



The Chugoku Electric Power Co., Inc.

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<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 Twitter <https://twitter.com/energiaJP>

[Chugoku Electric Power]

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

[Chugoku Electric Power Transmission & Distribution]

Official Twitter https://twitter.com/Chugoku_nw

Official YouTube <https://www.youtube.com/channel/UCKHOgWNF3x95tEVp8wIPWCw>



Chugoku Electric Power Group Integrated Report

2022



ENERGIA

With You, and With the Earth

“Energia” stands for a “new, bright, warm and dynamic society,”

and signifies the Chugoku Electric Group's attitude toward achieving such a society.

Management Philosophy

Trust. Creation. Growth.

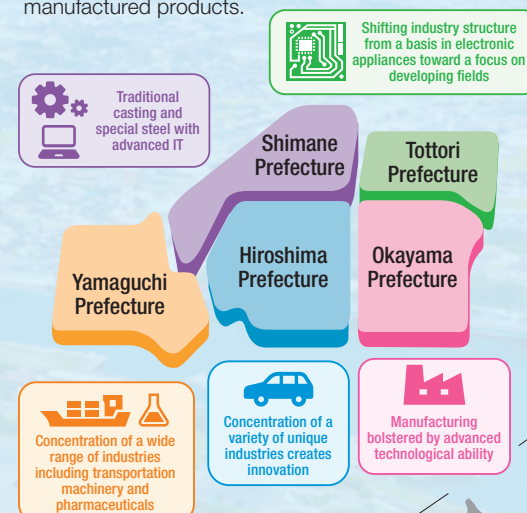
We take delight in earning the trust of our customers.

We create an abundant future through energy.

We will grow together with the community.

Overview of the Chugoku Region

The Chugoku region is a manufacturing hub that boasts a high nationwide share of the total shipment value of manufactured products.

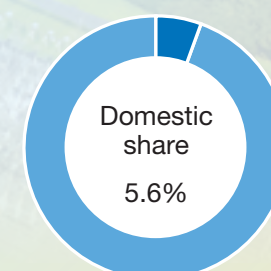


Major economic indicators in proportion to the entire country



Source: Created based on the Chugoku Regional Innovation Research Center's Chugoku Regional Economic Review 2022

Share of electricity sales (FY2022)



Source: Survey of Electric Power Statistics (Agency for Natural Resources and Energy)

Aerial view of the Tamashima Power Station (Okayama Prefecture)

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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. 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, 2021–March 31, 2022
(Information from outside the above period is also included)

Reporting Scope

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

Published

October 2022

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)
MOE: Environmental Reporting Guidelines (2018)

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. FY2022 is used to denote the year ended March 31, 2022.

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

Publication of the Chugoku Electric Power Group Integrated Report 2022

Allow us to begin by extending our heartfelt gratitude for your continued support of our business activities. While the social and economic impacts of the COVID-19 pandemic continue over the long term, we are also seeing greater momentum in global decarbonization efforts, skyrocketing fuel and electricity market prices, negative impacts on fuel procurement due to unstable international affairs, and even tighter national supply-demand conditions. In these and other ways, the environment surrounding our electricity business and the Group as a whole is undergoing huge change. Meanwhile, we are now approaching the third year in our efforts toward ENERGIACHANGE 2030, our Group Corporate Vision for FY2031. While flexibly responding to these environmental changes, in addition to reinforcing and advancing our existing businesses, we are working to boost profit in growth areas, and create environments conducive to success for our personnel, who are essential to our business activities. In doing so, we will strive to achieve our Group Corporate Vision. Further, to drive forward initiatives aimed at Carbon Neutral 2050, in April 2022 we formulated our Transition Plan for Thermal Power Generation, setting out our plans to proceed with preparations for hydrogen/ammonia power generation by 2030. In this year's integrated report, we look in detail at our work to achieve our Group Corporate Vision and Carbon Neutral 2050, while also including messages from management of each division regarding human resources and intellectual property, which form the foundation for our sustainable growth. Looking ahead, on top of communicating our efforts to improve corporate value in an easy-to-understand manner through this integrated report, we will utilize it as a means to communicate with our shareholders, investors, and other stakeholders, and move forward with various initiatives.



Mareshige Shimizu
Representative Director,
Chairperson of the Board

Natsuhiko Takimoto
Representative Director,
President & Chief Executive Officer

History of the Chugoku Electric Power Group

Since its establishment in 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, it has continued to grow alongside the Chugoku region.

Establishment of Chugoku Electric

Until 1960s

Period of rapid economic growth
Building up facilities in line with demand

Switched main generation method from hydro power to thermal power, and enhanced electricity network facilities through the construction of power lines and substations and other methods.

1961
Commenced operations at Mizushima Power Station Unit 1

1969
Commenced full-scale operations at the Shin-Nariwagawa Power Station, the company's first pumped-storage hydroelectric power station

Shimane Nuclear Power Station Unit 1

Mizushima Power Station (thermal)

Shin-Nariwagawa Power Station (hydro)

1970s

Oil crisis, shift to oil alternatives, response to pollution problems, and energy-saving policies

1974
Commenced operations at Shimane Unit 1, the first Japan-made nuclear power station

Implemented environmental countermeasures to respond to pollution problems, such as measures to remove sulfur oxide, nitrogen oxide, and other atmospheric pollutants

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)

Denitrification equipment at Kudamatsu Unit 2

Yanai Power Station (thermal)

1980s

Oil crisis, shift to oil alternatives, response to pollution problems, and energy-saving policies

1980
Commenced commercial operations of 500 kv substation and power line

500 kv 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

Economic globalization, energy liberalization, and response to global warming problems

1991
Created new Corporate Philosophy and logo to celebrate 40th founding anniversary (CI declaration)

1991
Typhoon Mireille caused 1.55 million power outages. Since then, the company has continued to engage in efforts to minimize damage, such as through the creation of disaster-resistant facilities, the establishment of a disaster preparedness system, and disaster drills, etc.

1993
Formulated the Chugoku Electric Environmental Action Plan

1998
Commenced operations at Misumi Power Station Unit 1

2000
Partial liberalization of retail electric power sales began

Collapsed utility poles and recovery work following Typhoon Mireille

Misumi Power Station (thermal)

Energia

2001
Commenced commercial operations of Route 2, a 500 kv power line

2003
Formulated the Chugoku Electric Corporate Ethics Principles

2006
Formulated the Energia Group CSR Charter of Conduct

2007
Announced Compliance Management Promotion Declaration
Introduced the executive officer system

2000
Partial liberalization of retail electric power sales began

Carbon Neutral 2050

2000s

Economic globalization, energy liberalization, and response to global warming problems

2001
Commenced commercial operations of Route 2, a 500 kv power line

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Announced Compliance Management Promotion Declaration
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2010s and beyond

Great East Japan Earthquake Full liberalization of retail electric power sales and decarbonization

2011
Commenced operations at the Fukuyama Photovoltaic Power Station, the company's first mega solar power plant

2016
Full liberalization of retail electric power sales began
Developed new electricity rate plan and members-only website

2016
Transitioned to a company with an audit and supervisory committee
Formulated new Corporate Philosophy

2020
Launched Chugoku Electric Power Transmission & Distribution Co., Inc. following business succession due to corporate split

2020
Established new Chugoku Electric Power Group Corporate Vision
Revised the Energia Group Corporate Charter of Conduct
Revised the Chugoku Electric Corporate Ethics Principles

2021
Announced Chugoku Electric Power Group Carbon Neutral 2050

Fukuyama Photovoltaic Power Station

Working with our stakeholders into the future

03

04

Supply Chain Overview

Fuel procurement

As consumption of thermal power fuels greatly fluctuates due to the suspension of nuclear power plants and increasing use of renewable energy, we undertake flexible procurement based on supply/demand and price trends, and thereby secure fuel supplies in an economical, stable manner.

FY2022 fuel procurement

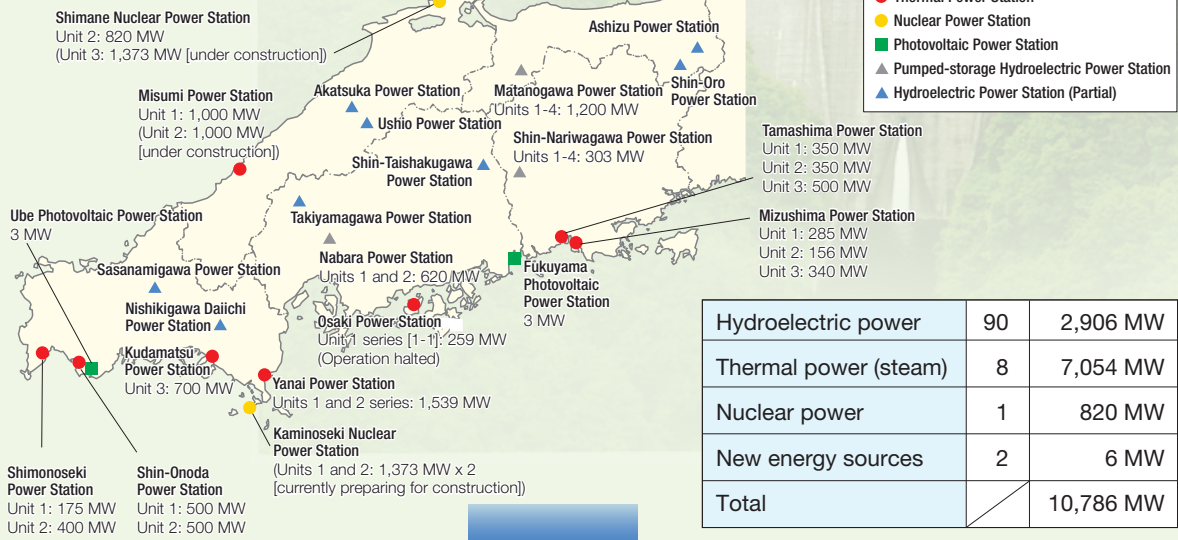
Fuels procured		Main sources	
Heavy oil	380 thousand kl	Coal	
Coal*	5.57 million t	Australia, Indonesia, etc.	
LNG*	2.12 million t	LNG	
		Australia, Malaysia, etc.	

*Includes sold amount

Power generation

To ensure a stable, inexpensive supply of electricity into the future, it will be necessary to balance a range of energy sources. We are therefore 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.

Chugoku Electric power generation facilities (As of March 31, 2022)

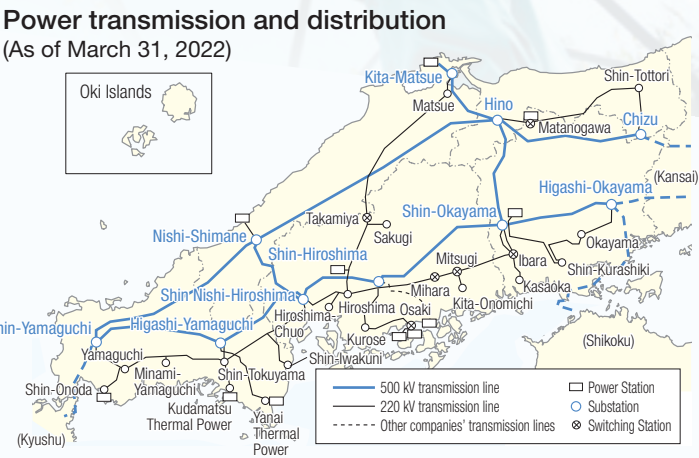


Transmission and distribution

To ensure the electricity generated at our power stations is provided to our customers in a stable manner, Chugoku Electric Power Transmission & Distribution maintains and operates transmission, transformation, and distribution facilities while working to update our power network for the next generation.

Transmission, transformation, and distribution facilities (As of March 31, 2022)

Transmission	Transmission line length	Overhead	8,120 km
		Underground	680 km
Transformation	No. of substations	548	
	Capacity	61.981 million kVA	
Distribution	Distribution line length	Overhead	81,230 km
		Underground	3,221 km

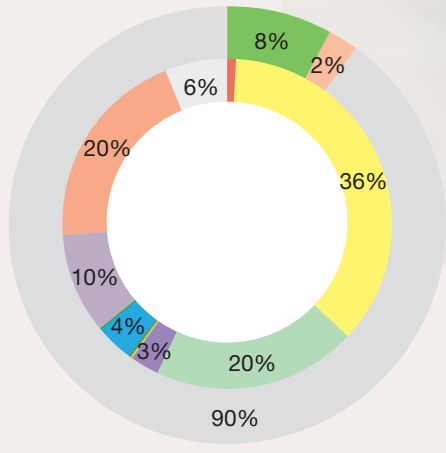


Sales

Ensuring that we continue to be chosen by customers, particularly in the Chugoku region, which is the foundation of our business, we work 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.

Composition of power sources and use of Non-Fossil Fuel Energy Certificates (FY2022)

(Inner circle: composition of power sources; outer circle: Non-Fossil Fuel Energy Certificates)



We offer some of our customers electricity plans that use only renewable energy sources. Electricity plans with non-specified power source compositions, as well as use of Non-Fossil Fuel Energy Certificates, are as above.

¹ Part of our electricity procurement costs are funded by a levy on all electricity users, including those who are not our customers. Of this electricity, that which does not make use of Non-Fossil Fuel Energy Certificate does not have value as renewable energy or as zero-CO₂ emissions power, and CO₂ emissions from FIT electricity is regarded as the national average of CO₂ emissions from electricity, including that generated through sources such as thermal power.
² Japan Electric Power Exchange includes hydroelectric power, thermal power, nuclear power, FIT electricity, power from renewable energy, etc.
³ Other includes electricity procured from power stations that cannot be specified.
Note 1 Hydroelectric power (30 MW or more), solar power, wind power, and biomass power are all less than 1%.
Note 2 As figures have been rounded up, composition figures may not add up to 100%.
Note 3 Calculated and published based on the Ministry of Economy, Trade and Industry's "Guidelines Concerning the Management of the Electricity Retail Business" (Established January 2016; Final revision April 1, 2022).

Value Creation Process

Chugoku Electric Power Group Corporate Vision

ENERGIACHANGE 2030

ENERGIACHANGE 2030

Corporate change for actualizing the “ENERGIA”
Go beyond, Connect to, and Expand

Mission

- Seek to realize the potential of energy
- Work toward expanding business fields
- Inspire employees through our culture

Business Activities

Comprehensive energy business (→P23)
Power transmission and distribution business (→P34)
Information and telecommunications business (→P37)
Taking on the challenge of new business (→P39)
Initiatives aimed at reinforcing our competitive strengths (→P40)

Fulfillment of Basic Responsibilities

Environment (→P52)
Social (→P67)
Governance (→P82)

Carbon Neutral 2050

—Shifting gears as we aim to achieve a decarbonized society (→P16)

- We proceed with the decarbonization of energy.
- We contribute to the development of local community through striving to be carbon neutral.
- We promote technological development for carbon neutral.

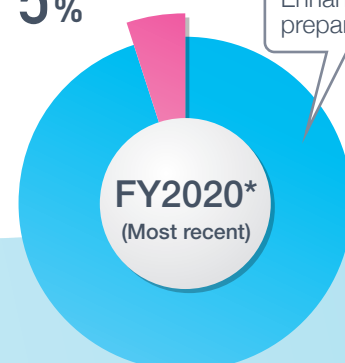
Changes to the Business Environment

- Greater competition after the full liberalization of retail electric power sales
- Segmentation of electric power value resulting from energy policies (creation of new markets)
- Decrease in demand due to factors such as shrinking population and proliferation of energy saving
- Increasing social demands, such as the SDGs
- Decarbonization trends
- Advancement of digital transformations

Policies of the initiative

- Strengthen and improve our existing businesses, with a focus on our energy business
- Take on the challenge of new business for further growth
- The further enhancement of work environments for diverse human resources

● New business field
5%

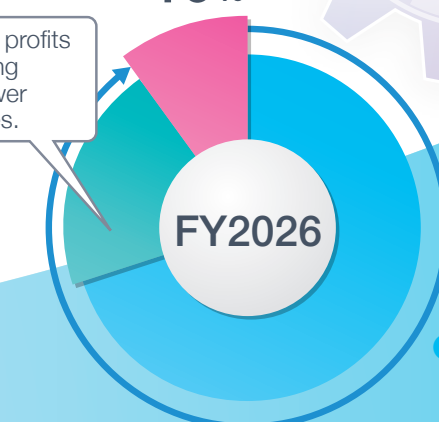


○ Consolidated ordinary income: JPY 39.8 billion

*The year we formulated our Group Corporate Vision

Increase profits by utilizing new power resources.

● New business field
10%



○ Consolidated ordinary income: JPY 50 billion or more
○ Consolidated equity ratio: 20%

● New business field
25%

Increase profits by expanding business fields.

FY2031

● Current business field
75%

Goals

- Consolidated ordinary income: JPY 60 billion or more
- Consolidated equity ratio: 25%
*ROE (Return on Equity) will be approx. 5% when the profit in FY2031 is achieved.
- The new introduction amount of the renewable energy by FY2031: 300 MW-700 MW
- The further enhancement of work environments for diverse human resources

Energia Group Corporate Charter of Conduct (→P45)

10 Principles of Conduct

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

Our Contribution to the Achievement of the SDGs (→P46)

We selected four key issues for the Group to tackle in the years leading to 2030, taking reference from the UN's 17 Sustainable Development Goals. These issues will be incorporated into our vision, which we will work toward as a matter of great importance.

Key Issues

Ensure a stable supply of energy



Mitigate climate change



Cooperate and co-create with local communities

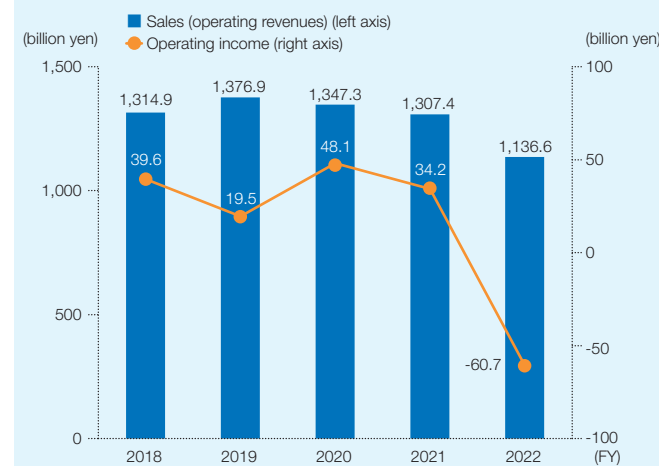


Promote active participation of workers

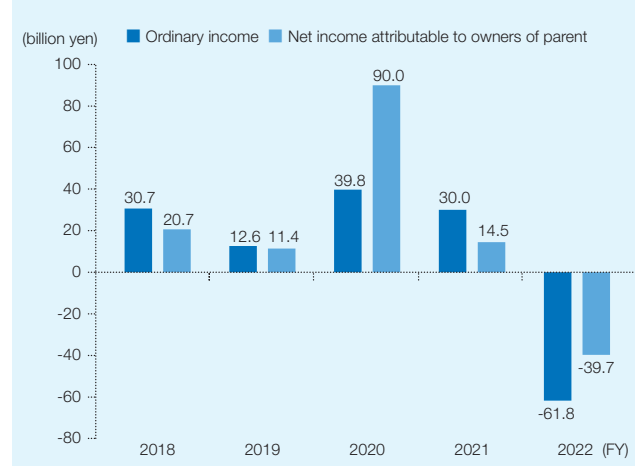


Financial/Non-financial Highlights

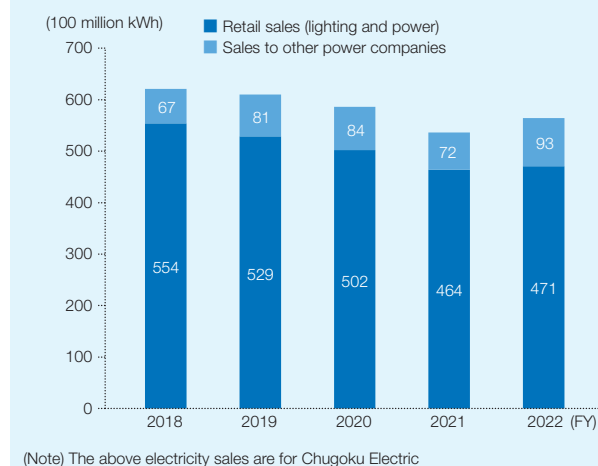
Sales (operating revenues)/Operating income



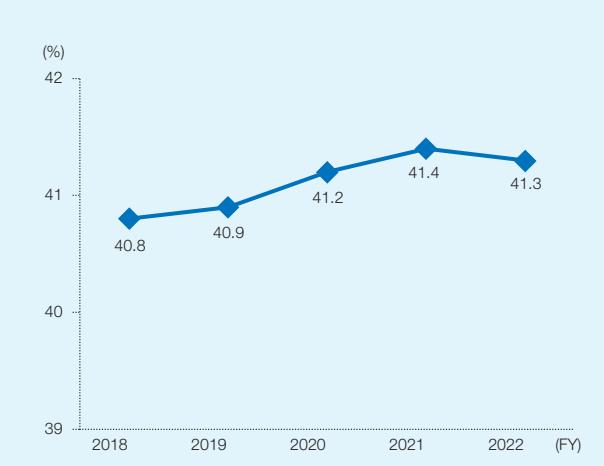
Ordinary income/Net income attributable to owners of parent



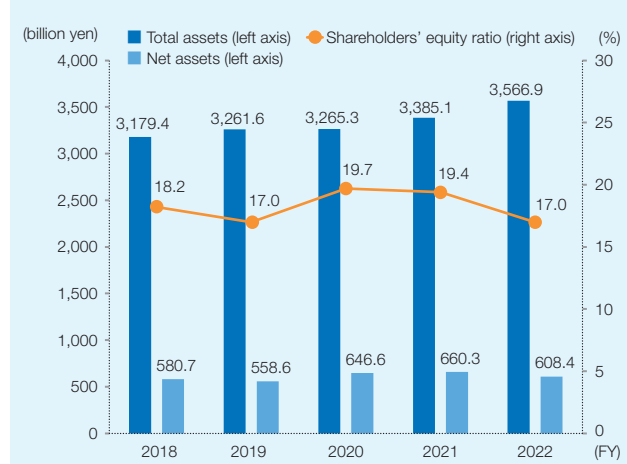
Electricity sales



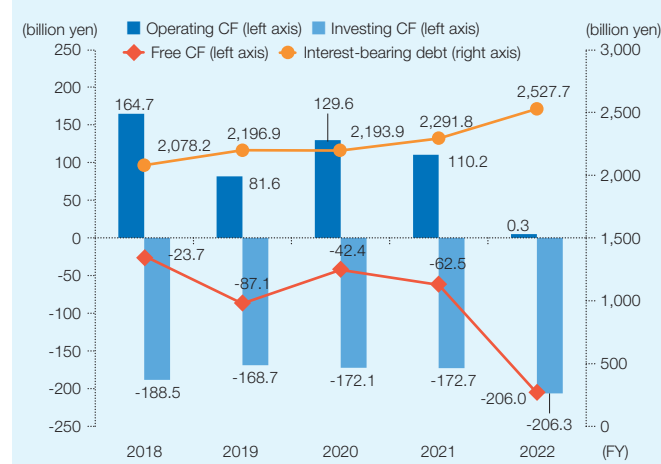
Thermal efficiency of thermal power stations (HHV)



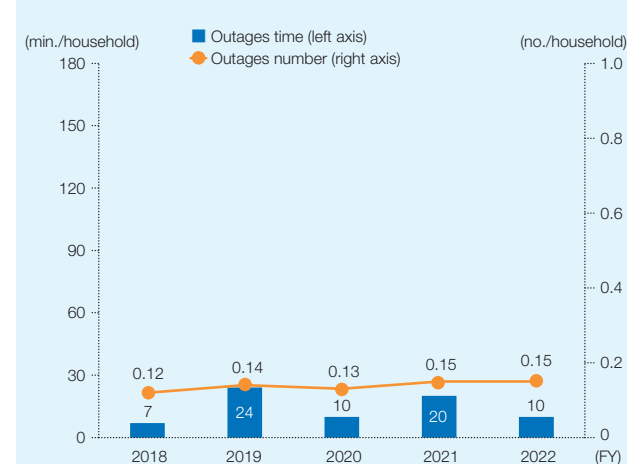
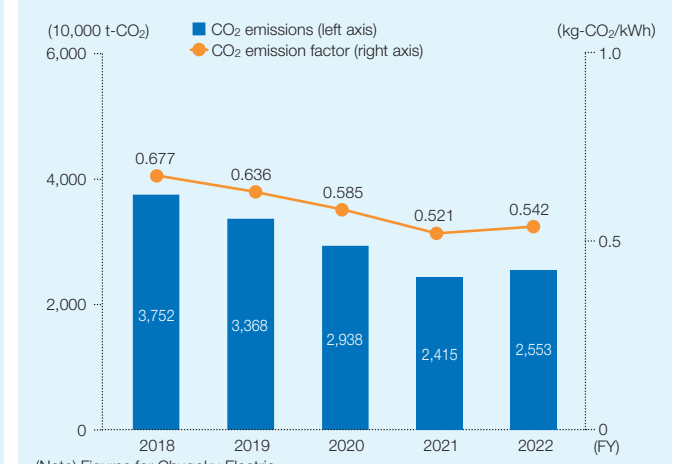
Total assets/Net assets/Shareholders' equity ratio



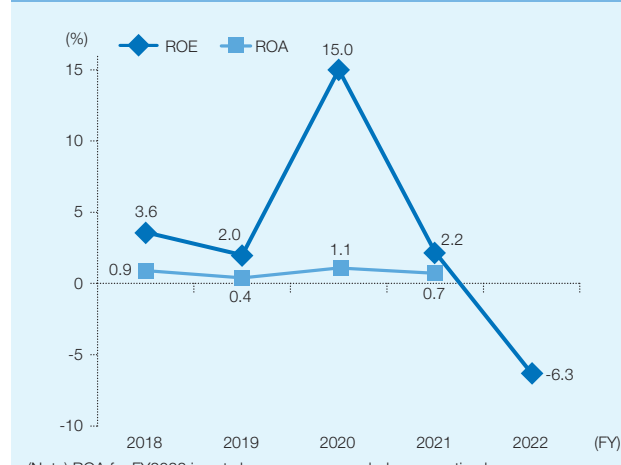
Cash flow (operating CF/investing CF/free CF)/Interest-bearing debt



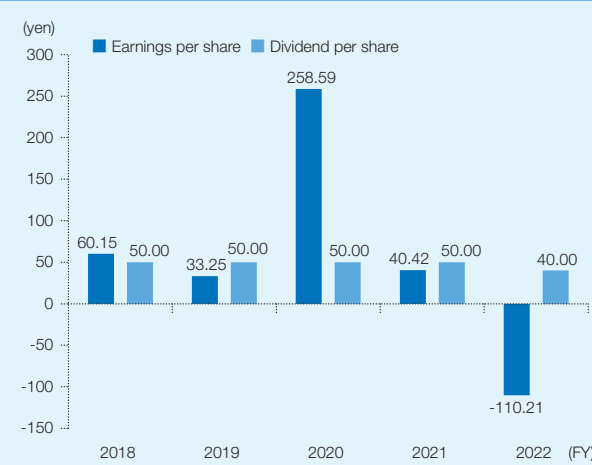
Annual number and time of outages per customer household

CO₂ emissions/CO₂ emission factor

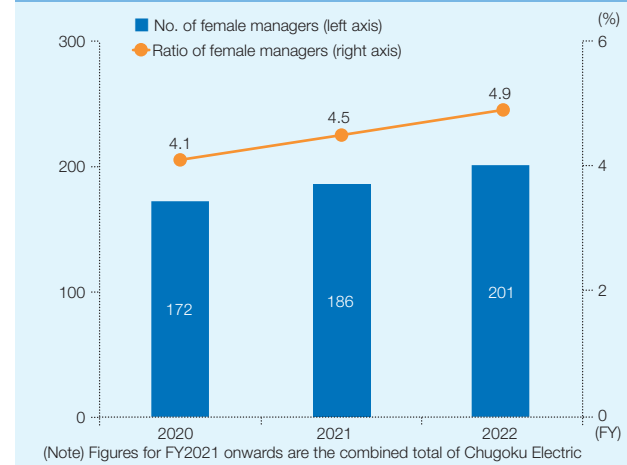
ROE/ROA



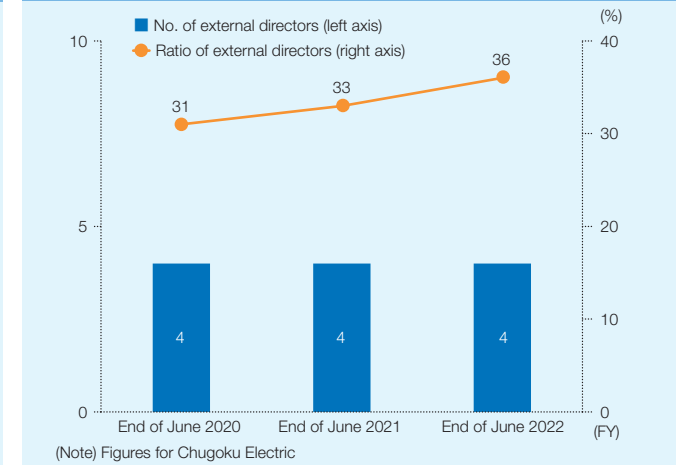
Earnings per share/Dividend per share



Number and ratio of female managers



Number and ratio of external directors



President Interview



Leading the Group’s Efforts to Overcome Current Difficulties

N. Takimoto

Natsuhiko Takimoto
Representative Director
President & Chief Executive Officer

Becoming President

I assumed the role of representative director, president & chief executive officer in June of this year, taking on the baton from our current chairman Mareshige Shimizu, who had held it for approximately six years.

The current circumstances surrounding the company are incredibly similar to those when I first joined the company nearly 40 years ago. Toward the end of the second oil crisis, our company too was devising strategies to move away from the use of oil, promoting the expanded use of coal, as well as conversion to nuclear and other sources of power. Further, as competition intensified in various industries, it became required for power companies to win customers and have their power purchased, and we also faced various other issues at that time.

In the same way, today our company is faced with many issues that must be overcome, and I shall not turn the other way. I take my motto from the ancient Chinese *Book of Changes*, which says that

everything happens in accordance with the invisible power of heaven. As such, in my work to date, with a firm belief that while difficult situations will always be overcome, I have never turned away from them.

Taking the helm amid a challenging management environment is a huge responsibility. As such, in addition to using the expertise and experience we have accumulated in our businesses to date, as well as the trust we have earned from society, I will bring together the comprehensive strengths of our workforce to overcome each obstacle with new concepts and ideas. I will face these issues while standing at the forefront of Team Energia, and do everything in my power to tackle them for the sake of our stakeholders.

Q. How do you see the Group’s current business environment?

The electricity business environment, that is a pillar of our Group, is incredibly uncertain. Sparked by Russia’s invasion of Ukraine, fuel prices around the world have skyrocketed, while there are also concerns regarding the supply-demand situation in Japan. On the other hand, despite these conditions, global movements toward decarbonization are gaining pace, and there are increasing requirements for companies to engage in highly effective measures to ensure carbon neutrality by 2050.

Our Group Corporate Vision ENERGIACHANGE 2030 began in FY2021, just as the COVID-19 pandemic was sweeping across the world, and we have now entered the third year of our roadmap amid this uncertain global situation. In FY2022, our second year of activity, we recorded our highest ever deficit, and we anticipate even greater losses in FY2023. And, taking into account our severe earnings forecasts and other issues, we have determined not to distribute interim or year-end dividends.

At Chugoku Electric, despite not raising regulated prices even in the wake of the Great East Japan Earthquake, the long-term suspension of operations at the Shimane Nuclear Power Station, and intensifying competition resulting from the full liberalization of electricity retail, we have engaged in thorough efforts to streamline operations and as a result have been able to maintain price levels. Moreover, amid the recent significant rise in fuel and electricity market prices, in addition to working to minimize risks from market price fluctuations, together as a Group we have poured our utmost efforts into examining further optimization as we seek to recover our performance. However, these unprecedented price increases have caused procurement costs to rise and fuel cost adjustments of regulated prices to exceed price caps. This has had a major impact on our income, expenditure, and overall finances, and unfortunately, it has greatly exceeded the limits of what can be handled through corporate efforts.

Q. With concerns that soaring prices will negatively impact both corporations and homes, you have announced that you will examine an increase in electricity prices. What was the background behind this decision?

Given the current circumstances, there are certain factors that may even disrupt our stable supply of electricity, and I am deeply aware of the gravity of this situation. As such, in September of this year, we began considering a rise in prices across all of our rate plans,

including regulated prices. We understand that these revisions will have an extreme effect on our customers, and are proceeding with careful consideration.

Q. In addition to reviewing your electricity prices, what other initiatives are you promoting to improve the situation surrounding income, expenditure, and finances?

In the electricity business, we are working to create an even more robust revenue base.

As we have said in the past, the most important thing in creating a robust revenue base is the stable operation of large-scale power sources. Further, I also believe that the operation of large-scale power sources can greatly improve the conditions around power shortages in Japan, where stable power supplies are increasingly becoming a concern.

In November of this year, we are scheduled to start commercial operations at Misumi Unit 2, our advanced, highly efficient thermal power plant. The replacement of our aging thermal power facilities and an increase in mixed-fuel combustion using biomass will not only help to boost our competitive advantage, but will also help us further curb our CO₂ emissions. In these and other ways, we will strive to ensure stable operations for both in-house and nationwide supply.

Elsewhere, as power sources that are not affected by fluctuations in fossil fuel prices, Shimane Units 2 and 3 will play a key role in the radical recovery and stabilization of our management foundation. They will also be essential to our carbon neutrality efforts, and so we will continue to pour every effort into their operation.

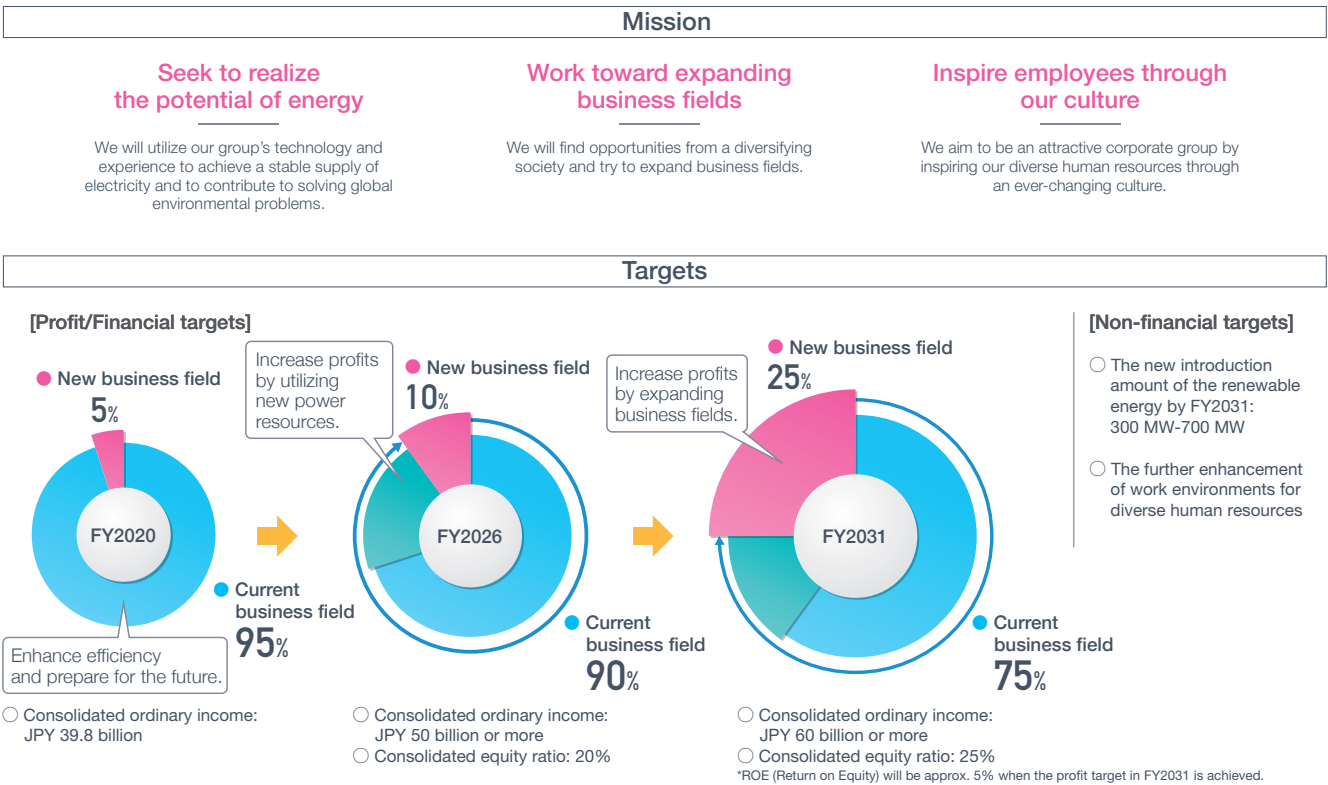
We also believe it is necessary to strongly encourage innovation in operations and the creation of value through the use of digital technologies and data. The DX Project—which we set up inside the Digital Innovation Division in June—will lead the way and accelerate the necessary initiatives.

ENERGIACHANGE 2030

ENERGIACHANGE 2030

Corporate change for actualizing the “ENERGIA”

Go beyond, Connect to, and Expand



Q. What is the current situation surrounding Shimane Units 2 and 3?

Regarding Shimane Unit 2, in September last year we received permission from the Nuclear Regulation Authority to change our reactor installation license, while our applications for approval of construction plans are currently undergoing a review. In June of this year we received prior consent from Shimane Prefecture regarding our safety measures pertaining to the new regulatory standards, and we have also received responses from all the relevant local governments. Ahead of its restart, in addition to thorough safety measures, we believe the understanding of our local communities is essential.

Moving forward, we will respond to reviews of our applications for approval of construction plans as appropriate, and make steady progress with safety work while gaining and furthering the understanding of our local communities. For Shimane Unit 3, we applied for permission to change our reactor installation license in August 2018, and in June of this year we submitted our second corrected application in line with the details of the reviews undertaken at Unit 2. While prioritizing response to reviews of Unit 2, we will also respond to reviews of Unit 3 without delay.

Q. What are your thoughts on efforts to expand profit in the new business fields outlined in the Group Corporate Vision?

Although we are in a very difficult situation, we believe it is indispensable that we continue investing in new business fields to enhance our medium- to long-term profitability and ensure sustainable improvement of our corporate value. In addition to investing in international businesses and startups as we have to date, we will also move forward with investments in carbon neutrality and other projects. In particular, with respect to our carbon neutrality investments, due to an improving fund procurement

environment, we will use new funding methods and work to simultaneously better our income, expenditure, and overall financial condition. With investments, we ensure thorough examination of business risks and potential profitability in advance, and undertake continuous, post-investment monitoring. In this way, we will strive to understand and manage investment risks and secure profit.

Q. The issue of carbon neutrality is inescapable for a power company. How are you faring with carbon neutrality initiatives?

In February 2021, we announced Chugoku Electric Power Group Carbon Neutral 2050, while in June of this year we set up the Carbon Neutrality Promotion Division. This division establishes strategies and targets to achieve carbon neutrality by 2050, and we are pursuing them groupwide. Although the spread of CO₂-free renewable energy and the use of nuclear power generation is essential to becoming carbon neutral, decarbonizing thermal power generation is equally important if we are to ensure stable power supplies. Just recently we announced our Transition Plan for Thermal Power Generation, aiming to achieve 10% hydrogen-mixed combustion in LNG-fired thermal power and 20% ammonia-mixed combustion in coal-fired thermal power in the 2030s. At the same time, we are promoting the shift to zero emissions in our coal-fired thermal power generation through the Osaki CoolGen Project. While keeping our ears open to the latest technologies and expertise, and utilizing them in a flexible manner, we will push forward with efforts to decarbonize our energy. There is also a growing need for decarbonization support among our customers, and so we are providing them with support in their efforts by offering services and rate plans which utilize renewable energy via the Green Solution Office we set up within the Energy Sales Division. When taking on carbon neutrality, we must also consider our local communities. We are therefore proactively working with local governments and companies, concluding carbon neutrality

partnership agreements with Hirogin Holdings, Inc. in December 2021 and Matsue City (Shimane Prefecture) and the San-in Godo Bank, Ltd. in June of this year. As we work toward the achievement of a carbon neutral society, we will work together with our local communities to share knowledge and ultimately contribute to regional development.



Q. One of the missions set out in the Group Corporate Vision is to “Inspire employees through our culture.” What are your thoughts on how to achieve this vision?

If we are to cater to major changes in the business environment and overcome various hurdles, the capabilities of our workforce are key. We have established the Chugoku Electric Human Resources Vision that “In these changing times, we believe in the concept of ‘Thinking and acting by ourselves.’” Based on this vision, we are working to promote independence in our employees.

We are also putting effort into promoting diversity. Each of our employees has various values and experiences, and we should accept these personal differences in each other while at the same time bringing together their diverse personalities and expertise to further enhance our organizational strength.

Upon becoming president, I communicated to our employees the words *hyakuman isshin*, or “one million hearts as one”. These are the words of Mori Motonari, a prominent *daimyo* from the Chugoku

region during the Warring States period. His idea was that by sharing the same ideals, if everyone works together, anything can be overcome. At present, our Group finds itself in a business environment unlike any it has experienced before. I believe that, rather than turning a blind eye, if everyone can bring their efforts and spirit together and push forward as a team, we will be able to overcome these testing times.

Personnel initiatives take a great deal of time. Amid our challenging management environment, we are making steady progress with initiatives to further promote independence and diversity, and create, alongside our employees, a dynamic Chugoku Electric that works well as a team. We will link this to realizing the byword contained in our Group Corporate Vision, “Inspire employees through our culture,” and continue to enhance our corporate value.

Q. Do you have a message for our stakeholders?

Given our extremely tight results forecast we are unable to distribute interim or year-end dividends, and we have also begun examining an increase of rate plan prices, something that will have a great impact on our customers. I am deeply aware of the gravity of these circumstances.

We will continue to improve our management so that we can respond to your expectations and earn your support.

Our Group management philosophy is “Trust. Creation. Growth.” At Chugoku Electric, we will make every effort to strengthen the relationships of trust we have built up with our local customers and communities over more than 70 years, and provide comfort, convenience, and other value through energy so that we can create an abundant future and contribute to regional growth.

Taking these ideals once again to heart, based on the words *hyakuman isshin*, we will work together as a Group to overcome the difficulties we face.

I am deeply grateful to all of our stakeholders for their ongoing understanding and support.



Feature Chugoku Electric Power Group Carbon Neutral 2050



In February 2021, the Chugoku Electric Power Group announced that it would work toward becoming carbon neutral by the year 2050.

We are working to achieve a decarbonized society through the supply of energy while engaging in regional development alongside technological development to promote carbon neutrality, and will continue to strive for sustainability moving forward.

Further, as a business with firm roots in the Chugoku region, we will collaborate with our communities to achieve carbon neutrality in local areas.

Targets

We will strive to be carbon neutral by 2050

- ◆ We proceed with the decarbonization of energy.
- ◆ We contribute to the development of local community through striving to be carbon neutral.
- ◆ We promote technological development for carbon neutral.

◆ We proceed with the decarbonization of energy.

- As we aim to become carbon neutral by 2050, we will actively make use of decarbonized power sources, including renewable energy, and drive the decarbonization of our energy business.

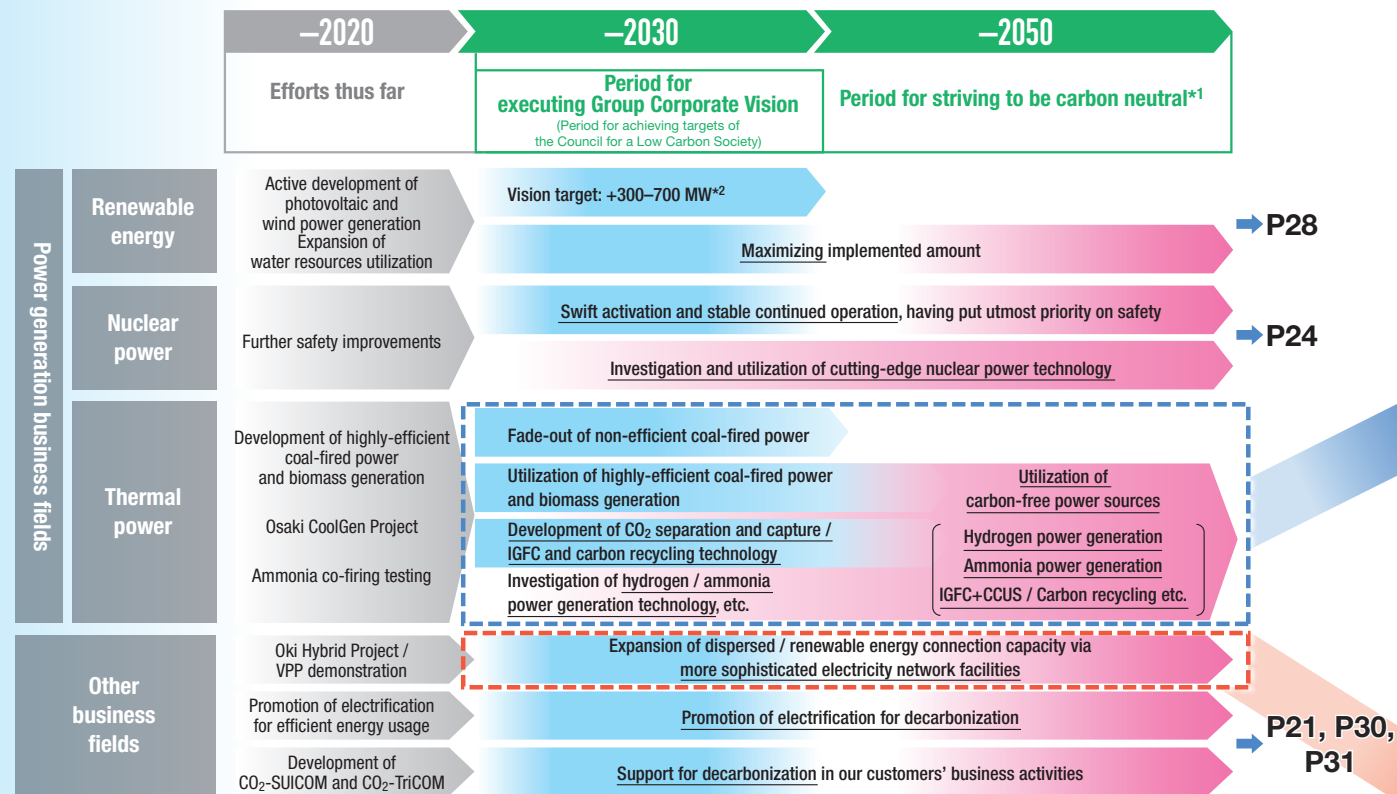
◆ We contribute to the development of local community through striving to be carbon neutral.

- Carbon neutrality by 2050 is a common goal for the whole of society. We will thus engage in various initiatives with local governments and businesses in the Chugoku region.
- Through our efforts to become carbon neutral, in addition to providing services in diverse sectors, such as energy supply/use and information and telecommunications, we will collaborate with local governments and businesses who are engaged in their own efforts to contribute to regional development.

◆ We promote technological development for carbon neutral.

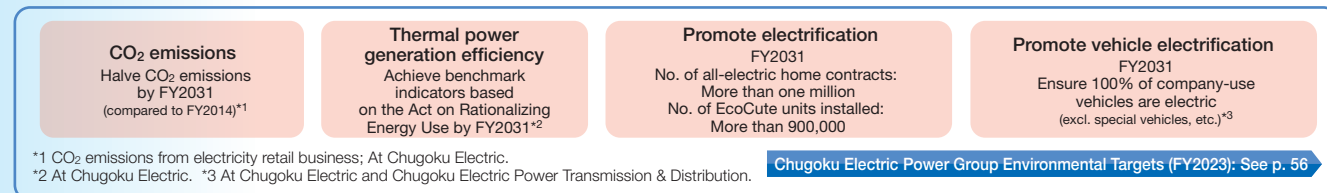
- Innovative technological development will be essential in achieving carbon neutrality.
- To date, we have pioneered the adoption of new technologies to help solve environmental issues and other social problems. Looking ahead, we will work not only as a Group, but look to collaborate with different industries and sectors through corporate alliances, joint research with universities, and more.

Road map to being carbon neutral by 2050



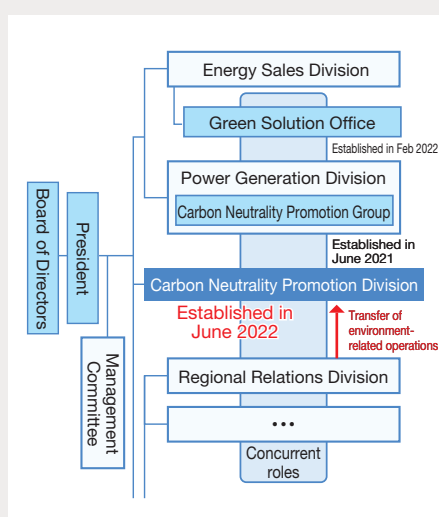
*1 We will sequentially utilize those items deemed to be commercially feasible based on cost reductions and the progress of technology development and the like. We will utilize carbon offset technology and the like for the CO₂ emitted from power stations as of 2050.
*2 Aiming to achieve this through efforts throughout the Group both in Japan and overseas.

Main targets for FY2031



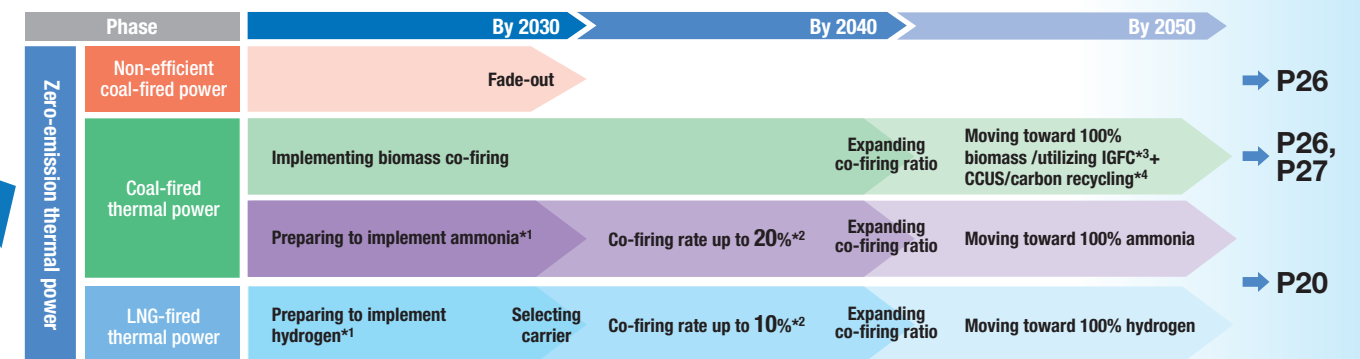
Establishing organizations dedicated to carbon neutrality

At Chugoku Electric, in June 2021 we set up a group within the Power Generation Division to arrange decarbonization measures for the power generation business. Further, in February 2022 we established an organization dedicated to decarbonization solutions within the Energy Sales Division. In doing so, we gradually built a system through which we can examine and implement decarbonization measures in each division. Alongside these initiatives, in June 2022 we set up the Carbon Neutrality Promotion Division, which reports directly to the president, to promote carbon neutrality measures across the Chugoku Electric Power Group. Within the Carbon Neutrality Promotion Division, we have established an organization dedicated to groupwide control of decarbonization initiatives and a contact point for our customers and communities. The Carbon Neutrality Promotion Division will comprise employees concurrently responsible for examining and implementing decarbonization measures at each business division. With these organizations leading the way, we will work together as a group to achieve carbon neutrality by 2050.



Transition Plan for Thermal Power Generation

- Based on the policy of S + 3E and taking into account the timing of facility replacement, trends in technology development, and the like, we will pursue all options for decarbonization of thermal power generation, including biomass power generation, hydrogen and ammonia power generation, and IGFC + CCUS/carbon recycling.
- Regarding hydrogen and ammonia power generation, based on the Sixth Strategic Energy Plan, we will accelerate investigation for achieving of 10% hydrogen co-firing with LNG-fired thermal power and 20% ammonia co-firing with coal-fired thermal power in the 2030s, and proceed with preparation for implementation by 2050 so that they can be introduced without delay after solving economic and technical issues.

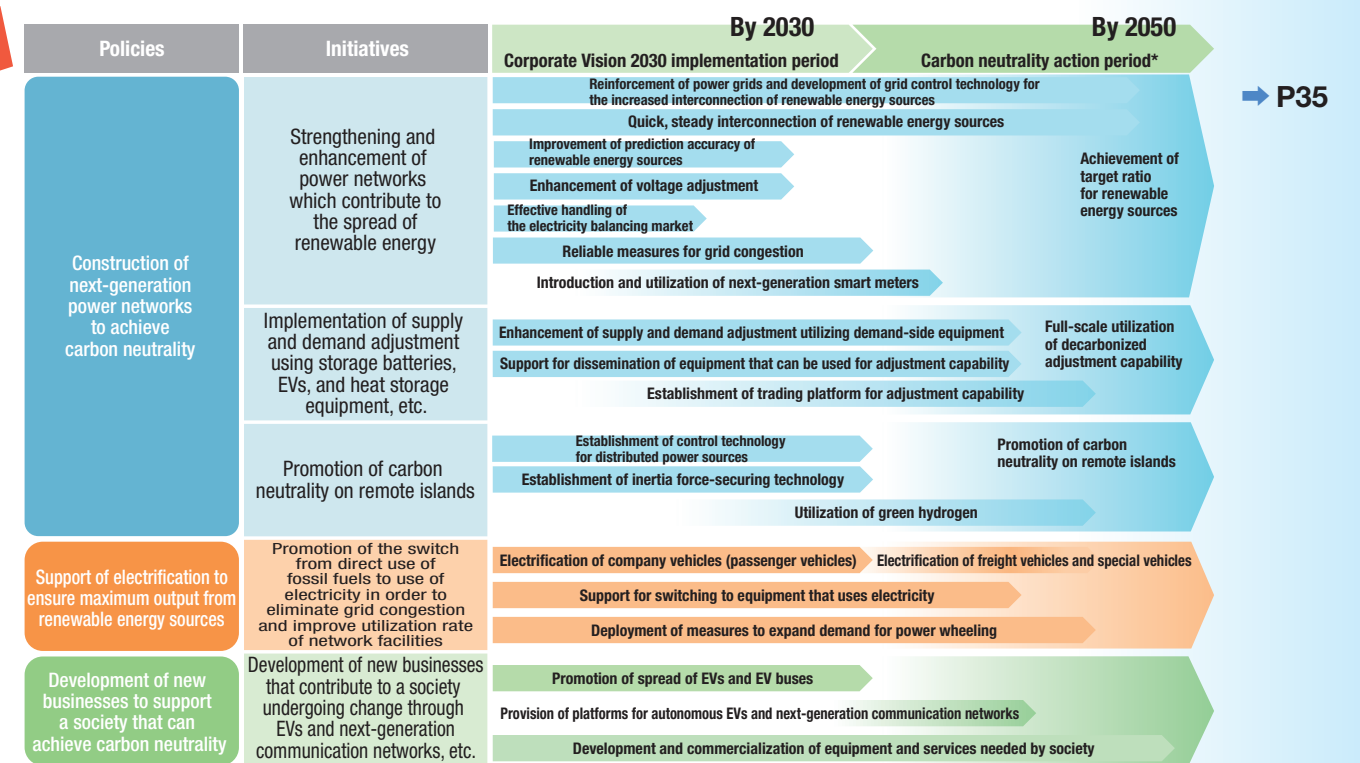


*1 We will proceed toward full-scale operation once the various conditions are in place. *2 Co-firing rates indicated based on the calorific value.
*3 Integrated Coal Gasification Fuel Cell Combined Cycle Technology that combines integrated coal gasification combined cycle (IGCC: technology that gasifies coal to generate gas mainly comprised of hydrogen and carbon monoxide and generates power through a combined cycle using a gas turbine and steam turbine) with a fuel cell for even more efficient power generation.
*4 Technology to separate and capture CO₂ for reuse, underground storage, or the like.

This roadmap is based on current policies, expected technological developments, and the like, and is subject to revision in the event of significant changes in said assumptions.

Chugoku Electric Power Transmission & Distribution Carbon Neutrality Promotion Plan

- In December 2021, Chugoku Electric Power Transmission & Distribution formulated the Carbon Neutrality Promotion Plan—Power Networks Suited to the Next Generation.
- To achieve the national goal of carbon neutrality by 2050, Chugoku Electric Power Transmission & Distribution is engaged in the following initiatives and is actively promoting the construction of power networks for the next generation.



*Chugoku Electric Power Transmission & Distribution will sequentially utilize those items deemed to be commercially feasible based on cost reductions and the progress of technology development and the like.

A Message from the Head of the Carbon Neutrality Promotion Division



Bringing together the comprehensive strengths of the Group to ensure our carbon neutrality initiatives help create a better society.

Hiroaki Omoto
Managing Executive Officer
Head of Carbon Neutrality Promotion Division

The Duty of the Carbon Neutrality Promotion Division

As efforts toward carbon neutrality gain speed across the world, at the Chugoku Electric Power Group it is paramount that we accurately respond to this trend and make forward progress with our initiatives.

The Carbon Neutrality Promotion Division, an organization we newly established in June 2022, is leading these initiatives.

I believe that the duty of the Carbon Neutrality Promotion Division is to bring together the organizational capabilities of the Group and promote the necessary initiatives to ensure we can become carbon neutral by 2050. As the head of the division, I will spearhead continued efforts to achieve carbon neutrality by 2050.

Initiatives for Carbon Neutrality

As part of Carbon Neutral 2050, we have set ourselves the target of achieving a decarbonized society through the supply of energy while engaging in regional development, and technological development to promote carbon neutrality. In particular, as the decarbonization of our power supply has a huge impact on our regional customers, we understand that it is a hugely important challenge.

Meanwhile, not only will we seek to newly introduce 300–700 MW of renewable energy by 2030, we will also work to introduce amounts that exceed this target. Regarding nuclear power, recognizing that it is a key power source as an already established decarbonization technology, with safety as our foremost priority, we will continue to move forward with measures to commence operations at Shimane Nuclear Power Station.

For thermal power, while we plan to begin commercial operations at Misumi Unit 2 in November of this year, in line with this development, we will also gradually shut down our aging thermal power plants. We will also move forward with initiatives on the operational side, such as increased use of mixed-fuel combustion using biomass and other means. At the same time, we will proceed with preparations for the introduction of hydrogen and ammonia—two next-generation fuel alternatives to fossil fuels in the 2030s. As one part of these efforts, we have teamed up with JERA Co., Inc. and Kyushu Electric Power Company, Incorporated to begin studies aimed at quickly building a stable, economically efficient supply chain.

While there are still various challenges with hydrogen- and ammonia-based power generation, we will examine various possibilities without excluding any options, and proactively move forward with implementation when it is deemed to be commercially feasible.

As we strive to become carbon neutral by 2050, it is essential that we continue with capital investments in carbon-free power sources such as renewable energy and nuclear power. With the government’s announcement of the Transition Roadmap for the power sector in February 2022, the financing environments for carbon neutrality investments are gradually being put in place. At Chugoku Electric, in September 2022 we raised funds through a transition-linked hybrid loan.

In February 2022, we launched the Green Solution Office within the Energy Sales Division to help our customers and regions achieve decarbonization. Specifically, the office is taking the lead in providing electricity plans and services that help customers decarbonize the electricity they use. The office is making steady progress through collaboration with local governments, financial institutions, and other regional stakeholders.

Toward the Creation of a Better Society

The path toward carbon neutrality is long and undulating. We believe it is a path that should be trodden while working with our regions and utilizing our collective wisdom.

At the Chugoku Electric Power Group, our first priority is to decarbonize our central energy business. By balancing our social mission of providing a stable supply of electricity with the decarbonization of our own power sources, we will contribute to our customers’ decarbonization efforts.

Moreover, we will work with our regions on decarbonization initiatives to contribute to the resolution of social issues. In addition to the decarbonization of energy, we understand that our regional communities have their own unique challenges. As there are no uniform solutions to these issues, we must combine a diverse range of options to examine the correct measures. To do so, dialogue with our regions is essential. Through this dialog, we will strive to support their decarbonization efforts and tackle the diverse issues they face. In doing so, we hope to grow and develop alongside our regions.

This approach embodies our Management Philosophy—“We take delight in earning the trust of our customers. We create an abundant future through energy. We will grow together with the community.” We will ensure we have sufficient dialogue with the regions, and will bring together our comprehensive strengths as a Group to ensure our carbon neutrality initiatives help create a better society.

Together with our regions, we will strive to achieve Carbon Neutral 2050.



Major Initiatives

■ **Consider collaboration with JERA and Kyushu Electric Power for the introduction of hydrogen and ammonia**

To secure large amounts of hydrogen and ammonia to be used as fuel for power generation, corporations with a strong desire to achieve a decarbonized society must work together to build and then expand a new supply chain.

At Chugoku Electric, in April 2022 we concluded a memorandum of understanding with JERA Co., Inc. and Kyushu Electric Power Company, Incorporated, both of whom operate large-scale domestic thermal power plants, detailing our agreement to examine the potential for collaboration in the following areas as we aim to build and expand a supply chain for hydrogen and ammonia.

- Joint procurement to reduce costs related to the procurement of hydrogen and ammonia for domestic power plants
- Establishment of transport and storage means for hydrogen and ammonia
- Approaches to government for policy support and the formulation of rules for hydrogen and ammonia
- Approaches to other domestic power companies, etc., to participate in discussions



■ Financing via the transition-linked hybrid loan

To carry out steady investments and reinforce our financial footing as we gradually transition to decarbonized operations, we have determined to raise up to 100 billion yen using the transition-linked hybrid loan system.

As hybrid loans combine debt and equity characteristics, we have received certification from both Rating and Investment Information, Inc. and the Japan Credit Rating Agency, Ltd. for 50% of the amount procured as equity.

Support for decarbonization in our customers’ business activities

Among corporate customers, there is increased movement toward the procurement of electricity derived from renewable sources. To respond the requirements of customers like these and support their carbon neutrality initiatives, we are proposing decarbonization solutions that help to solve their issues and developing new service plans.

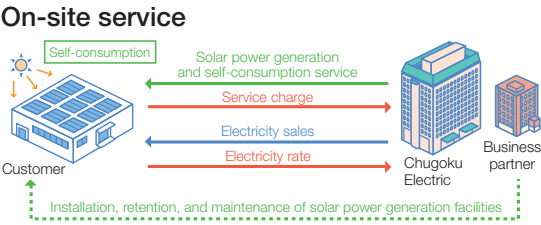
Services using renewable energy

Solar power PPA* service

In March 2021, we launched a solar power PPA service for high-voltage and extra-high-voltage customers, such as those managing buildings and factories. This service enables customers to use solar power-derived electricity without paying for the initial investment.

*Power Purchase Agreement

Service	Overview
On-site service	Solar power generation facilities are installed on customers' buildings or grounds, enabling them to use their own solar power-derived electricity through a monthly service charge without paying for the initial investment.
Resilience service	Storage batteries are installed alongside customers' on-site power generation facilities, enabling them to use and store solar power-derived electricity at the same time. The service also contributes to enhanced BCPs as customers can use both the solar power and stored electricity in emergency situations that cause power stoppages.
Off-site service	Without using the FIT (feed-in tariff) scheme, we use dedicated solar power generation facilities for each customer, providing them with solar power-derived energy over the long term.



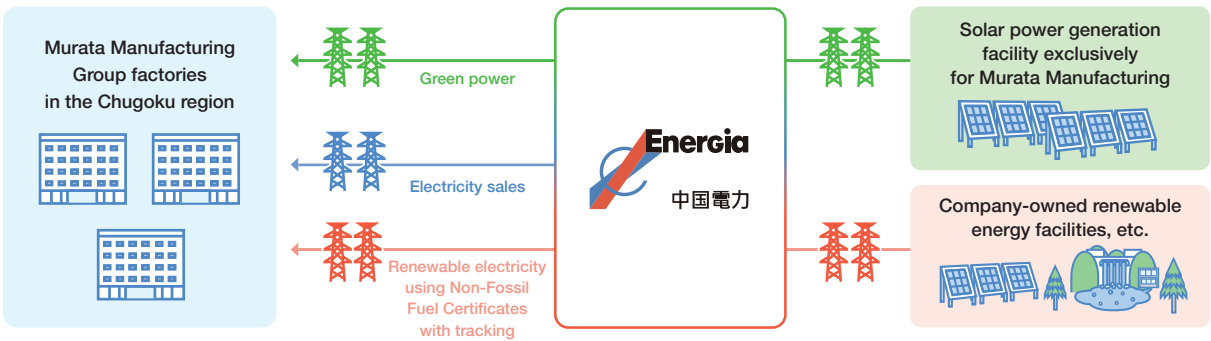
Supplying green power to Murata Manufacturing

In March 2022, we signed a contract with Murata Manufacturing Co., Ltd. to ensure that by FY2031, 50% of the electricity used at its Group factories in the Chugoku region will be green power supplied from an off-site solar power station.

Specifically, we have developed a new solar power generation facility exclusively for Murata Manufacturing and, since April 2022, we have been supplying green power with “additionality”.^{*1} We will also supply the company with renewable energy that combines electricity^{*2} generated at our renewable energy facilities with Non-Fossil Fuel Energy Certificates. In doing so, we will promote the switch to renewable energy at Murata Manufacturing Group factories.

^{*1} Power that leads to an increase in adoption of renewable energy, such as that generated by new solar power facilities as opposed to existing renewable energy facilities.

^{*2} Includes electricity from feed-in tariffs in addition to that generated at company-owned power stations.



Rate plans using renewable energy and new services using distributed energy resources: See p. 30

Support for regional decarbonization: See p. 78

Business Activities

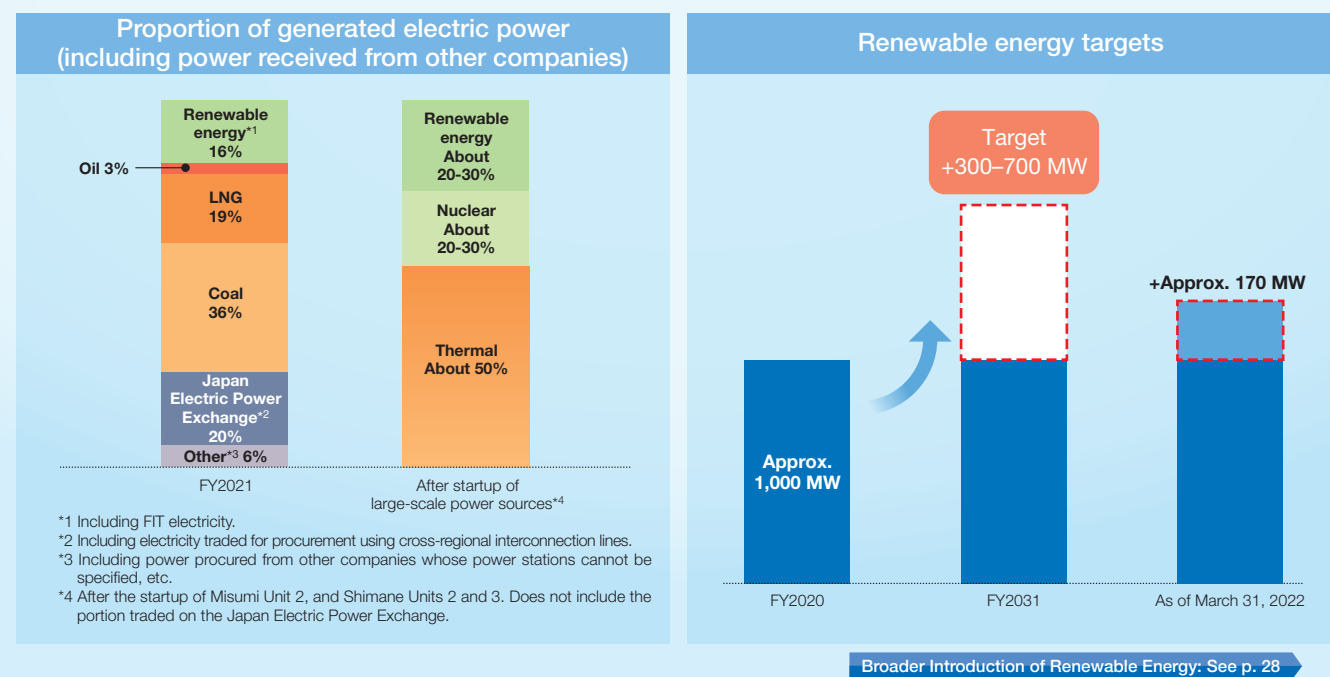
Performance

Comprehensive Energy Business

Power Generation Business

With movement toward decarbonization gaining pace across the world and rising tension over international energy security, the environment surrounding our power generation business continues to see great change. As a Group, we are working to develop a power source mix in line with the S + 3E policy (Safety + Energy Security, Economic Efficiency and Environment), while engaging in efforts aimed at decarbonization and enhanced competitiveness. Nuclear power generation is a key element in addressing global warming, and in this area, we are working to resume operation of Unit 2, and begin operation of Unit 3, at the Shimane Nuclear Power Station, provided that we have ensured its safety. We are also developing the Kaminoseki Nuclear Power Station as a vital power source for the future. In addition, we are working to start operation of Misumi Power Station Unit 2 as a replacement for existing thermal power stations, and aiming to improve efficiency and reduce carbon emissions of coal-fired thermal power generation through our Osaki CoolGen Project. Furthermore, we are actively working to achieve the targets outlined in our Group Corporate Vision to newly introduce renewable energy.

Main Indicators



Development of a Balanced Mix of Power Sources

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Taking safety as our highest priority, we will strive for a balanced mix of power sources while taking into account long-term energy security, global warming, and economic and other factors.

Nuclear

Early start and stable operation of Shimane Units 2 and 3, provided we have ensured safety

Decommissioning of Shimane Unit 1, and development of the Kaminoseki Nuclear Power Station as a vital power source for the future

Thermal

Replacement of aging thermal power facilities following commencement of Misumi Unit 2 and Shimane Units 2 and 3

Efforts to improve efficiency and achieve lower carbon emissions through technology development and introduction of cutting-edge technology

Renewable energy

Increased proportion of renewable energy to improve environmental-friendliness, etc.

Effective utilization of hydroelectric power through replacement of aging facilities

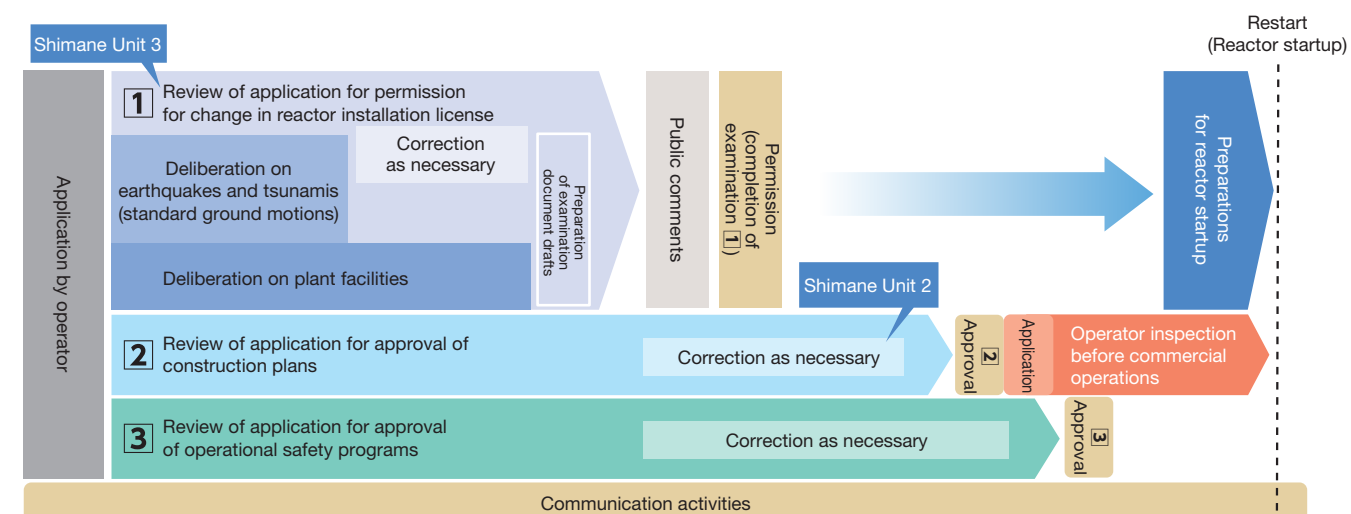
Performance

Further Improvement of Safety of Nuclear Power Stations

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Response to conformity reviews for new regulatory requirements

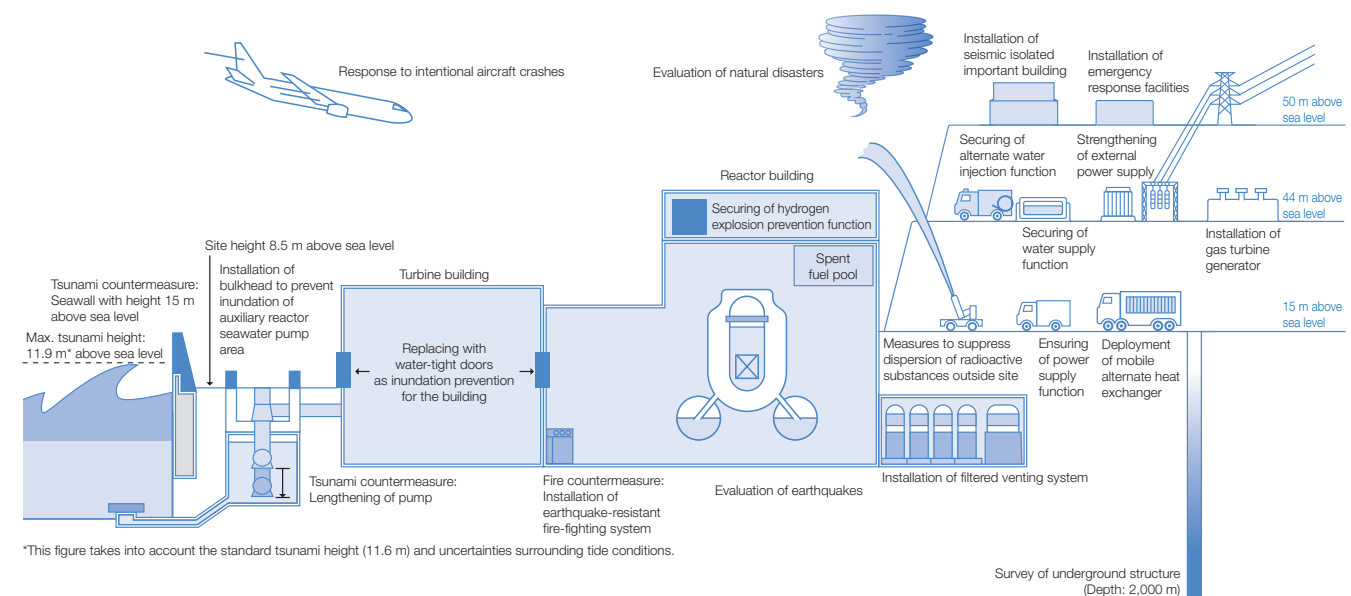
In September 2021, Unit 2 of our Shimane Nuclear Power Station received permission from the Nuclear Regulation Authority to change its reactor installation license. In June 2022, we received prior consent from Shimane Prefecture for our safety measures in line with the new regulatory requirements, as well as responses from all the relevant local governments. Moving forward, we will continue to appropriately respond to conformity reviews as we seek approval for our construction plans and changes to our operational safety applications, and provide thorough explanations as to the nature of our measures to gain the understanding of our local communities ahead of its restart. We will also respond to conformity reviews on Unit 3 without delay.



^{*}At present, our priority is dealing with the review of Unit 2. However, we will address without delay the applications for approval of construction plans, operational safety programs, and for other necessary procedures, regarding Unit 3.

Main initiatives to ensure the safety of the Shimane Nuclear Power Station

We are implementing safety measures at the Shimane Nuclear Power Station that are focused on both preventing accidents and dealing with any accidents that do occur, while taking into account the multiplicity and diversity of measures for ensuring safety.



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.

Emergency response drills



Command center drillAlternative water injection drill

Disaster response drill held by a relevant municipality

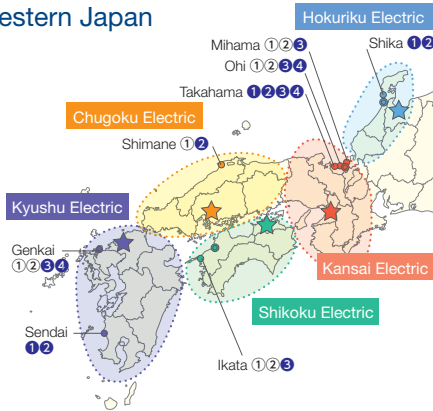


Contamination inspection training

Formation of a mutual cooperation system by five power companies in western Japan

In addition to cooperative efforts during nuclear disasters by all major power companies, we have concluded mutual cooperation agreements based on geographical proximity of the five companies, and thereby bolstered measures to prevent escalation of nuclear disasters, and achieve recovery afterward.

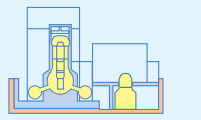
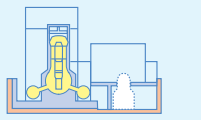
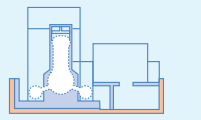
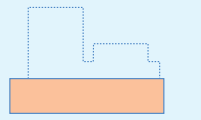
Agreement	Specifics of cooperation	Operators
Agreement upon mutual cooperation in the nuclear power business (August 5, 2016)	<div>Cooperation during nuclear disasters</div> <div>Cooperation in decommissioning</div> <div>Cooperation in installing equipment to address specified severe accidents, etc.</div>	Hokuriku Electric Power Company The Kansai Electric Power Co., Inc. The Chugoku Electric Power Co., Inc. Shikoku Electric Power Co., Inc. Kyushu Electric Power Co., Inc.



Note: ① and ② are plants undergoing decommissioning.

Decommissioning of Shimane Nuclear Power Station Unit 1

According to the revised Nuclear Reactor Regulation Law enforced in July 2013, which specifies that in principle a nuclear power station’s operational period should be 40 years, Unit 1 of the Shimane Nuclear Power Station was shut down on April 30, 2015. Our decommissioning plan for the station was approved in April 2017, and currently we are making preparations for the dismantling work—the first stage of the decommissioning. We will make safety assurance our top priority as we proceed with decommissioning.

Decommissioning implementation breakdown	Date of approval of decommissioning plan–FY2023	FY2024–FY2030	FY2031–FY2038	FY2039–FY2046
	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		Dismantling and removal of reactor body	
	Dismantling and removal of equipment inside radiation-controlled area (other than reactor body)		Dismantling and removal of buildings, etc.	
	Carrying out and transfer of fuel			
	Investigation of contamination situation			
	Removal of contamination			
	Dismantling and removal of equipment outside the radiation-controlled area			
	Treatment and disposal of radioactive waste			

Confirmation of end of decommissioning

Higher Efficiency and Lower Carbon Emissions in Thermal Power Generation

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Coal-fired thermal power has excellent advantages in terms of fuel supply stability and economy, however its CO₂ emissions are a major issue. To reduce these CO₂ emissions, we are working to introduce cutting-edge technology and expand use of mixed-fuel combustion using biomass.

Start of operations at Misumi Power Station Unit 2

At the coal-fired Unit 2 of our Misumi Power Station, which is scheduled to start operation in November 2022, we are installing equipment that achieves outstanding economic performance and environmental protection by using an ultra-supercritical generation, which is the best available power generation system. We are also working to improve operational reliability by applying knowledge acquired from the operational track record of Unit 1. We will also work to further curb CO₂ emissions through mixed-fuel combustion with biomass (approx. 10% mixed-fuel combustion rate).



View of the Misumi Power Station

Unit	Misumi Power Station, Unit 2
Output	1,000 MW
Generation method	USC*
Start of construction	November 2018
Start of operations	November 2022
Location	Hamada City, Shimane Prefecture

*Ultra Supercritical: A generation system that is one of the best available technologies (BAT)

Fading out inefficient thermal power plants (closing aging thermal power plants)

As we aim to decarbonize our power sources to achieve carbon neutrality and reinforce our competitive advantage, in line with the start of operations at Unit 2 of our Misumi Power Station, we have determined to shut down our inefficient, aging thermal power plants (Schedule: Kudamatsu Power Station Unit 3: Jan 2023; Mizushima Power Station Unit 2: Apr 2023; Shimonoseki Power Station Units 1 and 2: Jan 2024).

Moving forward, in addition to decarbonizing our thermal power generation facilities, we will utilize nuclear power and increase our use of renewable energy as we aim to build a well-balanced composition of power sources.



Shimonoseki Power Station

Expansion of biomass mixed-fuel combustion at Units 1 and 2 of the Shin-Onoda Power Station

At the coal-fired Shin-Onoda Power Station, following trials of mixed-fuel combustion using wood chip biomass in FY2005, full-scale power generation using wood chips began in FY2008. After improvements to facilities in anticipation of further expansion using wood pellet biomass, in August 2020 we began efforts to increase biomass mixed-fuel combustion to around 8%.



Wood chips

Wood pellets

R&D on Decarbonization

- VisionStrengthen and improve our existing businesses, with a focus on our energy business
- VisionTake on the challenge of new business for further growth

One element of our R&D strategy is to achieve innovation in energy and environmental technology for decarbonization. In line with this strategy, we will proactively move forward with R&D to realize carbon neutrality by 2050.

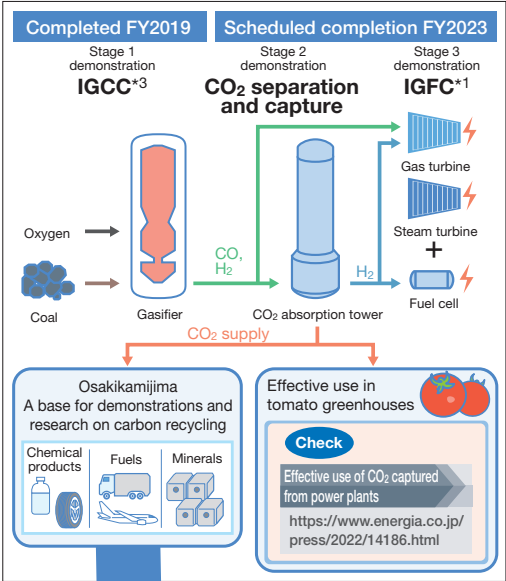
Promotion of the Osaki CoolGen Project

Through the demonstration projects undertaken by Osaki CoolGen Corporation, a company we established jointly with Electric Power Development Co., Ltd., we are working to develop an integrated coal gasification fuel cell combined cycle (IGFC)*¹ with CO₂ separation and capture capabilities (a project funded by the New Energy and Industrial Technology Development Organization [NEDO]). This technology captures CO₂ while producing highly concentrated hydrogen from coal, and uses the hydrogen for power generation. Further, the expertise gained from this technology can be applied to hydrogen production and the development and introduction of power generation technologies. Systems that combine CCUS and carbon recycling*² technologies with IGFC can cut CO₂ emissions from coal-fired thermal power entirely. And, if mixed-fuel combustion using biomass is a success, this technology could also help to achieve negative emissions.

*1 Triple combined cycle coal-fired thermal power generation that combines fuel cells with IGCC.
*2 Technology to reuse separated and captured CO₂ and store it underground, etc.
*3 Integrated gasification combined cycle. 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.

Carbon recycling technology

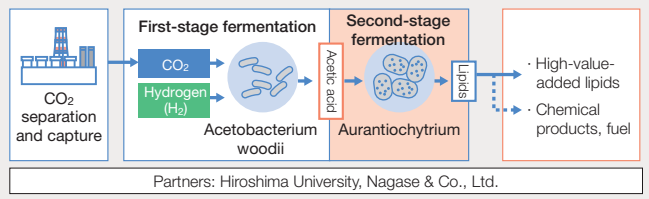
All of the projects below have been implemented based on contracts from NEDO.



Technological development at a base for demonstrations and research on carbon recycling in Osakikamijima (Demonstrations began in FY2023)

Development of a gas-to-lipid bioprocess (Commercialization target: around 2030)

Aiming to develop a bioprocess for CO₂ recycling, we are making use of the fermentation functions of two microorganisms to develop a technology that can use hydrogen and CO₂ emitted from power plants to produce high-value-added lipids for the manufacture of health foods, etc.



Further use of concrete that makes effective use of CO₂ (CO₂-SUICOM) (Commercialization target: 2024–2026)

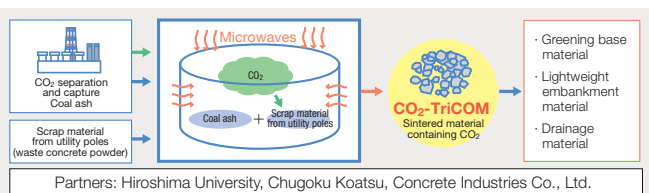
At Chugoku Electric we have developed CO₂-SUICOM, an environmentally friendly concrete that absorbs and solidifies CO₂ during the manufacturing stage to drastically reduce CO₂ emissions, and it has already been partially used in precast concrete products. To increase its use in a wider range of construction materials, we are currently developing technologies to enable its use in reinforced concrete and concrete placement work at construction sites.

Partners: Kajima Corporation, Mitsubishi Corporation

Technological Development at the Energia Research Institute

Development of “Triple C” recycling technology (CO₂-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 CO₂, coal ash, and scrap materials from utility poles. This mixture is then sintered using microwaves, and CO₂ is solidified into the sintered material.



Broader Introduction of Renewable Energy

- VisionTake on the challenge of new business for further growth

We are positioning renewable energy not only as a response to global environmental problems, but also as a growth area. As part of this effort, we are introducing hydro, wind, and other renewables inside Japan and also developing renewable energy overseas to achieve the target indicated in our Group Corporate Vision to introduce 300–700 MW more renewable energy by FY2031 (compared to FY2020). As of the end of March 2022, we have introduced approximately 170 MW of renewable energy, and we expect to be able to newly introduce approximately 300 MW by the mid 2020s. Looking ahead, we will proactively look to develop offshore wind power—which we believe has particular potential for growth—and seek to maximize introduction of renewable energy.

Introduction of renewable energy since FY2021

Domestic	Biomass	· Mixed fuel generation with woody biomass [Shin-Onoda Units 1 and 2: Expansion of mixed-fuel combustion from August 2020 onward]
		· Biomass power business with Hiroshima Gas Co., Ltd. [Kaika-cho, Aki-gun, Hiroshima Prefecture: April 2021]
		· Biomass power businesses with Air Water Inc. [Iwakuni City, Yamaguchi Prefecture: April 2021] [Hofu City, Yamaguchi Prefecture: Expansion of mixed-fuel combustion from September 2021 onwards]
	Hydro	· Repowering of existing hydroelectric power [Takiyamagawa: April 2021]
Domestic	Biomass	· Mixed fuel generation with woody biomass [Misumi Unit 2: Scheduled for November 2022]
	Hydro	· Repowering of existing hydroelectric power [Kitahara: Scheduled for March 2024; and 5 other power plants]
Overseas	Wind	· Taiwan offshore wind power generation project
	Hydro	· Taiwan hydroelectric power generation project [Start of commercial operations: Scheduled for 2024]

Total facility output:
Approx. 300 MW*

■: Projects scheduled for commercial operation in the future
*For joint developments, facility capacity has been calculated based on our investment ratio; for biomass mixed-fuel combustion, capacity has been calculated based on the mixed-combustion ratio

Initiatives in the biomass power generation business

We have established companies with Hiroshima Gas Co., Ltd. and Air Water Inc. and are constructing and operating biomass power stations. Through these businesses, in addition to generating profit to ensure further growth of the Chugoku Electric Power Group, we are effectively utilizing local forest resources as much as possible, in accordance with the situation at each location, and thereby contributing to local revitalization.



Kaika Power Station—the largest biomass mixed-fuel combustion power plant in Japan

Total consolidated ordinary income generated by the three* biomass power generation companies (FY2022)
Approx. 2.5 billion yen

*Kaika Biomass Power Co., Ltd., AWEP Yamaguchi Corporation, and AWEP Onahama Corporation

Effective use of hydroelectric power

Hydroelectric power is renewable, natural energy. By continuously engaging in initiatives such as repowering existing facilities, we are working to promote and ensure effective use of water resources.

Repowering existing hydroelectric facilities



Improvement work on Kitahara Power Station (Power output: 15,600 kW → 17,700 kW)



Improvement work on Okutsu Power Station (Power output: 7,400 kW → 7,500 kW)

Comprehensive
Energy
BusinessSales
Business

As sales competition among electricity retailers continues, to ensure profitability in the electricity business going forward, in addition to strengthening the competitiveness of our power sources, it will be crucial to offer value-added services to our customers in line with their needs.

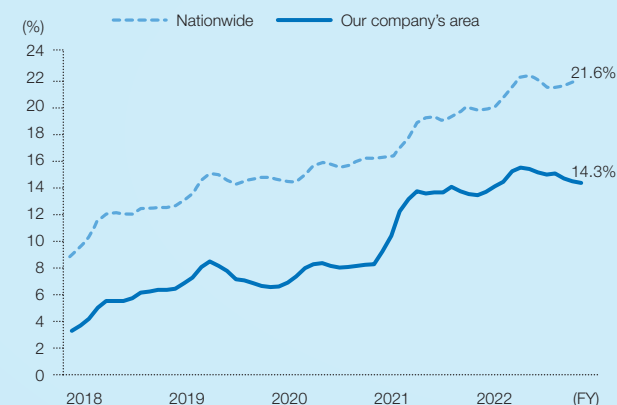
As lifestyles become more diverse and awareness of environmental management grows, we are working to adapt and expand our range of rate plans and services in order that customers continue to select the Chugoku Electric Power Group as their electricity provider, even as their needs change.

In addition to our efforts to secure demand through the promotion of electrification and to increase electricity sales in the Tokyo metropolitan and Kansai areas, we are also working to maximize profit in electricity sales through optimal use of wholesale electricity and the new markets born from reforms in electricity systems.

Furthermore, we will work to increase earnings through fuel sales to city gas companies and industrial customers in the Chugoku region.

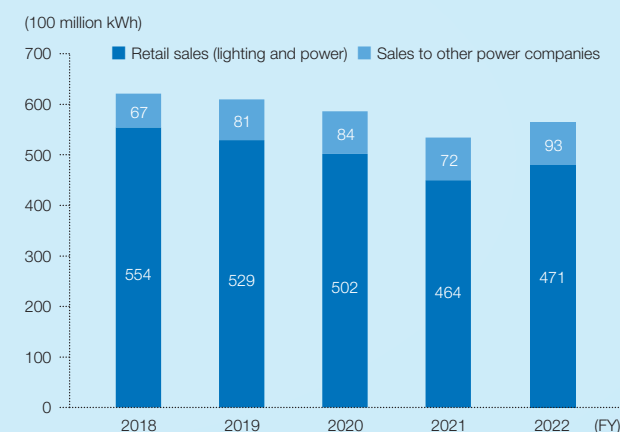
Main Indicators

Share of new electricity entrants

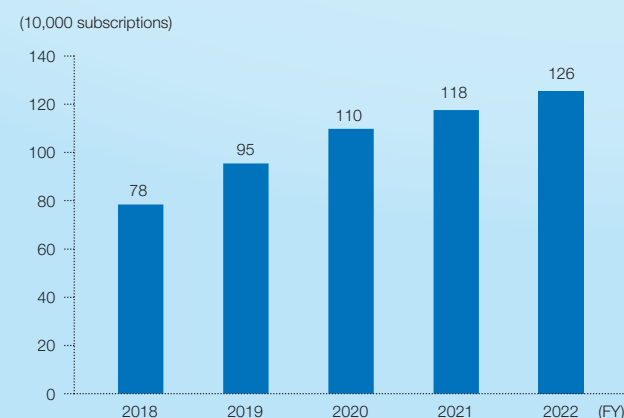


Source: Electricity Trading Situation (Electricity and Gas Market Surveillance Commission), published June 15, 2022

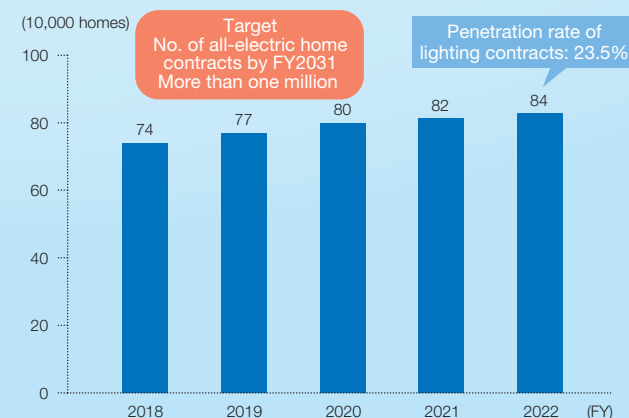
Electricity sales



The above electricity sales are for Chugoku Electric.

Number of subscribers to
our members' website "Gutto Zutto. Club."

No. of all-electric home contracts



Performance

Offering a Rate Plan and Services to Suit Customer Needs

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Rate plans and services in line with customers' lifestyles

In response to the full liberalization of retail electric power sales in April 2016, we developed "Gutto Zutto. Plan," a new rate plan that customers can select to match their lifestyles, and the "Gutto Zutto. Club" members' website.

Many customers have chosen our rate plans and services. As of the end of FY2022, there were 1.41 million accounts for our new rate plans, and 1.26 million accounts for our members' website.

"Gutto Zutto. Time Service"

For "Gutto Zutto. Club" members and "Gutto Zutto. Plan" customers, we have introduced the "Gutto Zutto. Time Service," a unique service that discounts electricity rates on specific dates and times. We regularly offer this service in times when electricity demand is low, and each time we have received applications for around 100,000 accounts.



Rate plans using renewable energy and new services using distributed energy resources

To play our part in the achievement of a decarbonized society, we are moving forward with the development of new rate plans that utilize renewable energy and new services that use decentralized energy resources.

Rate plans using renewable energy

For low-voltage customers

◆ "Gutto Zutto. Renewable Energy Green Plan"

For high-voltage and extra-high-voltage customers

- ◆ Special Renewable Energy Plan
- ◆ Premium Special Renewable Energy Plan
- ◆ Special Off-site Solar Power Plan
- ◆ Okayama CO₂-free Electricity*1
- ◆ Yamaguchi Hydro-power 100 Plan*2

Special Off-site Solar Power Plan

Services launched in April 2022



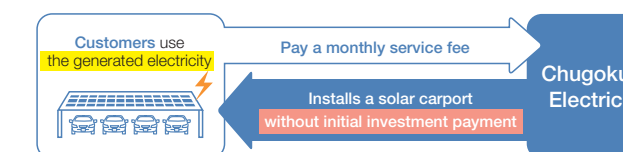
A new rate plan that provides a stable supply of electricity in line with customers' needs over the long term, using new solar power generation facilities developed in-house.

*1 A rate plan using hydroelectric power stations owned by the Okayama Prefecture Enterprise Bureau (for high-voltage customers within Okayama Prefecture).
*2 A rate plan using hydroelectric power stations owned by the Yamaguchi Prefecture Enterprise Bureau (for high-voltage customers within Yamaguchi Prefecture).

New services using decentralized energy resources

◆ Solar carport PPA service **Services launched in April 2022**

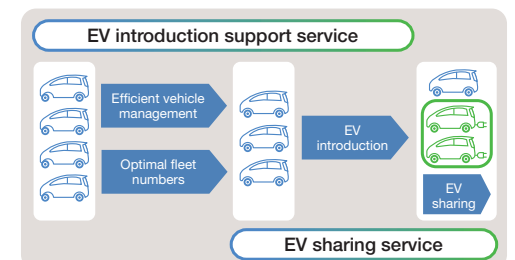
This service involves installing a solar carport (with solar power generation equipment) on the customer's property, and the customer can use the electricity generated by the solar carport for a monthly service fee without paying for the initial investment.



*Depending on the location of the carport, customers may have to shoulder additional costs.

◆ EV solutions service (eeV)

The eeV service comprises two elements: A service to support the introduction of EVs through efficient vehicle management and optimal fleet numbers; and an EV sharing service which aims to promote efficient vehicle use and spread out expenses by setting up an EV station within the customer's grounds and sharing the vehicles among multiple companies.



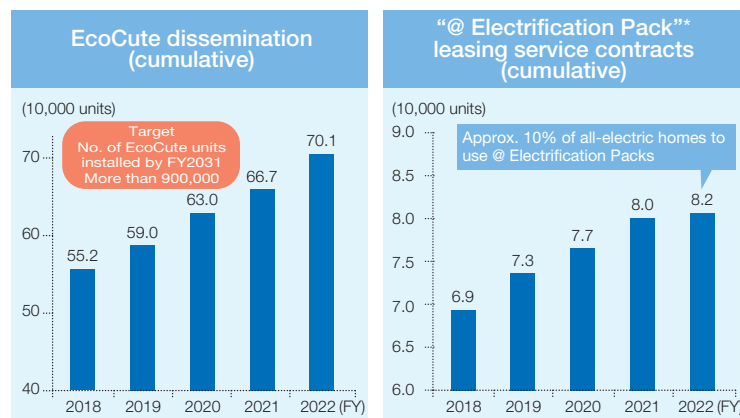
Making Electrification Proposals to Help Conserve Energy and Reduce Costs

Vision Strengthen and improve our existing businesses, with a focus on our energy business

For our corporate customers, we offer an Energy Diagnosis Service using our proprietary energy diagnosis tools. We use these tools to examine and measure the energy consumption of their facilities and propose operational improvement measures. We also propose electrification measures for air conditioning, hot water supply, and other aspects of their factory manufacturing processes. In these and other ways, we are supporting customers' energy-saving and cost-cutting efforts, as well as their decarbonization initiatives.

For homes, we are continuing to encourage use of EVs and high-efficiency electrical equipment such as EcoCute—which boasts excellent energy-saving performance while minimizing CO₂ emissions—while also promoting net Zero Energy Houses* by proposing solar power, storage batteries, and other technologies.

*Houses that reduce energy consumption and adopt renewable energy to ensure net zero energy consumption across the year.

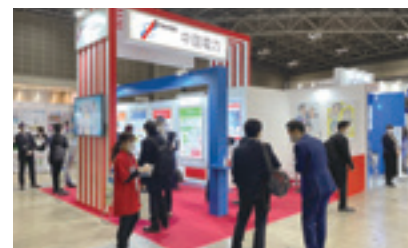


**An electrical equipment leasing service offered by our group company, Energia Solution & Service Co., Inc.

Electricity Sales in Other Areas of Japan and Use of New Markets

Vision Strengthen and improve our existing businesses, with a focus on our energy business

We will develop our sales activities through alliances, focusing on the Tokyo metropolitan and Kansai areas, and make optimal use of new markets born from power system reforms, including the power capacity market and the supply-demand adjustment market.



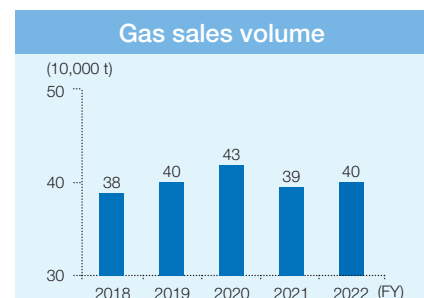
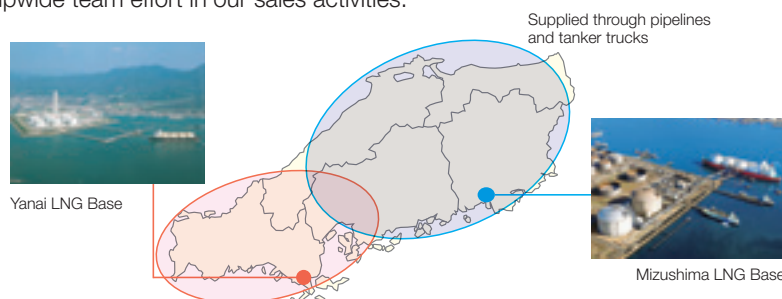
Participation at ENEX2022

Gas Sales

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Through our group company, Energia Solution & Service Company, Incorporated, we deliver natural gas (LNG) to city gas companies, factories, and other corporate customers in the Chugoku region.

While exploiting the strengths of our Yanai-Mizushima Two-Base System, we are working hard to increase earnings through a groupwide team effort in our sales activities.



Performance

Comprehensive Energy Business

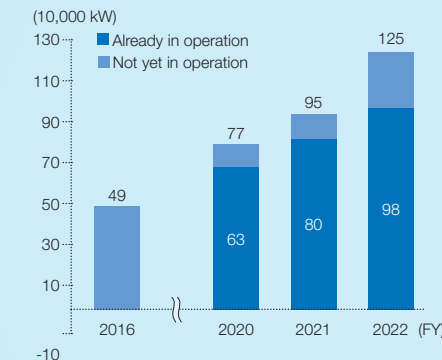
International Business

We are enlarging our international businesses in order to further increase profits and play a part in achieving our profit/financial targets set forth in our Group Corporate Vision. To achieve our goals, we will continue to work on the development and acquisition of overseas power projects, while also actively engaging in other business fields, such as transmission and distribution, retail, electricity-related business, and new energy businesses as we aim to expand our business domain.

With regards to overseas investments, we have set out to invest in projects with a higher rate of expected return than those in Japan. At the same time, in line with global trends toward decarbonization, we will prioritize the development of renewable energy and gas-fired thermal power projects. Meanwhile, we have determined not to newly participate in any conventional thermal power projects.

Main Indicators

Equity ownership in electricity output in overseas projects

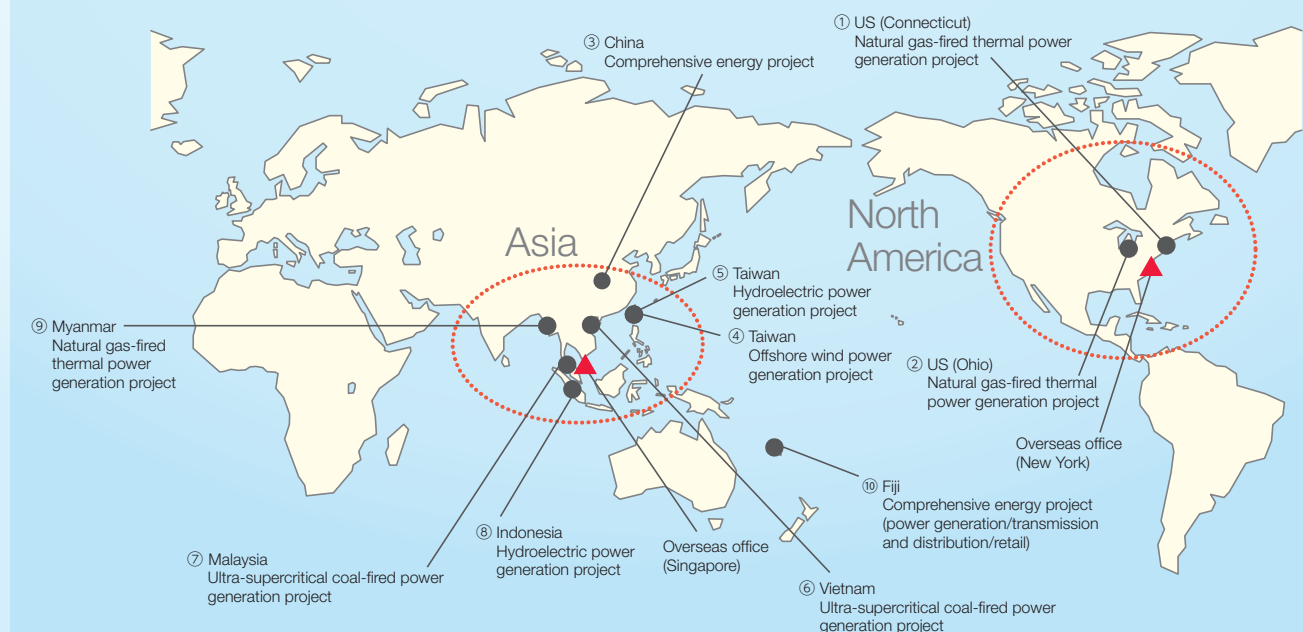


Investment projects

Country	Project	Start of commercial operations	Ownership in electricity output
US	① Natural gas-fired thermal power generation project	2011	100.4 MW
	② Natural gas-fired thermal power generation project	2021	118.2 MW
China	③ Comprehensive energy project	2007	276.5 MW
	④ Offshore wind power generation project*	—	21.6 MW
Taiwan	⑤ Hydroelectric power generation project*	Scheduled 2024	4.6 MW
Vietnam	⑥ Ultra-supercritical coal-fired power generation project	Scheduled 2025	240 MW
Malaysia	⑦ Ultra-supercritical coal-fired power generation project	2019	300 MW
Indonesia	⑧ Hydroelectric power generation project	2016	4.5 MW
Myanmar	⑨ Natural gas-fired thermal power generation project	2013	34.5 MW
Fiji	⑩ Comprehensive energy project (power generation/transmission and distribution/retail)	1966	144.7 MW

*Joint investment by Chugoku Electric and Chudenko Corporation.

Overseas projects and manned overseas offices

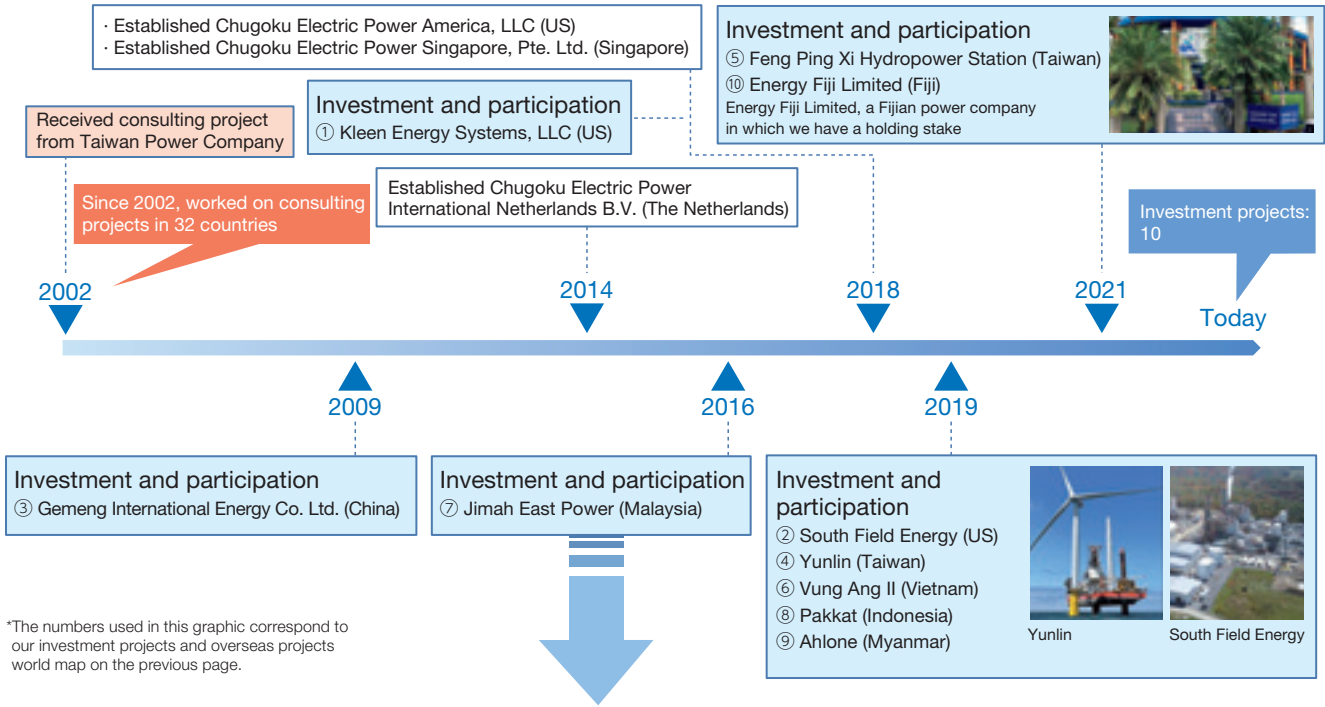


Main Initiatives

Vision Take on the challenge of new business for further growth

Recent activity in our international business

To strengthen our management foundation, we are industriously working on our international businesses while making use of our technological expertise, experience in overseas projects, and strategic investments.



Feasibility study on simultaneous ammonia and biomass mixed-fuel combustion

Between August 2021 and February 2022, we worked with Mitsui & Co., Ltd. to study the technological and economic feasibility of the business model in the context of carbon mitigation by installing facilities for mixed-fuel combustion using ammonia and biomass at a coal-fired thermal power plant in Malaysia, in which we have a holding stake; furthermore, we also looked at the possibility of applying the same model to coal-fired thermal power plants in countries in Southeast Asia in line with their individual circumstances.

As it works to build a decarbonized society, the Japanese government is engaged in efforts to reduce CO₂ emissions, and it has positioned ammonia and biomass mixed-fuel combustion as transitional power sources for the nation's coal-fired thermal power plants.

In Southeast Asia, electricity supplies are maintained by many coal-fired thermal power plants across the region. The Malaysian Peninsula in particular relies on coal-fired thermal power for approximately 40% of its electricity, and so while moving forward with activities to achieve carbon neutrality by 2050, the Malaysian government has also outlined its policy to maintain operations at a certain percentage of its coal-fired thermal power plants.

In line with the decarbonization policies of both countries, the aim of this project was to apply Japan's technologies and expertise—including our own—to contribute to decarbonization overseas. Based on the results of the study, we will engage in discussions with the relevant parties to implement mixed-fuel combustion.

For reference, this project was adopted as part of The Ministry of Economy, Trade and Industry's subsidy program for the Feasibility Study Project for Overseas Deployment of High Quality Energy Infrastructure (studies that promote the overseas expansion of Japanese infrastructure) in FY2022.

Power station name	Jimah East Power Station
Location	Negeri Sembilan, Malaysia
Output	2,000 MW (1,000 MW x 2)
Ownership in output (investment ratio)	300 MW (15%)
Generation method	Ultra-supercritical coal-fired power generation
Start of operations	2019



Power station

Power Transmission and Distribution Business

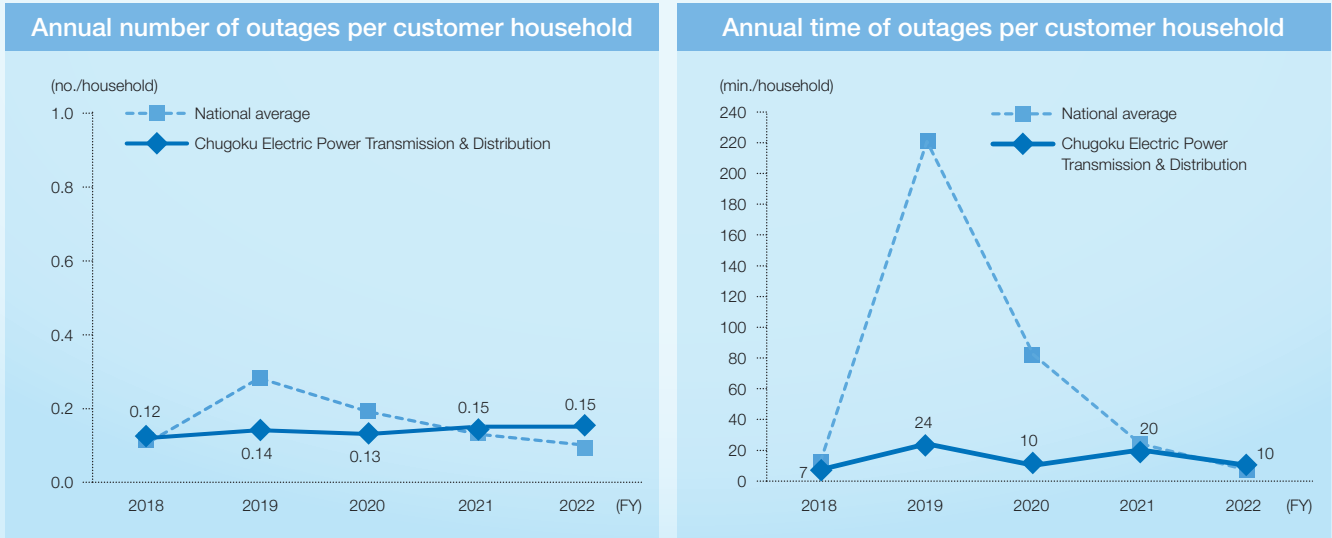
Performance

A wide range of changes are impacting operations in our power transmission and distribution business, including the increasing frequency and severity of natural disasters, the tight situation surrounding nationwide power supply and demand, and the increasing usage volumes of renewable energy.

In light of the new wheeling charge system (revenue cap system) to be introduced in April 2023, Chugoku Electric Power Transmission & Distribution Company, Incorporated—which is in charge of the power transmission and distribution business—is working to make renewable energy its main source of power and strengthen its resilience while balancing necessary investments with cost efficiency.

Elsewhere, in addition to building equipment and ensuring flexible operations in response to diversifying forms of electricity network use, the company will engage in the development of new services that make use of its existing equipment, data and expertise.

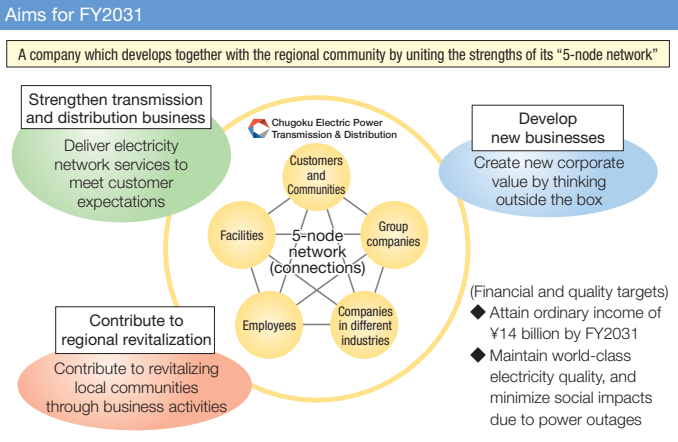
Main Indicators



Corporate Vision of Chugoku Electric Power Transmission & Distribution

Due to the legal separation of power transmission and distribution sectors, since April 2020, our wholly owned subsidiary Chugoku Electric Power Transmission & Distribution has been operating the power transmission and distribution business.

Chugoku Electric Power Transmission & Distribution has formulated a long-term vision for FY2031 comprising three main areas—strengthening the transmission and distribution business, developing new businesses, and contributing to regional revitalization. Furthermore, the company will work to develop together with its regional community while uniting the strengths of its five networks: customers/regions, employees, facilities, group companies, and companies in other industries.



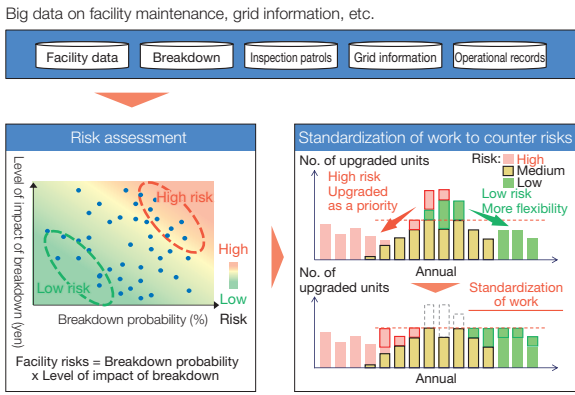
Further Sophistication and Improved Efficiency in Facility Maintenance

Vision Strengthen and improve our existing businesses, with a focus on our energy business

In order to fulfill our mission of delivering stable electricity to customers at low cost, we are introducing the latest digital transformation (DX) technologies to ensure further sophistication and improved efficiency in our facility maintenance operations.

Introduction of asset management methods

As a measure to counter the aging of our power transmission and distribution equipment, we are adopting asset management methods that look at the probability and level of impact of breakdowns for each facility and ascertain levels of risk, work volumes, and other constraints. In doing so, we will seek to enhance and rationalize our capital investments.

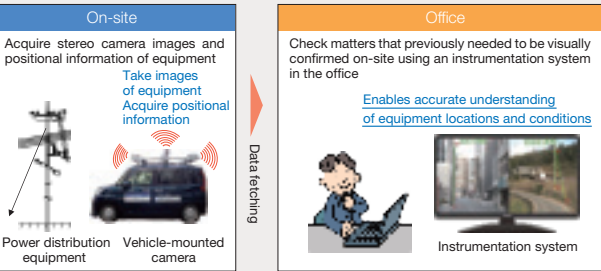


Using Mobile Mapping Systems for the inspection of power distribution equipment

We have begun acquiring images of our power distribution equipment—including utility poles and power cables— using a Mobile Mapping System (MMS) that uses vehicle-mounted cameras and laser measuring devices to acquire 3D images and coordinates.

These MMS images have enabled accurate understanding of equipment locations and conditions, and the system is expected to enhance the efficiency of on-site surveys.

In the future, we will look to further increase inspection efficiency and reduce workloads by using AI to automatically identify the acquired images.



Response to Diversifying Forms of Electricity Network Use

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Measures to expand introduction of renewable energy

Since the start of the feed-in-tariff scheme for renewable energy in July 2012, there has been a dramatic increase in introduction of renewable energy generation in the Chugoku region, focused mainly on solar power generation, and the cumulative total of renewable energy connections made to the grid has reached 10.43 million kW (as of the end of March 2022).

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 solar power generation applications and information on available grid capacity, and measures are being taken to enable the grid to handle increased introduction.

In addition, to effectively utilize existing grid facilities, we have begun taking orders for non-firm connections.*

*A way to use available capacity that arises depending on operation of power source and fluctuations in demand, presuming that output is limited when the grid is congested.

Renewable energy applications within the company's service area (as of March 31, 2022)

	Solar	Wind	Biomass	Hydro (excl. pumped storage)	Geothermal	Total
Applications for connection review	701	655	209	6	1	1,571
Applications for connection contract (including those accepted)	226 [49]	120 [89]	157	5	—	508 [138]
Connections completed	616 [54]	36 [0]	290	102	0	1,043 [54]
Total	1,543	809	656	112	1	3,122

Note 1: Totals may not match the sum of individual amounts due to rounding
Note 2: Figures in square brackets [] are the portion subject to output limitations under specific rules
Note 3: Includes non-FIT portion and our company's portion. Excludes portion for remote islands
Note 4: The figure is displayed as 0 (x 10,000 kW) when under 10,000 kW.

Strengthening Resilience

Vision Strengthen and improve our existing businesses, with a focus on our energy business

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, with the establishment of Safety & Disaster Prevention Division in April 2021, which is tasked with integrated control of disaster preparedness, operational safety, and prevention of human error, and Distribution Wide Area Restoration Section in February 2022, which aims to ensure quick implementation of disaster recovery efforts, the company is also moving forward with organizational reinforcement.

Facility countermeasures

We are taking step-by-step measures to prevent inundation in light of the heavy rainfall disaster in July 2018.



Watertight measures to prevent substation inundation

Dissemination of information

In the event of a power outage, the company communicates easy-to-understand information on power outage areas and recovery schedules through a dedicated app, website, and other means.

Information is provided via a power outage app



Collaborative disaster plan

To achieve early recovery after a power outage due to a disaster, we have a plan in place for collaboration among general electricity transmission and distribution utilities, and collaboration between general electricity transmission and distribution utilities and related organizations, which has been submitted to the Minister of Economy, Trade and Industry.



A nuclear power disaster drill in Tottori Prefecture in August 2021: Drill in cooperation with the Maizuru District Headquarters of the Maritime Self-Defense Force regarding vehicle loading.

Working with external institutions: See p. 79

Rollout of New Services

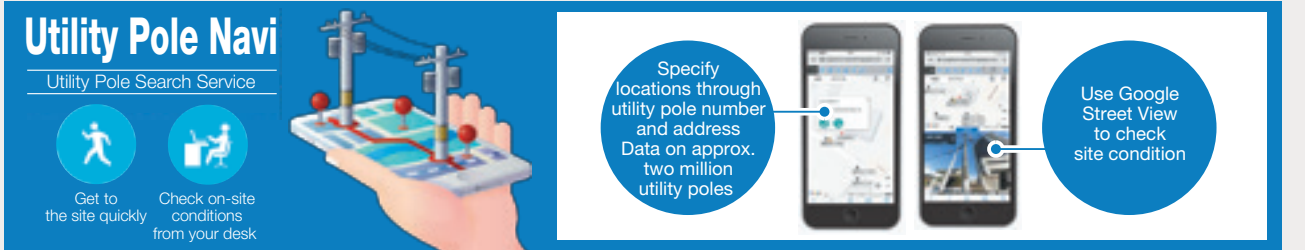
Vision Take on the challenge of new business for further growth

Aiming to increase its earnings in new business fields, Chugoku Electric Power Transmission & Distribution is engaged in efforts to roll out new services using its existing equipment, data, and expertise.

Utility Pole Navi: Utility Pole Search Service

In May 2021, we launched the Utility Pole Navi service to help customers look for utility poles in our service area. Using an online map-based system* that displays information on the location of utility poles within our service area, customers can use their smartphones or computers to check the location and condition of specific utility poles and even find route information.

*Using a system from TEPCO Optical Network Engineering Inc. used for on-site checks and personnel dispatch support.



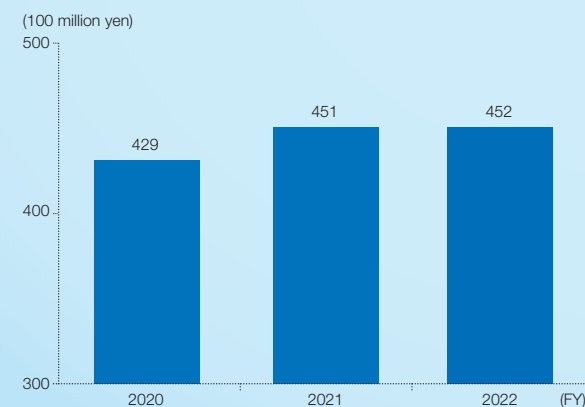
Information and Telecommunications Business

Today, there are growing opportunities to use information and communications technology in all areas of business and life due to progress in fields such as AI, IoT, and 5G, and the COVID-19 crisis has once again underlined its importance. There are rising expectations within society for this technology to cater to new lifestyles and accelerate digital transformations suited to the ever-changing business environment.

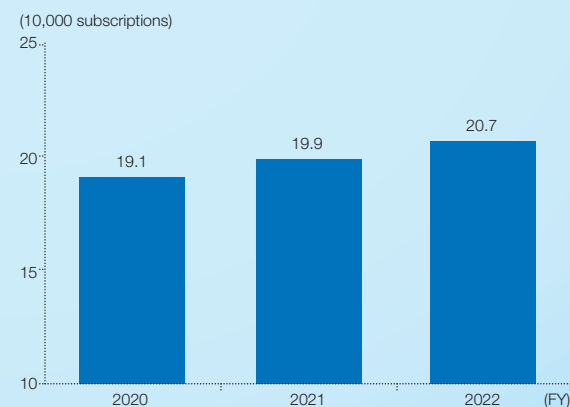
Within our Group, Energia Communications, Inc. (referred to hereafter as “Enecom”) is engaged in information and telecommunications business. In addition to building high-quality, high-reliability communications networks, Enecom provides total solutions that incorporate data centers, the cloud, and other elements. In this way, to support the lifestyles and businesses of its customers, Enecom will utilize state-of-the-art ICT to provide solutions to regional issues and generate added value.

Main Indicators

Sales in the information and telecommunications business



Number of subscriptions to MEGA EGG (individual)



Efforts to Strengthen and Expand Our Information and Telecommunications Business

Vision Strengthen and improve our existing businesses, with a focus on our energy business

Internet connection service MEGA EGG

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

In addition to providing secure, speedy Internet connections, in July 2022 Enecom began offering MEGA EGG contracts alongside Chugoku Electric electricity plans. Further, to cater to rising demand for home Internet, Enecom also provides optional Wi-Fi 6 (mesh compatible) routers, which are perfect for teleworking and online learning. In these and other ways, Enecom offers excellent communication environments.

Communication service

MEGA EGG 光ベーシック
MEGA EGG 光ダスリュー

New discount measure

メガ・エッグ
でんき割スラス

New services launched in July 2022

Performance

EneWings solution service for corporate customers

For corporate customers, Enecom offers total solutions that include communications network services for connecting customer's business sites and other locations, management and maintenance services for network devices and servers, etc., data center services, and cloud services.

At the EneWings Hiroshima Data Center, efforts are being made to further increase sales by providing a variety of services, an outstanding location in central Hiroshima City, safe and worry-free facilities, and robust security.

Enecom also offers ICT solutions—such as the creation of information security environments—and will continue working to respond to customer needs.



Hiroshima Data Center

Support for promotion of digital transformation of companies through consulting

Enecom is helping companies reinforce their competitive advantage by supporting their DX*1 efforts using the latest technologies.

Specifically, Enecom is using RPA*2 and AI to automate routine office work, transforming handwritten text into data and providing automated voice responses to telephone calls. The company is also focusing on consulting services for companies interested in DX, proposing different ways to use data by collecting, storing, and analyzing the vast volumes they generate on a daily basis.

Enecom will continue to support the promotion of digital transformation by offering the technologies, expertise, and personnel that customers require.



*1 Digital transformation. A wide range of activities that use data and digital technologies to create new services and business models, reduce operational costs (including through workstyle reform), and boost productivity.
*2 Robotic Process Automation. The use of software robots within computers, etc., to automate or take the place of human work in routine tasks.

Check

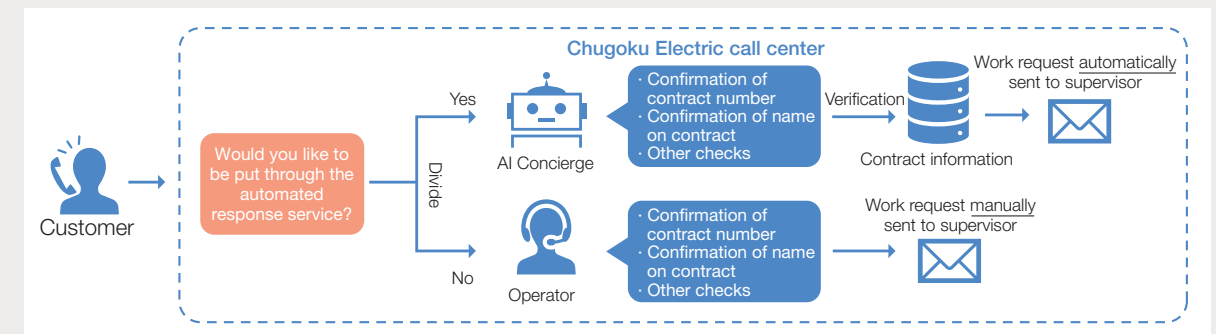
See Enecom's dedicated webpage for case studies and customer feedback.

Enecom Office DX
(RPA x AI)

<https://officedx.enecom.jp/>

Enhancing call center operations using AI-based automated telephone response

At Chugoku Electric, we have introduced the AI-based automated telephone response service AI Concierge* at our call centers to improve response rates during busy periods and peak times and to ensure continued operation even when our telephone operators are unable to come to work. This introduction has improved call response rates. In addition, by automating the entire chain of operations required for telephone support, we have also boosted measures to maintain operations when our operators are unable to come to work.



*An AI-based automated telephone response service developed by Tact Inc. that uses AI voice recognition technology to automate telephone support operations. Based on a partnership with Tact, Enecom supports everything from plan creation to operation and improvement.

Taking on the Challenge of New Business

Forecasts suggest there will be major changes in the environment of the electricity business in the future. Under these conditions, we will need to further accelerate efforts to expand our field of business in order for our Group to continue its sustained growth as we move forward.

Based on two concepts—creating the future of the region and creating the future of electricity—the Energia Creative Lab aims to use open innovation to offer advanced products and services that can offer solutions to regional issues related to carbon neutrality, digital transformations, and the SDGs, and in turn secure new sources of profit.

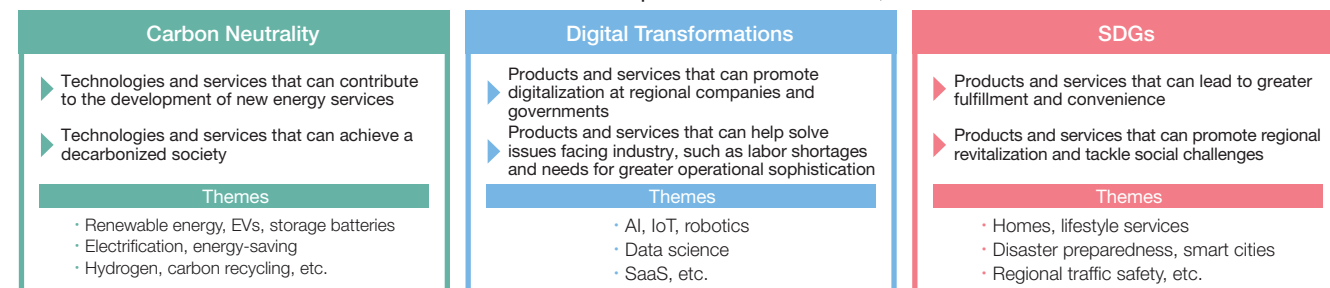
Efforts at the Energia Creative Lab

Vision Take on the challenge of new business for further growth

Creating the future of the region

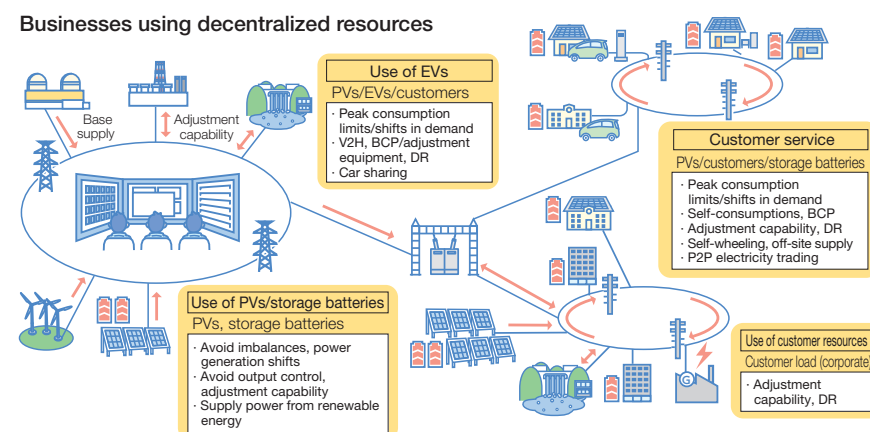
With carbon neutrality, digital transformations, and the SDGs as the overarching themes, we are offering our regions the latest products and services from startups via the Group to simultaneously create new sources of profit and tackle regional challenges. To promote the roll out of diverse services we are accelerating our investments in startups that have the potential to achieve quick growth. By building a three-billion-yen portfolio, we will seek to generate new profit through returns on our investments and business revenue.

Businesses and Investments Investments in 10 companies as of March 31, 2022



Creating the future of electricity

Since the government's carbon neutral declaration, customers' perceptions of energy have transformed drastically. To cater to their needs, and to contribute to carbon neutrality in the Chugoku region, we are working to develop new energy services that make use of renewable energy, storage batteries, EVs, and more. To do so, we are undertaking trials and demonstrations alongside startups with proprietary, state-of-the-art technologies.



Check

As we aim to ensure effective use of renewable energy, we are using storage batteries to undertake trials on avoiding imbalances and boosting market profits.

Information on our renewable energy aggregation demonstration project <https://www.energia.co.jp/press/2021/13224.html>

Performance

Initiatives Aimed at Reinforcing Our Competitive Strengths

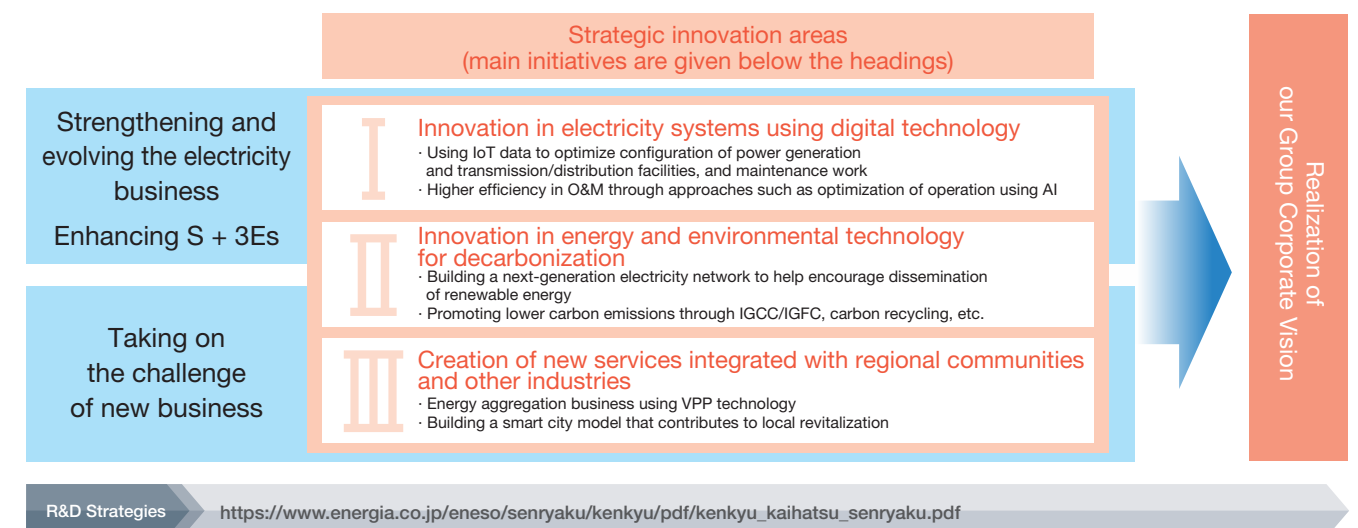
Recently, intellectual property and intangible assets have been growing in importance as a source of a company's competitive advantage.

As the environment surrounding the electricity business continues to undergo significant change, at the Chugoku Electric Power Group we are working to reinforce our existing businesses and enter new domains to achieve our Group Corporate Vision. In addition, by innovating through R&D, acquiring intellectual property, and promoting operational reforms through use of digital technologies and data, we will work to create new value and use our intellectual property and intangible assets to gain a competitive edge and reinforce our competitive advantage.

Measures Related to R&D

R&D strategies

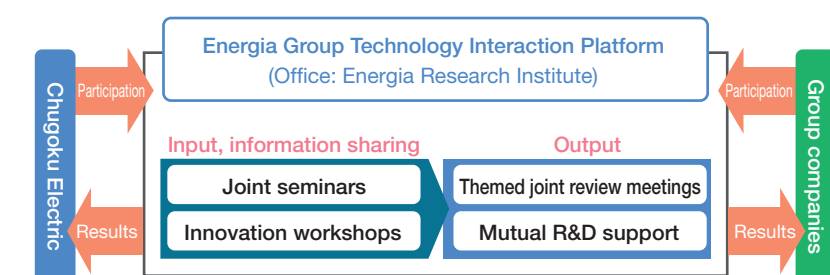
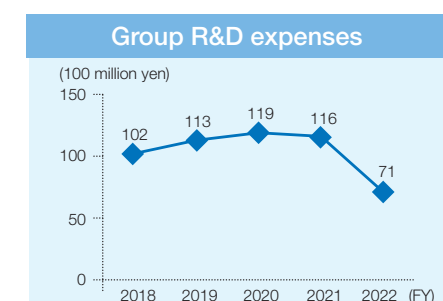
As for the direction of our R&D initiatives, we have established three strategic innovation areas. We will carry out R&D with the aim of innovating in these areas, and connect this with realization of our Group Corporate Vision.



Strategy implementation

Aiming for Group growth, we are placing particular focus on speedy research and development and early commercialization. To do so, we are proactively working with industry, academia, and government, and our initiatives include cross-industry alliances, open innovation, and partnerships with universities in the Chugoku region.

Moreover, we have set up the Energia Group Technology Interaction Platform as a place where engineers and researchers from across the Group can meet and interact, and are moving forward with activities to generate innovation.



Intellectual Property Initiatives

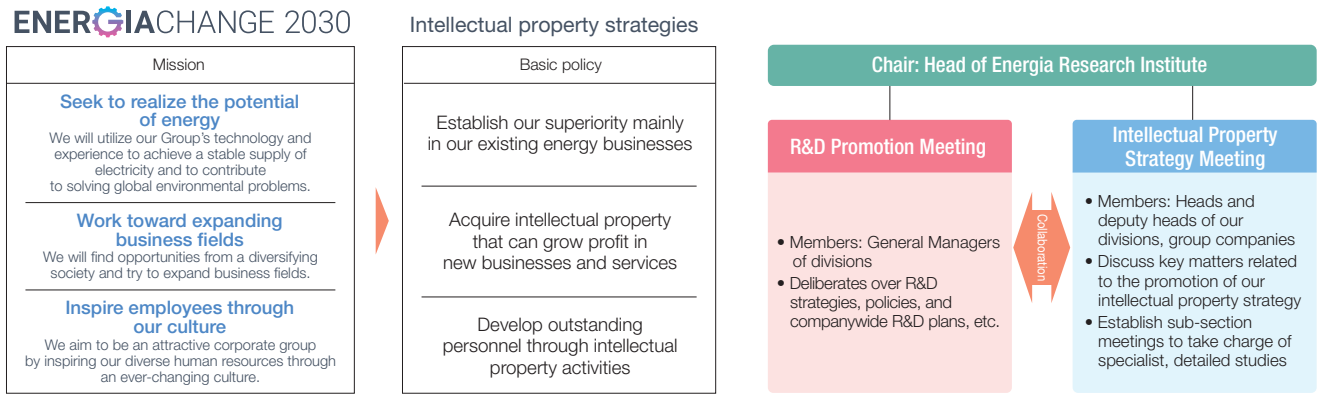
Seeing the liberalization of the electricity market around the year 2000 as an opportunity, in addition to personnel development, we recognized and used the wide range of intellectual assets developed in our operations as intellectual property. And, based on a policy that sought to improve our corporate value, we gradually moved forward with an intellectual property strategy focused on increasing efficiency in the electricity business and accumulating positive results. Meanwhile, with increased emphasis placed on intellectual property in the revised Corporate Governance Code (June 2021), in order to achieve sustainable growth it is becoming increasingly important to draw out new value from the retention and creation of intellectual and intangible assets, and add this value to our revenue base. In line with these environmental changes, while maintaining and reinforcing our existing initiatives, we will engage in further efforts to utilize intellectual property and intangible assets in diverse ways to generate innovation. By working to create new value, we will strive to respond to the expectations of our stakeholders.



Takuya Suizu
Executive Officer
Head of Energia Research Institute

Intellectual property strategy

To contribute to the achievement of our Group Corporate Vision from an intellectual property standpoint, we have formulated a basic intellectual property strategy policy that is in accordance with our vision, and are implementing this policy throughout the Group. For example, we are building an intellectual property portfolio across the supply chain through proactive investments in key challenges outlined in our vision, such as the development of a gas-to-lipid bioprocess (see p. 27) and research and development on CO₂-SUICOM (see p. 27), both central technologies for carbon neutrality. In 2003, we also set up the Intellectual Property Strategy Meeting comprising top-level management to discuss key matters on the promotion of our intellectual property strategy. Here, members deliberate over the basic intellectual property strategy policy and report on the implementation status and results of our intellectual property strategies. Meanwhile, led by the head of Energia Research Institute, our R&D Promotion Meeting and Intellectual Property Strategy Meeting—both of which comprise key members involved in management—work with one another to simultaneously promote our business strategies, R&D strategies, and intellectual property strategies.



Our Response to Digital Transformation (DX)

In June 2022, to strongly encourage innovation of operations and the creation of value through the use of digital technologies and data throughout the Group, and to enhance our competitive advantage, we reorganized and renamed the Information System & Telecommunications Division into the Digital Innovation Division, while at the same time launching the DX Project, an organization dedicated to overseeing and supporting digital transformation efforts. While we have already worked to introduce new technologies to improve productivity, the Digital Innovation Division is responsible for further enhancing the Group’s technologies, data, and other assets for more widespread and extensive application to operational reform and value creation. In doing so, the Division will seek to achieve major breakthroughs through digital transformation.

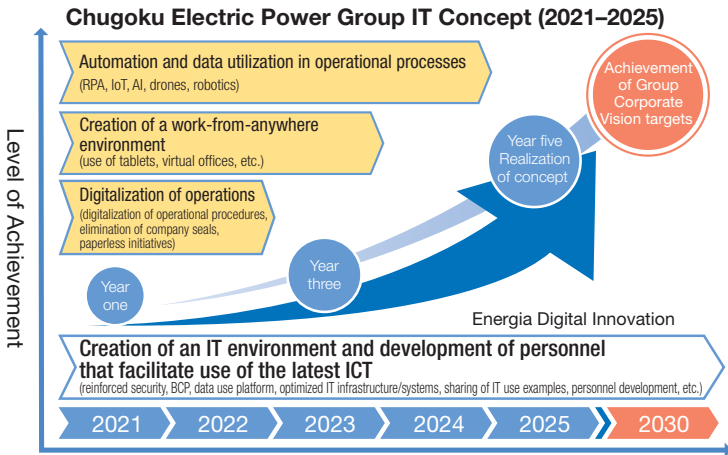


Masato Fujii
Executive Officer
Head of Digital Innovation Division

Energia Digital Innovation—The Chugoku Electric Power Group’s IT Concept

At Chugoku Electric, we regularly update our IT concept to showcase our goals, what we aim to be, and key points for IT utilization within the Group. As part of our current IT concept—Energia Digital Innovation (formulated in April 2021)—in addition to accelerating digitalization, automation, and data utilization in our operations, we are working to organize an IT environment fundamental to these efforts and develop the necessary personnel.

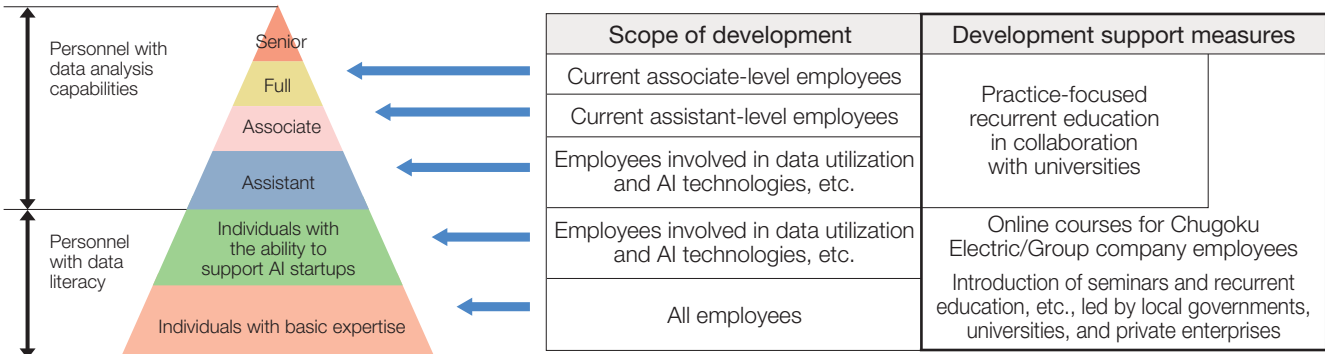
In FY2022 we worked mainly on tangible efforts such as mobile environments with an increased rate of teleworking and the creation of systems to share examples of digital technologies with the Group. Looking ahead, by resolving the issues facing each department within the Group as necessary using digital technologies, we will accelerate improvements in productivity and value creation, while establishing a corporate culture conducive to these efforts.



Developing data-oriented personnel

To improve the profitability of our existing businesses and create new services using digital technologies and data, we are working to develop data-oriented personnel through online courses for Chugoku Electric/Group company employees and recurrent education programs in collaboration with universities.

More recently, to promote the early development of such individuals and secure those who can be immediate assets to the Group, we have been boosting our employment of new graduates and mid-career individuals with the specialist knowledge and technologies required for information systems.



*Created based on the FY2021 Data Scientist Skill Level Report compiled by The Japan DataScientist Society.

Fulfillment of Basic Responsibilities

- Environment
- Social
- Governance



Promotion of ESG Management

We are promoting management with a firm focus on environmental, social, and corporate governance to contribute to the creation of a sustainable society and ensure continued improvement of our corporate value.

The Chugoku Electric Power Group's Corporate Philosophy—Key Concept —Energia: With You, and With the Earth—

Our corporate philosophy is linked to society's needs for sustainability, and we believe that we will be able to meet these needs through our business activities.
The Energia Group Corporate Charter of Conduct, which serves as our guidelines for action, states that our mission is to contribute to the creation of a sustainable society, and as such we are working to solve a wide range of social issues through our business activities.

Energia Group Corporate Charter of Conduct

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

Enhancement of Communication with Society

By proactively, effectively, and fairly publishing our corporate information as well as engaging in dialogue with a wide variety of stakeholders, we will reflect the demands of 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.

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.

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.

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 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 a workplace that is comfortable and provides job satisfaction.

Promotion of Compliance Management

We will strictly abide by laws, regulations, and rules, as well as social norms including the underlying ethics and morals, and will practice three actions (consulting our conscience, speaking honestly, and proactively correcting things).

Rigorous Crisis Management

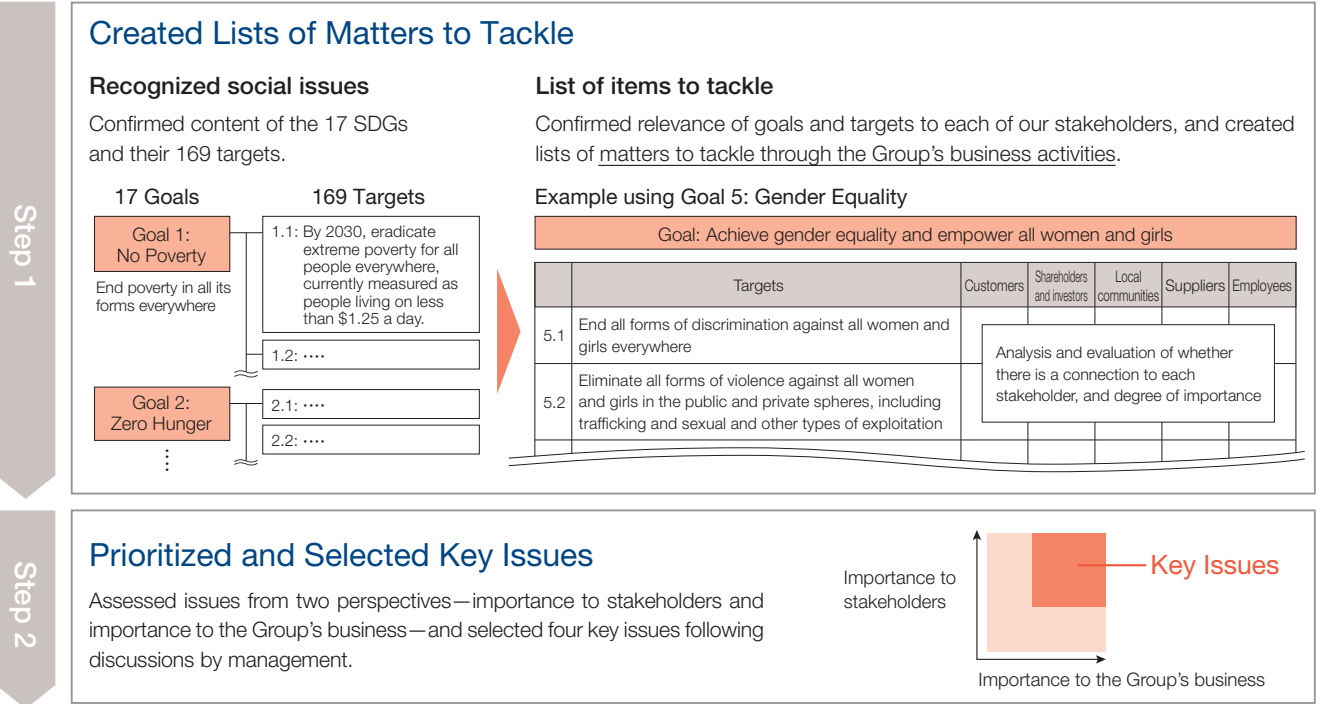
We will construct a crisis management structure in terms of our organization and our systems and rigorously carry out efforts towards preventing and minimizing risk with regard to natural disasters, cyber attacks, terrorism, and other such threats to the social lives of citizens and our corporate business activities.

Enhancement of Corporate Governance

Executives of the Energia Group will construct governance with fairness, transparency, and viability, with an aim to improve the corporate value of the Group and achieve continuous growth. They will also take the lead and become examples to ensure that all employees take action towards achieving this Charter of Conduct.

Our Contribution to the Achievement of the SDGs

In September 2015, the United Nations General Assembly adopted 17 Sustainable Development Goals addressing key issues such as energy, climate change, and gender equality as guidelines for global action. To contribute to the achievement of these goals, we have selected four key issues to tackle as a Group by FY2031. Moreover, we have incorporated these into our Group Corporate Vision, ENERGIACHANGE 2030, and are working to resolve them in a focused manner.



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, the president and CEO bears ultimate responsibility for the company's environmental management,*2 while the head of the Carbon Neutrality Promotion Division acts as the companywide environmental management leader. The Companywide Environmental Committee, which is chaired by the companywide environmental management leader, is held in principle twice a year, and is tasked with discussing policies and plans related to climate change and other environmental issues, as well as key matters regarding our environmental initiatives. Levels of implementation and other matters are reported to the president.

The Board of Directors, meanwhile, receives twice yearly reports from the president regarding the levels of implementation and other matters pertaining to the Chugoku Electric Power Group Environmental Action Plan,*3 and oversees execution of environmental management operations. Meanwhile, to strongly promote carbon neutrality in group businesses as well as further strengthen collaboration for carbon neutrality with customers and regional communities, we have established the Carbon Neutrality Promotion Division, a dedicated organization that reports directly to the president. The Carbon Neutrality Promotion Committee, which is chaired by the head of the Carbon Neutrality Promotion Division, is in charge of comprehensively understanding and assessing the Group's carbon neutrality initiatives and further promoting their implementation.

*2 Activities that continuously seek to plan for, assess, and counter environmental issues such as climate change.

*3 A basic policy and action plan for the Group to promote its environmental initiatives. The basic policy describes the Group's aim to mitigate climate change through its efforts to achieve carbon neutrality by 2050, and includes measures and targets for global warming countermeasures.

Environmental Management & Carbon Neutrality Promotion Organization: See p. 53

Strategy

Assumed scenarios

At Chugoku Electric, assessing 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.

By making certain assumptions, these analyses are for the purpose of examining long-term events and countermeasures. They are not intended to predict results.

Selected scenarios	1.5°C Scenario	4°C Scenario
Reference	● IEA: World Energy Outlook 2021 NZE Scenario*4 ● Sixth Strategic Energy Plan	● Japan Meteorological Agency: Climate Change in Japan 2020*5 4°C Increase Scenario*6

In line with Chugoku Electric Power Group Carbon Neutral 2050, we have set the years 2030 (medium term) and 2050 (long term) as terms for scenario analysis.

*4 A scenario in which global energy sectors achieve net zero emissions by 2050.

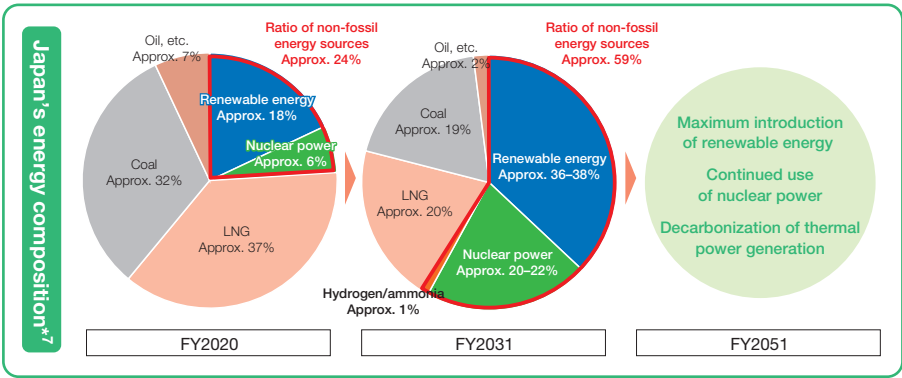
*5 Created based on the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change.

*6 A scenario in which global average temperatures have risen by approx. 4°C by the end of the 21st century.

Changes in business environment

Energy supply 1.5°C Scenario

According to the IEA's World Energy Outlook 2021, the global ratio of non-fossil energy sources is set to significantly increase ahead of 2050. In Japan, the Sixth Strategic Energy Plan outlines the country's policy to tackle renewable energy initiatives as a priority, and includes a non-fossil fuel energy ratio of approx. 59% for FY2031.



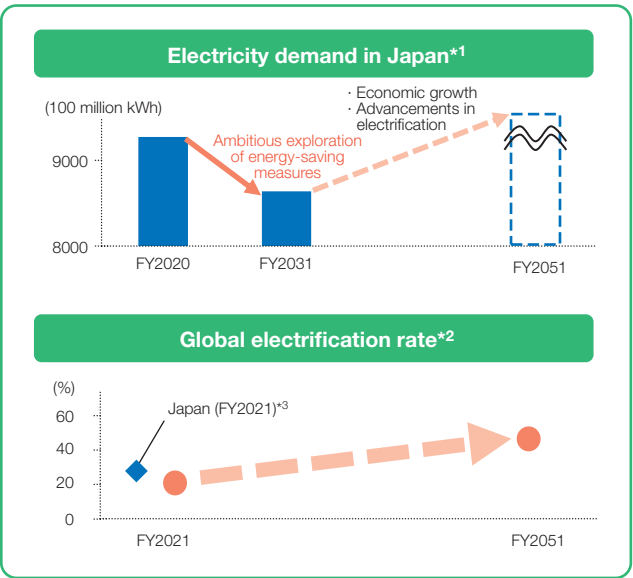
Main impacts on our business

- ✓ Tighter 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

*7 Created in-house based on the Sixth Strategic Energy Plan.



Energy demand 1.5°C Scenario



According to the IEA's World Energy Outlook 2021, global electricity demand and electrification rates will continue to rise ahead of 2050. The Sixth Strategic Energy Plan predicts that electricity demand will increase by a certain amount in Japan's carbon neutral society of 2050 due to advances in electrification. However, thorough energy-saving measures are expected to mean that, in FY2031, electricity demand will be lower than in FY2020.

Main impacts on our business

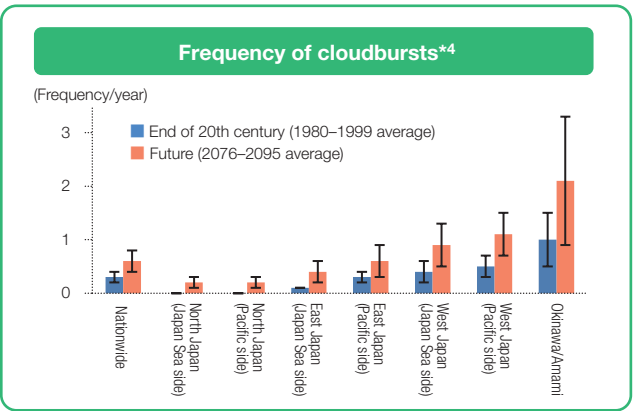
- ✓ Increasing social desire for decarbonization
- ✓ Promotion of electrification to achieve decarbonization
- ✓ Increasing needs among customers for energy-saving and decarbonization measures in their business activities

*1 Created in-house based on the Agency for Natural Resources and Energy's FY2031 Forecast for Energy Supply and Demand.

*2 Created in-house based on the IEA's World Energy Outlook 2021.

*3 Based on the Agency for Natural Resources and Energy's Energy White Paper 2022.

Climate change 4°C Scenario



According to the Japan Meteorological Agency's Climate Change in Japan 2020, there is set to be a rise in number of cloudbursts and an increase in typhoon strength. Average temperatures and sea levels are also expected to rise.

Main impacts on our business

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

*4 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.

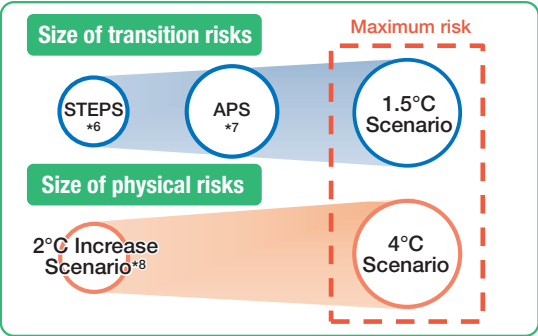
In order to maximize our opportunities while ensuring thorough response to climate change risks, we will engage in various measures for both supply and demand to ensure we can maximize our business opportunities. In promoting the decarbonization of energy sources, with safety as our primary concern and with long-term energy security and economic benefits in mind, we will aim to create a well-balanced mix of power sources that can cope with a range of risks in addition to those related to climate change. Further, on the demand side, to ensure we can cater to customers' decarbonization needs, in addition to our existing electrification proposals, we are offering electricity rate plans that make use of renewable energy and new services that use decentralized resources such as solar panels and EVs.

We believe that transition risks and opportunities are one and the same. Recognizing customers' changing awareness and needs as business opportunities, we will work to transform transition risks into opportunities through the initiatives outlined in "The Group's Measures for Risks and Opportunities."



Changes in business environment (Main impacts on our business)			Group risks and opportunities	Timeline		Major impact on business*1	The Group's measures for risks and opportunities
				2030 (Medium term)	2050 (Long term)		
1.5°C Scenario	✓ Tightening of GHG emission regulations (Act on Rationalizing Energy Use, Act on Sophisticated Methods of Energy Supply Structures, carbon pricing, etc.)	Transition risks (Policy)	◆ Increase in costs in line with tightened regulations ❶ ◆ Lost revenue from a decrease in market competitiveness and the utilization rate of power generation using fossil fuels ◆ Drop in electricity sales due to increasing customer withdrawal	○	○	○	Decarbonization of energy sources Power Generation Business: See p. 23 ➢ Increase introduction of renewable energy Index and Target A: See p. 51 <ul style="list-style-type: none">● 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 Index and Target B: See p. 51 <ul style="list-style-type: none">● Initiatives for the early commencement of operations at Shimane Unit 2 and 3● Roll out of various measures aimed at further improvement of safety● Development of new location in Kaminoseki ➢ Shift to highly efficient/decarbonized thermal power generation Index and Target C: See p. 51 <ul style="list-style-type: none">● 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● Examination and preparation of hydrogen/ammonia power generation Expansion of International Business International Business: See p. 32 ➢ Increase projects with a focus on renewable energy
	✓ 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 ❷ ◆ 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 (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	○	○	○	Shift to next-generation power networks Power Transmission and Distribution Business: See p. 34 ➢ 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
4°C Scenario	✓ 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 (Reputation/market)	◆ Potential impact on market share and fund procurement if our decarbonization initiatives are deemed insufficient and our reputation for reliability and corporate image suffers	○	○	○	Proactive communication with stakeholders Enhancement of Communication with Society: See p. 75 ➢ Appropriately disclose initiatives and enhance disclosed content Propose solutions to cater to customers' decarbonization needs Sales Business: See p. 21 and 29 ➢ Encourage use of high-efficiency electric equipment with excellent energy-saving capabilities such as EcoCute ➢ Propose solutions for the electrification of air conditioning equipment, hot water supply equipment, and industrial processes, etc. ➢ Further develop and roll out renewable energy electricity rate plans and services ➢ Roll out initiatives that use decentralized energy resources
		Opportunities (Market)	◆ Promotion of electrification, DR,*2 and Solar PPA,*3 etc.	○	○	○	
			◆ Development of carbon recycling technologies (CO ₂ -TriCOM, CO ₂ -SUICOM, Gas-to-Lipids)*4	○	○	○	R&D on decarbonization Experimental Research: See p. 27 ➢ Steadily develop carbon recycling technologies
	✓ Increasing severity of natural disasters (cloudbursts, typhoons, etc.)	Physical risks (Acute)	◆ Increase in recovery and countermeasure costs in line with facility damage ❸ ◆ Increase in costs due to enhanced resilience measures (facility countermeasures to prepare for disasters, creation of coordinated systems to ensure early recovery)	○	○	○	Improved resilience Strengthening Resilience: See p. 36 ➢ 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 deployment of mobile substations
	✓ Changing rainfall patterns	Physical risks (Acute)	◆ Decreasing water flow rates (Decreasing hydropower) ❹	○	○	○	
	✓ Rising average temperatures and rising sea levels	Physical risks (Chronic)	◆ Adverse impact on business activities		○		Effective use of water resources Effective use of hydroelectric power: See p. 28 ➢ Steadily implement countermeasures for decreasing water flow rates (decreasing hydroelectric power)

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. While considering the uncertainties and risks surrounding technological development, we will anticipate multiple scenarios without limiting ourselves to specific initiatives, and move forward with our road map for carbon neutrality in 2050.

Chugoku Electric Power Group Carbon Neutral 2050: See p. 16

*1 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.
*2 Demand response, A mechanism whereby holders of users' energy resources or third parties control these resources to change power demand patterns.
*3 Power purchase agreement.
*4 Technologies that solidify CO₂ so it can be reused in civil engineering materials and concrete (CO₂-TriCOM and CO₂-SUICOM) and a technology that uses a bioprocess to generate high-value-added lipids from CO₂ (Gas-to-Lipids).
*5 Actual expenses as an indicator of future financial impact.
*6 A scenario in which it is not assumed that all the currently announced government targets will be achieved. (From the IEA's World Energy Outlook 2021)
*7 A scenario in which it is assumed that the government's climate change pledge will be achieved within the designated period. (From the IEA's World Energy Outlook 2021)
*8 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)

Main financial impacts of climate change-related risks and opportunities*5

❶ Increasing costs in line with tighter regulations

Financial impact from additional procurement of Non-Fossil Fuel Energy Certificates (Average agreed price on the Non-Fossil Value Trading Market in FY2022)

60 million yen/100 million kWh

❸ Increasing recovery and response costs in line with damage to facilities

Damage costs (Impact of the heavy rainfall disaster in July 2018)

3.7 billion yen

❷ Use of nuclear power with safety as top priority

Financial impact on raw material costs in line with the relaunch of Shimane Unit 2 (figures from FY2022)

700 million yen/1% utilization rate

❹ Decreasing water flow rates (decreasing hydroelectric power generation)

Financial impact on raw materials due to decreasing water flow rates (figures from FY2022)

300 million yen/1% water flow rate

Risk Management

At Chugoku Electric we have set up a dedicated organization to oversee companywide risk management inside the Compliance Promotion Division. The organization promotes and supports groupwide risk management. Under the companywide risk management system (p. 86), each division identifies and assesses risks related to its main line of business, including climate change risks, and places priority on activities to prevent risks that can be identified in advance. For risks that are difficult to foresee, each division prioritizes management activities that minimize any potential damage. Following examination of the relevant measures, they are reflected into our management plans to ensure continuous risk management. In addition to gauging companywide risks, the Compliance Promotion Division assesses the severity of each risk based on its degree of impact and frequency. Moreover, the division has positioned climate change risks and others that impact our business activities as serious risks, and submits information to the Management Committee on the conditions surrounding their management while also reporting to the Board of Directors. The major business and other risks (p. 87) that could severely impact our Group's performance are also shown in our Securities Report.

Risk Management: See pp. 86–87

Indicators and Targets

With decarbonization measures on the supply side and further investigation of energy-saving measures and electrification initiatives on the demand side, we are moving forward with maximum efforts for both supply and demand. In doing so, as a stepping stone toward our ultimate goal of carbon neutrality by 2050, we are aiming to halve CO₂ emissions in our electricity retail business by FY2031 (compared to FY2014).

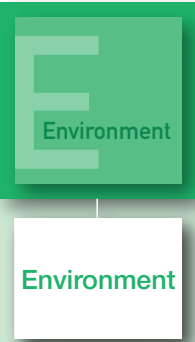
CO₂ Emissions Record: See p. 57

GHG emissions Scope 1, 2 and 3: See p. 98

Thermal Power Generation Transition Plan: See p. 18

Indicator		Target
Reduction of CO ₂ emissions		<div>◆ Strive to be Carbon Neutral by 2050</div> <div>◆ Halve CO₂ emissions in our electricity retail business by FY2031 (compared to FY2014)</div> <div>CO₂ emissions in our electricity retail business (10,000 t-CO₂) [] : CO₂ emission factor (kg-CO₂/kWh)</div> <div><div><div>4,228 [0.717]</div><div>2,553 [0.542]</div><div>Halve CO₂ emissions Compared to FY2014</div><div>Carbon neutral</div></div><div><div>FY2014</div><div>FY2022</div><div>FY2031</div><div>FY2051</div></div></div>
Supply side	A	<div>◆ Between FY2021 and FY2031, newly introduce 300–700 MW of renewable energy</div> <div>◆ Maximize introduction of renewable energy by FY2051</div> <div>Introduction of renewable energy (cumulative)</div> <div><div><div>Approx. 1,000 MW</div><div>Approx. 1,170 MW</div><div>Approx. 1,300–1,700 MW</div><div>Maximum introduction</div></div><div><div>FY2020</div><div>FY2022</div><div>FY2031</div><div>FY2051</div></div></div>
	B	<div>◆ With safety assurance as the top priority, work toward early start and stable operation</div> <div>CO₂ emission suppressing effect due to operation of nuclear power stations (cumulative)*</div> <div><div><div>*Assessed as an alternative power source to those with a CO₂ emissions factor of 0.521 kg-CO₂/kWh in FY2021</div><div>-2.4 million t</div><div>-6.4 million t</div><div>-14.4 million t</div></div><div><div>FY2022</div><div>Shimane Unit 2</div><div>Shimane Unit 3</div><div>Kaminoseki Units 1 and 2</div></div></div>
	C	<div>◆ Pursue every option ahead of decarbonization by 2050</div> <div>◆ Prepare to begin hydrogen/ammonia power generation by 2030</div> <div><div>▷ Fade out inefficient coal-fired thermal power</div><div>▷ Increase biomass mixed-fuel combustion rate, switch to mono-fuel combustion, and make use of IGFC+CCUS/carbon recycling, etc.</div><div>▷ Increase hydrogen/ammonia mixed-fuel combustion rate and switch to mono-fuel combustion</div><div>· Accelerate examinations aimed at mixed combustion using 10% hydrogen and 20% ammonia by the 2030s</div></div>
	D	<div>◆ FY2031: More than 900,000 EcoCute units installed; more than one million all-electric home contracts</div> <div>◆ Roll out initiatives using renewable energy (solar PPA, etc.)</div> <div><div>Total no. of EcoCute units installed</div><div><div>Approx. 700,000</div><div>More than 900,000</div></div><div><div>Total no. of all-electric home contracts</div><div><div>Approx. 840,000</div><div>More than 1,000,000</div></div></div><div><div>FY2022</div><div>FY2031</div><div>FY2022</div><div>FY2031</div></div></div>
Demand side		

Environment



At the Chugoku Electric Power Group, we have positioned initiatives aimed at solving environmental issues—which include global warming countermeasures and activities aimed at a recycling-oriented society—as key management issues, and we are proactively engaged in efforts as a Group to reduce the environmental impact of our business activities. Specifically, as we work toward the creation of a sustainable society, in addition to steady execution of the Chugoku Electric Power Group Environmental Action Plan, we will drive the decarbonization initiatives outlined in Carbon Neutral 2050. Further, we will accurately gauge the needs for climate change information, and through disclosure based on the Recommendations of the Task Force on Climate-related Financial Disclosures and the SASB Standards, we will continue to enhance both the quality and quantity of the information we provide.

Chugoku Electric Power Group Environmental Action Plan

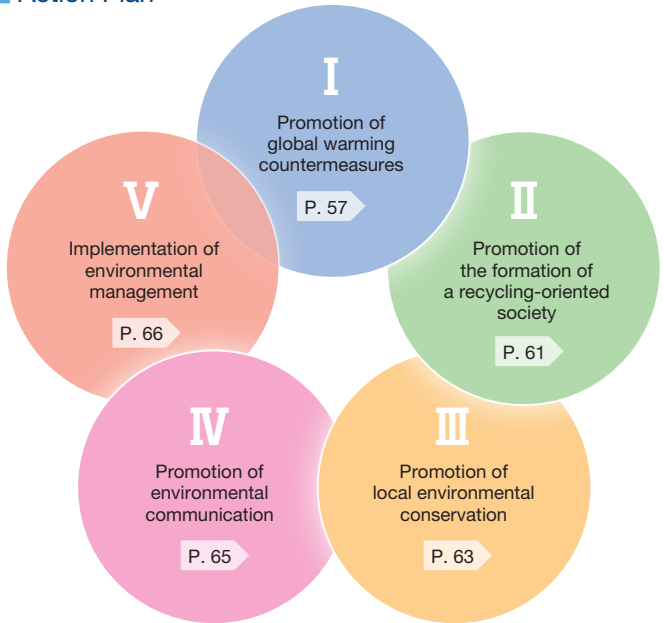
With growing demand from society to achieve the Sustainable Development Goals (SDGs) and the increase of ESG (Environment, Social, Governance) investing, the importance of our response to environmental issues continues to grow. As a Group, we will work together to implement the Chugoku Electric Power Group Environmental Action Plan, which includes measures to respond to various environmental issues related to our business activities, including the prevention of global warming, the creation of a recycling-oriented society, and biodiversity protection.

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:

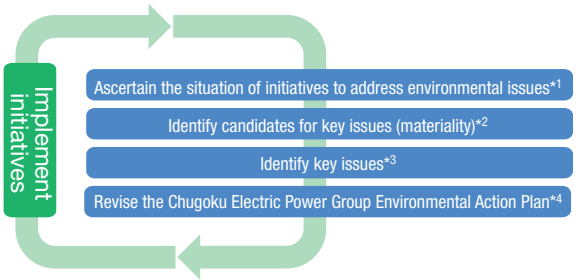
1. Vigorously approach global warming countermeasures and other important issues such as promoting formation of a recycling-oriented society and promoting local environmental conservation, etc.
2. Contribute to building a society in harmony with the environment by providing customers with products and services that are environmentally friendly.
3. Actively implement two-way communications with local communities comprising dialogue, activities, and other efforts related to environmental conservation.

Action Plan



Identification and review of key issues

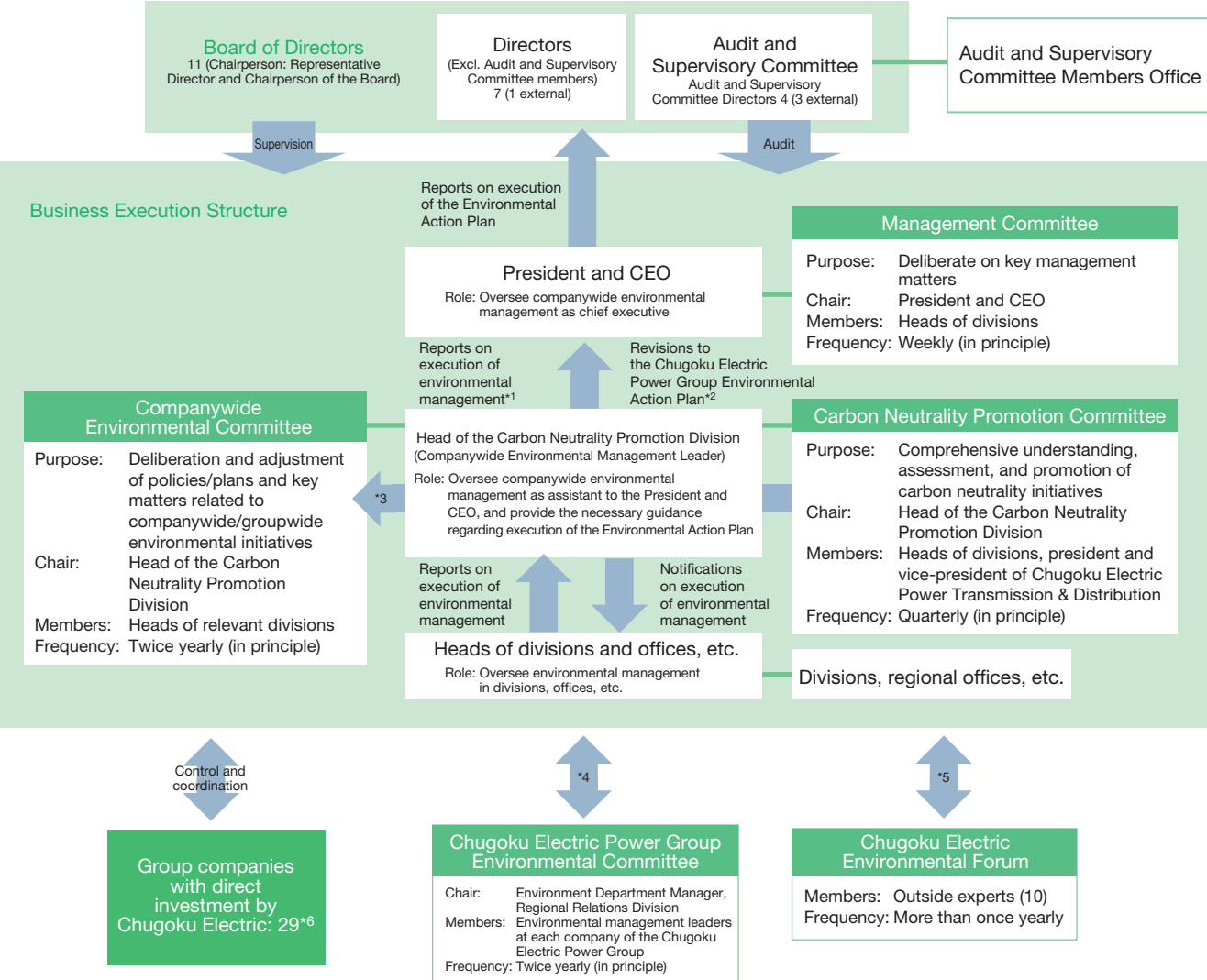
Key environmental issues at the Group are determined by the process indicated in the following diagram, and reviews are carried out periodically based on the situation of ongoing initiatives.



*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).

Environmental Management & Carbon Neutrality Promotion Organization

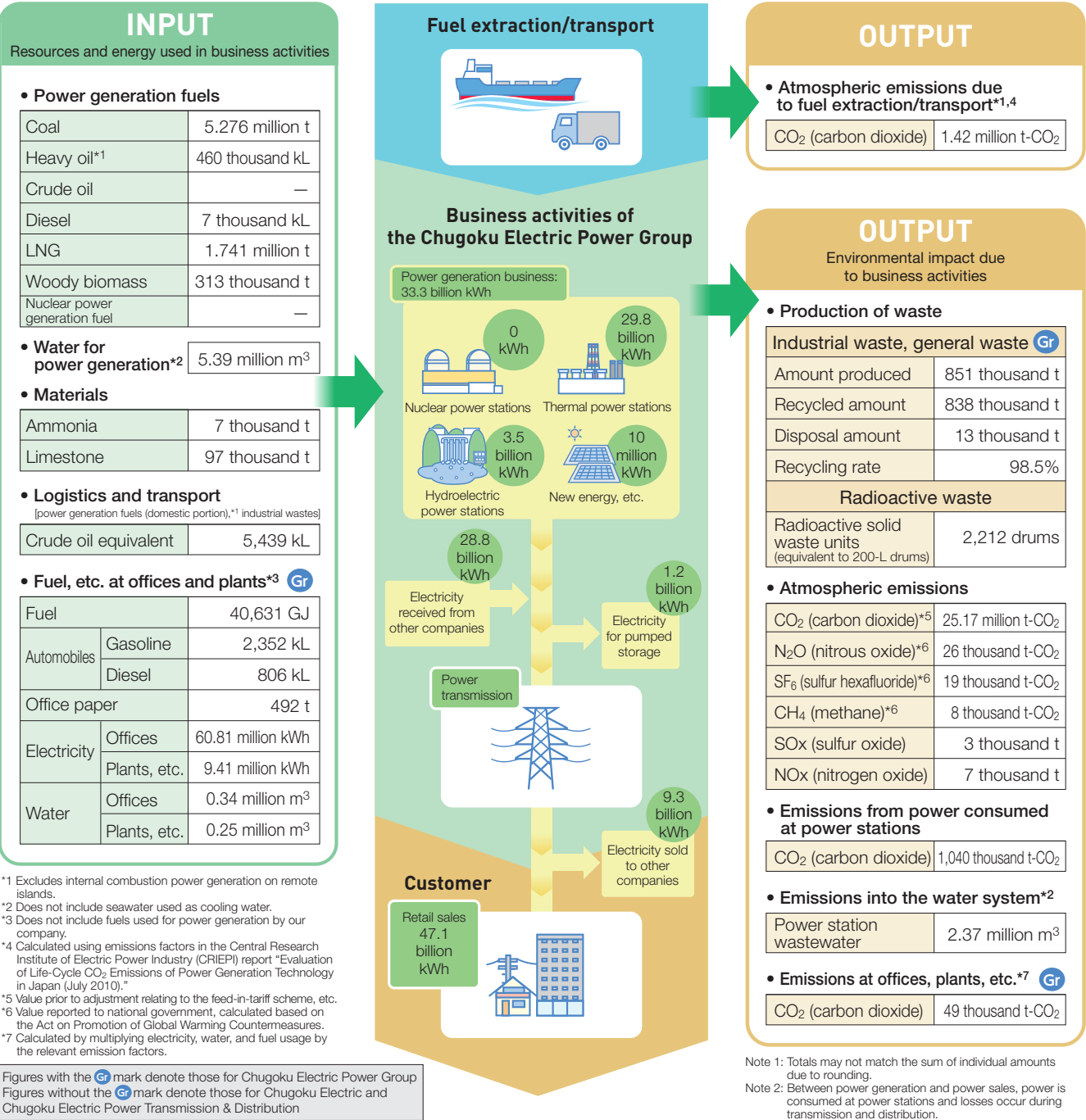
At Chugoku Electric, the head of the Carbon Neutrality Promotion Division oversees companywide environmental management under the command of the president and CEO, who bears ultimate responsibility for the company's environmental management. The results of discussions by the Companywide Environmental Committee, the Chugoku Electric Power Group Environmental Committee, and the Carbon Neutrality Committee are reflected into the Group's environmental management, and the Group works as one to promote measures for the Chugoku Electric Power Group Environmental Action Plan and carbon neutrality.



*1 Includes reports on execution of the Environmental Action Plan.
 *2 Important revisions are submitted to the Board of Directors.
 *3 Guidance and notification on matters to reflect into the Chugoku Electric Power Environmental Action Plan.
 *4 Reports on measures to promote the Environmental Action Plan, etc.
 *5 Take on board opinions and evaluations of outside experts regarding environmental initiatives and reflect back into business.
 *6 Does not include overseas subsidiaries, etc.

Business Activities and Environmental Impacts in the Chugoku Electric Power Group (FY2022)

At the Chugoku Electric Power Group, we conduct our business activities using various resources. We accurately monitor and properly manage environmental impacts such as resource usage and CO₂ emissions due to our business activities, and we are making efforts to address environmental problems throughout our operations.




















For environment-related data other than the above, please see the Chugoku Electric Power Group Environmental Data Compilation for 2022

Chugoku Electric Power Group Environmental Data Compilation for 2022
 <https://www.energia.co.jp/energy/energia/kankyou/index.html>

Chugoku Electric Power Group Environmental Targets and Results (FY2022)

We achieved the targets for all 13 of our initiatives in FY2022. 😊 : Achieved 😊 : Almost achieved ☹️ : Not yet achieved


















Action Plan	Item	SDGs	Target	FY2022 Results	Evaluation
I. Promotion of global warming counter-measures	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	Currently responding to conformity reviews for regulatory requirements Received approval to change reactor installation for Unit 2	😊
	New introduction of renewable energy Gr	 	FY2021–2031 300–700 MW	165 MW	😊
	Responding to growing introduction of renewable energy Gr	 	Introduction wherever possible (grid connections)	15.51 GW · Connections completed: 1,043 · Connection applications: 508	😊
	Thermal power station heat efficiency (generating end)		43% or higher (lower heating value standard)	43.5%	😊
	Introduction of smart meters Gr		Complete installation of smart meters for all low-voltage customers by the end of FY2024	3.93 million units (Progress: 78%)	😊
	Provision of energy-saving products and services to customers Gr		Active roll out (no. of EcoCute units installed)	Total: 700,000 units	😊
	CO ₂ emissions factors		The Electric Power Council for a Low Carbon Society targets FY2031: about 0.37kg-CO ₂ /kWh	FY2021*1 0.441 kg-CO ₂ /kWh*2	😊
II. Promotion of the formation of a recycling-oriented society	Effective utilization rate for coal ash	 	99% or higher	99.4%	😊
	Waste recycling rate (excluding coal ash) Gr		95% or higher	96.2%	😊
III. Promotion of local environmental conservation	Proper disposal of PCBs Gr	   	Disposal of full amount by the end of FY2027	High-concentration PCB wastes Disposal completed	😊
				Low-concentration PCB wastes Making steady progress with disposal	
IV. Promotion of environmental communication	Activities supporting education on energy and the environment for the next generation Gr	 	Active implementation	No. of visiting schools, etc. 131	😊
V. Implementation of environmental management	Thorough environmental management Gr	  	Implementation of groupwide environmental management measures and thorough compliance with environmental laws and regulations	· Steady implementation as planned · No. of environmental violations: 0	😊
	Percentage of employees participating in environmental education Gr		100%	100%	😊

Gr : Denotes groupwide initiatives

*1 Results for CO₂ emissions factors are released the following year between autumn and winter. As such, figures here are assessed based on FY2021 CO₂ emissions factors.
*2 Reflects adjustments relating to feed-in-tariffs and deductions from CO₂ emissions credits based on the Act on Promotion of Global Warming Countermeasures, etc.

Chugoku Electric Power Group Environmental Targets (FY2023)

Environmental targets for FY2023 were set as below in April 2022 based on progress in Carbon Neutral 2050 and other Group policies and initiatives.

Action Plan	Item	SDGs	Target
I. Promotion of global warming counter-measures	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
	New introduction amounts of renewable energy Gr		FY2021–FY2031 300–700 MW
	Responding to growing introduction of renewable energy Gr		Introduction wherever possible (Grid connections)
	Thermal power generation efficiency	 	Achievement of benchmark indicators*1 based on the Act on Rationalizing Energy Use by FY2031
	Introduction of smart meters Gr	 	Complete installation of smart meters for all low-voltage customers by the end of FY2024
	Provision of energy-saving products and services to customers Gr		FY2031 No. of EcoCute units installed: More than 900,000
	Promotion of all-electric homes Gr		FY2031 No. of all-electric home contracts: More than one million
	Promotion of vehicle electrification		FY2031 Ensure 100%*2 of company-use vehicles are electric (excl. special vehicles, etc.)
	CO ₂ emissions		Halve CO ₂ emissions by FY2031 (compared to FY2014) *3
	CO ₂ emissions factors		The Electric Power Council for a Low Carbon Society targets FY2031: about 0.37 kg-CO ₂ /kWh
II. Promotion of the formation of a recycling-oriented society	Effective utilization rate for coal ash	 	99% or higher
	Waste recycling rate (excluding coal ash) Gr		95% or higher
III. Promotion of local environmental conservation	Proper disposal of PCBs Gr	   	Disposal of full amount by the end of FY2027
IV. Promotion of environmental communication	Activities supporting education on energy and the environment for the next generation Gr	 	Active implementation
V. Implementation of environmental management	Thorough environmental management Gr	 	Implementation of groupwide environmental management measures and thorough compliance with environmental laws and regulations
	Percentage of employees participating in environmental education Gr		100 %

Gr : Denotes groupwide initiatives

*1 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; enforced in April 2022).
*2 Chugoku Electric and Chugoku Electric Power Transmission & Distribution.
*3 CO₂ emissions from electricity retail business.

I. Promotion of Global Warming Countermeasures



(1) Broader use of non-fossil energy

- Nuclear**
1. Use of nuclear power generation while making safety a top priority
 2. Developing new nuclear power as a key countermeasure for global warming
 3. Investigation and utilization of cutting-edge technologies
- Renewable energy and decarbonized power sources**
4. Broader introduction of hydro, solar, wind, biomass, and other forms of renewable energy
 5. Expansion of dispersed/renewable energy connection capacity via more sophisticated electricity network facilities
 6. Investigation into introduction of hydrogen/ammonia power generation technology, etc.

(2) Efficient use of fossil energy

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

(3) Promotion of efficient use of energy and electrification

1. Support for customers' energy-saving measures through use of smart meters, etc.
2. Provision of heat pumps and other energy-saving products
3. Enhancement and development of services that cater to decarbonization and other customer needs

(4) Other measures

1. Efficient operation of power transmission/distribution equipment
2. Curbing emissions of greenhouse gases other than CO₂ (SF₆, etc.)
3. International technical support toward decarbonization

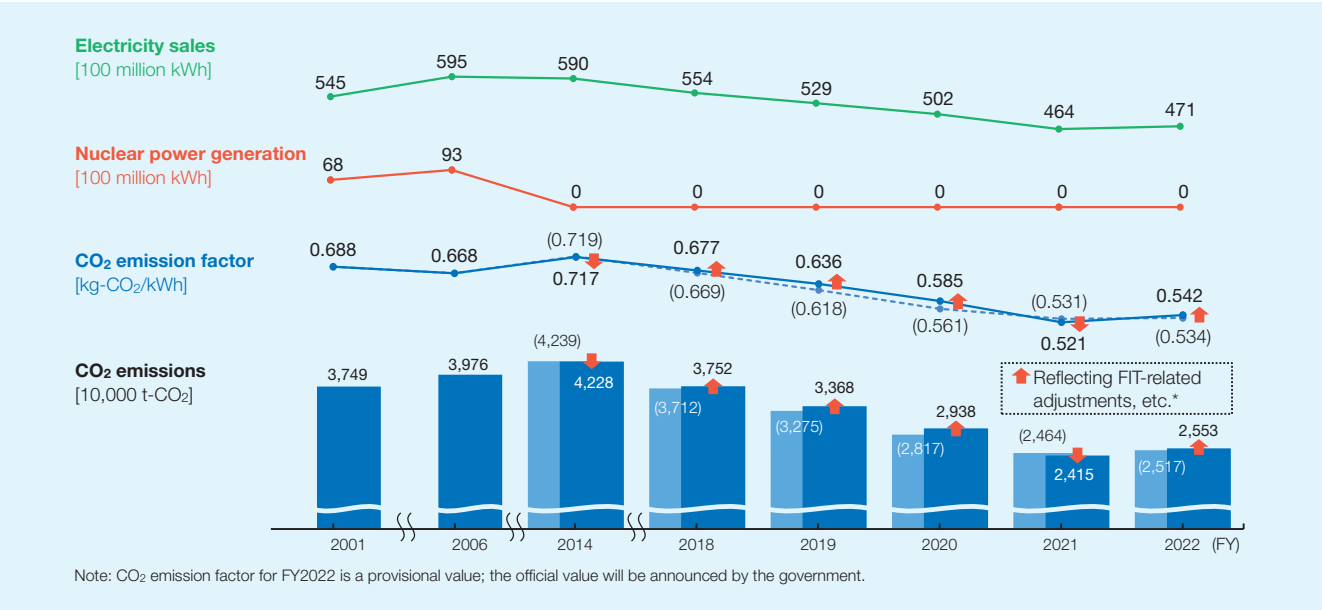
At Chugoku Electric, we recognize the importance of initiatives that address the issue of global warming. Based on the S + 3E policy (Safety + Energy Security, Economic Efficiency and Environment), while aiming for a balanced mix of power sources, we will work to become carbon neutral by 2050 to ensure a sustainable future society. At the same time, we will work to reduce CO₂ emissions, and achieve the levels prescribed by benchmark indicators based on the Act on Rationalizing Energy Use.

Carbon Neutral Chugoku Electric Power Group by 2050: See p. 16

Development of a Balanced Mix of Power Sources: See p. 23

CO₂ Emissions Record

In FY2022, CO₂ emissions for our electricity retail business were 25.53 million t-CO₂, and the CO₂ emission factor was 0.542 kg-CO₂/kWh, increases from FY2021 due to increased ratios of thermal energy as electricity sales increased. (Numerical values are adjusted*)



*Reflects adjustments relating to feed-in-tariffs (FIT) and deductions from CO₂ 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).

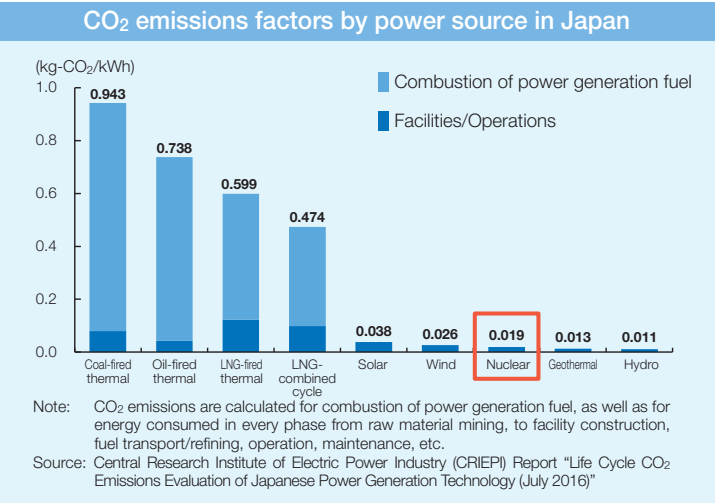
Broader Use of Non-fossil Energy

Use and development of nuclear power

Nuclear power is outstanding in terms of fuel supply stability and economy. It also does not emit CO₂ during operation, and thus is superior for dealing with the issue of 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 startup Shimane Units 2 and 3 as early as possible, and develop the Kaminoseki Nuclear Power Station as a vital power source for the future.



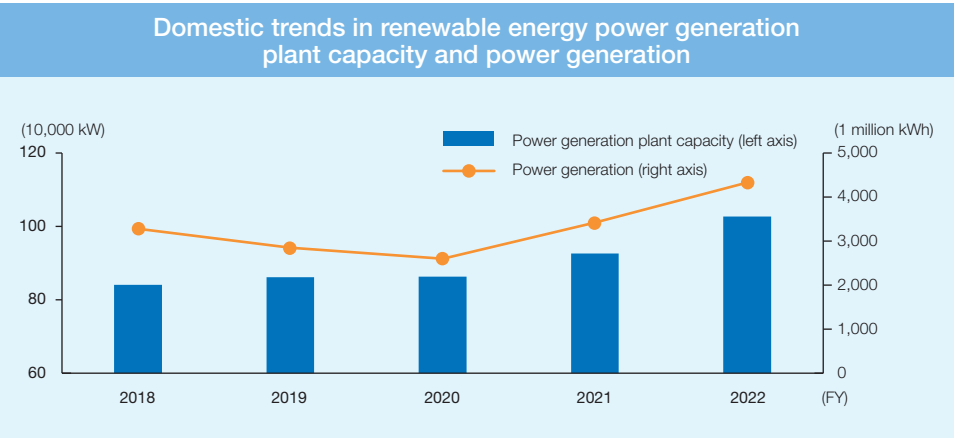
Shimane Nuclear Power Station



Further Improvement of Safety of Nuclear Power Stations: See p. 24

Broader introduction of renewable energy

At the Chugoku Electric Power Group, we have set ourselves the target of 300–700 MW more renewable energy by FY2031 (compared to FY2020). In addition to our efforts in Japan—repowering existing hydroelectric power stations and developing solar and wind power—we are actively working toward the decarbonization of society through participation in hydro and wind power projects overseas. Also, at our Shin-Onoda Power Station and Misumi Power Station, we generate power through mixed combustion of woody biomass with coal, and we are promoting other biomass power generation projects throughout our entire Group.



Expansion of biomass mixed-fuel combustion at Units 1 and 2 of the Shin-Onoda Power Station: See p. 26

Broader Introduction of Renewable Energy: See p. 28

International Business: See p.32

Response to Diversifying Forms of Electricity Network Use: See p. 35

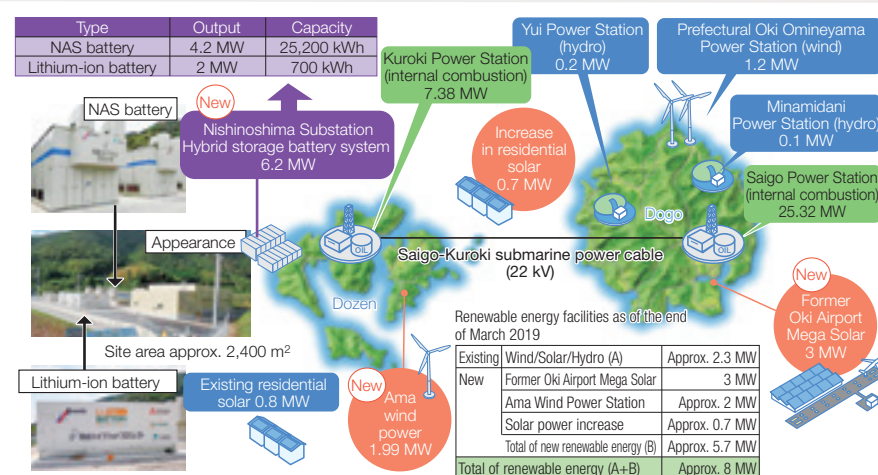
Oki Islands Hybrid Project

This project for achieving broader introduction of renewable energy on the Oki Islands (Shimane Prefecture) was selected for subsidies by the Ministry of the Environment. A hybrid storage battery system (referred to hereafter as the “storage battery system”) was installed at Nishinoshima-cho, Oki-gun, Shimane Prefecture, and demonstration of the system was carried out from September 2015 to March 31, 2019.

As a result of this demonstration, we were able to increase, in a short time frame, the introduced amount of renewable energy from about 2.3 MW to about 8 MW, while still maintaining electricity quality (improving frequency stability). This was achieved by constructing a storage battery system for power system control combining two types of storage batteries.

The results were highly regarded, and the project received the Agency for Natural Resources and Energy Commissioner's prize at the 2019 New Energy Awards sponsored by the New Energy Foundation.

Taking into account the knowledge continue our active efforts like solving technical issues pertaining to introduction of renewable energy.



Efficient Use of Fossil Energy

In order to curb CO₂ 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 the best available technology (BAT) in developing new thermal power generation facilities, and optimizing operation and maintenance of equipment at existing power stations.

We are implementing the Osaki CoolGen Project with the aim of realizing innovative, low-carbon, coal-fired power generation coupling integrated coal gasification fuel cell (IGFC) combined cycle power generation with CO₂ capture. We are also working to develop carbon recycling technologies.

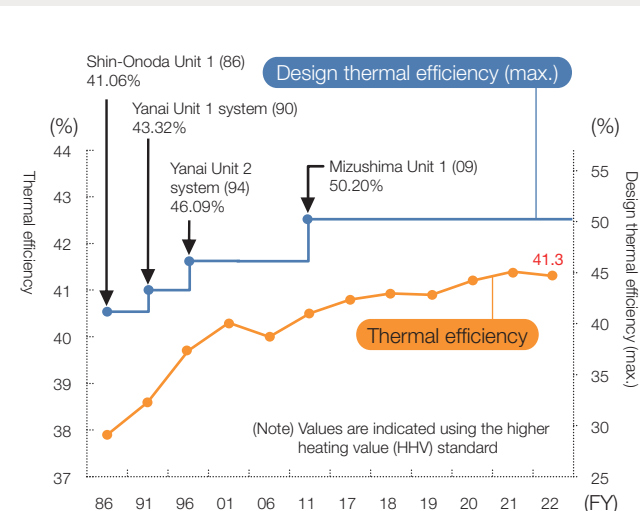
[Higher Efficiency and Lower Carbon Emissions in Thermal Power Generation: See p. 26](#)

[R&D on Decarbonization: See p. 27](#)

Thermal power station heat efficiency

The design thermal efficiency of our thermal power stations has been improved through introduction of the LNG-combined-cycle generation system, the ultra-supercritical generation system, and other approaches. We maintained a high thermal efficiency in FY2022 of 41.3% (value when converted to the lower heating value standard: 43.5%).

If we assume the thermal efficiency of each of our thermal power stations is improved by 1%, then CO₂ emissions will be reduced by approximately 400 thousand t-CO₂ every year, and this will save roughly 100 thousand KL of fuel (in heavy oil equivalent). Target levels were not achieved for the FY2022 benchmark indicators based on the Act on Rationalizing Energy Use, but through planned initiatives such as use of BAT, replacement of aging thermal power facilities, and mixed-fuel combustion with biomass, targets are expected to be attained by FY2031.



Promotion of Efficient Use of Energy and Electrification

Our Group is working to make efficient use of energy more prevalent through approaches as represented by recommending high-efficiency systems suited to the needs of each customer, and providing information to help people conserve energy.

We have also been systematically working to complete the introduction of smart meters (approximately 5 million units) by the end of FY2024 as environmental infrastructure that enable more effective energy-saving initiatives. Elsewhere, as a part of our efforts to realize decarbonization of society, we offer renewable energy-based electricity rate plans to enable customers to reduce the environmental impact of the energy they use, and we also provide a service whereby customers can use solar power-derived electricity without initial investment payments.

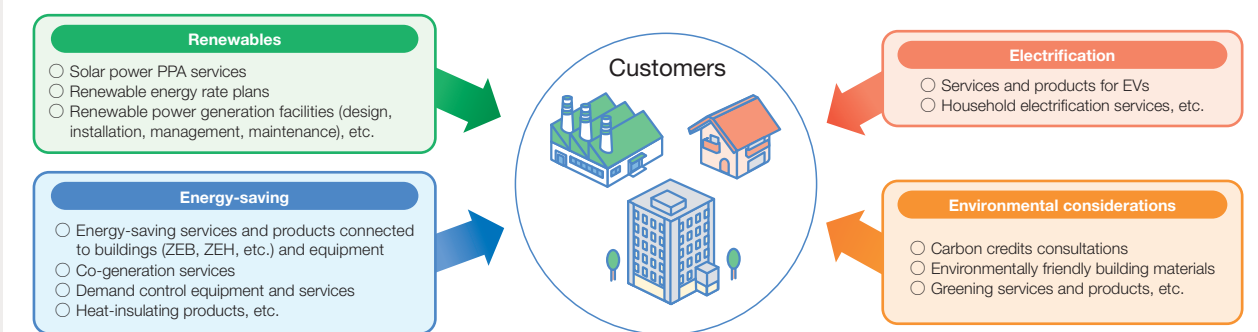
[Support for decarbonization in our customers' business activities: See p. 21](#)

[Renewable energy rate plans and new services using decentralized energy resources: See p. 30](#)

[Making Electrification Proposals to Help Conserve Energy and Reduce Costs: See p. 31](#)

Support for customers' efforts toward carbon neutrality

We are developing services and products that contribute toward customers' efforts to be carbon neutral in four key areas: renewables, electrification, energy-saving, and environmental considerations.



Carbon Neutrality Topics & Support

https://www.energia.co.jp/tokusetu_site/carbon-neutral/topics/

Check

Participation in the Electric Power Council for a Low Carbon Society (ELCS)

We participate in the Electric Power Council for a Low Carbon Society, and are working to achieve FY2031 CO₂ emissions reduction targets for the electricity business as a whole.



ELCS website

<https://e-lcs.jp/>

Check

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).



Challenge Zero website

<https://www.challenge-zero.jp/en/>

II. Promotion of the Formation of a Recycling-oriented Society



1. Promoting the 3Rs, that is, reduction, reuse and recycling, putting a primary focus on reducing generation of wastes
2. Developing advanced recycling technologies and offering waste-derived products such as products using coal ash to customers
3. Encouraging switches to recyclable resources as a plastic recycling measure

Promoting the 3Rs

To help build a recycling-oriented society, at the Chugoku Electric Power Group we are proactively engaged in recycling efforts, and in FY2022, we were able to recycle 98.5% of the waste we generated. Our recycling rate of coal ash, a byproduct of our thermal power generation, remained a particularly high 99.4% thanks to our development and utilization of coal ash-based products.

Waste generated and recycled (FY2022)

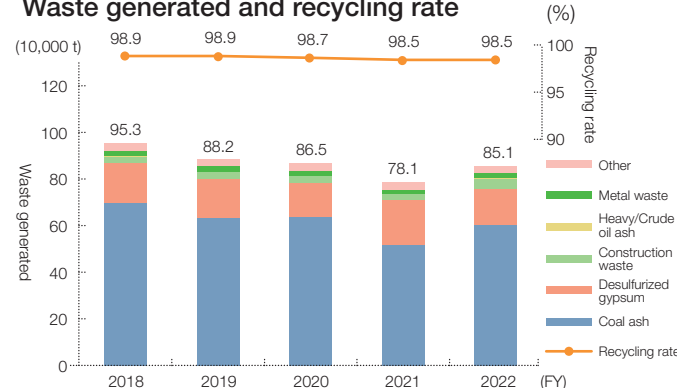
(Unit: 10,000 t)

Item	Amount generated	Amount recycled	Amount disposed of	Recycling rate (%)
Industrial waste				
Coal ash	60.2	59.9	0.4	99.4
Desulfurized gypsum	15.5	15.5	0.0	100.0
Construction waste, etc.	9.1	8.2	0.9	90.2
General waste	0.2	0.1	0.0	78.7
Total	85.1	83.8	1.3	98.5

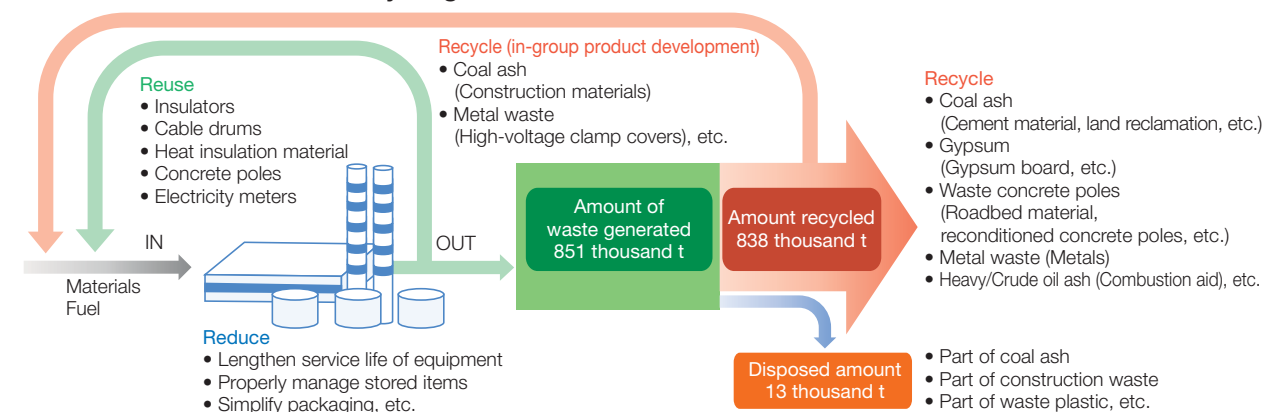
Note 1: Wastes also include valuables.

Note 2: Totals may not match the sum of individual amounts due to rounding.

Waste generated and recycling rate



Flow of waste treatment and recycling



Plastic recycling measures

We are actively working to curb plastic waste and toward plastic recycling.

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

- ◆ Maximum*1 controls on waste
- ◆ Maximum*1 shift toward plastic recycling, etc.*2

*1 Full efforts, considering usability of sites that generate waste, etc., recycling technical levels, and the economic situation.

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

FY2022

	Chugoku Electric	Chugoku Electric Power Transmission & Distribution
Waste	138 t	488 t
Proportion recycled	116 t	330 t
Recycling rate	84%	68%

Example initiatives

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

Switched plastic document wallets to paper ones (PR goods)



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 April 2018, an R&D group including researchers from our company received a commendation from the Minister of Education, Culture, Sports, Science and Technology (Science and Technology Award, Development Category) for "Development of a water body bottom improver using Hi-beads, made from granulated coal ash" and in May 2022 it received the Environmental Award from the Japan Society of Civil Engineers. This work has been highly lauded as revolutionary R&D.

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.



Coal ash product promotional mascots
Haikara Sisters

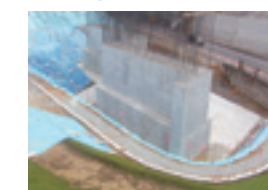
Overview of coal ash products

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
Mizushima Power Station	Light Sand: Approx. 10 thousand t

Examples of use



Concrete admixture used in a pedestrian bridge over the Hamada Misumi Road (Eco-powder)



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

Effective use of coal ash
(Information on coal ash products)

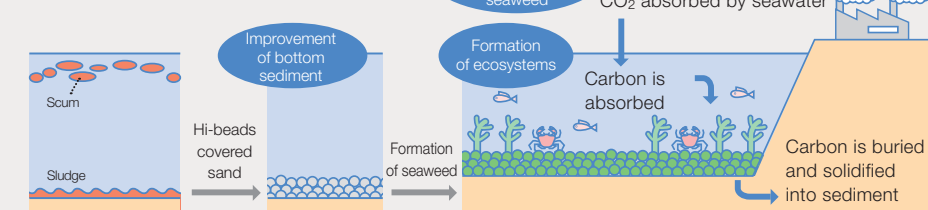
<https://www.energia.co.jp/business/sekitanbai/index.html>

Environmental improvement through use of Hi-beads

When scattered across the floor of coastal areas and estuaries, Hi-beads can improve environments in bottom sediment. Further, the minerals in Hi-beads also promote the creation of beds of seaweed, which attract diverse organisms and form ecosystems.

In addition, these ecosystems can solidify and absorb CO₂ and increase blue carbon.*

Hi-beads effect



*The carbon introduced into the sea due to the actions of organisms such as marine plants (eelgrass, etc.), seaweed and phytoplankton.



With the aim of recovering asari clam resources, we have laid Hi-beads in the Matsunaga Bay in Onomichi City, Hiroshima Prefecture, and we have verified an increased number of the clams.

III. Promotion of Local Environmental Conservation



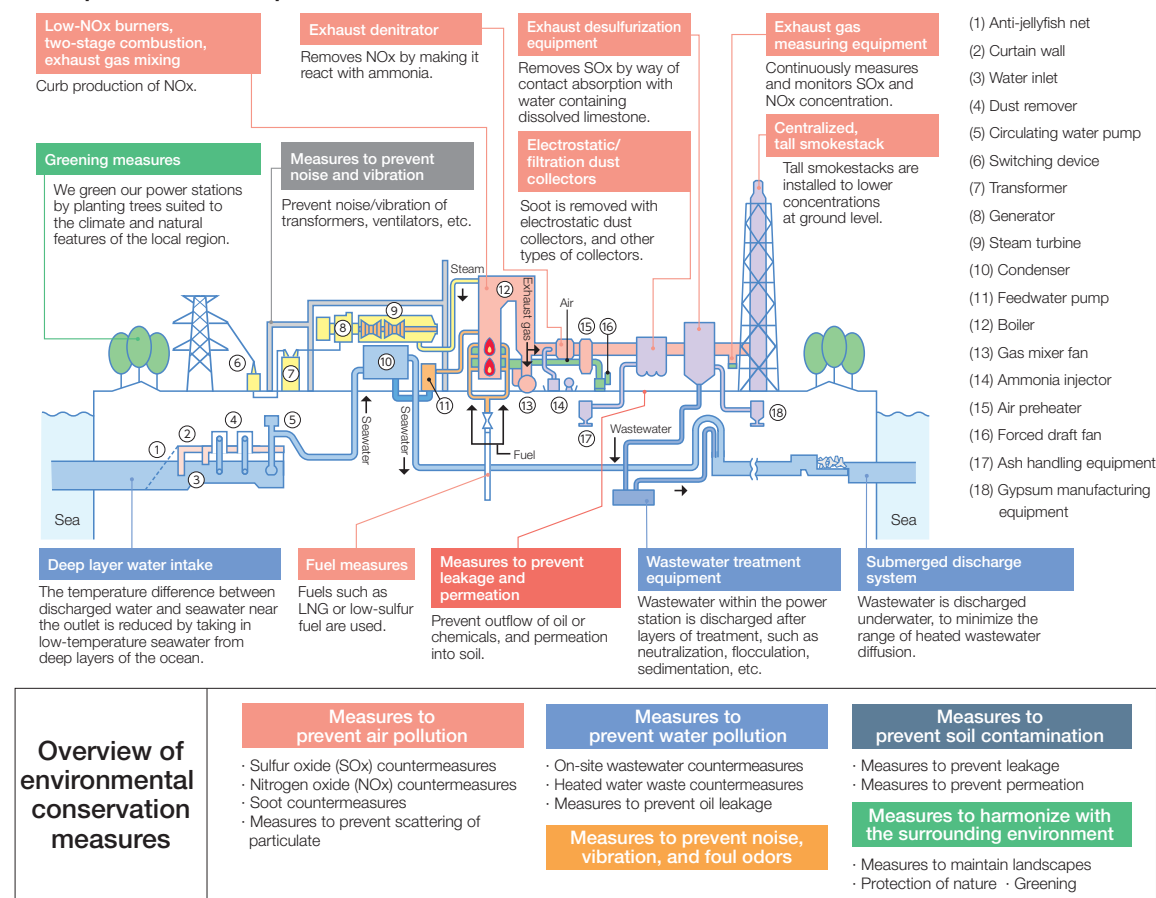
1. Reduction of environmental impact on air, water, etc.
2. Prevention of noise, vibration, soil contamination, and foul odors, and harmonization with the surrounding landscape
3. Proper management of chemical substances such as PCBs and asbestos
4. Protection of biodiversity in accordance with local 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.

Examples at thermal power stations



Water resource risk management

We manage risks associated with water resources—which are necessary for power generation—as follows.

Thermal and Nuclear Power Stations

- Reduction of water intake volume through recovery/reuse of water used in power generation
- Appropriate processing of wastewater; monitoring of temperature differences between intake and discharge seawater used for cooling in power generation; compliance with standards based on laws, regulations, and agreements with local governments

Hydroelectric Power Stations

- Compliance with water intake volumes based on laws and regulations, and necessary water discharges to conserve river environments downstream from dams
- Cooperation with regional disaster prevention, such as by discharging water from dams in advance where river levels are predicted to rise, in line with agreements, etc.



Takiyamagawa Power Station

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.

We are handling items such as fluorescent lamp ballasts that use high-concentration PCBs by contracting with the Kitakyushu PCB Waste Treatment Facility of Japan Environmental Storage & Safety Corporation (JESCO). Treatment was completed by the end-of-FY2021 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 FY2027).

High-concentration PCB waste treatment situation (Environmental Data Collection)

<https://www.energia.co.jp/energy/energia/kankyuu/index.html>

Response to the asbestos issue

Our Group established a policy on response to the asbestos issue in FY2006. We are dealing appropriately with this issue by banning new use of asbestos, and periodically investigating the usage situation.

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 using the latest technology, and based on legal and regulatory requirements. We thoroughly investigate, predict, and evaluate beforehand what sort of effects there will be on the surrounding natural and social environment. We listen to the views of everyone in the local community, and based on that we take appropriate measures to conserve the environment, and thereby minimize environmental impacts on our surroundings.

Monitoring the surrounding environment after the start of power station operation

After a power station commences operation, we monitor the condition of the air, sea, and other aspects of the environment surrounding the power station based on arrangements such as environmental conservation agreements concluded with relevant local governments. We report the results to these local governments, and provide disclosure to the general public.

Misumi Power Station Results of environmental monitoring

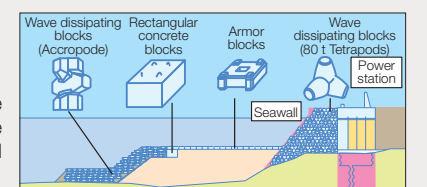
<https://www.energia.co.jp/area/shimane/entry/12008.html>

Results of investigation on environmental radiation around the Shimane Nuclear Power Station (Shimane Prefecture website)

https://www.pref.shimane.lg.jp/bousai_info/bousai/bousai/genshiryoku/sihannki.html

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*.

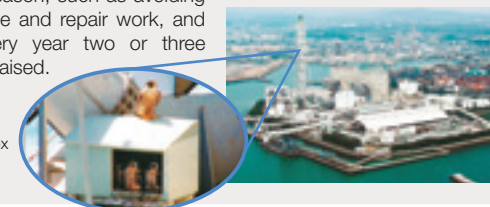


Cross-section of an artificial reef

Coexistence with peregrine falcons on the premises of one of our coal-fired thermal power stations

In 1992, we discovered a mating pair of peregrine falcons and their chicks breeding on the premises of the Shin-Onoda Power Station, and we installed a nesting box midway up the smokestack. We take a great deal of care not to disturb the falcons during their breeding season, such as avoiding maintenance and repair work, and almost every year two or three chicks are raised.

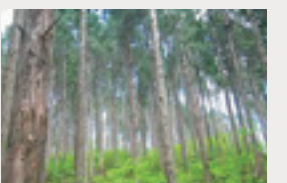
Falcon mother and chicks at a nesting box 50 m above the ground



Management of forests for recharging water resources

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 CO₂, preventing soil runoff, and protecting the habitat environments of wild animals and plants.



Planted forest of Japanese cypress (Tomata-gun, Okayama Prefecture)

Check

Agreement with the Declaration of Biodiversity by Keidanren

We agree with the Declaration of Biodiversity advocated by the Japan Business Federation (Keidanren). This declaration aims to realize a sustainable society through coexistence with nature.

Website of the Keidanren biodiversity initiatives

<http://www.keidanren.or.jp/policy/2020/055.html>

IV. Promotion of Environmental Communication



Two-way communication

1. Proactive information disclosure/distribution and consultation with the public

Partnership with society

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

Proactive Information Disclosure/Distribution and Consultation with the Public

Response to the CDP Climate Change Questionnaire

At Chugoku Electric, as part of our environmental disclosure enhancement, we respond to the climate change questionnaire provided by CDP,* an international NGO working in environmental fields like climate change.



*Formerly the Carbon Disclosure Project, CDP is an international NGO established in 2000. The CDP uses questionnaires to collect and analyze information on the risks and opportunities that climate change and other environmental issues present to companies. The organization uses a common measurement system to disclose this information, and ranks companies based on their scores. In 2021, 13,126 companies (427 in Japan) responded to the CDP's climate change questionnaire.

Response to CDP

<https://www.energia.co.jp/energy/cdp/index.html>

Chugoku Electric Environmental Forum

We have set up the Chugoku Electric Environmental Forum to enable outside experts to assess and provide opinions on the Group's environmental efforts, and we reflect their findings into our business activities.



Environmental forum

Chugoku Electric Power Group
Environmental Data Compilation

<https://www.energia.co.jp/energy/energia/kankyou/index.html>

Voluntary Implementation of Environmental Conservation Activities, and Participation in and Cooperation with Community Events

In order to improve environmental awareness of the local community as a whole, our Group holds environmental communication events that place a high value on interaction with customers.

In coordination with Japan's national Environment Month, we designate June of every year as Energia Group Environment Month, and engage in various activities relating to the environment.



Donation and planting of flower seedlings for child welfare facilities



Coastal cleaning activities

Promotion of Activities to Support Energy/Environment Education for the Next Generation

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

In 2021, to celebrate the 70th anniversary of the company's founding, we held a forest event where participants could learn about the roles and importance of forests through forest thinning and tree-planting at the forests we use to recharge water resources. We also held a nature observation event, together with Yamaguchi's prefectural Kirarahama Nature Observation Park in Yamaguchi City, where participants could learn about the importance of nature, the environment and energy through observing living creatures that are close to home.



Forest event



Nature observation event

Educational Support Activities: See p. 80

Environment

V. Implementation of Environmental Management



1. Compliance with environmental laws, agreements, etc., through approaches such as bolstering environmental education and training for employees
2. Continual improvement of the Environmental Management System (EMS)
3. 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
4. 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

In addition to providing environmental education at each workplace, our Group has held environmental consultation meetings for environmental education and consultation since FY2017, as part of our efforts to reduce environmental risk and improve environmental awareness of all employees. These meetings are conducted by having employees from the Carbon Neutral Promotion Division (Environment) visit each business site.



Environmental consultation meeting

PDCA for compliance with environmental laws

At the business offices of our Group, we are working to make risk visible by identifying environmental laws and regulations applicable to work/equipment at each office, and managing compliance according to a list of compliance matters. We periodically check that there are no violations or other issues regarding compliance with environmental laws and regulations, and we work hard to achieve continual improvement by reviewing the lists and other procedures as necessary whenever a violation or other problem is discovered, and going through the PDCA cycle.

We also strive to share information such as examples of improvement to help achieve compliance with environmental laws and regulations at each business office.

Environmental award system

At Chugoku Electric we have run an environmental award system since FY2006. Through this system, we commend employees and business offices that have achieved outstanding results in their efforts to counter environmental issues.

Environmental awards FY2022

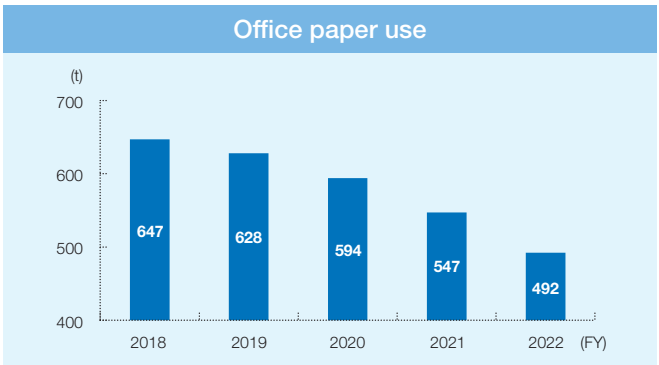
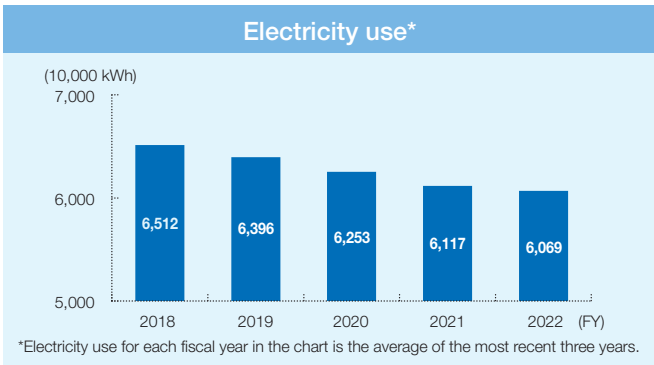
Activity	Commended business office
Reducing CO ₂ emissions through woody biomass mixed-fuel combustion	Shin-Onoda Power Station Power Generation Division (coal contracts) Power Generation Division (thermal generation maintenance)
Supplying materials to social welfare corporations' recycling projects	Human Resources Development Division (labor/human rights)

Continual improvement of the Environmental Management System (EMS)

To steadily promote the Chugoku Electric Power Group Environmental Action Plan, our Group is operating an Environmental Management System (EMS), and working to raise the level of our environmental management by implementing environmental management review.

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.





The growth of our Group depends on the diverse experiences and values of each and every one of our employees.

We have set “Inspire employees through our culture” as one part of our Group Corporate Vision. And under this mission, we also set “The further enhancement of work environments for diverse human resources” as one of our non-financial goals.

To maximize the capabilities of our diverse workforce and create new value, in addition to implementing thorough employee training and passing on our techniques and skills to future generations, we will strive to create a comfortable, rewarding working environment. Further, as a corporate group firmly rooted in the Chugoku region, we emphasize communication with society. By participating in efforts to solve social challenges, we will make every effort to contribute to the development of our regional communities.

Personnel

Personnel management to ensure continuous improvement of corporate value

Our Management Philosophy is “Trust. Creation. Growth.” It is personnel alone who can carry forward that creation, the process of responding to change and continuing to create new value.

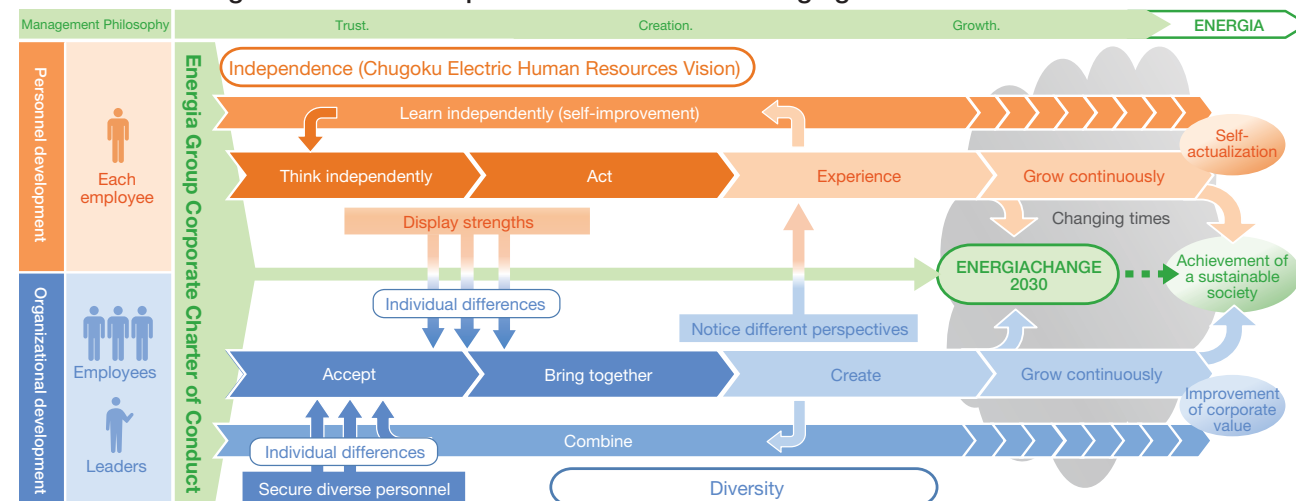
Since the full liberalization of retail electric power sales in 2016, we have promoted both independence and diversity in order to develop personnel and organizations that can respond to the era of change. Specifically, we have sought to help each employee boost their qualities and think and act by themselves, while at the same time bringing together their diverse personalities and expertise to further enhance our organizational strength. Through this pursuit of independence and diversity, we hope to reach our mission—Inspire employees through our culture.

As we aim to further this independence and diversity, it will be important to focus on the relationships between our individuals and our organizations to ensure that employees to not feel daunted within their organization and that they can fully display their strengths. As business environments continue to see drastic change, personnel management that enables our diverse personnel to flourish will be essential to the growth of our employees, organizations, and the Group as a whole. Personnel initiatives require long, sustained efforts, and so while looking ahead to our vision, we will seek sustained improvements to ensure continuous enhancement of our corporate value.



Hiroyuki Yoshinaga
Executive Officer
Head of Human Resources Development Division

Personnel and organizational development in line with the changing times



Developing Human Resources/Passing on Techniques and Skills

Vision The further enhancement of work environments for diverse human resources

To develop human resources that can flexibly and accurately adapt to changing business environments, we have established the Chugoku Electric Human Resources Vision which defines the type of individual required in these changing times.

In addition to widely sharing this vision, we are supporting employees' individual self-improvement efforts and enhancing our human resources training programs.

Ideal Human Resources That Are in Demand (Chugoku Electric Human Resources Vision)

In these changing times, we believe in the concept of “Thinking and acting by ourselves.”

- Thinking by ourselves: we mean focusing our wisdom and creating new value from the perspective of our customers
- Acting by ourselves: we mean taking on challenges and acting with resolute determination with regard to new and unprecedented issues and tasks

Human resources development structure

Employees work toward the Chugoku Electric Human Resources Vision through self-improvement, and as a company we support their individual growth. Specifically, superiors begin by accurately ascertaining employees' willingness to improve, their current skillset, and their current effort levels. Based on their willingness to improve, employees are assigned tasks that contribute to their growth, and provided with both on- and off the-job training to ensure effective, systematic development.

Education system structure

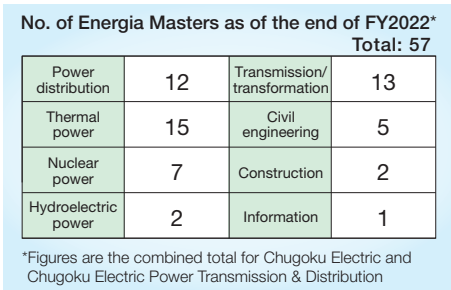
Skill level	New employees	Young employees	Mid-level employees	General management	Upper management and above
Main purpose	Develop the basic skills necessary for a company employee and working adult	Develop leadership capabilities and problem-solving skills	Develop management and guidance capabilities	Develop next-generation leaders	
Off-the-job training	New employee training	Improvement training (in third year of employment)	Next level Self-challenge course	Next level Self-challenge course	Next-generation leader development course Cross-industry interaction management training, etc.
On-the-job training	OJT				
Major self-development support measures	Monetary awards for employees who gain qualifications Financial support for distance learning Financial support for language exam fees and language club activities Provision of audiovisual educational materials				

■ Level-based training ■ Optional training ■ Training to develop next-generation leaders

Even during the pandemic, we are steadily implementing training programs for our employees through diverse means, such as hybrid programs that fuse face-to-face and online learning.

Advanced techniques and skills certification system

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, employees with advanced techniques and skills in specific fields are recognized as Energia Masters. 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, and giving lectures both inside and outside the company. Energia Masters are recognized in eight categories related to, among others, the operation, maintenance, and construction of electric power equipment. In FY2022, eight employees were newly certified as Energia Masters.



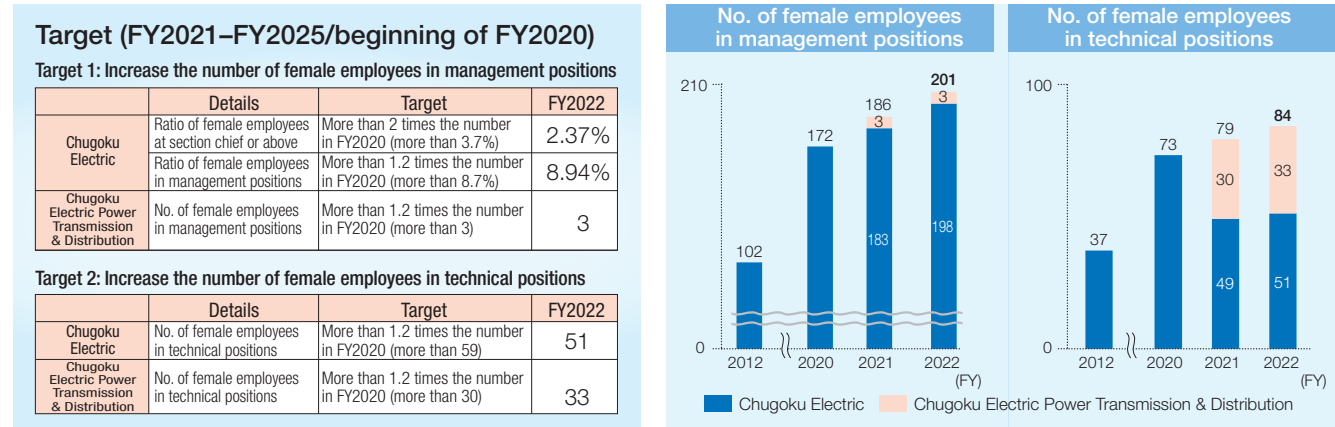
Utilizing Our Diverse Values and Experiences

Vision The further enhancement of work environments for diverse human resources

As we aim for an even more diverse workforce, in addition to employing personnel with diverse values and experience, we are also promoting active roles for women and the employment of people with disabilities.

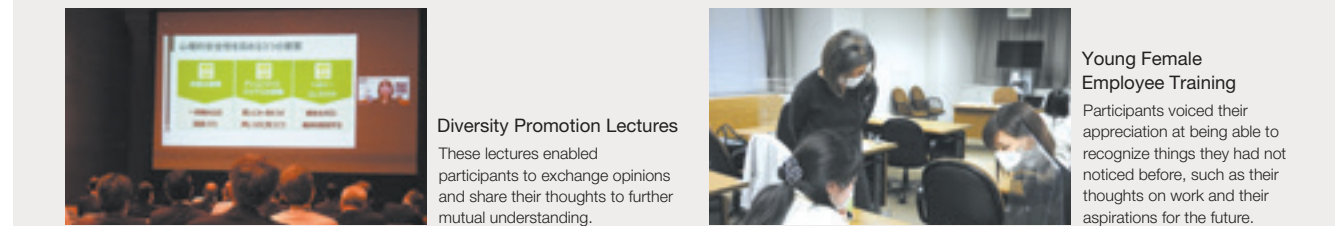
Promoting active roles for female employees

As a key initiative to bring together the diverse personalities and abilities of our employees and further enhance our organizational strength, we are actively promoting the roles of female employees. Meanwhile, we are encouraging employees to display their abilities by assigning them a wide range of duties based on our aptitude and development programs. Further, through various workshops and other educational events, we are looking to develop the mindsets of management and female employees.



Initiatives to promote active roles for women

Since FY2019, we have continued to host workshops for managers of female employees. Further, in FY2022 we hosted Diversity Promotion Lectures for Chugoku Electric and Group company management, while we also conducted Young Female Employee Training to promote awareness of independent career development while considering key life events.



General employer action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace:
https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/20200409909222757185_1.pdf

Initiatives for mid-career individuals

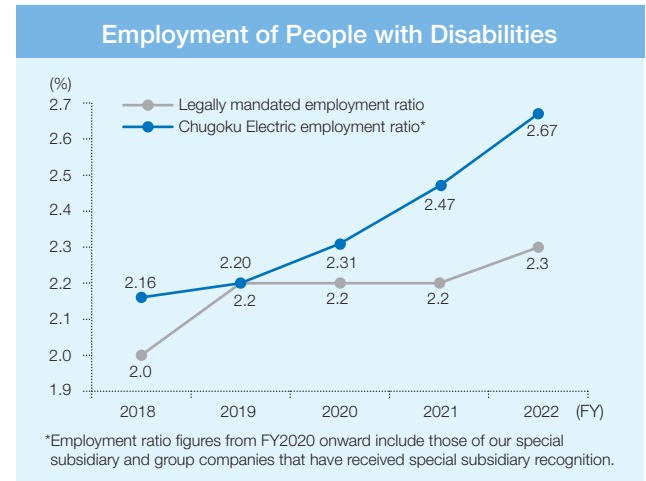
We are currently working to hire a wide range of mid-career individuals as we aim to make use of their diverse values and experience. Moving forward, while considering business conditions and our expansion into growth fields, we will proactively work to hire diverse personnel with experience at other companies and high levels of specialist expertise.

Promoting the 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. We established our special subsidiary EnerGia Smile Co., Inc. in 2018, and as of April 1, 2022, there are 34 employees with disabilities working at the company who are involved in cleaning work, the sorting of electricity meters, and more. In addition to enhancing our working environments to cater to people with disabilities, we are making further efforts to promote their employment.



Employees sorting used electricity meters



Employment of seniors

To utilize the expertise, techniques, and experiences of senior employees, for those who wish to work past the age of 60, we have established a voluntary reemployment system that enables them to work until the age of 65. In this way, we are responding to the diverse employment needs of employees in their senior years.

Enhancing Working Environments to Allow Employees to Flourish

Vision The further enhancement of work environments for diverse human resources

To ensure our employees can maintain good health and a high level of productivity, we are engaged in a range of work-life balance initiatives. These include the implementation of a flextime system, a work-interval system, and a system that allows employees to balance both work and childcare/nursing care.

Promoting diverse workstyles

To promote a diverse range of workstyles, we have introduced flextime systems, work-from-home systems, and others. We are also using these as measures to prevent the spread of COVID-19, and looking ahead, we will continue to proceed with other related initiatives.

Major Examples

- Flextime system

· Free seating offices (partial)
- Work-interval system

· Enhancement of communication means through chat systems and web meeting systems
- Work-from-home system

Supporting an optimal work-life balance

We have established temporary leave and shortened worktime systems for employees engaged in childcare/nursing care, leave and staggered worktime systems for employees taking care of their sick children or relatives, and a range of other systems to support employees' home lives. Further, we are working to develop a workplace culture that makes it easy for both male and female employees to balance work and life. Thanks to these and other efforts, we have received Kurumin accreditation from the Ministry of Health, Labour and Welfare, showing our active support for parents raising children. We also applied to and won an award from the Hiroshima City Gender Equality Promotion Business Awards.



Targets and Policies (FY2022–FY2025)

Promoting diverse workstyles	
Target	To support an optimal work-life balance, promote use of existing systems.
Policies	<div><div>· Work to further understanding and awareness of systems introduced the previous term (FY2019–FY2021), ascertain degree of utilization, and examine necessary revisions.</div><div>· Work to improve environments suited to teleworking.</div></div>
Promoting male employees' participation in childcare	
Target	Develop a workplace culture that encourages and supports active participation by male employees in childcare.
Policies	<div><div>· Continue to further understanding of the significance of male participation in childcare.</div><div>· Through enhancement of information about childcare participation, boost interest among employees, and support male employees interested in utilizing the system.</div></div>



Childcare Support System Handbook for Male Employees

- Major initiatives
- Continuous implementation of childcare questionnaires for male and female employees
 - Creation of a childcare support system handbook for male employees
 - In-house intranet articles featuring employees (and their managers) who have used our childcare support systems

Act on Advancement of Measures to Support Raising Next-Generation Children
See here for general employer action plans: https://youritsu.mhlw.go.jp/hiroba/planfile/202103301818053328770_1.pdf

Systems that support an optimal work-life balance

Childcare leave	Until the child is 2 years old
Shortened worktime for childcare	Worktimes can be shortened by up to 2 hours
Nursing care leave	Up to a total of 1 year
Shortened worktime for nursing care	Worktimes can be shortened by up to 2 hours
Staggered worktimes (due to personal circumstances)	Work start times can be staggered in 30-minute increments
Life support leave*	Caring for sick children, childcare, children's ceremonies and events, nursing care for relatives, childbirths, etc.

*A system unique to Chugoku Electric that flexibly caters to a wide range of lifestyle needs, from employment to retirement.

System		Utilization*1		
		FY2020	FY2021	FY2022
Childcare leave (Note) Lower rows denote acquisition rates*2	Female	48	43	56
		100%	100%	107.7%
	Male	8	22	40
		3.8%	11.1%	19.0%
Nursing care leave		0	0	3
Life support leave		2,790	2,385	2,037

*1 Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.
*2 Since FY2022, figures have been calculated based on the method outlined in the revised Child Care and Family Care Leave Act.

Appropriate management of working hours

To comply with laws and regulations and to prevent excessive working hours, we strive to appropriately manage employees' working hours. We have in place a management system which accurately records actual working hours, and through which both managers and employees can check the records' accuracy. Moreover, each site regularly holds labor-management committee meetings to proactively ascertain actual working conditions.

Fostering sound labor-management relationships

At Chugoku Electric, we hold collective bargaining meetings with both labor and management on an equal footing to discuss and negotiate working conditions. We also hold timely discussions with labor unions on management policies, management plans, and other major management measures, while we ensure democratic, smooth operations by exchanging opinions on all aspects of our business.

Personnel evaluations and deployment

We undertake personnel evaluations to promote the development and fair treatment of our employees. Employees are appraised on their achievements, their ability to accomplish tasks, and their aptitude, etc., in a fair and impartial manner. To heighten the transparency and legitimacy of these evaluations, we disclose a set of evaluation standards that clarify the company's requirements, and give feedback to employees regarding their results. We have also established a self-reporting system through which employees can communicate with their managers. Employees can offer opinions on their duties and workplace, their future goals and leadership aspirations, and their hopes and efforts regarding skills improvement. Moreover, we hold interviews to ensure there is a mutual understanding between employees and their managers. In addition, results regarding employees' performance and aptitude are utilized in medium- to long-term development programs, as well as to transfer employees to ensure they are in the right place.

Human Rights Education

Vision The further enhancement of work environments for diverse human resources

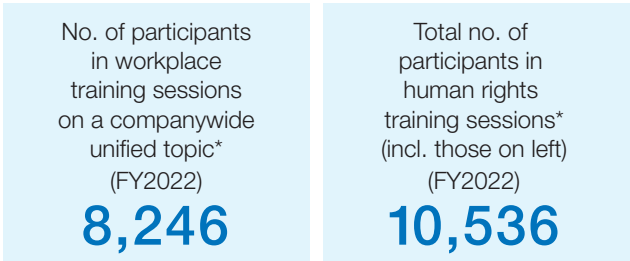
Respect for each and every individual is a fundamental aspect of our business, and we are making efforts to create a society in which there is no discrimination, and in which human rights are truly protected.

Human rights education promotion system

To solve a variety of human rights issues and to fulfill our corporate social responsibility, at Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we have established a Human Rights Education Promotion Committee. So that we can provide human rights education in tandem with labor unions, we hold Labor-management Human Rights Promotion Meetings which are mainly geared toward the exchange of opinions regarding human rights training and other matters. 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. In addition, to promote cooperation between the abovementioned officers, we hold Human Rights Promotion Officer Meetings in each prefecture to share and exchange relevant information.

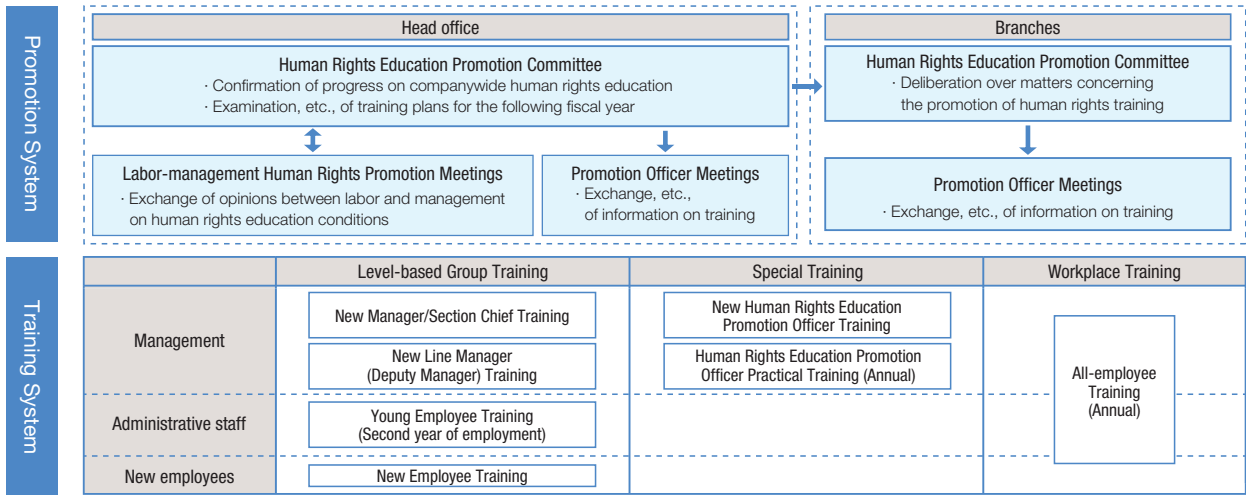
Human rights education initiatives

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.



*Figures are the combined total for Chugoku Electric and Chugoku Electric Power Transmission & Distribution.

Human Rights Education Promotion System/Training System



Human Rights Consultation Desks

To provide employees with platforms to report on human rights issues such as power harassment, sexual harassment, LGBT matters, and more, we have set up Human Rights Consultation Desks both at our Human Resources Development Division and at a specialized external institution, and we are actively promoting their use to raise awareness. Meanwhile, protection of the individual's privacy is our utmost priority when responding to these consultations, and said individuals will never suffer from unfair treatment due to their contact with the consultation desk or their help in confirming facts.

Respect for human rights across the supply chain

Through formulation and disclosure of our Basic Procurement Policy, understanding of response to human rights issues through client questionnaires, the establishment of the Corporate Ethics Consultation Desk for material transactions, and more, we are engaged in various initiatives to promote respect for human rights across our supply chain.

Health and Safety

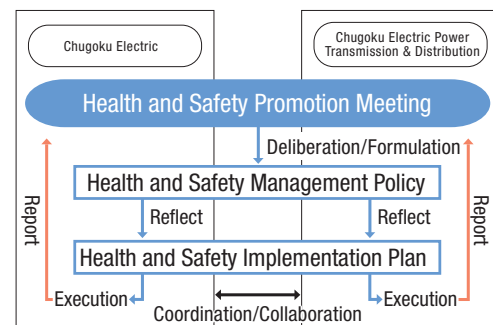
Vision The further enhancement of work environments for diverse human resources

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we believe that prioritizing the health and safety of all individuals concerned with the Chugoku Electric Power Group is fundamental to our business activities. As such, we are both working together 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.

Health and Safety Management Policy

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we have set up the Health and Safety Promotion Meeting comprising general managers from various divisions to deliberate over safety management at both companies, as well as policies and key measures related to health management. We have also formulated the Health and Safety Management Policy so that we can work together to promote the necessary measures.

Based on this policy, in addition to creating safe environments where our diverse personnel can succeed, through thorough safety management by line managers and independent workplace action, and with advance safety initiatives, strict compliance with basic rules, and active communication as central pillars, we are engaged in a variety of activities to create healthy, safe, and vibrant workplaces.



Companywide health and safety promotion measures

One of the key measures in our Health and Safety Management Policy is ten days of focused, companywide health and safety promotion measures. Aiming to raise awareness through a shared company event, these measures are held every year from July 1 to 10, and include messages from the president, worksite safety patrols involving our contractors and partner companies, and information on mental health promotion measures and related systems.

In the second half of the year, each worksite plans and conducts their own activities in line with their respective conditions.

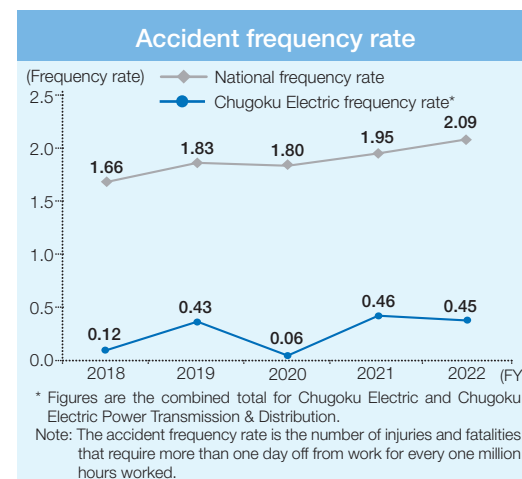


A poster advertising the ten days of health and safety promotion measures (FY2023)

Safety initiatives

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 advance safety measures.

As a result, the accident frequency rate at Chugoku Electric and Chugoku Electric Power Transmission & Distribution continues to be lower than the national standard.



Traffic safety measures

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, 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.

Safety measures for contracted and outsourced work

To fulfill our responsibility as outsourcers, we proactively provide accident prevention guidance and support to our contractors, partner companies, and consignees. We also work together to prevent accidents caused by human error.

Health initiatives

Efforts for a healthy body and mind

In line with the THPP* devised by the Ministry of Health, Labour and Welfare (MHLW), based on employees' medical examination results, we are implementing various initiatives such as health guidance, smoking cessation support, and walking promotion months. In this way, we are continuously assisting employees' independent health promotion efforts.

Moreover, to prevent health problems resulting from overwork, among others, we are reducing working hours and ensuring that consultations with occupational health physicians are thoroughly implemented.

*Abbreviation for Total Health Promotion Plan. The plan is a set of guidelines from the MHLW that lays down methods of implementing measures that business owners have to take to promote the physical and mental health of workers.

Mental health initiatives

To promote the four types of care as defined by the MHLW—self-care, care from managers, care from occupational health staff, and care from external institutions—we are educating all employees and management employees on mental health, offering a system through which employees can consult with occupational health staff, and utilizing specialized external institutions to prevent mental health issues and provide appropriate support. In addition, we have also launched a system to enable those taking time off work to smoothly return to their workplaces.

Regarding our stress check activities, individuals found to have high levels of stress are given thorough individual support, and by having management discuss stress-related results following group analyses, we are aiming to prevent mental health issues and create comfortable workplace environments.

Health and productivity management

Our efforts to ensure healthy minds and bodies for our employees were recognized for the third consecutive year at the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program in the Large Enterprise category.

Looking ahead, safety and health will be fundamental to our business activities, and we will therefore proactively work to maintain and promote the health of our employees.



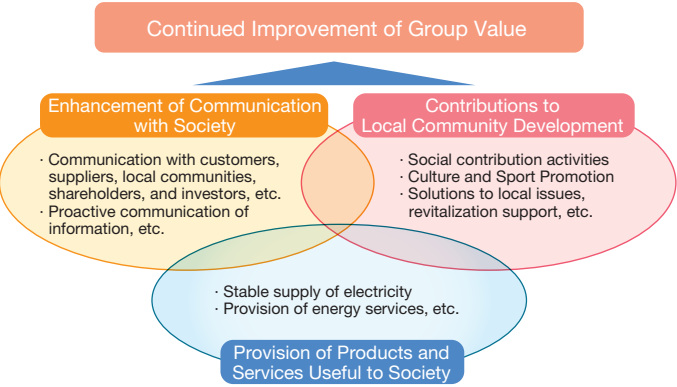
Support to help employees balance treatment and work

We are offering support and creating environments to help employees suffering from various illnesses to balance both treatment and work.

Among others, we have established a consultation system run by occupational health staff and created leave and work systems that consider treatment. In doing so, we are supporting various workstyles in line with employees' health conditions.

Society

At the Chugoku Electric Power Group, Enhancement of Communication with Society, Provision of Products and Services Useful to Society, and Contributions to Local Community Development are but some of the principles of conduct in the Energia Group Corporate Charter of Conduct. Earning the trust of our local communities and contributing to the revitalization and development of the Chugoku region are important missions for us as a corporate group that is rooted in the area. While actively working to address the challenges facing society, we will strive to ensure continued improvement of Group value.



Enhancement of Communication with Society

At the Chugoku Electric Power Group, we strive to communicate corporate information in a proactive, effective, and fair manner. Moreover, we make every effort to meet the requirements of society and our customers by communicating with our wide range of stakeholders, including our customers, suppliers, local communities, shareholders, investors, and employees.

Stakeholders	Main communication tools and opportunities for interaction		
Customers/Suppliers	· Business offices, etc. · Websites	· Customer centers · Social media	· Pamphlets, incl. corporate brochures
Local communities	· Advisor meetings	· Social contribution activities	
Shareholders and investors	· General Meeting of Shareholders	· Institutional investor and securities analyst briefings	· Integrated reports
Employees	· Workplace/employee awareness surveys · Intranet	· In-house newsletters · Business office visits by management	

Use of our customer feedback system

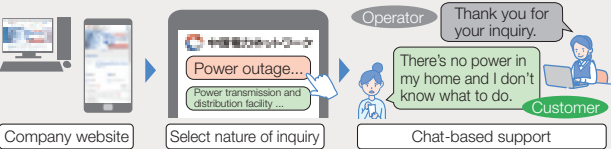
The daily interactions we have with customers, as well as contact by phone or via our website, provide us with a wealth of feedback and requests. These are recorded in our Customer Feedback System and quickly communicated to the relevant departments. We are also striving to put them to use to improve our work processes and offer customers even better service.

Further, to raise employees' awareness of what concerns customers have and what customers expect of the company, we select examples from among the feedback that could contribute to business improvements, as well as other opinions from our customers, and post them daily on our intranet homepage. In this and other ways, we are establishing multiple opportunities for employees to come into contact with customer feedback.

Improvements made as a result of customer feedback

Customer feedback
I get worried if I can't get through on the phone when there is an emergency or something that needs dealing with quickly.

Improvement
(Chugoku Electric Power Transmission & Distribution)
To increase the ways in which customers can contact us, we have launched a chat-based inquiry service.
For inquiries regarding power outages or crow nest removals, for example, our scenario-based chatbot provides automated responses. Matters that cannot be solved using these automated responses are relayed to human operators.



Communication via the company website

Through our website we communicate a wide range of information on our business activities. We have also set up special pages dedicated to sparking customers' interest in our initiatives and energy.

Special website: Passing the Baton on to Carbon Neutrality

We have set up a special website that is linked to our television commercial to communicate our initiatives for achieving carbon neutrality. The website features interviews with employees in which they give their thoughts on their work and local regions. In doing so, we introduce our earnest approach to carbon neutrality as an energy provider based in the Chugoku region.



The television commercial was created based on the following two themes: Developing new technologies for carbon neutrality, and Ensuring stable supplies while decarbonizing power sources.

Use of social media

For our local customers, we use social media platforms such as Facebook, Twitter, and Instagram, as well as video content, to communicate information on work progress in times of emergency, useful lifestyle information, and more.



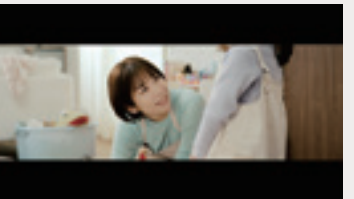
The Chugoku Electric Power Group's official Facebook page



The Chugoku Electric Power Group's official Twitter page

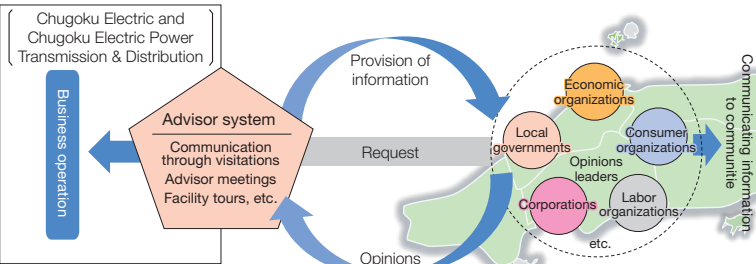
Online video content: The Light That Connects Our Family

At Chugoku Electric, realizing that an increasing number of young people are using YouTube, we are proactively engaged in publicity activities using online videos. The Light That Connects Our Family, a video we released in February 2022, is a story about a busy working mum, a daughter who grows up watching her, and the light that brings their family together. Light provides people with warmth and peace of mind—This story communicates our desire to continuously deliver light to our customers through the electricity we produce. As of July 2022, the video has recorded a total of around one million views.



Advisor system

Local opinion leaders, including representatives of other corporations, local governments, and various organizations take on the role of advisors for Chugoku Electric and Chugoku Electric Power Transmission & Distribution. We disclose our business activities through advisor meetings, facility tours, and visitations, and use feedback from advisors to improve our business.



Advisor meeting

■ Communication with shareholders and investors

In addition to financial results briefings held in the second quarter and after our full-year financial results announcement, Chugoku Electric executives, including the president, proactively engage in dialogue with institutional investors and securities analysts, such as through regular roundtable discussions.

Since FY2022, our financial results briefings have been held both in-person and online to improve convenience, and a total of around 80 institutional investors have attended.

Moreover, through quarterly financial overviews, account summaries, and other financial information, as well as integrated reports and financial results briefing presentation materials, we use our website to communicate information on our efforts to improve corporate value, as well as ESG information, to our shareholders and investors, and are using these as communication tools to enhance dialogue.



FY2022 Second Quarter Financial Results Briefing

Basic IR Policy

<https://www.energia.co.jp/e/ir/info/policy.html>

■ Supplier partnerships

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. We thus engage in procurement activities in line with our Basic Procurement Policy, and in September 2020 we also announced our Partnership Building Declaration. Further, to build even stronger supplier relationships, every year we disclose information on our material procurement initiatives and procurement plans for our main materials and equipment, contract work, and outsourcing operations.

Basic Procurement Policy (overview)

Chugoku Electric aims to become a “company trusted and selected by society,” through its acceptance of its duties as a public utility bearing the lifeline of a region. We believe even in procuring activities it is important for us to fulfill social responsibilities demanded of a corporation in addition to securing quality and reducing costs. Based on this understanding, procurement at our company will proceed according to the following basic policies.

Adherence to legal regulations and social standards of conduct

Securing of safety and health

Active efforts toward environmental problems

Management and protection of information

Provision of fair participation opportunities

Careful selection of suppliers

Establishment of mutual trust with suppliers

Contribution to local societies

Basic Procurement Policy

<https://www.energia.co.jp/business/sizai/sizai1-2.html>

■ In-house communication through the use of in-house newsletters and other methods

We use our monthly in-house newsletter *Energia* and the company intranet to provide our employees with important information on our business plans and finances, as well as to share news on the initiatives of each of our business and other workplace activities. In this way we are enhancing employees’ knowledge and motivation, and revitalizing in-house communication.



In-house newsletter *Energia*

Provision of Products and Services Useful to Society

■ Support for regional decarbonization

As social demand for decarbonization grows, it is more important than ever that regional companies engage in carbon neutrality measures. At Chugoku Electric, we are supporting these efforts by offering regional decarbonization services together with local companies and local governments.

Comprehensive partnership agreement with Hirogin Holdings

In December 2021, we concluded a comprehensive partnership agreement with Hirogin Holdings Inc. to, among others, support regional companies’ efforts to achieve carbon neutrality.

One of the major obstacles to achieving carbon neutrality in our local regions is ensuring carbon neutral energy. Using the vast customer base and diverse functions of the Hirogin Group and the abundant solutions of the Chugoku Electric Power Group, we will support efforts by regional companies to achieve carbon neutrality, and use our mutual expertise to promote regional economic development and the achievement of a sustainable society.



Joint press conference

Decarbonization seminars

In July 2022, we teamed up with The Hiroshima Bank, Ltd. to host the Decarbonization Seminar 2022 in Hiroshima for regional companies. Nearly 400 individuals attended and listened to the talks on the day, and we used it as an opportunity to speak about trends in energy-saving policies, carbon neutrality initiatives, and decarbonization solutions and services.

After the event, participants expressed their desire to learn more about energy-saving case studies and the use of grants.



Decarbonization seminar



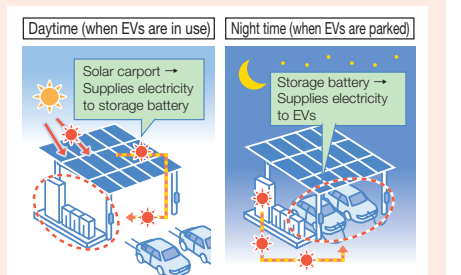
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We are engaged in various trials to develop new services to benefit society.

Fully Self-supporting EV Sharing Station Demonstration Project

We are trialing a world-first car-sharing initiative in which we have integrated a solar carport that is completely independent of the power grid with an electricity storage/control system. The EV station is entirely run on solar power, and we have combined this with our eeV car sharing service.

By combining solar power and EVs, the aim is to achieve zero-carbon driving by eliminating the CO₂ emissions from road travel.



Launch of the Fully Self-supporting EV Sharing Station Demonstration Project
—Aiming for zero-carbon driving

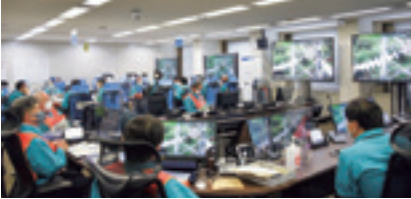
<https://www.energia.co.jp/press/2022/13864.html>

Reinforcing our disaster response system and working with external institutions 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.

Disaster preparedness drills

In anticipation of any disaster that may occur, we have specified our emergency contact lines and restoration plans in various manuals, made preparations for our materials and equipment, and are taking various other measures to reinforce our disaster response system. Moreover, each year at Chugoku Electric and Chugoku Electric Power Transmission and Distribution we jointly hold comprehensive companywide disaster preparedness drills. This allows us to verify whether communication, restoration, and other disaster response measures set forth in our manuals are carried out safely and quickly.



Comprehensive companywide disaster preparedness drill

Disaster Action Plan

The prime minister has specified Chugoku Electric and Chugoku Electric Power Transmission & Distribution as designated public institutions, and we are both working together to formulate a joint Disaster Action Plan. Based on this plan, we are building a system in tandem with other electric power companies, our partner companies, and the Organization for Cross-regional Coordination of Transmission Operators, etc., to share power, personnel, materials, and more in times of disaster.

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.	· Emergency passage on highways for vehicles heading to disaster areas
Prefectures and Municipalities	· 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
Izumi Co., Ltd., Lawson, Inc., AEON Co., Ltd.	· Provision of water, food, etc.



Drill to practice vehicle transportation using a large helicopter from the Ground Self-Defense Force (November 2021)



Signing a mutual cooperation agreement in times of disaster with the 7th Regional Japan Coast Guard Headquarters (February 2022)

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 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.

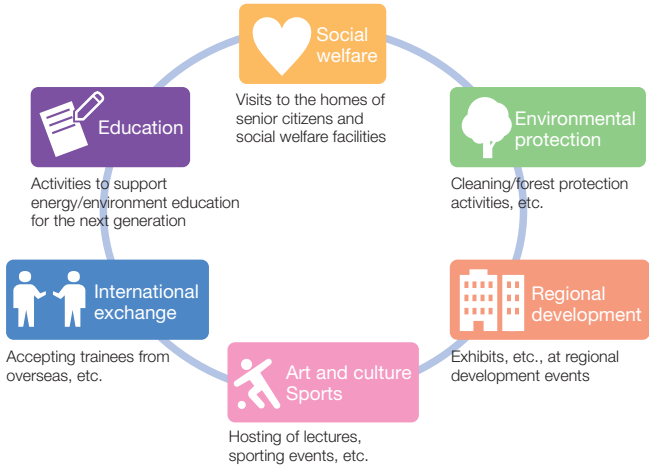


Transporting materials, equipment, and personnel on the *Okii* patrol boat of the Sakai Coast Guard (8th Regional Japan Coast Guard Headquarters) (August 2021: Restoring power to the Oki Islands in Shimane Prefecture following Typhoon No.9 (Tropical Storm Lupit))

Contributions to Local Community Development

Employees' social contribution activities

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, our foundations are firmly rooted in the Chugoku region. To aid in the region's development, our employees actively participate in various social contribution activities. These efforts encompass a range of fields including education, social welfare, and environmental conservation. In particular, we use our standing as an electric power business to provide energy and environmental education to the next generation, while we also visit senior citizens' homes and social welfare facilities to interact with residents and inspect their electrical equipment. We also support employees who wish to undertake volunteer work through the establishment of specifically designed leave systems.



Educational support activities

To raise interest in environmental and energy-related matters among the next generation, we hold Wakuwaku E-School activities in various locations, which involve visiting schools and giving classes, and inviting children to visit our facilities.



Target
Proactive implementation of activities to support energy and environmental education for the next generation

Chugoku Electric Power Group Environmental Targets and Achievements: See pp. 55–56

Visiting senior citizens' homes

To support senior citizens' independence and contribute to social welfare, we use our standing as an electric power business to visit homes and social welfare facilities to interact with residents and inspect their electrical equipment.



Online energy and environmental education

To ensure that we can continue providing energy and environmental education throughout the pandemic, we are hosting online lessons for local schools. In addition to school lessons, we are also using online methods to host summer events for elementary school students and lectures for university students. Further, in line with increased focus on the SDGs in educational settings, we are also visiting schools and universities to host lessons on relevant themes, such as the SDGs and energy and carbon neutrality.



An online event for elementary school students

Culture and sport promotion

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.



Running schools led by the track and field club

With a desire to show children the joys of physical activity through running—which is at the center of every sport—every year we host the Energia Running School in the five prefectures of the Chugoku Region. The running clubs are led by the Chugoku Electric track and field club, which has produced several Olympic athletes. To help children to have big dreams and take on challenges on the global stage, instructors teach them running form and training methods for middle to long distance running, and even the best ways to achieve their goals.

"It was great to be able to run with professional athletes. Next time I want to try and beat them!" This is an example of a comment from a participant that shows how well the running clubs are received.



A running school in Shimane Prefecture

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.



Awards ceremony

Culture and sport support cases (Cumulative total to FY2022)

Total no. of cases: 3,968 807.74 million yen

Solving local issues/supporting local revitalization

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*, the *Chugoku Region White Paper*, and the *Chugoku Region Financial Overview*
- Supporting local industries and regional revitalization through surveys and research in tandem with the Chugoku Economic Federation and the Chugoku Regional Innovation Research Center and subsidies from the Electric Technology Research Foundation of Chugoku (est. 1991)



Regional publication Aoi Kaze



Chugoku Region White Paper

Technological research support cases (Cumulative total to FY2022)

Total no. of cases: 1,617 1,248.02 million yen



Governance

Basic Approach to Corporate Governance

At the Chugoku Electric Power Group, we are striving to enhance our corporate value and ensure sustainable growth by accurately responding to the increasingly complex and diverse demands of society. To do so, it is paramount that we maintain and improve our management transparency and fairness, and build a structure that allows us to quickly and resolutely make decisions pertaining to changes in our business environment. As such, we have formulated the basic policy below, which we will continuously work to enhance and strengthen.

Basic Policy

(1) Guaranteeing the rights and equal treatment of our shareholders

At Chugoku Electric, we take appropriate measures to guarantee the rights of our shareholders, and are constantly working to create an environment in which our shareholders are able to exercise those rights.

(2) Cooperating appropriately with stakeholders other than our shareholders

Based on a solid relationship of trust with society, the Chugoku Electric Power Group's mission is to create beneficial social value through sound business activities, achieve corporate growth, and in turn contribute to the achievement of a sustainable society. To do so, we will ensure appropriate cooperation with our wide-ranging stakeholders.

(3) Appropriately disclosing information and ensuring transparency

To ensure management transparency, we will strive to disclose not only financial information, but also non-financial information including that related to our management strategies, issues, risks, and governance in a timely and accurate manner.

(4) Responsibilities of the Board of Directors

To discharge its fiduciary responsibility and accountability to shareholders, and to achieve sustainable growth and improve corporate value in the medium to long term, while incorporating outside perspectives from external directors, the Board of Directors formulates and implements management strategies, supervises management by improving and operating internal control systems, and appropriately manages risks.

(5) Maintaining dialogue with shareholders

Chugoku Electric considers its shareholders and investors as key partners in improving corporate value and developing the business. As such, in addition to timely, accurate disclosure of information pertaining to our business environment, financial conditions, and future management strategies, we will strive to promote mutual communication.

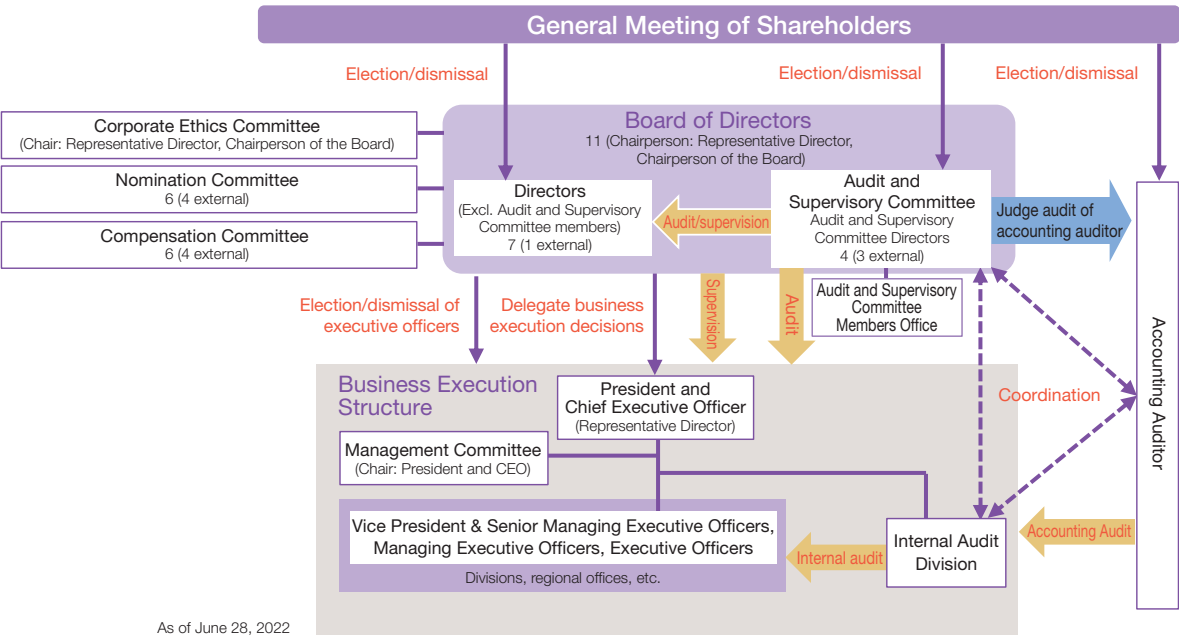
Efforts to Enhance and Reinforce Our Corporate Governance

At Chugoku Electric, we have continued to enhance and reinforce our corporate governance in line with the changing times. To respond to the June 2021 revisions to the Corporate Governance Code, we have complied with every revised principle, including those for the new Prime Market, which requires an even higher level of governance than before. Moving forward, we will continue to enhance and reinforce our governance in line with the aims of the Corporate Governance Code.

FY	Main activities
2008	Reduced the number of directors (25 or fewer → 15 or fewer)/Shortened term of directors (2 years → 1 year)/Adopted executive officer system
2009	Established Compensation Committee as an internal committee of the Board of Directors
2017	Switched from a company with a board of auditors to a company with an audit and supervisory committee/Established Nomination Committee and Compensation Committee as advisory committees to the Board of Directors

Corporate Governance System

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.



Board of Directors

The Board of Directors consists of 11 directors, of which four (two female) are external directors. 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 regarding the execution of business, the board monitors the execution of their duties. 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.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 4 directors, of which three (two female) are external directors, and committee meetings are usually held once a month. Audit and Supervisory Committee members attend management and other important committees, listen to reports from directors regarding the execution of duties, and inspect important decision-making documents. Through these and other measures, committee members oversee the manner in which company directors execute their duties. Moreover, using their right to express opinions at the General Meeting of Shareholders regarding the election and compensation of directors (excluding Audit and Supervisory Committee directors), committee members are also responsible for supervising the work of executives. Note that the Audit and Supervisory Committee has been directly assigned 8 dedicated staff to assist committee members with their work.

Corporate Ethics Committee

➡ See "Compliance" on p. 88.

Nomination Committee and Compensation Committee

Both the Nomination Committee and Compensation Committee consist of the Representative Director and Chairperson of the Board, the Representative Director President & Chief Executive Officer, and independent external directors, with the majority of committee members made up of independent external directors to ensure the committee's independence and objectivity. The Representative Director and Chairperson of the Board serves as chair of both committees. The Nomination Committee deliberates over matters concerning the selection and dismissal of directors (excluding Audit and Supervisory Committee directors), while the Compensation Committee deliberates over matters concerning director compensation (excluding Audit and Supervisory Committee directors). Both committees improve objectivity and transparency in decision-making and report the results of their deliberations to the Board of Directors.

Management Committee

Management Committee meetings are attended by the President and CEO and heads of divisions. 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.

Internal Audit Division

As an organization independent from the company's lines of business execution, the Internal Audit Division conducts internal audits, inspects the appropriateness and effectiveness of the internal control system, and proposes system improvements.

Evaluating the effectiveness of the Board of Directors

Each year, Chugoku Electric conducts questionnaires with each of its directors to assess the effectiveness of the Board of Directors.

Method

Questionnaire

Subject	Questionnaire content
Directors	Questions regarding operation of the Board of Directors, discussion materials, Board of Directors' support structure, etc. Questions regarding operation of the Nomination Committee and Compensation Committee
External directors	Self-evaluation questions

Collection/Analysis

Evaluated at a roundtable discussion involving the representative director and Audit and Supervisory Committee members

Reported to and shared with the Board of Directors

Work to further enhance effectiveness

FY2022

• **Results of initiatives to tackle previous fiscal year challenges**

FY2022 challenges	Results of initiatives
Enhancement of discussions on ideal corporate culture in line with greater competition due to the full liberalization of retail electricity sales	In line with the results of a workplace and employee awareness survey, the Board of Directors exchanged opinions on the company's corporate culture and employee character
Improvement of understanding of energy policies among external directors	Held a briefing summarizing electricity market systems for external directors

FY2023

• **Assessment results**

The results of the questionnaire showed that, overall, the Board of Directors and the Nomination Committee and Compensation Committee are seen positively, confirming that the Board of Directors and the Nomination Committee and Compensation Committee are functioning effectively and that their efficacy is being properly maintained.

• **Future initiatives**

- Establish a platform to discuss initiatives aimed at fulfilling one of the missions set out in our Group Corporate Vision: Inspire employees through our culture
- Continue to improve understanding of the electricity business among external directors

Election and dismissal of directors, etc.

Electing director candidates, etc.

Policy

- Candidates for director (including for Audit and Supervisory Committee director) are elected based on their ability to accurately and strategically guide the Chugoku Electric Power Group's development and enhance its management capabilities, as well as their ability to enhance supervision of management. Any decisions also take into account the balance and scale of the Board of Directors.
- Candidates upper executive officer are not only elected based on their ability to become key members of operating departments, but also their viewpoints as managers and their ability to quickly and resolutely respond to various management issues.

Procedures

- The Board of Directors consults with the Nomination Committee, whose members include external directors, prior to making decisions on candidates for director (excluding for Audit and Supervisory Committee director).
- Decisions on candidates for Audit and Supervisory Committee director are made by the Board of Directors following approval from the Audit and Supervisory Committee.

Dismissing directors, etc.

Policy

- Directors (excluding Audit and Supervisory Committee directors) will be dismissed in the case of illegal or inappropriate behavior with respect to the execution of their duties, in the case of largely insufficient work and results in the execution of their duties, or when it is clear that they lack the qualities required of a director of the company.

Procedures

- When proposing director dismissals (excluding Audit and Supervisory Committee directors) to the General Meeting of Shareholders, the Board of Directors consults with the Nomination Committee, whose members include external directors, prior to making decisions.
- The Board of Directors consults with the Nomination Committee, whose members include external directors, prior to making decisions on dismissals of the representative director or upper executive officers.

Executive compensation

Policy

- (A) Basic policy
- Executive compensation shall be within the scope set and approved at the General Meeting of Shareholders, and at an appropriate level in line with the social and economic climate.
 - To respond to the trust placed in us by our shareholders and to achieve sustainable growth, decisions on compensation shall take into account both short-term performance as well as medium- to long-term performance.
 - Director compensation (excluding that for external directors and Audit and Supervisory Committee directors) shall comprise basic remuneration and performance-linked remuneration (both monetary). Compensation for external directors and Audit and Supervisory Committee directors shall take into consideration their duties and comprise only of basic remuneration.
 - The ratio of basic remuneration and performance-linked remuneration for directors (excluding that for Audit and Supervisory Committee directors and external directors) shall be set by taking into account our management and business environment, and trends in corporations in similar industries.
- (B) Basic remuneration
- For their basic remuneration, directors shall be paid a fixed monthly remuneration. Monthly remuneration for directors (excluding that for Audit and Supervisory Committee directors) shall be paid according to the company's business environment and results, and the individual's role, responsibility, and previous fiscal year's performance.
- (C) Performance-linked remuneration
- To clarify directors' responsibility with respect to the company's business results, and as an incentive for them to improve results, directors may be paid bonuses at a specified time each year as performance-linked remuneration in line with the company's management environment and consolidated ordinary income. Bonuses shall be paid according to the individual's performance.
- (D) Decisions on individual director compensation
- Decisions on the amount of monthly remuneration, as well as the amount for bonuses, for directors (excluding Audit and Supervisory Committee directors) shall be determined by the chairperson based on a resolution by the Board of Directors. To ensure the chairperson appropriately exercises his decision-making authority, the Board of Directors shall consult with the Compensation Committee regarding remuneration levels, etc., and the chairperson must make his decisions while respecting the results of the Compensation Committee proceedings.

Directors (excluding Audit and Supervisory Committee directors)

Monthly remuneration: Up to 45 million yen

Bonus: To clarify directors' responsibility with respect to business results, and as an incentive for them to improve results, directors (excluding Audit and Supervisory Committee directors) may be paid bonuses of up to 120 million yen in addition to their monthly remuneration. Specific bonus amounts will be determined by the Board of Directors in line with the company's business results.

Audit and Supervisory Committee directors

Monthly remuneration: Up to 10 million yen

Procedures

- The Board of Directors consults with the Compensation Committee, whose members include external directors, prior to making decisions pertaining to the compensation of directors (excluding for Audit and Supervisory Committee directors).
- Decisions pertaining to the compensation of Audit and Supervisory Committee directors shall be made by the Audit and Supervisory Committee.

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.

Cross shareholding trends (market value)

March 31, 2015
(prior to adoption of the Corporate Governance Code)
31.9 billion yen (24 companies)

↓

As of March 31, 2022
10.1 billion yen (10 companies)

Risk Management

Basic approach to risk management

In line with its Basic Risk Management Policy, which outlines the company's basic approach to risk management, Chugoku Electric has built a companywide risk management system that enables it to appropriately implement countermeasures as and when necessary. With our group companies engaged in similar measures, we are promoting risk management across the Group in a unified manner.

Basic Risk Management Policy Overview

Definition of Risk

- Future uncertainties that could induce economic losses and factors that could lead to a loss of trust from our local communities

Response to Risk

- Each division, etc., identifies and assesses risks related to its main line of business, formulates and implements pre- and post-risk countermeasures, and independently undertakes a range of other risk management measures.
- The Compliance Promotion Division supervises overall risk management. Among other duties, it makes companywide adjustments and system improvements to the risk countermeasures of each division, etc.
- For risks that can be identified in advance, priority will be placed on preventative activities.
- For risks that are difficult to foresee, priority will be placed on management activities that minimize any potential damage.
- With compliance our foremost priority, specific measures against risks will be prioritized according to the potential impact of each risk, the frequency of said risk, and the cost effectiveness of the measure.

Dedicated risk management organization

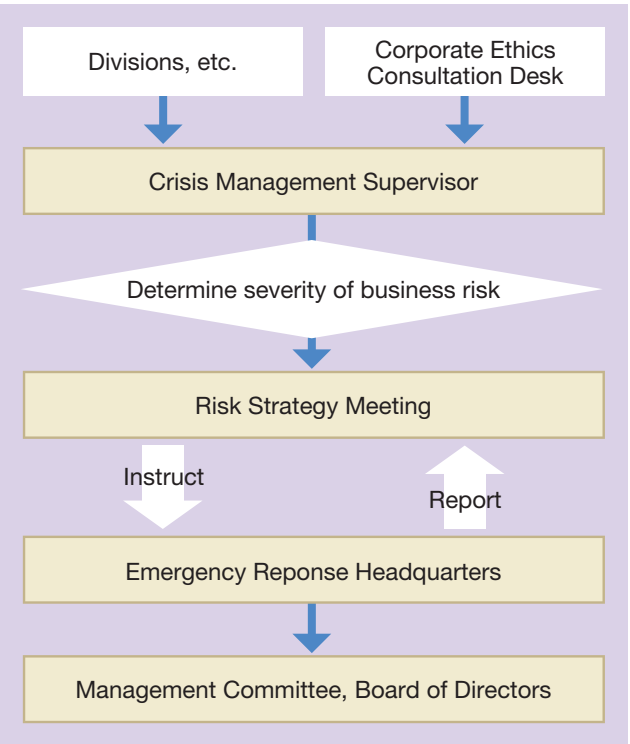
A dedicated risk management organization has been set up within the Compliance Promotion Division to promote and support risk management across the entire Group.

Risk Management Regulations

We have formulated a set of Risk Management Regulations to help us work toward achieving our business targets, and ensure a robust earnings foundation and a stable asset/debt structure, as well as to earn the trust of local communities. These regulations outline our business risk management system and procedures, as well as basic matters regarding the management of derivative transactions.

Crisis Management Regulations

We have formulated a set of Crisis Management Regulations that outline basic matters regarding our crisis management system and its operation, and which enable us to quickly and smoothly implement policies and measures to deal with crises in a transparent, objective manner. These regulations set forth a crisis management supervisor to assist the chief crisis management officer (the President) and oversee each organization within the company in the case of a crisis. The regulations also detail a reporting system that collects and centralizes information pertaining to business risks. Information can also be found on Risk Strategy Meetings, which deliberate over management's crisis response measures, and the Emergency Reponse Headquarters, which examines and implements specific measures during crises.



Business continuity initiatives

In addition to efforts to ensure business continuity and reinforce resilience in times of disaster, we are also working to guarantee stable supplies of electricity during novel influenza and other pandemics. Based on the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, Chugoku Electric and Chugoku Electric Power Transmission & Distribution have together established the Novel Influenza Countermeasure Action Plan (Business Continuity Plan) and the Novel Influenza Countermeasure Regulations. In line with the above, both companies are working to enhance and strengthen their countermeasures through regular drills and other activities.

Business and other risks

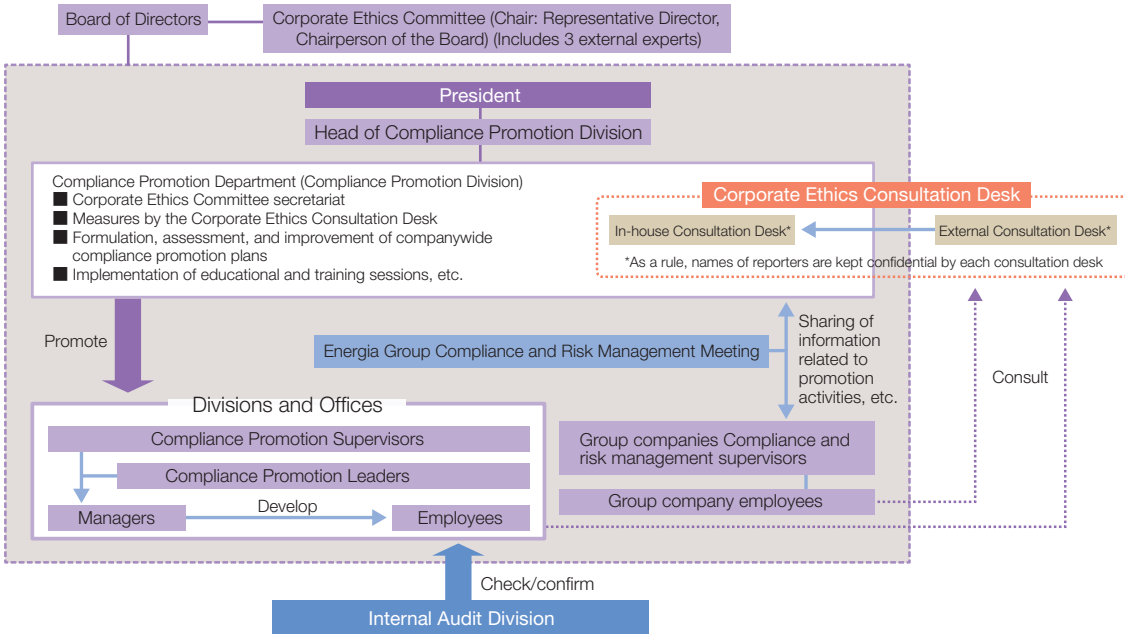
Major risks that could severely impact our Group’s performance are outlined below.
Note that matters related to the future detailed below are based on judgements made at the end of FY2022.

Revisions to Regulations and Systems Pertaining to Nuclear Power Generation	In line with the accident that occurred at the Fukushima No.1 Nuclear Power Plant, and to correspond to new regulatory requirements enacted in July 2013, we have implemented earthquake and tsunami countermeasures, measures to ensure the reliability of external power sources, and a range of severe accident measures, such as the installation of vent equipment with filters. Although we are constantly pursuing safety in a range of other ways, changes to nuclear power policies and revisions to laws, regulations and standards could adversely impact our Group's business performance. Although there are uncertainties in the back-end of nuclear power businesses due to it being an extremely long-term endeavor, operator risks have been mitigated because of the measures taken by the Japanese government. For the expenses required for the reprocessing of spent nuclear fuel and the final disposal of designated radioactive waste, a contribution system is in place to secure the necessary funding for the Nuclear Reprocessing Organization of Japan and the Nuclear Waste Management Organization of Japan, the two bodies in charge of reprocessing and disposal. Meanwhile, the Japanese government has set up a reserve fund system to counter the expenses required for the dismantling of nuclear power facilities. However, future revisions to systems and changes in estimates for future costs, as well as changes in the operational status of our reprocessing plants, could adversely impact our Group's business performance.
Revisions to Policies and Systems Pertaining to Electric Power Businesses	Due to insufficient competition among electricity retailers, a transitional measure to regulate electricity prices has not been removed across all parts of Japan, and additional measures to enhance competition are under consideration. As a result, regulations to enhance the equal treatment of in-house electricity retail divisions of former general electricity retailers like us and other electricity retailers may be tightened, and depending on these developments, our competitive ability and business environment could be adversely affected.
Environmental Regulations	The government announced it will raise its GHG reduction target for FY2031 as an ambitious goal consistent with becoming carbon neutral by 2050. In the Sixth Strategic Energy Plan, which was approved by the cabinet in October 2021, the government pledged to enforce various measures to further pursue its fundamental S + 3E policy. In line with this movement, this may lead to tighter environmental regulations, such as those concerning GHG emissions, as well the introduction of a carbon pricing system. As a result, the Group's business performance could be adversely impacted by the corresponding expenses, reputational damage if our initiatives are deemed inadequate, and other factors.
Compliance	Compliance is a fundamental aspect of our management and the foremost priority in all aspects of the Group's operations. We therefore implement a range of stringent compliance initiatives, and quickly introduce corrective measures should any compliance violations occur. A serious violation, however, could see the Group lose society's trust, and adversely affect our ability to undertake smooth business operations. On April 13, and July 13, 2021, Chugoku Electric was subject to an on-site inspection by the Japan Fair Trade Commission due to suspicions that it was collaborating with a former general electricity retailer to limit the acquisition of new customers. We will continue to ensure appropriate responses to their investigations.
Disasters and Other Incidents	Electric power is the core business of our Group, and so we possess a large number of power supply and other facilities. Devastating natural disasters such as large-scale earthquakes and typhoons, terrorist attacks and other illegal actions, the spread of severe infectious diseases such as COVID-19, challenging situations surrounding power supply and demand, and a range of other incidents could cause serious damage to our facilities, our operational systems, and our employees, and greatly increase our procurement costs. The following results that may ensue have the potential to adversely affect the Group's performance: unavoidable increases in costs such as those needed to repair equipment, procure substitute thermal fuel sources, and procure power from other markets; inevitable decreases in sales; damage to the Group's brand image or a loss of trust from society resulting from prolonged outages; decreases in sales due to less electricity usage resulting from stagnation of economic activity; rises and falls in costs due to problems with construction and the procurement of materials and equipment; and rises and falls in imbalance charges.
Fluctuations in Fuel Prices, Foreign Exchange Rates, and Wholesale Electricity Market Prices	Fluctuations in fuel prices, foreign exchange rates, and wholesale electricity market prices could adversely impact our Group's business performance. Some customers' rate plans have a price cap set, so any amount exceeding this cap cannot be reflected in electricity prices, but for other plans, under the fuel cost adjustment system, fluctuations in fuel prices and foreign exchange rates are reflected, which mitigates the impact of this on our business results.
Fluctuations in Fuel Prices	As of the end of March 2022, the interest-bearing debt balance of our Group stands at 2,527.7 billion yen. Fluctuations in market interest rates and changes in credit ratings could lead to increasing/decreasing interest expenses brought on by fluctuating procurement interest rates. Factors such as these could adversely impact our Group's business performance. However, the majority of our interest-bearing debt has been procured from fixed-rate long-term funds (corporate bonds and long-term loans), and so any impact is expected to be limited. Further, as of the end of March 2022, the projected benefit obligation of our Group stands at 232.0 billion yen, while our pension assets stand at 238.5 billion yen. Retirement benefit costs have been calculated based on conditions predetermined by discount rates and other actuarial methods, as well as the long-term expected rate of return on pension assets. Fluctuating interest rates and stock prices could lead to changes in discount rates and yield on investments, and therefore fluctuations in retirement benefit costs. Factors such as these could adversely impact our Group's business performance. However, our Group's pension assets are managed under a minimum-risk asset structure, and so any impact is expected to be limited.
Changes in Competitive Environments	Intensifying competition in the retail electricity market could lead to an increasing number of customers switching from our services to other electricity retailers, and adversely impact our Group's business performance.
Information Management	In addition to customer information from our electric power business, our Group holds a large amount of other business-related information. Information leakages caused by increasingly advanced cyber attacks or other means could cause severe damage to our social reputation and adversely impact our Group's business performance.

Compliance

Promotion system

Under the direction and supervision of the chairperson and president, compliance initiatives at Chugoku Electric are led by the head of the Compliance Promotion Division. 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.

Corporate Ethics Consultation Desk

As an internal reporting system, we have set up corporate ethics consultation desks within our Compliance Promotion Division (internal) and an affiliated law firm (external), and are actively promoting their use.
We thus have a system in place to receive reports and consultations regarding compliance violations and other matters pertaining to corporate ethics from all individuals associated with the Group through various methods including email, telephone, and postal mail. Consultations can also be made anonymously.
Regarding our response to reports and consultations, in addition to ensuring thorough confidentiality, we strictly prohibit any disadvantageous treatment of the consultant regarding their pay, transfer, or promotion, etc., due to their use of the internal reporting system.

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 and publicizes an outline of their proceedings.

Corporate Ethics Committee <https://www.energia.co.jp/corp/active/saisei/rinri/iinkai.html>

Energia Group Compliance and Risk Management Meeting

In principle, the Energia Group Compliance and Risk Management Meeting is held twice a year. 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.

Compliance promotion initiatives

Compliance is the foremost priority of the Chugoku Electric Power Group. To maximize awareness of compliance throughout our workforce, from management to each individual employee, in addition to holding compliance training sessions, we have designated November as our “compliance-strengthening month.” During this period in particular, we seek to effectively raise awareness of compliance by implementing various measures in a focused manner.

Moreover, we have held workplace and employee awareness surveys regarding compliance for all employees since FY2008. 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.

No. of serious compliance violations*
(FY2022)

0

*Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution.

Compliance Training Content (FY2022)

Subjects	Content
Upper management*	Invited instructors from outside the company to hold lectures on supervisors’ roles in promoting compliance
Compliance promotion supervisors, etc.	
Managers* 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	Held discussions regarding the awareness and behavior of employees and their workplaces based on compliance case studies
	Carried out e-learning courses and video and case study-based training sessions

*Including those from group companies.

Anti-bribery and anti-corruption initiatives

To build sound, appropriate relationships with suppliers and foreign officials both inside and outside Japan, we have stipulated a code of conduct for client relationships as part of our Corporate Ethics Principles as a matter concerning the prevention of bribery, etc.

In our International Business Division, which has particularly frequent interactions with foreign officials, we recognize the bribery of foreign officials as a major management risk. We have therefore formulated a specific policy for the division, collecting information on reports of bribery, assessing risks relating to each country and client, and providing education for newly appointed employees.

Corporate Ethics Principles → <https://www.energia.co.jp/corp/active/saisei/pdf/kouryou.pdf>

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.

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

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 cyber attacks, 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 cyber attacks, we are making various efforts to improve our information security.

Organizational measures	<div><ul style="list-style-type: none">· The Chief Information Security Officer (CISO) works under the President to supervise companywide information security measures· The ENERGIA-SIRT (Security Incident Response Team) promotes information security management and responds to security incidents· 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<div><div>President</div><div>CISO: Head of Digital Innovation Division</div><div><div>CISO Assistant</div><div>ENERGIA-SIRT</div></div><div>Information Security Supervisor: Heads of business offices, etc.</div></div></div>
Personnel measures	<div><ul style="list-style-type: none">· Workplace-specific education for all employees· Level-specific group education for new employees, new management employees, information systems staff, etc.</div>
Physical measures	<div><ul style="list-style-type: none">· Thorough entry/exit and locking management of secure areas</div>
Technological measures	<div><ul style="list-style-type: none">· 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.</div>

No. of serious information security incidents*
(FY2022)

0

*Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution regarding electronic information incidents.

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 thorough 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 in place a range of other rules and regulations related to personal information protection.

Personal information protection training

Each year we hold personal information protection training sessions for all company employees. Through these sessions, we are aiming to increase recognition among employees of the fact that we are looking after customer’s valuable personal information.

Inspection/Internal audits

To prevent the leakage and loss of personal information, managers regularly inspect the management status of personal information at their worksite, while the Internal Audit Division conducts internal audits to verify the effectiveness of our personal information protection systems.

No. of serious personal information leakage incidents*
(FY2022)

0

*Cases where a press release was issued by Chugoku Electric or Chugoku Electric Power Transmission & Distribution.

Company Directors (As of June 28, 2022)



**Mareshige
Shimizu**

Representative
Director
Chairperson
of the Board

April 1974
June 2009
June 2011
June 2012
June 2013
April 2016
June 2016
June 2022

Joined Chugoku Electric
Managing Director and Deputy Head of Power Generation
Division, and Head of Shimane Nuclear Power Headquarters
Division, Executive Vice President, Head of Compliance
Promotion Division and Energia Research Institute
Director, Executive Vice President, Supervisor of Human
Resources Development, Head of Internal Audit Division and
Nuclear Power Reinforcement Project
Director, Executive Vice President, and Head of Power
Generation Division
Director and President
Representative Director, President & Chief Executive Officer
Representative Director, Chairperson of the Board (incumbent)

As Representative Director President & Chief Executive Officer, Mareshige Shimizu has demonstrated outstanding leadership and made steady progress in responding to management issues. With extensive knowledge on all aspects of management, Mr. Shimizu is expected to enhance the company's governance structure and contribute to the further enhancement of corporate value.



**Natsuhiko
Takimoto**

Representative
Director
President &
Chief Executive
Officer

April 1981
June 2012
June 2017
June 2018
June 2019
June 2020
June 2022

Joined Chugoku Electric
Executive Officer and General Manager of Corporate Planning
Division (Corporate Business Planning)
Managing Executive Officer and Head of Corporate Planning
Division
Director, Managing Executive Officer and Head of Corporate
Planning Division
Director, Managing Executive Officer and Head of Energy
Sales Division
Representative Director, Vice President & Senior Managing
Executive Officer, and Head of Energy Sales Division
Representative Director President & Chief Executive Officer
(incumbent)

With past experience as head of the Corporate Planning Division and the Energy Sales Division, Natsuhiko Takimoto possesses the expertise to oversee all aspects of management of the electricity business and make comprehensive judgments. Utilizing his versatile, highly responsive thinking and analytical capabilities, Mr. Takimoto is expected to demonstrate strong leadership and guide company management with a flexible approach.



**Shigeru
Ashitani**

Representative
Director
Vice President &
Senior Managing
Executive Officer

April 1979
June 2013
June 2016
June 2017
June 2018
June 2020
June 2022

Joined Chugoku Electric
Executive Officer, Head of Tottori Regional Office, and Deputy
Head of Shimane Nuclear Power Headquarters
Managing Executive Officer, and Deputy Head of Power
Generation Division
Director, Managing Executive Officer, and Deputy Head of
Power Generation Division
Director, Managing Executive Officer, Deputy Head of Power
Generation Division, and Head of International Business
Division
Representative Director, Vice President & Senior Managing
Executive Officer, Head of Power Generation Division and
Information System & Telecommunications Division
Representative Director, Vice President & Senior Managing
Executive Officer, Head of Power Generation Division
(incumbent)

Shigeru Ashitani is demonstrating his management skills in enhancing the profitability of our international business, strengthening our business system, and utilizing our characteristics to improve our competitive advantage in the power generation industry. Mr. Ashitani excels in taking a forward-looking approach to improving organizational strength, and is expected to contribute to further enhancing our corporate value.



**Makoto
Furuse**

Director (External)

June 2007
May 2010
November 2010
November 2010
June 2011
June 2015
June 2020

Representative Director and President of The San-in Godo
Bank, Ltd.
Chairman of Shimane Employers' Association (Resigned: May
2015)
Chairman of the Matsue Chamber of Commerce and Industry
(Resigned: October 2019)
Chairman of the Shimane Prefecture United Chamber of
Commerce and Industry Association (Resigned: October 2019)
Representative Director and Chairman of The San-in Godo
Bank, Ltd.
Special Advisor to The San-in Godo Bank, Ltd. (Resigned:
June 2020)
External Director of Chugoku Electric (incumbent)

With wide-ranging knowledge and experience in management outside the company, such as at The San-in Godo Bank, Ltd., Makoto Furuse is expected to use his abundant experience and insight to contribute to management of the company from an objective standpoint. Further, as a member of the Nomination Committee and Compensation Committee, he is also expected to contribute to discussions regarding director nomination and compensation from an objective, fair, and neutral standpoint.



**Norimasa
Tamura**

Director
Audit and
Supervisory
Committee Member

April 1980
June 2011
June 2016
June 2018
June 2020

Joined Chugoku Electric
Executive Officer and General Manager of Group Management
Division (Accounting)
Executive Officer and Head of Tokyo Regional Office
Managing Executive Officer and Head of Tokyo Office
Director and Full-time Audit and Supervisory Committee
Member (incumbent)

As a full-time Audit and Supervisory Committee member and head of the Audit and Supervisory Committee, Norimasa Tamura has played a central role in enhancing the effectiveness of audits by regularly gathering information from the company's operating departments and ensuring close coordination with the Internal Audit Division. Utilizing his vast knowledge in finance and accounting and detailed analytical skills and logical thinking capabilities, Mr. Tamura is expected to accurately audit and supervise the company's operations.



**Etsuko
Nosohara**

Director
Audit and
Supervisory
Committee
Member (External)

April 1987
June 2012
June 2016

Registered Member of Hiroshima Bar Association (incumbent)
External Audit & Supervisory Board Member of Chugoku
Electric
External Director and Audit and Supervisory Committee
Member of Chugoku Electric (incumbent)

Utilizing her wealth of experience and impressive track record as a lawyer, Etsuko Nosohara conducts accurate audits from an objective, fair, and neutral standpoint, and utilizes her specialized knowledge to offer valuable opinions on the company's management. Looking ahead, Ms. Nosohara is expected to fairly and accurately audit and supervise the company's management. Further, as a member of the Nomination Committee and Compensation Committee, he is also expected to contribute to discussions regarding director nomination and compensation from an objective, fair, and neutral standpoint.



**Toshio
Takaba**

Representative
Director
Vice President &
Senior Managing
Executive Officer

April 1981
June 2015
June 2018
June 2020
June 2022

Joined Chugoku Electric
Executive Officer and General Manager of Compliance
Promotion Division (Compliance)
Managing Executive Officer and Head of Human Resources
Development Division
Director, Managing Executive Officer and Head of Human
Resources Development Division
Representative Director, Vice President & Senior Managing
Executive Officer, Supervisor of Human Resources Development,
Head of Corporate Finance and Procurement Division and
Nuclear Power Reinforcement Project (incumbent)

Toshio Takaba has played a leading role in ensuring company management in which compliance is the foremost priority. Further, as head of the Human Resources Development Division, he has made every effort to design personnel systems that cater to changing management environments. Utilizing his excellent coordination skills and the expansive network he has accumulated to date, Mr. Takaba is working to reinforce collaboration with the communities that are fundamental to company management, and is expected to contribute to the further enhancement of corporate value.



**Tatsuo
Kitano**

Director
Managing
Executive Officer

April 1983
June 2014
June 2017
June 2020

Joined Chugoku Electric
Executive Officer, Head of Shimane Nuclear Power Station and
Shimane Nuclear Power Plant Construction Offices
Managing Executive Officer, Deputy Head of Power Generation
Division, and General Manager of Power Generation Division
(Nuclear Power Operation)
Director, Managing Executive Officer, Deputy Head of Power
Generation Division, and Head of Shimane Nuclear Power
Headquarters (incumbent)

With vast experience and knowledge in nuclear power, Tatsuo Kitano is successfully overseeing management of our efforts to resume nuclear power plant operations and gaining understanding of activities. Mr. Kitano is expected to contribute to appropriate business operations through his composed yet strong executional skills.



**Toru
Funaki**

Director
Managing
Executive Officer

April 1981
June 2013
June 2016
October 2017
June 2019
June 2022

Joined Chugoku Electric
Executive Officer and General Manager of Group Management
Division (Group Companies)
Executive Officer and General Manager of Group Management
Division (Accounting)
Executive Officer and General Manager of Corporate Finance
and Procurement Division (Accounting)
Managing Executive Officer and Head of Corporate Planning
Division
Director, Managing Executive Officer and Head of Corporate
Planning Division (incumbent)

In the Corporate Planning Division, Toru Funaki has spent many years examining the ideal vision for the company's businesses and management. Involved in the formulation of the Group Corporate Vision for 2030, he has also worked to respond to management issues. Utilizing his excellent thinking and analytical capabilities and his versatile sense of balance, Mr. Funaki is expected to further contribute to the company as the management environment undergoes significant change.



**Noriko
Otani**

Director
Audit and
Supervisory
Committee Member
(External)

April 1992
April 2001
April 2005
April 2010
June 2020

Professor at Faculty of Humanities, Yamaguchi University
Professor of The Graduate School of East Asian Studies,
Yamaguchi University
Director of The Graduate School of East Asian Studies,
Yamaguchi University
Emeritus Professor of Yamaguchi University (incumbent)
External Director and Audit and Supervisory Committee
Member of Chugoku Electric (incumbent)

As a specialist in sociology, Noriko Otani has advanced knowledge of the conditions of local societies as well as corporate social contribution activities. With her wealth of experience and impressive track record, Ms. Otani conducts accurate audits from an objective, fair, and neutral standpoint and utilizes her specialized knowledge to offer valuable opinions on the company's management. Looking ahead, Ms. Otani is expected to fairly and accurately audit and supervise the company's management. Further, as a member of the Nomination Committee and Compensation Committee, she is also expected to contribute to discussions regarding director nomination and compensation from an objective, fair, and neutral standpoint.



**Eiichi
Kuga**

Director
Audit and
Supervisory
Committee Member
(External)

April 2006
September 2007
September 2009
February 2011
April 2013
August 2015
December 2015
June 2016
June 2018
June 2022

Head of Police Headquarters, Kagoshima Prefecture
Director-General of Tokyo Metropolitan Government Office for
Youth Affairs and Public Safety
Director-General of Security Dept. of Tokyo Metropolitan Police
Department
Head of Police Headquarters, Kanagawa Prefecture
Director of Imperial Guard Headquarters
Resigned from National Police Agency
Advisor of Nippon Life Insurance Company (Resigned: May
2016)
Full-time External Audit & Supervisory Board Member of
Kyushu Railway Company
External Director and Full-time Audit and Supervisory Committee
Member of Kyushu Railway Company (Resigned: June 2022)
External Director and Audit and Supervisory Committee
Member of Chugoku Electric (incumbent)

Eiichi Kuga is expected to accurately audit and supervise the company's operations from an objective, fair, and neutral standpoint using his specialist expertise in external risk management and corporate audits. Further, as a member of the Nomination Committee and Compensation Committee, he is also expected to contribute to discussions regarding director nomination and compensation from an objective, fair, and neutral standpoint.

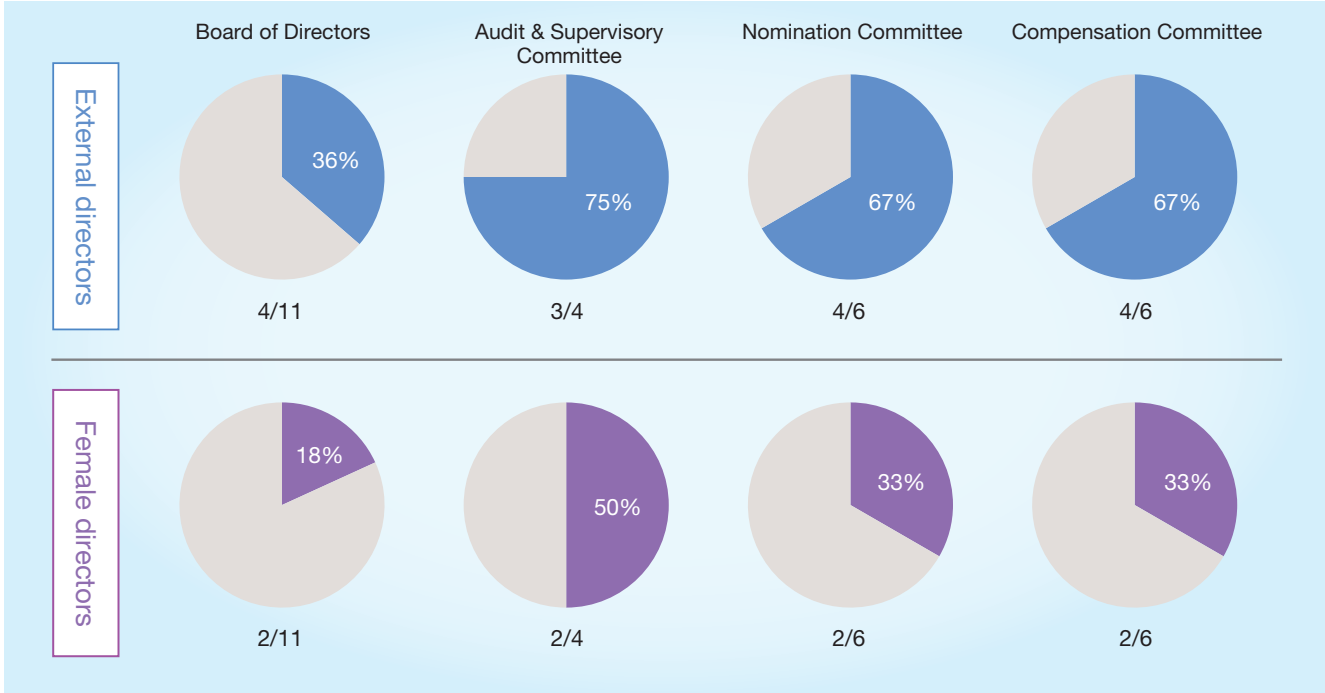
Director skills matrix

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.

Name	Position at Chugoku Electric	Committee		Areas of expertise and experience required of directors							
		Nomination	Compensation	Corporate management/ Management strategies	Financial affairs/ Accounting	Legal affairs/ Risk management	Sales/ Marketing	Technology/ Research	Governance	Group management/ International business	Environment/ Society/ Regional contribution
Mareshige Shimizu	Representative Director Chairperson of the Board	○	○	●	●	●	●	●	●	●	●
Natsuhiko Takimoto	Representative Director President & Chief Executive Officer	○	○	●	●	●	●		●	●	●
Shigeru Ashitani	Representative Director Vice President & Senior Managing Executive Officer			●				●	●	●	●
Toshio Takaba	Representative Director Vice President & Senior Managing Executive Officer			●		●	●		●	●	●
Tatsuo Kitano	Director Managing Executive Officer							●			●
Toru Funaki	Director Managing Executive Officer			●	●		●			●	●
Makoto Furuse	Director (External)	○	○	●	●	●	●		●		
Norimasa Tamura	Director Audit & Supervisory Committee Member				●		●			●	●
Etsuko Nosohara	Director Audit & Supervisory Committee Member (External)	○	○			●			●		
Noriko Otani	Director Audit & Supervisory Committee Member (External)	○	○								●
Eiichi Kuga	Director Audit & Supervisory Committee Member (External)	○	○			●			●		

Note: The main area of expertise and experience of each director is marked with a ● in the above table.
The table does not show the expertise and experience of each director in its entirety.

Ratio of external directors and female directors (As of June 28, 2022)



External Director Interview

Further Improving the Effectiveness of Our Board of Directors to Strengthen Governance

Makoto Furuse
Director (External)

My Role as an External Director

It is generally said that the roles demanded of a director are to offer advice and supervision with respect to a company’s execution. In particular, I believe that the advice expected of me as an external director is to offer new perspectives and ideas by utilizing my background, including the experience in management and knowledge of corporate governance that I gained during my time in banking, and to function as an “accelerator,” so to speak. Similarly, my supervisory role should be, from the perspective of compliance, to act as something of a “brake pedal.” Working on compliance is of paramount importance to the survival of a corporation. Over the course of discussions from a range of perspectives, including with other external directors who each have their own differing backgrounds, my duty is to point out the things that are not quite right from among those that ought to be taken as a given, both internally and throughout our industry, and to seek correction of any deviations from the norm. Finally, in my role as a representative stakeholder, I am also aware of my duty to ask what it is that our stakeholders want and whether they will be satisfied with the decisions we make, adding more depth to discussions with the Board of Directors.

Strengthening Governance

The Corporate Governance Code was revised in June 2021, and ratios of external directors and diversity among directors have been the subject of attention. Of course, it is important that we get our format right, but this alone is not sufficient. Essential to governance are transparency and fairness in management, and maintaining the effectiveness of our Board of Directors is of the utmost importance in ensuring these. External directors must carry out their role of advice and supervision, and in order to function, they must be in possession of sufficient

information concerning points of discussion among the Board of Directors. As such, the company kindly provides me with relevant explanations ahead of meetings of the Board of Directors, and through these explanations I have been studying each matter, asking questions and seeking confirmations from a range of perspectives. And so at meetings of the Board of Directors, with the awareness of my roles as I described them earlier, I proactively speak up. Meetings of the Board of Directors are overall made up of lively discussions, and I feel that we are maintaining our effectiveness. With that said, there is no end to the strengthening of governance. It is important also to breathe new life into organization and management. We will not be restrained in voicing our opinions to each other from various perspectives as we continue to enhance our effectiveness as the Board of Directors as a whole.

Sustainability Management

Having selected the Prime Market segment on the Tokyo Stock Exchange in April 2022, in addition to further enhancing the level of our governance, we have engaged in constructive dialogue with our investors both at home and overseas, and we have come to realize that we must improve our capacity for sustainable growth. With our base of operations being the Chugoku region, we are aware that, as a company that supports local infrastructure, sustainable growth is inseparable from regional development. We must fulfill these expectations by communicating with our customers and regional communities. Through involvement with our stakeholders and an awareness of the expectations of us from regional communities, I believe that continuing to increase our corporate value will also lead to the achievement of our Group Corporate Vision for FY2031 and Carbon Neutral 2050. I will continue to give my all as a member of the Board of Directors in order to enact sustainability management.

Financial/Non-financial (ESG) Data

Main Financial Data

Consolidated

	Units	FY2018	FY2019	FY2020	FY2021	FY2022
Sales (operating revenues)	¥1 million	1,314,967	1,376,979	1,347,352	1,307,498	1,136,646
Operating income	¥1 million	39,626	19,530	48,170	34,283	(60,744)
Ordinary income	¥1 million	30,701	12,685	39,848	30,092	(61,879)
Net income attributable to owners of parent	¥1 million	20,707	11,446	90,056	14,564	(39,705)
Shareholders' equity	¥1 million	577,117	555,507	643,317	657,194	605,777
Total assets	¥1 million	3,179,442	3,261,665	3,265,374	3,385,169	3,566,947
Free cash flows	¥1 million	(23,755)	(87,109)	(42,456)	(62,533)	(206,077)
Cash flow from operating activities	¥1 million	164,794	81,635	129,654	110,228	310
Cash flow from investing activities	¥1 million	(188,549)	(168,744)	(172,111)	(172,762)	(206,387)
Cash flow from financing activities	¥1 million	4,483	97,510	(1,451)	75,241	212,581
Ratio of ordinary income to sales	%	2.3	0.9	3.0	2.3	(5.4)
Capital investment	¥1 million	218,507	179,158	179,207	190,617	184,213
Depreciation	¥1 million	104,106	104,779	81,263	83,418	79,621
Number of employees	People	13,485	13,418	13,163	13,050	12,949

Non-consolidated

	Units	FY2018	FY2019	FY2020	FY2021	FY2022
Sales (operating revenues)	¥1 million	1,227,470	1,280,501	1,243,742	1,147,753	994,992
Operating income	¥1 million	32,475	11,284	40,468	(12,711)	(89,693)
Ordinary income	¥1 million	24,086	6,908	35,103	(10,968)	(75,889)
Net income	¥1 million	16,445	8,510	87,707	(5,300)	(46,336)
Paid-in capital	¥1 million	185,527	185,527	197,024	197,024	197,024
Number of shares issued	Shares	371,055,259	371,055,259	387,154,692	387,154,692	387,154,692
Shareholders' equity	¥1 million	418,582	403,735	494,496	474,178	408,437
Total assets	¥1 million	2,939,983	3,085,124	3,092,832	3,094,988	3,263,400
Ratio of ordinary income to sales	%	2.0	0.5	2.8	(1.0)	(7.6)
Capital investment	¥1 million	204,908	169,869	168,348	116,949	110,547
Deprecation	¥1 million	90,956	91,789	67,842	29,263	30,245

Note 1: In FY2020, the depreciation method for tangible fixed assets was changed from the declining balance method to the straight-line method.
Note 2: The number of employees excludes loan employees and those on administrative leave.
Note 3: Chugoku Electric Power transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution through a corporate split on April 1, 2020.
Note 4: 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.

Main Financial Indicators

Consolidated

	Units	FY2018	FY2019	FY2020	FY2021	FY2022
Interest-bearing debt	¥1 million	2,078,239	2,196,903	2,193,979	2,291,881	2,527,706
Shareholders' equity ratio	%	18.2	17.0	19.7	19.4	17.0
Return on equity (ROE)	%	3.6	2.0	15.0	2.2	(6.3)
Return on assets (ROA)	%	0.9	0.4	1.1	0.7	—
Book-value per share (BPS)	Yen	1,676.42	1,613.71	1,785.36	1,824.17	1,681.51
Earnings per share (EPS)	Yen	60.15	33.25	258.59	40.42	(110.21)
Price book-value ratio (PBR)	Multiple	0.8	0.9	0.8	0.7	0.5
Price earnings ratio (PER)	Multiple	21.3	41.5	5.8	33.6	—
EBITDA	¥1 million	143,732	124,309	129,433	117,701	18,877
Debt equity ratio (D/E ratio)	Multiple	3.6	4.0	3.4	3.5	4.2

Non-consolidated

	Units	FY2018	FY2019	FY2020	FY2021	FY2022
Interest-bearing debt	¥1 million	2,029,475	2,200,286	2,199,654	2,298,919	2,528,445
Shareholders' equity ratio	%	14.2	13.1	16.0	15.3	12.5
Return on equity (ROE)	%	3.9	2.1	19.5	(1.1)	(10.5)
Return on assets (ROA)	%	0.8	0.3	0.9	—	—
Dividends per share	Yen	50.00	50.00	50.00	50.00	40.00
Book-value per share (BPS)	Yen	1,214.98	1,171.93	1,371.34	1,315.21	1,132.90
Earnings per share (EPS)	Yen	47.73	24.70	251.65	(14.70)	(128.52)
Price book-value ratio (PBR)	Multiple	1.1	1.2	1.1	1.0	0.7
Price earnings ratio (PER)	Multiple	26.9	55.9	6.0	—	—
EBITDA	¥1 million	123,431	103,073	108,310	16,552	(59,448)
Debt equity ratio (D/E ratio)	Multiple	4.8	5.4	4.4	4.8	6.2
Payout ratio	%	104.8	202.4	19.9	—	—
Dividend yield	%	3.9	3.6	3.3	3.7	4.7

Note 1: Return on assets (ROA) is calculated using the normal effective statutory tax rate.
Note 2: 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 3: EBITDA is calculated by adding depreciation to operating income.
Note 4: Chugoku Electric Power transferred the power transmission and distribution business to Chugoku Electric Power Transmission & Distribution through a corporate split on April 1, 2020.

Key Data on Our Electricity Business (Non-consolidated)

Electricity sales results

		Units	FY2018	FY2019	FY2020	FY2021	FY2022
Retail sales	Lighting	1 million kWh	18,562	17,488	16,813	16,822	16,444
	Power	1 million kWh	36,870	35,456	33,395	29,568	30,663
	Total	1 million kWh	55,432	52,944	50,208	46,391	47,106
Sales to other power companies		1 million kWh	6,650	8,105	8,411	7,166	9,323

Note 1: The above electricity sales are for Chugoku Electric.

Power generated and received

			Units	FY2018	FY2019	FY2020	FY2021	FY2022
Power generated and received	Own facilities	Hydroelectric	1 million kWh	3,784	3,299	2,943	3,485	3,515
		Thermal	1 million kWh	33,643	32,039	29,975	28,059	29,775
		Nuclear	1 million kWh	—	—	—	—	—
		New energy sources	1 million kWh	8	8	7	8	9
	Electricity received from other companies		1 million kWh	23,490	23,055	22,516	20,528	28,816
	Pumping at pumped storage		1 million kWh	(940)	(858)	(866)	(1,177)	(1,163)
Total			1 million kWh	59,986	57,543	54,575	50,901	60,952
Water flow rate			%	105.9	92.4	81.3	96.6	96.7
Thermal efficiency (generator output, higher heating value standard)			%	40.8	40.9	41.2	41.4	41.3
Utilization rate of nuclear power facilities			%	—	—	—	—	—

Note 1: The above power generated and received are for Chugoku Electric.
Note 2: Electricity received from other companies.
· Figures from FY2018 to FY2021 show transmitted/received to/from other power companies.
· Figures for FY2022 show electricity received from other companies.

Own power generation facilities

		Units	FY2018	FY2019	FY2020	FY2021	FY2022
Hydroelectric		1 MW	2,910	2,909	2,905	2,905	2,906
Thermal	Steam	1 MW	7,765	7,765	7,765	6,915	7,054
	Internal combustion	1 MW	37	37	36	—	—
	Total	1 MW	7,802	7,802	7,801	6,915	7,054
Nuclear		1 MW	820	820	820	820	820
New energy sources		1 MW	6	6	6	6	6
Total		1 MW	11,538	11,538	11,532	10,646	10,786

Note: Facility capacities for Chugoku Electric are indicated for the end of the fiscal year.

Non-financial (ESG) Data

Environment

			FY2020	FY2021	FY2022
Promotion of global warming countermeasures					
(Note) Figures for Chugoku Electric					
CO ₂ emission factor* ¹ (adjusted* ²)			0.585kg-CO ₂ /kWh	0.521kg-CO ₂ /kWh	0.542kg-CO ₂ /kWh
CO ₂ emissions (adjusted* ²)			29.38 million t-CO ₂	24.15 million t-CO ₂	25.53 million t-CO ₂
(Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution					
Supply chain greenhouse gas emissions	Scope 1* ³		19.11 million t-CO ₂	17.39 million t-CO ₂	18.50 million t-CO ₂
	Scope 2* ⁴		50 t-CO ₂	30 t-CO ₂	30 t-CO ₂
	Scope 3* ⁵	Category 3	11.53 million t-CO ₂	10.71 million t-CO ₂	10.49 million t-CO ₂
		Category 2, 5, 6, 7 related	0.63 million t-CO ₂	0.67 million t-CO ₂	0.65 million t-CO ₂
SF ₆ emissions			0.9t	1.0t	1.0t
SF ₆ recovery rate		At checking	99.4%	98.9%	99.1%
		At disposal	99.4%	99.5%	99.4%
(Note) Figures are for the whole Chugoku Electric Power Group					
Emissions of specified chlorofluorocarbon, etc.			1.1t	1.6t	1.0t
Promotion of the formation of a recycling-oriented society (Note) Figures are for the whole Chugoku Electric Power Group					
Waste* ⁶ generated			865 thousand t	781 thousand t	851 thousand t
Coal ash generated			638 thousand t	541 thousand t	602 thousand t
Waste* ⁶ recycling rate			98.7%	98.5%	98.5%
Coal ash recycling rate			99.8%	99.8%	99.4%
Promotion of local environmental conservation (Note) Figures are for Chugoku Electric					
SOx emission intensity			0.15g/kWh	0.13g/kWh	0.11g/kWh
NOx emission intensity			0.25g/kWh	0.23g/kWh	0.24g/kWh

*1 CO₂ emission factor for FY2022 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 CO₂ emissions credits based on the Act on Promotion of Global Warming Countermeasures, etc.
*3 Direct emissions of greenhouse gases by the business operator (fuel consumption, and emissions of N₂O, SF₆ and CH₄ subject to reporting in line with the Act on Promotion of Global Warming Countermeasures, etc.).
*4 Indirect emissions due to use of electricity supplied from other companies.
*5 Other indirect emissions. The applicable scope of each category is as follows:
· Category 2: Emissions from construction, manufacturing, and transport of capital goods purchased or acquired during the period.
· Category 3: Emissions from fuel and energy related activities not included in Scope 1 and 2.
· 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.
*6 Wastes also include valuables.

For environmental data other than the above, please see the Chugoku Electric Power Group Environmental Data Compilation for 2022.

Social

	FY2020	FY2021	FY2022
Utilizing our diverse values and experiences*1 (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric (above) and Chugoku Electric Power Transmission & Distribution (below)			
No. of employees	8,735	4,807 3,777	4,683 3,713
Male	7,666	3,763 3,747	3,650 3,680
Female	1,069	1,044 30	1,033 33
No. of management positions	4,191	2,247 1,893	2,215 1,882
Male	4,019	2,064 1,890	2,017 1,879
Female	172	183 3	198 3
No. hired	242	139 100	153 99
Male	194	94 95	98 95
Female	48	45 5	55 4
Average age	43.4	42.8 44.0	42.7 43.8
Male	43.9	43.6 44.1	43.6 44.0
Female	39.6	39.9 28.2	39.8 28.4
Average years of service	23.2	22.0 24.5	21.8 24.3
Male	24.0	23.1 24.6	23.0 24.5
Female	17.6	17.7 7.3	17.5 7.4
No. of persons employed based on the voluntary reemployment system	15	4 6	6 2
Hiring rate of persons with disabilities*2	2.31%	2.47%	2.67%
Enhancing working environments to allow employees to flourish (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
Total hours worked (per person)	1,840.1 hours	1,874.6 hours	1,898.1 hours
Annual paid leave taken (per person)	17.9 days	17.8 days	18.2 days
No. of users of childcare leave	Female	48	43
	Male	8	22
No. of users of nursing care leave	0	0	3
No. of cases of using life support leave	2,790	2,385	2,037
Developing human resources/passing on techniques and skills (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
Participation rate for level-based training	98%	98%	98%
No. of persons certified with advanced techniques/skills	57	59	57

*1 As of the end of fiscal year.
*2 Hiring rate figures include those of our special subsidiary and associated companies that have received special subsidiary recognition.

Social (continued)

	FY2020	FY2021	FY2022
Health and safety (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
Accident frequency rate*1	0.06%	0.46%	0.45%
No. of occupational accidents	Employees*2	29 cases	32 cases
	Contractors*1	31 cases	31 cases
No. of occupational fatalities	Employees	0 cases	0 cases
	Contractors	0 cases	1 case
Human rights education (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
Total no. of persons who took human rights training	11,415	11,200	10,536
Regional contributions (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
Social contribution activities	No. of activities	1,835	1,004
	Total no. of employees participating	10,626	5,822
Support for technical research in the region*3	33 cases (¥23.15 million)	20 cases (¥21.70 million)	24 cases (¥21.76 million)
Support to promote culture and sports in the region*4	166 cases (¥25.30 million)	99 cases (¥16.85 million)	142 cases (¥24.75 million)

*1 Excludes accidents with no loss of work days. *2 Accidents in the course of work (including accidents with no loss of work days).
*3 Subsidies from the Electric Technology Research Foundation of Chugoku. *4 Subsidies from the Energia Culture and Sports Foundation.

Governance

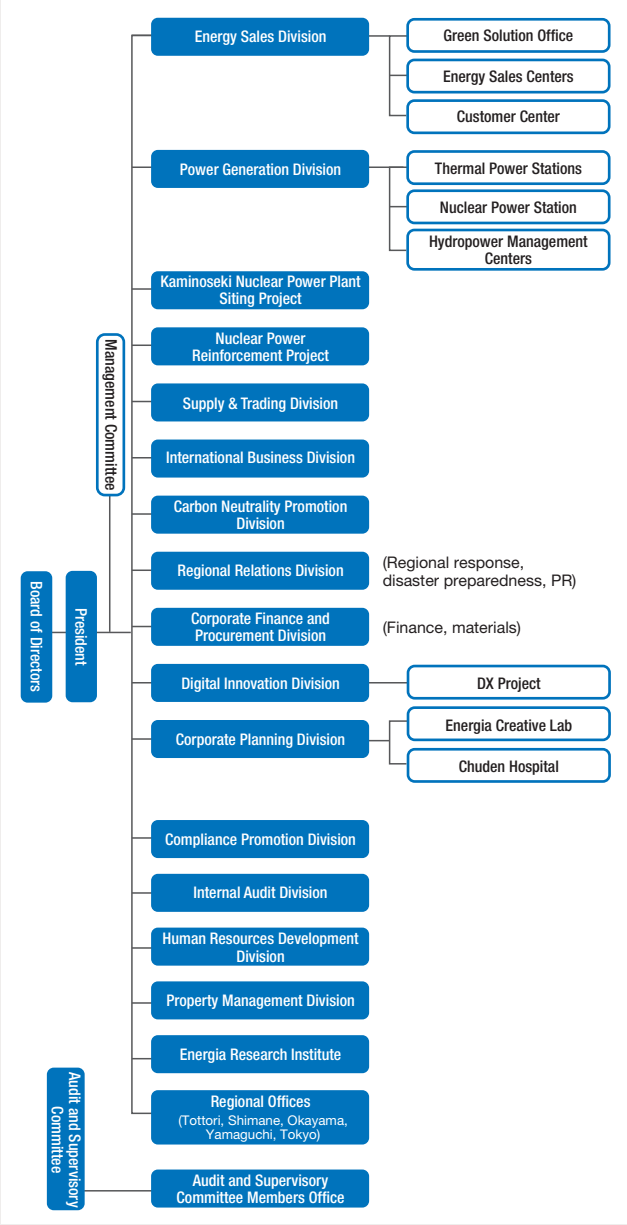
	FY2020	FY2021	FY2022
Corporate governance (Note) Figures are for Chugoku Electric			
No. of directors	13*1	12*2	11*3
	Female directors	2*1	2*2
	External directors	4*1	4*2
	Independent directors	4*1	4*2
No. of meetings of the Board of Directors			
Attendance rate of all directors			
Attendance rate of external directors			
Total compensation for directors (except Audit and Supervisory Committee directors and external directors)	¥450 million (paid to 13 directors)*4	¥364 million (paid to 11 directors)*5	¥340 million (paid to 8 directors)*6
Total compensation for Audit and Supervisory Committee directors (except external directors)	¥35 million (paid to 1 director)	¥36 million (paid to 2 directors)*5	¥37 million (paid to 1 director)
Total compensation for external directors	¥36 million (paid to 3 directors)	¥45 million (paid to 5 directors)*5	¥48 million (paid to 4 directors)
Compliance (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
No. of consultations with consultation desks	56 cases	65 cases	55 cases
No. of serious compliance violations*7	2 cases	1 case	0 cases
Information security, personal information protection (Note) Figures for FY2020 are for Chugoku Electric. Figures for FY2021 and FY2022 are the combined total of Chugoku Electric and Chugoku Electric Power Transmission & Distribution			
No. of serious information security incidents*7, 8	0 cases	0 cases	0 cases
No. of serious personal information leakage incidents*7	0 cases	1 case	0 cases

*1 As of the end of June 2020. *2 As of the end of June 2021. *3 As of the end of June 2022.
*4 Includes directors who retired as of the close of the 95th annual General Meeting of Shareholders held on June 26, 2019.
*5 Includes directors who retired as of the close of the 96th annual General Meeting of Shareholders held on June 25, 2020.
*6 Includes directors who retired as of the close of the 97th annual General Meeting of Shareholders held on June 25, 2021.
*7 Cases where a press release was issued. *8 Refers to no. of incidents involving electronic information.

Corporate Data (as of June 28, 2022)

Corporate name	The Chugoku Electric Power Company, Incorporated
Head office	4-33 Komachi, Naka-ku, Hiroshima-shi, Hiroshima 730-8701 Japan
Representatives	Mareshige Shimizu, Representative Director, Chairperson of the Board Natsuhiko Takimoto, Representative Director, President & Chief Executive Officer
Date of establishment	May 1, 1951
Paid-in capital	¥197,024 million

Organization Chart (as of June 28, 2022)



Group Companies (as of July 1, 2022)
(consolidated subsidiaries and affiliated companies accounted for by the equity method)

Consolidated subsidiaries (21 companies)

Affiliated companies accounted for by the equity method (16 companies)

Unconsolidated subsidiaries accounted for by the equity method (6 companies)

Comprehensive Energy Business

- Energia Solution & Service Company, Incorporated
- Chugoku Electric Power Australia Resources Pty. Ltd.
- Chugoku Electric Power International Netherlands B.V.
- Chugoku Electric Power America, LLC
- Chugoku Electric Power Singapore Pte. Ltd.
- C&C Investment Co., Ltd.
- Setouchi Joint Thermal Power Co., LTD.
- MIZUSHIMA LNG COMPANY, LIMITED
- KAITA BIOMASS POWER CO., LTD.
- AIR WATER & ENERGIA POWER YAMAGUCHI CORPORATION
- AIR WATER & ENERGIA POWER ONAHAMA CORPORATION
- 3B Power Sdn. Bhd.
- Orchid Wind Power GmbH
- Energy Fiji Limited
- Jimah East Power Sdn. Bhd.
- Vung Ang II Thermal Power LLC
- Toyo Thai Power Myanmar Co., Ltd.
- Starwind Offshore GmbH

Power Transmission and Distribution Business

- Chugoku Electric Power Transmission & Distribution Company, Incorporated
- Denryoku Support Chugoku Co., Inc.

Information and Telecommunications Business

- Energia Communications, 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.
- TEMPEARL INDUSTRIAL CO., LTD.
- CHUGOKU KOATSU CONCRETE INDUSTRIES CO., LTD.
- CHUGOKU HEALTH AND WELFARE CLUB CO., INC.
- Osaki CoolGen Corporation
- CHUDENKO CORPORATION
- The Chugoku Electric Manufacturing Company, Incorporated
- EnerGia Smile CO., INC.
- EnerGia Care Service Co., Inc.
- NichiDenKogyo Co., LTD.
- CHUGOKU BEND CO., LTD.
- Chugoku Record Management Inc.
- TEMPEARL INDUSTRIAL (VIETNAM) CO., LTD.

Stock Information (as of March 31, 2022)

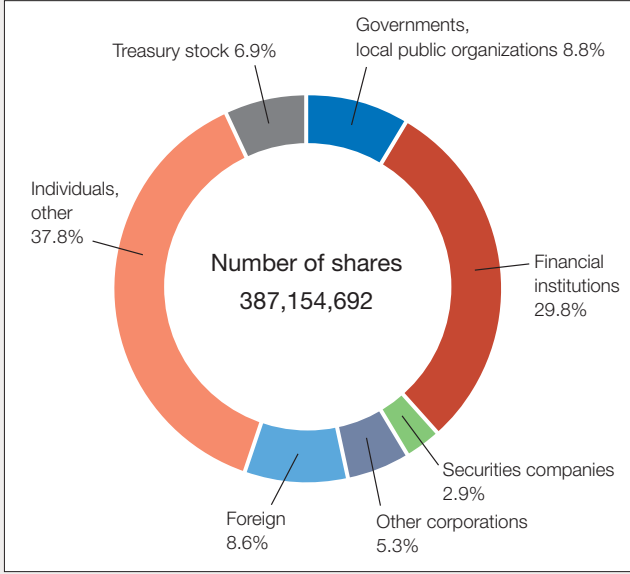
Number of shares issued	387,154,692 shares
Number of shareholders	131,681
Accounting auditor	KPMG AZSA LLC
Listed financial instruments exchange	Tokyo Stock Exchange, Inc. (Prime Market)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

Major shareholders (top 10)

Name	Number of shares held (thousands)	Shareholding (%)*
The Master Trust Bank of Japan, Ltd. (trust account)	52,041	14.4
Yamaguchi Prefecture	34,005	9.4
Custody Bank of Japan, Ltd. (trust account)	17,653	4.9
Nippon Life Insurance Company	14,818	4.1
Chugoku Electric Power Company's Stock Investment	7,211	2.0
The Hiroshima Bank, Ltd.	5,842	1.6
JPMorgan Securities Japan Co., Ltd.	4,807	1.3
JP MORGAN CHASE BANK 385781	3,707	1.0
Custody Bank of Japan, Ltd. (trust account 4)	3,370	0.9
STATE STREET BANK WEST CLIENT - TREATY 505234	3,332	0.9

*Shareholding is calculated after deducting 26,629,807 shares of treasury stock from the total number of shares issued.

Composition of shareholders



Stock price

