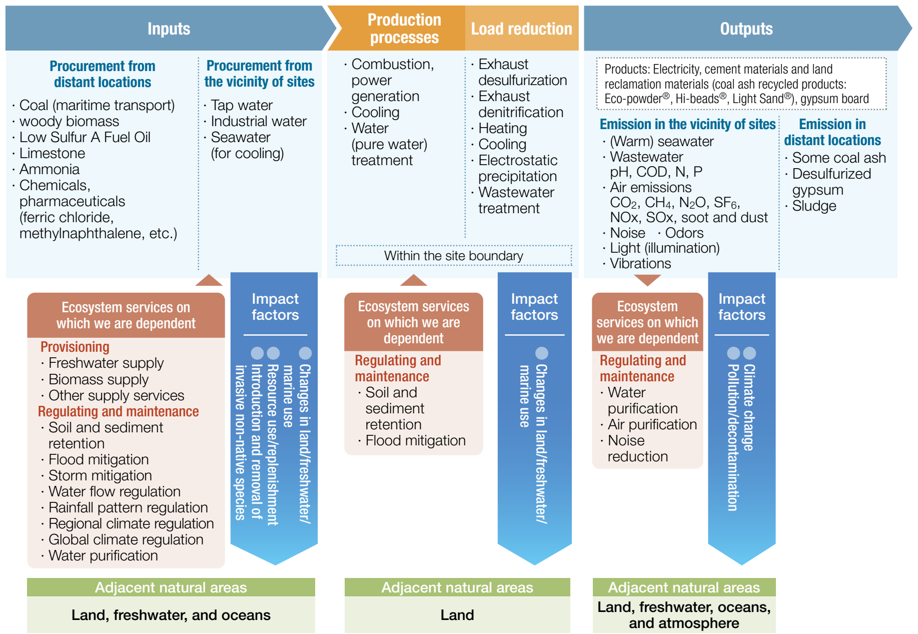
In addition, we determined that in terms of impact factors, changes in land/freshwater/marine use are highly important in terms of inputs, while climate change and pollution/pollution control are highly important in terms of emissions.

Direct operations

Having evaluated dependencies and impacts using ENCORE, we organized each process for inputs, production processes, and emissions, and identified and reviewed dependencies and impacts. We also organized our responses to the identified dependencies and impacts as shown on the next page.

Examples of how inputs, production processes, and emissions are organized

Coal + biomass thermal power generation



Information Disclosure Based on TNFD Recommendations

Direct operations processes and dependencies/impacts on nature

Red text: Items corresponding to H and VH in ENCORE

		Operating processes	Dependencies	Impacts	Main measures to address dependencies and impacts
Nuclear power	Inputs	Procurement from distant locations: Nuclear fuel, chemical substances Procurement from the vicinity of sites: Tap water, industrial water, seawater (for cooling)	Provisioning: Freshwater supply Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation, water flow regulation, rainfall pattern regulation, regional climate regulation, global climate regulation, water purification	Changes in land/freshwater/marine use Resource use/replenishment	· For seawater used as cooling water, we conduct environmental impact assessments when constructing facilities, and based on environmental protection agreements with the relevant local governments, we ensure thorough management of differences in temperature between water intake and discharge to reduce any impacts on natural capital, etc. In addition, to reduce these temperature differences we draw water from deep water, and discharge warm wastewater underwater to quickly return it to the surrounding seawater temperature. · We strive to reduce overall usage by collecting and reusing water (freshwater) for power generation. · In addition to using wastewater treatment equipment to appropriately treat and release wastewater, we ensure thorough management of air pollution, waste, sound pollution, and other impacts through compliance with the relevant standards based on laws, regulations, and agreements with local governments. · We take measures to minimize light pollution in consideration of the surrounding environment, such as by not using more lighting than is absolutely necessary. · In line with the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors, in terms of nuclear power generation, we implement measures to prevent any impacts from radioactive materials on surrounding environments, continuously monitor and measure radiation levels in surrounding areas, and regularly measure levels of radiation in soil, seawater, crops, marine produce, etc.
	Production processes	Production processes: Nuclear fission, steam generation, power generation and cooling Load reduction: Cooling	Regulating and maintenance: Soil and sediment retention, flood mitigation	Changes in land/freshwater/marine use	
	Outputs	Emission in the vicinity of sites: Seawater, wastewater (pH, etc.), noise, light (illumination), vibrations Emission in distant locations: Gaseous waste (iodine), liquid waste (high-level radioactive waste), spent fuel Products: Electricity	Regulating and maintenance: Water purification, noise reduction	Climate change Pollution/decontamination	
Thermal power	Inputs	Procurement from distant locations: Coal, LNG, heavy fuel oil (maritime transport), woody biomass, low sulfur A fuel oil, limestone, chemical substances (ammonia, etc.) Procurement from the vicinity of sites: Tap water, industrial water, seawater (for cooling)	Provisioning: Freshwater supply, biomass supply Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation, water flow regulation, rainfall pattern regulation, regional climate regulation, global climate regulation, water purification	Changes in land/freshwater/marine use Resource use/replenishment Introduction and removal of invasive non-native species	
	Production processes	Production processes: Combustion, steam generation, power generation and cooling Load reduction: Exhaust desulfurization, exhaust denitrification, heating, cooling, electrostatic precipitation, wastewater treatment	Regulating and maintenance: Soil and sediment retention, flood mitigation	Changes in land/freshwater/marine use	
	Outputs	Emission in the vicinity of sites: Seawater, wastewater (pH, etc.), air emissions (CO_2, NOx, SOx, soot and dust, etc.), noise, light (illumination), vibrations Emission in distant locations: Coal ash, desulfurized gypsum, sludge Products: Electricity, coal ash recycling (Hi-beads, ground improvement material), gypsum	Regulating and maintenance: Water purification, air purification, noise reduction	Climate change Pollution/decontamination	
Hydroelectric power	Inputs	Procurement from the vicinity of sites: Freshwater surface water	Provisioning: Freshwater supply Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation, water flow regulation, rainfall pattern regulation, regional climate regulation, global climate regulation	Changes in land/freshwater/marine use Resource use/replenishment	· When constructing facilities, in line with the local land and local conditions, we design appropriate land development plans for disaster preparedness, environmental conservation, and landscape preservation, taking care to minimize any impacts on the surrounding environment. · Through regular monitoring, we check any impacts on ecosystems caused by changes in water quality, sediment accumulation, and other factors.
	Production processes	Production processes: Dropping of water from a height, power generation and cooling	Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation, rainfall pattern regulation	Changes in land/freshwater/marine use	
	Outputs	Emission in the vicinity of sites: Discharged water, noise, light (illumination), vibrations Emission in distant locations: Soil, sediment Products: Electricity	Regulating and maintenance: Water level regulation, noise reduction	Changes in land/freshwater/marine use Pollution/decontamination	
Solar power	Inputs	N/A	Regulating and maintenance: Rainfall pattern regulation, regional climate regulation, global climate regulation	Changes in land/freshwater/marine use Resource use/replenishment	· When constructing facilities, in line with the local land and local conditions, we design appropriate land development plans for disaster preparedness, environmental conservation, and landscape preservation, taking care to minimize any impacts on the surrounding environment. · We conduct appropriate maintenance, inspections, and ongoing management to minimize the impact on ecosystems.
	Production processes	Production processes: Power generation	Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation, rainfall pattern regulation, air purification	Changes in land/freshwater/marine use	
	Outputs	Procurement from distant locations: Light (reflected light)	N/A	N/A	
Power transmission and distribution	Inputs	N/A	Regulating and maintenance: Soil and sediment retention, flood mitigation, storm mitigation	Climate change	· When installing transmission and distribution equipment, we select locations where there is little danger of landslides. · For flooding and strong winds, we are reinforcing resilience (toughness and ability to recover in a disaster) by implementing measures to prevent flooding at substations (increasing watertightness).
	Production processes	Production processes: Power transformation, transmission, distribution			
	Outputs	N/A			

Information Disclosure Based on TNFD Recommendations

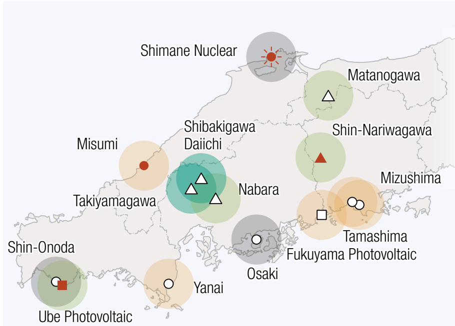
(Relationship between our business activities and water)

Analysis of dependencies and impacts (previous page) confirmed that our power generation operations depend on freshwater supply and have an impact on changes in land/freshwater/marine use. Accordingly, we have organized and identified the relationship between power generation operations and water by type of power generation.

Type	Item	Specifics of water-related issues
Nuclear power	Dependencies/impacts	· Changes in land use adjacent to freshwater and marine areas due to land reclamation, landfill development, etc. · During operation, water needs to be used continuously for cooling, and the heated water is discharged as wastewater through heat exchange · 20,000 m^3 of freshwater was used for power generation in FY 3/2025
	Risks	· Increased risk of ecosystem destruction, regulatory restrictions on operations, and social criticism if consideration for the natural environment is insufficient
	Measures	· Conduct environmental assessments based on various laws and regulations at the time of construction; during construction and operation, comply with new regulatory standards set by the Nuclear Regulation Authority and monitor radiation levels in the surrounding environment in accordance with the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors; implement further voluntary measures · With regard to wastewater discharge, maintain strict control over environmental impacts in accordance with laws and regulations, ensuring that there are no effects from radiation during normal operation · With regard to warm wastewater, ensure thorough management of differences in temperature between water intake and discharge to minimize impacts on natural capital, etc.
Thermal power	Dependencies/impacts	· Changes in land use adjacent to freshwater and marine areas due to land reclamation, landfill development, etc. · During operation, seawater needs to be used continuously mainly for cooling, and the heated seawater is discharged as wastewater through heat exchange · Also used in cleaning and treatment equipment for boiler water and exhaust gas, etc., during operation · 5.22 million m^3 of freshwater was used for power generation in FY 3/2025
	Risks	· Increased risk of ecosystem destruction, regulatory restrictions on operations, and social criticism if consideration for the natural environment is insufficient
	Measures	· With regard to warm wastewater, having considered measures to conserve the environment, such as environmental impact assessments during construction, ensure thorough management of the temperature difference between water intake and discharge to reduce the impact on natural capital, etc., in accordance with environmental conservation agreements concluded with the relevant municipalities · Reduce the temperature difference between discharged water and seawater near the outlet by taking in low-temperature seawater from deep layers of the ocean and discharging it underwater · Reduce water consumption by recovering and reusing some of the fresh water used for power generation · Perform neutralization, flocculation, sedimentation, and other forms of treatment using wastewater treatment equipment, and discharge wastewater in accordance with the Water Pollution Prevention Act, the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea, and other laws and regulations
Hydroelectric power	Dependencies/impacts	· Dam construction can have impacts on nature, such as loss of land-based habitats, obstruction of animal migration due to the disruption of river flow, changes in water quality, and changes in sediment distribution · Impacts on local communities can also occur, including the need to resettle nearby communities, increased noise and traffic in surrounding areas, and loss of cultural services
	Risks	· Increased risk of ecosystem destruction, regulatory restrictions on operations, and social criticism if consideration for the natural environment is insufficient
	Measures	· When constructing facilities, strive to minimize the impact on the surrounding environment by designing appropriate land development plans that take into consideration the local conditions, such as the land and the surrounding area, incorporating the necessary measures for disaster preparedness, environmental conservation, and landscape preservation · Ensure appropriate maintenance, inspections, and ongoing management during operation to minimize the impact on the ecosystem · Commitment to maintaining and managing forests for recharging owned water resources to ensure a steady supply of water for hydroelectric power generation

(Representative power stations and the state of nature in surrounding areas)

We used IBAT, a publicly available tool, to analyze and evaluate our interface with nature at all of our business sites. As a result, we identified 18 of our 102 sites (1 nuclear power station, 3 internal combustion thermal power stations, 1 coal and wood biomass-fired power station, 1 solar power station, and 12 hydroelectric power stations) as being located within protected areas or other areas of importance for biodiversity conservation. Business operations at all of our sites consider how to exist in harmony with the surrounding natural environment. The map and list below show the state of nature at our representative power stations, considering the scale of output and the importance of the surrounding natural environment.



Legend
Power generation type: ○: Thermal △: Hydroelectric ☀: Nuclear □: Solar
Symbol color (indicates whether the facility is located within the boundaries of a protected area or an area of importance for biodiversity conservation) ■: Located within □: Not located within
Buffer color for STAR*-related organisms
(Level of importance for biodiversity conservation for a 20 km radius)
■:High ■:Medium ■:Low ■:None

*STAR = Species Threat Abatement and Restoration
A high STAR score indicates that the area is home to many endangered species. Or, it may be considered a critical habitat for specific species, meaning that conservation efforts in the area are likely to contribute significantly to global biodiversity conservation.

(Selected locations: nuclear power stations, thermal power stations, pumped-storage power stations, solar power stations, hydroelectric power stations (in part))

Site name	Type of power generation	Output (kW)	Surrounding environment	Surrounding protected areas
Shimane Nuclear	Nuclear	820,000	Japan Sea coast	Daisen-Oki National Park, Kataku Wildlife Protection Area, etc.
Misumi	Coal + woody biomass	2,000,000	Japan Sea coast	Misumi Coast Nature Conservation Area, Misumi Coast Wildlife Protection Area, etc.
Yanai	LNG	1,539,000	Seto Inland Sea and Iyo-nada coast	Setonaikai National Park, Hannya-ji Green Space Conservation Area, etc.
Tamashima	Heavy crude oil/LNG	1,200,000	Seto Inland Sea and Bisan-Seto Coast	Setonaikai National Park and other protected areas, etc.
Shin-Onoda	Coal + woody biomass	1,000,000	Seto Inland Sea and Suonada Coast	Ryuozan Wildlife Protection Area, etc.
Mizushima	LNG	625,000	Seto Inland Sea and Bisan-Seto Coast	Kurashiki City Tanematsuyama Wild Grass Transplant Protection Area and other wildlife protection areas
Osaki (suspended)	Coal	259,000	Osakikamijima	Setonaikai National Park, Tsuzukishima Wildlife Protection Area, etc.
Matanogawa	Hydroelectric	1,200,000	Inland along the Matano River	Daisen-Oki National Park, etc.
Nabara	Hydroelectric	620,000	Inland along the Nabara River	Nanbarakyo Prefectural Natural Park, Fukuojji Wildlife Protection Area, etc.
Shin-Nariwagawa	Hydroelectric	303,000	Inland along the Nariwa River	Takahashi River Upstream Prefectural Natural Park, Shin-Nariwagawa Dam Wildlife Protection Area, etc.
Takiyamagawa	Hydroelectric	52,500	Inland along the Ota River	Miyama Gorge, etc.
Shibakigawa Daiichi	Hydroelectric	24,000	Inland along the Shibaki River	Western Chugoku Mountains, Sandan Gorge, etc.
Ube Photovoltaic	Solar	3,000	Seto Inland Sea and Suonada Coast	Suonada Coast, etc.
Fukuyama Photovoltaic	Solar	3,000	Seto Inland Sea and Bisan-Seto Coast	Setonaikai National Park, etc.

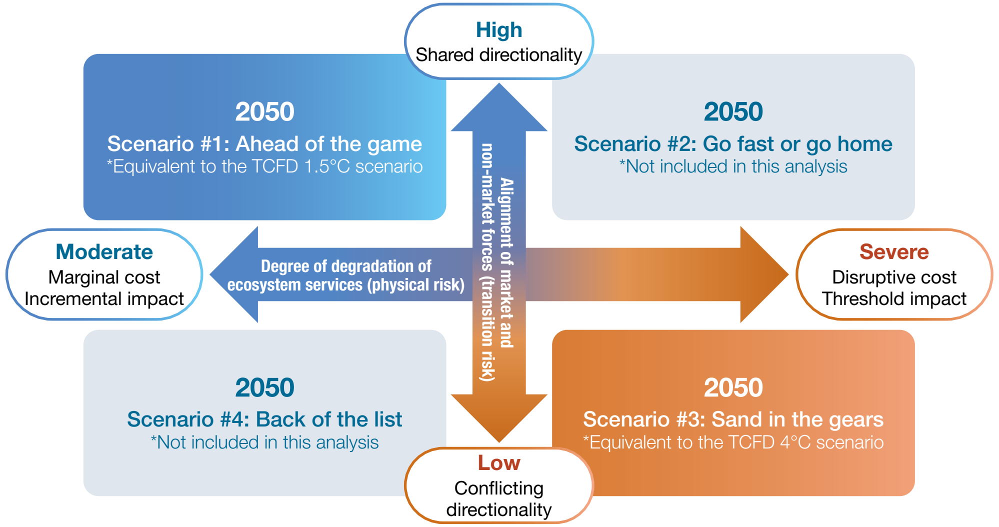
Information Disclosure Based on TNFD Recommendations

(Scenario analysis)

TNFD guidance outlines how scenario analysis is a useful and important tool for developing strategies and testing their resilience in the face of complex uncertainty. In keeping with TNFD guidance on scenario analysis, we set two driving forces and described two scenarios within the four quadrants. We then evaluated the risks and opportunities for our organization through workshops involving multiple business divisions.

〈Two driving forces identified and two scenarios considered〉

As per the scenario analysis guidance, we set two driving forces related to physical risks and transition risks. Of the four scenarios we identified, we chose two (Scenarios #1 and #3) that we believed could be linked to the TCFD scenarios (1.5°C and 4°C scenarios), also taking into account the scenarios we are considering for our climate change efforts.



Workshop in progress

Description of scenarios

		Scenario #1	Scenario #3
Worldview		**Moderate degradation of nature/ Alignment of market and non-market forces** · Strict CO_2 emission regulations are in place, and businesses are compared on the basis of their emissions · There is a balance between environmental regulations and business initiatives—i.e. between the environment and the economy—resulting in an ideal power source mix · A world where progress is being made toward carbon neutrality, a recycling-oriented society, and coexistence with nature	**Severe degradation of nature/ Non-alignment of market and non-market forces** A world with no unified goals at the global level and disparity in the extent of efforts to protect the environment, where extreme weather events are causing an increase in natural disasters and competition for resources, and where nature positivity has not been achieved
Worldview for each category	Climate/nature	· Climate change is being mitigated and extreme weather events are occurring less frequently · Deterioration of the natural environment is moderate	· Climate change is progressing, abnormal weather conditions cause rising sea temperatures and water shortages · The natural environment is deteriorating significantly · Strong winds and landslides are occurring in fuel production regions · Natural disasters are becoming increasingly severe
	Macroeconomics	· Population decline in the Chugoku region · Increased demand for electricity, accompanied by the advancement of DX and GX · Growing calls to cut CO_2 emissions	· Population decline in the Chugoku region · Increased demand for electricity, accompanied by the advancement of DX and GX · Countries around the world respond differently to the situation, with some prioritizing their own interests, making it increasingly important for companies to make decisions and take action on their own
	Consumers	· Better understanding of nature among companies and the general public · Increased ethical awareness among consumers concerning the environment	· Inconsistency in consumer ethical awareness (some consumers have high ethical awareness regarding nature, while others do not)
	Regulations	· Tighter environmental regulations and regulations on resource procurement	· Maintenance or relaxation of environmental regulations and regulations on resource procurement
	Technology	· Reduction of environmental impact and development of low-carbon technologies · Diffusion of technologies for CO_2 reduction, storage, and utilization · Increased utilization of clean energy (hydrogen and ammonia fuels) · Development and spread of AI	· Slowdown in technological innovation related to reducing the environmental impact and low carbon emissions
	Funding	· Expansion of support systems for achieving carbon neutrality and nature positivity	· Lack of alignment of market and non-market forces leads to an opaque funding environment

Information Disclosure Based on TNFD Recommendations

(Risks and opportunities)

The following is a summary of the results of the scenario analysis we conducted in the form of workshops, as well as the risks and opportunities we identified last fiscal year for items related to direct operations that were evaluated as having a high degree of importance in terms of dependencies and impacts in Strategy (dependencies and impacts) (P67). In accordance with the TNFD recommendations, we categorized risks into physical risks and transition risks, and opportunities into market, resource efficiency, products and services, and capital flows and financing. As a result, we recognized that the impact of physical risks (acute) in Scenario #3 and resource efficiency in Scenarios #1 and #3 is high. For risks and opportunities related to GHG emissions, please see Information Disclosure Based on TNFD Recommendations (P59). We are conducting a phased review to identify and evaluate risks and opportunities. As the current assessment is only preliminary, we will refine our financial impact assessment by analyzing in more depth the results of the scenario analysis conducted in the workshops, as well as by carrying out more detailed analyses of our dependences and impacts on nature.

Nature-related risks and opportunities

Category			Main dependencies and impacts	Potential occurrences	Related businesses	Risks and opportunities for Chugoku Electric Level of financial impact*1 (Low : Less than 3 billion yen Moderate : Between 3 billion yen and 10 billion yen High : More than 10 billion yen)	scenario #1		scenario #3	
							Timeline	Degree of impact*2	Timeline	Degree of impact*2
Risks	Physical risks	Acute	Climate change	Increase in extreme weather events		Suspension of mining and unstable supplies caused by equipment damage due to strong winds or landslides in fuel-producing regions, and ensuing output restraints (Nuclear power: Low ; Thermal power: High)	Long term	Small	Medium term	Large
			Flood and storm mitigation	Increase in extreme weather events		Damage to transmission and distribution equipment (Moderate)	Long term	Medium	Long term	Large
		Chronic	Freshwater supply	Rise in seawater temperature		Reduction in power generation efficiency caused by a drop in equipment cooling efficiency (Nuclear power: Low ; Thermal power: Low)	Long term	Small	Long term	Medium
			Climate regulation Freshwater supply	Changes in rainfall patterns		Reduction in power generation volume caused by water resource shortages and the ensuing drop in water flow rate (Low)	Long term	Small	Long term	Medium
			Climate regulation	Rise in average temperature		Reduction in power generation efficiency (Low)	Long term	Small	Long term	Medium
	Transition risks	Policy and legislation	Freshwater supply	Tighter regulations on water use due to rise in water stress		Output restraints due to difficulties securing service water (Nuclear power: Low ; Thermal power: Low)	Long term	Small	Long term	Medium
			Changes in land/ freshwater/ marine use	Tighter regulations on the protection of ecosystems due to their deterioration		Unstable supplies due to limitations on mining in fuel-producing regions, and ensuing output restraints (Nuclear power: High ; Thermal power: Low)	Long term	Medium	Long term	Medium
			Changes in land/ freshwater/ marine use	Tighter regulations on the protection of ecosystems due to changes in the ecosystems of aquatic life		Reduction in power generation volume caused by limitations on water intake and discharge and the ensuing drop in water flow rate (Low)	Long term	Small	Long term	Medium
		Markets/ reputation	Changes in land/ freshwater/ marine use	Drop in trust due to biodiversity response being deemed inadequate		Reduction in market share due to a drop in reputation, and ensuing fall in electricity sales (Low)	Medium term	Medium	Medium term	Small
Opportunities	Market			Rising social interest in biodiversity		Acquisition of new market opportunities and improvements in corporate value through the creation and use of J Blue Credits from the artificial reef at Shimane Unit 3 Acquisition of new market opportunities and improvements in corporate value through the creation and use of J Credits from company-owned forests Biodiversity Initiatives P55	Short-term	Small	Medium term	Small
	Resource efficiency			Reduction in use of resources, such as water and fossil fuels		Reduction in use of fossil fuels through the below, and contribution to the decarbonization of energy sources Startup of Shimane Unit 3/Replacement of Yanai Unit 2/Fuel conversion to ammonia/hydrogen Repowering of existing hydroelectric power stations Renewable energy initiatives P36	Medium term	Large	Medium term	Large
	Products and services			Rising demand for carbon-neutral electricity		Roll out of off-site PPA using farm-based solar power stations	Short-term	Medium	Medium term	Small
	Capital flow and financing			Expansion of green finance and ESG investment	All	New financing through disclosure of ESG and other non-financial information	Medium term	Medium	Medium term	Small

*1 Based on current assessments. These assessments are not definitive and will fluctuate in line with changes in the external environment, including future national policies, etc.
*2 These are the results of evaluations we conducted during internal workshops. We will continue to evaluate the data going forward.

Measurement indicators and targets

As for indicators, for items that were evaluated as having high importance in the assessment of dependencies and impacts, we will disclose the results for FY 3/2025 in line with the TNFD recommendations for global core disclosure indicators as follows. Regarding targets, we have already set targets in the Chugoku Electric Power Group Environmental Action Plan, and will continue to work toward achieving these targets. Regarding targets, we have already set targets in the Chugoku Electric Power Group Environmental Action Plan, and will continue to work toward these. To do so, we will implement reliable management and endeavor to reduce the environmental impact of our business activities. In terms of water use, we will move forward with setting and disclosing indicators and targets in line with both the results of our identification and evaluation of nature-related issues and TNFD recommendations. Going forward, we will continue to identify and evaluate nature-related issues and set and disclose indicators and targets in line with the TNFD recommendations.

GHG emissions

◆ **GHG emissions across the supply chain**
Scope 1: 15.83 million t-CO_2, **Scope 2:** 20 t-CO_2, **Scope 3:** 11.85 million t-CO_2

Water use/Surface water

◆ **Water for nuclear and thermal power generation**
5.24 million m^3

◆ **Wastewater from nuclear and thermal power generation**
2.70 million m^3

Solid waste

◆ **Waste generated**
873,000 t

◆ **Waste recycled**
831,000 t

Non-GHG air pollutants

◆ **SOx**
2,000 t

◆ **NOx**
4,000 t

Stakeholder Engagement

Stronger relationships with stakeholders create a virtuous cycle for business activities.

Since the time of our founding, our corporate group has been raised by the Chugoku region and we have grown together. The environment around us is changing dramatically, and there is a greater need than ever to tackle various issues, but our business base remains, as ever, rooted in the Chugoku region, and we believe that our guiding approach of growing with the region is a constant.

Based on this belief, the newly-formulated Chugoku Electric Power Group Corporate Vision 2040 sets major issues for strengthening relationships with local communities, society, and other stakeholders, and management targets for achieving these tasks. As well as proactive communication with local communities, society, and all of our stakeholders, we use our social contribution activities and initiatives to find solutions to local issues to help stimulate the development of local communities and society. By doing so, we will earn the trust that our business is founded on, and by tying this into profit opportunities, we hope to maximize our Group's sustainable corporate value.

Fukutani Shinji Executive Officer, Chief Operating Officer of Regional Relations Division

Materiality/Major issues	Major initiatives
Strengthening the management foundation to achieve higher corporate value Enhancing communication with stakeholders	Vitalizing to-way communication Reflecting customer feedback in business operations Pitching our corporate stance through brand messaging
Continuous evolution of the energy business Stable energy provision and decarbonization Utilize nuclear power generation while making safety the top priority	Conducting activities to promote understanding of nuclear energy Promoting regional decarbonization
Expanding the value provided by the Group's collective capabilities to solve community and social issues Strengthening efforts for regional co-creation and attracting companies Improving resilience through community partnerships	Support for community revitalization and setting up corporate locations Strengthening our ability to respond to natural disasters and contingencies Conducting social contribution activities based on community needs
Creating an environment where diverse human resources can demonstrate their abilities Creating an open workplace that facilitates ambitious challenges	Stimulating change in corporate culture Vitalizing internal communication

Earning the trust and capturing profit opportunities

Targets

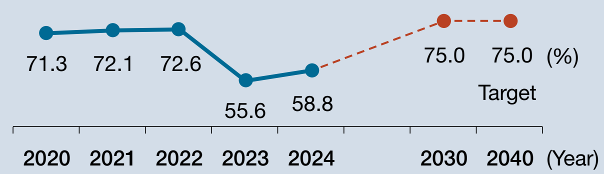
Group Target

Earning the trust of our community and society

Target for Chugoku Electric Power Company

- **Trust in Chugoku Electric: 75% or more**
  (percentage of positive responses to a "trustworthy" corporate image in our web survey)
- **Promoting co-creation activities to solve community issues and enhancing communication with the community and society**

Trust in Chugoku Electric trends



Maximizing corporate value

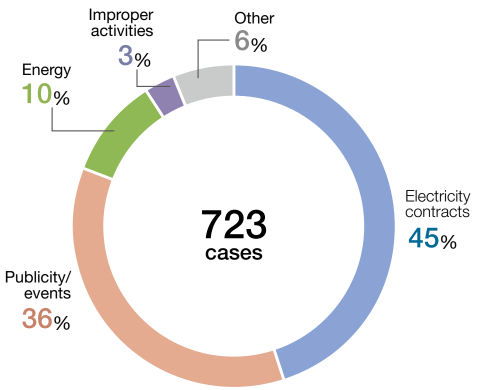
Stakeholder Engagement

Two-way Communication to Build Stronger Relationships with Customers and Local Communities

Reflecting customer feedback in business operations

Between communication with customers in the course of our daily work and through messages via our website, in FY 3/2025, we received around 700 pieces of feedback on topics such as energy policies, electricity sales, and publicity events. These were all logged in our Customer Feedback System, and quickly passed on to the relevant departments. We also collate and analyze this feedback and summarize it in a monthly report, which is shared with all employees, including management, and it is put to use by management divisions to improve operations and customer services. In addition, to raise employee awareness of customers' focuses and their expectations for our Group, we take lots of examples of customer feedback that have helped to lead to improvement from among the feedback recorded on the system, and publish these on the top page of our intranet. This is just one of the opportunities we have established for more employees to come into contact with customer feedback. Based on feedback we received from customers in FY 3/2025, we were able to make 38 operational improvements.
We aim to continue to be trusted and chosen by customers, and we will, therefore, endeavor to improve customer service.

● Customer feedback: cases and breakdown (FY 3/2025)



● How we utilize customer feedback

Daily interaction	Website feedback
Questionnaires	Customer dialogue activities

▼ Input of opinions and requests on system

Customer feedback system

▼ Sharing of feedback to relevant in-house departments

＊ Understanding of customer needs/application to business operations
＊ Customer feeback used toward improvements

▼

Publication of a monthly report

▼ Shared with all employees, including management

Customer-oriented operations

● Improvements made as a result of customer feedback

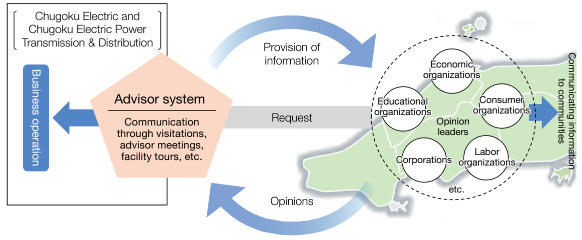
Chugoku Electric

Customer feedback
· I was receiving emails from "Gutto Zutto. Club" about exchanging my points, but I couldn't work out where on the members pages I should apply or what the procedure was.

Improvement
· We took into account this feedback about there being nothing about how point exchanges worked on the "Gutto Zutto. WEB" page linked in the email and added details of the application process via an explanatory diagram.

Advisor system

Local opinion leaders, including representatives of other companies and various organizations take on the role of advisors for Chugoku Electric and Chugoku Electric Power Transmission & Distribution and provide us with their opinions. These advisors also help to convey information and enhance understanding about our Group, such as by inviting people from local communities on our behalf to tour our facilities.



Overview of the advisor system
· Composition: approx. 10 advisors from each prefecture, with members representing different local groups, including companies, education and business associations, and consumer groups
· Main activities: visit-based dialogue, including exchanges of opinions at advisor meetings (at least one a year) and tours of our nuclear power stations, etc. (at least once during their two-year tenure)
· Major feedback from advisors:
○ Feedback on nuclear power
· Many people are worried about the long-awaited restart of operations at Shimane Nuclear Power Station's Unit 2, and providing plenty of information when things do go wrong would help with peace of mind.
○ Feedback on rate plans and services
· Many younger people are proficient at looking for deals on price-comparison websites, and making our website easier to use may bring in more of this demographic.
○ Feedback on personnel activities
· The percentage of section chiefs who are women is still low, and as raising it will benefit the company's development, this is something that should be proactively addressed.

▼

Feedback from all advisors is shared with all executives and people in other organizations, and we strive to reflect it in our business operations.

Stakeholder Engagement

Information disclosure and communication

Information Disclosure Guidelines

We have formulated the Information Disclosure Guidelines as a means of proactively publishing information about our business activities, with the goals of increasing transparency as a corporate group and gaining the understanding and trust of customers, shareholders, investors, and local communities. Based on the guidelines, we share information via several methods, including our website, pamphlets, and press releases. Moreover, we have created various inquiry forms on our website. In addition, we will continue to consider two-way communications as we aim to be an open company that can earn the trust of society.

Communication via the company website

Through our website we communicate a wide range of information on our business activities. Moreover, we have set up special pages on various themes, such as ESG topics and carbon neutrality, dedicated to sparking customers' interest in our initiatives and energy.

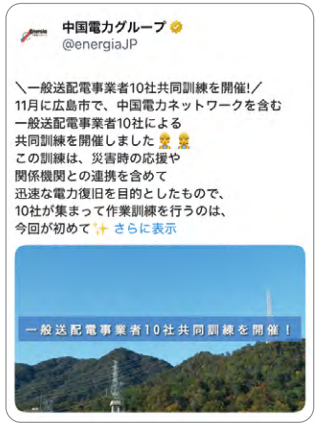
In FY 3/2025, to improve convenience and visibility, we renewed our website. We added a new category to the home page—sustainability management initiatives—because of the high level of interest it has among stakeholders. Going forward, we will endeavor to make our communications even easier to understand.

https://www.energia.co.jp/index.html

Communication via social media such as Facebook, X (formerly Twitter), and Instagram

Through social media, we publish information on a daily basis, covering topics such as our initiatives and information about our region. Should there be a disaster, we publish information in a timely manner on any power outages and how we are getting on with trying to restore the power.

In FY 3/2025, we posted 789 times between our various social media accounts.



Communication via TV commercials and online videos

In our television commercials, as well as informing viewers about our various campaigns, we are sharing far and wide details of our efforts toward stable power supplies, support for energy and environmental education for the next generation, and local environmental conservation and sports promotion activities.

"Ichinichimo, Hyakunenmo" TV commercial

WEB Special website for our brand message
https://www.energia.co.jp/tokusetu_site/ichinichimo/index.html

Additionally, we are able to post online videos that explain energy or nuclear power in an easy-to-understand way or that introduce equipment at our power stations on our YouTube channel. In this and other ways, we use a wide range of mediums to share information.

Online video
"Handy Energy Hints from Aoyama and Momota"

WEB YouTube channel
https://www.youtube.com/channel/UCpmAX0M1qKSglw9k_zyXSfw

Communication for the press

For more widespread public relations work about our business activities and initiatives, we regularly hold events for the press, including press conferences with our President and other briefings. In FY 3/2025, in addition to the press conference with our President during the announcement of our financial results, we carried out lectures on our new services and rate plans.

With the restart of Shimane Unit 2, our President held a press conference in the local city of Matsue, and we also held tours and similar to shine a light on topics such as our safety measures and drills, and worked diligently to provide thorough explanations.

Press conference held on the restart of Shimane Unit 2 (held in Matsue)

Shimane Nuclear Power Station tour

Online streaming of the activation of Shimane Unit 2

Stakeholder Engagement

Nuclear-related information disclosure and dialogue activities to deepen understanding

In running nuclear power stations, while securing safety is an absolute necessity, gaining the understanding and trust of the people of the region is also of primary importance. At Shimane Nuclear Power Station, we provide information to local governments in line with safety agreements, and proactively work to disclose information via press release or on our website. We are also active in listening to feedback from those in our region, and through repeated dialogue activities, as well as holding nuclear power station tours and various briefings, we hope to inform as many people as possible.

Nuclear-related information disclosure

On our website, as well as press releases, we share information about the status of our efforts to improve nuclear power station systems and safety, and the status of inspections by the Nuclear Regulation Authority. We are also developing methods such as our Shimane Nuclear Power Station virtual tours that allow users to virtually tour power station systems and our safety measures, or the special page of our website, “Tackling Issues,” that shines a light on the people working at our power station and our earnest approach to tackling safety, the region, and technologies.

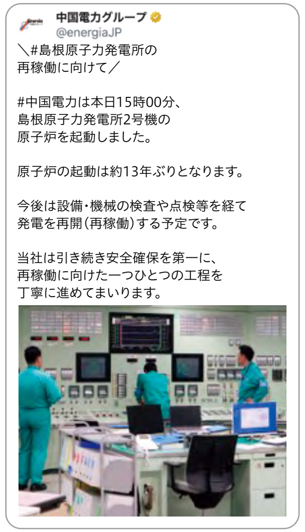
WEB Special page introducing initiatives to earnestly tackle safety improvements, etc.
https://www.energia.co.jp/atom/mukiau/index.html

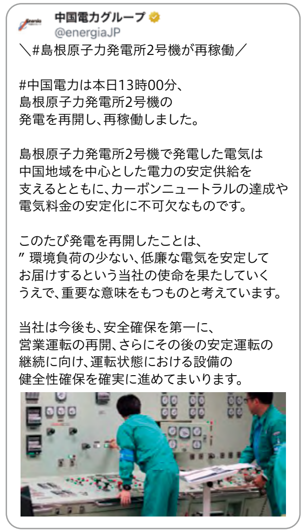
WEB Virtual tour of Shimane Nuclear Power Station
https://www.energia.co.jp/energy/pr/virtual/index.html#sid=home/prin=0

TOPICS Information-sharing Around the Restart of Commercial Operations at Shimane Unit 2

In the run-up to commercial operations restarting at Shimane Nuclear Power Station Unit 2, we made a real effort to share detailed information about our efforts at the power station in a timely manner via social media. We also put ads in newspapers announcing our resolve to restart operations.

In the future, we hope to further educate people about Shimane Nuclear Power Station, and will work on easy-to-understand, speedy, and accurate information-sharing.





Newspaper ad about the restart of commercial operations (in the five prefectures of the Chugoku region)

Briefings for regional customers

We carry out briefings for local authorities and various organizations when necessary; in FY 3/2025, we held 20 such briefings.

When holding larger-scale briefings, we publish information on our website and other locations, and try to inform as many people as possible.

District briefing

WEB Briefings for regional customers
https://www.energia.co.jp/atom/setsumeikai/index.html

Stakeholder Engagement

Shimane Nuclear Power Stations tours

We host power station tours for our regional customers to explain the mechanisms of nuclear power generation and showcase our safety measures. In FY 3/2025, 500 organizations and around 7,100 individuals came to visit our station.

Explaining measures to improve safety at the Shimane Nuclear Power Exhibition Hall

Feedback from those who attended a tour

- Until the tour, I didn't know much about nuclear power stations, but I'm no longer worried after learning about the stringent safety measures.
- I was surprised at how hard everyone works on safety measures on the premise that incidents can happen.

Interaction visits

In Kashima Town, part of Matsue and home to our Shimane Nuclear Power Station, we visited all 2,100 or so homes in FY 3/2025. In FY 3/2025, we were able to express our gratitude for the restart of commercial operations at the power station's Unit 2, and to explain about the current situation at the power station and other subjects.

Visiting all homes in Kashima

Part of our communities

As a member of society in our region, we are actively participating in cleaning activities and local events. As well as promoting interaction with local residents, we work to deepen our contact with everyone.

At our public relations facility, Shimane Nuclear Power Exhibition Hall, we hold fun events each season (summer holidays, Christmas, etc.) and handicraft classes at the hall. We will continue to aim for power stations that grow alongside the people of their communities.

Cleaning activities at a welfare facility

Taking part in the Matsue Tenjin Festival

Street cleaning activities near our power station

Dialogue activities around Kaminoseki

At the Kaminoseki Town in Yamaguchi Prefecture, where we have a plan to construct a nuclear power station, we are working to gain the understanding and trust of our regional customers, particularly through dialogue activities. For the people of the town, we distribute *Kakehashi*, a publicity newsletter, to introduce information about energy and regional topics. Each month, employees distribute these on their individual visits, and they provide an opportunity for dialogue with everyone in the region. We have also been investigating installing interim storage facilities for used fuel that would be produced by our nuclear power station. As such, we gave residents an overview of the facilities and of the investigations to verify potential sites for them.

For us, Kaminoseki Nuclear Power Station represents an important power source to achieve a balanced mix of power sources from the perspectives of S+3E. By holding events with regional customers and participating in cleaning activities and local events, we hope to increase interaction with local communities and to deepen understanding about these initiatives of ours.

Visiting customers around Kaminoseki

Culture classroom event

Local daffodil bulb-planting event

Publishing publicity materials

We publish a publicity newsletter sent to houses with newspapers, entitled *Anata To Tomoni*, to introduce initiatives at our Shimane Nuclear Power Station or local topics, which we send to houses in nearby cities (Matsue, Izumo, Yasugi, Unnan, Yonago, and Sakaiminato). In FY 3/2025, we published 4 issues, and the last of these from February 2025 was the 103rd issue since we launched the newsletter in 1997.

In Kaminoseki, we publish the *Kakehashi* publicity newsletter every month to disseminate energy-related information and local topics. March 2025 saw the 471st issue since the series began in 1986.

Anata To Tomoni

Kakehashi

WEB Publicity newsletter *Anata To Tomoni*
https://www.energia.co.jp/atom/kouhoushi.html

WEB Publicity newsletter *Kakehashi*
https://www.energia.co.jp/atom/kami_jyunbi3.html

Feedback from local recipients of *Anata To Tomoni*

- The explanations of the safety measures were easy to understand, and I learned a lot of things I didn't know.
- It was reassuring to find out that there are diligent preparations in case of an emergency, and to read about the drills. I live within 20 km of the power station, so it was a good chance to confirm the response if something were to happen.

Stakeholder Engagement

Strengthening Supply Chain Management

At Chugoku Electric, in addition to building strong relationships of trust with our suppliers, we aim to establish partnerships that facilitate long-term mutual success and thus engage in procurement activities in line with our Basic Procurement Policy. For the Partnership Building Declaration that we announced in September 2020, we carry out appropriate revisions that take into account legal and other changes, and are endeavoring to establish stronger partnerships with business partners. Moreover, to help us play our part in the achievement of a sustainable society, in June 2023 we formulated our Sustainable Procurement Guidelines to enable us to tackle environmental issues and social issues such as human rights alongside our suppliers throughout the supply chain. We are also requiring letters confirming compliance with the guidelines, particularly from our major suppliers, and trying to strengthen these initiatives.

At the supplier briefings that we hold each year, and from the perspective of transparency and fairness, we disclose information on our procurement plans for our main materials and equipment, contract work, and outsourcing operations. They are also an opportunity to inform suppliers about sustainable procurement, which is one of our key initiatives.

In FY 3/2025, we held a questionnaire survey for the more than 100 companies that are our main suppliers to confirm the status of their efforts related to the eight parts of the Sustainable Procurement Guidelines. As a result, we were able to confirm that there were no major risks in our supply chain. After the survey, we also visited suppliers to hold meetings with them that referred to their answers to the questionnaire.

These various initiatives to improve sustainability in our material procurement are reflected in the material procurement policies that we formulate each year, and an overview of these policies and the status of these initiatives is added to the agendas at meeting of our Board of Directors and Management Committee.

As a public utility company that acts as a regional lifeline, we have a sense of self-awareness and mission and in line with these we will promote, through our procurement activities, initiatives aimed at resolving regional and social issues throughout our supply chain and further promoting sustainable procurement alongside our suppliers.

	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026 targets
Supplier briefings	Correspondence-based	46 companies	76 companies	80+ companies
Questionnaire surveys	70 companies	70 companies	106 companies	120+ companies
Visits to suppliers	2 companies	2 companies	3 companies	10+ companies

Basic Procurement Policy

WEB Basic Procurement Policy
https://www.energia.co.jp/business/sizai/sizai1-2.html

1. Adherence to legal regulations and social standards of conduct
2. Securing of safety and health
3. Active efforts in environmental problems
4. Management and protection of information
5. Provision of fair participation opportunities
6. Selection of suppliers
7. Thorough crisis management
8. Establishment of mutual trust with the supplier
9. Contribution to the local societies

パートナーシップ構築宣言

WEB Partnership Building Declaration
https://www.biz-partnership.jp/declaration/59870-06-00-hiroshima.pdf

WEB Sustainable Procurement Guidelines
https://www.energia.co.jp/e/business/intro/guidelines.html

Corporate ethics consultation desk for suppliers

We have set up a corporate ethics consultation desk to receive reports from suppliers about any issues or potential issues relating to corporate ethics and compliance. This could be any act in our material transactions (including the supply chain) that impacts the fairness and transparency of said transactions, or any inappropriate conduct in product inspections, labor management, or human rights.

WEB Information on corporate ethics consultation desk for supplier
https://inquiry.energia.co.jp/webapp/form/22903_xwhb_32/index.do

Stakeholder Engagement

Contributions to Local Community Development

Decarbonization Leading Areas

To promote decarbonization efforts that bring our Group and local communities together, we are developing activities aimed at invigorating the local economy alongside achieving decarbonization.
As part of this, we are advancing decarbonization initiatives suited to regional characteristics in three cities that have been selected by the Ministry of the Environment as Decarbonization Leading Areas: Matsue (selected in the third round), Shimonoseki, and Higashihiroshima (both in the fifth round).

Matsue: selected in the third round

Matsue City has adopted a theme to transform itself into an attractive, international cultural and tourism hub and to promote carbon-neutral tourism. Through measures aimed at achieving carbon neutrality, the project aspires to sustainable tourism.
As a joint proposer, we are participating in the city's efforts.

Examples initiatives we are involved in:

- √ Installation of solar power facilities such as a car port fitted with solar panels
- √ Supplies of renewable energy using offsite PPA at empty plots of land owned by the city
- √ Introduction of EV car-sharing, etc.

Source: Matsue City Newsletter (July 2023 issue)

Shimonoseki: selected in the fifth round

Shimonoseki City aims to invigorate its economy and achieve decarbonization through initiatives that bring together regional financial institutions and the city's businesses.
Our group company Energia Solution & Service Company, Incorporated is taking part in the city's initiative as a joint proposer and is helping to construct a more sustainable society with its local community.

Artist's impression of the Arcaport/ Karato area concept

Source: Shimonoseki City website

Higashihiroshima: selected in the fifth round

Higashihiroshima City, meanwhile, is advancing decarbonization efforts for the existing homes (housing complexes and detached houses) of the student area that have stood since Hiroshima University moved there 30 years ago.
We have joined the university's Smart City Co-Creation Consortium, an organization that aims to apply the results of smart city trials to society, and we have been playing our part in its activities.

TOPICS Initiatives to Create an Energy Management Service

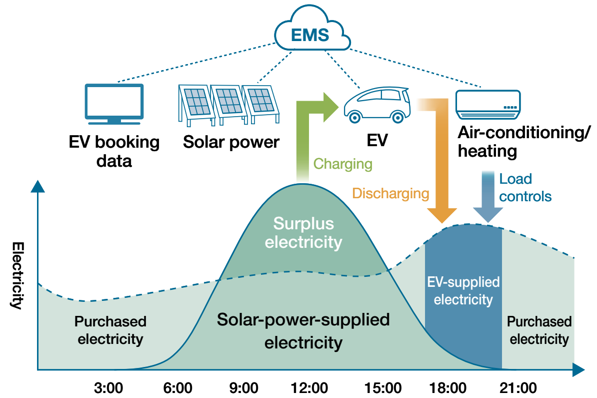
VPP trials at Hiroshima University

As part of the Hiroshima University Smart City Co-Creation Consortium's activities, we integrated control of solar power generation, EVs, and air conditioning on campus, and verified the benefits of a low-carbon campus through the effective use of surplus solar power generation assuming the university's Higashi-Hiroshima Campus as a single "town."

Trials using EVs to transport renewable energy

Aiming to use EVs as mobile storage batteries, we verified the benefits of reducing CO_2 emissions during commuting and at home by transporting renewable energy via solar power generation charged at the workplace to the home by EV.

These trials will use an energy management system that we are currently developing to optimize customer demand patterns in response to factors such as power supply and demand.
Through initiatives like these, we will create new energy services and help our region on its path to carbon neutrality.



Stakeholder Engagement

Promoting regional decarbonization

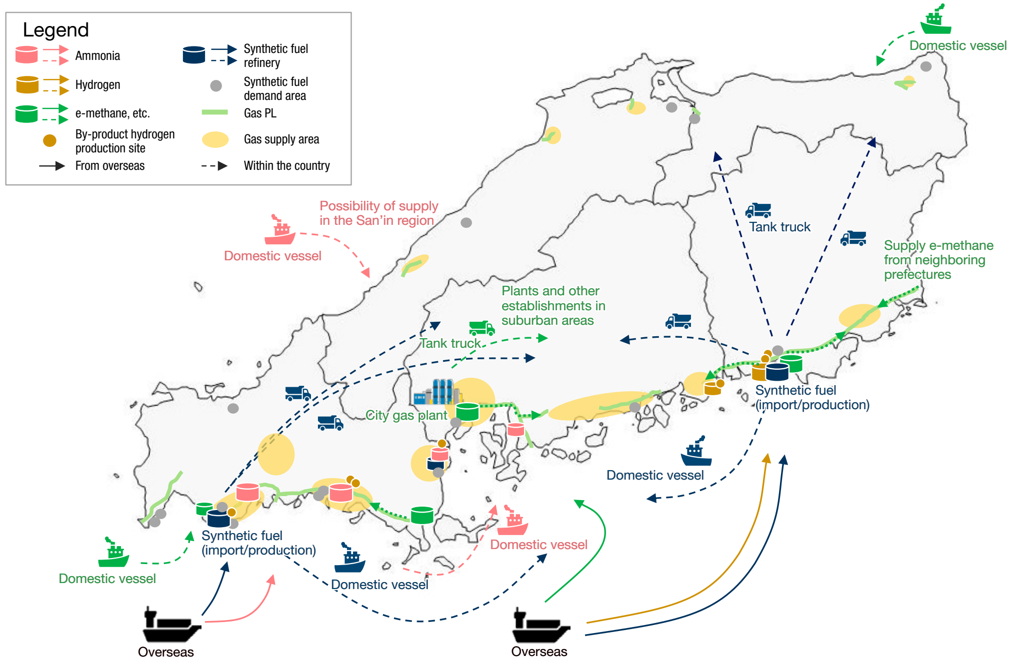
Participation in the Chugoku Region Carbon Neutrality Promotion Council

We have joined the Chugoku Region Carbon Neutrality Promotion Council, an organization that was established by the Chugoku Economic Federation in November 2021 to promote the bringing about of a lower-carbon society. In FY 3/2023, we joined its Carbon Neutral Promotion Subcommittee, which works on issues and offers advice toward greater use of renewable energy in the Chugoku region.

At the Carbon-neutral Fuel Promotion Subcommittee that met in FY 3/2024 and FY 3/2025, we worked to address issues to help introduce and spread the use of carbon-neutral fuels, and in November 2024 the Chugoku Region Carbon Neutrality Promotion Council made policy suggestions*1 to the national government.

*1 As part of the Fuel Ammonia Subcommittee, we were responsible for collating government policy proposals aimed at constructing sustainable supply chains needed to expand use of carbon-neutral fuels

Fuel shift vision for 2050*2



Source: Created by the DBJ Group

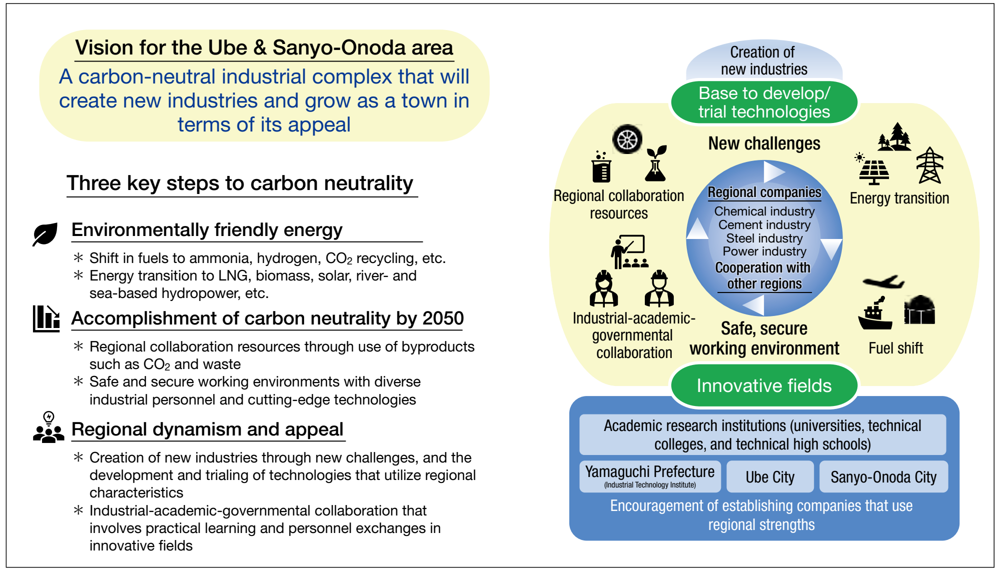
*2 Excerpt from "Government Policy Proposals Aimed at Constructing Sustainable Supply Chains Needed to Expand Use of Carbon-neutral Fuels"

Participation in the Ube & Sanyo-Onoda District Industrial Complex Corporate Collaboration Council

The Ube & Sanyo-Onoda District Industrial Complex Corporate Collaboration Council is made up of companies located in the Ube & Sanyo-Onoda area, including ourselves. The council has formulated a grand design for the industrial complex to be carbon-neutral by 2050, which it announced in March 2025.

It aims to bring about a region in 2050 that can, by achieving a carbon-neutral industrial complex, create new industries and grow as a town in terms of its appeal.

Overview of the Ube & Sanyo-Onoda District Industrial Complex concept for carbon neutrality



Excerpt from document on the Yamaguchi Prefecture website

Participation in Mizushima Industrial Complex Development Promotion Council's Carbon-neutral Network Council

The council, of which we are a member, is working to achieve carbon neutrality by 2050 by investigating topics such as carbon-free energy, carbon-recycled materials, and the production and supply of products and materials that contribute to decarbonization.

Stakeholder Engagement

Social contribution activities

For us at Chugoku Electric and Chugoku Electric Power Transmission & Distribution to meet the region's expectations and develop and maintain positive relationships, we are proactively running social contributions activities that are founded in the region and that involve employee participation, in the fields of social welfare; environmental conservation; education; regional revitalization; arts, culture and sports; and international exchanges. In particular, we have positioned the field of education, which includes implementing activities to support energy and environmental education for the next generation, for which local expectations are high, as a focus for implementation activities, which we are carrying out.

In the future, we will contribute to the development of local communities through these activities while valuing our relationship with the region.

● Chugoku Electric social contribution activities

● Introducing activities aimed at the next generation

WEB Introducing activities aimed at the next generation
https://www.energia.co.jp/corp/miraisouzou/

Education support activities for the next generation

As a country with limited resources, Japan will need to continue to address the issues of stable energy supplies and environmental problems. To inspire our children, those who will carry our future forwards, and raise their interest in energy issues and the electricity industry, we visit schools, offer facility tours, and provide other activities for the next generation—efforts we collectively label "Wakuwaku E-School"—at various sites and in FY 3/2025, around 7,528 people took part.*1

We also take on youngsters for work lectures and work experience to help them consider their career paths. As well as explaining the role of the energy industry and the significance of working, we provide opportunities for learning that help children—who will one day take over the reins—to independently picture their own future careers.

Feedback from participants

- Through the power generation experiment, I learned about the mechanisms behind creating electricity and how difficult it can be.
- I've never given much thought to my use of electricity, but this was a good opportunity to learn about how limited resources are and how we use energy.

FY 3/2025: 376 (9,010 participants)*1

Breakdown

Field	No. of events (participants*2)
School visits	93 (3,288)
Facility tours	128 (3,079)
Work seminars	17 (765)
Work experience sessions	95 (127)
Other	43 (1,751)

*1 Combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution
*2 No. of participants, including carers/guardians, etc.


Wakuwaku E-School

TOPICS Events for Parents & Kids to Learn Together

Chugoku Electric holds events for parents and children to learn about energy together.

As part of Yanai Power Station Tour 2024, 76 parents and children were invited to the power station during the summer holidays, and were provided with a chance to take part in a tour and workshops so that they could have fun while learning about electricity and energy.

In February 2025, we held an event at the 5-Days Children's Museum, in Hiroshima City, entitled "Comedy Live and Wakuwaku E-School." The event featured the celebrity comedy duo Ujikoji and 225 parents and children were able to have fun while learning about energy.


Yanai Power Station tour

Stakeholder Engagement

Sports promotional activities

As sports that symbolize our company, at Chugoku Electric we place particular emphasis on our track and field, women's table tennis, and rugby clubs. To promote sport in local communities, among other activities, each of these clubs holds classes, predominantly for children, to improve the level of sport in those areas.

☐ Track and field classes for elementary and junior high school pupils (track and field club)

To show kids how fun it can be to move their bodies, and for them to gain the basics of track and field sports, we hold the Energia Runners School and track and field classes (held 27 times in FY 3/2025).

☐ Table tennis classes for children and members of the public (women's table tennis club)

The women's table tennis club conducts table tennis classes for elementary school pupils and members of the general public. We held table tennis classes at our PR facility, and participants could feel closer to us (held eight times in FY 3/2025).

☐ Rugby classes for kindergarten and elementary school pupils (rugby club)

We visited local kindergartens and elementary schools to teach the kids about what a fun sport rugby can be through rugby classes (held 24 times in FY 3/2025).

Supporting culture and sport

In 1994, the Chugoku Electric Power Group established the Energia Culture and Sports Foundation. The foundation helps to promote culture and sport in local communities.
The foundation also awards individuals and organizations who have made outstanding achievements and who are making remarkable progress in the fields of art, music, traditional culture, and sport in the Chugoku region.

Energia Awards ceremony

Energia Culture and Sports Foundation grants

☐ **FY 3/2025:**
226 grants totaling ¥28.6 million
☐ **Cumulative total for FY 3/1996–3/2025:**
4,623 grants totaling ¥890 million

☐ **Grant breakdown for FY 3/2025**

(million yen)

Field	Grants	Grant value
Art	27	3.96
Music	102	13.3
Traditional culture	30	4.25
Sports	63	6.69
Other	4	0.4

Regional solutions and development

The Chugoku region forms the foundation of our business. To contribute to the region's sustainable development and to ensure the continued growth of the Chugoku Electric Power Group, we are engaged in various cooperative and co-creation initiatives with our local communities.

Major initiatives

- Solving local issues through comprehensive cooperative research with Hiroshima University, and partnerships with universities, local governments, and think tanks
- Distributing information to revitalize local communities through publications such as *Aoi Kaze*, *Chugoku Regional White Paper* , and *Chugoku Regional Economic Overview*
- Supporting industrial development and other forms of regional revitalization through investigative research in collaboration with Chugoku Economic Federation and Chugoku Regional Innovation Research Center
- Offering grants for experimental research, etc., into the supply and use of electricity in the Chugoku region, and foundational technologies related to these, via Electric Technology Research Foundation of Chugoku

Regional magazine *Aoi Kaze*

Chugoku Regional White Paper

Electric Technology Research Foundation of Chugoku technical research grants

☐ **FY 3/2025:**
27 grants totaling ¥25.3 million
☐ **Cumulative total for FY 3/1992–2025:**
1,701 grants totaling ¥1,320 million

☐ **Grant breakdown for FY 3/2025**

(million yen)

Field	Grants	Grant value
Experimental research	16	23.75
International exchange activities	6	0.95
Research presentations, etc.	5	0.6

Stakeholder Engagement

Support for setting up locations in the Chugoku region

The Chugoku Electric Power Group will work to help the Chugoku region grow by providing both hard and soft support for companies, organizations, and other customers who are considering bringing their headquarters offices, factories, or other facilities to the Chugoku region, with purposes such as creating new business opportunities and business continuity plans (BCPs).

Chugoku Electric Power Transmission & Distribution Company, Inc. publishes a welcome zone map of available electricity network facilities and areas offering rapid connection for customers who are considering the new establishment of data centers and factories.

WEB Welcome Zone Map
https://www.energia.co.jp/nw/service/supply/zonemap/index.html

Demonstrating the Group's combined strengths and necessary cooperation with external partners

To address customers' various issues and needs, where necessary we work together with each of our group companies and work to harness the Group's combined strengths.

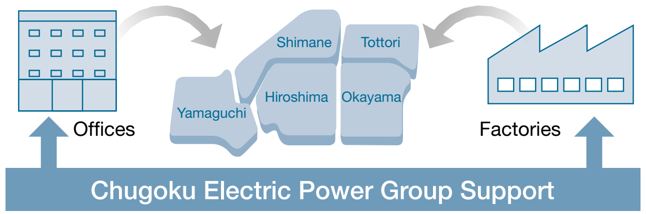
Our cooperation is not reserved to group companies; we also collaborate with external partners and local governments with the aim of resolving customers' issues.

Cooperating organizations	Main initiatives
Group companies	Support to meet the challenges and needs of a wide range of business categories
External partners	Proposals/actions for partnerships with local companies, organizations, and investee companies
Local governments	Information sharing on the Group's available services

Supporting establishment of locations in the Chugoku region

We support customer needs toward establishing new locations in the Chugoku region, which has a good balance of factors necessary for industrial development.

Category	Main services
Power equipment	Construction of receiving and transforming equipment to meet power equipment capacity
Construction	Consulting on construction of factories and other facilities
Information and telecommunications	Services related to connection contracts, works to open new connections, and applications for DX



Collaboration with external organizations to ensure stable supplies

In the case of a typhoon, earthquake, or other disaster, at Chugoku Electric and Chugoku Electric Power Transmission & Distribution we respond to disasters in an integrated manner and work with external institutions to ensure a stable supply of electricity.

Reinforcing partnerships with external institutions and local governments

In times of normality

To ensure smooth, mutual cooperation in the event of a disaster, not only have we concluded cooperative agreements with external institutions and local governments, we are building strong face-to-face relationships with them through regular emergency drills and meetings.

Partners	Main partnership details
Ground and Maritime Self-Defense Forces (SDF)	· Removal of obstacles on top of roads · Transportation of materials, equipment, and personnel by aircraft, ship, and other means to help with restoration
Japan Coast Guard Headquarters	· Transportation of materials, equipment, and personnel by patrol boat and other means to help with restoration
West Nippon Expressway Co., Ltd. Honshu-Shikoku Bridge Expressway Company, Limited	· Emergency passage on highways for vehicles heading to disaster areas
Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau (agreement signed April 28, 2025)	· Dispatch of local liaisons · Provision of activity hubs for power restoration work · Removal of fallen trees and other obstacles on top of roads that prevent power restoration work · Managing and sharing lists that detail important social facilities requiring priority restoration *Prefectures and municipalities only
Prefectures and Municipalities	
Izumi Co., Ltd., Lawson, Inc., AEON Co., Ltd.	· Provision of water, food, etc.

In times of disaster

Based on mutual disaster relief agreements, in the event of a typhoon or other natural disaster, we work with the relevant external institutions and local governments to quickly restore power outages. Specifically, we work to transport relief materials, equipment, and personnel by boat, etc., and ensure emergency passage through highways.


Vehicle transportation drills using a Japan Maritime Self-Defense Force Landing Craft Air Cushion (LCAC) hovercraft (October 2023)


Material transport drill using the JMSDF MCH-101 minesweeper/transport helicopter (May 2024)


Emergency response drill with West Nippon Expressway Co., Ltd. (October 2024: Drill to confirm driving conditions for high-voltage generator vehicle in disaster-affected areas)

Personnel

With a renewed commitment to total employee empowerment, aiming to strengthen our management foundation that supports sustainable corporate value enhancement.

The growth of our Group depends on the diverse experiences and values of each and every one of our employees.
We aim for sustainable growth for individuals and the organization, and encourage employees to show autonomy, while also working to utilize the diversity of our organization. To do this, we are striving to reform our personnel management with a focus on the relationship between individuals and the organization.
In FY 3/2025, we decided to carry out age diversity promotion measures to further promote autonomy and diversity, and have formulated a new action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Female Participation and Career Advancement in the Workplace, aiming to become a company where everyone can play an active role regardless of their gender.

As the foundations of all of our business activities, we are also continuing our efforts in human rights education activities that will help bring about a society in which human rights are truly respected, as well as on ensuring safety for zero accidents, and promoting health management.
In order to achieve our desired outcome in the Group Corporate Vision, where all employees take on challenges and shine in their positions, it is necessary for the entire Group to work together toward the further enhancement of work environments for diverse human resources. We will continue to examine ways to evolve human resource management, and link this to sustained improvement in corporate value.

Yoshinaga Hiroyuki
Managing Executive Officer
Chief Operating Officer of Human Resources Development Division

Environmental Awareness

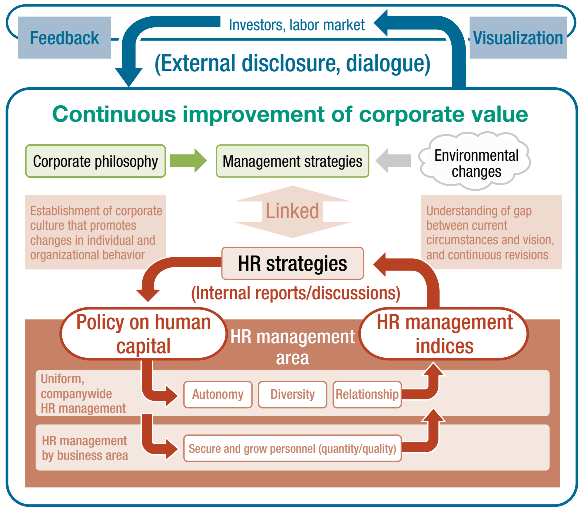
Opportunities

Opportunities arising from initiatives
- Strengthening competitiveness by securing excellent human resources
- Increasing productivity by improving engagement and assigning the right personnel to the right jobs
- Sustainably enhancing corporate value by building human resources and an organization capable of responding to changes in the business environment
- Enhancing our corporate image by earning society's trust

Risks

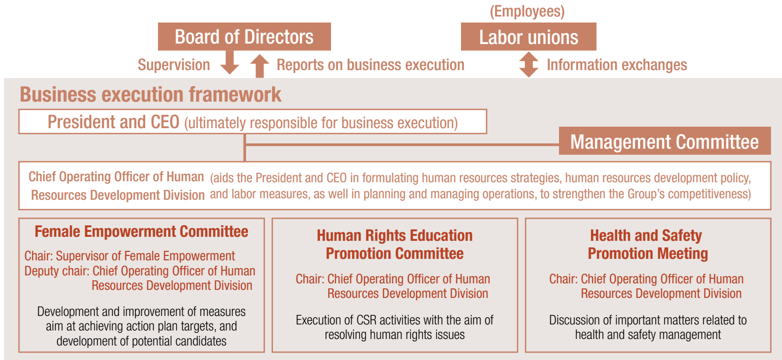
Risks arising from failure to act
- Decrease in competitiveness due to difficulty in securing human resources and increased turnover
- Decrease in productivity due to loss of job satisfaction and shortage of personnel, and difficulty in passing on technology and skills
- Decrease in corporate value due to stagnation in human resource development and organizational development
- Decrease in trust from society due to human rights violations, fatal/serious industrial accidents, etc.

Desired outcomes



Governance

Matters pertaining to a number of areas of personnel management—recruitment, transfers, evaluations, training, remuneration, workstyles, human rights, safety, health, etc.—are added to the agenda for meetings of the Management Committee and Board of Directors periodically as part of medium-term management plans or as necessary. For important issues, individual meeting bodies have been established to advance measures in cooperation with various organizations. Exchanges of opinion are also held with labor unions.



Major issues/main initiatives and measures to resolve issues

Sustainability targets	Major issues
Target for the Group Diverse personnel achieve empowerment and greater engagement **Target for Chugoku Electric Power Company** · Ratio of female section chiefs and above: Equal to the ratio of female employees (20% or more) · Employee engagement: 70% or more (positive response rate)	Retaining and growing diverse personnel
	Creating an open workplace that facilitates ambitious challenges
	Preventing industrial accidents and maintaining/promoting health

Main initiatives to resolve issues	Main measures
Further promotion of autonomy and diversity	Personnel development based on individual ambition, promotion of diversity, and promotion of diverse workstyles
Improvement of relationships between individuals and organizations	Understanding of indicators related to organizational culture, management support
Personnel acquisition and growth	Hiring of diverse personnel and providing various training programs
Respect for human rights	Implementation of human rights education
Promotion of safety and health	Pursuit of zero accidents, creation of physical and mental health

Personnel

Continuous improvements to personnel management

At the Chugoku Electric Power Group, to enable us to flexibly and quickly respond to changes in our environment and continue to improve our corporate value, we are engaged in various personnel management initiatives that are designed to help us achieve our management strategies. In addition to continuously revising these initiatives in line with changing circumstances and issues, we establish medium- to long-term personnel policies, as well as indicators to monitor progress, to develop a corporate culture that can help us achieve our vision through everyday activities. Ultimately, we are aiming to establish a human resource management cycle through which we can continue to improve business management through internal discussions and external dialogue.

While personnel initiatives require sustained efforts, we will continue to make improvements ahead of the achievement of our vision to ensure continuous improvement of our corporate value.

Policy and indicators

Group Corporate Vision/ Corporate Charter of Conduct

Policy on human capital	Initiatives	Human resource management indicators
Policy for Promoting Active Participation of Diverse Human Resources	Further promotion of autonomy and diversity	Ratio of female employees in positions of section chief or higher, ratio of female assistant managers or higher, no. of female engineers, childcare leave acquisition rate among male employees, hiring rate of persons with disabilities, sense that the personnel vision is implemented, etc.
	Improvement of relationships between individuals and organizations	Employee engagement, psychological safety, sense that working environments are comfortable, etc.
	Personnel acquisition and growth	No. of mid-career hires, turnover rate, retention rate after 3 years (for new graduate hires), etc.
Chugoku Electric Power Group Human Rights Policy	Respect for human rights	Uptake rate for workplace human rights training, etc.
Health and Safety Management Policy	Promotion of safety and health	Accident frequency rate, rate of absenteeism, rate of presenteeism, etc.

Note: Unless otherwise specified, figures on P84–P94 are for Chugoku Electric.

Promoting active participation of diverse human resources

Our Management Philosophy is “Trust. Creation. Growth.” We recognize that it is our personnel who can carry forward that creation, the process of responding to change and continuing to create new value. Based on that idea, we have formulated the Policy for Promoting Active Participation of Diverse Human Resources as an all-encompassing, groupwide policy.

If everyone can display their own, individual strengths through their daily work experience, individual differences can come to the fore. By respecting those differences, taking them on board, and linking them, we can create new value. If we can repeat this process again and again, we believe we can all grow sustainably, as individuals and as an organization.

Based on this policy, both Chugoku Electric and Chugoku Electric Power Group companies will take the lead in independently implementing the necessary measures in line with their management conditions and business characteristics.

Setting goals for the entire Group

We and our group companies (13 consolidated subsidiaries) set indicators and targets for three core themes: increasing the number of female managers, improving the childcare leave acquisition rate among male employees, and continuously implementing human rights education activities. We have made the achievement of these core themes a goal for the entire Group.

Core themes (groupwide)	Chugoku Electric	Targets FY 3/2026	Results FY 3/2025
Increasing the number of female managers	Ratio of female employees in positions of section chief or higher	5% or higher	4.2%
	Ratio of female managers	13% or higher	12.0%
Improving the childcare leave acquisition rate among male employees	Childcare leave acquisition rate among male employees	100%*	70.0%
Continuously implementing human rights education activities	Uptake rate for workplace human rights training	100%	100%

*Taking into account the most recent data on paternity leave, the existing FY 3/2026 target of 50% or higher was revised upwards

Non-financial (ESG) Data/Personnel P123-P125

Policy for Promoting Active Participation of Diverse Human Resources

I. Human Resource Development

Goals each and every employee should aim to achieve

We will think and act independently in times of change.

Employees will engage in independent and mutual learning to achieve these goals, and the company will support and develop their individual growth.

II. Organizational Development

(1) Further promotion of autonomy and diversity

To respond to changing times, we will promote employee autonomy and further promote the diversity that comes with bringing their individual strengths together.

(2) Improvement of relationships between individuals and organizations

To further promote autonomy and diversity, we will work to improve the relationships between our individuals and organizations to ensure that employees do not feel daunted within their organization and that they can fully display their strengths.

Personnel

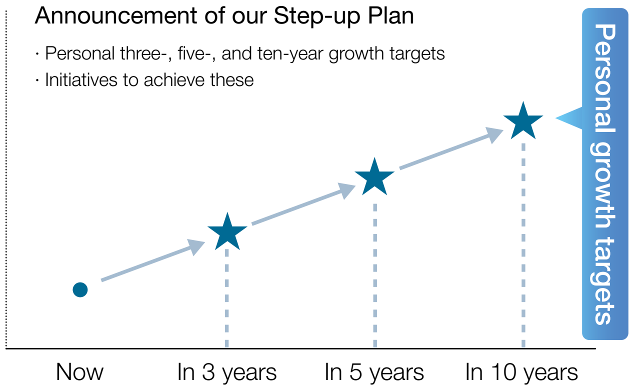
Further Promotion of Autonomy and Diversity

Personnel development based on individual ambition

We believe that for personnel to achieve growth, it is important that they clarify their individual growth targets—be it their medium- to long-term vision or desired roles—and take the lead in thinking about what is required to achieve the targets and go about their work in line with these requirements.

As such, we have designed a system whereby each April employees declare their growth targets for three, five, and ten years into the future, as well as the initiatives required to achieve them, in something we call a Step-up Plan. The system allows employees' managers to create individual development plans based on these Step-up Plans, effectively combining various measures to promote their development. For example, they assign employees tasks that contribute to their development, conduct on-the-job training through everyday tasks, and create level-based and optional off-the-job training plans.

Our aim is to create a cycle through which employees can think seriously about their future, and by sharing with their bosses and through connections with their workplace learn the ropes through their everyday tasks as well as how to think and act for themselves. By having employees use the experience from this process to launch a separate learning cycle, we support them to independently develop their careers and continue to grow.



Linking employee performance evaluations and human resources development

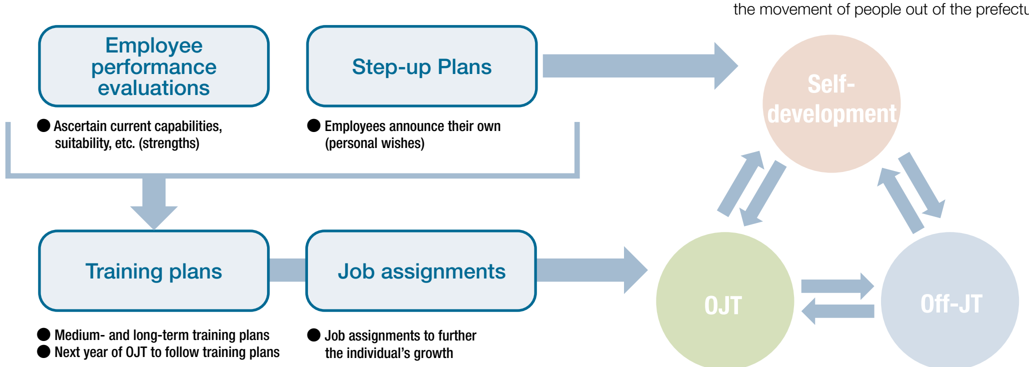
In April each year, we carry out employee performance evaluations, which include two parts: a work performance evaluation that rates the employee's processes and results in their daily jobs, and a suitability evaluation that rates their ability to succeed in their given role and their suitability for this role.

Evaluation standards and other information is shared within the company to clarify the level of capability we expect of employees and encourage independent growth. Another element of the evaluations is to assess whether or not employees think and act for themselves, and rates their approach to making decisions on their own or spontaneously coming up with ideas or solutions.

The understanding gained from these evaluations of employees' capabilities and suitability (strengths) is combined with the Step-up Plans each employee files to create personalized training plans.

When employees' bosses provide feedback on their assessment results each June, they also speak about future expectations based on their plans and offer advice and guidance aimed at growth. In these ways, we have created mechanisms by which employees can decide for themselves growth targets and efforts to achieve them.

How employee performance evaluations and human resources development are linked



Independent career development

From the perspective of putting in place an environment in which employees can develop their careers in a way that suits their own wishes, we have expanded our in-house recruitment system,*1 and in FY 3/2025 we are introducing a system that will allow employees to take on additional roles within the company. This system enables employees to remain affiliated to their own department, while also tackling tasks in a different department for a set time, which makes it easier for them to take on new challenges than the conventional in-house recruitment system.

Both systems not only support individual employee growth, they also benefit the organization as it can then utilize the expertise, experience, and technical capabilities of diverse personnel who have a desire to challenge themselves. We, therefore, plan to make further use of these systems.

Additional roles system uptake:
3 employees in 3 positions (FY 3/2025 onward)

· Recruitment website renewal project
(additional role: recruitment; main role: PR)
· Planning and implementation of task automation measures using M365
(additional role: digital innovation; main role: sales)
· Office operations, etc., for the HATAful project*2
(additional role: HR; main role: digital innovation)

*1 A cross-departmental system that aims to discover personnel who have the specific skills or desire to challenge themselves, and which takes in-house applications from those wishing to work in new business areas or similar and then after selection puts these personnel to work in those roles.
*2 A project that brings together supporting companies in Hiroshima Prefecture to counter the movement of people out of the prefecture to find work elsewhere.

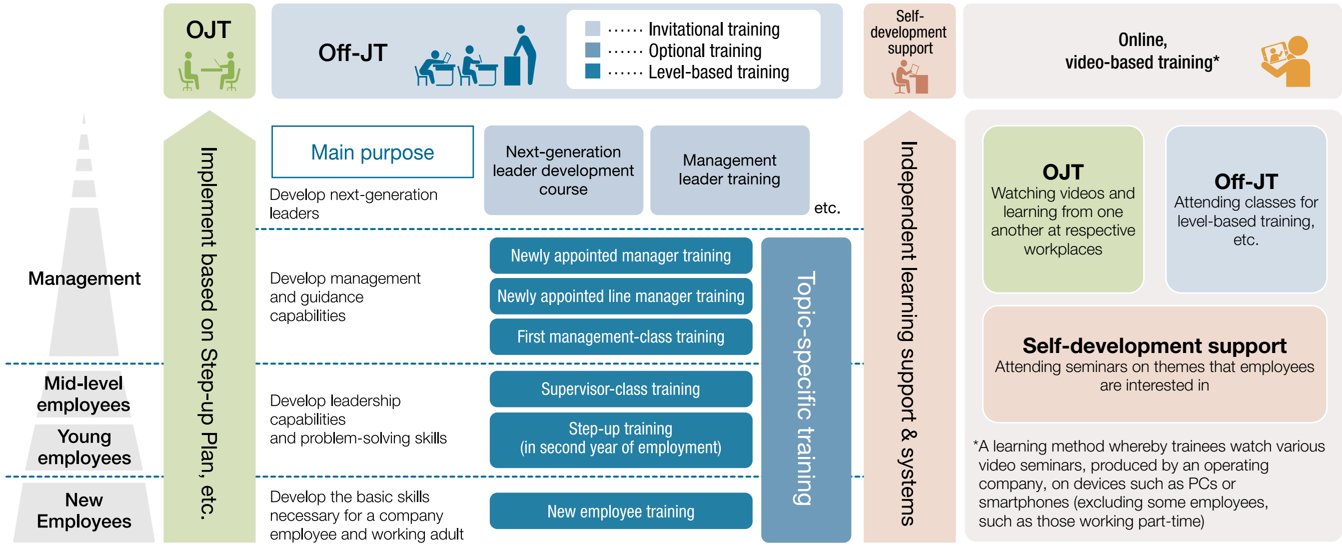
Personnel

Human resources development structure

In line with our Policy for Promoting Active Participation of Diverse Human Resources, we are using digital tools to strengthen our human resources training measures. Specifically, in FY 3/2025 and beyond, we are gradually expanding level-based training to encourage behavioral changes among the different levels, creating opportunities for learning, and introducing online, video-based training for more effective, more efficient learning. We have set mandatory lectures and as well as just making these part of the level-basing training, we are also using these widely in areas such as OJT and self-development programs.

Through measures like those above, we are working to encourage learning, provide more opportunities for independent learning, and help employees to learn from each other at their workplaces.

Human resources development structure (after FY 3/2025 review of human resources training measures)



No. of participants in level-based/optional training (FY 3/2025)

New employee basic training(Note)	237
Step-up Training*1	444
First management-class training	218
Supervisor-class training	165
Optional training*2	104 (16 from group companies)

(Note) Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution
*1 Includes those included in follow-up training resulting from our review
*2 Includes group companies. There were 216 applicants.

In FY 3/2025, optional, theme-based training was carried out for line managers who applied, with anyone from any group company able to apply in principle. Through the training, we hoped that participants can learn from one another, and help improve the entire Group's capabilities and performance.

Independent learning support

In order to enhance the knowledge and technical skills employees need to do their jobs, and to arm them with the broad horizons and education to grow as members of society, we provide support for independent learning.

Independent learning support measures

Qualification exam pass reward program	Those who pass applicable qualification exams receive a monetary reward *From FY 3/2026, the number of qualifications covered by the reward program is being expanded, and the amount of the monetary reward revised upward
Grants for language exam fees	We offer employees grants for the full amount of fees for applicable language exams (up to once a year)
Study sabbatical system	Every year, we accept applications from those in the Group wishing to be selected to study at universities within Japan (the sabbatical period is four years, during which time they are on leave)

Development of management candidates

To achieve sustainable growth and development, at the Chugoku Electric Power Group we are systematically moving forward with the development of personnel who are candidates for management so that they can lead reforms that break through the status quo.

Through the next-generation leader development course, an invitational program for managers who are key to the formulation of organizational strategies,*1 we equip participants with an array of management expertise including that on business strategies, finance, accounting, and people and organization management. The course also includes an action learning program (a learning method through which participants form groups to discuss, examine, and solve actual challenges) to strengthen their practical skills.

Furthermore, in FY 3/2025 we introduced a next-generation leader assessment training course,*2 in which those who have taken the next-generation leader development course are analyzed and evaluated by assessors as to their leadership qualities. Having their strengths and areas requiring further learning identified in an objective manner encourages candidates toward further growth.

*1 In FY 3/2025, 22 managers took part
*2 In FY 3/2025, 14 managers took part (both include managers from group companies)

Next-generation leader development course (action learning session)

Personnel

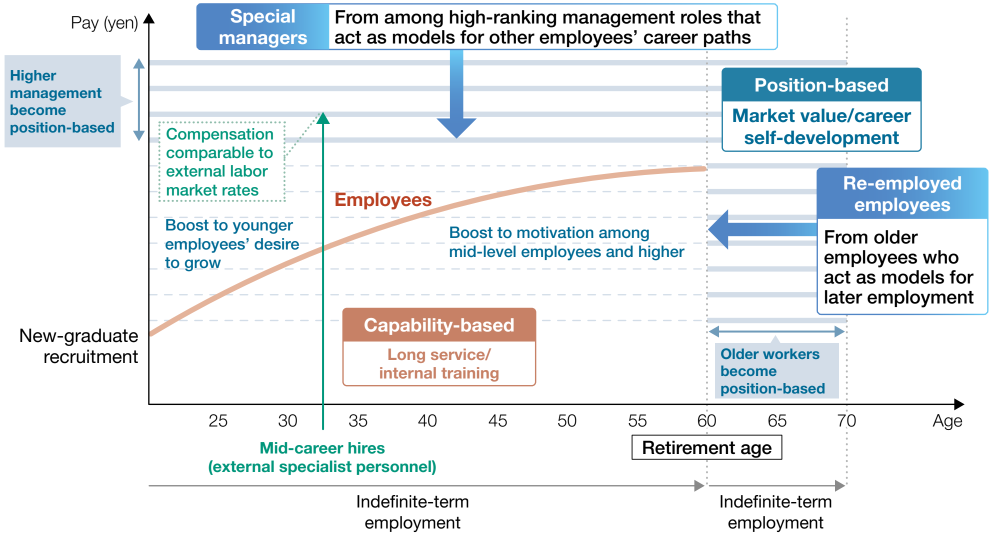
Promoting age diversity

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we have developed age diversity promotion measures aimed at putting in place an environment where employees of every age can shine in their positions and sustainable growth for our Group. In addition to our conventional, capability-based HR and employee welfare systems, we have also introduced position-based systems for more senior employees in terms of rank and age. By effectively combining elements of each, we hope to boost the desire to grow among younger employees and motivate those in mid-level and higher positions. In this way, we aspire to workplaces where employees of every age can perform their roles and shine.

Age diversity measures summary

	Who	What & Why
Introduction of an employee welfare system that better values job positions (April 2025 onwards)	Special managers	· Introduction of a HR/employee welfare system based on job position for those in high-ranking management positions that inspire other employees to follow their career path · As well as encouraging these employees to pursue career self-development, it improves the flexibility of our HR (appointment selection and fast-track promotion) and helps with taking on diverse personnel from outside the Group.
Creation of a new post-retirement-age re-employment system (Planned for April 2028 onwards)	Employees who wish to continue working after reaching retirement age (60 years old)	· Position-based HR/employee welfare systems value the desires and abilities of individuals while providing them with indefinite-term employment until they reach 70. · Depending on task needs and each individual's career, these employees are expected to shine once again in their roles—from supervisory positions to general roles—as assets that can be instantly deployed to support tasks.

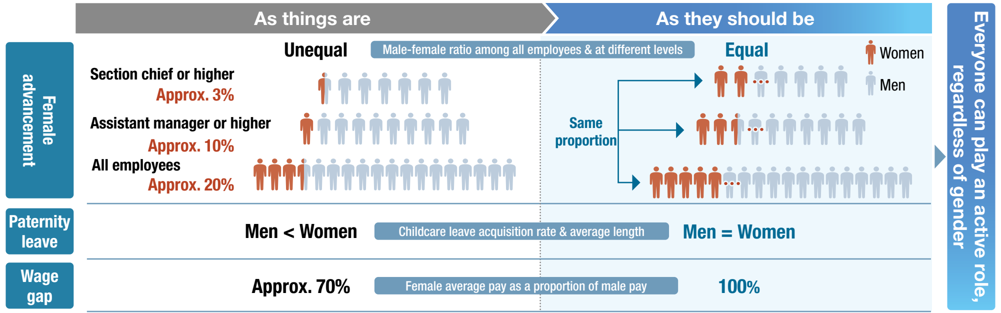
Age diversity measures overview



A company where everyone can play an active role, regardless of gender

Our vision is to be a company where both male and female employees can play active roles, and specifically we have defined this as meaning that the male-female ratio of managers at each level should roughly equal that of all employees, that both should be able to balance their work and private lives, and that there should be no wage gap between men and women. To achieve a medium-to-long-term goal, through action plans in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women's Participation and Advancement in the Workplace, we have set ourselves challenging targets to work toward for the next three years, and to accomplish these we plan to eliminate unconscious bias and educate younger employees from an early juncture. We aim to achieve these targets and bring about this vision swiftly and to that end our efforts will go beyond organizational boundaries.

Vision

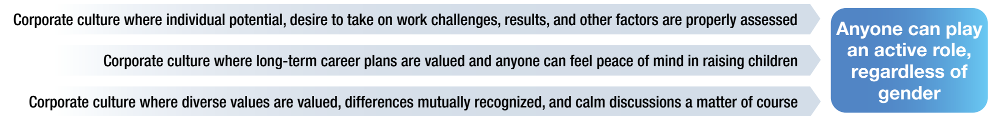


Targets based on laws

Topic	Item	FY 3/2024 results*1	FY 3/2028 target	Current goal for FY 3/2031*2
Increasing the number of female managers	Ratio of female employees in positions of section chief or higher	3.8%	**7%+**	10%+
	Ratio of female general managers	1.9%	**6%+**	10%+
Improving the childcare leave acquisition rate among male employees	Childcare leave acquisition rate among male employees*3	52%	**100%**	100%
	Average length of paternity leave taken*3	52 days	**60 days+**	60 days+
Reduction in working hours	Reduction in overtime for those raising children of elementary school age or younger	27.8 hrs/month average	**5% reduction 26.4 hrs/month average**	10% reduction 25.0 hrs/month average

*1 In formulating general employer action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we referred to FY 3/2024 results to set our FY 3/2028 targets
*2 A milestone we created when formulating the action plans
*3 Calculated based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, and in accordance with Article 71-6-1 of the enforcement regulations for that act.

Promoting reforms to the corporate culture



WEB General employer action plans based on laws
https://ryouritsu.mhlw.go.jp/hiroba/planfile2/2025/202503271515092940922_1.pdf

Personnel

Promoting active roles for female employees

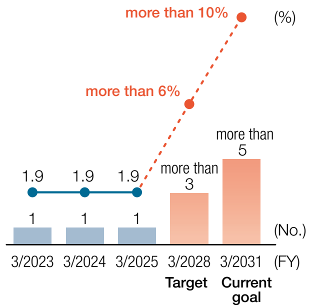
To promote active roles for female employees, we are encouraging them to display their abilities by assigning them a wide range of duties based on their aptitude and development programs. Further, through various workshops and other educational events, we are looking to develop the mindsets of management and female employees.

Our efforts so far have resulted in a steady increase in the proportion of female managers, but we want to stop being an industry that has relatively few women in the position of section chief or higher as soon as possible. Our aim is to catch up with the average for all industries and widen the field from which we draw executives, and we are endeavoring to increase the number of female managers.

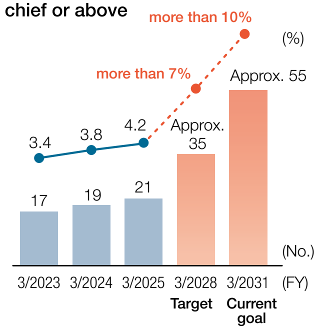
In June 2025, we newly established the Female Empowerment Committee, and with the aims of achieving the goals of our action plans, such as to increase the number of female managers, we are strengthening our cross-organizational response to issues.

Indicators/targets relating to active roles for female employees

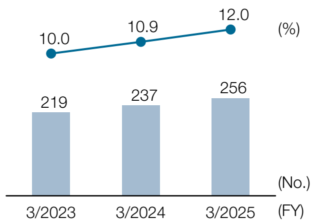
Proportion and no. of female general managers



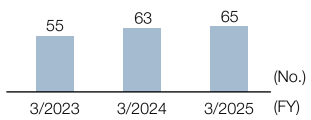
Ratio of female employees at section chief or above



Proportion and no. of female assistant managers or higher



No. of female engineers



Workplace Management Training That Makes Use of Members' Differences (for Deputy Line Managers*)

This training was carried out seven times during FY 3/2025, and provided a venue for trainees to learn about diversity management. A cumulative total of 400 employees have taken this training so far. During the training, participants learned how to respect and accept invisible individual differences such as members' diverse value systems, sensibilities, and ways of thinking, as well as how to utilize these. They also looked at the unconscious bias that can hinder this process, and the leadership styles and other requirements of being a manager.


Discussion among participants

*In FY 3/2025, there were 41 participants. The training satisfaction score was 100% (including group companies)

TOPICS Female Health Promotion Project

Physical and mental health has a significant impact on ease of working, motivation to work, and job performance. With this in mind, we have launched a project specifically designed to promote women's health, with a project team comprising occupational health physicians and public health nurses. By doing so, we hope to support women on the health front to help empower them. Through support for women-specific health issues, our aim is to develop workplace environments where women can work with peace of mind, and continue our development of workplaces where every employee can be active. We are continuing discussions to this end.

In FY 3/2026, our main initiatives included training in-house consultants specialized in women-specific health issues, working to understand what health issues female employees at Chugoku Electric and Chugoku Electric Power Transmission & Distribution face, and studying how to enhance related measures.

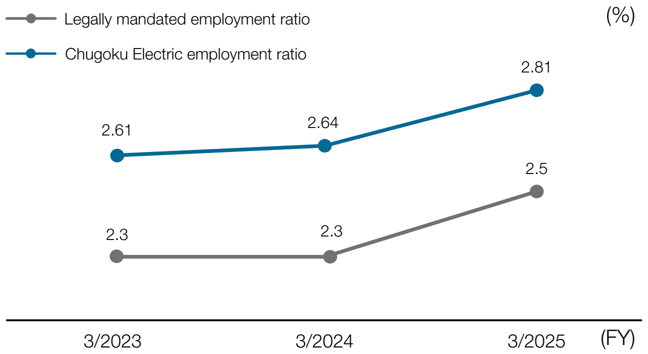
Promotion of employment of people with disabilities

We are constantly moving forward with the employment of people with disabilities to play our part in supporting their independence.

In July 2023, our special subsidiary EnerGia Smile Co., Inc. was awarded Monisu certification by the Ministry of Health, Labour and Welfare, recognizing it as an SME that excels in efforts to promote and stabilize employment for people with disabilities. As of April 1, 2025, the company had 49 employees with disabilities working at the company, involved in cleaning work, the collection and delivery of post, store management, the sorting of electricity meters, printing, and more.

We have responded appropriately to the raising of the legally mandated employment rate in FY 3/2025, and in addition to enhancing our working environments to cater to people with disabilities, we will continue with efforts to promote their employment.

Hiring rate of people with disabilities



Note: Figures include those of our special subsidiary and group companies that have received special subsidiary recognition.

Monisu certification from the Minister of Health, Labour and Welfare

Personnel

Promotion of diverse workstyles

To promote a diverse range of workstyles, we are enhancing our workstyle options, including flextime systems, work-from-home systems, and original leave systems that cater to various lifestyle requirements.

Main systems and initiatives for diverse workstyles

Flextime system	Employees can choose to start between 7 am and 11 am, and finish between 2 pm and 9 pm
Work-from-home system	Employees can work from home, etc.
Staggered worktimes	Employees can set their own start times in 30-minute increments
Hourly paid annual leave	Employees can take annual paid leave by the hour
Life support leave*	Employees can use this for childcare, nursing care, Infertility treatment, volunteering, self-development, etc.
Temporary spouse support leave	Employees can take up to three years off in a single instance
Other initiatives	Free seating (in some locations), enhancement of communication tools using chat systems and online meeting systems, etc.

*A system unique to Chugoku Electric that flexibly caters to a wide range of lifestyle needs, from employment to retirement.

Support for work-life balance

We offer various systems to promote work-life balance, including temporary leave and shortened worktime systems for childcare and nursing care, as well as help with expenses for childcare or nursing care facilities and similar. Additionally, we are promoting male employees' participation in childcare, and are working to develop a workplace culture that makes it easy for both male and female employees to balance work and life.

Moreover, to put in place an environment that allows employees to continue working with peace of mind as they undergo infertility treatment, we have set up a subsidy system to help toward medical check and treatment fees.

Systems to support work-life balance

Shortened worktime for childcare	Worktimes can be shortened by up to 2 hours
Shortened worktime for nursing care	Worktimes can be shortened by up to 2 hours
Childcare leave	Until the child is 2 years old
Childcare leave for men	Up to a total of four weeks in the eight weeks following the child's birth
Nursing care leave	Up to a total of 1 year
Measures to help support a balance between work and childcare, nursing care, or medical treatment*	As part of our welfare system, we provide subsidies related to childcare, nursing care, or infertility treatment

Note: Applicable to all employees. However, measures marked with an asterisk (*) exclude some employees, such as those working part-time.

Non-financial (ESG) Data/Personnel P123-P125

TOPICS Questionnaire for Male Employees Who Have Taken Childcare Leave

In order to learn from the experiences that male employees have had taking childcare leave, we conducted a questionnaire for those who have used the system from both Chugoku Electric and Chugoku Electric Power Transmission & Distribution, and we have published the results within the Group. Most respondents spoke of the necessity and importance of taking leave and of their wish to use the system again should they have more children in the future.

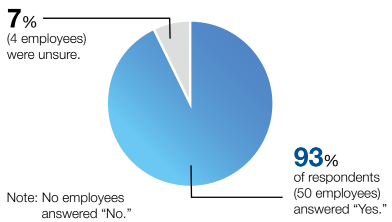
Q. What are the advantages of taking childcare leave? Please give specific examples.

Employee who took two months: "After returning to work after leave, I was listening to my wife talk about our child, and I realized what an irreplaceable experience it was to witness my child's growth with my own eyes while I was on leave."

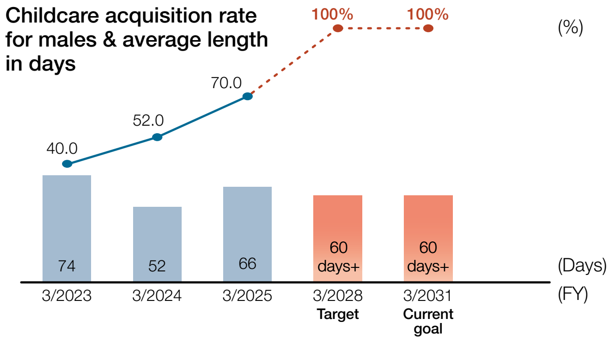
Employee who took six months: "By spending so much time together, my child came to trust me, and I was able to look after him even when my wife wasn't there so even though we're both working, we can balance our jobs with raising him. I'm really glad I took this leave."

Employee who took two weeks: "I could focus on, and learn so much about my child; it gave me the confidence that I could balance work with raising my child going forward."

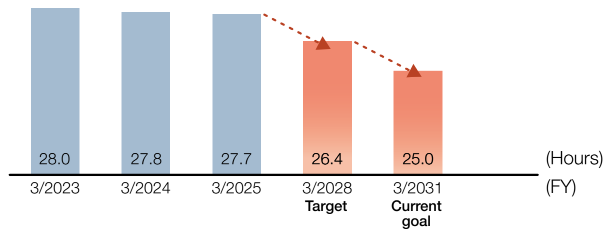
Q. Would you like to utilize this system again?



Indicators and targets related to support for work-life balance



No. of working hours outside specified hours for those raising children of elementary school age or younger



We have received Kurumin accreditation from the Ministry of Health, Labour and Welfare, showing our active support for parents raising children

Welfare systems

As well as maintaining and enhancing employee welfare, our other aim is to boost productivity. To this end, we offer wide-ranging support, including housing support (through company housing or financing to buy a home) and self-reliance support (asset formation through property accumulation or the employee shareholding association (Chugoku Electric Power Employee Shareholding Association), or similar). We have also joined outside welfare services so that we can respond to employees' diverse needs.

Additionally, we are working to support better communications between all workers, including agency workers (for more details, see P90).

Personnel

Improvement of Relationships Between Individuals and Organizations

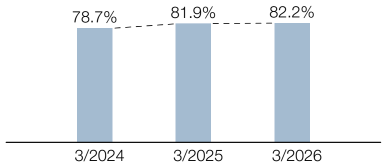
Understanding of indicators related to organizational culture

To maximize each employee's potential as we seek to promote active roles by diverse personnel, each year we survey all employees on indicators related to organizational culture—such as employee engagement and psychological safety—in an attempt to quantify employees' thoughts and ideas via a self-reporting system. The details of these reports are also used to enhance communication between managers and their employees.
As one type of human resource management indicator, we regularly monitor organizational culture indicators, and by tying these into continuous improvements to human resource management, we hope to establish a culture in which employees do not feel daunted within their organization and in which they can fully display their strengths.

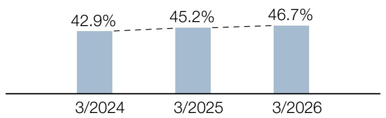
Organizational culture indicators: method
- Held in April each year (since FY 3/2024)
- Each indicator represents the percentage of positive answers. Each question is answered based on a score of one to five. Answers of four or above have been calculated as positive answers
- In FY 3/2026, there were approximately 3,400 participants. The valid response rate was 92.2%

Overview of survey results

Employee autonomy
Sense that the personnel vision is implemented (2 questions)

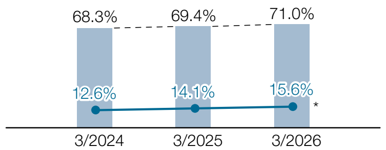


Strength of Relationships between individuals and organizations
Employee engagement (14 questions)



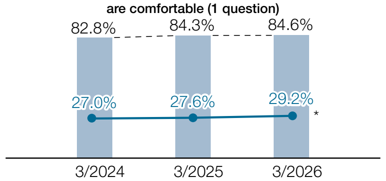
Foundation for strong relationships

Psychological safety (7 questions)



*Percentage of workplaces where all members gave positive answers

Sense that working environments are comfortable (1 question)

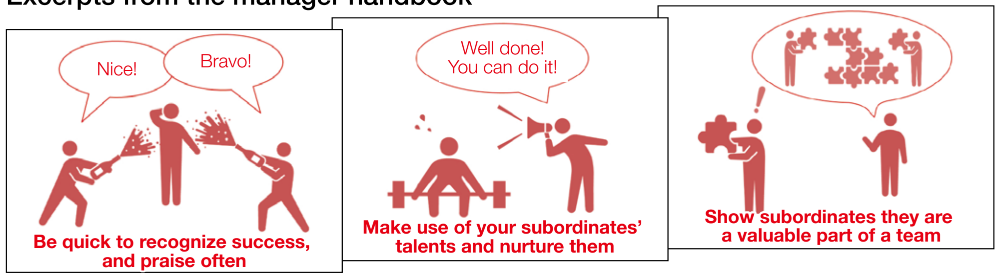


*Percentage of workplaces where all members gave positive answers

Management support

We are working to improve the management capabilities of those in charge of organizational management. In addition to the continuous communication of useful management information, as part of our efforts to improve employee engagement, we gave all managers a handbook detailing ways of utilizing indicators related to organizational culture in management. We also provide line managers with training in psychological safety, communication and leadership, and those who have taken the training speak highly of how exchanging ideas with other participants prompted them to consider operations at their own workplaces and inspired to put what they learned into practice.

Excerpts from the manager handbook



Psychological safety training for leaders

Participant comment
To achieve our organizational targets, the workplace environment is an important springboard and as such we want to take in lead and aim for proactive communication with subordinates to build up our team spirit.

No. of trainees in FY 3/2025: 55 managers/section chiefs
Percentage that found the training useful: 98% (including group companies).

Enhanced communication support

To improve the sense of unity among the workforce through interaction and dialogue outside of work, we have set the Energia Off-Time Community welfare system with the aim of supporting and enhancing communication away from work.
We support workplace events, which are planned and hosted by event leaders nominated by division heads, as well as clubs, which are voluntarily run by employees with shared interests. We hope to enhance communication among all employees through these activities, which encompass sport, culture and education, recreation, excursions, and volunteering, for example.

Personnel

Personnel Acquisition and Growth

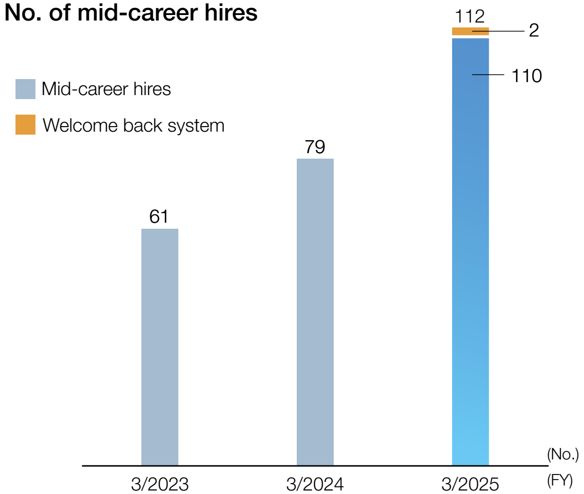
Ahead of the achievement of our Group Corporate Vision, we are promoting the transfer of employees, transfers of techniques and skills, and career development in collaboration with educational institutions, to secure and develop personnel and ensure they are in the right place.

Hiring of diverse personnel

In line with business conditions and our expansion into growth fields, we are proactively working to hire personnel with diverse values and experience, such as those with experience at other companies and those with high levels of specialist expertise. In FY 3/2025, we exceeded our target of hiring 20 new employees, instead hiring 32. For FY 3/2026, we plan to hire around 30 individuals, our highest base level so far. After they join the Group, personnel affairs supervisors hold individual follow-up meetings or similar, and we endeavor to ensure they can find their place and start playing an active role as soon as possible.

For those who leave for personal reasons—such as to get married, have children, care for someone, move because of their spouse's work, or to advance their own careers elsewhere—we have a welcome back recruitment and reemployment system, in which recruiting is carried out throughout the year and the hired person can start working at any time of year, and we work to secure flexible and efficient personnel.

No. of mid-career hires



Note: Excluding hospital medical staff

Initiatives to pass on techniques and skills

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we have introduced an advanced techniques and skills certification system and education staff system to help pass down techniques and skills related to electric power generation equipment. With the former, we certify employees with advanced techniques and skills in specific fields as Energia Masters. These Energia Masters undertake a wide range of activities to pass on our techniques and skills to future generations, such as providing technical guidance on-site, reviewing construction plans and designs, and giving lectures both inside and outside the company. In FY 3/2025, nine employees became newly certified.

No. of Energia Masters (as of the end of March 2025)

Chugoku Electric (thermal power, nuclear power, hydro power, civil engineering, construction, information)	30
Chugoku Electric Power Transmission & Distribution (power transmission and transformers, distribution, electrical system diagrams)	28

Initiatives to pass on techniques and skills

Advanced techniques and skills certification system (Energia Masters)	This system recognizes those employees who have extensive experience and high-level techniques and skills, and who act as models for other employees, and is used to pass down techniques and skills.
Education staff system (skill enhancement chiefs)	Under this system, employees with extensive experience are selected as skill enhancement chiefs, and is used to support individuals achieve their development goals and to support the implementation of education and training activities.
Skills tournament	This event aims to shine a light on the level of techniques and skills utilized by individuals and organizations in their daily tasks, and to foster a desire to improve, motivation to work, and a sense of achievement.

Using a thermal power station simulator at the skills tournament

An Energia Master gives guidance on how to respond after an incident at power transmission equipment

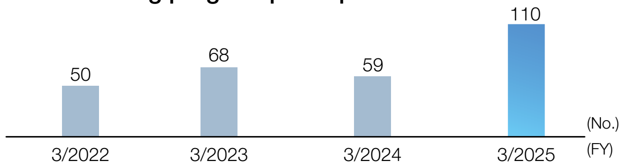
Career development in cooperation with Hiroshima University

To enhance the specialist skills of our employees, we have created a training program in collaboration with Hiroshima University's Education and Research Center for Artificial Intelligence and Data Innovation, and worked with the university to develop a research course. In this way, we are enhancing employees' specialist skills and supporting their career development.

Enhancing skills through specialist training directly linked to actual tasks

These training programs are for head office employees involved in areas such as DX promotion or new business development, and systematically provide the skills they need to effectively use data and AI. In FY 3/2025, we carried out two training programs—one focused on data analysis training based on actual job issues, and the other on AI utilization, in which participants learned about AI-powered power demand forecasts and prompt design. The knowledge trainees gained is expected to be applied to new business proposals and

No. of training program participants



Support for developing innovation personnel through industrial-academic collaboration

Since we signed comprehensive cooperative research agreements with Hiroshima University in 2019, we have continued to run joint research programs to develop our personnel through mutual cooperation in research and development. As a result, the researchers dispatched from our company pursuing doctoral degrees are developing into innovation personnel who combine academic insight with practical experience.

Personnel

Respect for Human Rights

Respect for each and every individual is a fundamental aspect of our business, and we are making efforts to create a society in which there is no discrimination, and in which human rights are truly protected.

Implementation of Human Rights Education

Human rights education policy

To share our approach regarding respect for human rights among all Group executives and employees, in April 2023 we newly formulated and implemented the Chugoku Electric Power Group Human Rights Policy. We have positioned the policy as a set of guidelines for action to ensure thorough respect for human rights as per the Group Corporate Charter of Conduct.

Seven key measures in the Chugoku Electric Power Group Human Rights Policy

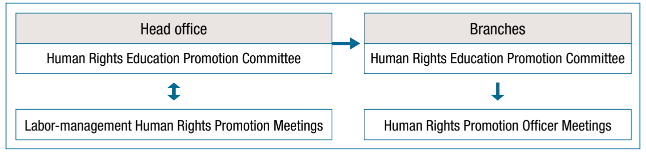
1. Application of a Human Rights Policy
2. Structure for Promoting Human Rights Education
3. Human Rights Due Diligence
4. Internal Education
5. Dialogue with External Parties
6. Information Disclosure
7. Remedy

WEB Chugoku Electric Power Group Human Rights Policy
https://www.energia.co.jp/corp/active/group_kenshou/pdf/energiagroup_jinkenhoushin.pdf

Promotion system

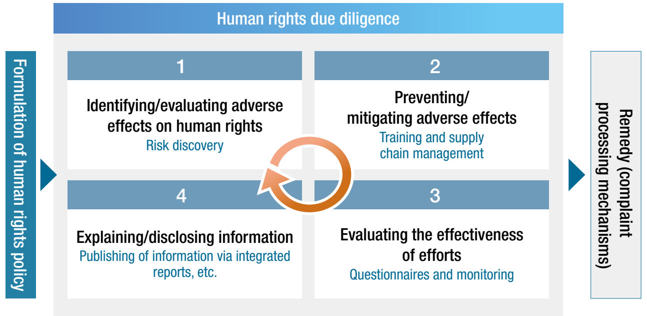
To solve a variety of human rights issues and to fulfill our corporate social responsibility, we have established a Human Rights Education Committee at our head office, with a membership made up of the heads of our business divisions and departments. We also hold Labor-management Human Rights Promotion Meetings in tandem with labor unions for the mutual exchange of opinions.

Further, we have assigned human rights promotion supervisors and officers to each of our offices, and are promoting human rights education through workplace training sessions and other means.



Human rights due diligence

In line with the Chugoku Electric Power Group Human Rights Policy, and based on policies on business and human rights put forward by the UN and national government, we will work on our human rights due diligence and promote human rights education activities throughout the entire Group.



Identifying and responding to human rights infringement risks

In FY 3/2025, we evaluated any adverse effects on human rights and identified those human rights infringement risks that are particularly important and should be addressed as a matter of priority, and implemented priority initiatives.

- Harassment
- Major disaster affecting us or our supply chain
- Death from overwork
- Discrimination against certain communities
- Forced/child labor at companies we are invested in
- Discrimination toward sexual minorities

We will regularly review adverse effects on human rights and our measures to counter them.

Cooperation with group companies

In FY 3/2025, as in previous fiscal years, we visited group companies (this year 27) and carried out exchanges on implementing human rights due diligence and the status of human rights education activities at the group companies. We also shared information about changes in the business environment related to business and human rights, and about human rights education activities throughout the entire Group.

Internal education/training activities

To further understanding of human rights issues associated with discrimination against certain communities and harassment, and to generate action to help solve these issues, we hold yearly workplace training sessions for all our employees, as well as level-based training sessions for new employees, new managers, and others.

No. of participants in workplace training sessions on a companywide unified topic* (FY 3/2025)	Total no. of participants in human rights training sessions* (incl. those on left) (FY 3/2025)
8,001	9,656

*Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.

Non-financial (ESG) Data/Personnel P123-P125

Human Rights Consultation Desks installation and assistance

We have set up the internal Human Rights Consultation Desk inside our Human Resources Development Division to receive queries from employees, as well as a Harassment Query Hotline at a specialized external institution that is also open to group company employees, and we are actively working to publicize these channels. When responding to a complaint or query, we ensure the anonymity of the person making it, and make sure that said individuals are never treated unfairly in terms of their treatment, transfer, promotion opportunities, or similar.

Respect for human rights in our supply chain

As well as announcing our Basic Procurement Policy and Sustainable Procurement Guidelines and establishing the Corporate Ethics Consultation Desk for material transactions, and more, we are raising awareness through opportunities such as annual seminars or site visits for business partners. In FY 3/2025 we conducted a questionnaire for 106 major business partners, and were able to verify that there were no major human rights risks in the supply chain. (Questionnaire respondents made up around 80% of business partners by contract value)

Personnel

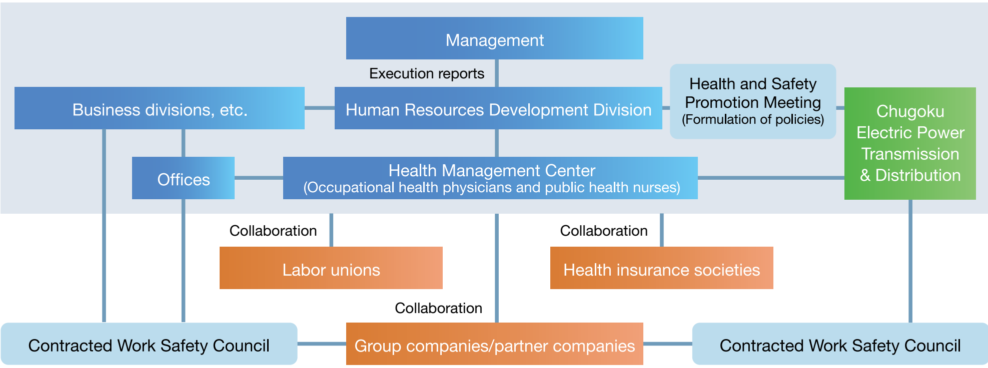
Promotion of Safety and Health

Business Activities That Prioritize Safety and Health

Based on the belief that prioritizing the health and safety of all individuals concerned with the Chugoku Electric Power Group is fundamental to our business activities, we are working to ensure the safety and maintain and improve the physical and mental health of each and every one of our employees. In addition, we are constantly working to eliminate all occupational accidents, including in our contracted and outsourced work.

Promotion system

Working alongside labor unions and health insurance societies, we are engaged in efforts to promote safety and health together with group companies and partner companies.
To prevent occupational accidents during contracted work, we established a contracted work safety measures council in each business division, and have established and operate a safety cooperation system that enables communication, reform, necessary guidance and advice when carrying out such work.



Health and Safety Management Policy

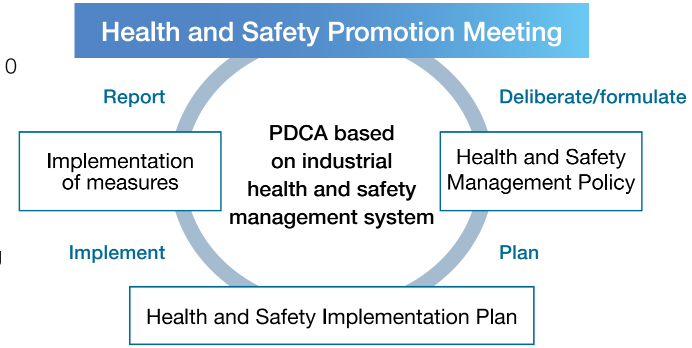
We have set up the Health and Safety Promotion Meeting comprising employees from various divisions to deliberate over policies and key measures related to safety and health. We have also formulated the Health and Safety Management Policy so that Chugoku Electric and Chugoku Electric Power Transmission & Distribution can work together to promote the necessary measures. Based on this policy, we are rolling out measures to create a workplace culture in which all those concerned with the Chugoku Electric Power Group respect each other and care for one another's safety and health.

FY 3/2026 targets

Safety
· Accidents resulting in death or time off: 0
· Electrocutions/falls: 0
· Traffic accidents at work (involving injury or death): 0

Health
· Lower rate of sick leave (absenteeism)
· Lower rate of sick employees attending work (presenteeism)
· Lower rate of issues present during periodic health checks

Non-financial (ESG) Data/Personnel P123-P125



Companywide health and safety promotion measures

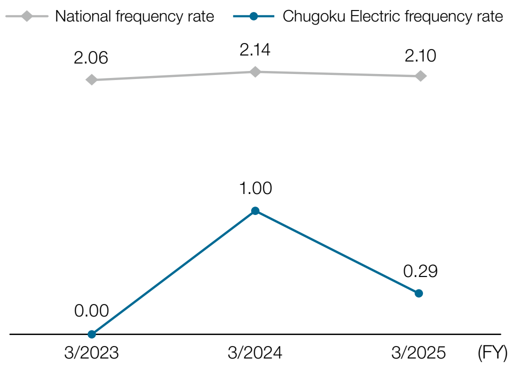
To raise awareness of the importance of safety and health, every year in July we host ten days of focused, companywide health and safety promotion measures. The ten days feature messages from the President, worksite safety patrols including of our contractors and partner companies, introduction of hotlines for employees to consult regarding physical and mental health, and communication of health information. These are held at companywide events or through initiatives unique to each site.

A poster advertising the ten days of health and safety promotion measures (FY 3/2026)

Pursuit of Zero Accidents

Aiming to create workplaces with zero occupational accidents, we are involved in various efforts to enhance the safety awareness of each of our employees and ensure that safe work practices become the norm. These include thorough safety management by managers, who form the basis of ensuring safety; hazard prediction activities to enhance employees' awareness of danger; and risk assessment to help employees' implement advanced safety measures.
As a result, the accident frequency rate at Chugoku Electric continues to be lower than the national standard.

Accident frequency rate



Note:
1 The accident frequency rate is the number of injuries and fatalities that require more than one day off from work for every one million hours worked.
2 Excludes occupational accidents resulting from COVID-19 infections.

Indicator		FY 3/2023	FY 3/2024	FY 3/2025
Accidents resulting in death or time off (employees)		0	7	2
	Deaths	0	0	0
	Electrocution/falls	0	0	0

*Excluding incidents of COVID-19 infection

Initiatives to ensure safety

Traffic safety measures

We have established our own certification for drivers of work-related vehicles. Both legal administrators and managers ensure strict safe driving management, and safe driving instructors (who have undergone specialized education and training) provide practical guidance on a daily basis to improve driving skills and etiquette.

Indicator	FY 3/2023	FY 3/2024	FY 3/2025
Traffic accidents at work (involving injury or death)	4	1	1

Safety measures for contracted work

To fulfill our responsibility as outsourcers, we proactively provide accident prevention guidance and support to our contractors, partner companies. We also work together to prevent accidents caused by human error.

Indicator		FY 3/2023	FY 3/2024	FY 3/2025
Accidents resulting in death or time off (contractors)		4	9	9
	Deaths	0	1	0
	Electrocution/falls	0	2	1

Creation of Physical and Mental Health

Based on the belief that maintaining and improving the health of every employee can lead to improved productivity and vibrant workplaces, we are promoting thorough health management. Our efforts to ensure healthy minds and bodies for our employees continue to be recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program in the Large Enterprise category. Since 2024, we have been part of the Health & Productivity Management Alliance,* and are accelerating our efforts in this area.

*An organization participated in by companies and other bodies who share a common vision that employee health can energize Japanese companies' activities and ensure the sustainability of the country's health insurance system

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Health and productivity management

Independent health promotion efforts

Through health guidance from occupational health staff, health education, health events (including walking events) hosted jointly with our health insurance societies, and the communication of useful health information, we are continuously assisting employees' independent health promotion efforts.

FY 3/2025 results

Percentage receiving health guidance	91.7%	Walking event participation	27.9%
Health education uptake	100%	Weight measurement challenge participation	12.5%
No. of health information announcements	13	Health quiz challenge participation	14.3%

Smoking cessation support and measures against secondhand smoke

Through the support we offer smokers to help them give up smoking, and through measures to prevent secondhand smoke by banning indoor smoking, the smoking rate among employees has dropped to 14.2%. In line with our secondhand smoke countermeasure roadmap, for which the final target is to ban smoking throughout all of our sites, indoors and out, we are reducing the number of permitted smoking areas and setting smoke-free time slots, with the aim of reducing the smoking rate to 12% by FY 3/2031.

Smoking rate
FY 3/2025 results
14.2%
↓
FY 3/2031 target
12.0%

Mental health initiatives

Our mental health education, individual support for those found to have high levels of stress through stress checks, and setting up of a consultation system internally and through external specialist institutions is part of our efforts to prevent mental health issues before they appear and to respond appropriately if they do. We also help to support those who have required time off to smoothly transition back to work through a return-to-work support system. Based on the results of collective stress check analysis, line managers run activities to improve workplace environments, and make our sites better places to work.

Item	FY 3/2023	FY 3/2024	FY 3/2025
Stress check uptake rate	89.3%	93.5%	91.1%
Individuals with high stress levels	6.6%	6.8%	6.9%
Overall health risk*	73.5	74.2	73.9

*Risk indicator for workplace health issues, where 100 denotes the national average (so scores below 100 are deemed positive)

Roundtable Discussion with External Directors

Developing as an Organization Where Diverse Personnel Can Shine in Their Positions

Since June 2024, when Chugoku Electric appointed an executive officer to take direct responsibility for activities to promote female advancement, we have redoubled our efforts to develop our organization so diverse personnel can play active roles. Members of this dialogue shared their views on the current state of initiatives and our future direction. (July 10, 2025)

Ashitani Shigeru
Representative Director, Chairperson of the Board

Joined Chugoku Electric in April 1979, and was appointed Representative Director, Chairperson of the Board in June 2023.

Otani Noriko
Director
Audit and Supervisory Committee Member (External)

Served as Professor at Faculty of Humanities, Yamaguchi University from 1992, becoming Director of The Graduate School of East Asian Studies in 2005 and Emeritus Professor in 2010. Joined Chugoku Electric as External Director and Audit and Supervisory Committee Member in June 2020.

Fujimoto Keiko
Director
Audit and Supervisory Committee Member (External)

Registered as an attorney in 2000, joining Iwamoto Law Office in 2020. Joined Chugoku Electric as an External Director and Audit and Supervisory Committee Member in June 2024.

Sotobayashi Hiroko
Director, Managing Executive Officer
Supervisor of Female Empowerment, Head of Internal Audit Division

Joined Chugoku Electric in April 2004, and was appointed Director, Managing Executive Officer, Supervisor of Female Empowerment, Head of Internal Audit Division in June 2024.

— Diverse personnel in active roles —

With the appointment of an executive officer as a supervisor of female empowerment, we are entering the next phase of our efforts to champion women

— Goals and expectations behind the appointment

Ashitani: For some time now, we have been pushing forward with reforms aimed at advancing diverse personnel. We have now set ourselves targets to raise the proportion of external directors and female directors on the Board of Directors to at least 50% and 30% respectively by FY 3/2031. Furthermore, to expand the base from which we appoint executive officers, we also need to raise the proportion of female general managers and section chiefs or higher, and we have set new targets to tackle from FY 3/2026 onwards. Societal demands for companies to support women playing more active roles are growing, and as such we believe we need a management system that takes responsibility and enacts this kind of initiative. In response, we have created a new role for a director to be a supervisor of female empowerment. In 2024, we asked Sotobayashi Hiroko, our first female internal director, to take on that role. Since taking up the additional responsibility in June of last year, she has been highly active in introducing new perspectives.

Sotobayashi: To move away from the current state of affairs, I believe we first have to properly understand the current situation in society. To this end, over the last year I have visited companies from a range of industries, and gathered information on what they are doing to promote active roles for women. Rather than simply tell me of the specific measures they are taking at their sites, these companies allowed me to speak to female executives and managers who are actually active there. Hearing about their actual experiences, I was also able to learn about the difficulties they faced working and the support they required.
I learned a great deal. Discovering the approaches and initiatives in place at other companies, instilled in me anew a sense of crisis about the current situation here. That concern is what fuels my

Roundtable Discussion with External Directors

present efforts. The information I gathered has also enabled me to confirm what we should be tackling going forwards. I have compiled my ideas and am now in the process of making suggestions to the executives. As a concrete example, I have told them of the necessity of ensuring a situation where efforts to advance women are made more tangible to more people. Next, I raised the importance of listening, by working to gain feedback from the women who work here. The last area I identified was support. A trend evident among female employees is the scarcity of role models, and I feel that other issues are that women either do not want to be managers or feel it is out of their reach. That is not just a problem with the individual, it highlights an issue with the environment. To address the widely recognized problem of unconscious bias, awareness throughout the organization needs to be reformed. In order to make these improvements, I think we need to enhance age-based training and manager development programs into ways of working, and put in place processes before and after maternity and childcare leave.

Ashitani: This year, in your second year in the role, I hope you will step it up a level. In June this year, we established the Female Empowerment Committee, with Ms. Sotobayashi as its chair. This system enables us to evaluate the situation alongside division heads and general managers, while offering guidance to different organizations to address any issues.

Sotobayashi: I think it is significant that with the Female Empowerment Committee we have taken the first step to better empowering female employees. In terms of how we will address issues, we will take on board feedback about organization-specific issues and from relevant parties as we move forwards flexibly.

— Necessary considerations for future initiatives —

Female advancement as the engine to drive a change in culture

— What do the two female external directors think about future promotion of female advancement?

Otani: When we talk about empowering women, there is a tendency to focus entirely on just raising the number of women working as managers or executives. I would like to see you always taking more of an overarching view. Of the office-related employees we take on from among new graduates, the numbers of men and women are now very similar. At first, they have their own goals or thoughts about what they want to achieve at our company as they go about their work, but in an environment where they feel a difference between the genders—even if largely unseen or unspoken—some will feel something is amiss or lose their motivation. Of these, at present I feel the majority are women. I would like to see this overall trend improved. I think we need a fair corporate culture where good ideas can be picked up flexibly, whoever has them, and they receive the praise they deserve. If we can ensure a culture like this spreads throughout the company and takes root, the number of motivated employees will increase, and naturally so will the number of employees who can work as managers. I am a big fan of the ideal that all employees shine in their positions in Our Desired Outcomes of the Group Corporate Vision, so I would like to see this company become on in which both male and female employees can shine.

Sotobayashi: I entirely agree. Female advancement initiatives are aimed at more than just the handful of employees that make up our management indicators. We will return to the original reasons that we promote female advancement, we see that it is to secure diverse personnel and to tie this in to corporate value and growth. So it is not just for women, these activities are relevant for all employees. We have to firmly understand this essential fact and as we work to promote female advancement keep in mind a desire to create a new culture where anybody can work with a positive mindset and aim for self-actualization.

Fujimoto: I believe that the engine for change in the organizational culture is female empowerment. In the past, it was role models that were considered necessary to form the culture and values, but as the times continue to change, so too does the situation for workers. Companies have to evolve in suitable ways to adapt to that situation. It can be very difficult to change yourself, but I would like to see the Chugoku Electric Power Group seize female advancement as a chance to change, and to update its organizational values.
Also, if we consider that it is the culture that shapes unconscious biases, evaluation mechanisms then become vital to make changes. I believe it is important to enhance personnel evaluations that are not easily influenced by bias but can act objectively and rationally in the eyes of all, and extend our definition of abilities needed by managers and others.

Ashitani: On those points, the Human Resources Development Division is also working on introducing what we call “360° evaluations.” These are not the conventional evaluations where a boss assesses his or her subordinates; these are an attempt to gain a more objective understanding of the individual by taking on board feedback from various people around them, including colleagues and their own subordinates. While this is something we will be starting, I think that this kind of initiative will lead to greater diversity among our personnel going forwards. Personally, on the training front too—i.e., how we develop an employee who has worked hard as a member of a team into a manager—this is somewhere we

Roundtable Discussion with External Directors

will need to focus more of our energies in the coming years. As another example, while when we compare the state of female advancement to previous years it has improved greatly, I think that the major life event that is having children still, inevitably, has an impact on women's career development. We need to give further thought to how we support women so that their career development is not interrupted in such cases.

Otani: Maternity and other childcare leave systems have become fairly well established at Japanese companies, but there is still a paucity of mechanisms to support active roles following a return to work. In the more competitive society of the US, employees continue to think about their jobs and careers even during such leave, but in Japan many women feel estranged from their jobs after such a long time away. I think that the Chugoku Electric Power Group should, as an example, make changes that allow women on leave to return to work more smoothly. To do so, we need to further expand initiatives to share company information with employees while they are on leave, and carry out new training for those receiving it. It may be beneficial to study other types of support like these from new perspectives. Of course, wishes vary by person, so we still need to meet their preferences, but anyway.

Sotobayashi: The evaluation criteria that we have spoken about, as with education, and post-leave support, are all very important in promoting female empowerment. With these individual systems and measures have been introduced to some extent, our fundamental problem is making them function better. To make needed improvements, I think that it is important that we analyze from a range of perspectives questions such as whether personnel evaluation items are truly appropriate, if there are no issues with fixed notions among either the evaluator or evaluated, what kind of influence gender differences have on the way life events affect career development, and how a desire to work as a manger is born or fostered. Based on this analysis, we must always check what kind of approach is needed.

— Future outlook in the longer term —

Promoting female advancement by firmly anchoring it in the story of our growth

— To keep evolving, how will you fulfill your role as the executive officer who is the supervisor of female empowerment?

Sotobayashi: To promote women taking on more active roles, I think it is important that we firmly incorporate the ideas of female advancement and diversity into the story we have for how the Group will grow. If we focus on numerical targets such as the proportion of female managers alone, we lose track of these efforts' necessity and meaning. Looking at it over the longer term, this kind of limited focus will not lead to positive results. What is important is to ask ourselves why we are doing this, and ensure that we are convinced and work together with a positive mindset. For this reason, going forward, I hope we will continue to continually discuss that essential question of what kind of organization or society we hope to achieve by these efforts.

Ashitani: In this integrated report, we have announced the new Chugoku Electric Power Group Corporate Vision. In it, we have tried to re-establish the values that form the basis for group employees' efforts. The process of reform will include hiccups, but our aim is to first properly align our thinking, set all employees—including those at group companies—moving in the same direction, and make sure we can give our work our all. The ultimate goal is for everyone to feel pleased that this is a company where anyone can play an active role, and to be proud that they are contributing to the people of the region. That is the kind of organization I would like us to be. Our efforts to empower our female colleagues is an extremely significant part of making that ideal a reality.

Digital Transformation (DX)

We will fully leverage digital technologies to enhance business productivity and create new value.

Kamakura Hitoshi
Executive Officer
Chief Operating Officer of Digital Innovation Division

· Review of FY 3/2025

We introduced Microsoft365 in April 2024, which has resulted in streamlined office operations and timely information sharing. In addition, the use of the Teams web conferencing tool has facilitated smooth communication and improved business processes.
We have also begun using generative AI throughout the company and are taking actions to encourage its use across a range of internal functions, such as by holding an idea contest.
In December, the company launched efforts to strengthen its system for DX promotion by beginning an operational collaboration in this area using digital technologies alongside Enecom and an overseas ICT company.

· Urgent issues of particular importance

In order to respond to rapid changes in the competitive environment and in digital technologies, it is necessary to swiftly introduce digital technologies and modernize legacy systems, and to focus on activities to encourage use of these new digital tools to ensure users can smoothly leverage each.

· My desired outcome as the head of responsible organization for DX

By effectively utilizing digital technologies, each and every employee will work to improve productivity and create new value, and will take on new challenges every day without being bound by conventional boundaries as we seek bright, shining workstyles.

Environmental Awareness

Opportunities

Opportunities arising from initiatives

We believe that the timely introduction and utilization of digital technologies, driven by changes in the social and technological environment, will drive a range of operational reforms in a variety of settings, leading to improved productivity and the creation of new value. This will provide more opportunities to grow as a Group alongside our community.

Risks

Risks arising from failure to act

Without speedy efforts to fundamentally review operations and create new business models aligned with the evolution of digital technologies, we face the risks of not securing competitive advantage and of difficulties in sustaining our business.
Inadequate action against cyberattacks, which are becoming increasingly sophisticated day by day, risks serious incidents such as information leaks.

Desired outcomes, major issues, and objectives

Desired outcomes

By fully leveraging digital technologies to improve business productivity, create new value, and strengthen our ability to adapt to change, we aim to be a Group that grows together with the community through digital means.

Major issues and objectives

- We will utilize digital technologies in the retail business and power generation and wholesaling business to improve customer satisfaction and build greater competitiveness in the market.
- We will aim to improve overall organizational efficiency by reviewing operations and sharing expertise within the Group through the use of digital technologies in office operations and administrative overhead processes.
- We will ensure continuity and stability of operations through a strong and sustainable system infrastructure by moving away from legacy systems and continuously enhancing our cyber security.
- We will take actions to cultivate digital personnel capable of adapting to change, improve the skills of our employees, and enhance the adaptability of our organizations. By the end of FY 3/2026, our goal is for all employees to complete DX literacy training and for all organization managers to take DX leadership training.

Main initiatives and measures to resolve issues

1. Use of Microsoft 365 and generative AI

We are encouraging the use of Microsoft 365 to streamline and automate business processes and increase productivity. In addition, through the use of AI, we will support operational efficiency and decision-making, and create an environment where people can focus on higher-level work by cutting down on routine tasks. This also enables real-time data analysis and a rapid response to customer needs.

2. Incorporation of latest digital technologies

In order to rapidly utilize the latest digital technologies such as AI agents, which are expected to be put to practical use by 2030, we will work on improving our data and infrastructure, as well as testing operational applications. By enabling each and every employee to utilize AI agents and other digital technologies, we aim to streamline and add value to a wide range of operations, from data analysis to business operations and customer service.

DX

Microsoft 365 and Generative AI

Microsoft 365

In April 2024, we began implementing Microsoft 365. Through a hybrid training approach that combines remote and face-to-face learning, we are encouraging employees to adopt new workstyles, while also boosting their ability to collaborate with one another. The technology allows employees to work together in real time, and it has resulted in a confirmed saving of time spent on document creation and information-sharing of around 40,000 hours.

In FY 3/2026, we are starting to use the system's email functions, and the seamless information management and task completion that this enables is expected to accelerate digital reforms across the Group.
Moreover, the use of a low-code development platform means that we are making progress with automation and labor-savings for operational processes such as requests and data collation.

Generative AI

We have developed a three-phase plan to expand our use of generative AI over three phases, gradually expanding its scope and functions. In October 2024, we launched an initiative to use the technology companywide on tasks that are shared throughout the company. As of March 31, 2025, around 40% of employees were using generative AI and applying it to a wide range of tasks, including creating and summarizing documents, and information retrieval. To expand the number of users, we have shared positive use case examples on our internal portal site, but also carried out generative AI implementation seminars and provided employees with chances to gain fundamental knowledge and learn practical prompt design. In FY 3/2026, we plan to find new uses for generative AI to apply them to specific tasks for each department.

TOPICS Idea Contest Powered by Generative AI

To discover how generative AI could be applied to our tasks, we asked employees for their ideas of that they wanted to see and easy-to-use prompts. Of the 81 ideas that were submitted, we chose the very best and held an awards ceremony in January 2025. Through this activity, we have raised the level of creativity among employees and encouraged them to pursue new business value.

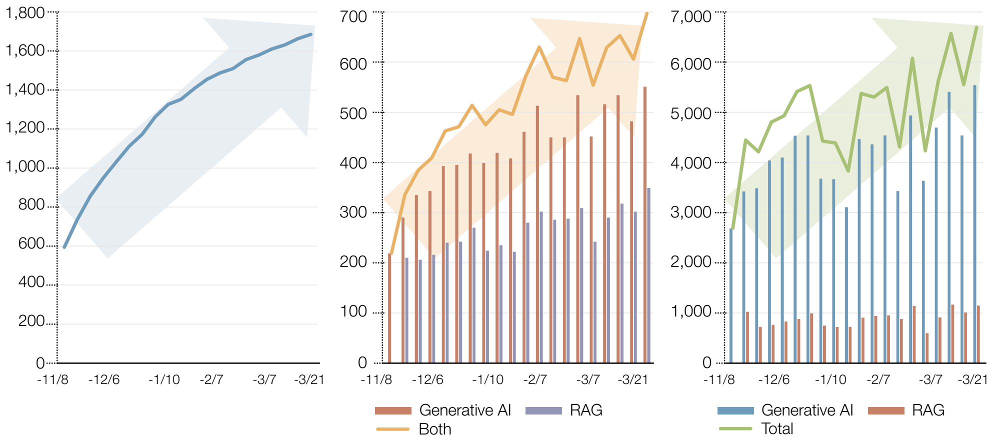
Three phases of generative AI use

	FY 3/2025: Phase 1	FY 3/2026-: Phase 2	Phase 3
Scope	Companywide shared tasks	Department-specific tasks	Linking with systems
Information covered	● Companywide open operational information · FAQ systems · Support for navigating regulations, etc. ● Internet open information	● Departments' operational information · Instruction manuals · Departmental websites · Explanatory materials, etc.	● Linking with data and functions on other systems · Operational systems · Data platforms · Cloud services, etc.
Practical functions	● Chat-based Q&A ● Document referencing/searches ● Full-text searches	● Fine-tuning to improve response quality ● Creation of text that matches our style ● Internet search integration	● Learning from primary data storage sources ● Integration as part of operational system workflows
Authority	● All employees can use ● As only publicly disclosed companywide information is used, no need to set authority levels	● Different authority levels reflected in answers and data access based on individual departments' authority	● User rights for different systems/SaaS set simultaneously

Companywide use of generative AI

Changes in generative AI use (November 2024 to March 2025)

No. of registered generative AI users | No. of active users | No. of uses



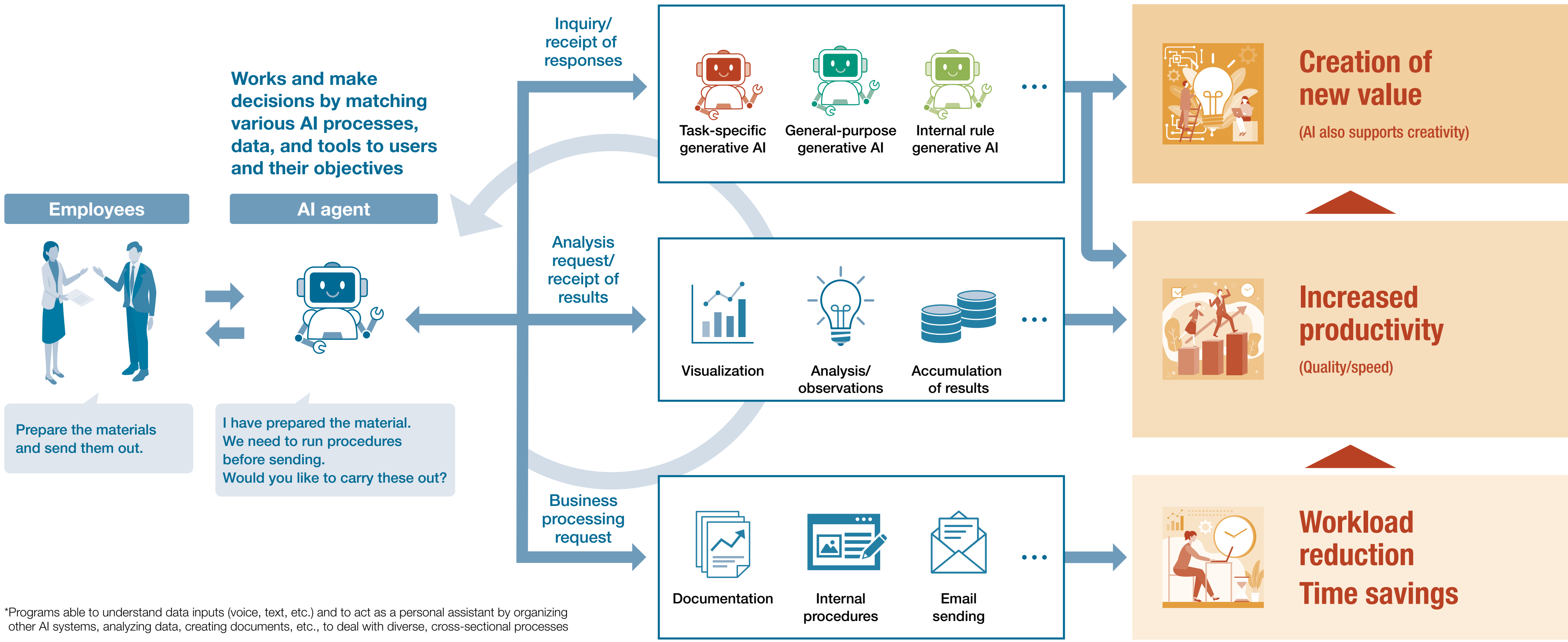
DX

Initiatives Related to Cutting-edge Digital Technologies

To introduce digital technologies to a wide range of tasks and to enhance added-value, we implement initiatives related to the latest digital technologies. For generative AI, we are advancing automation by integrating it with operational systems, but the use of technologies like AI agents* is expected to enable further productivity improvements. We aim to apply these to tasks at an early stage and are working on studies and similar into data preparation, technologies, and other areas.

AI agents*

AI agents are still in their early stages of development, but they are expected to reach practical application by around 2030 and revolutionize corporate activities. Effective use of AI agents will likely transform conventional workstyles dramatically, so we are investigating the technology in anticipation of this. As part of that process, we are focusing our efforts on ensuring employees acquire the knowledge they require and creating diverse use cases. Specifically, to incorporate AI agents into our operations, we have to clarify our objectives and the scope of operations to which we want to apply the technology, as well as preparing the necessary data. Steps to be included in our preparation for practical implementation will also include selecting appropriate AI models and designing how they will integrate with our operational systems. Alongside this, we aim to organize use conditions and update these systems as we look to develop an environment that allows us to smoothly introduce AI agents. Through the efforts above, we hope that employees will see their productivity take a giant leap forward when they use AI agents. The time that this frees up can be used to create new value, which will accelerate our efforts to give back to our communities and customers.



*Programs able to understand data inputs (voice, text, etc.) and to act as a personal assistant by organizing other AI systems, analyzing data, creating documents, etc., to deal with diverse, cross-sectional processes

R&D/Intellectual Properties

We will envision a future and promote innovation to enhance corporate value and help solve community and social issues.

Kida Atsushi
Executive Officer
Chief Operating Officer of Energia Research Institute

Amid the drastically changing environment surrounding the electricity business and based on our recognition that core technologies and intellectual property are important for corporate growth and sustainable management, the Chugoku Electric Power Group is committed to the continuous evolution of the energy business and to expanding the value provided by the Group's collective capabilities as well. To achieve this, we are engaged in research and development aimed at achieving carbon neutrality and addressing community and societal challenges.

In our intellectual property activities, we aim to build an IP revenue base that supports sustainable growth by creating and implementing our unique strengths (core values) that are essential to value creation.

Specifically, we will steadily promote research, development, and continuous innovation in the fields of GX, DX, and new services, including the technology of energy management system (EMS) taking the integration of power and telecommunication infrastructure (watt-bit integration) with great prospects for the future into account.

To achieve these goals, we will also work to develop and secure the necessary expert human resources and foster an innovative organizational culture. In addition, we will create new value that will serve as a source of future revenue through open innovation achieved in co-creation activities with other companies and universities.

Environmental Awareness

Opportunities

Opportunities arising from initiatives

- Advancing operation and maintenance technologies for electric power facilities using AI and other digital tools
- Developing technologies and services that contribute to the decarbonization of energy systems, customers, and communities in order to achieve carbon neutrality Enhancing revenues
- Creating intellectual property as a source of corporate value

Risks

Risks arising from failure to act

- Competitive disadvantage and loss of revenue opportunities due to failure to develop new technologies and services, and to develop and secure innovative human resources
- Loss of business advantage and revenue opportunities due to patents, trademarks, or other intellectual property rights being obtained by a third party in advance
- Loss of credibility and compensation of damages resulting from infringement of other parties' patents, trademarks, or other intellectual property rights

R&D strategy

Regarding the direction of our R&D initiatives, we have established three strategic innovation areas and conduct R&D with the aim of innovation in these areas.

Strategic innovation areas
(main initiatives are given below the headings)

Strengthening and evolving the electricity business / Enhancing S + 3Es

I Innovation in electricity systems using digital technology
- Using IoT data to optimize configuration of power generation and transmission/distribution facilities, and maintenance work
- Higher efficiency in O&M through approaches such as optimization of operation using AI

II Innovation in energy and environmental technology for decarbonization
- Building a next-generation electricity network to help encourage dissemination of renewable energy
- Promoting lower carbon emissions through IGCC/IGFC, carbon recycling, etc.

Taking on the challenge of new business

III Creation of new services integrated with regional communities and other industries
- Energy aggregation business using VPP technology
- Building a smart city model that contributes to local revitalization

Intellectual property strategy

We have formulated the Basic Intellectual Property Strategy Policy, including our vision and three fundamental objectives, which we are pursuing throughout the Group.

Basic Intellectual Property Strategy Policy

Vision To create an intellectual property and revenue base to support our sustainable growth

Basic targets

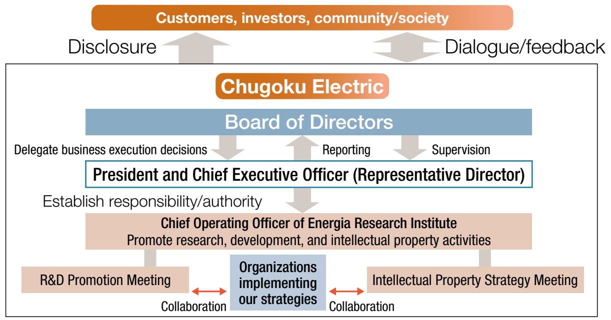
- Create and use core value and rebuild intellectual property portfolio to achieve vision
- Develop intellectual property personnel who can independently create and use core value
- Respond to intellectual property risks by improving awareness of core value

Core value … Unique company strengths essential to value creation

Integrated strategy promotion system

To develop the three elements of business strategy, R&D strategy, and intellectual property strategy in a coordinated manner, the R&D Promotion Meeting and Intellectual Property Strategy Meeting, both of which consist of members deeply involved in management, operate under the direction of the Chief Operating Officer of the Energia Research Institute, in cooperation with divisions, research institutes, and other organizations implementing our strategies.

We also disclose information about our strategies and activities through channels such as Integrated Reports and Intellectual Property Reports, and incorporate the opinions of our customers, investors, local communities and society into our strategies and innovations.

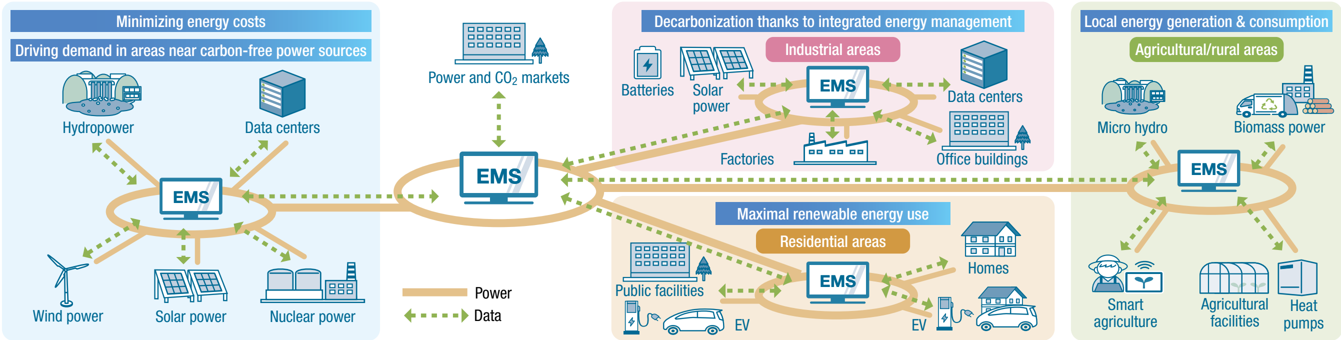


R&D/Intellectual Properties

R&D Initiatives

Developing EMS to contribute to decarbonization for customers and the region

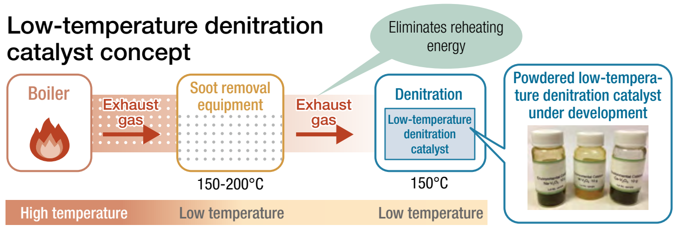
We are advancing with R&D into energy management technologies that can take into account the specific characteristics of industrial, agricultural/rural, and residential areas. Working toward DX and GX at the same time, in the future we will make use of the large amounts of data that buildings and other facilities in each area generate, as well as market mechanisms, and develop systems that aim to link power and communications infrastructure so as to drive demand in areas near local carbon-free power sources and during times where there is surplus renewable energy. In this way, we aim to optimize every aspect of these systems. At our research lab, we have set up solar power equipment, EVs, batteries, and more and started to run trials of energy management systems (EMS) in a lab environment. By simulating multiple service areas using equipment in the lab, we will study how to maximize renewable energy usage throughout a base, such as by trialing the self-consignment of surplus power between different areas.



Developing a denitration catalyst that works at low temperatures for energy-savings at industrial plants

We are jointly developing a low-temperature denitration catalyst with Hokkaido University. Many industrial plants currently reheat exhaust gas after removing soot before denitration. Introducing this catalyst eliminates the need for reheating, enabling energy savings. It has attracted strong interest from a wide range of industries, and we are considering selling catalyst powder for experimental research purposes.

Low-temperature denitration catalyst concept

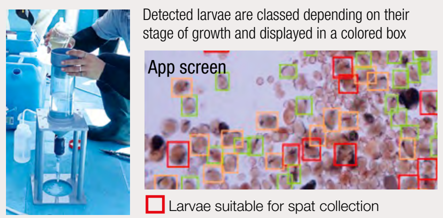


Developing an AI-powered app to support spat collection for oyster farming

With the aim of discovering a stable way to collect spats for oyster farmers that does not rely on the expertise of veteran farmers, we have developed the Kaki Navi app that helps discover the larvae best suited to farming easily and quickly. We have also tested it with the help of local fishermen and others. In the future, we plan to launch a service that acts as a support tool for oyster farming.

Kaki Navi

Detects oyster larvae through AI analysis of sea water samples and photos



Establishing environments conducive to innovation

We are placing particular focus on speedy research and development and early commercialization. To do so, we are proactively working on cross-industry alliances and open innovation such as through industrial-academic-governmental collaborations.

In addition, aiming to improve the success rates of our innovations, we are reviewing our R&D processes, reinforcing our support systems, and moving forward with personnel development based on the international standard for Innovation Management Systems ISO 56002. At the same time, we are working to put in place an environment conducive to co-creation to help achieve innovation.

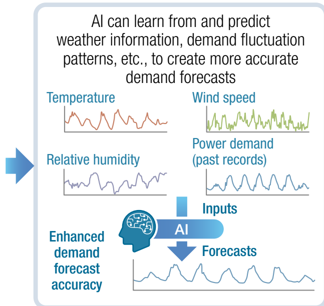

Idea co-creation activities with students

Collaboration with Hiroshima University

With the aim of giving back to and contributing to wider society through the R&D, personnel training, and other results we have gained through our mutual cooperation with Hiroshima University, we signed an agreement to conduct comprehensive cooperative research together in 2019. In 2024, we set up the Chugoku Electric Power Carbon-neutrality-compatible Energy Management Advanced Technologies Joint Research Seminar within the university's Graduate School of Advanced Science and Engineering and we have been working together to advanced management technologies to achieve local consumption of locally produced energy via regional grids that make use of AI and other cutting-edge technologies.

Technologies required for energy management	
Monitoring	Real-time logging of power demand, generation levels, and device usage
Forecast	Estimation of future power demand and generation using AI, based on past data, weather information, etc.
Planning	Decisions on optimal energy distribution that balances supply and demand
Control	Remote automation of adjustments to energy equipment and loads

Advances



Intellectual Property Initiatives

Vision for the future to create new value

The calls of recent years to make society greener, such as through digitalization and GX, have increased the importance of intellectual and intangible assets as a source of competitiveness, and raised expectations for improvements to corporate value by encouraging related investments and utilization. As such, we have formulated the Basic Intellectual Property Strategy Policy to help create new value, and constructed an intellectual-property-based revenue base that will support sustainable growth. Moreover, we aim to help bring about a more sustainable society and are promoting forward-looking intellectual property activities.

Acquisition and use of intellectual property in GX and other domains, and rebuilding of intellectual property portfolio

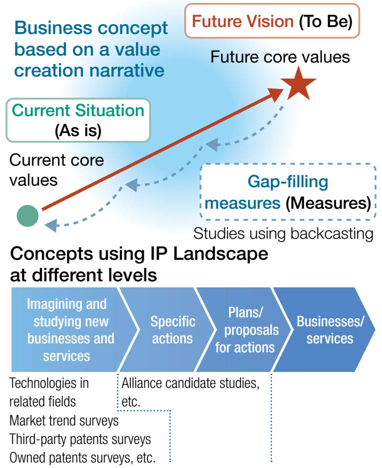
Core value creation efforts and personnel development

Each organization is independently identifying their strengths in intellectual property and intangible assets and formulating the value creation story they will achieve and utilize to create new value.

By this, we mean formulating a narrative that informs ideas for, and investigations into, new businesses and services by clarifying a future vision of where they want to be, and comparing that to things as they are. Doing so allows them to identify their necessary core value and use backcasting to work out how to acquire these using the IP Landscape* concept and to enhance their ability to predict the future of the business and other factors.

We are working on topics, such as obstacles to investigations by business divisions, research labs, etc., or areas that will be future revenue sources, with the aim of creating core value.

Our personnel are our agents in creating value. We are continuously working to develop intellectual property personnel who are key to our efforts to create core value, through measures such as fostering a desire among employees to take on the challenge of new inventions, and various types of training that equip employees with the ability to use IP Landscape and respond to intellectual property risks, as well as an awards system for invention activities.

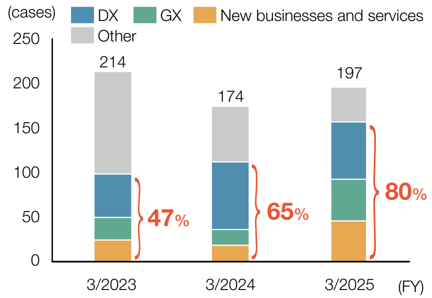


*IP Landscape is a registered trademark of Mr. Masayuki Shobayashi, president of Shobayashi International Patent and Trademark Office, P.C. It helps to combine intellectual property with social trends, market information, and other data to analyze it and use it for formulating management strategies and corporate decision-making

Rebuilding of intellectual property portfolio

We have identified GX/DX and new businesses and services as two priority fields to help us create core value. We are working to make strategic patent applications in these areas, and the percentage of our total applications that are being made in these priority fields is steadily growing. In FY 3/2024, we re-evaluated the patents we already hold from the perspectives of level of in-house importance and level of attention from other companies, with a focus on GX, DX, and other technologies, to take inventory of what we held. In the future, we will run these initiatives to build a valuable intellectual property portfolio that also covers advances in technological advances such as in GX and DX.

No. of patent applications and proportion in priority fields



Priority fields and example patent applications

Priority field	Example patent applications
DX: Task reforms and value creation using digital technologies like AI and the IoT	• Digitalized technologies related to checking and running power generations and power transmission/transformer equipment • Technologies related to data usage from smart meters
GX: Reforms to use clean energy, such as decarbonizing thermal power generation and developing next-generation networks	• CO_2 capture, utilization, and storage technologies • Power usage technologies for EVs • Biomass-related technologies, etc.
New businesses and services	• New services using power data • Wastewater recycling toilet systems using coal ash bead purification • Application of technologies to prevent adhesion by barnacles, etc.

Patents' contribution to financial affairs

To visualize the monetary effects of using our intellectual property, we have calculated cumulative cost reductions from major efficiency measures related to patented technologies, we conducted quantitative assessments of our patent value based on these. We calculated the quantitative value of our patents in FY 3/2025 to be 16.5 billion yen.

Quantitative value of patents in FY 3/2025

Assessment year	No. of measures	Cost reduction from patented technologies	Patent quantitative assessment value
FY 3/2025 (I)	170	40.9 billion yen	16.5 billion yen
FY 3/2024 (II)	169	38.5 billion yen	15.4 billion yen
(I-II)	1	2.4 billion yen	1.1 billion yen
Extinguishment of rights	-4	-0.5 billion yen	-0.4 billion yen
Increase	5	2.9 billion yen	1.5 billion yen

Information disclosure through the Intellectual Property Report and dialogue activities

Every year since 2009, we have published an Intellectual Property Report summarizing our strategic intellectual property activities, the results of our unique R&D activities, quantitative assessments of the value of our patents, and more. Through the report, we will deepen dialogue and reflect feedback in future intellectual property activities.

WEB Energia Group Intellectual Property Report
https://www.energia.co.jp/eneso/kankoubutsu/chizai/index.html

Governance Message from the Chairperson of the Board

Ashitani Shigeru
Representative Director, Chairperson of the Board

Our goal of improved corporate value can be achieved by incorporating diverse values and expanding and improving discussions

Incorporating diverse perspectives and leading optimization as chair of the Board of Directors

As part of our efforts to bring about reforms to the Chugoku Electric corporate culture, we are working to energize cross-organizational discussions between employees of different levels. At the Board of Directors, too, as chair I do my best to encourage lively discussions from both external and internal directors. I recognize that my role as chair is to ensure I pick up the opinions of board members and tie them in to the wider discussion, in order to improve the quality of deliberations and enhance the Group's corporate value.

Better, more diverse and deeper discussions unlock a more effective Board of Directors

For a governance system that places greater emphasis on the board's supervisory functions, I believe it is important to have secure time at Board of Directors meetings to deliberate important discussion points, and to work to enhance such discussions. As such, we have increased the delegation of authority for individual business execution items from the Board of Directors to the President & CEO. At meetings of the board, meanwhile, members, and the external directors in particular, are active in voicing their diverse opinions and each year discussions become increasingly dynamic. Some of these opinions have led to a change in direction.

To furnish members with what they need to form opinions properly, we also set agenda items that do not require a vote or official resolution and work to improve the quality of discussions. Our new Group Corporate Vision was formulated in this way, with open and thorough discussions allowing members to dig deeper into the topic.

With the goal of enhancing the efficacy of the Board of Directors, each year we evaluate its effectiveness. In FY 3/2025, we also set new FY 3/2031 targets related to the composition of the Board of Directors to try and enhance its supervisory functions and secure greater diversity. In my dialogue with Shobuda Kiyotaka, one of our external directors, in last year's integrated report, I mentioned how my ideal would be to raise the proportion of external directors to about 50 percent. This has been incorporated into the targets of 50 percent or more of the board to be external directors and 30 percent or more to be women, goals we are now working to achieve.

Moreover, to further enhance discussions by the Board of Directors into priority discussion points, and taking into account the results of the FY 3/2025 effectiveness evaluation, we have identified three areas that warrant additional attention: the main direction of corporate strategies, risk management, and personnel strategies.

Harnessing the power of diverse values to overcome management environment changes and bring about the Chugoku Electric Power Group Corporate Vision 2040

Going forward, the international situation looks set to become increasingly confused and the situation here in Japan is also predicted to face change at a blistering pace, from politics to the economy, environmental issues, and the energy industry.

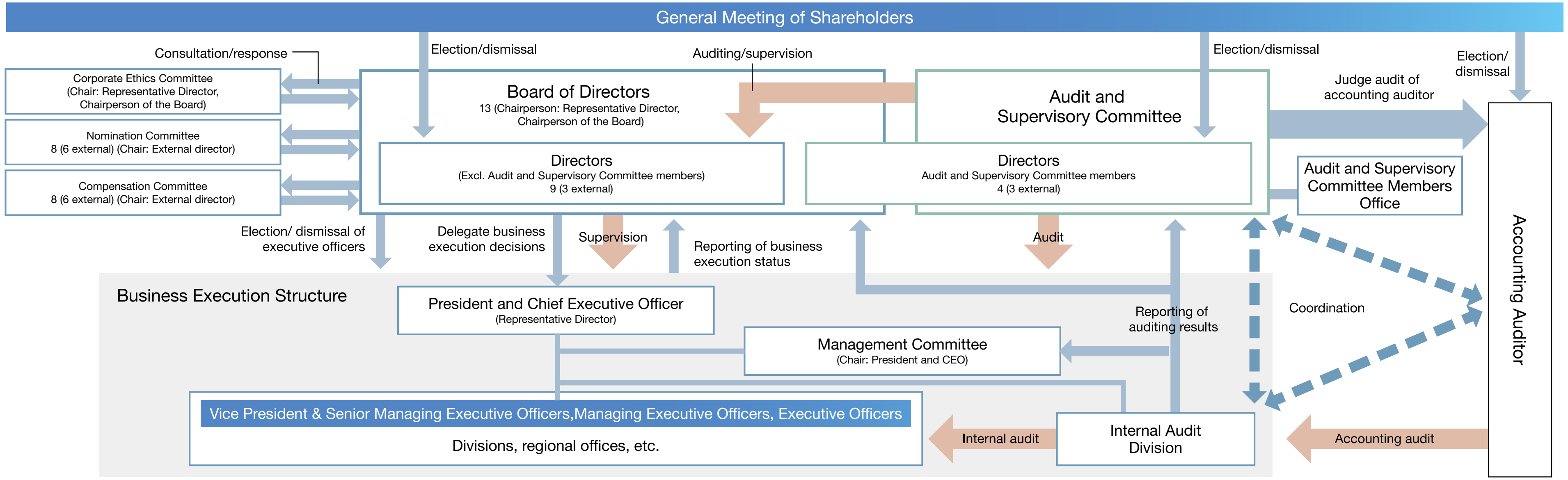
Keeping a close eye on such societal changes and the management environment, we must strive to achieve our new Chugoku Electric Power Group Corporate Vision 2040. To do so, we will no doubt have to challenge ourselves to tackle issues in areas where we have no prior experience.

For those of us on the Board of Directors, I hope that we will draw on our diverse values as we discuss matters, make judgments accurately and flexibly, and tie what we do into improvements to the Group's corporate value.

Governance

Enhancing Corporate Governance Effectiveness

To ensure that we can flexibly and quickly respond to any changes in our business environment, we have adopted a structure with an audit and supervisory committee.



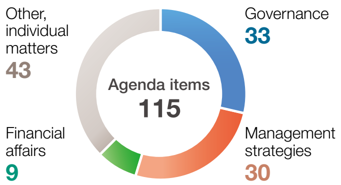
As of June 26, 2025

Board of Directors

- Members: 13
- Chair: Ashitani Shigeru, Representative Director and Chairperson of the Board
- Meetings held: 15 (FY 3/2025)
- Director attendance rate: 99% (FY 3/2025)

Usually, the board meets once a month to make decisions on basic management policies and plans, as well as on the execution of important business matters. In addition, through reports from directors and executive officers regarding the execution of business, the board monitors the execution of their duties.

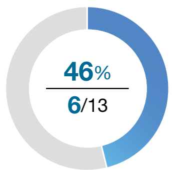
Issues discussed by the Board of Directors (FY 3/2025)



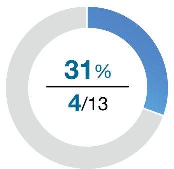
Main points of discussion

- **Governance**
  Status of response to breaches of the Act against Unjustifiable Premiums and Misleading Representations; delegation of authority to the President and CEO; development of a system to continually work on reforms to the corporate culture; and, formulation of general employer action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace
- **Management Strategies**
  Current human resources strategies and future development; direction of organizational adjustments aimed at strengthening risk management functions; and, deliberations regarding a review of the Group Corporate Vision
- **Financial Affairs**
  Financial results and income/expenditure predictions
- **Other, Individual Matters**
  Participation in offshore wind power projects in Japan; sales of cross shareholdings, etc.

External directors



Female directors



Governance

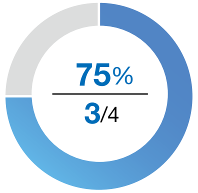
Audit & Supervisory Committee

The Audit and Supervisory Committee consists of four directors, of which three are external and one is internal. Usually, the committee meets once or twice a month and listens to reports from directors regarding the execution of duties. Moreover, through attendance at the Management Committee and other important meetings, the committee conducts careful audits of directors' execution of duties, and exchanges opinions with representative directors through regular meetings.

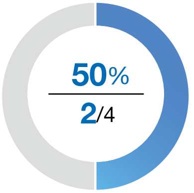
In addition, through their right to express opinions at the General Meeting of Shareholders regarding the nomination and compensation of directors (excluding Audit and Supervisory Committee directors), the committee is also responsible for supervising the work of executives, while also confirming the appropriateness of deliberations at the Nomination Committee and Compensation Committee. Note that the Audit and Supervisory Committee has been directly assigned nine dedicated staff to assist committee members with their work.

· Members: 4
· Chair: Maeda Koichi, Director (internal)
· Meetings held: 22 (FY 3/2025)
· Member attendance rate: 100% (FY 3/2025)

External directors



Female directors



Main points of discussion	Resolutions	Reports
	Audit reports, audit policies/plans, formulation of opinions on the nomination and compensation of directors (excluding Audit and Supervisory Committee directors), reappointment of accounting auditors, agreements on accounting auditor compensation, etc.	Details of key matters referred for discussion at the Board of Directors, basic internal audit plans, internal audit results, audit plans for accounting auditors, status of implementation of monthly audits, etc.

Management Committee

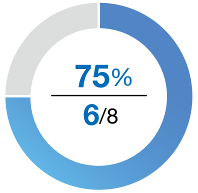
Management Committee meetings are attended by the President and CEO, heads of divisions, and others. To ensure thorough deliberation of key management matters such as those related to the Board of Directors, in principle these meetings are held every week.

On occasion, the Representative Director and Chairperson of the Board, as well as Audit and Supervisory Committee directors, may attend Management Committee meetings.

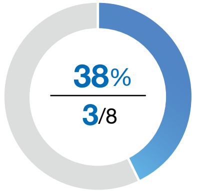
Nomination Committee and Compensation Committee

Both the Nomination Committee and Compensation Committee consist of independent external directors; the Representative Director and Chairperson of the Board; and the Representative Director, President & Chief Executive Officer. The majority of committee members are independent external directors to ensure the committee's independence and objectivity, while an independent external director serves as chair of both committees.

External directors



Female directors



Nomination Committee
· Members: 8
· Chair: Shobuda Kiyotaka, Director (external)
· Meetings held: 4 (FY 3/2025)
· Member attendance rate: 100% (FY 3/2025)

Compensation Committee
· Members: 8
· Chair: Shobuda Kiyotaka, Director (external)
· Meetings held: 3 (FY 3/2025)
· Member attendance rate: 100% (FY 3/2025)

Main points of discussion	Nomination Committee	Compensation Committee
	· Selection of directors (excluding Audit and Supervisory Committee directors) · Selection of representative directors · Establishment of a management personnel development council · Approach to selection of director candidates	· Performance-linked bonuses for directors (excluding external directors and Audit and Supervisory Committee directors) · Compensation levels and individual compensation for directors (excluding Audit and Supervisory Committee directors)

Corporate Ethics Committee

Compliance Promotion P116

Internal Audit Division

As an organization independent from the company's lines of business execution, the Internal Audit Division conducts internal audits, and inspects the appropriateness and effectiveness of the internal control system. The division also reports its findings to the President & CEO, the Board of Directors, and the Audit and Supervisory Committee, and proposes the necessary improvements to the relevant departments.

Governance

Internal Audits

The Internal Audit Division has been set up to be independent from the company's lines of business execution. The fundamentals of internal audits are established in internal audit regulations. The goal of the audits, which cover the entirety of management activities, is to help ensure improved management efficiency, enhanced business operations, and suitable business practice. The division also inspects the appropriateness and effectiveness of the internal control system.

Specifically, the division is working on the safety audits and compliance audit that form the basis of its operations, as well as on selected major themes determined to be high priority from its evaluations of risks that could impact management, and issues affecting business operations. From the perspective of reinforcing the overall strength of the Chugoku Electric Power Group, it also conducts internal audits for group companies with their cooperation. The division reports its findings to the President and CEO, the Board of Directors, and the Audit and Supervisory Committee, and proposes necessary improvements to relevant departments and checks the status of these improvements.

The three bodies of the Audit and Supervisory Committee, accounting auditors, and the Internal Audit Division share the information discovered during audits with one another.

Audit type	Overview	Methodology
Management audit	Identifies management issues and offers advice for reforms/improvements	· Annual site visits to necessary business divisions and departments, business offices, and group companies
Information systems audit	Verifies system development, protection, and operation processes to reduce the risk of difficulties	
Operational processes audit	Checks the suitability, efficiency, etc., of operational processes (incl. initiatives to comply with the Antimonopoly Act, Act against Unjustifiable Premiums and Misleading Representations, etc.)	
Conduct regulations audit	Investigates the status of compliance with conduct regulations in line with the Electricity Business Act	
Safety audit	Ascertains the status of construction, maintenance, and operation of electrical facilities in line with safety regulations	· In principle, business offices and similar are visited once every three to four years · Site visits to necessary business divisions and departments, business offices, and group companies in response to themes related to equipment safety and technical matters
Compliance audit	Confirms the compliance status of laws and regulations (status of compliance promotion, compliance with environmental laws and regulations such as those regulating harmful substances or waste, and health and safety management based on the Industrial Safety and Health Act, etc.)	· In principle, business offices and similar are visited once every three to four years · Business divisions and departments are visited once every three years at the division/department head organizational level
Group company audit	Reviews the status of internal controls at group companies	· Internal Audit Division staff make annual site visits or similar

In addition to the above, internal audits of nuclear power quality management systems are carried out for nuclear-related departments.

Audit type	Overview	Methodology
Major operations audit	Scrutinizes the status of operational initiatives related to safety at Shimane Nuclear Power Station	Annual audits
Management systems audit	Investigates the status of initiatives for shared operational processes in quality management systems	Annual audits
Priority audit	Studies the status of initiatives toward the restart of Shimane Nuclear Power Station Unit 2 and safety operations following its restart	Annual audits in response to selected themes

Governance

Company Executives (As of June 26, 2025)

Ashitani Shigeru
Representative Director and Chairperson of the Board

April 1979	Joined Chugoku Electric
June 2013	Executive Officer, Head of Tottori Regional Office, and Deputy Head of Shimane Nuclear Power Headquarters
June 2016	Managing Executive Officer, and Deputy Head of Power Generation Division
June 2017	Director, Managing Executive Officer, and Deputy Head of Power Generation Division
June 2018	Director, Managing Executive Officer, Deputy Head of Power Generation Division, and Head of International Business Division
June 2020	Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division and Information System & Telecommunications Division
June 2022	Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division
June 2023	Representative Director, Chairperson of the Board (incumbent)

Nakagawa Kengo
Representative Director, President & Chief Executive Officer

April 1985	Joined Chugoku Electric
June 2017	Executive Officer, General Manager of Corporate Planning Division (Equipment and Technology), and Associate General Manager of Nuclear Power Reinforcement Project
October 2017	Executive Officer and Deputy Head of Energy Sales Division
June 2020	Executive Officer and Head of Supply & Trading Division
June 2021	Managing Executive Officer and Head of Supply & Trading Division
June 2023	Representative Director, President & Chief Executive Officer
April 2024	Representative Director, President & Chief Executive Officer Head of Power Balancing Optimization Project
October 2024	Representative Director, President & Chief Executive Officer (incumbent)

Kitano Tatsuo
Representative Director Vice President & Senior Managing Executive Officer

April 1983	Joined Chugoku Electric
June 2014	Executive Officer, Head of Shimane Nuclear Power Station and Shimane Nuclear Power Plant Construction Offices
June 2017	Managing Executive Officer, Deputy Head of Power Generation Division, and General Manager of Power Generation Division (Nuclear Power Operation)
June 2020	Director, Managing Executive Officer, Deputy Head of Power Generation Division, and Head of Shimane Nuclear Power Headquarters
June 2023	Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division (incumbent)

Minamoto Kyosuke
Promoted
Representative Director Vice President & Senior Managing Executive Officer

April 1982	Joined Chugoku Electric
June 2016	Executive Officer, General Manager of Public Relations Division (Public Relations) and General Manager of Kaminoseki Nuclear Power Plant Siting Project (Public Relations)
October 2017	Executive Officer, General Manager of Regional Relations Division (Public Relations) and General Manager of Kaminoseki Nuclear Power Plant Siting Project (Public Relations)
January 2020	Executive Officer and General Manager of Regional Relations Division (Regional Relations Supervisor)
June 2020	Managing Executive Officer and Head of Regional Relations Division
June 2023	Director, Managing Executive Officer and Head of Regional Relations Division
April 2024	Director, Managing Executive Officer, Head of Profitability Reinforcement Project, Head of Regional Relations Division
October 2024	Director, Managing Executive Officer and Head of Regional Relations Division
June 2025	Representative Director, Vice President & Senior Managing Executive Officer, Supervisor of Regional Collaboration and Co-Creation, Supervisor of Governance Enhancement, Supervisor of Corporate Culture Reform, Supervisor of Human Resources Development (incumbent)

Sotobayashi Hiroko
Director Managing Executive Officer

April 2004	Joined Chugoku Electric
June 2020	Executive Officer and General Manager of Corporate Planning Division (Group Management)
June 2023	Managing Executive Officer and General Manager of Corporate Planning Division (Group Management)
February 2024	Managing Executive Officer and Head of Internal Audit Division
June 2024	Director, Managing Executive Officer, Supervisor of Female Empowerment, Head of Internal Audit Division (incumbent)

Nakamura Kimitoshi
New
Director Managing Executive Officer

April 1983	Joined Chugoku Electric
June 2017	Acting Executive Officer and Audit & Supervisory Committee Member
June 2019	Executive Officer and General Manager of Corporate Finance and Procurement Division (Accounting)
June 2022	Managing Executive Officer and General Manager of Corporate Finance and Procurement Division (Accounting)
June 2024	Managing Executive Officer and Head of Corporate Planning Division
June 2025	Director, Managing Executive Officer, Head of Corporate Management Division (incumbent)

External Directors

Shobuda Kiyotaka
Director (External)

June 2016	Director, Senior Managing Executive Officer of Mazda Motor Corporation Oversight of Quality, Brand Enhancement, Production and Business Logistics
April 2017	Director and Senior Managing Executive Officer of Mazda Motor Corporation Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics
June 2021	Representative Director and Chairman of the Board of Mazda Motor Corporation (incumbent)
June 2023	External Director of Chugoku Electric (incumbent)

Tanaka Hiroki
New
Director (External)

May 2008	Director-General of the Financial System and Bank Examination Department, Bank of Japan
May 2010	Executive Director, Bank of Japan (resigned May 2014)
October 2018	Director and Chairman, JTC Holdings, Ltd.; Director, Japan Trustee Services Bank, Ltd.; Director, Trust & Custody Services Bank, Ltd. (these three companies to become the present Custody Bank of Japan, Ltd.)
July 2020	Director and Chairman, Custody Bank of Japan, Ltd. (resigned June 2024)
June 2024	Chairman, Tanshi Kyokai
June 2025	External Director of Chugoku Electric (incumbent)

Okajima Rena
New
Director (External)

April 2008	Joined Goldman Sachs Japan (resigned March 2009)
July 2009	COO, LS-Partners Co., Ltd. (resigned December 2011)
September 2011	Founder and CEO, ALE Co., Ltd.
June 2025	External Director of Chugoku Electric (incumbent)

Governance

Director & Audit and Supervisory Committee Member

Maeda Koichi

Director
Audit and Supervisory Committee Member

April 1985
Joined Chugoku Electric
June 2016
Executive Officer and General Manager of International Business Division
June 2018
Executive Officer and General Manager of International Business Division (Planning & Supervision)
June 2020
Executive Officer and Head of International Business Division
June 2021
Managing Executive Officer and Head of International Business Division
June 2024
Director and Full-time Audit and Supervisory Committee Member (incumbent)

Director & Audit and Supervisory Committee Members (External)

Otani Noriko

Director
Audit and Supervisory Committee Member (External)

April 1992
Professor at Faculty of Humanities, Yamaguchi University
April 2001
Professor of The Graduate School of East Asian Studies, Yamaguchi University
April 2005
Director of The Graduate School of East Asian Studies, Yamaguchi University
April 2010
Emeritus Professor of Yamaguchi University (incumbent)
June 2020
External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)

Kuga Eiichi

Director
Audit and Supervisory Committee Member (External)

April 2006	Head of Police Headquarters, Kagoshima Prefecture
September 2007	Director-General of Tokyo Metropolitan Government Office for Youth Affairs and Public Safety
September 2009	Director-General of Security Dept. of Tokyo Metropolitan Police Department
February 2011	Head of Police Headquarters, Kanagawa Prefecture
April 2013	Director of Imperial Guard Headquarters
August 2015	Resigned from National Police Agency
December 2015	Advisor of Nippon Life Insurance Company (Resigned: May 2016)
June 2016	Full-time External Audit & Supervisory Board Member of Kyushu Railway Company
June 2018	External Director and Full-time Audit and Supervisory Committee Member of Kyushu Railway Company (Resigned: June 2022)
June 2022	Auditor of JR Kyushu Ekibiru Holdings Inc. (Resigned: June 2024)
June 2022	External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)

Fujimoto Keiko

Director
Audit and Supervisory Committee Members (External)

October 2000
Registered as an attorney
October 2017
Guest Researcher at Essex Law School at the University of Essex in the UK (Resigned: July 2018)
June 2020
Joined Iwamoto Law Office (incumbent)
April 2021
Governor at Japan Federation of Bar Associations (Resigned: March 2022)
June 2021
Outside Auditor at DaikyoNishikawa Corporation (incumbent)
June 2024
External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)

Messages from the New External Directors

New

Tanaka Hiroki

Director (External)

When it came to writing my message as a new external director, I tried asking a generative AI to write a draft. Within seconds, it had one for me. It was an excellent text, and read like a model answer but it wasn't quite what I had in mind.

For people of my generation, who lived through Japan's period of rapid economic growth, the improvements to people's lives in the last fifty years or more have been remarkable, and the speed of these probably exceed anything else in mankind's history. There are likely numerous reasons for this, but I think that is surely in large part based on advances in energy use, i.e., the spread of uses for electricity. For people like me who suffered through the heat of summer with just the odd breeze and an electric fan, or the cold of winter with a charcoal-burning heated table and a hot water bottle, but who have grown used to the comfort of a life with air-conditioning and heating equipment, as much as we may sometimes get nostalgic for the old days, it is not a period to which we actually want to return.

There are things we have lost, though, with all this convenience. As wonderful as the answers generative AI can give use, it does not give us the same pleasure as actually being creative. We must not forget that the convenience we have now is built on the hard work and labor of past, present, and future generations.

Power companies are essential to the running of society. I hope that I can work alongside our varied stakeholders to better understand from each other the enjoyment that comes from trying to make people's lives richer. In advancing these kind of corporate activities, as an external director, I will place particular value on looking to the long term, and on considering a wide range of perspectives.

New

Okajima Rena

Director (External)

Through my research in the field of astrophysics, and through running a space-related start-up called ALE, I have developed a way of looking at what things will be like in a hundred years' time and gained experience of harnessing scientific technologies to benefit society. I hope that I can contribute in whatever way I can to raising Chugoku Electric's corporate value.

I take the company's brand message of "Ichinichimo, Hyakunenmo" (for one day and for one hundred years) as proof of its determination to provide stable power supplies today, at the same time as working towards sustainability for the world a hundred years from now. In particular, I think it is vital that we look to the kind of society that will be powered by next-generation energy sources in 2050 and beyond, and create an infrastructure concept of which future generations can be proud. Safely passing on the valued assets that employees have built up over many years, through their hard work day in and day out, to the next generation is another important mission for this company.

Progress in scientific and technological innovations, exemplified by AI, and sustainability-related technologies is accelerating, and yet the future is increasingly unclear due to factors such as fluctuating energy prices, climate and geopolitical risks, and the threat of cyberattacks. In this environment, we need to predict various potential future scenarios, and to implement companywide efforts to gain a comprehensive understanding of the risks we face. I also believe that it will be absolutely essential to have a structure that allows us to be resilient to change yet nimble enough to react, and an approach of continuing to utilize technological innovations, including those in sustainability-related technologies.

As an external director, I will endeavor to examine thoroughly, and objectively, medium- and long-term strategies and responses to risks, and to encourage transparent information disclosure so as to support sound decision-making. I will strive to contribute to discussions that consider capital efficiency and sound finances, with a keen eye on opportunities presented by the energy transition. By doing so, I hope to aid in sustainably raising shareholder value.

Governance

Size and composition of the Board of Directors

We determine the size and composition of the Board of Directors based on a comprehensive consideration of the balance between various factors, such as the invigoration of Board of Director discussions, highly effective supervision, management environments at the time, business conditions, and each director's character, ability, expertise, and achievements.

Election of director candidates, etc.

Candidates for director are selected from those who can offer accurate and strategic guidance and who can contribute to strengthening management supervision, in order to develop the Chugoku Electric Power Group and enhance its management capabilities, taking into account the balance and scale of the Board of Directors. We then make a decision following necessary procedures.

Procedure

Director candidates (excluding Audit & Supervisory Committee members)	Director candidates who are Audit & Supervisory Committee members
Consults the Management Personnel Development Meeting	
Consultation with the Nomination Committee	Agreement from Audit & Supervisory Committee

Decisions by the Board of Directors

WEB Director Candidate Election Policy/Procedure (Corporate Governance Report)
https://www.energia.co.jp/ir/irkeiei/governance.html

Approach to the skills matrix

○ The eight skills categories listed on the right were selected as either skills needed for the Board of Directors to execute its decision-making or supervisory functions, or skills to enable it to achieve the aims of the Group Corporate Vision.

○ In determining the skills possessed by each director, the following factors were considered:

· Internal directors: advanced, specialist knowledge based on experience of responsibility for business execution

· External directors: experience in different fields or at other companies, and possession of specialist qualifications, etc.

Director skills matrix

Name	Position at Chugoku Electric	Committee		Attendance				Areas of expertise and experience required of directors							
		Nomination	Compensation	Board of Directors (Total 15)	Audit & Supervisory Committee (Total 22)	Nomination Committee (Total 4)	Compensation Committee (Total 3)	Corporate management/ Management strategies	Financial affairs/ Accounting	Legal affairs/ Risk management	Sales/ Marketing	Technology/ Research	Governance	Group management/ International business	Environment/ Society/ Regional contribution
Ashitani Shigeru	Representative Director Chairperson of the Board	○	○	15	–	4	3	●					●	●	●
Nakagawa Kengo	Representative Director President & Chief Executive Officer	○	○	15	–	4	3	●			●	●			●
Kitano Tatsuo	Representative Director Vice President & Senior Managing Executive Officer			15	–	–	–					●			●
Minamoto Kyosuke	Representative Director Vice President & Senior Managing Executive Officer			14	–	–	–			●			●		●
Sotobayashi Hiroko	Director Managing Executive Officer			11	–	–	–	●						●	●
Nakamura Kimitoshi	Director Managing Executive Officer			–	–	–	–	●	●				●	●	
Shobuda Kiyotaka	Director (External)	○	○	15	–	4	3	●			●		●	●	
Tanaka Hiroki	Director (External)	○	○	–	–	–	–	●	●	●			●		
Okajima Rena	Director (External)	○	○	–	–	–	–	●	●			●			●
Maeda Koichi	Director Audit & Supervisory Committee Member			11	18	–	–	●	●			●		●	
Otani Noriko	Director Audit & Supervisory Committee Member (External)	○	○	15	22	4	3						●		●
Kuga Eiichi	Director Audit & Supervisory Committee Member (External)	○	○	15	22	4	3			●			●	●	
Fujimoto Keiko	Director Audit & Supervisory Committee Member (External)	○	○	11	18	3	3			●			●		

Notes
1. The no. of meetings and attendance figures are those for FY 3/2025.
2. Sotobayashi Hiroko, Maeda Koichi, and Fujimoto Keiko were appointed as directors at the General Meeting of Shareholders held on June 26, 2024, and attended all eleven meetings of the Board of Directors held after this point.
3. Maeda Koichi and Fujimoto Keiko were appointed as Audit & Supervisory Committee members at the General Meeting of Shareholders held on June 26, 2024, and attended all eighteen meetings of the Audit and Supervisory Committee held after this point.
4. Fujimoto Keiko attended all three Nomination Committee meetings after her appointment to the committee.
5. For the areas of expertise and experience required of directors, we have marked up to four main areas of expertise and experience with a ● for each director. Note that this table does not show the expertise and experience of each director in its entirety.

Governance

Evaluating the effectiveness of the Board of Directors

Each fiscal year, Chugoku Electric conducts questionnaires with each of its directors to assess the effectiveness of the Board of Directors.

Questionnaire

Subject	Questionnaire content
Directors	Questions regarding the composition of the Board of Directors and its operation, support structure, etc. Questions regarding the composition of the Nomination Committee and Compensation Committee and their agenda, operation, etc. Questions regarding initiatives based on the evaluation results for the previous year
External directors	Self-evaluation questions

↓

Collection/Analysis

↓

All directors carried out discussions and evaluations based on the results of the questionnaire

↓

Reported to and shared with the Board of Directors

↓

Work to further enhance effectiveness

FY 3/2025

The following policies were selected for execution out of consideration of the issues shared from the questionnaire and with the aim of enhancing the Board of Directors' supervisory functions. The results and details of FY 3/2026 initiatives were shared with directors and the heads of various departments.

Major identified issues		Initiatives
Composition of the Board of Directors to strengthen supervisory functions and secure diversity	New	Targets to achieve by FY 3/2031: · Proportion of external directors to 50%+ · Proportion of female directors to 30%+
Improved discussions by the Board of Directors	New	More time for deliberations Improved discussion processes and reports at internal meetings
Improved discussion of priority discussion points	Existing	Setting of areas to be priorities for discussion with the aim of digging deeper into these points Main direction of corporate strategies · Review of how Group management should be and of the Group Corporate Vision · Next medium-term management plan Risk management · Management of, and status of responses to, risks that require priority supervision by management Personnel strategies · Policies connected to recruiting/training of personnel matched to management strategies

FY 3/2026

In line with the initiatives mentioned above, we will review our analyses and assessment methods and implement improvements within FY 3/2026 to improve the functionality of the Board of Directors and reinforce our governance structure.

Director training

In addition to attending external seminars at the time of their appointment, directors continue to acquire the expertise they require as managers after their appointment through external seminars and lectures. They also work to improve their knowledge through interaction with managers and auditors, for example, from other companies through economic organizations and the Japan Audit & Supervisory Board Members Association.

The most recent examples of training by external instructors include antimonopoly law training for internal directors and other members of management (July 2025). Additionally, we have introduced on-demand lectures for internal directors and others; in this way we have developed an environment in directors can work to gain and refine the knowledge they need.

External directors attend briefings on our businesses held by each department and conduct inspections of our power plants and other facilities at least once a year.

WEB Director Training Policy (Corporate Governance Report)
https://www.energia.co.jp/ir/irkeiei/governance.html

Executive compensation

Director compensation (excluding that for external directors and Audit and Supervisory Committee directors) comprises a monthly salary, performance-linked bonuses, and performance-linked, stock-based remuneration. By introducing a performance-linked, stock-based remuneration system and reflecting the results of ESG-related initiatives in performance-linked bonuses, we hope to improve their ability to function as a sound incentive to pursue sustainable growth.

Compensation for external directors and Audit and Supervisory Committee directors takes into consideration their duties and comprises only a monthly salary.

Director compensation breakdown

(for directors who are not external directors or Audit and Supervisory Committee directors)

Monthly salary	Performance-linked bonuses	Performance-linked, stock-based remuneration
70%	10%	20%

WEB Policy/Procedure for Determining Director Compensation (Corporate Governance Report)
https://www.energia.co.jp/ir/irkeiei/governance.html

Position		Compensation type	Upper limit	Overview
Directors who are not members of the Audit and Supervisory Committee		Monthly salary	Up to 45 million yen each month	· Paid at a level corresponding to each individual's position, while also taking into account the business environment
	External directors	Performance-linked bonuses	Up to 120 million yen per year	· Standard payment amounts are set based on indicators such as consolidated ordinary income, and determined from a range of 0% to 200% of that amount depending on actual results · According to the level of achievement of ESG targets (employee engagement score, CO_2 emissions levels, ratio of females in positions of section chief or higher), around 10% of the standard payment amount in capital may be given in addition
		Performance-linked, stock-based remuneration	Up to 143,000 points (equivalent to 143,000 shares) per business year	· Comprises points determined by two factors: the individual's position, and level of achievement of consolidated ordinary income targets set in management plans · When the individual steps down from their position, they receive common shares in the company and a monetary amount for a part of those shares based on share prices at the time determined by the cumulative total points they have accrued
Audit and Supervisory Committee directors		Monthly salary	Up to 10 million yen each month	· Determined by the Audit and Supervisory Committee, and discussed by Audit and Supervisory Committee directors

Governance

Strengthening Risk Management

Risk management system

In line with our Basic Risk Management Policy and Risk Management Regulations, which outline the company's basic approach to risk management, we have built a risk management system that enables us to implement countermeasures as and when necessary. We also bring together risks from throughout the company and group companies and the Management Committee discusses these to determine risks requiring priority supervision, which are reported to the Board of Directors.

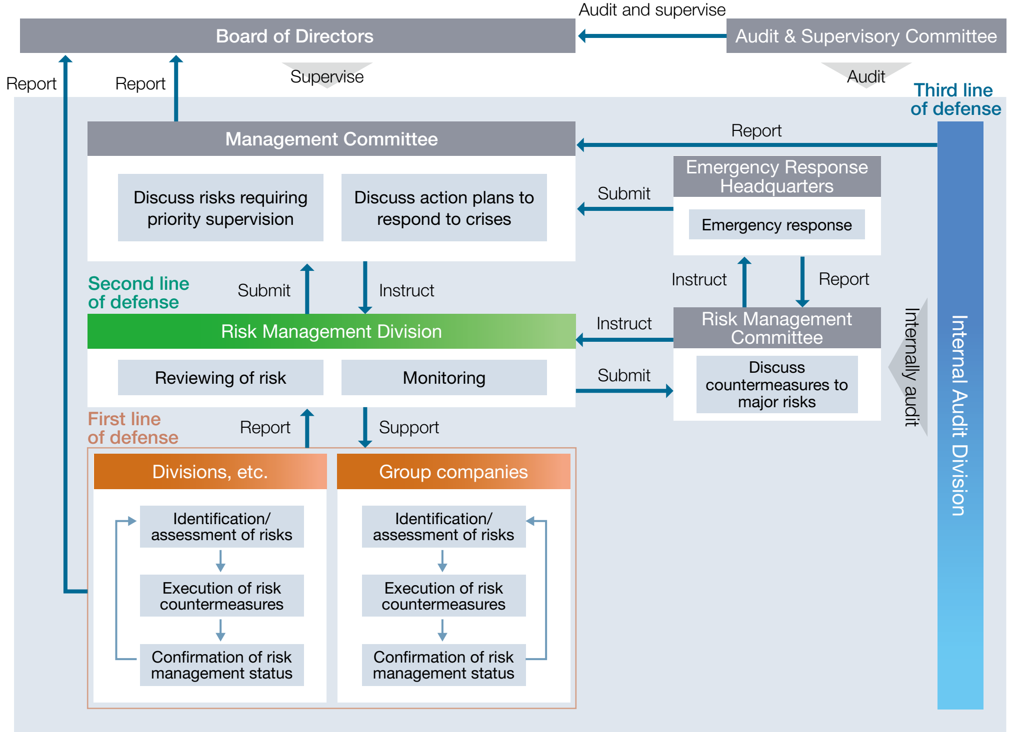
Specifically, this involves departments that lead different operations (the first line of defense) identifying and assessing risks, and following specified procedures to formulate and implement countermeasures. They also report to the Board of Directors on the status of specific major risks via reports on the execution of duties.

The Risk Management Division (the second line of defense) reviews risk management operations—using companywide adjustments, developing systems, etc., for the countermeasures implemented by the departments that lead different operations—and monitors the management situation.

The Internal Audit Division (the third line of defense) verifies and assesses that internal systems aimed at helping those departments manage risk are functioning effectively.

Group companies likewise carry out initiatives suited to their individual situation, and we confirm their risk management status and support them as necessary. By doing so, we advance groupwide risk management.

Moreover, in accordance with the Crisis Management Regulations, which outline basic matter regarding our crisis management system and its operation, members of the Risk Management Committee deliberate on risks that could have a significant impact on the Group's business operations and that require an urgent, companywide response. As well as giving instructions on response policy, where necessary we establish Emergency Response Headquarters to investigate and enact concreate measures.



Governance

Business and other risks

Major risks that we believe could severely impact the Chugoku Electric Power Group's performance are detailed below in order of the degree of impact on business performance, etc. Ahead of the achievement of our Group Corporate Vision, understanding that these risks may occur, we will make every effort to prevent their occurrence and minimize their impact should they occur.
Matters related to the future are based on group judgements made at the end of FY 3/2025. For more details on business risks, please see our FY 3/2025 Securities Report.

WEB Securities Report
https://www.energia.co.jp/ir/pdf/ir13-2024.pdf

Category	Type of risk	Risk details	Countermeasures
Nuclear	Nuclear Power Generation	✓ Prolonged suspension of power stations and delayed start to operations in line with changes to policies; revisions to laws, regulations, and standards; status of conformity reviews for new regulatory requirements; construction delays resulting from trouble or construction congestion, etc.; and judicial decisions in response to litigations ✓ The ensuring rise in market procurement costs for alternative thermal fuel and power, and costs related to GHG emissions	◆ Careful monitoring of leading achievements regarding conformity reviews for new regulatory requirements and latest regulations ◆ Systematic and appropriate safety measures for nuclear power stations
	Nuclear Fuel Cycles/Back-end of Nuclear Power Businesses	✓ Changes to contributions due to revisions to contribution systems related to these businesses, and fluctuations in the operational status of reprocessing plants	◆ Collaboration with reprocessing business and other related parties, and steady implementation of projects
Procurement	Materials Procurement	✓ Soaring prices and extended delivery times in line with challenging situations surrounding the supply and demand of raw materials and equipment caused by the spread of new infectious diseases, natural disasters, overseas conflict, etc.	◆ Adoption of order methods in line with procurement environments, early provision of order information to suppliers, early ordering and repair replacements, etc.
	Capital Procurement	✓ Changes in the financial markets and a drop to our rating due to a worsening financial situation, delays or improper activities related to general ESG initiatives such as efforts toward carbon neutrality, etc. ✓ Fluctuations in interest expenses due to changes in market interest rates	◆ Constructive dialogue through proactive information disclosure to financial institutions and investors, such as by utilizing sustainable finance frameworks, etc. ◆ Awareness raising for general ESG initiatives aimed at diversifying capital procurement and expanding the number of partner financial institutions, and the building and strengthening of relationships with financial institutions, investors, etc. ◆ Regular monitoring of interest rate changes and a management approach more conscious of capital costs
Market Changes	Fuel Prices, Exchange Rates, and Wholesale Electricity Market Prices	✓ Surpassing of fuel cost adjustment price cap due to fluctuations in fuel prices and foreign exchange markets ✓ Impact on power procurement costs and avoidable costs from fluctuations in wholesale electricity market prices	◆ Reduction of ratio of thermal power generation and wholesale electricity procurement ◆ Utilization of financing techniques such as derivative transactions ◆ Revision of market price adjustments for high-voltage electricity rate customers and above
Market Competition	Competitive Environment in the Retail Electricity Market	✓ Changes in competitive environments in the retail electricity market in line with fluctuating market conditions, electricity power business systems, etc.	◆ Provision of high-value-added services that cater to diverse needs, be it for the home or for industry, including for electrification and decarbonization ◆ Formulation of sales policies and strategies, optimization of power procurement, and enhancement of new rate plans and services, etc., to maximize electricity sales profits inside and outside the Chugoku region
Other Businesses than the Electricity Business in Japan	Other Businesses, Such As the International Business and the Information and Telecommunications Business	✓ Changes in external environment in the international business, such as changes to environment- and energy-related policies, caused by the emergence of country risks and rapid progress in decarbonization ✓ Worsening performance and diminishing returns due to changes in the environment surrounding each business	◆ Thorough risk management for new investments in the international business that involves investments assessments based on previously set out standards and mechanisms for reporting to the management team, and business management through boards of directors and general meetings of shareholders at companies we have invested in ◆ For other businesses, periodic monitoring of performance, etc., and necessary countermeasures if signs of worsening performance appear

Governance

Category	Type of risk	Risk details	Countermeasures
Disasters	Natural Disasters, Facility Accidents, Infectious Diseases, etc.	✓ Equipment damage or obstacles to operations due to issues caused by devastating natural disasters such as large-scale earthquakes and typhoons, terror attacks and other illegal actions, infectious diseases, and other factors; or rising costs connected to ensuing equipment repairs, procurement of alternative thermal fuel, or procurement of power from other markets; and a loss of trust due to resulting prolonged power outages, etc.	◆ Power equipment configurations and systematic repairs in line with national laws and regulations; disaster preparedness for employees; and formulation of various plans related to disaster prevention, so as to quickly respond to and recover from disasters, alongside organization of systems to ensure business continuity
Power Regulations	Policies/Systems Relating to Electricity Power Businesses	✓ Reduction in relative competitiveness due to changes in laws, regulations, or guidelines ✓ Fluctuations in revenue, etc., in the wholesale electricity market, power capacity market, etc.	◆ Assessment of trends in system changes and their impact on our businesses, and the implementation of necessary measures to maximize profit
Compliance	Compliance Violations	✓ Loss of trust from society and interference with smooth business operations due to serious compliance violations such as legal breaches ✓ Claims for compensation from customers due to the result of litigation to revoke the Japan Fair Trade Commission's orders with respect to suspected breaches of the Antimonopoly Act	◆ Thorough compliance-first operations under the leadership of company executives ◆ Implementation of measures to prevent recurrences of the series of improper activities, and reforms to the ways executives and other employees think and act to prevent improper activities ◆ Support and guidance for group companies' business operations to prioritize compliance
Human Resources	Securing of Personnel, etc.	✓ Interference with business growth and smooth business operations due to failure to secure and develop the necessary personnel or the significant outflow of personnel	◆ Forecasting of changes to personnel demographics from a medium-to-long-term perspective, stable and continuous securing of recruit numbers, efforts to encourage employees to stay, and personnel allocation that has the right people in the right place ◆ Securing and utilization of personnel with diverse values and backgrounds through proactive mid-career recruitment
Environmental Regulations	Climate Change	✓ Stepped introduction of carbon pricing through changes such as the full-scale operation of emissions trading systems, introduction of fee-based auctions for electricity providers, and introduction of fossil fuel levies	◆ Steady implementation of key measures in the Basic Policy of Chugoku Electric Power Group Carbon Neutral Strategy ◆ Participation in the GX League
Information Security	Cyberattacks and System Failures	✓ Loss of trust from society caused by leakage of highly confidential internal information, etc., stagnation of operations, or service suspensions resulting from cyberattack or system failure, and the incurrence of costs required for response, etc.	◆ Participation in external cyberterrorism drills, etc., implementation of information security measures such as training on targeted email attacks, and continuous implementation of measures for the early detection and response to cyberattacks ◆ Prevention of system failures through systematic equipment upgrades, etc., and organization of a speedy initial response and recovery system to counter system failures
Information Leaks	Leakage of Business Information (incl. Personal Information)	✓ Loss of trust from society caused by leakage of customer or other business information	◆ Creation of management systems, improvement of internal rules such as the Basic Policy on Information Management and the Personal Information Protection Policy, and regular implementation of education and training ◆ Continuous reviews of technology security countermeasures
Human Rights	Human Rights Violations	✓ Loss of trust from society if someone's life, health, or dignity are threatened due to any of the following in our Group's activities or supply chains: harassment, major disaster, discrimination against certain communities or ethnicities, forced or child labor, or discrimination against sexual minorities	◆ Formulation of the Chugoku Electric Power Group Human Rights Policy and implementation of human rights due diligence ◆ Identification of human rights violation risks with serious impacts and prevention/mitigation of their impact through awareness-raising activities and engaging with those in the supply chain
DX Promotion	Delays to Our Digital Transformation (DX)	✓ Drop in competitiveness and delay to efforts to develop and launch products and services adapted to market changes, and to improve worker productivity and costs in existing businesses due to a slowdown in the digitalization of tasks and use of data	◆ Implementation of cross-departmental initiatives to reform businesses and tasks by digitalizing tasks and using data ◆ Strategic construction of an IT environment that is highly secure, swift, and scalable

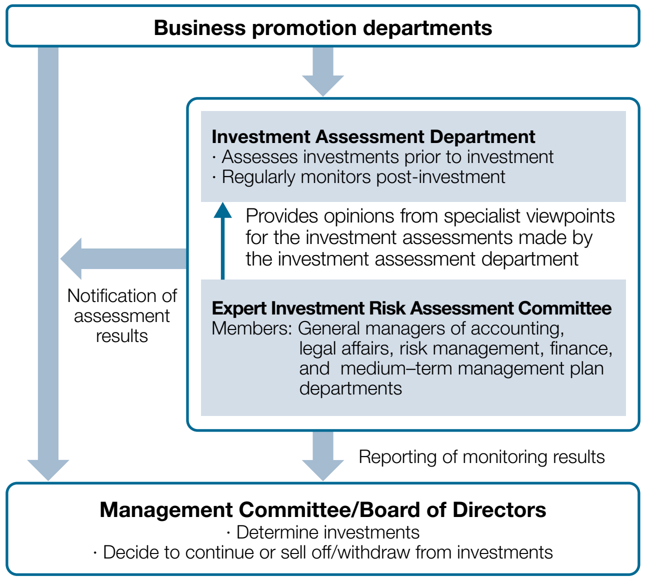
Governance

Response to investment risks

System

For overseas and new investment projects, an investment assessment department separate from the business promotion department conducts pre-assessments for the decision-making process and post-assessments following the investment to ensure thorough risk management.

When assessing investments, we hold the Expert Investment Risk Assessment Committee comprising the general managers of accounting, legal affairs, risk management, finance, and medium–term management plan departments. The committee enables us to enhance the content of our assessments with expert opinions from professional standpoints.

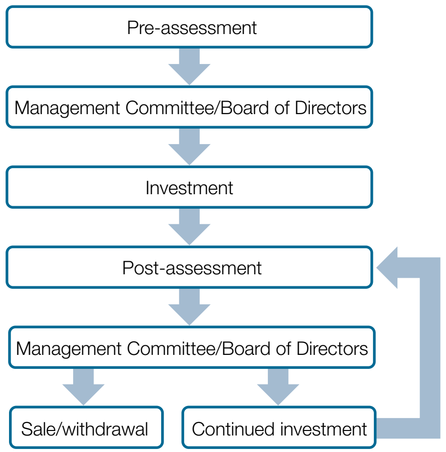


Pre-assessments

In deciding whether to make an investment, we assess the project's consistency with our Corporate Philosophy and management policies, its impact on our financial soundness, its profitability, and other factors. We have a system in place whereby the results of this assessment are used in the decision-making process by the Management Committee and the Board of Directors.

Post-assessments

Once we have made an investment, we regularly monitor the project to check its profitability and the emergence of any risks. In case where a risk that could have a significant impact on business continuity arises, we encourage business promotion departments to ensure appropriate and timely responses to any investment risks through careful examinations, which also consider withdrawal from the project.



Business continuity initiatives

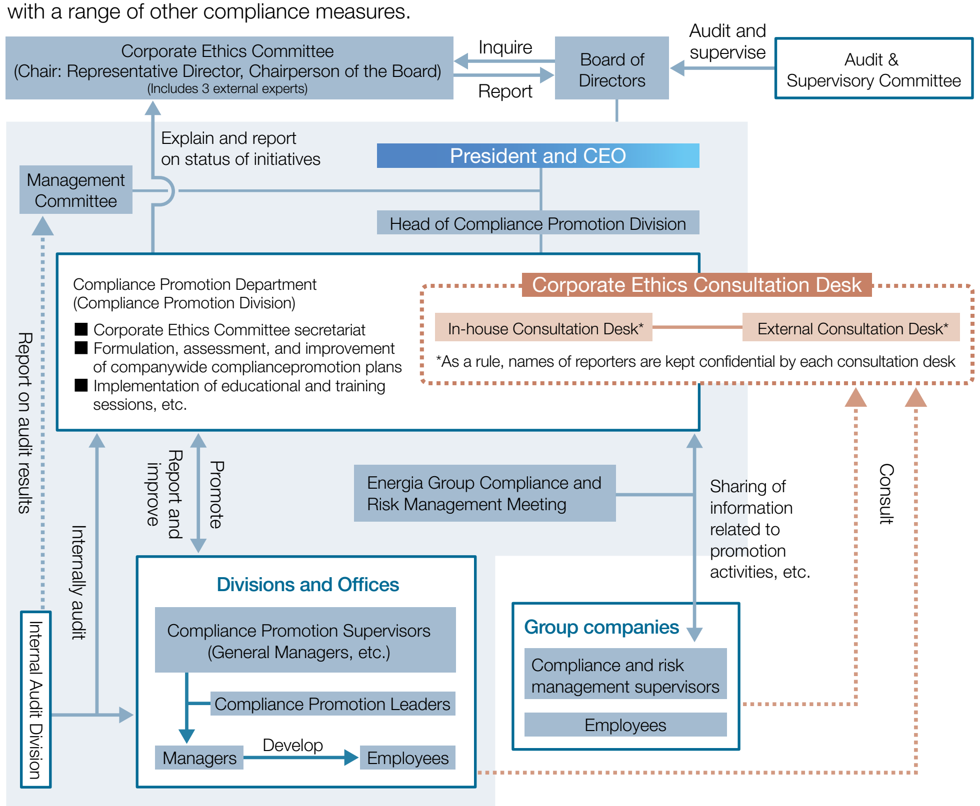
Responses to major management risks—risks that would have a significant impact on our business operations and that require an urgent, companywide response—are generally governed by the Crisis Management Regulations. However, in the case of (1) damage to power facilities caused by typhoons, earthquakes, or similar; (2) emergency situations at Shimane Nuclear Power Station or elsewhere; (3) military or terrorist attack; or (4) outbreak of a new form of influenza or other contagion, systems and measures are determined by the Emergency Damage Countermeasures Regulations, Nuclear Facility Damage Countermeasures Regulations, Emergency Countermeasures Regulations, and Novel Influenza Countermeasures Regulations respectively. Responses to these are determined by those regulations.

Governance

Compliance Promotion

Promotion system

Under the supervision of the Chairperson and direction of the President, compliance initiatives at Chugoku Electric are led by the head of the Compliance Promotion Division. From the perspective of raising awareness of compliance and ensuring thorough corporate ethics, this dedicated division formulates, assesses, and improves companywide compliance promotion plans, and implements compliance training sessions together with a range of other compliance measures.



Compliance Promotion Supervisors/Leaders

Heads of divisions and offices act as compliance promotion supervisors to lead compliance initiatives in their respective organizations. Compliance promotion leaders assist compliance promotion supervisors, and lead activities such as workplace training.

Whistleblowing Hotline

As part of our whistleblowing system, we have set up an in-house consultation desk and also an external one at a law firm. We thus have a system in place to receive reports and consultations from all individuals associated with the Group, including business partners and overseas group companies. There are various ways for them to contact the desks—including email, telephone, and post—and consultations can be made anonymously.
To promote the desks' active use, we use measures such as displaying their contact details on the welcome screen of executives' and other employees' computers so that employees feel familiar with them. We also use our intranet to introduce example cases of where consultations have led to improvements, alongside carry out compliance training, etc., to periodically publicize the whistleblowing system.
Regarding our response to reports and consultations, in addition to ensuring thorough anonymity, we strictly prohibit any disadvantageous treatment of the consulter regarding their pay, transfer, promotion, etc., due to their use of the whistleblowing system. In addition, we have established an internal leniency system (i.e., a system that allows some leniency to be shown in the punishment of those who report themselves for improper actions).

FY 3/2025 consultations (total: 32)* and breakdown by type

Legal/regulatory breaches, etc.	Compliance	Lack of/ deficient rules	Behavior by management/ superiors	Harassment	Labor-related laws/ regulations	Worksite operations/ discipline
3	4	3	7	9	3	3

*No. of consultations to the Chugoku Electric Whistleblowing Hotline. Each was investigated and rectified, where necessary, and appropriately dealt with. Details of the responses were reported to the Corporate Ethics Committee.

Corporate Ethics Committee

As an advisory committee to the Board of Directors, the Corporate Ethics Committee discusses compliance-related matters and makes proposals and gives opinions as necessary. To widely respond to the demands of our customers and local communities, the Corporate Ethics Committee includes three external experts in order to ensure fair and impartial discussions from an objective standpoint.
In principle, the committee meets quarterly (in March, June, September, and December) and publicizes an outline of their proceedings on our website.

WEB Corporate Ethics Committee
https://www.energia.co.jp/corp/active/saisei/rinri/iinkai.html

Energia Group Compliance and Risk Management Meeting

The Energia Group Compliance and Risk Management Meeting, which brings together personnel in positions of responsibility from different group companies, is held twice a year in principle. It acts as a platform to share information related to compliance and risk management between Chugoku Electric and its group companies, and to enhance groupwide compliance promotion and risk management systems. Chugoku Electric also provides compliance education and training support to its group companies.

Governance

Compliance promotion initiatives

To raise awareness throughout our workforce, from management to each individual employee, that compliance is the foremost priority, and to thoroughly instill corporate ethics, we have designated November as our "compliance-strengthening month." As well as conducting compliance training for all employees, during the month we seek to effectively raise awareness of compliance by implementing various measures in a focused manner.

Moreover, we have held regular workplace and employee awareness surveys regarding compliance for all employees since FY 3/2008. The results from these surveys are used to assess and improve training and other compliance promotion measures, while they are also fed back to each department to examine and implement measures to create better workplaces.

Furthermore, the effectiveness of these initiatives is regularly checked by the Internal Audit Division.

No. of serious compliance violations*1

FY 3/2024	FY 3/2025
2	2

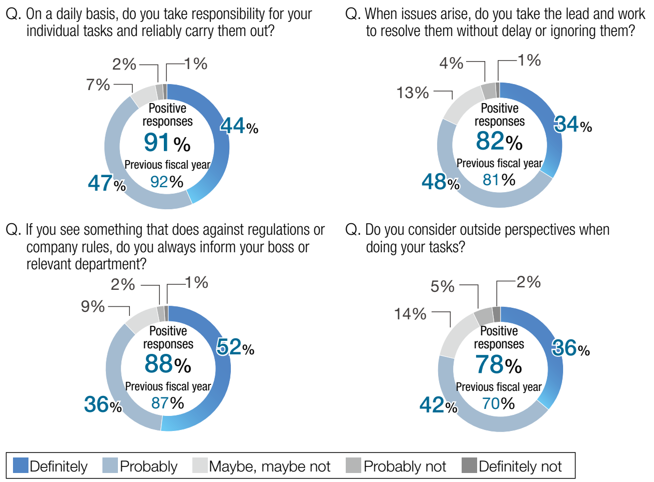
*1 Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution as the result of a compliance violation or disaster resulting in one or more fatalities.

Compliance Training Content (FY 3/2025)

Subject	Content
Upper management*2	Invited instructors from outside the company to hold lectures on supervisors' roles in promoting compliance
Compliance promotion supervisors, etc.	
Managers*2 with subordinates	Invited instructors from outside the company to hold discussion-based training sessions relating to the roles of managers with subordinates
New and existing managers	Held training sessions regarding the roles and considerations of managers
All employees*3	Held discussions regarding the awareness and behavior of employees and their workplaces based on compliance case studies
	Carried out case-study-based training sessions

*2 Including those from group companies.
*3 Includes temporary workers, etc.

Workplace and employee awareness survey results (FY 3/2025)



· Scope: All employees of Chugoku Electric (excl. loan employees, temporary employees, etc.)
*Positive responses is the total for those who answered either "Definitely" or "Probably."
Due to rounding, responses may not total exactly 100%.

Anti-bribery and anti-corruption initiatives

To build sound, appropriate relationships with suppliers, foreign officials, and others both inside and outside Japan, the Chugoku Electric Compliance Charter prohibits under-the-table payoffs for officials, or donations or treatment for business partners that is outside that considered polite or acceptable to society, and also forbids the receiving of such.

In our International Business Division, which has particularly frequent interactions with foreign officials, for example, we recognize overseas bribery as a major management risk. We therefore communicate the head of the International Business Division's commitment to preventing bribery, and we also collect information on reports of bribery, conduct risk assessments of countries and clients, and provide training for executives and other employees via outside experts.

In August 2024, we have set out regulations that employees should comply with when dealing with foreign officials and we have newly formulated anti-bribery regulations for interactions with foreign officials, with the aim of promoting smooth, fair business activities. These regulations prohibit actions aimed at securing improper sales profits, including presenting foreign officials or others with cash, favorable treatment, presents, or similar; paying expenses that foreign officials or others are expected to pay; or the giving of donations or assistance. Moreover, the regulations also set out how, in cases where a consultant with contacts among foreign officials, etc., is used, issues such as selecting the consultant, what role they play, and the suitability of their fee, should be checked for any potential problems.

In the future, in line with these regulations, we will periodically carry out anti-bribery training for executives and other employees using external experts, and work to raise awareness and knowledge about preventing bribery.

For group companies, too, we will support activities to prevent bribery, to ensure that the whole Group is implementing anti-bribery initiatives to govern interactions with foreign officials and others.

WEB Chugoku Electric Compliance Charter
https://www.energia.co.jp/assets/info/2024/p20240401-1b.pdf

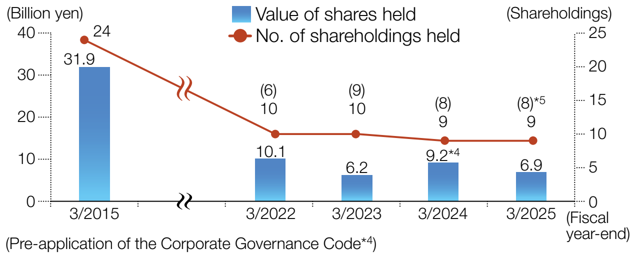
Cross Shareholding

For shares other than non-listed shares, we look at whether the purpose of holding such shares is appropriate and whether the benefits and risks are in line with capital costs. Excluding cases where it is judged that such shares might benefit the maintained and improved corporate value of Chugoku Electric and Chugoku Electric Power Group companies over the medium to long term, in principle, we do not hold any cross shareholdings.

Moreover, we regularly and continuously examine the significance of holding shares other than non-listed shares. If the holding of shares from a specific company is no longer deemed reasonable, we sell off the shares in question while giving careful consideration to our financial circumstances.

In FY 3/2025, we sold all or part of our shares in eight stocks, and are working to eliminate our cross shareholdings. As of March 31, 2025, we still held shares in nine stocks.

Cross shareholding trends (market value)



*4 The increase in the value of shares held in FY 3/2024 is the result of rising share prices
*5 Figures in parentheses are stocks that are being sold as there is no value in holding them

Information Security

Realizing that protecting our information assets is one of our key corporate responsibilities, we have established various rules and management systems to respond to today's increasingly sophisticated cyberattacks, and are engaged in thorough information security management.

Information security initiatives

In addition to raising employees' awareness on the risks of, for example, information leakage due to cyberattacks, we are making various efforts to improve our information security.

Organizational measures	· The Chief Information Security Officer (CISO) works under the President and CEO to supervise companywide information security measures · The ENERGIA-SIRT (Security Incident Response Team) promotes information security management and responds to security incidents · In the event of an information security incident, the ENERGIA-SIRT works with relevant organizations to respond. · Information Security Supervisors at each business office oversee the promotion of information security management, and lead various measures and conduct education together with the head office President and CEO CISO: Head of Digital Innovation Division CISO Assistant ENERGIA-SIRT Relevant organizations Information Security Supervisor: Heads of business offices, etc.
Personnel measures	· Workplace-specific education for all employees · Level-specific group education for new employees, new management employees, information systems staff · Information security incident response drills that include the management team, etc.
Physical measures	· Thorough entry/exit and locking management of secure areas, etc.
Technological measures	· Network monitoring using intrusion prevention systems, etc. · Acquisition of use records for computers and work systems · Encryption of computer hard disks · Restrictions on transferal of data to USB sticks, etc.

No. of serious information security incidents[*1, 2]
(FY 3/2025)
0

*1 Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution regarding electronic information incidents.
*2 In FY 3/2026, there has been one serious information security incident (announced April 25, 2025).

Personal Information Protection

Chugoku Electric holds a large amount of personal information, including customer information, through its business activities. In line with the Act on the Protection of Personal Information, we have formulated a Personal Information Protection Policy and established rules and promotion systems to ensure appropriate handling and careful protection of personal information. We also ensure our employees are thoroughly educated on matters pertaining to personal information protection.

Promotion system

The head of the Compliance Promotion Division oversees companywide promotion activities as the general supervisor of personal information protection. Moreover, heads of business offices, etc., act as personal information protection supervisors, and cooperate with personal information protection officers and other managers to promote protection of personal information at each business office and worksite.

Personal information protection initiatives

Establishing rules

To ensure thorough, appropriate information management, in April 2003 we formulated a Basic Policy on Information Management. This policy defines the basic matters pertaining to all aspects of information management, including personal information management. In line with the Act on the Protection of Personal Information, in April 2005 we formulated a Personal Information Protection Policy. In January 2016 we revised this policy to conform with the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures. We also have a range of other rules and regulations related to personal information protection in place.

Personal information protection training

Each year, we hold personal information protection training sessions for all company employees twice, in the first and second halves of the year. Through these sessions, we are aiming to increase recognition among employees of the fact that we are looking after customer's valuable personal information.

Management status inspections

To prevent the leakage and loss of personal information, managers twice a year, in the first and second halves of the year, inspect the personal information handling situation at their worksite, in addition to everyday information management.
The Compliance Promotion Division also checks the results of these worksite inspections.

No. of serious personal information leakage/loss incidents[*3, 4]

FY 3/2024	FY 3/2025
1	0

*3 Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution.
*4 In FY 3/2026, there has been one serious information security incident (announced April 25, 2025).

Furthermore, considering serious personal information leakage incidents and similar, we have strengthened the methods by which we investigate the management of personal information, and are earnestly working on measures to physically separate systems currently shared with Chugoku Electric Power Transmission & Distribution.

Financial/Non-financial (ESG) Data

Main Financial Data

■ Consolidated

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Sales (operating revenues)	¥1 million	1,307,498	1,136,646	1,694,602	1,628,785	1,529,218
Operating income	¥1 million	34,283	(60,744)	(68,892)	206,777	129,148
Ordinary income	¥1 million	30,092	(61,879)	(106,780)	194,076	128,543
Net income attributable to owners of parent	¥1 million	14,564	(39,705)	(155,378)	133,501	98,474
Shareholders' equity	¥1 million	657,194	605,777	447,487	604,874	707,535
Total assets	¥1 million	3,385,169	3,566,947	4,040,048	4,133,265	4,360,959
Free cash flows	¥1 million	(62,533)	(206,077)	(287,720)	69,370	(172,817)
Cash flow from operating activities	¥1 million	110,228	310	(62,696)	271,393	186,022
Cash flow from investing activities	¥1 million	(172,762)	(206,387)	(225,024)	(202,022)	(358,839)
Cash flow from financing activities	¥1 million	75,241	212,581	464,958	(17,126)	161,182
Ratio of ordinary income to sales	%	2.3	(5.4)	(6.3)	11.9	8.4
Capital investment	¥1 million	190,617	184,213	208,157	229,234	340,511
Depreciation	¥1 million	83,418	79,621	92,584	106,488	114,837
Number of employees	People	13,050	12,949	12,885	12,776	12,526

■ Non-consolidated

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Sales (operating revenues)	¥1 million	1,147,753	994,992	1,502,494	1,448,151	1,342,283
Operating income	¥1 million	(12,711)	(89,693)	(96,853)	135,822	83,975
Ordinary income	¥1 million	(10,968)	(75,889)	(98,413)	145,625	95,280
Net income	¥1 million	(5,300)	(46,336)	(153,523)	112,069	82,944
Paid-in capital	¥1 million	197,024	197,024	197,024	197,024	197,024
Number of shares issued	Shares	387,154,692	387,154,692	387,154,692	387,154,692	387,154,692
Shareholders' equity	¥1 million	474,178	408,437	243,107	361,844	430,364
Total assets	¥1 million	3,094,988	3,263,400	3,703,393	3,784,085	3,961,765
Ratio of ordinary income to sales	%	(1.0)	(7.6)	(6.5)	10.1	7.1
Capital investment	¥1 million	116,949	110,547	133,550	147,883	249,741
Deprecation	¥1 million	29,263	30,245	40,075	50,605	59,529

Note 1: The number of employees excludes loan employees and those on administrative leave.

Note 2: We applied the "Accounting Standard for Revenue Recognition" and the "Regulation on Accounting at Electric Utilities" which was revised in accordance with this standard from April 1, 2021.

Note 3: Depreciation for Chugoku Electric Power (non-consolidated) does not include non-business expenses.

Financial/Non-financial (ESG) Data

Main Financial Data

■ Consolidated

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Interest-bearing debt	¥1 million	2,291,881	2,527,706	3,022,051	3,004,209	3,181,311
Shareholders' equity ratio	%	19.4	17.0	11.1	14.6	16.2
Return on equity (ROE)	%	2.2	(6.3)	(29.5)	25.4	15.0
Return on invested capital (ROIC) [Capital cost]	%	1.2 [1.1]	(1.2) [0.8]	(1.7) [0.7]	4.4 [1.3]	3.0 [1.4]
Ordinary income to total assets ratio (ROA)	%	0.9	(1.8)	(2.8)	4.7	3.0
Book-value per share (BPS)	Yen	1,824.17	1,681.51	1,242.16	1,679.11	1,967.75
Earnings per share (EPS)	Yen	40.42	(110.21)	(431.30)	370.59	273.70
Price book-value ratio (PBR)	Multiple	0.7	0.5	0.5	0.7	0.4
Price earnings ratio (PER)	Multiple	33.6	—	—	3.1	3.1
EBITDA	¥1 million	117,701	18,877	23,692	313,265	243,985
Debt equity ratio (D/E ratio)	Multiple	3.5	4.2	6.8	5.0	4.5
Payout ratio	%	123.7	—	—	9.4	9.9

Note 1: · Invested capital for ROIC has been calculated based on averages at the beginning and end of the period.
· The profit used for ROIC calculation is business profit (after tax), which is operating profit plus dividend income, etc.

Note 2: · Capital cost is estimated based on CAPM.
· Beta value up until FY 3/2023 is over five years, beta value for FY 3/2024 and after is for one year (FY 3/2024: 0.96; FY 3/2025: 0.81).
· The market risk premium is 6.5%.

■ Non-consolidated

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Interest-bearing debt	¥1 million	2,298,919	2,528,445	3,008,234	3,020,247	3,193,568
Shareholders' equity ratio	%	15.3	12.5	6.6	9.6	10.9
Return on equity (ROE)	%	(1.1)	(10.5)	(47.1)	37.1	20.9
Ordinary income to total assets ratio (ROA)	%	(0.4)	(2.4)	(2.8)	3.9	2.5
Dividends per share	Yen	50	40	0	35	27
Book-value per share (BPS)	Yen	1,315.21	1,132.90	674.33	1,003.72	1,196.00
Earnings per share (EPS)	Yen	(14.70)	(128.52)	(425.84)	310.86	230.36
Price book-value ratio (PBR)	Multiple	1.0	0.7	1.0	1.2	0.7
Price earnings ratio (PER)	Multiple	—	—	—	3.7	3.7
EBITDA	¥1 million	16,552	(59,448)	(56,778)	186,427	143,504
Debt equity ratio (D/E ratio)	Multiple	4.8	6.2	12.4	8.3	7.4
Payout ratio	%	—	—	—	11.3	11.7
Dividend yield	%	3.7	4.7	—	3.0	3.1

Note 1: The price book-value ratio (PBR), price earnings ratio (PER), and dividend yield are calculated using the stock price at the end of the fiscal year.

Note 2: EBITDA is calculated by adding depreciation to operating income.

Financial/Non-financial (ESG) Data

Key Data (Sales, Generated & Received Electricity, and Power Transmission and Distribution)

■ Electricity sales results (Chugoku Electric)

			Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Total electricity sales	Retail sales	Lighting	1 million kWh	16,822	16,444	15,507	15,048	15,529
		Power	1 million kWh	29,568	30,663	29,821	29,557	26,192
	Total		1 million kWh	46,391	47,106	45,328	44,605	41,721
	Sales to other power companies		1 million kWh	7,166	9,323	9,275	8,018	10,024
Total			1 million kWh	53,557	56,429	54,603	52,623	51,745

Note: Electricity sales are for Chugoku Electric.

■ Power generated and received (Chugoku Electric)

			Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Generated and received electricity	Own facilities	Hydroelectric	1 million kWh	3,485	3,515	3,086	3,379	3,592
		Thermal	1 million kWh	28,059	29,775	30,401	28,249	24,947
		Nuclear	1 million kWh	—	—	—	—	1,980
		New energy sources	1 million kWh	8	9	16	49	109
	Power purchased		1 million kWh	27,707	28,849	26,372	26,493	26,486
	Used for pumping		1 million kWh	(1,177)	(1,163)	(1,392)	(1,153)	(1,385)
Total			1 million kWh	58,082	60,985	58,483	57,018	55,729
Water flow rate			%	96.6	96.7	76.1	93.6	101.1
Thermal efficiency (generator output, higher heating avalue standard)			%	41.4	41.3	41.4	41.5	41.9
Utilization rate of nuclear power facilities			%	—	—	—	—	27.6

Note: Power generated and received are for Chugoku Electric.

■ Own power generation facilities (Chugoku Electric)

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Hydroelectric	1 MW	2,905	2,906	2,907	2,910	2,910
Thermal	1 MW	6,915	7,054	7,354	6,623	6,623
Nuclear	1 MW	820	820	820	820	820
New energy sources	1 MW	6	6	6	6	6
Total	1 MW	10,646	10,786	11,087	10,359	10,359

Note: Facility capacities for Chugoku Electric are indicated for the end of the fiscal year.

■ Power transmission and distribution loss rate (Chugoku Electric Power Transmission & Distribution)

	Units	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025
Low voltage	%	8.4	7.4	7.3	8.0	7.7
High voltage	%	4.8	4.5	4.0	4.8	4.4
Extra-high voltage	%	2.7	2.7	2.1	2.7	2.5

Note: Rates for FY 3/2024 and FY 3/2025 are those applied to the respective fiscal years in our agreements on consignment supplies, etc.

Financial/Non-financial (ESG) Data

Non-financial (ESG) Data

■ Environment

Item			FY 3/2023	FY 3/2024	FY 3/2025
Promotion of global warming countermeasures					
Note: Figures are for Chugoku Electric					
CO_2 emission factor*1 (adjusted*2)			0.544kg-CO_2/kWh	0.511kg-CO_2/kWh	0.472kg-CO_2/kWh
CO_2 emissions (adjusted*2)			24.66 million t-CO_2	22.77 million t-CO_2	19.69 million t-CO_2
Note: Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution					
Supply chain greenhouse gas emissions	Scope 1*3		19.61 million t-CO_2	18.05 million t-CO_2	15.83 million t-CO_2
	Scope 2*4	Offices	40 t-CO_2	30 t-CO_2	20 t-CO_2
		Power transmission and distribution loss	–	–	0.63 million t-CO_2
	Scope 3*5	Category 1	1.82 million t-CO_2	1.52 million t-CO_2	1.74 million t-CO_2
		Category 2	0.64 million t-CO_2	0.71 million t-CO_2	1.08 million t-CO_2
		Category 3	8.30 million t-CO_2	9.09 million t-CO_2	6.96 million t-CO_2
		Category 5	0.04 million t-CO_2	0.03 million t-CO_2	0.03 million t-CO_2
		Category 6	0.001 million t-CO_2	0.001 million t-CO_2	0.001 million t-CO_2
		Category 7	0.002 million t-CO_2	0.002 million t-CO_2	0.003 million t-CO_2
		Category 11	2.20 million t-CO_2	1.92 million t-CO_2	2.02 million t-CO_2
SF_6 emissions			1.5 t	1.5 t	1.7 t
SF_6 recovery rate		At checking	99.7%	99.7%	99.3%
		At disposal	99.4%	99.4%	99.4%
Note: Figures are for the whole Chugoku Electric Power Group					
Emissions of specified chlorofluorocarbon, etc.			0.6 t	0.8 t	1.3 t
Promotion of the formation of a recycling-oriented society Note: Figures are for the whole Chugoku Electric Power Group					
Waste*6 generated			983 thousand t	887 thousand t	873 thousand t
Coal ash generated			704 thousand t	612 thousand t	660 thousand t
Waste*6 recycling rate			97.7%	95.4%	95.2%
Coal ash recycling rate			98.9%	95.3%	95.7%
Promotion of local environmental conservation Note: Figures are for Chugoku Electric					
SOx emission intensity			0.09g/kWh	0.12g/kWh	0.10g/kWh
NOx emission intensity			0.20g/kWh	0.18g/kWh	0.14g/kWh

*1 CO_2 emission factor for FY 3/2025 is a provisional value, and the official value will be announced by the government.
*2 Reflects adjustments relating to feed-in-tariffs (FIT) and deductions from CO_2 emissions credits based on the Act on Promotion of Global Warming Countermeasures, etc.
*3 Direct emissions of greenhouse gases by the business operator (consumption of fuel for power generation, use of vehicle fuel, and emissions of CH_4 and other gases which must be reported under the Act on Promotion of Global Warming Countermeasures).
*4 Indirect emissions due to use of electricity supplied from other companies.
For FY 3/2025 onward, emissions from power transmission and distribution loss have been moved from Scope 3 Category 3 to Scope 2.
*5 Indirect emissions other than Scope 2. The applicable scope of each category is as follows:
- Category 1: Emissions from the resource extraction stage to the manufacturing stage for products and services purchased or acquired by the company
- Category 2: Emissions from construction, manufacturing, and transport of capital goods purchased or acquired
- Category 3: Upstream emissions of purchased fuel (resource extraction, production, and transport), and upstream manufacturing process emissions of purchased electricity (resource extraction, production, and transport)
- Category 5: Emissions relating to disposal and treatment outside the company of wastes (excluding valuable wastes) generated due to the company's business activities
- Category 6: Emissions due to fuel/electricity consumption in transportation used by employees for traveling during work
- Category 7: Emissions due to fuel/electricity consumption in transportation used by employees for commuting
- Category 11: Emissions from use of sold products (coal and gas)

*6 Wastes also includes valuables.

For environmental data other than that on this page, please see the Chugoku Electric Power Group Environmental Data.

WEB Chugoku Electric Power Group Environmental Data
https://www.energia.co.jp/energy/energia/kaiji/index.html

Financial/Non-financial (ESG) Data

■ Personnel

Main employee data (Chugoku Electric)

Note: As of the end of fiscal year

	FY 3/2023	FY 3/2024	FY 3/2025
No. of employees	4,564	4,451	4,382
Male	3,532	3,416	3,336
Female	1,032	1,035	1,046
No. of management positions	2,188	2,166	2,141
Male	1,969	1,929	1,885
Female	219	237	256
No. hired	139	158	170
Male	86	93	116
Female	53	65	54
Average age	42.6	42.5	42.2
Male	43.4	43.3	43.0
Female	39.8	39.7	39.8
Average years of service	21.5	21.2	20.8
Male	22.7	22.5	22.0
Female	17.3	17.0	17.0

Main employee data (Chugoku Electric Power Transmission & Distribution)

Note: As of the end of fiscal year

	FY 3/2023	FY 3/2024	FY 3/2025
No. of employees	3,625	3,528	3,490
Male	3,589	3,489	3,445
Female	36	39	45
No. of management positions	1,855	1,790	1,779
Male	1,852	1,787	1,773
Female	3	3	6
No. hired	106	122	121
Male	102	117	114
Female	4	5	7
Average age	43.5	43.0	42.7
Male	43.7	43.1	42.8
Female	29.1	29.1	28.9
Average years of service	23.9	23.3	22.9
Male	24.1	23.4	23.1
Female	7.6	7.8	7.7

Financial/Non-financial (ESG) Data

■ Personnel Continued

Personnel management indicators

			FY 3/2023	FY 3/2024	FY 3/2025
Promotion of active roles for diverse personnel Note: Unless otherwise specified, figures are for Chugoku Electric.					
Further promotion of autonomy and diversity		No. of female general managers*1	1	1	1
		Ratio of female general managers*1	1.9%	1.9%	1.9%
		No. of female section chiefs or higher	17	19	21
		Ratio of female in positions of section chief or higher	3.4%	3.8%	4.2%
		No. of female assistant managers or higher	219	237	256
		Ratio of female assistant managers or higher	10.0%	10.9%	12.0%
		No. of female engineers	55	63	65
	Childcare leave acquisition – Female	Acquisition rate*2	95.0%	121.0%	107.0%
	Childcare leave acquisition – Female	No.	46	51	44
	Childcare leave acquisition – Male	Acquisition rate*2	40.0%	52.0%	70.0%
	Childcare leave acquisition – Male	No.	53	55	67
	Childcare leave acquisition – Male	Average no. of days	74 days	52 days	66 days
		No. of users of nursing care leave	4	2	1
		Wage difference between men and women	69.8%	70.7%	70.9%
	Wage difference between men and women	Regular workers	70.6%	71.4%	71.7%
	Wage difference between men and women	Non-regular workers	48.1%	51.8%	49.7%
		Total hours worked (per person)	1,902.0 hours	1,905.2 hours	1,906.4 hours
		Annual paid leave taken (per person)	17.8 days	17.9 days	17.6 days
		No. of cases of using life support leave	1,333	951	951
		Hiring rate of persons with disabilities*3	2.61%	2.64%	2.81%
	Indicators related to organizational culture*4	Sense that the personnel vision is implemented*5	78.7%	81.9%	82.2%
Improvement of relationships between individuals and organizations	Indicators related to organizational culture*4	Employee engagement	42.9%	45.2%	46.7%
	Indicators related to organizational culture*4	Psychological safety	68.3%	69.4%	71.0%
	Indicators related to organizational culture*4	Sense that working environments are comfortable	82.8%	84.3%	84.6%
Personnel acquisition and growth (quantitative and qualitative)		No. of mid-career hires*6	61	79	112
		Turnover rate*7	0.92%	1.64%	1.13%
		Retention rate after 3 years (for new graduate hires)*6	94.1% (those joining in FY 3/2021)	95.0% (those joining in FY 3/2022)	94.7% (those joining in FY 3/2023)
		Training hours (per person)	16.4 hours	15.9 hours	21.4 hours
		Training expenses (per person)	116,000 yen	119,000 yen	143,000 yen
		No. of persons certified with advanced techniques/skills*8	53	49	58

*1 Includes executive officers in general manager posts.
*2 Note: Calculated based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, and in accordance with Article 71-4-1 of the enforcement regulations for that act. These figures do not include time taken off for the purpose of childcare.
*3 Hiring rate figures include those of our special subsidiary and associated companies that have received special subsidiary recognition.
*4 The column for FY 3/2023 shows the April 2023 survey results, the one for FY 3/2024 shows the April 2024 results, and FY 3/2025 shows the April 2025 results.
*5 We have shared our understanding of the kind of human resources called for in these changing times through our personnel vision.
*6 Excluding hospital medical staff.
*7 Figures include those who left during that fiscal year for personal reasons, those who were enrolled at the start of the fiscal year; excludes hospital medical staff.
*8 Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.

Financial/Non-financial (ESG) Data

■ Personnel Continued

Personnel Management Indicators

			FY 3/2023	FY 3/2024	FY 3/2025
Respect for human rights Note: Figures for Chugoku Electric					
No. of participants in workplace human rights training			3,872	3,846	3,859
Uptake rate for workplace human rights training			99.8%	100%	100%
Total no. of participants in human rights training sessions			4,783	4,771	4,726
Promotion of safety and health Note: Figures for Chugoku Electric					
Accident frequency rate*1,2			0.00	1.00	0.29
Fatalities/loss of work days		Employees*2,3	0 cases	7 cases	2 cases
		Contractors	4 cases	9 cases	9 cases
	Occupational fatalities	Employees*3	0 cases	0 cases	0 cases
		Contractors	0 cases	1 case	0 cases
	Electrocution/fall cases	Employees*3	0 cases	0 cases	0 cases
		Contractors	0 cases	2 cases	1 case
Traffic accidents (injuries) during commuting			4 cases	1 case	1 case
Rate of absenteeism*2			0.95%	1.14%	1.09%
Rate of presenteeism*4			1.57%	1.28%	1.28%
Proportion requiring additional checks			87.0%	86.1%	86.2%
Complete examination uptake ratio			61.8%	62.8%	64.0%
Proportion requiring medical treatment			52.4%	43.3%	43.1%
Stress check uptake rate			89.3%	93.5%	91.1%
Proportion of individuals experiencing high levels of stress			6.6%	6.8%	6.9%
Overall health risk*5			73.5	74.2	73.9
Labor union membership			82.8%	82.6%	82.5%

■ Stakeholder Engagement

		FY 3/2023	FY 3/2024	FY 3/2025
Regional contributions Note: Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.				
Social contribution activities	No. of activities	1,492	1,710	1,365
	Total no. of employees participating	6,957	7,137	7,005
Support for technical research in the region*6		26 cases (¥21.93 million)	31 cases (¥23.80 million)	27 cases (¥25.30 million)
Support to promote culture and sports in the region*7		208 cases (¥30.95 million)	221 cases (¥27.92 million)	226 cases (¥28.60 million)
Customer feedback reflected in business operations		-	27 cases	38 cases

*1 Excludes accidents with no loss of work days.
*2 Excluding occupational accidents resulting from COVID-19 infections.
*3 Accidents in the course of work.
*4 Rate of employees requiring instruction to go home because their ability to work is limited due to ill health.
*5 Risk indicator for health issues, based on the concept of workplaces in a country where the average life expectancy could be 100 (scores less than 100 are considered positive).
*6 Subsidies from the Electric Technology Research Foundation of Chugoku.
*7 Subsidies from the Energia Culture and Sports Foundation.

Financial/Non-financial (ESG) Data

■ Governance

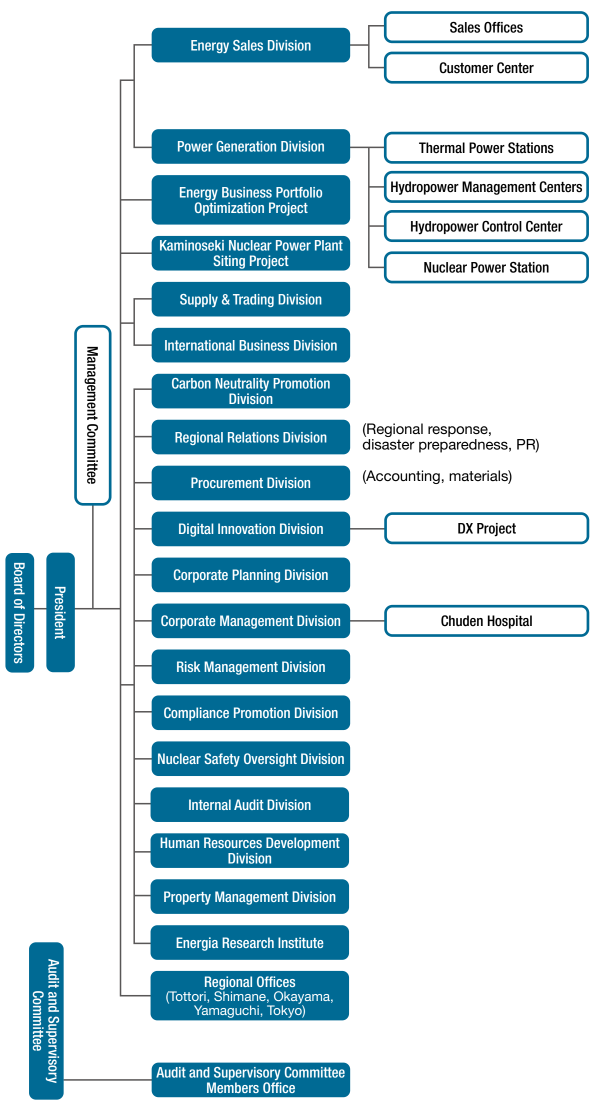
	FY 3/2023	FY 3/2024	FY 3/2025
Corporate governance Note: Figures are for Chugoku Electric.			
No. of directors	12*1	13*2	13*3
Female directors	2*1	3*2	4*3
External directors	5*1	5*2	6*3
Independent directors	5*1	5*2	6*3
No. of meetings of the Board of Directors	16	15	15
Attendance rate of all directors	100%	100%	99%
Attendance rate of external directors	100%	100%	99%
Total compensation for directors (except Audit and Supervisory Committee directors and external directors)	¥262 million (paid to 8 directors)*4	¥277 million (paid to 8 directors)*5	¥427 million (paid to 7 directors)*6
Total compensation for Audit and Supervisory Committee directors (except external directors)	¥33 million (paid to 1 director)	¥33 million (paid to 1 director)	¥36 million (paid to 2 directors)*7
Total compensation for external directors	¥45 million (paid to 5 directors)*4	¥55 million (paid to 5 directors)	¥60 million (paid to 6 directors)*7
Compliance Note: "Number of reports to the Whistleblowing Hotline" is for Chugoku Electric, while the "No. of serious compliance violations" is for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.			
No. of reports to the Whistleblowing Hotline	48 cases	44 cases	32 cases
No. of serious compliance violations*8	5 cases	2 cases	2 cases
Information security Note: Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.			
No. of serious information security incidents*8*9	0 cases	0 cases	0 cases
No. of serious personal information leakage incidents*8	4 cases	1 case	0 cases

*1 As of the end of June 2023.
*2 As of the end of June 2024.
*3 As of the end of June 2025.
*4 Includes directors who retired as of the close of the 98th annual General Meeting of Shareholders held on June 28, 2022.
*5 Includes directors who retired as of the close of the 99th annual General Meeting of Shareholders held on June 28, 2023.
*6 Due to the introduction of a performance-linked, stock-based remuneration system, this includes expenses for points awarded to directors in FY 3/2025.
*7 Includes directors who retired as of the close of the 100th annual General Meeting of Shareholders held on June 26, 2024.
*8 Cases where a press release was issued.
*9 Refers to no. of incidents involving electronic information.

Corporate Data (as of April 1, 2025)

Corporate name	The Chugoku Electric Power Company, Incorporated
Head office	4-33 Komachi, Naka-ku, Hiroshima-shi, Hiroshima 730-8701 Japan
Representatives	Ashitani Shigeru, Representative Director, Chairperson of the Board Nakagawa Kengo, Representative Director, President & Chief Executive Officer
Date of establishment	May 1, 1951
Paid-in capital	¥197,024 million

Organization Chart (as of June 26, 2025)



Group Companies (as of March 31, 2025)

(consolidated subsidiaries and affiliated companies accounted for by the equity method)

◎ Consolidated subsidiaries (20 companies)
■ Unconsolidated subsidiaries accounted for by the equity method (5 companies)
○ Affiliated companies accounted for by the equity method (13 companies)

Comprehensive Energy Business

◎ Energia Solution & Service Company, Incorporated
◎ Chugoku Electric Power Australia Resources Pty.Ltd.
◎ Chugoku Electric Power International Netherlands B.V.
◎ ENERGIA POWER YAMAGUCHI CORPORATION
◎ Chugoku Electric Power America, LLC
◎ Chugoku Electric Power Singapore Pte. Ltd.
■ Sevens Pacific Pte. Ltd.
○ Setouchi Joint Thermal Power Co., LTD.
○ MIZUSHIMA LNG COMPANY, LIMITED
○ KAITA BIOMASS POWER CO., LTD.
○ 3B Power Sdn.Bhd.
○ Dakpsi Investment and Develop Hydroelectric Joint Stock Company
○ Energy Fiji Limited ○ Jimah East Power Sdn.Bhd.
○ Vung Ang II Thermal Power LLC
○ Toyo Thai Power Myanmar Co., Ltd.

Power Transmission and Distribution Business

◎ Chugoku Electric Power Transmission & Distribution Company, Incorporated
◎ Denryoku Support Chugoku Co., Inc.

Information and Telecommunications Business

◎ Enecom, Inc.

Other

◎ CHUDEN KOGYO CO., LTD. ◎ CHUDEN PLANT CO., LTD.
◎ CHUGOKU INSTRUMENTS CO., INC.
◎ Energia L&B Partners Co., Inc.
◎ CHUDEN KANKYO TECHNOS CO., LTD.
◎ EnerGia Business Service Co., Inc.
◎ Power Engineering and Training Services, Incorporated
◎ ADPLEX Co., Ltd. ◎ CHUDEN ENGINEERING CONSULTANTS CO., LTD.
◎ The Energia Logistics Co., Inc.
◎ CHUGOKU KOATSU CONCRETE INDUSTRIES CO., LTD.
■ EnerGia Smile CO., INC.
■ NichiDenKogyo Co., Ltd. ■ CHUGOKU BEND CO., LTD.
■ Chugoku Record Management Inc.
○ CHUGOKU HEALTH AND WELFARE CLUB CO., INC.
○ Osaki CoolGen Corporation ○ CHUDENKO CORPORATION
○ The Chugoku Electric Manufacturing Company, Incorporated

Stock Information (as of March 31, 2025)

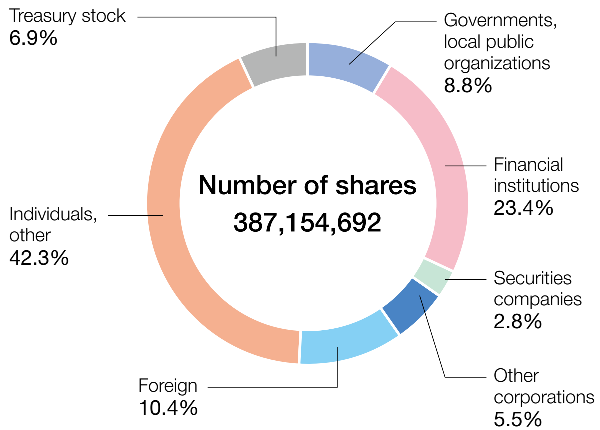
Number of shares issued	387,154,692 shares
Number of shareholders	126,867
Accounting auditor	KPMG AZSA LLC
Listed financial instruments exchange	Tokyo Stock Exchange, Inc. (Prime Market)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

■ Major shareholders (top 10)

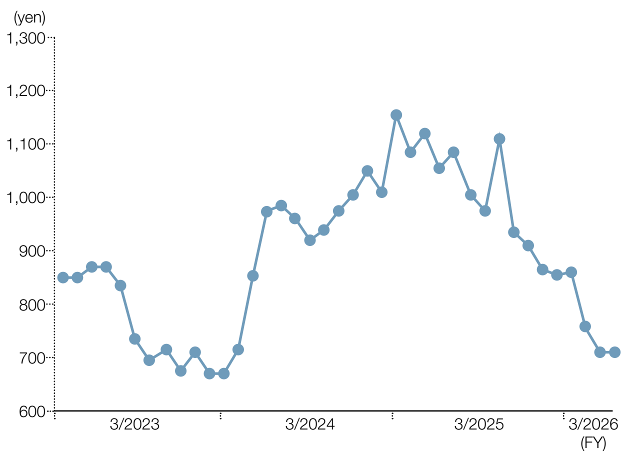
Name	Number of shares held (thousands)	Shareholding (%)*1
The Master Trust Bank of Japan, Ltd. (trust account)	46,306	12.8
Yamaguchi Prefecture	34,005	9.4
Custody Bank of Japan, Ltd. (trust account)	16,173	4.5
Nippon Life Insurance Company	10,373	2.9
Chugoku Electric Power Employee Shareholding Association*2	7,024	1.9
The Hiroshima Bank, Ltd.	5,842	1.6
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	5,434	1.5
STATE STREET BANK WEST CLIENT - TREATY 505234	3,605	1.0
Ota Yoshiaki	3,262	0.9
STATE STREET BANK AND TRUST COMPANY 505001	2,931	0.8

*1 Shareholding is calculated after deducting 26,661,131 shares of treasury stock from the total number of shares issued.
*2 The employee shareholding association of Chugoku Electric Power Company and Chugoku Electric Power Transmission & Distribution Company
Purpose and aims of the shareholding association: To help employees with asset formation
Scope: Employees of Chugoku Electric and Chugoku Electric Power Transmission Power Transmission & Distribution (with some exceptions)
Percentage of employees who are members: Approx. 76.7% as of March 31, 2025
Initiatives to raise the percentage of employees who are members: Monetary incentive system and regular membership awareness-raising activities

■ Composition of shareholders



■ Stock price



The Chugoku Electric Power Co., Inc.

4-33 Komachi, Naka-ku, Hiroshima 730-8701 Japan TEL: +81-82-241-0211

https://www.energia.co.jp

[Chugoku Electric Power Group]

Official Facebook
https://www.facebook.com/energia.jp

Official Instagram
https://www.instagram.com/energia.jp/

Official X (formerly Twitter)
https://x.com/energiajp

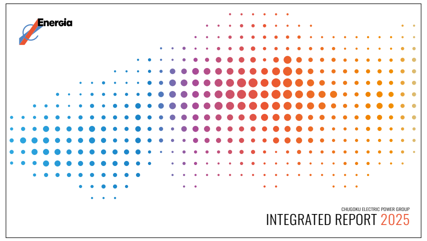
[Chugoku Electric Power]

Official YouTube
https://www.youtube.com/channel/UCpmAX0M1qKSglw9k_zyXSfw

[Chugoku Electric Power Transmission & Distribution]

Official X (formerly Twitter)
https://x.com/Chugoku_nw

Official YouTube
https://www.youtube.com/channel/UCKHOgWNF3x95tEVp8wlPWCw



[About the cover art]

In the front cover of this report, each grain represents the energy emitted by the employees of the Chugoku Electric Power Group and those living in our community.
By fusing our energies and working together, we will create a vibrant Chugoku region.
We envision a future in which this power will transform society as a whole, revitalizing communities and achieving sustainable development.