

Chugoku Electric Power Co., Inc. Sustainable Finance Framework

April, 2026



1. Introduction

1.1 Background and Overview of Framework Revision

- The Chugoku Electric Power Group (hereinafter, the Group) established the “Chugoku Electric Power Co., Inc. Sustainable Finance Framework” (hereinafter, the Framework) in April 2023 and has actively pursued financing utilizing the Framework to support its transition toward decarbonization.
- Subsequently, in response to changes in the operating environment—such as increased electricity demand and rising decarbonization needs—and with the intent to turn regional and societal challenges into opportunities for growth together with stakeholders, centering on its energy business with domestic electricity business as a core growth driver, Chugoku Electric Power formulated the “Chugoku Electric Power Group Corporate Vision 2040” in September 2025 and set new environmental targets toward achieving carbon neutrality by 2050. In addition, the Company has formulated “Action Plan 2030 (Chugoku Electric Power Group Medium-Term Management Plan 2026-2030)” as an implementation plan toward achieving these goals. To develop these commitments into future financing, the Company has decided to revise the Framework.
- The Company intends to continue utilizing sustainable finance and will execute a range of initiatives using the proceeds to advance the Chugoku Electric Power Group’s Challenge to Achieve “2050 Carbon Neutrality.”
- Financing through sustainable finance is viewed by the Company as both a commitment to continue making its utmost efforts toward the above objectives and an opportunity to further promote initiatives toward a decarbonized society through ongoing dialogue with stakeholders.
- The Company has obtained a second-party opinion (SPO) from Japan Credit Rating Agency, Ltd. (JCR), an independent external review provider, confirming this Framework’s alignment with the standards and guidelines listed below.

Standards/Guidance	Issuing Body
Climate Transition Bond Guidelines	ICMA
Climate Transition Finance Handbook 2025	ICMA
Guide to Transition Loans	LMA, APLMA, and LSTA
Basic Guidelines on Climate Transition Finance 2025 Edition	Japan’s Financial Services Agency (FSA), Ministry of Economy, Trade and Industry (METI), and Ministry of the Environment (MOE)

Green Bond Principles 2025	ICMA
Green Loan Principles 2025	LMA, APLMA, and LSTA
Sustainability-Linked Bond Principles 2024	ICMA
Sustainability-Linked Loan Principles 2025	LMA, APLMA, and LSTA
Green Bond and Sustainability-Linked Bond Guidelines 2024	Japan's MOE
Green Loan and Sustainability-Linked Loan Guidelines 2024 Edition	Japan's MOE

1.2 Company Overview

- Since its establishment in 1951, the Chugoku Electric Power Co., Inc. has grown in step with the development of the Chugoku region by reliably delivering electricity—the foundation of customers' daily lives and industry—and other forms of energy, while responding to the needs of the times.
- As of March 31, 2026, the Group comprises 58 companies (the Company, 28 subsidiaries, and 29 affiliates). It designates as its strategic business domains: the Comprehensive Energy Business (including power generation, electricity sales, fuel sales, and heat supply); the Power Transmission and Distribution Business (including the general transmission and distribution business); and the Information and Telecommunications Business (including telecommunications business and information processing business). Centered on the Chugoku region, its core business area, the Group works as a whole to provide high value-added services that meet diverse energy needs—from residential to industrial—to remain the preferred choice of customers.

1.3 Chugoku Electric Power Group Philosophical Framework

Chugoku Electric Power Group **Philosophical Framework**



1.3.1 Chugoku Electric Power Group Corporate Philosophy

- The Group adopts “ENERGIA – With You, With the Earth –” as its corporate philosophy (key concept). This philosophy is closely linked to societal needs calling for the realization of a sustainable society, and the Group views its business activities as initiatives toward that objective.

< Key Concept >

ENERGIA
 – With You, With the Earth –

< 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 community.

1.3.2 Energia Group Corporate Charter of Conduct

- As guiding principles that underpin sustainability management, the Group has established the Energia Group Corporate Charter of Conduct, which sets forth action principles for appropriately responding to societal expectations and for enhancing corporate value and achieving sustainable growth.

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

<p>■ Promotion of Compliance Management Both in Japan and overseas, we will strictly abide by laws, regulations, and rules as well as social norms including the underlying ethics and morals, and each individual will practice the three conducts of "reflecting on good judgment," "speaking honestly," and "proactively making corrections." Specifically, we will engage in fair and free competition, appropriate transactions, and responsible procurement, as well as maintain sound relationships with governments and administrations. In our international business activities, we will respect the local culture and customs and work to contribute to local development.</p> <p>■ 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.</p> <p>■ 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.</p> <p>■ Enhancement of Communication with Society By proactively, effectively, and fairly publishing our corporate information as well as engaging in constructive dialogue with a wide variety of stakeholders, we will precisely grasp and reflect the demands of an ever-changing society and the needs of our customers in our business activities.</p> <p>■ Provision of Products and Services Useful to Society By making tireless efforts for improved quality and creating new value through innovation, we will safely and stably provide quality products and services that bring our customers satisfaction. We will also provide information related to our products and services in an appropriate manner and engage in sincere communication.</p>	<p>■ 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.</p> <p>■ 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.</p> <p>■ Formation of a Vibrant Corporate Culture In order to enable diverse human resources to demonstrate their capabilities to solve issues and create new value, we will engage in training human resources and enabling technology and skills to be passed on to the new generation, as well as promote efforts to create an open workplace that not only values untethered discussions between individuals from different organizations and posts, but is also comfortable and provides job satisfaction.</p> <p>■ Rigorous Crisis Management We will construct a crisis management structure in terms of our organization and our systems and rigorously carry out efforts toward preventing impact from occurring and minimizing any losses from impacts that do occur with regard to natural disasters, cyber attacks, actions by anti-social forces, terrorism, and other such threats to the social lives of citizens and our corporate business activities.</p> <p>■ Duties of Executives Executives of the Energia Group will engage in management with awareness that it is their duty to implement this Charter, and will construct governance with fairness, transparency, and viability, with an aim to improve the corporate value of the Group and achieve continuous growth. Furthermore, in implementing this Charter, they will take the lead and form an example, not only ensuring that all employees act in accordance with this Charter but also encouraging other parties in the Group's supply chain to act in accordance with the spirit of this Charter. If there is ever a situation that violates the spirit of this Charter and causes the Group to lose the trust placed in us by society, the executives will declare their intent to solve the said issue, working to discover the causes and prevent recurrence. Furthermore, the executives will fulfill their responsibility to provide explanations through prompt and accurate disclosure of information, and, having clarified the relevant authority and responsibility, impose strict punishments where appropriate, including on themselves.</p>
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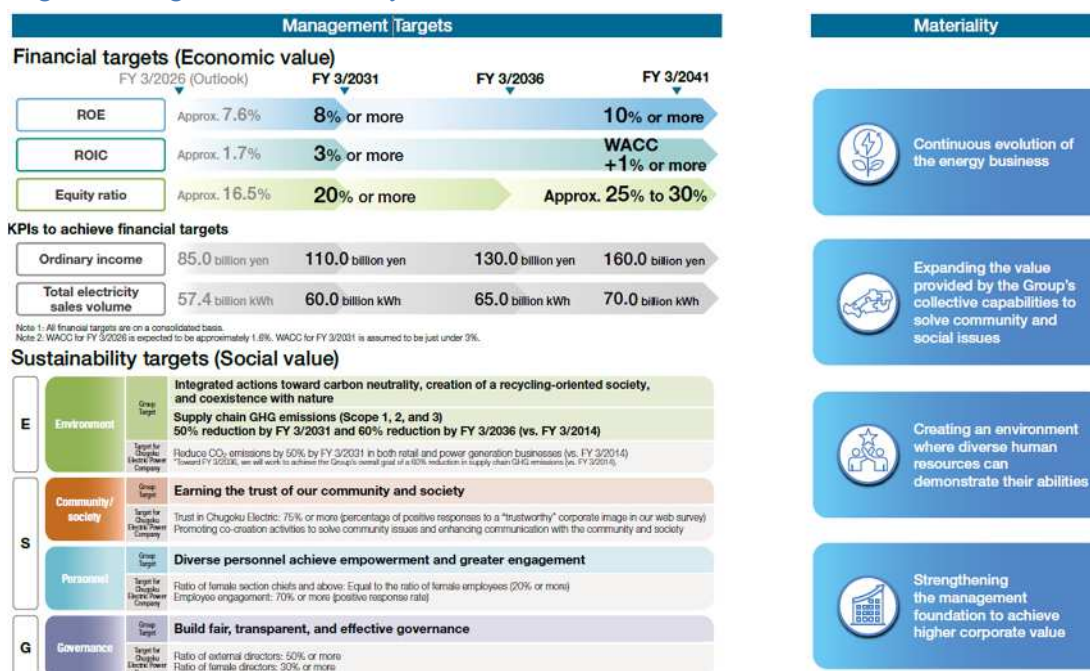
1.3.3 Chugoku Electric Power Group Corporate Vision 2040

- Under Chugoku Electric Power Group Corporate Vision 2040, the Group has set its desired outcomes looking ahead to FY2040¹ and, to realize these outcomes, has established management targets and materiality (priority initiative themes).
- Founded on the trust of stakeholders, the Chugoku Electric Power Group will maximize corporate value by continuously improving economic and social value through its business activities, thereby meeting stakeholder expectations.

<Desired Outcomes>



<Management Targets and Materiality>



¹ Unless otherwise specifically noted, "FY2040" means that the fiscal year ending March 31, 2041. Other fiscal years are referred to in a corresponding manner.

2. Disclosures on the Group's Climate Transition Strategy

2.1 Fundraiser's Climate Transition Strategy and Governance

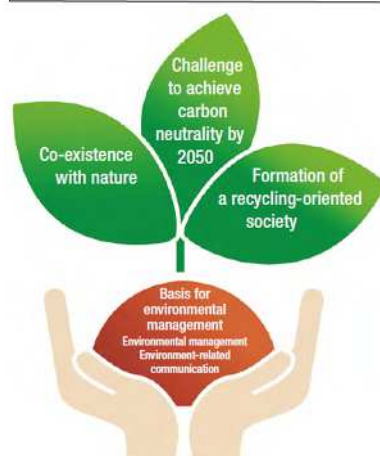
2.1.1 Initiatives of the Chugoku Electric Power Group toward Achieving Carbon Neutrality by 2050

- In February 2021, the Chugoku Electric Power Group announced its challenge to achieve carbon neutrality by 2050. To realize carbon neutrality by 2050, the Group is advancing initiatives under two pillars: “Decarbonization of energy” and “Decarbonization for customers and communities”.
- As a company rooted in the Chugoku region, the Group has sought to reduce the environmental impact of its business activities and has promoted environmental conservation initiatives. Taking into account national environmental policy trends and with the aim of further strengthening environmental management, the Group has newly formulated the Chugoku Electric Power Group Environmental Management Policy.

< Chugoku Electric Power Group Environmental Management Policy >

Policy

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



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

2.1.2 Roadmap toward Achieving Carbon Neutrality by 2050 (Priority Measures)

- To realize carbon neutrality by 2050, the Group will prioritize implementation of the measures set out in the roadmap below.
- For nuclear power generation—the main pillar of global warming countermeasures—the Group will work to ensure stable operation of Shimane Nuclear Power Station Unit 2, which resumed commercial operation in January 2025, and will work toward commencing commercial operation of Unit 3 by FY2030 with safety as the highest priority. Furthermore, as an important power source for the future, the Group will also move forward with initiatives toward construction of the Kaminoseki Nuclear Power Station.
- In parallel, the Group will steadily advance the transition of thermal power generation while

actively promoting new renewable energy deployment and securing adjustment capabilities.

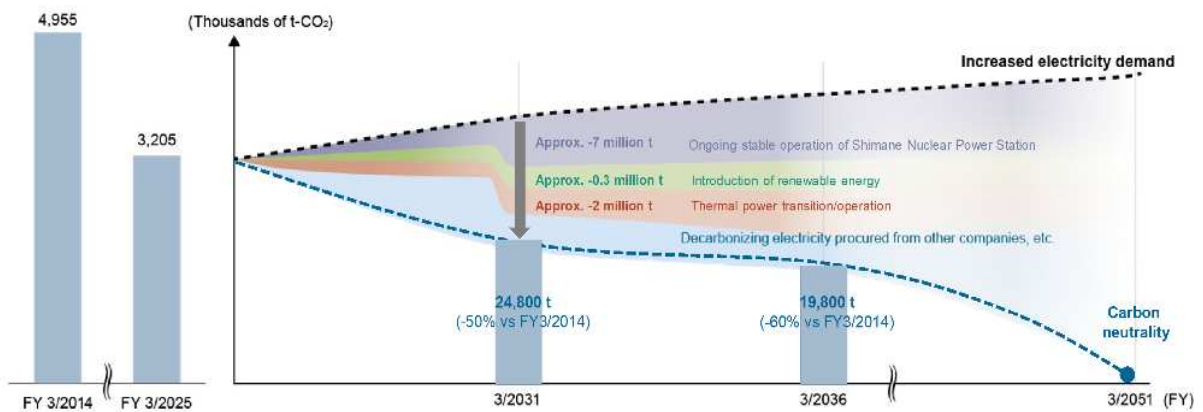
- In addition, the Group will expand electricity rate plans that utilize non-fossil energy power sources, solar power and PPA services, and explore services that contribute to solving regional challenges through decarbonization initiatives.

< Priority Measures >



*1 We will proceed toward full-scale operation once the various conditions are in place *2 Co-firing rates indicated based on the calorific value *3 Integrated Cost Gasification Fuel Cell Combined Cycle Technology
 *4 Use of CO₂ that has been separated and stored
 Note: We are currently focusing on the measures above, for which we expect to see technical progress toward practical application. The measures will be evaluated and reviewed as appropriate based on future trends in technology development.

< Initiatives Toward Achieving Supply Chain GHG Emissions Reduction Targets >



2.1.3 Targets and Indicators toward Achieving Carbon Neutrality by 2050

- As a new Group-wide target for GHG reduction, the Group has set a goal to reduce total supply chain GHG emissions (Scope 1, 2, and 3) by 50% by FY2030 and by 60% by FY2035, versus FY2013. The Group aims to achieve these targets by appropriately combining renewable energy, nuclear power generation, and thermal power generation.
- In addition, as Company-level targets, the Company will continue to aim for a 50% reduction in CO₂ emissions by FY2030 versus FY2013 in both the retail and power generation businesses, and will promote priority measures to achieve these goals.

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

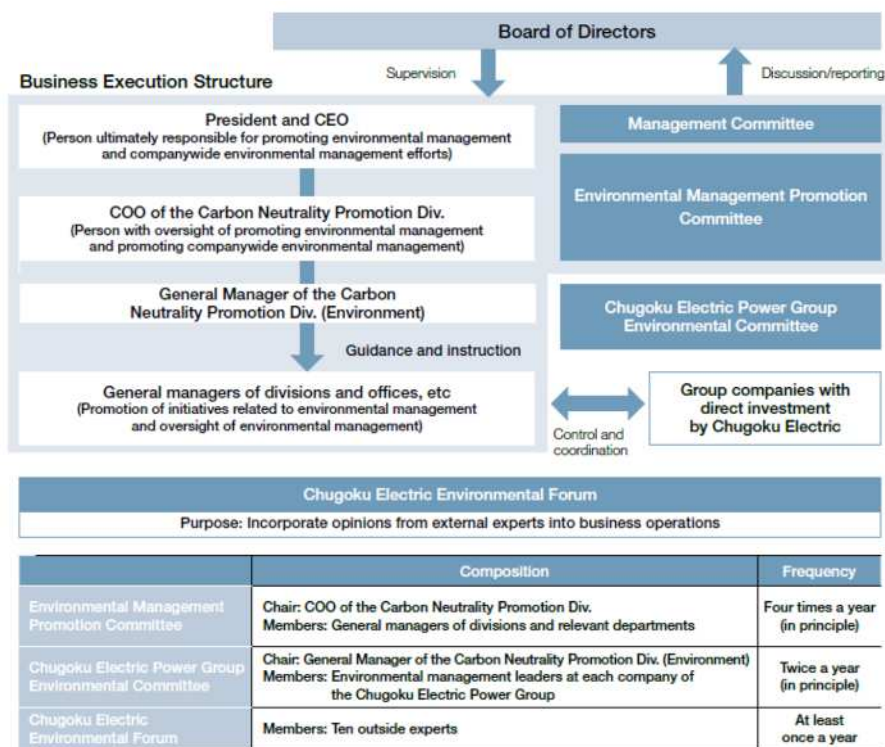
2.1.4 Sustainability Management Promotion System (Governance)

- In addressing sustainability issues, the Group formulates concrete measures in “Action Plan 2030 (Chugoku Electric Power Group Medium-Term Management Plan 2026-2030)” to realize the items set out in the Group Corporate Vision and the Energia Group Corporate Charter of Conduct, manages progress, and regularly places these matters on the agenda of the Management Committee (held in principle weekly) and the Board of Directors (generally held monthly), operating a PDCA cycle.
- Specific implementation of each measure is promoted primarily by the responsible organizations. For matters requiring cross-organizational consideration, dedicated forums are established to address them. These committees/forums submit reports on responses to sustainability issues to the Management Committee and the Board of Directors at appropriate times.

2.1.5 Environmental Management Promotion Framework

- Based on the Chugoku Electric Power Group Environmental Management Policy, the Group has newly established the Environmental Management Promotion Committee to deliberate, in an integrated manner, plans and other matters related to environmental management. Under the President and CEO, who is the chief officer responsible for promoting environmental management and environmental control, the COO of the Carbon Neutrality Promotion Division will continue to oversee Company-wide efforts.
- By appropriately reflecting the deliberation results of each meeting in environmental management, the Group will continue to promote Group-wide initiatives in line with environment-related policies.

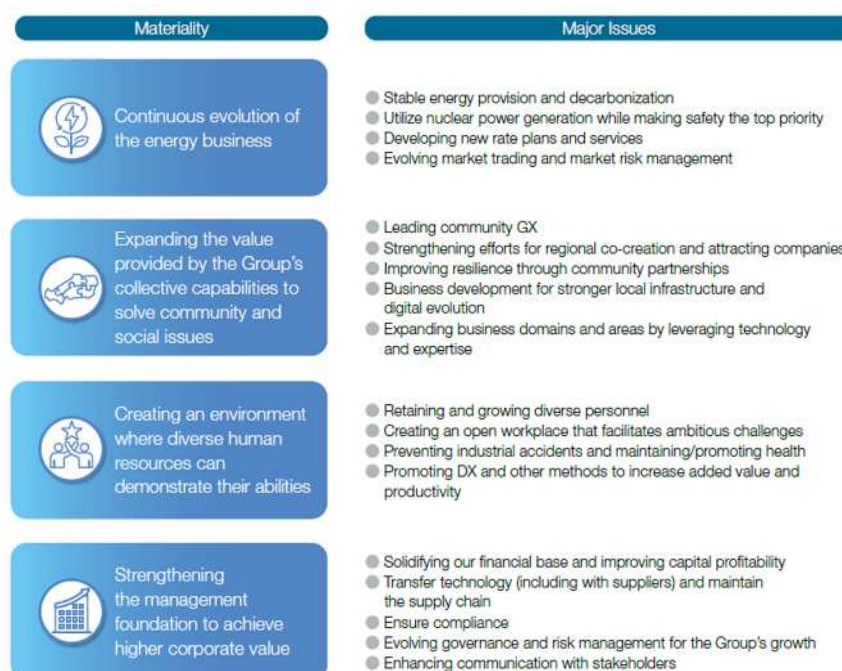
- The Board of Directors receives reports from the President and CEO on the status of environmental initiatives and supervises the execution of environment-related duties, including environmental management.



- The Company has established the Risk Management Division as the organization overseeing Group-wide risk management. Under the risk management system, it promotes and supports risk management across the Group.
- Each responsible department, keeping in mind the necessity and importance of risk management, proactively identifies and evaluates risks related to its remit, including climate-related risks. For risks that can be foreseen, management focuses on prevention and early detection. For risks that are difficult to foresee, emphasis is placed on activities to minimize impacts after occurrence; when such risks materialize, the Company responds promptly and as necessary from the perspectives of various stakeholders, without downplaying the impacts.
- The Risk Management Division identifies Group-wide risks and assesses their importance from the standpoints of impact and likelihood. Those that could have a significant effect on business activities are positioned as “risks prioritized for monitoring by management”, and their management status and related matters are submitted to the Management Committee and reported to the Board of Directors.
- The Internal Audit Division confirms and evaluates whether the internal controls established by each responsible department to manage risks are functioning effectively.

2.2 Business Model Environmental Materiality

- To realize the “Desired Outcomes” set in the Group Corporate Vision 2040, the Group has identified the following themes as materiality (priority initiative themes): Continuous evolution of the energy business; Expanding the value provided through the Group’s collective capabilities to solve regional and social challenges; Creating an environment where diverse talent can thrive; and Strengthening the management foundation to realize enhanced corporate value.
- As major issues corresponding to these materiality themes and related to climate change, the Group has set: Stable energy supply and decarbonization; Utilizing nuclear power while making safety the top priority; Developing new rate plans and services; and Leading community GX (Green Transformation). The Group will advance initiatives on these under the “Action Plan 2030 (Chugoku Electric Power Group Medium-Term Management Plan 2026-2030).”



2.3 Science-based Climate Transition Strategy

- The Group’s transition strategy sets achievement of carbon neutrality by 2050 as its long-term goal and is aligned with the Transition Roadmap for Power Sector formulated by Japan’s Ministry of Economy, Trade and Industry (METI) and the Agency for Natural Resources and Energy (ANRE) in February 2022 and updated in November 2025.
- The roadmap presents, with context and timelines, science-based pathways that combine steady, currently available low-carbon measures with future innovative technologies, referring to domestic policies such as the 7th Strategic Energy Plan, the NDC (Nationally Determined Contribution), and GX2040 Vision, as well as international scenarios. Accordingly, the Company believes that its transition strategy, which aligns with this roadmap, is science-based.

2.4 Implementation Transparency

- As decarbonization-related investments, the Company plans to invest a total of approximately JPY 1.5 trillion during FY2026–FY2030, including approximately JPY 800 billion in nuclear power, JPY 80 billion in renewable energy, JPY 70 billion in thermal power, and JPY 550 billion in power transmission and distribution.

		FY 3/2027-3/2031		FY 3/2032-3/2036	
Decarbonization-related investments	Power source	Nuclear	Approx 800 billion yen	After the start of operations at Shimane Unit 3, we will prioritize initiatives based on an assessment of economic viability, environmental impact, and risk, while strategically selecting investment targets, including the diversification of funding methods.	
		Renewable energy	Approx 80 billion yen		
		Thermal power	Approx 70 billion yen		
	Power transmission and distribution business	Approx 550 billion yen			
	Total*	Approx 1,500 billion yen			

- In line with the “Roadmap toward Achieving Carbon Neutrality by 2050 (Priority Measures),” the Company will implement measures across business areas, including operating nuclear power while making safety the top priority, expanding the introduction of renewable energy, advancing the transition of thermal power generation, and undertaking grid reinforcement and other network measures associated with expanded renewable deployment.
- The Company discloses investment results through various channels and will continue to enhance disclosure to ensure transparency.
- In executing the investment plan, the Company will take into account a just transition and DNSH (Do No Significant Harm), promoting sustainable economic activities from environmental and social perspectives.
- Beyond climate change, the Group addresses reduction of environmental impacts from multiple angles, prioritizing waste prevention, promoting the 3Rs (reduce, reuse, recycle), and considering biodiversity tailored to regional characteristics, including conducting environmental impact assessments.

3. Disclosures for Use-of-Proceeds Finance

3.1 Use of Proceeds

- Funds raised through Green/Transition Finance will be allocated to new investments and refinancing for projects that meet the eligibility criteria below (Eligible Projects).
- For refinancing, eligible projects are those for which expenditures, equity investments, or commencement of operation occurred within a 36-month look-back period prior to the financing execution date.

< Green Projects >

Eligibility Criteria	Project Overview
Renewable Energy	<ul style="list-style-type: none"> • Development, construction, operation, and refurbishment of renewable energy (solar, wind, hydro, biomass) • Deployment of battery storage
Nuclear Power	<ul style="list-style-type: none"> • Investments necessary for the operation of nuclear power plants (new and existing), including compliance with the new regulatory standards, operation, and refurbishment • R&D related to advanced technologies
Data Centers	<ul style="list-style-type: none"> • Investments related to the construction, acquisition, or refurbishment of data centers with PUE of 1.4 or below
Other Business Areas (Green)	<ul style="list-style-type: none"> • Investments related to initiatives and services that contribute to decarbonization of customers and communities, such as: <ul style="list-style-type: none"> • Energy-saving and CO₂-reduction consulting • EV solution services • Electricity rate plans that utilize non-fossil energy power sources • Services leveraging energy management systems (EMS)

< Climate Transition Projects >

In addition to the Green Projects above, the following:

Eligibility Criteria	Project Overview
Thermal Power	<ul style="list-style-type: none"> • Shutdown/decommissioning of inefficient thermal power plants • Development of high-efficiency LNG-fired power plants • Implementation and expansion of biomass co-firing at thermal power plants

	<ul style="list-style-type: none"> • R&D and demonstrations related to IGCC/IGFC (e.g., the Osaki CoolGen Project) • Studies, R&D, demonstration projects, and capital investments related to CCS/CCUS • R&D, demonstrations, and implementation of hydrogen/ammonia co-firing at thermal power plants
Power Network (Grid)	<ul style="list-style-type: none"> • Strengthening and upgrading the power network to support expanded renewable energy deployment (e.g., new construction, maintenance, and renewal of network facilities; resilience enhancement; next-generation upgrades; introduction of equipment necessary for supply-demand balancing)
Other Business Areas (Transition)	<ul style="list-style-type: none"> • Service proposals aimed at decarbonization of communities, ports, and industrial complexes

- Eligible Projects will be developed and implemented with due consideration for potential negative environmental and social impacts. In accordance with the Company's prescribed project implementation procedures, projects will proceed only after confirming that the target facilities/projects have appropriately obtained the equipment certifications and permits required by national, regional, and municipal authorities, and that environmental impact assessment procedures and other environmental review activities have been properly carried out.
- In particular, for the construction or refurbishment of power plants, environmental impact assessments under the Environmental Impact Assessment Act will be conducted as appropriate depending on the scale and nature of the project, and any environmental considerations will be duly reflected in the plans. From an equipment standpoint, procedures under the Electricity Business Act and other relevant laws and regulations will be properly implemented, and construction work will commence only after meeting applicable technical standards.
- With respect to high-level radioactive waste generated from the reprocessing of spent nuclear fuel from nuclear power plants, in accordance with the Act on the Final Disposal of Specified Radioactive Waste and related laws and regulations, the waste is vitrified and stored and cooled at above-ground facilities before being disposed of in stable bedrock (geological disposal). The disposal project is carried out by the Nuclear Waste Management Organization of Japan (NUMO), which is authorized by the national government under the Act and related regulations.
- To enable future use of biomass fuels, stable procurement and assurance of sustainability are essential. Biomass fuels used in Eligible Projects will be considered on the premise that they have obtained sustainability certification.
- Climate Transition Projects fall within those positioned in Japan's 7th Strategic Energy Plan and the Power Sector Transition Roadmap as important energy sources and facilities for ensuring stable energy supply, and are defined as key initiatives in the Company's transition strategy. While

these aim for decarbonization and phase-out by 2050, they include, at present, those that—despite economic and technological challenges to full realization—contribute to CO₂ emissions reductions at the time of implementation and to achieving the Group’s FY2030 and FY2035 GHG reduction targets.

3.2 Process for Project Evaluation and Selection

- Candidate projects to be financed as Eligible Projects will be identified by the Finance Group within the Corporate Management Division in accordance with the eligibility criteria. The Finance Group and relevant internal departments will confirm that the projects meet the eligibility criteria, after which a final decision will be made.

3.3 Management of Proceeds

- Funds raised through Green/Transition Finance will be managed by the Finance Group within the Corporate Management Division using internal management systems and a dedicated ledger, ensuring that the total amount of Eligible Projects does not fall below the amount of proceeds raised. The Finance Group Manager will verify the management status.
- For projects implemented by the Company’s affiliates or other related entities, the Company will provide loans or investments to such entities, and allocation status will be managed using internal management systems and a dedicated ledger.
- Any unallocated proceeds will be held in cash or cash equivalents.

3.4 Reporting

- Until all proceeds raised through Green/Transition Finance have been fully allocated, and within the bounds of confidentiality and to the extent reasonably practicable, the Company will disclose, on an annual basis, the allocation status of proceeds and all or part of the items defined by the Company as environmental improvement effects, either in the Integrated Report or on the Company’s website, or disclose to lenders (for loans only).
- During the financing period, if there are material changes in allocation status or impact, the Company plans to disclose such changes.

< Allocation Reporting >

- Amounts allocated
- Balance of unallocated proceeds
- Estimated amount (or proportion) of proceeds allocated to refinancing

< Impact Reporting >

- For impact reporting, the Company plans to disclose all or part of the illustrative items below, subject to change depending on the projects to which proceeds are allocated.
- While quantitative disclosure of environmental improvement effects will be pursued whenever possible, if quantitative disclosure is difficult due to the status or nature of the project, disclosure may be qualitative only.

Eligibility Criteria	Example Impact Reporting Items
Renewable Energy (Generation Facilities)	<ul style="list-style-type: none"> • Installed capacity by renewable type (kW) • Annual CO₂ emissions reductions by renewable type (t-CO₂/year)
Renewable Energy (Battery Storage)	<ul style="list-style-type: none"> • Installed capacity (kW) • Annual CO₂ emissions reductions (t-CO₂/year)
Nuclear Power	<ul style="list-style-type: none"> • Project overview (facilities, R&D, etc.) • Installed capacity (kW) • Annual CO₂ emissions reductions (t-CO₂/year)
Data Centers	<ul style="list-style-type: none"> • Project overview • PUE value • Annual CO₂ emissions reductions (t-CO₂/year)
Other Business Areas (Green)	<ul style="list-style-type: none"> • Project overview • Number of installations and capacity of target assets, etc. • Annual CO₂ emissions reductions (t-CO₂/year)
Thermal Power	<ul style="list-style-type: none"> • Project overview (facilities, R&D, etc.) • Installed capacity (kW) • Annual CO₂ emissions reductions (t-CO₂/year)
Power Network (Strengthening/Upgrading the Grid)	<ul style="list-style-type: none"> • Status of capital investments (e.g., examples of investments contributing to expanded renewable deployment, or total investment amounts, etc.) • Application status for renewables within Chugoku Electric Power Transmission & Distribution Co., Inc.'s service area (connected capacity (kW))
Power Network (Others)	<ul style="list-style-type: none"> • Project overview • Number of installations and capacity of target assets, etc.
Other Business Areas (Transition)	<ul style="list-style-type: none"> • Project overview • Number of installations and capacity of target assets, etc.

4. Disclosures for General Corporate Purpose Finance (Transition-Linked Finance)

4.1 Selection of KPIs and Setting of SPTs

- Under this Framework, the Group has set the Group’s supply chain GHG emissions (Scope 1, 2, and 3) and CO₂ emissions in the retail electricity business as the KPIs in pursuit of its challenge of achieving carbon neutrality by 2050, and has established the following SPTs (Sustainability Performance Targets) are set against these KPIs. For each financing, one or more of the KPI(s) and related SPT(s) below will be adopted.

KPI	SPT
KPI1: Supply chain GHG emissions (Scope 1, 2, and 3)	SPT1-1: 50% reduction by FY2030 versus FY2013 SPT1-2: 60% reduction by FY2035 versus FY2013
KPI2: CO ₂ emissions in the retail electricity business	SPT2-1: 50% reduction by FY2030 versus FY2013

- As a major issue in the Chugoku Electric Power Group Corporate Vision 2040, the Group has set out themes such as “Stable energy supply and decarbonization.” The Group will pursue the realization of a decarbonized society through energy supply, support regional development, and advance the development of technologies toward achieving carbon neutrality, thereby striving to help realize a sustainable society.
- As a business operator rooted in the Chugoku region, the Group will work in mutual cooperation with local communities to contribute to regional carbon neutrality. The Group believes that the KPIs above are meaningful indicators that contribute to achieving the targets in the Chugoku Electric Power Group Environmental Management Policy, the Chugoku Electric Power Group Corporate Vision 2040, and the Chugoku Electric Power Group’s “Challenge toward Achieving Carbon Neutrality by 2050.”
- The SPTs are aligned with Japan’s NDC, are expected to lead to significant improvement in the KPI, and are considered ambitious.
- Due to potential fluctuations in the Group’s electricity generation and procurement volumes based on supply–demand conditions, and the need to act with due consideration to securing electricity supply capacity, the Group’s supply chain emissions and the Company’s CO₂ emissions in the retail electricity business may not decline linearly and could vary year by year. Accordingly, the Company does not set annual SPTs; however, for each financing, it may separately define milestone SPTs that take into account the financing period.

4.2 Characteristics of Bonds or Loans (Economic Terms)

- Under Transition-Linked Finance based on this Framework, financial and structural characteristics may change depending on achievement of the SPTs.
- Changes in financial/structural characteristics may include, but are not limited to, interest rate step-up or step-down, donations to organizations for environmental conservation and similar purposes, and the purchase of credits.
- If, due to circumstances unforeseeable at the time of execution of Transition-Linked Finance, the KPI definitions, SPT settings, and/or underlying assumptions are modified, the Company plans to disclose explanations of the changes.
- In the event of material changes to the SPT settings, the Company will consult with relevant stakeholders to set revised SPTs with an ambition level equivalent to or greater than the previous evaluation criteria, reflecting such changes, and, where necessary, plans to obtain a SPO from an external reviewer.

4.3 Reporting and Verification

- The Company plans to disclose annual reporting on KPI performance in its Integrated Report or on the Company's website, or to lenders (for loans only).
- To enhance the reliability of environmental information, the Company plans to obtain third-party assurance for the above-mentioned supply chain GHG emissions and CO₂ emissions in the retail electricity business.