



# **Chugoku Electric Power Group Integrated Report 2020**



Chugoku Electric Power Group's Corporate Philosophy

# ENERGIA

With You, and With the Earth



Kanmon Straits (Yamaguchi Prefecture)



Tamatsukuri Onsen Hot Spring (Shimane Prefecture)



Shunan Industrial Complex (Yamaguchi Prefecture)



Kurashiki (Okayama Prefecture)



Misasa Onsen Hot Spring (Tottori Prefecture)

“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.



Miyajima (Hiroshima 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.

Previously, the Group's initiatives and activities were reported separately, through publications such as the annual, CSR (online), and environmental reports. The publishing of this report marks the first time such information has been collected together into a single, integrated report.

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, 2019–March 31, 2020  
(Information from outside the above period is also included)

### Reporting Scope

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

### Published

October 2020

### 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: 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 2020

Allow us to begin by extending our heartfelt gratitude for your continued support of our business activities.

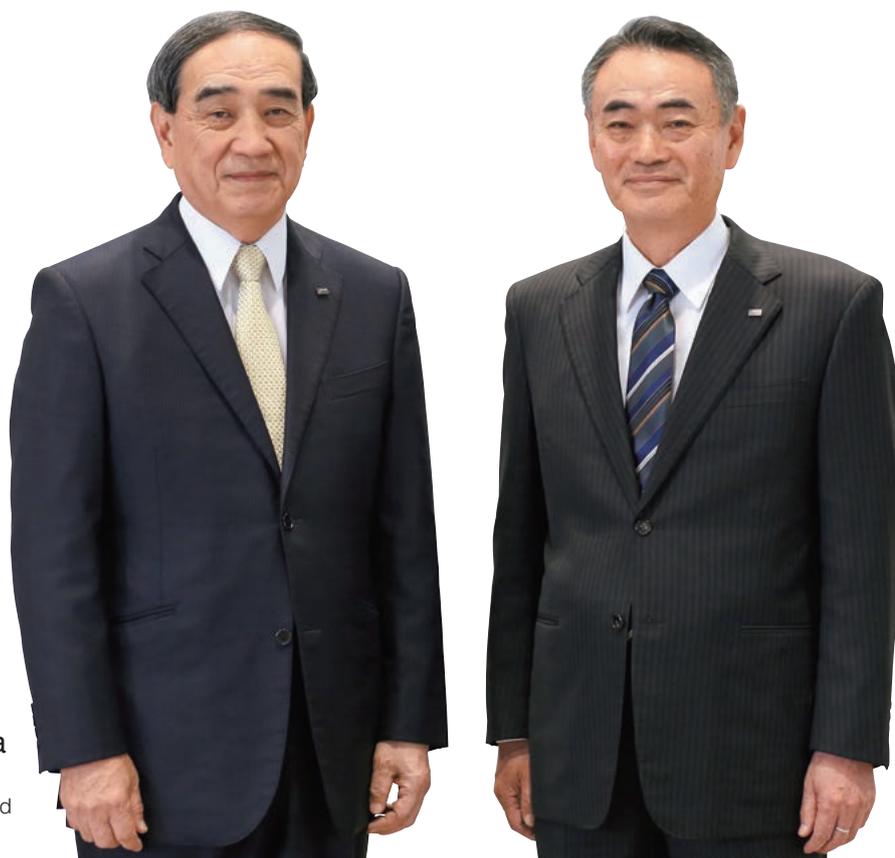
As the impact of the COVID-19 pandemic continues to be felt throughout society, at the Chugoku Electric Power Group, we will make every effort to ensure that, as an energy provider, we continue to deliver a stable supply of electricity. We will implement thorough measures to prevent infection, and maintain a flexible approach to the procurement of funds and materials, and equipment.

On April 1 of this year, we launched a new business structure due to the legal separation of our transmission and distribution department. Moreover, with competition in the electricity retail market fiercer than ever before, the electricity business is facing great change. Meanwhile, with the UN's adoption of the Sustainable Development Goals, together with other initiatives, action toward solving economic, social, and environmental issues is gaining momentum. Expectations are thus increasing for corporations to contribute to the resolution of these issues through their business activities.

In light of these circumstances, to indicate what we aim to achieve as a group and to specify the direction of efforts that will help us to achieve these goals, we formulated a new corporate vision for FY2031—ENERGIACHANGE 2030. Further, in April, we announced our FY2021 Management Plan Outline, which will serve as an execution plan and guide us toward the interim goals we have set for FY2026.

This integrated report is our first, and, centered on initiatives that will make our new vision a reality, it comprehensively details a range of activities that seek to improve the value of our Group.

Looking ahead, we will use this integrated report as a tool to enhance communication with our shareholders, investors, and other stakeholders, and while contributing to the creation of a sustainable society, we will work to ensure the sustainable growth of the Chugoku Electric Power Group.



**Tomohide Karita**  
Representative Director,  
Chairperson of the Board

**Mareshige Shimizu**  
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.

### 1951 Establishment

In May 1951, it was decided that the state-owned electricity business would split into nine privately owned electric power companies that would take charge of power generation, transmission and distribution. Chugoku Haiden merged with the Chugoku Branch of the Japan Electric Generation and Transmission Company to form Chugoku Electric.



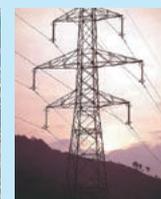
Head office at the time of establishment

### 1950s Building facilities to cope with increasing demand

To cope with the increasing demand for electric power during Japan's period of rapid economic growth, in addition to switching its main generation method predominantly from hydro power to thermal power, Chugoku Electric began enhancing its electricity network facilities through the construction of power lines and substations.



Mizushima Power Station (thermal) (1961)



Chugoku-Higashi 220 kV transmission line

### 1970s Diversification of power sources

Due to power shortages caused by the oil crises, as well as the worsening of global environmental issues, we began to diversify our power sources through use of nuclear power, LNG-fired power plants, and large-scale coal-fired power plants.



Shimane Nuclear Power Station Unit 1 (1974)



Misumi Power Station (thermal) (1998)

### 2000s Liberalization of electricity retail market

As the partial liberalization of the electricity retail market in Japan began, Chugoku Electric sought to create services that would contribute to increased comfort and convenience for its customers, and enhance its price competitiveness. In addition, the company began developing a range of group businesses such as telecommunications and gas sales.



Customer equipment diagnostic service



Development of gas sales business

### 2010s Electricity business reform

After the Great East Japan Earthquake, the electricity business has been undergoing major change. As a group, we are steadily dealing with various issues, such as intensifying competition arising from the full liberalization of the retail market, and the legal separation of transmission and distribution departments.



"Gutto Zutto. E-Service": A range of services from Chugoku Electric to match any lifestyle



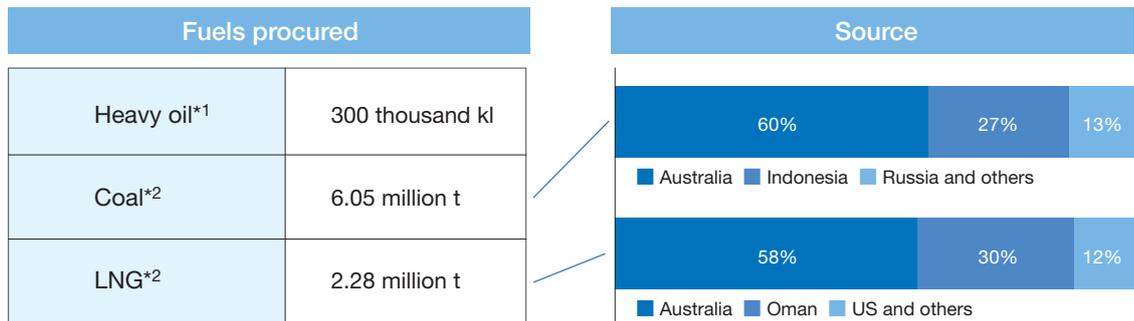
Establishment of Chugoku Electric Power Transmission & Distribution Co., Inc. (2020)

# Supply Chain Overview



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.

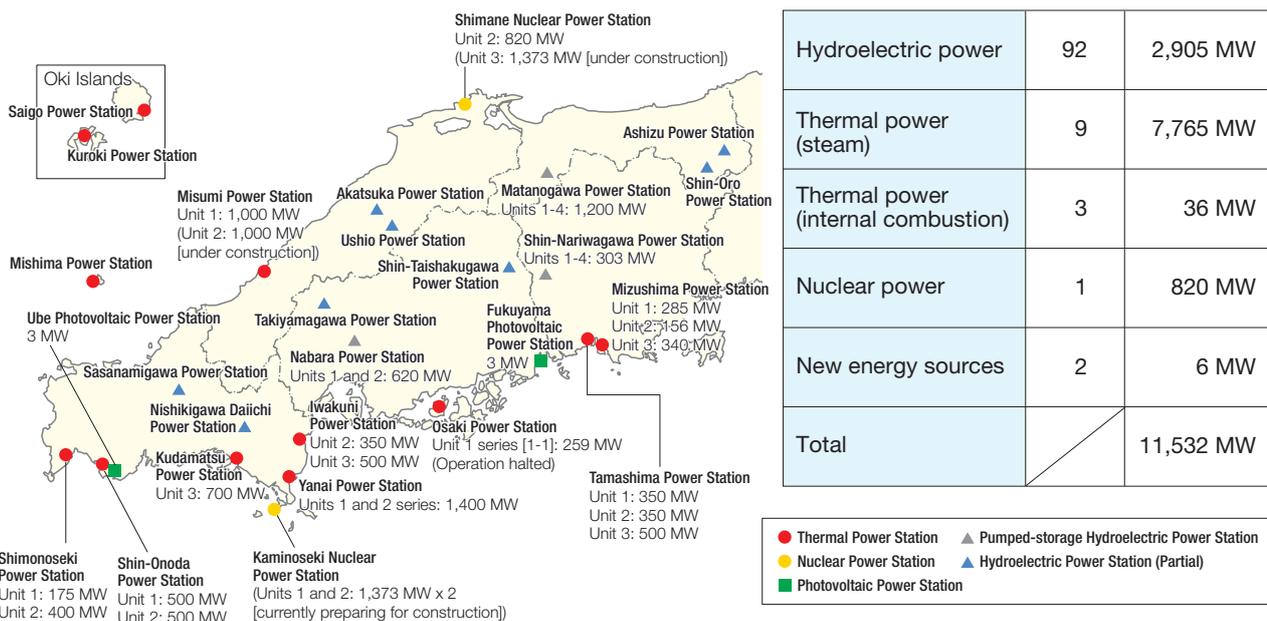
## FY2020 fuel procurement



\*1 Includes internally combusted amount  
 \*2 Includes sold amount

To ensure a stable, inexpensive supply of electricity into the future, it will be necessary to balance a range of energy sources such as nuclear power, coal, LNG, and renewables. 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, 2020)



Transmission and distribution

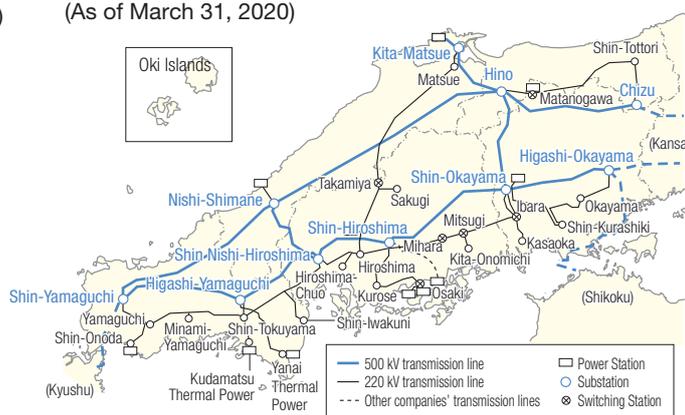
Sales

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, transformer, and distribution facilities.

Transmission, transformation, and distribution facilities (As of March 31, 2020)

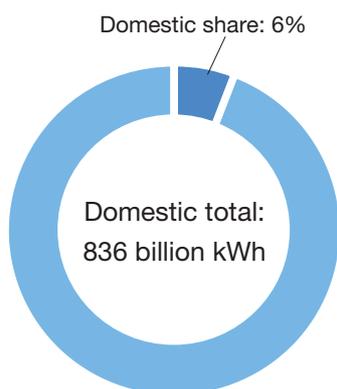
Transmission	Transmission line length	Overhead	8,011 km
		Underground	673 km
Transformation	No. of substations	485	
	Capacity	56,573 million kVA	
Distribution	Distribution line length	Overhead	80,926 km
		Underground	3,185 km

Power transmission and distribution (As of March 31, 2020)



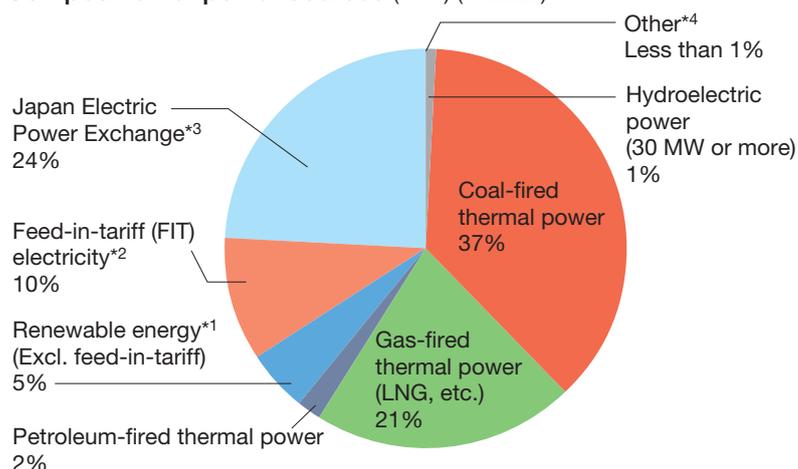
The Chugoku region forms the foundation of our business. To ensure that we continue to be chosen by customers in the region, we work as a Group to offer a range of high value-added services that cater to diverse energy-related needs, be it for the home or for industry.

Share of electricity sales (FY2020)



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

Composition of power sources (kWh) (FY2020)



\*1 Excluding FIT electricity from solar, wind, hydro (below 30 MW), biomass, and geothermal sources.

\*2 Part of our electricity procurement costs are funded by a levy on all electricity users, including non-customers. As a result, CO<sub>2</sub> emissions from FIT electricity is regarded as the national average of CO<sub>2</sub> emissions from electricity, including that generated through sources such as thermal power.

\*3 Japan Electric Power Exchange includes hydroelectric power, thermal power, nuclear power, FIT electricity, power from renewable energy, etc.

\*4 Includes electricity procured from power stations that cannot be specified.

Note 1 As figures have been rounded up, composition figures may not add up to 100%.

Note 2 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 December 27, 2018).

# Value Creation Process



**Energia** Corporate Philosophy

Key Concept

## ENERGIA

With You, and 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 the community.

## 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

## Future 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
- Remarkable technological innovation, such as AI and IoT
- Increasing social demands, such as the SDGs

## Future Initiatives

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

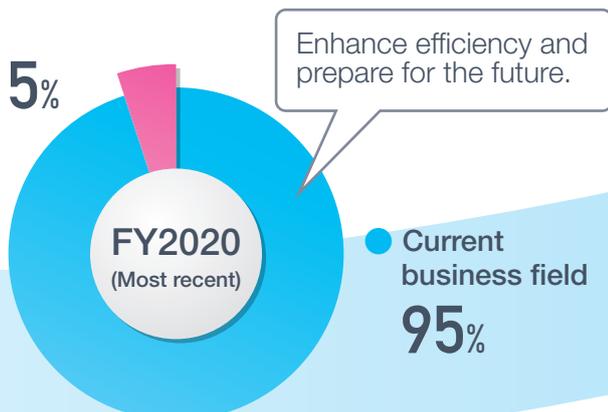
## Business Activities

- Comprehensive energy business (→P17)
- Power transmission and distribution business (→P29)
- Information and telecommunications business (→P32)
- Taking on the challenge of new business (→P34)

## Fulfillment of Basic Responsibilities

- Environment (→P39)
- Social (→P54)
- Governance (→P65)

### ● New business field



○ Consolidated ordinary income: JPY 39.8 billion

● New business field

25%

Increase profits by expanding business fields.

FY2031

● Current business field

75%

### Achievement 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 environment for diverse human resources

● New business field

10%

Increase profits by utilizing new power resources.

FY2026

● Current business field

90%

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

### Responding to Social Demands (→P37)

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



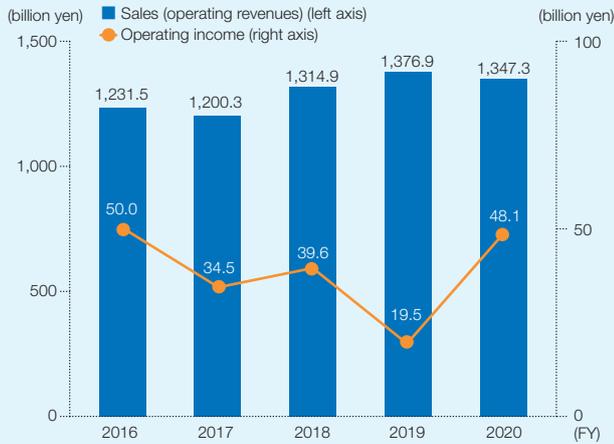
## Energia Group Corporate Charter of Conduct (→P38)

### 10 Principles of Conduct

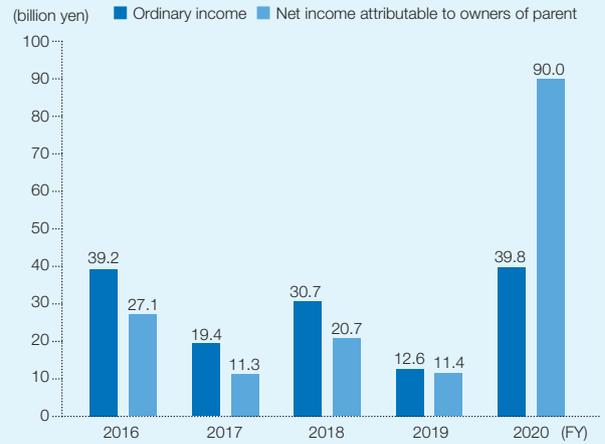
- Enhancement of communication with society
- Provision of products and services useful to society
- Contributions to local community development
- Promotion of environmental management
- Respect for human rights
- Assurance of industrial safety and health
- Formation of a vibrant corporate culture
-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

# Financial/Non-financial Highlights

## Sales (operating revenues)/Operating income



## Ordinary income/Net income attributable to owners of parent



## Total assets/Net assets/Shareholders' equity ratio



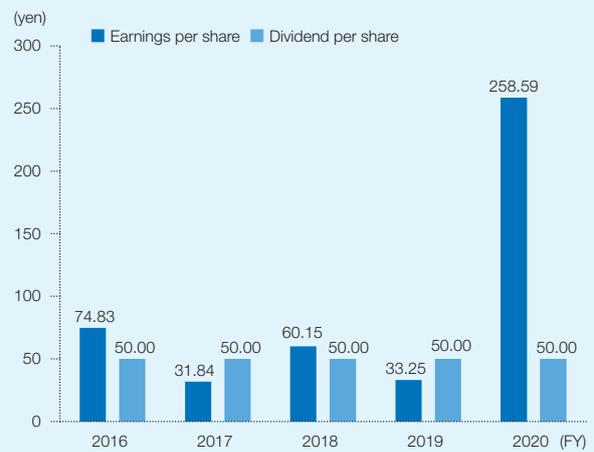
## Cash flow (operating CF/investing CF/free CF)/Interest-bearing debt



## ROE/ROA



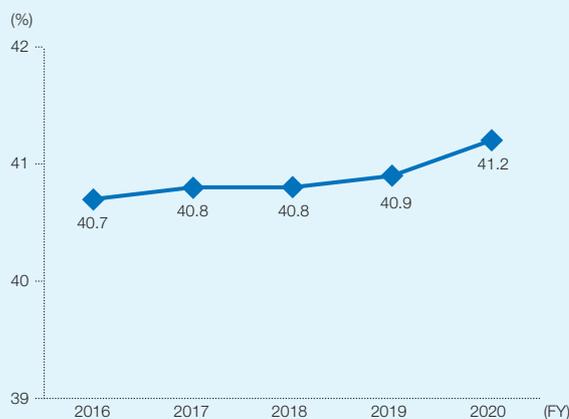
## Earnings per share/Dividend per share



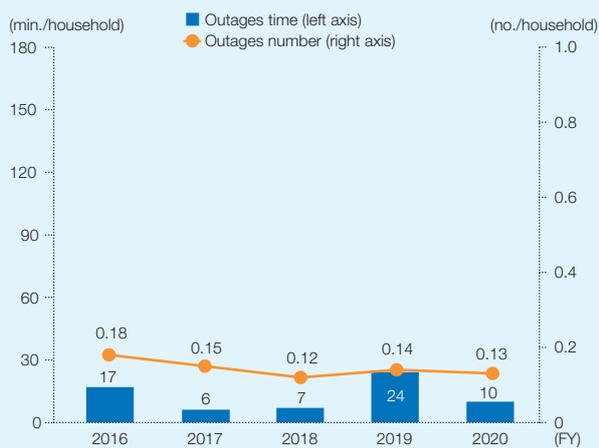
### Electricity sales



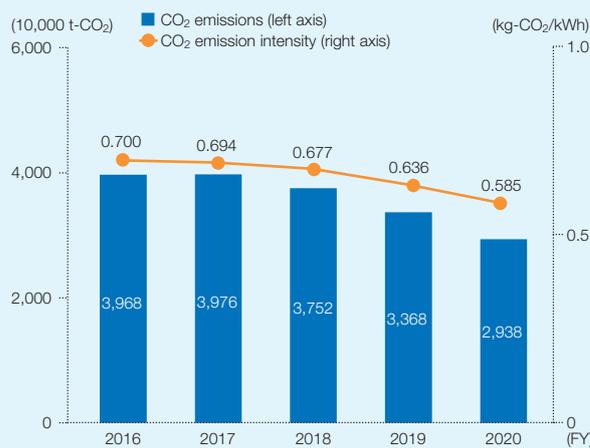
### Thermal efficiency of thermal power stations (HHV)



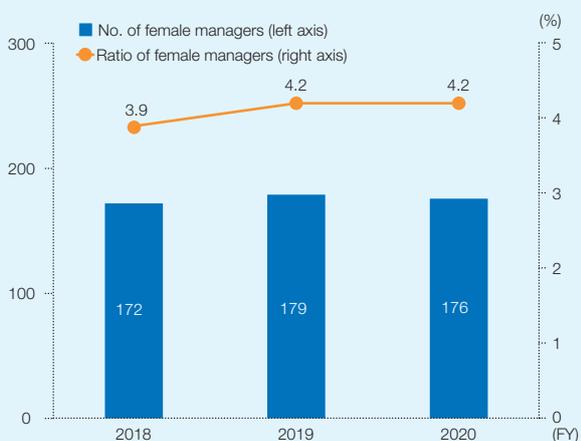
### Annual number and time of outages per customer household



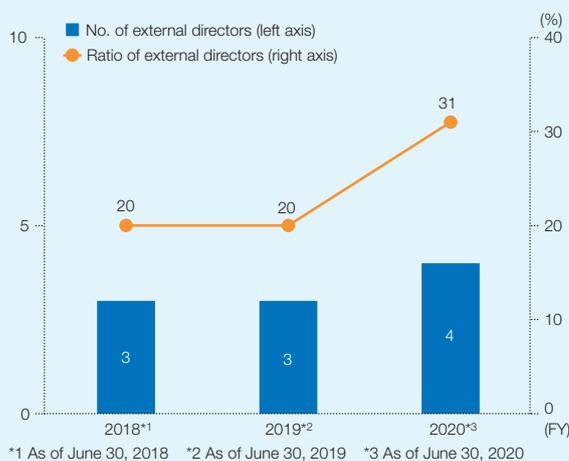
### CO<sub>2</sub> emissions/CO<sub>2</sub> emission intensity



### Number and ratio of female managers (Chugoku Electric)



### Number and ratio of external directors (Chugoku Electric)



## President Interview



## Shifting Gears and Accelerating Growth in Line with Changes in Our Business Environment

### Current Management Environment

#### Legal separation of transmission and distribution department

On April 1, 2020, we launched a new business structure to coincide with the legal separation of our transmission and distribution department, passing on the business to the newly established Chugoku Electric Power Transmission & Distribution Co., Inc. In preparation for the split, we steadily made organizational improvements and trialed business operations, and thanks to these efforts, thus far there have been no major issues, and our business is running smoothly.

Following this separation, the Chugoku Electric Power Group's mission to provide a stable supply of electricity remains unchanged. We will continue to work as before with our transmission and distribution arm to supply electricity in a stable manner, be it for disaster recovery or in times of normality.

Although the Group management structure has reached a turning point, Chugoku Electric and each one of our Group companies, including Chugoku Electric Power Transmission & Distribution,

will continue to demonstrate its strengths to bolster the competitiveness of the entire Group.

#### Spread of the COVID-19 pandemic

The COVID-19 pandemic continues to impact regional economies and society as a whole, and we cannot see an end.

Amidst intensifying competition with other electric power providers, the pandemic has caused a drop in demand in mainly business- and industrial-use electricity. As a result, electricity sales volumes decreased in the first half of this fiscal year.

Regarding our whole-year forecast, although we expect a gradual recovery in demand predominantly for business-use electricity, income and expenditure may fluctuate depending on future infection trends. This fiscal year is key as we start to work toward our vision for FY2031. As such, we will appropriately identify any impact to our business results, and seek to secure a fixed level of profit. We will therefore need to demonstrate our advanced knowledge and ingenuity as we work to reduce costs.

Social and economic environments will not be exactly the same in the post-pandemic world, and we are aware that consumption behaviors and ways of life will change drastically. While it is possible that social reforms will proceed at unimaginable speed, we will shift gears and flexibly respond to these changes so that we can work toward the goals set out in our new vision.

### Increasing social awareness of global environmental issues

The UN's adoption of the SDGs and increasing attention on ESG investment mean that, more than ever before, corporations are expected to do their part to contribute to a sustainable society. Due to the very nature of their activities, there are strong calls for energy businesses in particular to make efforts to reduce their environmental impact. As an energy provider ourselves, we recognize that it is our duty to respond to this demand.

We are therefore operating nuclear power plants, working to replace our ageing thermal power facilities through development of the advanced Unit 2 at our Misumi Power Station, and developing technologies to ensure even higher operating efficiency at our coal-fired power plants through the Osaki CoolGen Project. In addition, we are aiming to increase the amount of renewable energy we use by around 300–700 MW by FY2031, while working in various other ways to reduce our environmental impact.

Coal-fired power plants in particular are receiving negative attention for their contribution to global warming, and the

Japanese government is moving forward with discussions to “fade out” inefficient coal-fired power plants. This idea has already been outlined in its Fifth Strategic Energy Plan, so we have thus been diligently working to replace our own ageing thermal facilities, and will continue to make independent efforts to do so. On the other hand, a system that considers stable electricity supplies and negative impacts on regional economies will be essential, and so we will continue to pay close attention to these discussions.

Looking ahead, we will make ongoing contributions to solving the environmental issues put forth in our new vision, and strive to enhance the competitive strength of our power sources.



## New Group Corporate Vision—ENERGIACHANGE 2030

### Background to the new corporate vision

The legal separation of our transmission and distribution department was perhaps the biggest turning point in our Group's history, and to showcase our outlook for the future, we formulated a new corporate vision in January 2020.

The new vision outlines our desire to gradually accelerate growth while shifting gears to adapt to changes in our business environment. Our aim is to drive the Group's business forward by transforming three key pillars: our way of mindset, our behaviour, and our group management.

### State of progress

Each initiative that will help us achieve the goals in our new vision follows a specific PDCA cycle through our medium-term management plan.

As the first year of this project, FY2021 is key, and so we announced the FY2021 Management Plan Outline in April of this year.

With interim goals set for FY2026, this plan brings together specific initiatives that will contribute to the key matters set out in our new vision: (1) Strengthen and improve our existing businesses, with a focus on our energy business; (2) Take on the

challenge of new business for further growth; and (3) The further enhancement of work environment for diverse human resources. Our management in FY2021 is currently moving forward in line with this plan.

Although our most recent results have been impacted by COVID-19, we will begin by taking a flexible approach to the issues we face this fiscal year. Following careful examination of the current year's results, we will then put together a management plan for the next year that will quickly put us back on track. We will steadily work to implement our initiatives through this cycle, while constantly looking toward our goals for FY2031.

ENERGIACHANGE 2030

# ENERGIACHANGE 2030

Corporate change for actualizing the “ENERGIA”

**Go beyond, Connect to, and Expand**

Mission

**Seek to realize the potential of energy**

We will utilize our group's technology and experience to achieve a stable supply of electricity and to contribute to solving global environmental problems.

**Work toward expanding business fields**

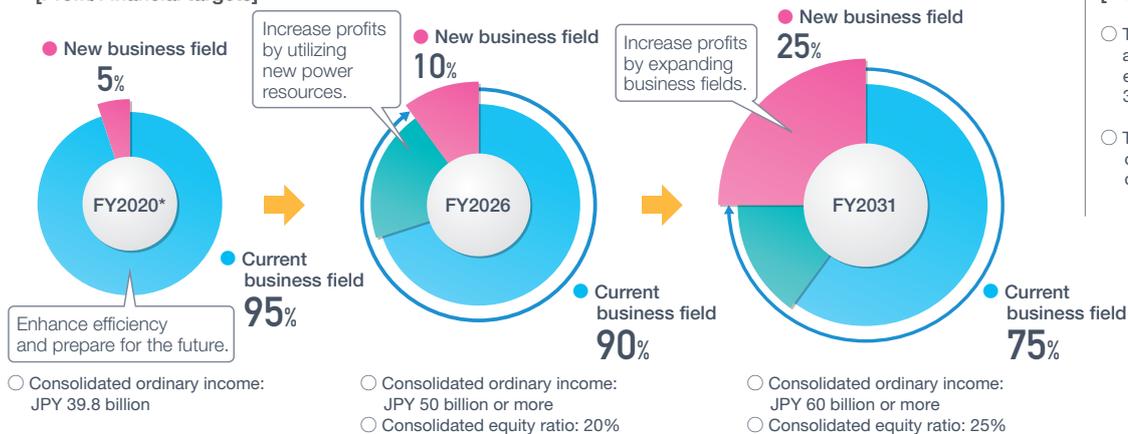
We will find opportunities from a diversifying society and try to expand business fields.

**Inspire employees through our culture**

We aim to be an attractive corporate group by inspiring our diverse human resources through an ever-changing culture.

Targets

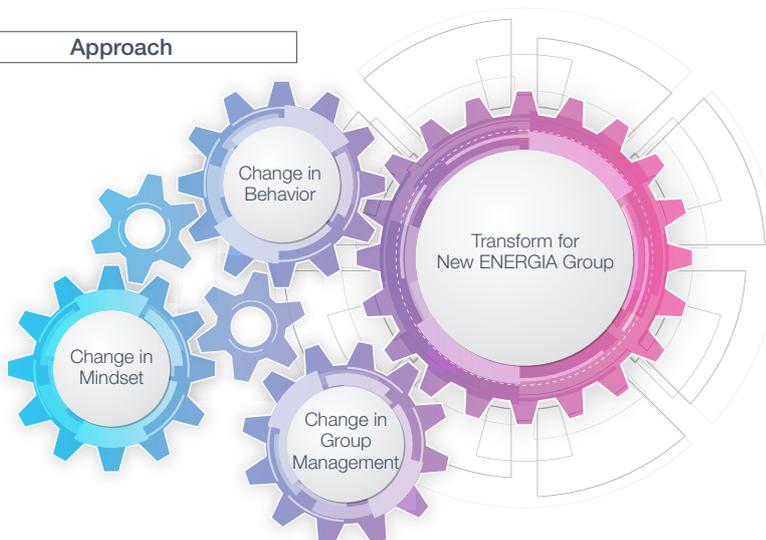
[Profit/Financial targets]



[Non-financial targets]

- The new introduction amount of the renewable energy by FY2031: 300 MW-700 MW
- The further enhancement of work environment for diverse human resources

Approach



Key Points

- A growth strategy to advance through the 2020s
- Reflects social demands in accordance with the SDGs and other
- Aims to achieve profit targets while balancing cash flow by FY2031
- Establishes interim goals for FY2026 to gauge progress

## Toward operation of Units 2 and 3 at Shimane Nuclear Power Station

To achieve the profit and financial goals set out in our new vision, operation of Units 2 and 3 at our Shimane Nuclear Power Station will be paramount.

In preparation for the restart of Unit 2, assessments are currently being carried out by the government to ensure conformity reviews for the new regulatory requirements. The standards for earthquake ground motion and tsunamis are fundamental aspects of seismic design and flooding countermeasures. The Nuclear Regulation Authority has deemed both at Shimane Nuclear Power Station as “largely appropriate.” Meanwhile, examinations of facilities started in February of last year are progressing smoothly, and we understand that they are drawing to a close.

Aiming for an early operations at Units 2 and 3 of our Shimane Nuclear Power Station, we will respond to these examinations with a sense of speed, and steadily move forward with construction work to enhance our safety measures. Moreover, to gain the understanding of our local communities, we will provide thorough explanations as to the nature of our safety enhancement measures.

## Toward further growth

One of the missions set forth in our new vision is to work to

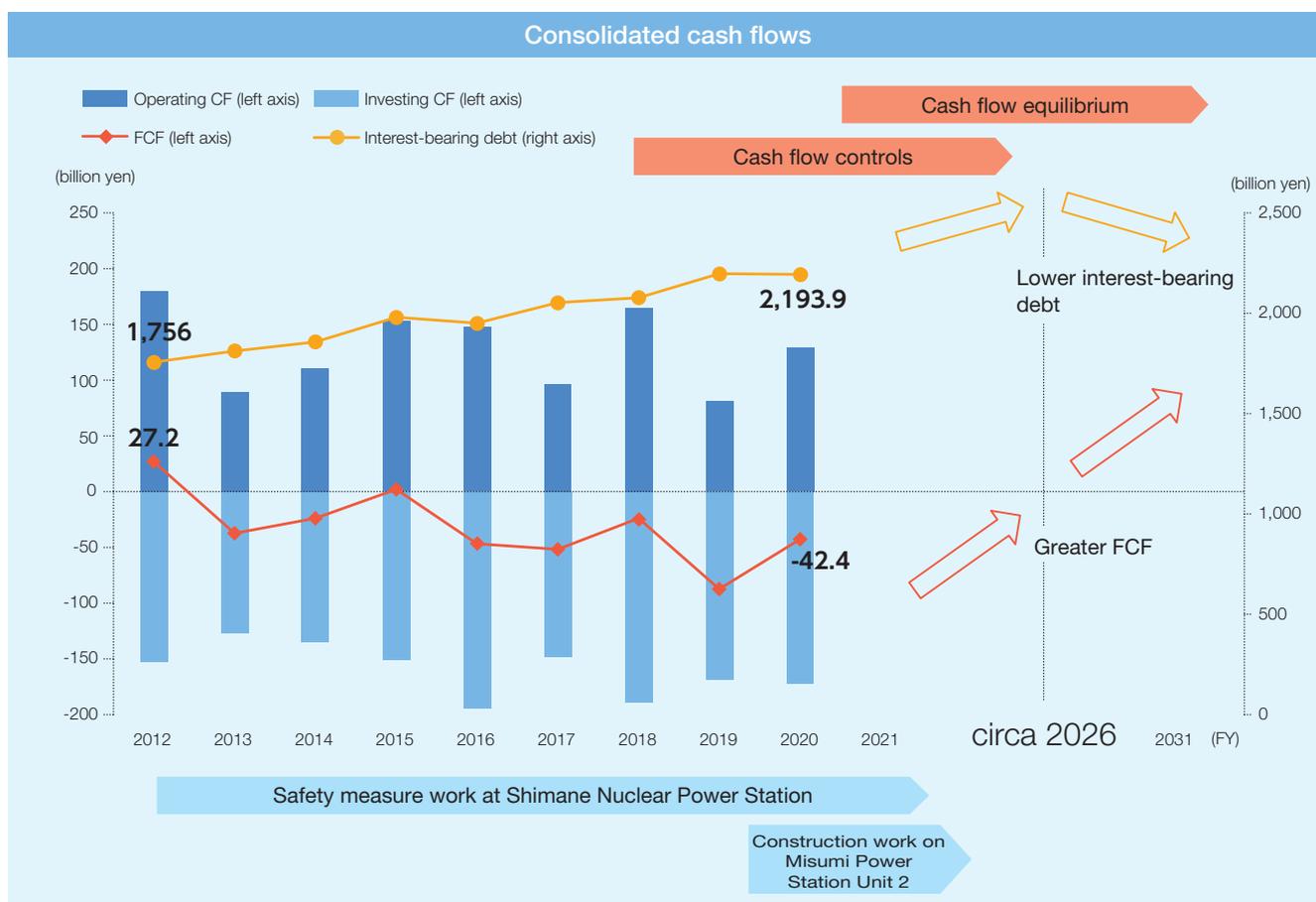
expand into new business fields. As one of our efforts, in April of last year, we established the Energia Creative Lab, and we are investing in startup companies at full tilt.

Looking ahead, we will not be constrained by specific business domains or regions, but seek to apply the technologies, experience, and facilities we have developed to new businesses, while participating in new businesses in the Chugoku region, which provides the foundation for our business. In these and other ways, be they in Japan or abroad, we will look to advance into diverse fields.

Meanwhile, top-level intellectual property activities have transformed our proprietary technologies into intellectual assets. We will use these, together with strategic alliances, to uncover outstanding projects, and while appropriately ascertaining risk, seize opportunities to invest.

## Balanced cash flow and distribution

Against the backdrop of historically low interest rates, at Chugoku Electric we are concentrating our investment on large-scale energy projects. For the time being, negative free cash flow is expected to continue due to safety measure work at Units 2 and 3 of the Shimane Nuclear Power Station, and investment in facilities for the construction of Unit 2 of the Misumi Power Station. As such, particularly during this period, we are working to minimize outgoing cash flow, but this is expected to reverse once the units begin operating.



We will seek to create a balanced cash flow in the 10 years leading up to FY2031, and distribute cash while balancing investment in new and existing domains together with shareholder return.

### Shareholder return

In the term ending in March 2020, both interim and final dividends stood at 25 yen per share.

Even in this challenging business environment, we will work to secure a fixed level of profit mainly through cost-cutting initiatives, as we seek to maintain an interim and final dividend of 25 yen per share in the term ending March 2021.

Looking forward, while focusing on stable dividend payments, we will continue to discuss shareholder return based on the Group's financial structure and growth in line with our new vision.

## Together with Our Stakeholders

### Overcoming the current crisis with our local communities and customers

Regional economies and lives have been severely affected by the spread of the COVID-19 pandemic.

During these troubling times, as a Group we are implementing various initiatives to support our local communities. We have extended payment periods for electricity bills, made our intellectual property available free of charge, and launched the Chugoku Electric project Making Memories of Sport in the Summer for students devoting themselves to sporting activities. Our aim is to overcome the pandemic together with our local communities and customers.

### Creating a sustainable society and enhancing Group value

Our corporate philosophy—Energia: With You, and With the Earth—is closely linked to the needs of a society that seeks sustainability, and the Group's business activities are aimed at responding to these very needs.

To reclarify our desire to cater to the demands of society, in January of this year we revised the Group Corporate Charter of Conduct. Aware of our standing as a member of society, we will work to fulfill our responsibility to make sustainability a reality.

Intensifying competition, transformations in the business models of electricity businesses, and social changes mean that our operating environment is constantly undergoing change. To ensure the continuity of our business, we must anticipate and adapt in line with these changes. As bearers of this, we believe it is paramount for our employees to grow and succeed as individuals that can think and act independently. One of the missions set out in our new vision, therefore, is to inspire employees through our culture.

Chugoku Electric Power Group employees are key to achieving the goals of our new vision. We will work to create a working environment that facilitates the success and growth of our diverse employees. In response to this, employees will strive to develop themselves. Through such a virtuous cycle, we will work as a

Group to maximize our corporate value.

To all our stakeholders, we look forward to your continued support as we go about our business activities.





## Business Activities

**Performance**

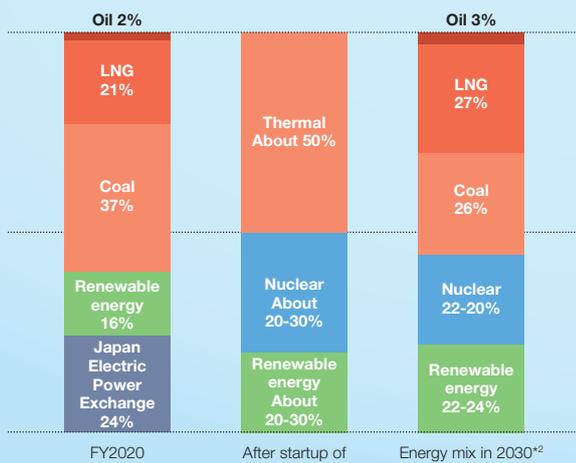
Comprehensive Energy Business

Power Generation Business

Major changes are happening in the environment around our power generation business, such as rising expectations for the realization of a low-carbon society, and creation of new markets for trading electricity. To help address the problem of global warming and strengthen power source competitiveness, we are working to develop a power source mix which achieves S + 3E (Safety + Energy security + Economic efficiency + Environment). Nuclear power generation is a key element in addressing global warming. 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 building the Misumi Power Station Unit 2 as a replacement for existing thermal power stations, and working to improve efficiency and reduce carbon emissions of coal-fired power generation through our Osaki CoolGen Project. Furthermore, we are actively working to achieve the target for the introduction of renewable energy established in our new corporate vision.

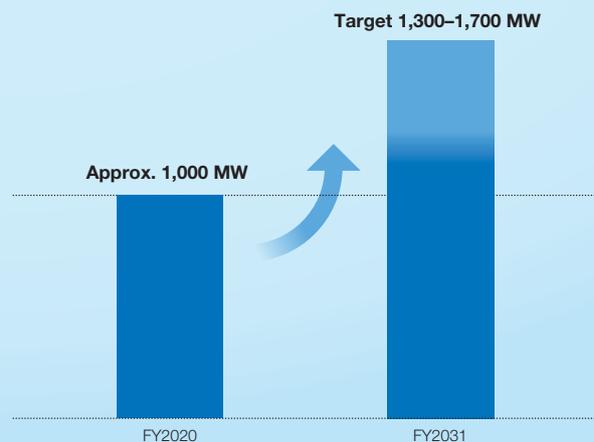
Main Indicators

Proportion of generated electric power (including power received from other companies)



\*1 Assumptions: After startup of Misumi Unit 2, and Shimane Units 2 and 3. Does not include portion traded on the Japan Electric Power Exchange.  
\*2 Fifth Strategic Energy Plan

Cumulative introduction of renewable energy



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

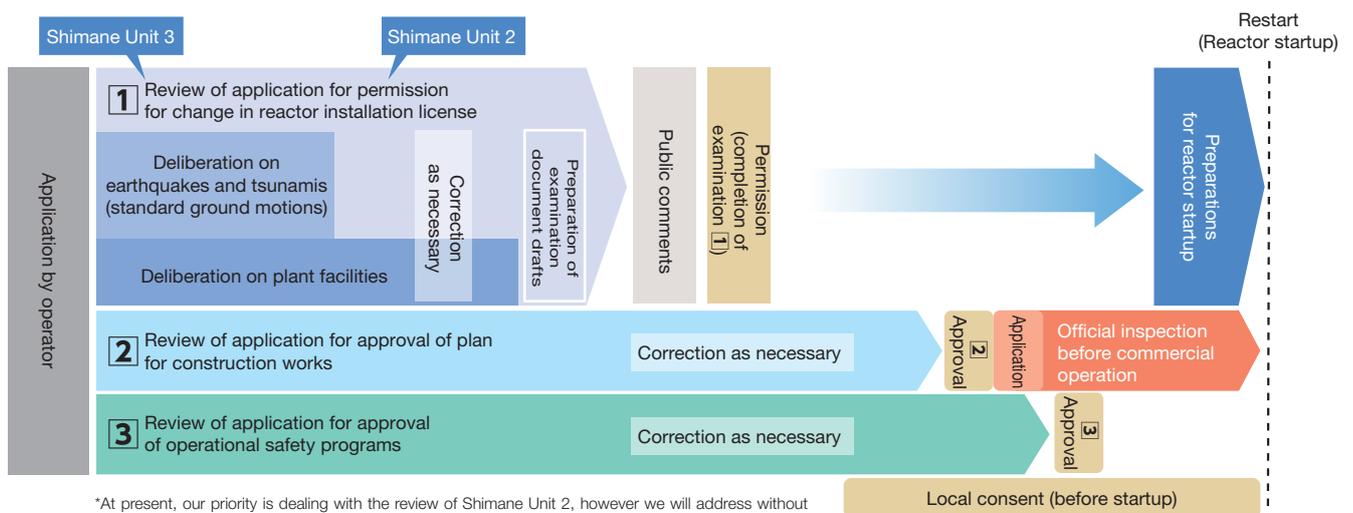
Increased proportion of renewable energy to improve environmental-friendliness, etc.  
Effective utilization of hydroelectric power through replacement of aging facilities

## 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

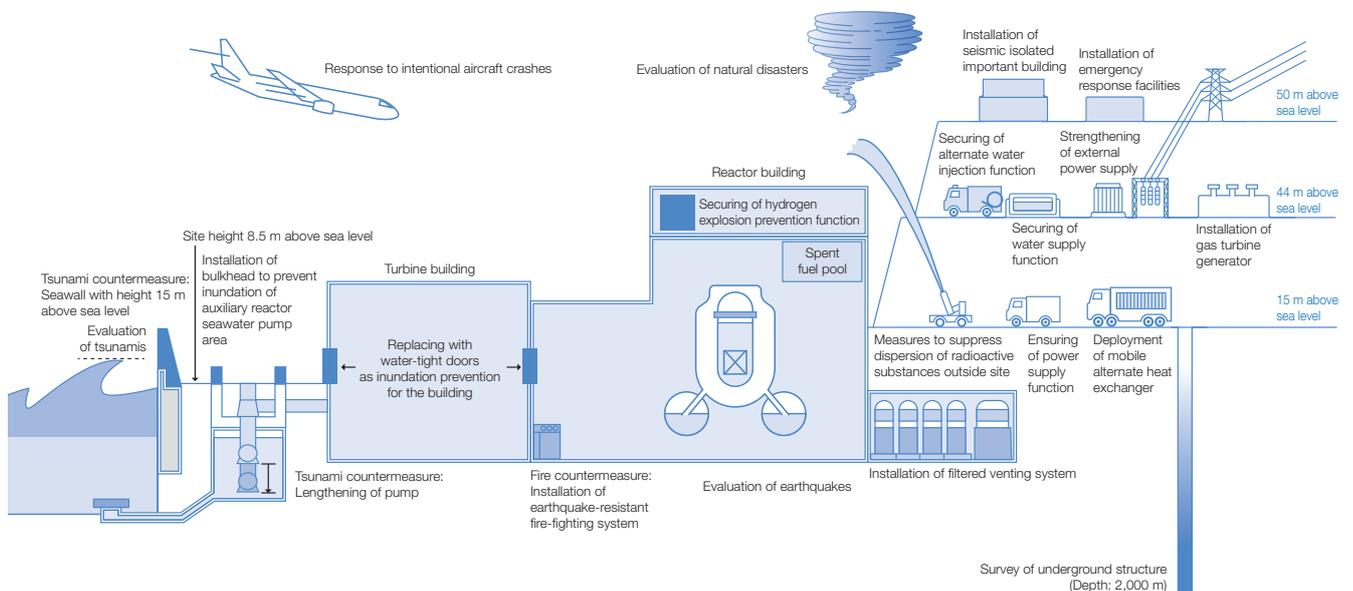
Conformity reviews for the new regulatory requirements are being conducted by the Nuclear Regulation Authority regarding Shimane Unit 2, and the process is moving steadily toward restarting, with equipment-related examinations moving into full swing.



\*At present, our priority is dealing with the review of Shimane Unit 2, however we will address without delay the applications for approval of the plan for construction work and operational safety programs, and for other necessary procedures, regarding Shimane 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, including Unit 3 that is currently under construction. These measures are focused on both preventing accidents and dealing with any accidents that do occur, while taking into account 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 drill



Alternative water injection drill

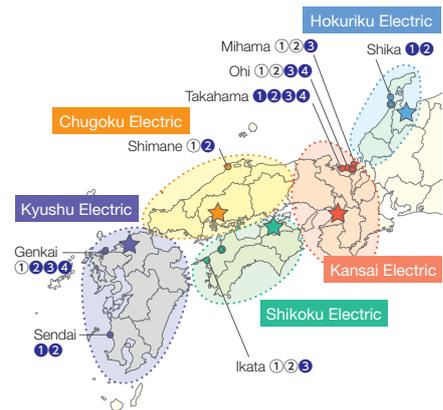
#### Disaster response drill held by a relevant municipality



### 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 with 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)	<ul style="list-style-type: none"> <li>Cooperation during nuclear disasters</li> <li>Cooperation in decommissioning</li> <li>Cooperation in installing equipment to address specified severe accidents, etc.</li> </ul>	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.



### 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—FY2022	FY2023-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 generation has excellent advantages in terms of fuel supply stability and economy, however its environmental impact is a major issue. To reduce this impact we are working to increase efficiency and lower carbon emissions through technology development and introduction of cutting-edge technology.

### Construction of Misumi Power Station Unit 2

At Misumi Unit 2, which is currently under construction, we are installing equipment that achieves outstanding economic performance and environmental protection by using a state-of-the-art 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 CO<sub>2</sub> emissions through mixed combustion with biomass fuel.



Construction at Misumi Power Station Unit 2

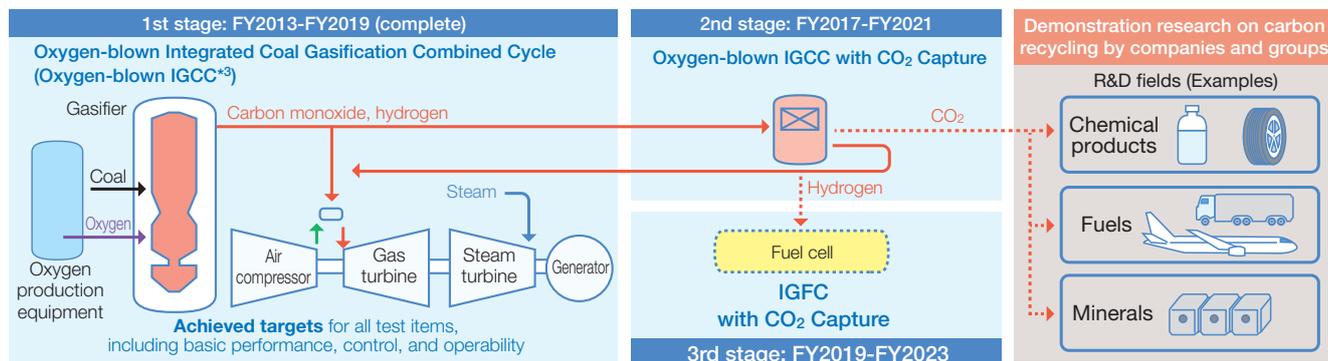
Unit	Misumi Power Station, Unit 2
Output	1,000 MW
Generation method	USC*, pulverized coal-fired
Start of construction	November 2018
Start of operations	November 2022
Location	Hamada City, Shimane Prefecture

\*Ultra Super Critical  
State-of-the-art generation system that is one of the best available technologies (BAT)

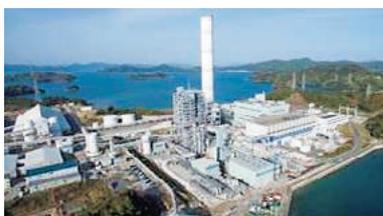
### Promotion of the Osaki CoolGen Project

Through Osaki CoolGen Corporation, established jointly with Electric Power Development Co., Ltd., we are conducting demonstration tests to realize innovative low-carbon coal-fired thermal power combining an integrated coal gasification fuel cell combined cycle (IGFC\*<sup>1</sup>) with CO<sub>2</sub> separation and capture.

Also, the Ministry of Economy, Trade and Industry (METI) has designated Osakikamijima in Hiroshima Prefecture as a base for demonstration research on carbon recycling\*<sup>2</sup> and Osaki CoolGen Corporation is planning to supply the separated and captured CO<sub>2</sub> to companies and groups conducting research on carbon recycling.



Demonstration location	Inside the Osaki Power Station site, Osakikamijima-cho, Toyota-gun, Hiroshima Prefecture
Output	166 MW



Demonstration test plant

\*<sup>1</sup> Technology that combines fuel cells (FC) with IGCC to further improve generating efficiency.  
\*<sup>2</sup> Capturing CO<sub>2</sub> as a carbon resource, and reusing (recycling) it in a diverse range of carbon compounds.  
\*<sup>3</sup> Technology whereby oxygen is used to gasify coal, yielding a product gas with H<sub>2</sub> and CO as its main constituents, which is used to drive gas turbines alongside steam turbines in combined cycle generation.

## Broader Introduction of Renewable Energy

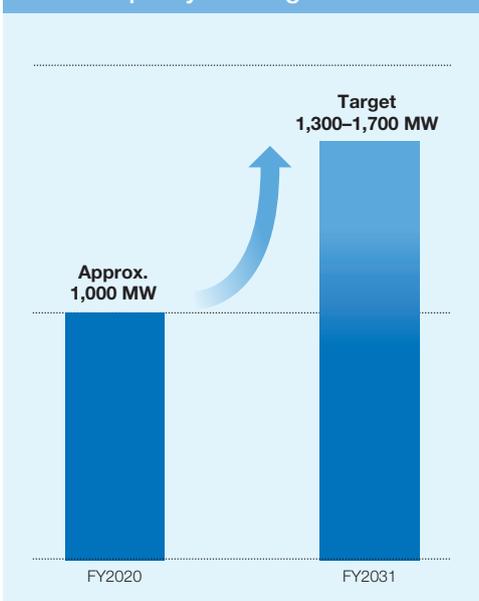
**Vision** Take on the challenge of new business for further growth

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 corporate vision of “introducing 300–700 MW of renewable energy by FY2031.”

Main current initiatives	Domestic	Solar	<ul style="list-style-type: none"> <li>Development of mega solar power [Fukuyama Photovoltaic: December 2011] [Ube Photovoltaic: December 2014]</li> <li>Community-benefitting mega solar business with Hiroshima Prefecture</li> </ul>
		Wind	<ul style="list-style-type: none"> <li>Development of wind power [Ama Wind: February 2018]</li> </ul>
		Hydro	<ul style="list-style-type: none"> <li>Increased output of existing hydro power [repowering] [Takiyamagawa: Scheduled for March 2021, and 6 other power stations]</li> </ul>
		Biomass	<ul style="list-style-type: none"> <li>Mixed fuel generation with woody biomass [Misumi Unit 2: Scheduled for November 2022]</li> </ul>
			<ul style="list-style-type: none"> <li>Biomass power businesses with Air Water Inc. [Hofu City, Yamaguchi Prefecture: July 2019] [Iwaki City, Fukushima Prefecture: Scheduled for FY2022]</li> </ul>
			<ul style="list-style-type: none"> <li>Biomass power business with Hiroshima Gas Co., Ltd. [Kaita-cho, Aki-gun, Hiroshima Prefecture: Scheduled for FY2021]</li> </ul>
	Overseas	Hydro	<ul style="list-style-type: none"> <li>Indonesia hydroelectric power generation project [Investment participation: March 2019]</li> </ul>
		Wind	<ul style="list-style-type: none"> <li>Taiwan offshore wind power generation project [Start of commercial operations: By December 2021]</li> </ul>

■: Newly introduced (incl. increased output from hydroelectric)

### Current capacity and target for the future



### Effective use of hydroelectric power

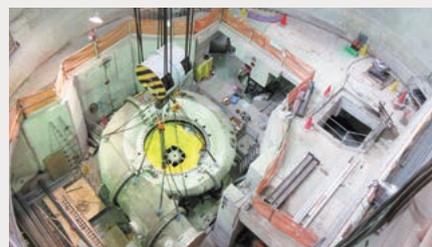
Hydroelectric power is renewable, natural energy. We are continually engaged in initiatives like developing new hydroelectric power, and taking steps to address the aging of existing facilities. We are also working to promote and ensure effective use of water resources.

### Increased output of existing hydroelectric power generation (plan)



### Improvement work on the Takiyamagawa Power Station

Since 2019, we have been replacing turbines and generators, with the aim of starting commercial operations in March 2021.



Output (after improvement)	51.5 MW (52.5 MW)
Location	Akiota-cho, Yamagata-gun, Hiroshima Prefecture

## Initiatives in the biomass power generation business

We have established companies with Air Water Inc. and Hiroshima Gas Co., Ltd., and are constructing and operating biomass power station. At these businesses, 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.

Company name	Air Water & Energia Power Yamaguchi Corporation	Air Water & Energia Power Onahama Corporation	Kaita Biomass Power Co., Ltd.
Location	Hofu City, Yamaguchi Prefecture	Iwaki City, Fukushima Prefecture	Kaita-cho, Aki-gun, Hiroshima Prefecture
Output	112 MW	75 MW	112 MW
Our investment ratio	49%	49%	50%
Start of operations	July 2019	Scheduled for FY2022	Scheduled for FY2021



Hofu Biomass-Coal Mixed Firing Power Station

## Efforts to develop mega solar power generation

We operate mega solar power stations (totaling 6 MW) in Fukuyama City, Hiroshima Prefecture, and Ube City, Yamaguchi Prefecture.

Our Group company Energia Solution & Service Co., Inc. (ESS) also operates photovoltaic power stations (10 facilities, totaling about 18 MW, as of the end of March 2020).



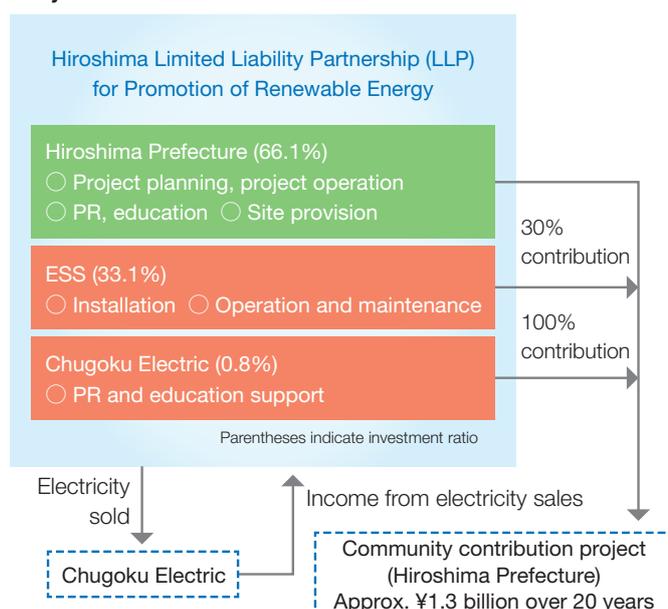
Fukuyama Photovoltaic Power Station

## Community-benefitting mega solar business initiatives

Working jointly with Hiroshima Prefecture and our group company Energia Solution & Service Co., Inc. (ESS), we have been engaged in our community-benefitting mega solar business since 2013.

This was the first mega solar project in Japan operated jointly by a local government and power company. By using the profits obtained through this power generation business in community contribution projects, we are working to both contribute to the community and promote introduction of renewable energy.

### Project scheme



### Overview of power stations

Category	Name	Panel capacity (kW)
Phase 1 (Prefecture-owned land)	Shobara Photovoltaic	2,500
	Takehara Photovoltaic	800
	Fukutomi No. 1 Photovoltaic	1,000
	Fukutomi No. 2 Photovoltaic	2,300
	Subtotal	6,600
Phase 2 (Municipally-owned land)	Ono Photovoltaic	2,200
	Oasa Photovoltaic	1,000
	Nika Photovoltaic	600
	Subtotal	3,800
Total		10,400

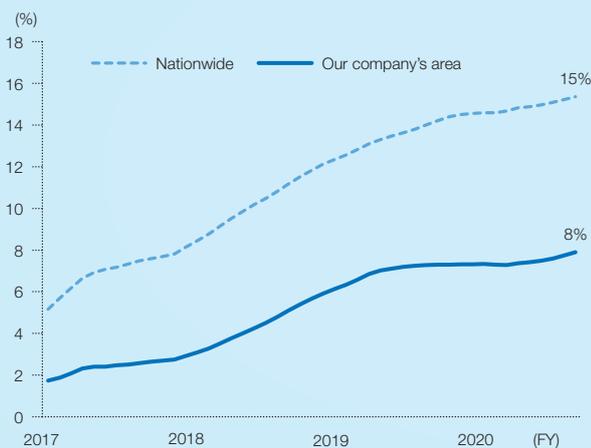
Comprehensive Energy Business

Sales Business

There is a falling trend in electricity sales, resulting from factors such as population decline and increased switching to other electricity retailers due to greater competition. To ensure profitability going forward, it will be crucial to strengthen the competitiveness of our power sources, and maintain or grow our electricity sales. To maintain our electricity sales, we are working to diversify our rate plans and services with options that suit the different needs and lifestyles of our customers in the Chugoku region. In order to further grow our electricity sales, we will also work hard to both secure demand through the promotion of electrification and to promote electricity sales in the Tokyo metropolitan and Kansai areas. We will also strive to use wholesale and other markets in addition to retail. 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



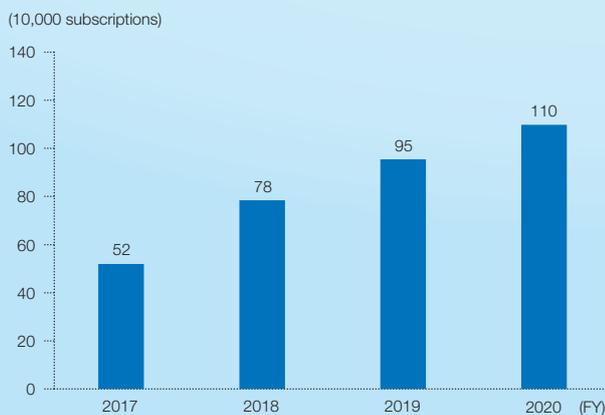
Source: Electricity Trading Situation (Electricity and Gas Market Surveillance Commission), published June 5, 2020

Electricity sales

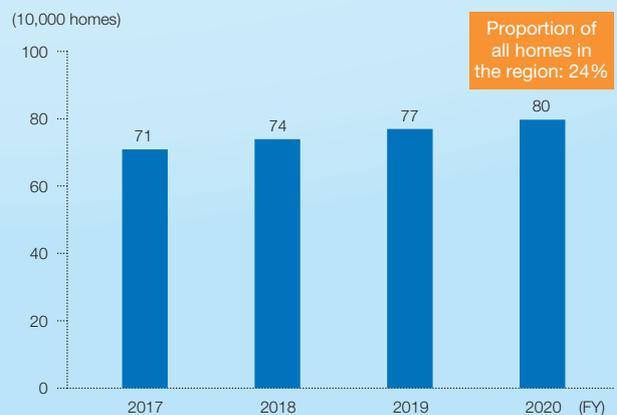


Sales to other power companies are indicated starting from FY2018.

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



All-electric homes

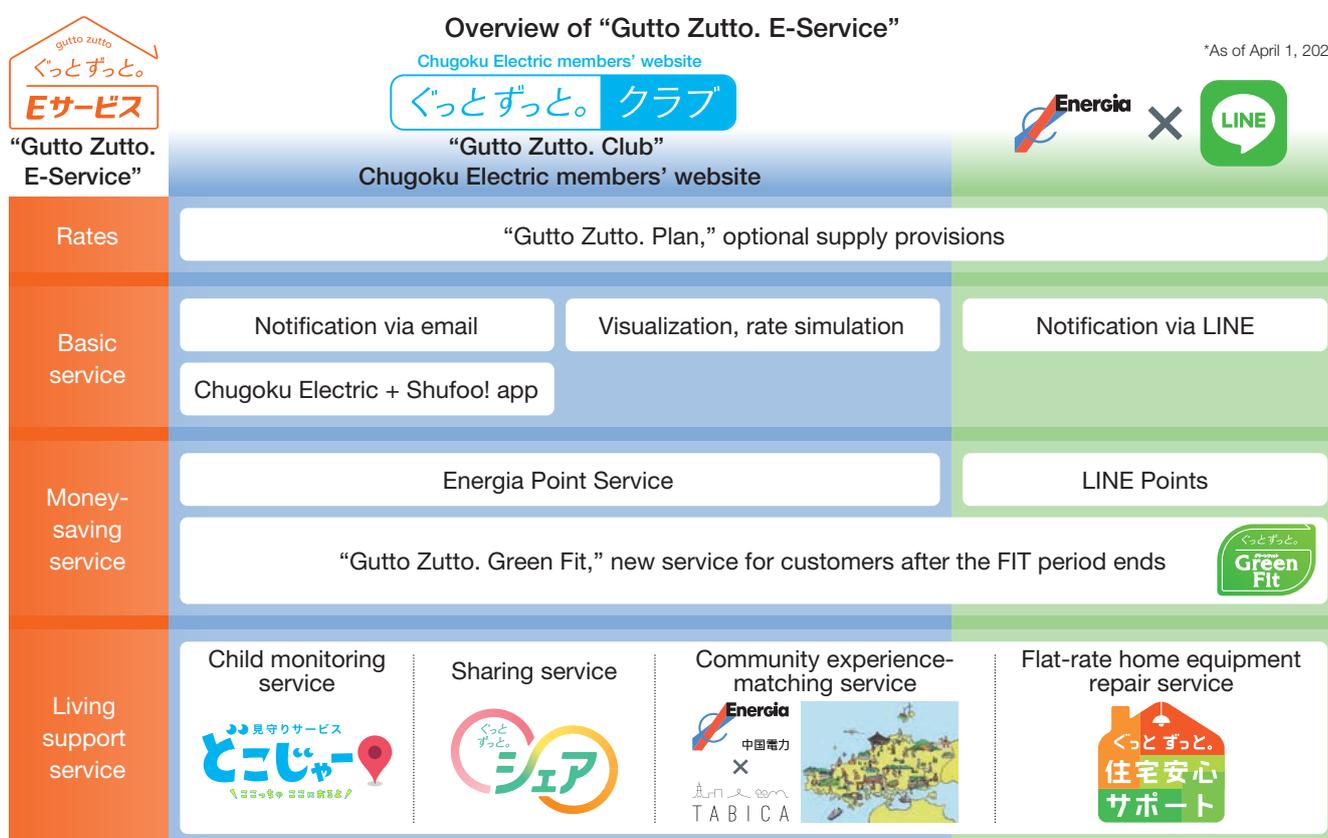


Proportion of all homes in the region: 24%

## Offering a Rate Plan and Services to Suit Customer Needs

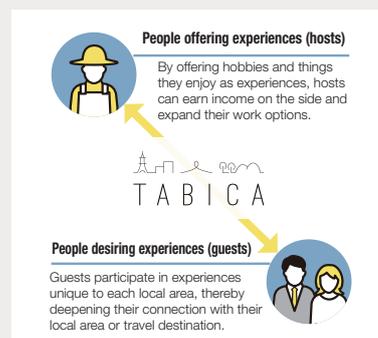
**Vision** Strengthen and improve our existing businesses, with a focus on our energy business

In response to the full liberalization of retail electric power sales started in April 2016, we developed “Gutto Zutto. Plan,” a new rate plan that customers can select to match their lifestyles, and “Gutto Zutto. Club” members’ website. Many customers have chosen our rate plans and services. As of the end of FY2020, there were 1.29 million accounts for our new rate plans, and 1.1 million accounts for our members’ website—both exceeding the 1 million account mark. Also, we adopted the general name “Gutto Zutto. E-Service” for services provided by our company, and we are rolling out new services such as Chugoku Electric + TABICA, a matching service for community experiences, and “Gutto Zutto. Home Security Support,” a flat-rate home equipment repair service.



### Revitalization of local communities through the Chugoku Electric + TABICA community experience-matching service

TABICA is a service for sharing local attractions and experiences, and revitalizing local communities. Through an Internet platform, TABICA connects people offering unique local experiences (hosts) with people desiring such experiences (guests). Gaiax Co., Ltd. offers TABICA, and in collaboration with this firm, we enlist the cooperation of people in municipalities and other communities, find people wanting to be hosts, and support the creation of appealing experiences. We also have a service for gathering ideas from users about the sort of experiences they would like to participate in, and finding hosts who can accommodate such desires.



### “Gutto Zutto. Home Security Support” contributes to safe and secure customer living

In January 2020, we began offering “Gutto Zutto. Home Security Support,” a service providing electrical and plumbing equipment repair, through a collaboration with HomeServe Japan Corporation.

“Gutto Zutto. Home Security Support” is a flat-rate service for handling the full range of repair tasks: receiving requests for home equipment repairs, arranging repair staff, hurrying to the site, and determining/repairing the cause of the problem.

At present, the service is available in Okayama, Hiroshima, and Yamaguchi prefectures (excluding remote islands), and we plan to gradually expand to other areas in the future.

Flat-rate service for electrical and plumbing equipment



**Electrical plan**  
Service fee  
**¥800** per month (excl. tax)

**Plumbing plan**  
Service fee  
**¥800** per month (excl. tax)

### Making Electrification Proposals to Help Conserve Energy and Reduce Costs

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

Our Energy Diagnosis Service is targeted at our corporate customers. The system energy consumption of customers is measured and examined using our original energy diagnosis tools, and we propose methods to improve operation of equipment. We actively recommend a variety of measures for efficient use of energy to suit our customers’ diverse needs, from air-conditioning to hot water supply, and propose highly efficient systems for heat demands in the manufacturing processes of our industrial customers.

For homes, we recommend EcoCute and other equipment with outstanding energy-saving performance.



EcoCute dissemination (cumulative)

FY2017	51.2
FY2018	55.2
FY2019	59.0
FY2020	63.0

Units: 10,000 units

### Electricity Sales in Other Areas of Japan

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

We will strengthen our sales activities through alliances, focusing on the Tokyo metropolitan and Kansai areas, and strive to actively use new markets for electricity.



Participation in Energy Supply & Service Showcase 2020 (Tokyo)

### Gas Sales

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

Through our group company, Energia Solution & Service Co., Inc., we deliver natural gas (LNG) to city gas companies and industrial customers in the Chugoku region. While exploiting the strengths of our Yanai-Mizushima Two-Base System, we are working hard to increase sales through a groupwide team effort in our sales activities.



Yanai LNG Base



Mizushima LNG Base

Comprehensive Energy Business

International Business

To help international businesses contribute to our Group's profits, and achieve the profit/financial targets indicated in our new vision, we are working to discover and acquire overseas power generation projects and expand our field of business.

More specifically, in our overseas power generation projects, we are working on various generation systems projects, including renewable energy and gas thermal, in terms of our portfolio. For the time being, we will pay close attention to the balance of developed and developing countries, and work to broaden opportunities for project participation with a focus on Asia, North America, and Europe.

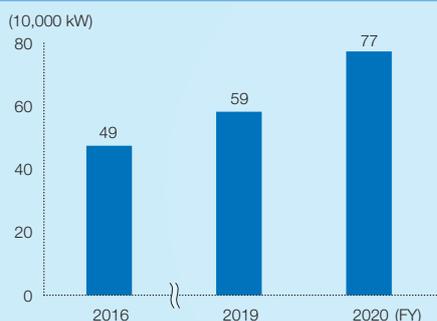
We will also pursue opportunities for participation in transmission/distribution retail business, new electric power business,\* and their peripheral businesses.

\*Digitalization, decentralization, energy management, etc. Also using consulting capabilities and business.

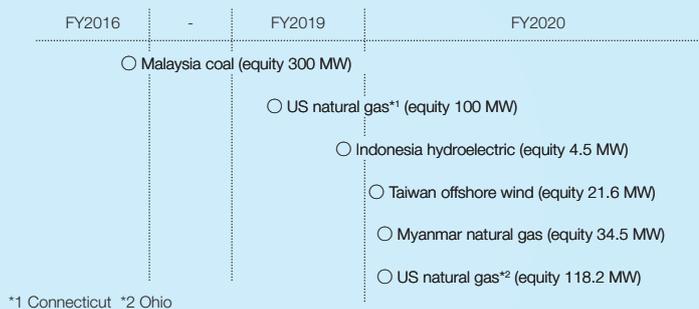
In overseas investment, we invest in projects with an expected rate of return higher than that in Japan.

Main Indicators

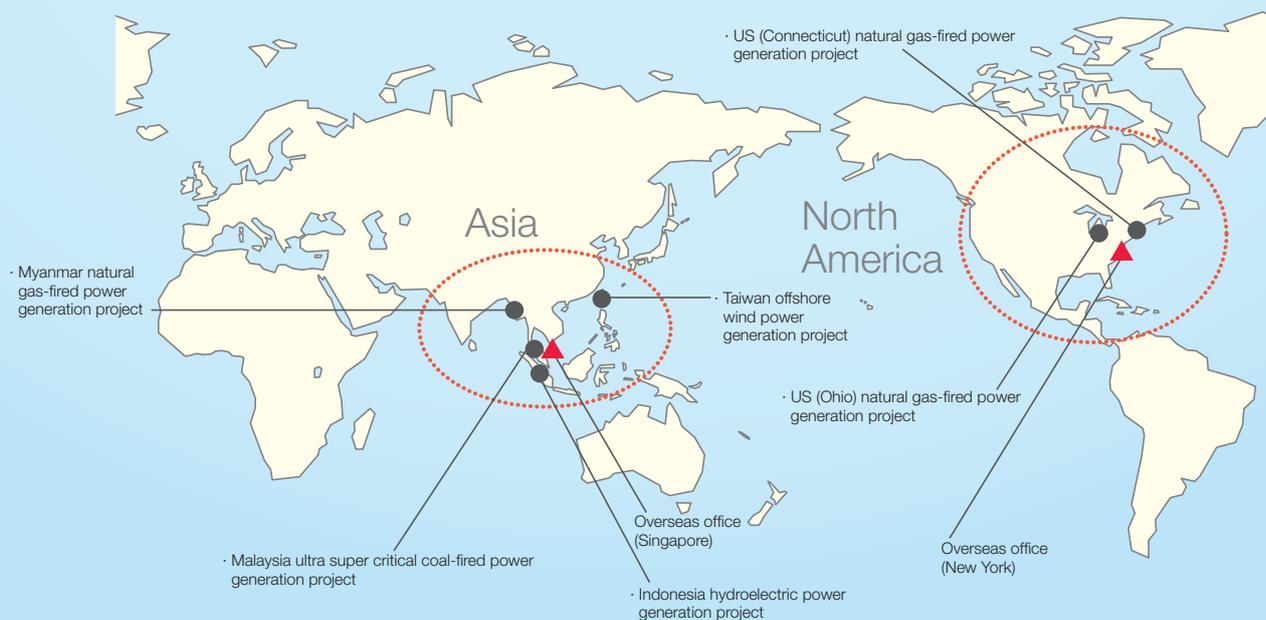
Equity ownership in electricity output in overseas power generation projects



History of initiatives (timing of investments)



Overseas power generation projects and manned overseas offices



## Track Record of Initiatives in FY2020

**Vision** Take on the challenge of new business for further growth

### Taiwan offshore wind power generation project

In May 2019, we participated in investment in the Taiwan offshore wind power generation project (currently under construction, scheduled to begin operations in 2021).

Name	Yunlin Offshore Windfarm Station
Location	Yunlin County, Taiwan
Output	640 MW (8 MW x 80 units)
Our Group's*1 ownership in electricity output (investment ratio)	43.2 MW (6.75%)
Start of commercial operations	By December 2021
Generation system	Offshore wind power (bottom-mounted)
Off-taker and period	Taiwan Power Company, 20 years

\*1 Investment through C&C Investment Corporation, established jointly by Chugoku Electric and Chudenko Corporation. Investment ratio 50:50.



Equipment to be installed (part of wind turbine)

### US (Ohio) natural gas-fired power generation project

In June 2019, we participated in investment in a natural gas-fired power generation project in Ohio, USA (currently under construction, scheduled to begin operations in 2021).

Name	South Field Energy Power Station
Location	Ohio, USA
Output	1,182 MW
Our company's ownership in electricity output (investment ratio)	118.2 MW (10%)
Start of commercial operations	Scheduled for 2021
Generation system	Combined cycle, natural gas-fired
Off-taker	PJM*2

\*2 A wholesale electricity market in the US. Official name: PJM Interconnection LLC



Conceptual image of power station at completion (panoramic view)

## Myanmar natural gas-fired power generation project

In June 2019, we participated in investment in a natural gas-fired power generation project that is currently in commercial operation in Myanmar.

Name	Ahlon Thermal Power Station
Location	Yangon, Myanmar
Output	121 MW
Our company's ownership in electricity output (investment ratio)	34.5 MW (28.5%)
Start of commercial operations	April 2013
Generation system	Combined cycle, natural-gas fired
Off-taker and period	Electric Power Generation Enterprise (EPGE), 30 years



Power station

## Malaysia coal-fired power generation project

In March 2016, we participated in investment in a Malaysia coal-fired power generation project. Unit 1 began commercial operations in August 2019, and Unit 2 in December 2019.

Name	Jimah East Power Station
Location	Negeri Sembilan, Malaysia
Output	2,000 MW (1,000 MW x 2 units)
Our company's ownership in electricity output (investment ratio)	300 MW (15%)
Start of commercial operations	Unit 1: August 2019 Unit 2: December 2019
Generation system	Ultra super critical coal-fired
Off-taker and period	TNB (Malaysian electric power company), 25 years



Power station

## Consulting work in Cambodia on revision of electricity master plan

In April 2019, we received a contract for consulting work on revision of the electricity master plan, the plan for electricity supply to the entire country of Cambodia, from the Ministry of Mines and Energy of the Kingdom of Cambodia.

In this consulting work, we provided support in the projection of electricity demand to 2030, as well as for the revision of plans for power source development and transmission/distribution.

We have been continually engaged in consulting work in Cambodia since 2003, and going forward we hope to continue contributing to both the stable supply of electricity and the development of the electricity business over the long term in rapidly-growing Cambodia, thus developing our own business there.

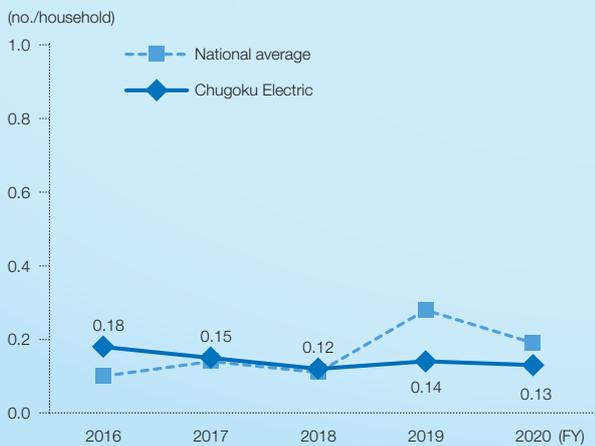
**Power Transmission and Distribution Business**

Due to amendments to the Electricity Business Act for improving the neutrality of power transmission and distribution sectors, our power transmission and distribution business was transferred to the Chugoku Electric Power Transmission & Distribution Co., Inc. and marked a new beginning on April 1, 2020.

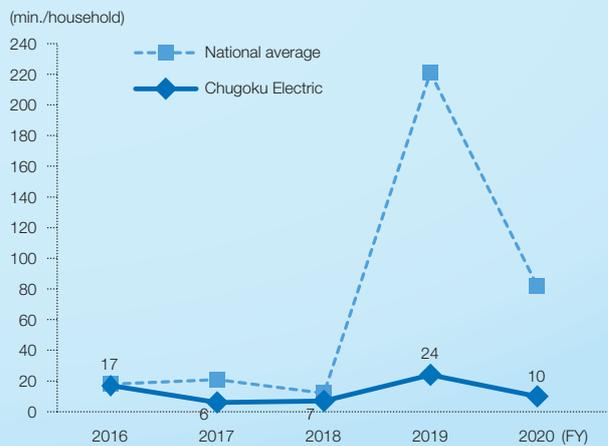
Major changes are underway in the business environment, but our mission of stably delivering electricity remains unchanged. To maintain world-class electricity quality in the future, we will take steps such as improving the efficiency and sophistication of our facilities maintenance, strengthening resilience and rolling out new services exploiting the facilities, data, and know-how we possess.

**Main Indicators**

Annual number of outages per customer household

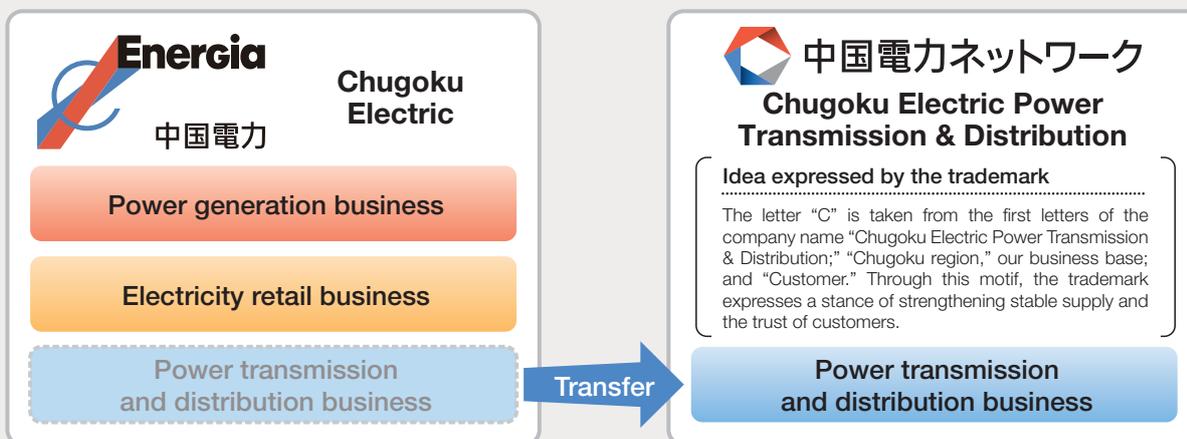


Annual time of outages per customer household



**Start of business by Chugoku Electric Power Transmission & Distribution**

Thus far, Chugoku Electric has operated its businesses—power generation, transmission and distribution, and retail—as an integrated system, but due to the legal separation of power transmission and distribution sectors, a fully-owned subsidiary under the name Chugoku Electric Power Transmission & Distribution has been operating our power transmission and distribution business since April 2020.

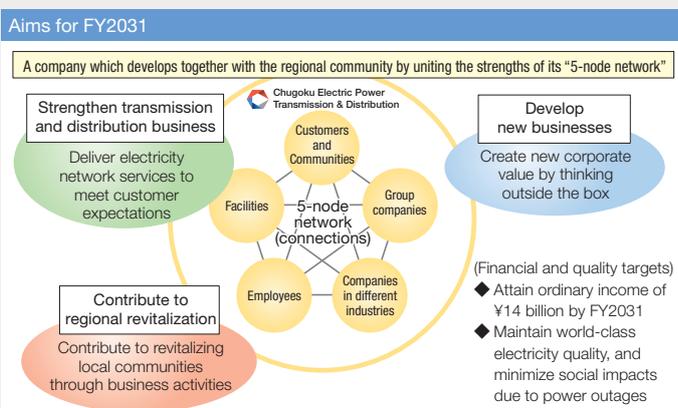


### Corporate Vision of Chugoku Electric Power Transmission & Distribution

Our Corporate Vision 2030, targeting FY2031, was formulated when business began at Chugoku Electric Power Transmission & Distribution. This vision will serve as a guiding light for the company's business operations.

In the Corporate Vision 2030, the aim is to be a company focusing efforts on three key areas—strengthening our transmission and distribution business, developing new businesses, and contributing to regional revitalization. Furthermore, we will develop together with the regional community while uniting the strengths of our 5-node network with customers/regions, employees, facilities, groups companies, and companies in other industries.

Chugoku Electric Power Transmission & Distribution, Corporate Vision <https://www.energia.co.jp/nw/company/guide/identity/>



## Measures to Address Aging of Equipment

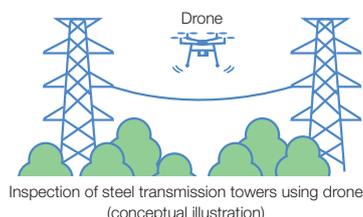
**Vision** Strengthen and improve our existing businesses, with a focus on our energy business

A large number of electricity network facilities built in the period of high economic growth are approaching time for renewal. While striving for stable equipment/material procurement and securing installation capability, we are implementing work in a planned way, focusing on replacement or maintaining function of the increasing number of aging facilities, and thereby ensuring power supply reliability. In this renewal, we will strive to reduce costs through approaches such as review of ordering systems.

## Improved Efficiency and Sophistication of 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, Chugoku Electric Power Transmission & Distribution makes planned improvements taking into account evaluation of the deterioration situation and expected service life of facilities, and works hard to achieve efficient improvement through efforts such as unification of specifications with other power companies, expanding the scope of competition, and securing installation capability through standardization of work, etc. We are also working to achieve more sophisticated facility maintenance by using cutting-edge technology such as AI and IoT.



## 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.

### Dissemination of information

When a disaster occurs, we disseminate easy-to-understand information on power outage areas and the recovery schedule, and we also actively disseminate information using our website, social media, and other channels.

Adapted to indicate outage areas on maps with greater detail



By prefecture By municipality Recovery schedule

### Facility countermeasures

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



Measures to prevent substation inundation (Equipment elevation)

### 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.

Main points of collaboration

- Cooperative disaster response among general electricity transmission and distribution utilities (speeding up support for neighboring power companies [sending proactive support], etc.)
- Unification of recovery methods, facility specifications, etc.
- Implementation of joint emergency training

## 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 8.94 million kW (as of the end of March 2020).

To ensure operator 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 amidst increasing connection of renewable energy, we have started early application of N-1 power control\* for power sources to be newly interconnected with an extra-high-voltage grid.

\*An initiative to expand operation capacity by performing instantaneous power source control using a relay system when there is failure of the single piece of equipment constituting the entire power grid, such as a single line or a single transformer.

Units: 10,000 kW

	Solar	Wind	Biomass	Hydro (excl. pumped storage)	Geothermal	Total
Applications for connection review	365	301	230	7	0	904
Applications for connection contract (including those accepted)	270 [93]	150 [119]	204	4	0	627 [212]
Connections completed	493 [19]	36 [0]	267	99	0	894 [19]
<b>Total</b>	<b>1,128</b>	<b>486</b>	<b>701</b>	<b>111</b>	<b>0</b>	<b>2,425</b>

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: Even if there is a record of connection, in some cases the figure is 0 (x 10,000 kW) due to rounding

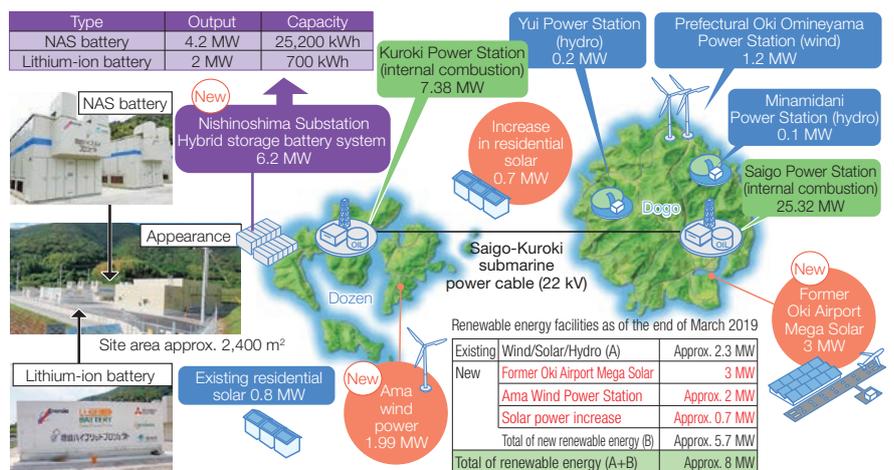
### Oki Islands Hybrid Project

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 obtained from this project, we will continue our active efforts like solving technical issues pertaining to introduction of renewable energy.



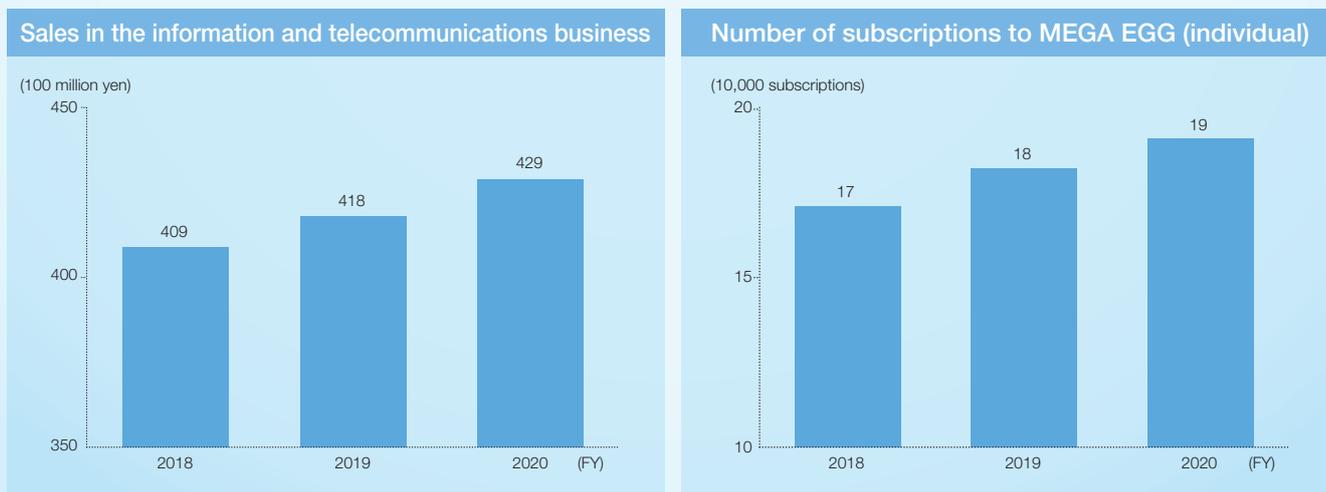
### Efforts to eliminate utility poles

In recent years, efforts have been underway to eliminate utility poles and thereby ensure safety, pleasant surroundings, and preservation of nice views. Chugoku Electric Power Transmission & Distribution will appropriately deal with these efforts.

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. Against this backdrop, the COVID-19 crisis has once again underlined the importance of information and communications technology, and there are rising expectations within society for this technology to solve social problems such as by responding to new lifestyles. Within our Group, Enegia 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 will support regional communications infrastructure, for both daily living and business, through total solutions incorporating data centers, the cloud, and other elements, and will also work to develop business in new fields such as medical support, education, and agriculture, by offering new value taking into account social needs.

Main Indicators



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

As Internet connection services, Enecom offers MEGA EGG for individuals and MEGA EGG Business for corporate customers. In addition to providing a secure, speedy Internet environment, MEGA EGG for individual customers offers broadcast and video distribution services, so subscribers can enjoy terrestrial digital and BS/CS digital broadcasts with no need for an antenna. MEGA EGG Business offers corporate customers services to help improve efficiency of operations and reduce communications costs. These services have resulted in steadily growing subscriptions.

The MEGA EGG optical network has been rated highly by external sources, ranking first for customer satisfaction in the Chugoku region for four years running in the Survey of Customer Satisfaction for Fixed Broadband Line Services of J.D. Power, Japan, Inc.

Source: J.D. Power, 2017-2020 Survey of Customer Satisfaction for Fixed Broadband Line Services. In the 2020 survey, there were responses from 1,330 customers in the Chugoku region using fixed Internet lines in the home. [jdpower-japan.com](http://jdpower-japan.com)

### EneWings\* solution service for corporate customers

For corporate customers, Enecom offers total solution services, including a communications network service for connecting customer business sites and other locations, 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 solutions for IoT services and Internet teleconferencing systems, and will continue to work toward broader demand while identifying customer needs.

\*A total solution brand offered by Enecom, Inc.



Hiroshima Data Center

### Rolling out services for creating new value

At Enecom, our business supports workstyle reform at offices, through automation of office work using the RPA\* service EneRobo. This service is for companies, local governments and others struggling due to labor shortages and long working hours.

Going forward, we will continue efforts to further strengthen and expand our field of business, through approaches such as solving regional issues and creating new added value using cutting-edge information and communications technology.

\*Abbreviation of Robotic Process Automation. The concept of replacing/automating the routine work of humans by using software robots that operate inside computers, etc.



RPA service EneRobo

#### Start of offering AI-OCRxRPA cloud service

In January 2020, Enecom entered a business tie-up with Kyoto Information Processing Service Co., Ltd. (referred to hereafter as "KIP"), and began offering the service EneRobo Scan by Seisho,\*<sup>1</sup> combining the RPA service EneRobo Cloud offered by Enecom with the AI-OCR service Seisho\*<sup>2</sup> offered by KIP.

Going forward, Enecom will continue to support active use of RPA and its efficient operations management through EneRobo and ancillary services, for all industry types and organizational systems.

\*<sup>1</sup> Cloud-based service for high-precision conversion of paper documents to digital data, enabling efficient system input with RPA to avoid input mistakes and omissions

\*<sup>2</sup> Cloud-based AI-OCR service offered by KIP. By using the high-precision Tegaki engine developed by Cogent Labs Inc. to support recognition of both handwriting and printed letters, this service offers easy business form design and a high level of security

Jan. 27, 2020  
Press Release

<https://www.enecom.co.jp/info/news/2020/20200127.pdf>

#### Alliance of Energia Communications (Enecom) and TACT Inc. in the field of AI and RPA

In July 2020, Enecom formed a business tie-up with TACT Inc. of the USEN-NEXT GROUP. TACT has outstanding expertise in AI technology, particularly in the areas of speech recognition and natural language processing.

Through this partnership, we will work to create new services that contribute to greater efficiency and automation of work in offices. One example is a proposal to automate call center operations by integrating our EneRobo RPA service with AI Concierge®, an automatic voice response service for telephones using speech recognition developed by TACT Inc.

Jul. 15, 2020  
Press Release

<https://www.enecom.co.jp/info/news/2020/20200715.pdf>

**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.

To meet the challenge of new business through out-of-the-box thinking and secure new profits, we established the Energia Creative Lab within our Corporate Planning Division in April 2019.

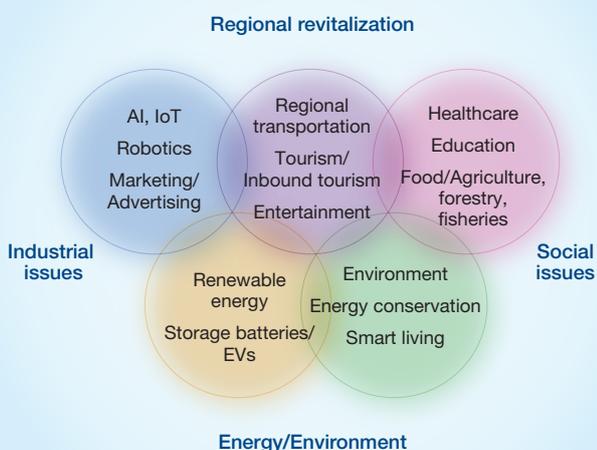
Our R&D strategy establishes the direction of R&D for our entire group, and there too we are making efforts by focusing not only on strengthening and evolving our electricity business, but also establishing specific “strategic innovation areas” for meeting the challenge of new business. We are also proactively expanding the intellectual property activities that underpin these efforts.

**Efforts at the Energia Creative Lab**

**Vision** Take on the challenge of new business for further growth

Based on the concepts of “creating the future of the region” and “creating the future of electricity,” we are actively investing in startup companies with unique technology and services that are capable of medium and long-term growth. Our aim here is to secure new sources of profits.

**Investment areas**



**Investment in startup companies**

In April 2020, as the first investment in a startup company by the Energia Creative Lab, we invested in Creofuga, Inc. (company name changed to Audiostock Inc. on July 1, 2020), a startup firm operating a music service. In the future, we will continue our active efforts to generate new profits through approaches such as investing in promising startup companies.

Mar. 26, 2020 Press Release <https://www.energia.co.jp/press/2020/12380.html>

**Measures Related to R&D**

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

**Vision** Take on the challenge of new business for further growth

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

Strategic innovation areas (main initiatives are given below the headings)

Strengthening and evolving the electricity business  
Enhancing S + 3Es

Taking on the challenge of new business

- I Innovation in electricity systems using digital technology**
  - Using IoT data to optimize configuration of power generation and transmission/distribution facilities, and maintenance work
  - Higher efficiency in O&M through approaches such as optimization of operation using AI
- II Innovation in energy and environmental technology for lower carbon emissions**
  - Building a next-generation electricity network to help encourage dissemination of renewable energy
  - Promoting lower carbon emissions through IGCC/IGFC, carbon recycling, etc.
- III Creation of new services integrated with regional communities and other industries**
  - Energy aggregation business using VPP\* technology
  - Building a smart city model that contributes to local revitalization



Realization of our Group Corporate Vision

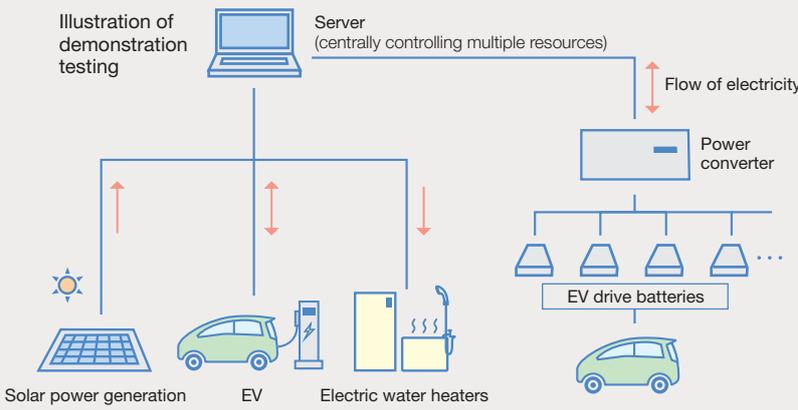
\*VPP: Virtual Power Plant  
A system for providing functionality similar to a power plant, by centrally controlling multiple decentralized power sources such as renewable energy, storage batteries, and electric vehicles.

R&D Strategy [https://www.energia.co.jp/eneso/senryaku/kenkyu/pdf/kenkyu\\_kaihatsu\\_senryaku.pdf](https://www.energia.co.jp/eneso/senryaku/kenkyu/pdf/kenkyu_kaihatsu_senryaku.pdf)

Conducting demonstration tests on next-generation energy business

To verify the possibility of reusing the drive batteries of electric vehicles as a VPP resource, we are building a system for centrally controlling multiple drive batteries, and conducting demonstration tests on control in combination with renewable energy, etc.

Oct. 17, 2019 Press Release  
<https://www.energia.co.jp/assets/press/2019/p191017-1a.pdf>



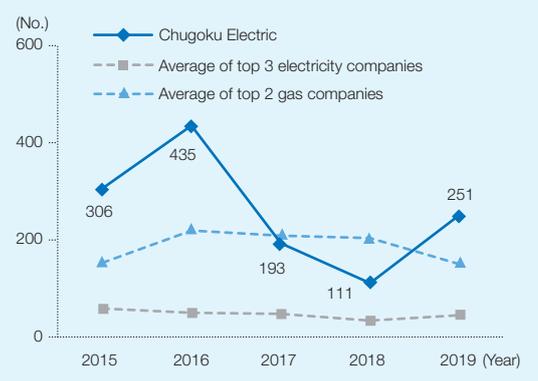
Measures Related Intellectual Properties

- Vision** Strengthen and improve our existing businesses, with a focus on our energy business
- Vision** Take on the challenge of new business for further growth

The Chugoku Electric Power Group takes out patents for the intellectual property represented by the original technologies we create as part of our business activities. We will be applying our energies to these intellectual properties to improve corporate value through their use. Not only is the Group the energy industry leader in terms of the number of registered patents, but we have been included in Intellectual Property Strategies that Lead to Successful Management Strategy (Practical Case Study Collection), which is published by the Japan Patent Office to collect together examples of Japanese and foreign companies with an excellent intellectual property strategy. As the Group looks to expand its business fields in the future, we will also further deepen our involvement in intellectual property activities to support this expansion. To find out more about the Group's intellectual property activities, please follow the link below.

Energia Group Intellectual Property Report <https://www.energia.co.jp/eneso/kankoubutsu/chizai/index.html>

No. of registered patents (registration date basis)





## Fulfillment of Basic Responsibilities

-  Environment
-  Social
-  Governance

# Our Contribution to 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 new corporate vision, *Energia Change 2030*, and are working to resolve them in a focused manner.

Step 1

## Created Lists of Matters to Tackle

### Recognized social issues

Confirmed content of the 17 SDGs and their 169 targets.

**17 Goals**

**Goal 1: No Poverty**

End poverty in all its forms everywhere

**Goal 2: Zero Hunger**

**169 Targets**

1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.

1.2: ...

2.1: ...

2.2: ...

### List of items to tackle

Confirmed relevance of goals and targets to each of our stakeholders, and created lists of matters to tackle through the Group's business activities.

#### Example using Goal 5: Gender Equality

Goal: Achieve gender equality and empower all women and girls

	Targets	Customers	Shareholders and investors	Local communities	Suppliers	Employees
5.1	End all forms of discrimination against all women and girls everywhere					
5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation					

Analysis and evaluation of whether there is a connection to each stakeholder, and degree of importance

Step 2

## Prioritized and Selected Key Issues

Assessed issues from two perspectives—importance to stakeholders and importance to the Group's business—and selected four key issues following discussions by management.

Importance to stakeholders

Importance to the Group's business

### Selected Key Issues

Key Issues	Reasons for Selection
<p><b>Ensure a stable supply of energy</b></p>	<ul style="list-style-type: none"> <li><input type="radio"/> The unchanging mission of an energy business.</li> <li><input type="radio"/> However, we must reform our methods in line with social demands and technological advancements, etc.</li> </ul>
<p><b>Mitigate climate change</b></p>	<ul style="list-style-type: none"> <li><input type="radio"/> An unavoidable issue for an energy business that handles fossil fuels.</li> <li><input type="radio"/> For coal-fired thermal power in particular, we must explain its future importance while contributing to the resolution of global environmental issues.</li> </ul>
<p><b>Cooperate and co-create with local communities</b></p>	<ul style="list-style-type: none"> <li><input type="radio"/> The relationships and trust we have built up with local communities are key strengths of our Group.</li> <li><input type="radio"/> We hope to uncover business opportunities by tackling the issues of local communities.</li> </ul>
<p><b>Promote active participation of workers</b></p>	<ul style="list-style-type: none"> <li><input type="radio"/> A pressing issue for our Group as we seek to continue operations while dealing with a declining working population.</li> <li><input type="radio"/> We will not simply secure workers, but aim to enhance the productivity of each individual.</li> </ul>

These four key issues have been incorporated into our new corporate vision—*Energia Change 2030*.

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## Revised Charter of Conduct

At the Chugoku Electric Power Group, since its formulation in 2006, we have implemented various measures in line with the Energia Group CSR Charter of Conduct.

Since then, new social issues have come to the fore both in Japan and abroad, and the demands placed on corporate entities have become more complex and more diverse. Moreover, with the legal separation of transmission and distribution sectors in April of this year, the structure of our Group has largely changed, and this together with other issues means that we are facing a turning point.

Taking into consideration the above, to reclarify our desire to accurately respond to society's demands, we have revised our charter of conduct. In addition, in consideration of the SDGs, we have incorporated the key issues we aim to tackle into our new corporate vision.

We will share the content of this charter of conduct with all Group executives and employees, and strive to resolve various 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).

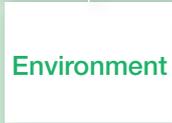
#### **Rigorous Crisis Management**

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.

Through efforts to achieve the goals set out in our new corporate vision and charter of conduct, we will work to meet the expectations of our wide-ranging stakeholders, including the shareholders and investors who prioritize ESG-based investment.



The Chugoku Electric Power Group stably supplies the energy essential for our customers' daily lives at low cost, and is actively working to reduce the environmental impact of our business activities.

More specifically, we have formulated the Chugoku Electric Power Group Environmental Action Plan, and made efforts to resolve environmental problems—such as responding to the issue of global warming and establishing a recycling-oriented society—into a critical management issue. In this way, we will contribute to the realization of a sustainable society.

## Chugoku Electric Power Group Environmental Action Plan

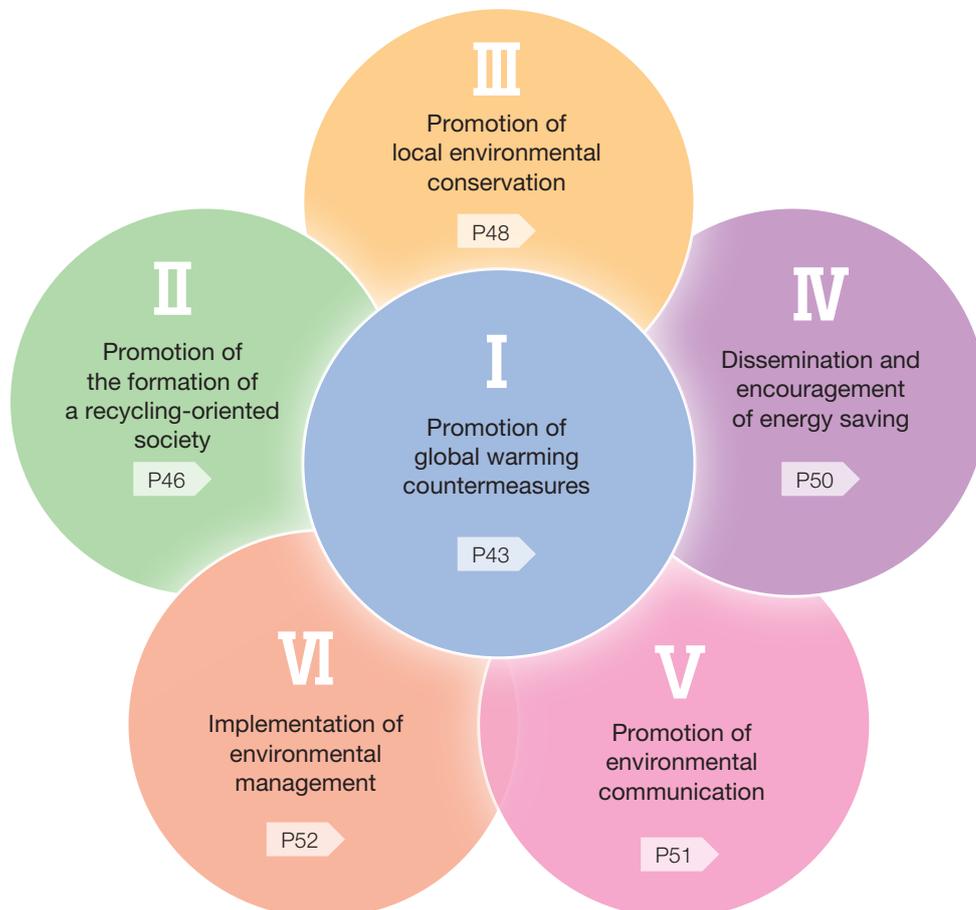
### Basic Policy

The Chugoku Electric Power Group will:

- Contribute to realizing a society that enables sustainable development through simultaneously achieving compatibility with the environment, stable supply of power, and profitability, with our ultimate priority being on ensuring safety as a corporate group handling energy.
- 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 dialog, activities, and other efforts related to environmental conservation.

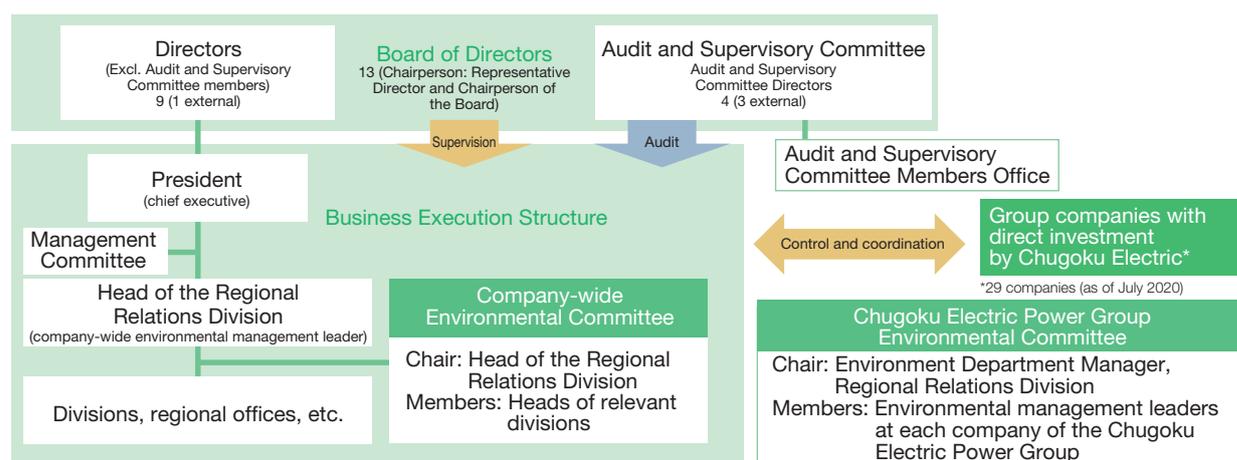
### Action Plan



## Environmental Management Promotion Organization

Under the President, who bears ultimate responsibility for environmental management, the head of the Regional Relations Division is the company-wide environmental management leader, bringing together environmental management at our company, and providing the leadership necessary for implementing the Chugoku Electric Power Group Environmental Action Plan.

We have also established a Company-wide Environmental Committee for promoting efforts to address environmental problems at our company. A Chugoku Electric Power Group Environmental Committee has also been established to promote a team

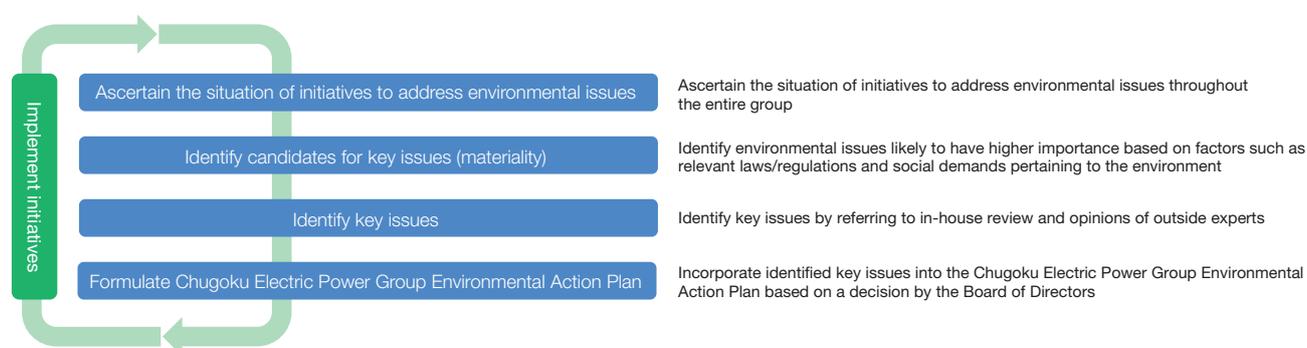


## Efforts to Realize a Sustainable Society

Global-scale environmental problems are becoming apparent, such as climate change and mass consumption/disposal of resources, and there is a need for integrated efforts to address issues in each area: environment, economy, and society. The Chugoku Electric Power Group Environmental Action Plan sets forth environmental efforts to address these problems. Going forward, we will continue contributing to the realization of a sustainable society. We will do this by keeping a close eye on trends inside and outside Japan—such as demands from society to achieve the Sustainable Development Goals (SDGs), and the growth of ESG (Environment, Society, Governance) investing—and by improving the effectiveness of our Environmental Action Plan.

### Identification and review of key issues

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



### 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.

## Chugoku Electric Power Group Environmental Targets and Results

We achieved targets for 11 of our 14 initiatives for FY2020.



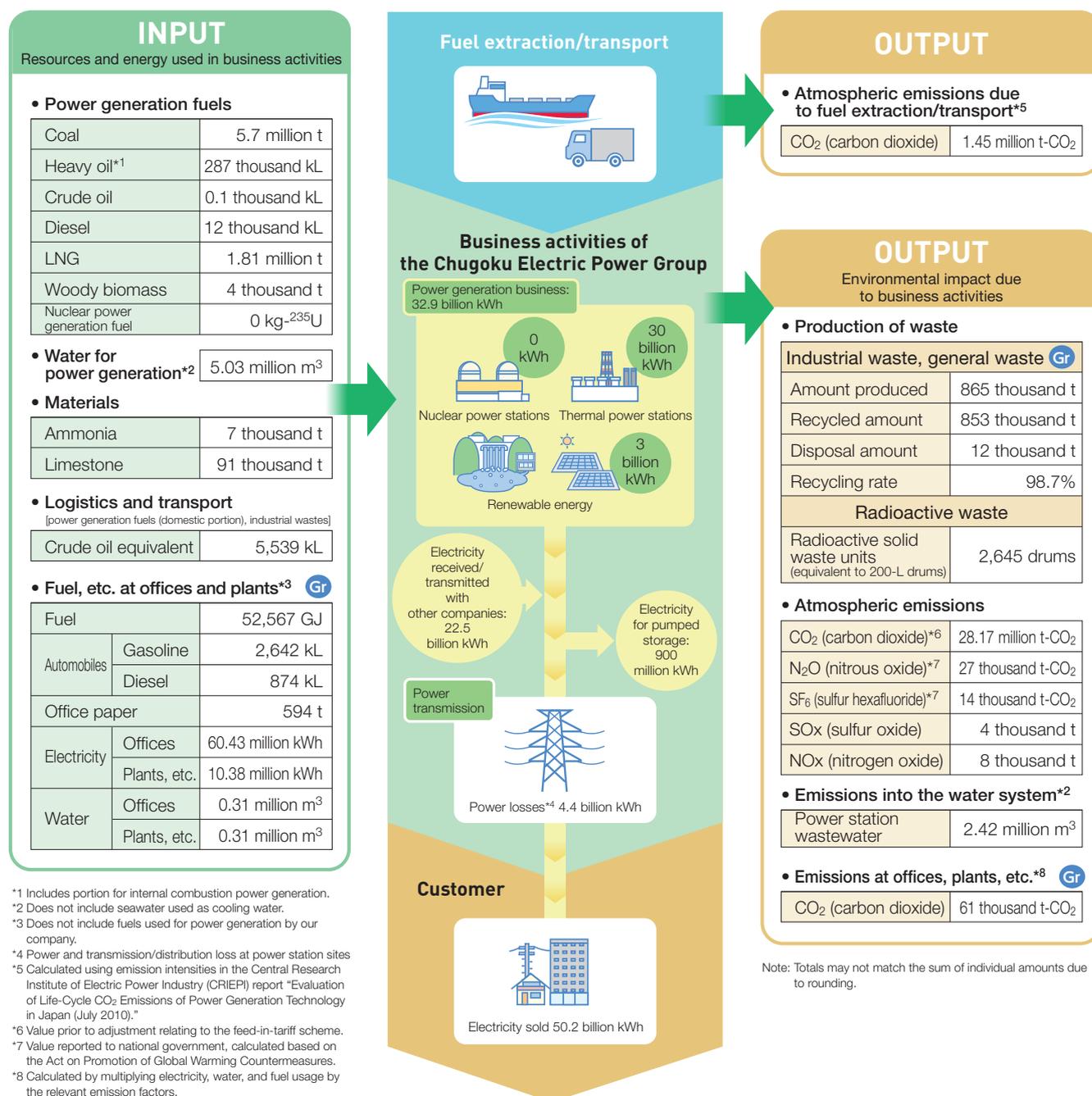
: Achieved : Almost achieved : Not yet achieved

Action Plan	Item	SDGs	Target	FY2020 Results	Evaluation	
I. Promotion of global warming counter-measures	Curb CO <sub>2</sub> emissions		— (Under review in light of national targets)	0.585 kg-CO <sub>2</sub> /kWh	—	
	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	[Units 2 and 3] Currently responding to conformity reviews for new regulatory requirements	—	
	Use of renewable energy power generation facilities throughout the group <b>Gr</b>	 	Use to the utmost	863 MW (2,602 million kWh)		
	Responding to growing introduction of renewable energy <b>Gr</b>		Introduction wherever possible	10.85 GW Connections completed: 5.6 GW Connection applications: 5.25 GW		
	Thermal power station heat efficiency (generating end)		42% or higher (lower heating value standard)	43.5 %		
II. Promotion of the formation of a recycling-oriented society	Waste recycling rate <b>Gr</b>	 	99% or higher in FY2021 (zero emissions)	98.7 %		
	Effective utilization rate for coal ash		99% or higher	99.8 %		
III. Promotion of local environmental conservation	Proper disposal of PCBs <b>Gr</b>	    	Disposal of full amount by the end of FY2027	High-concentration PCB wastes (1) Transformers/Capacitors (2) Small devices, etc./ Pressure sensitive paper, etc.	(1) Disposal finished (FY2018) (2) Making steady progress with disposal	
			Low-concentration PCB wastes	Making steady progress with disposal		
IV. Dissemination and encouragement of energy saving	Introduction of smart meters <b>Gr</b>	 	Finish introduction for all low-voltage customers by the end of FY2024	2.84 million units (progress: 58%)		
	Offering customers products and services which help to save energy <b>Gr</b>		Active development	Installation of EcoCute units Cumulative: 0.63 million units		
V. Promotion of environmental communication	Activities supporting education on energy and the environment for the next generation <b>Gr</b>	 	Active implementation	260 times		
VI. Implementation of environmental management	Percentage of employees participating in environmental education <b>Gr</b>	  	100 %	100 %		
	Reduction rate in use of office electricity <b>Gr</b>		28% or higher in FY2021 (compared to FY2011)	28.5 %		
	Reduction rate in use of office paper <b>Gr</b>		10% or higher in FY2021 (compared to FY2011)	14.9 %		

**Gr** : Initiative by the Chugoku Electric Power Group as a whole

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

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 CO<sub>2</sub> 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 2020

# 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

### Renewable energy

3. Broader introduction of hydro, solar, wind, biomass, and other forms of renewable energy
4. Steps to expand introduction of renewable energy such as demonstration of hybrid storage battery systems

## (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
3. International technical support in areas including coal-fired thermal power generation

## (3) Other measures

1. Efficient operation of power transmission/distribution equipment
2. Curbing emissions of regulated chlorofluorocarbons to protect the ozone layer

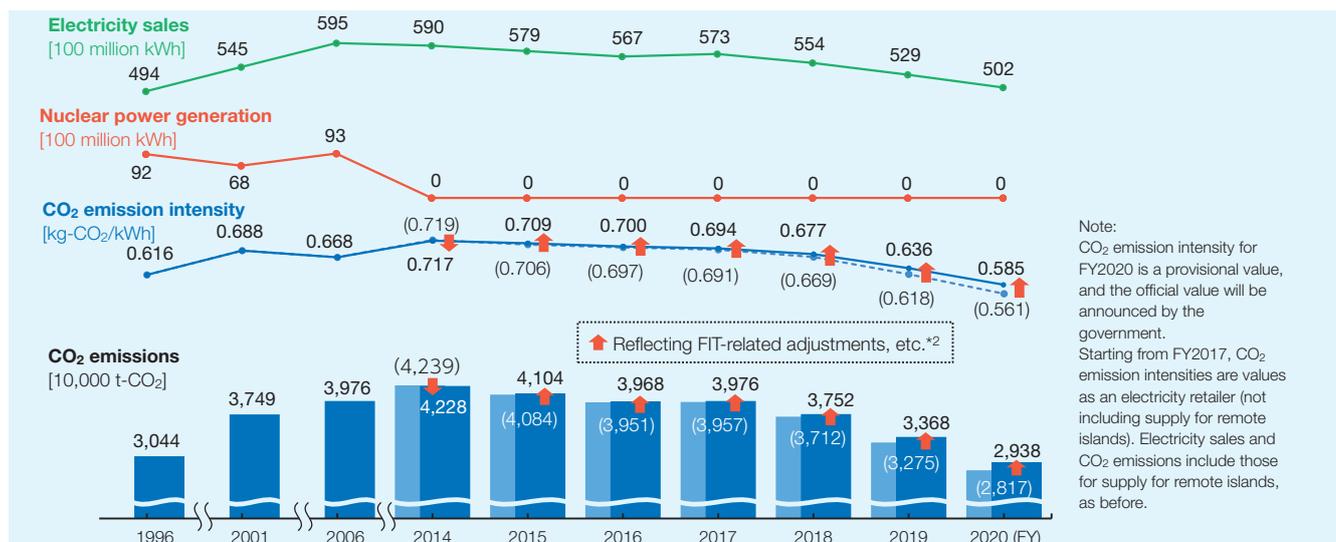
We recognize the importance of initiatives to address the issue of global warming. By adopting a stance of S + 3E (putting safety first (S) while ensuring energy security, economic efficiency, and environment (3Es)), we will strive to realize a balanced mix of power sources. At the same time, we will work to reduce CO<sub>2</sub> emissions, and achieve the levels prescribed by benchmark indicators\*<sup>1</sup> based on the Act on Rationalizing Energy Use.

Development of a Balanced Mix of Power Sources: See p. 17

## CO<sub>2</sub> Emissions Record

Due to the shutdown of nuclear power stations after the Great East Japan Earthquake, there has been an increase in our company's CO<sub>2</sub> emission intensity compared to when our nuclear power stations were operating, but in recent years this intensity has been in a declining trend.

In FY2020, CO<sub>2</sub> emissions were 29.38 million t-CO<sub>2</sub>, and CO<sub>2</sub> emission intensity was 0.585kg-CO<sub>2</sub>/kWh, both of which marked a decline from FY2019 due to factors such as increased use of new energy, and a reduction in thermal power generation. (Numerical values are adjusted.)



Note: CO<sub>2</sub> emission intensity for FY2020 is a provisional value, and the official value will be announced by the government. Starting from FY2017, CO<sub>2</sub> emission intensities are values as an electricity retailer (not including supply for remote islands). Electricity sales and CO<sub>2</sub> emissions include those for supply for remote islands, as before.

\*1 Benchmark indicators: Standards for energy conservation to be achieved in the medium- to long-term. As the levels to be aimed for, Indicator A (1.00 or higher) and the Indicator B (44.3% or higher) have been established for electricity suppliers.

\*2 Reflects adjustments relating to feed-in-tariffs (FIT) and CO<sub>2</sub> emissions credits based on the Act on Promotion of Global Warming Countermeasures, etc. Figures in parentheses indicate values before reflection (emissions and emission intensities before adjustment). Since FY2015, the amount adjusted for FIT has exceeded the CO<sub>2</sub> emissions credit reflection amount, and thus the adjusted value is larger than the unadjusted value.

## Broader Use of Non-fossil Energy

### Use and development of nuclear power

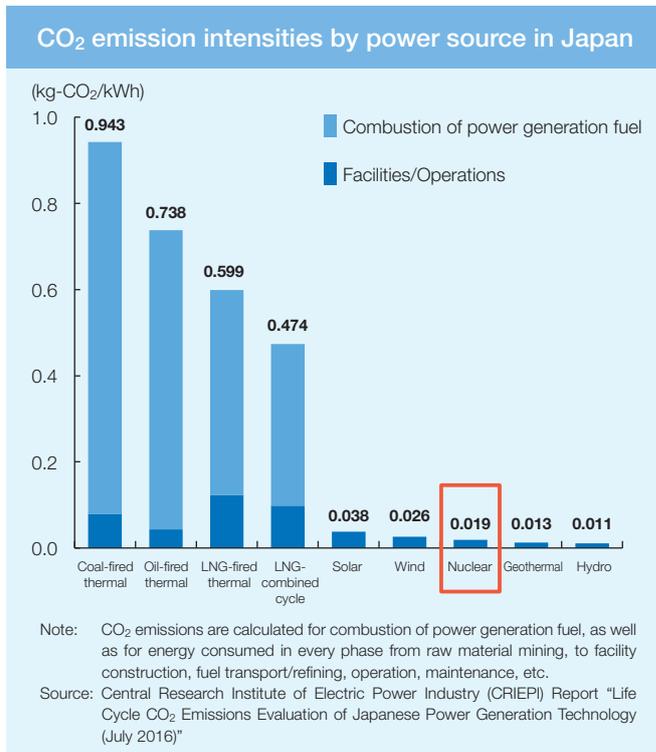
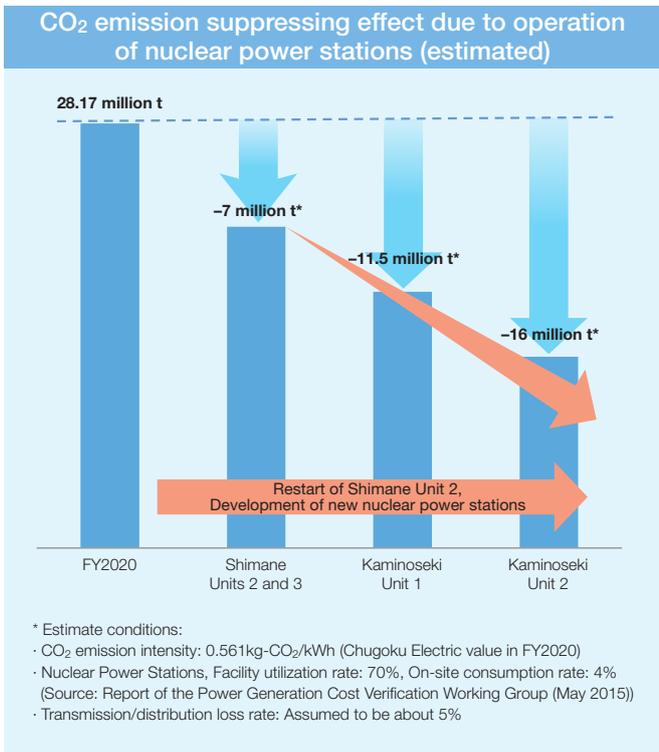
Nuclear power is outstanding in terms of fuel supply stability and economy. It also does not emit CO<sub>2</sub> during operation, and thus is superior for dealing with the issue of global warming.

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.

Further Improvement of Safety of Nuclear Power Stations: See p. 18



Shimane Nuclear Power Station



### Broader introduction of renewable energy

Hydro, solar, wind, and other forms of renewable energy will never run out, and do not produce CO<sub>2</sub> when used for power generation. To help disseminate renewable energy, our Group is taking steps to expand introduction of renewable energy in our energy mix, which includes working to develop mega solar power generation, and implementing initiatives in the mega solar business that contribute to revitalizing local industries. In addition, we purchase electricity from solar, wind, and other renewable power facilities.

As another direction, biomass is organic material produced from inorganic water and CO<sub>2</sub> through photosynthesis by living organisms. This is a sustainable, renewable resource derived from life and the energy of sunlight. 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.

Broader Introduction of Renewable Energy: See p. 21 | Oki Islands Hybrid Project: See p. 31

## Efficient Use of Fossil Energy

In order to curb CO<sub>2</sub> 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 CO<sub>2</sub> capture.

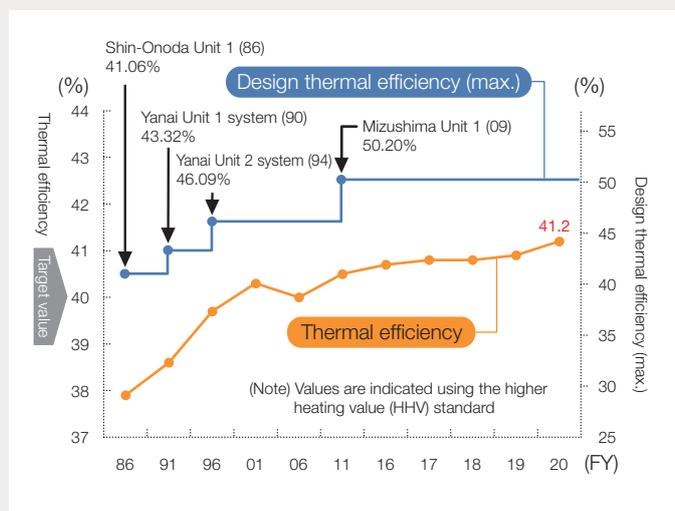
Furthermore, through participation in international business, we are working to reduce global-scale environmental impacts by leveraging the technologies, experience, and other capabilities—in fields such as coal-fired and hydroelectric power—that we have previously cultivated in our electricity business.

Higher Efficiency and Lower Carbon Emissions in Thermal Power Generation: See p. 20

International Business: See p. 26

### Thermal power station heat efficiency

The thermal efficiency of our thermal power stations has been improved through introduction of the LNG-combined-cycle generation system, the ultra super critical generation system, and other approaches. Efficiency in FY2020 was 41.2% (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 CO<sub>2</sub> emissions will be reduced by approximately 500 thousand t-CO<sub>2</sub> every year, and this will save roughly 200 thousand kL of fuel (in heavy oil equivalent). Target levels were not achieved for the FY2020 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.



### 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 CO<sub>2</sub> emissions reduction targets for the electricity business as a whole.



ELCS website

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

FY2031 CO<sub>2</sub> emissions reduction targets for the electricity business as a whole

**CO<sub>2</sub> emissions factor**  
About 0.37kg-CO<sub>2</sub>/kWh (use end)

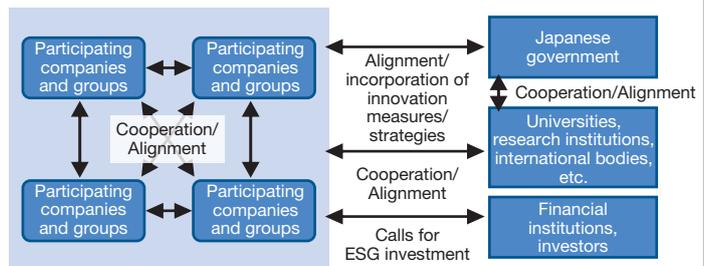
**Maximum potential reduction through steps such as using BAT in developing new thermal power stations, etc.**  
Approx. 11 million t-CO<sub>2</sub>

### 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), and we have announced the following initiatives as part of those efforts.

- Demonstration development of the ultimate in high-efficiency coal-fired thermal power generation (IGFC)
- Installation of a hybrid storage battery system on the Oki Islands as an approach to expand introduction of renewable energy
- Development of technologies to produce environment-friendly concrete in which CO<sub>2</sub> is captured, and promotion of its dissemination
- VPP demonstration project using reuse technology for EV batteries
- Development of a new bioprocess for recycling CO<sub>2</sub>



(Source: Prepared based on a figure posted on the Challenge Zero website)

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

### Promoting the 3Rs: Reduce, Reuse, and Recycle

#### Efforts to achieve zero emissions\*

Our Group's target is to raise the recycling rate for emitted waste to 99% or higher in FY2021. The waste recycling rate in FY2020 was 98.7%.

#### Waste generated and recycled

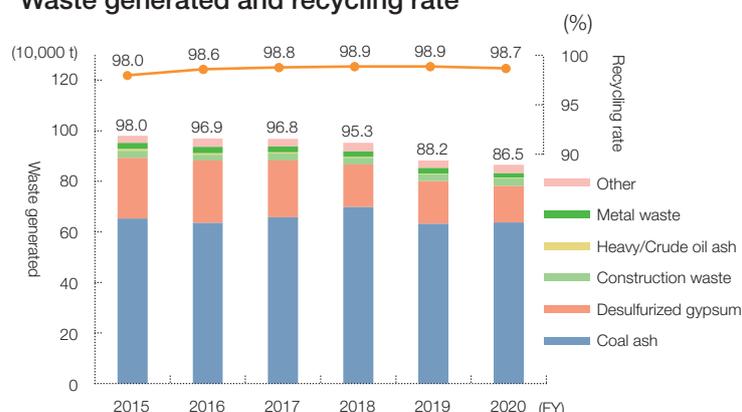
(Unit: 10,000 t)

Item		Amount generated	Amount recycled	Amount disposed of	Recycling rate (%)
Industrial waste	Coal ash	63.8	63.6	0.1	99.8
	Desulfurized gypsum	14.4	14.4	0.0	100
	Construction waste, etc.	8.1	7.1	1.0	88.0
General waste		0.2	0.2	0.0	77.3
Total		86.5	85.3	1.2	98.7

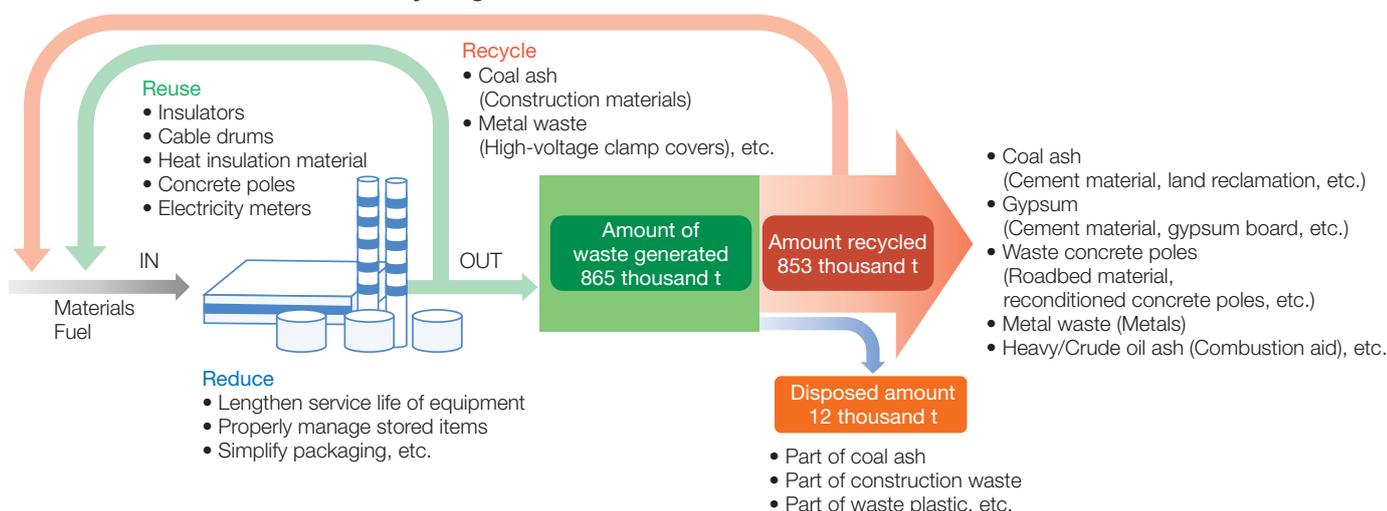
Note 1: Wastes also include valuables.

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



\*The Zero Emissions initiative aims to reduce total waste emitted by a company close to zero through approaches like use of wastes as raw materials for other companies.

To promote effective use of wastes, and thereby reduce the amount of our company's waste disposed in landfills close to zero, we define our Zero Emissions initiative as reducing the ratio of landfill disposal to total general/industrial waste to 1% or less.

## 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.

This work has been lauded as revolutionary R&D. In April 2018, for example, 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."

### Overview of coal ash products and examples of use

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

### Uses for light sand



Toranomon Hills (Tokyo)



DiverCity Tokyo Plaza (Tokyo)

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

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

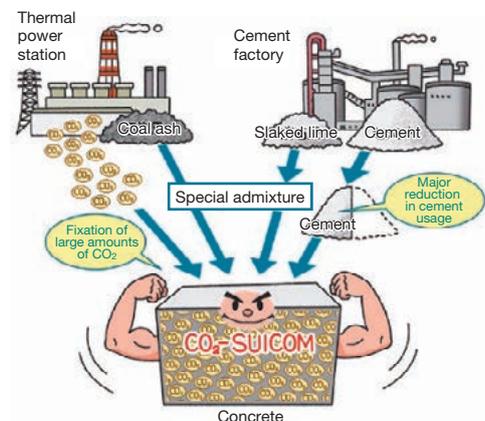
### Development of environment-friendly concrete (CO<sub>2</sub>-SUICOM)

Working jointly with Kajima Corporation and Denka Company Limited, we have developed CO<sub>2</sub>-SUICOM, an environment-friendly concrete that enables CO<sub>2</sub> emissions during manufacturing to be reduced virtually to zero or below.

CO<sub>2</sub>-SUICOM employs a special admixture with the property of hardening concrete as it absorbs CO<sub>2</sub>, and greatly reduces cement usage by using coal ash as a cement substitute. Our research group has made it possible, for the first time in the world, to reduce CO<sub>2</sub> emissions up to commercialization virtually to zero or less by making the concrete, during curing, absorb CO<sub>2</sub> generated in thermal power plants or manufacturing facilities.

This technology has been highly acclaimed from many quarters, receiving awards such as the 2016 Chairperson's Award (Excellence Award) under the 13th Eco-Products Awards program sponsored by the Eco-Products Awards Steering Committee, and the 2014 Environment Minister's Award for Global Warming Prevention Activity.

Going forward, we will be working with Kajima Corporation and Mitsubishi Corporation to develop technology for environment-friendly concrete in which CO<sub>2</sub> is captured, and which can be employed in a wider range of products and structures. We will conduct large-scale outdoor tests at our Osakikamijima Carbon Recycling Research Base with the aim of achieving commercialization in the mid 2020s.



R&D on environment-friendly concrete in which CO<sub>2</sub> is captured

<https://www.energia.co.jp/press/2020/12633.html>

### 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

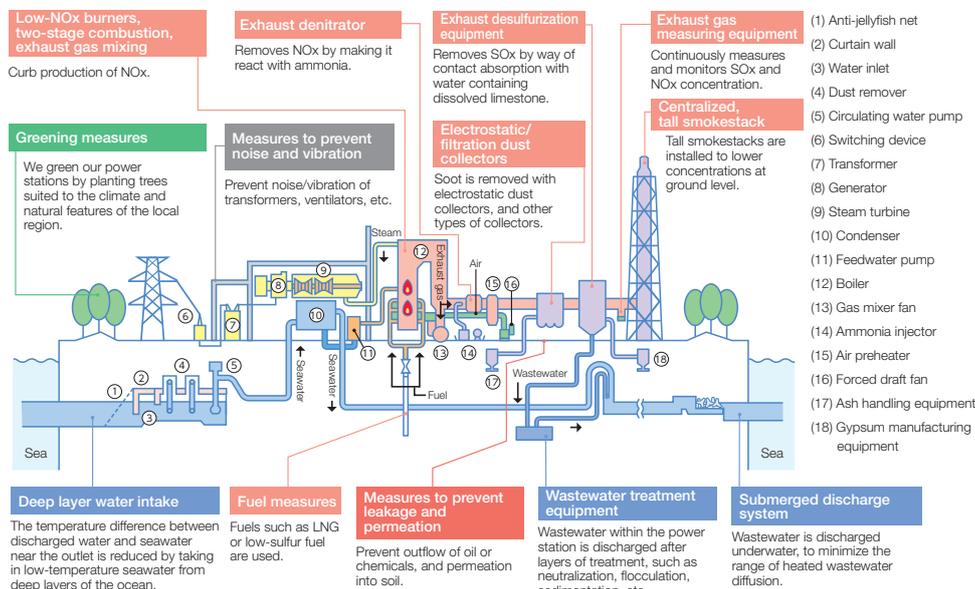
### Environmental conservation measures at power stations

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.

### Overview of environmental conservation measures

<p><b>Measures to prevent air pollution</b></p> <ul style="list-style-type: none"> <li>· Sulfur oxide (SOx) countermeasures</li> <li>· Nitrogen oxide (NOx) countermeasures</li> <li>· Soot countermeasures</li> <li>· Measures to prevent scattering of particulate</li> </ul>
<p><b>Measures to prevent water pollution</b></p> <ul style="list-style-type: none"> <li>· On-site wastewater countermeasures</li> <li>· Heated water waste countermeasures</li> <li>· Measures to prevent oil leakage</li> </ul>
<p><b>Measures to prevent noise, vibration, and foul odors</b></p>
<p><b>Measures to prevent soil contamination</b></p> <ul style="list-style-type: none"> <li>· Measures to prevent leakage</li> <li>· Measures to prevent permeation</li> </ul>
<p><b>Measures to harmonize with the surrounding environment</b></p> <ul style="list-style-type: none"> <li>· Measures to maintain landscapes</li> <li>· Protection of nature</li> <li>· Greening</li> </ul>

### Examples at thermal power stations



## Proper Management of Chemical Substances

### Efforts to detoxify PCBs

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

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). All treatment will be done in a planned fashion by the deadline (end of FY2021).

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.

In an environmental impact assessment, 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.



Aerological observation



Sea area surveys (seaweed)

### 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

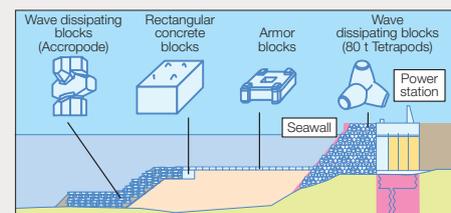
<https://www.energia.co.jp/area/shimane/entry/12008.html>

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](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 kurume*.

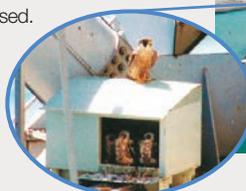


Cross-section of an artificial reef

### 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 1,530 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. Here, we carry out proper management such as pruning and thinning.

These forests have many functions aside from recharging water resources, including absorbing the CO<sub>2</sub> that causes global warming, preventing soil runoff, and protecting the habitat environments of wild animals and plants.



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

### 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. As part of this agreement, we have announced the following initiatives:

- Improving riverbed environments using "Hi-beads" recycled coal ash products
- Creating a habitat for fish and shellfish by installing an artificial reef
- Coexisting with peregrine falcons on the premises of one of our coal-fired thermal power stations

Website of the Keidanren biodiversity initiatives

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

## IV. Dissemination and Encouragement of Energy Saving



1. Supporting energy-saving activities of customers such as use of smart meters, etc.
2. Offering customers heat pumps and other energy-saving products

### Supporting Energy-saving Activities of Customers and Offering Customers Energy-saving Products

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 introducing smart meters as environmental infrastructure that enable more effective energy-saving initiatives, and we plan to install these meters for all low-voltage subscribers within our service area (approx. 5 million units) by the end of FY2024.

Making Electrification Proposals to Help Conserve Energy and Reduce Costs: See p. 25

#### Dissemination of energy-saving methods through our website

##### Living support website “Gutto Zutto. Web”

Here we showcase the latest information on energy-saving appliances, and methods/ideas for energy conservation. The site includes features enabling users to easily estimate the effect of economizing.



“Gutto Zutto. Web” <http://www.energia-support.com/>

##### Environmental household account book

This tool allows users to ascertain their CO<sub>2</sub> emissions, both direct and indirect, based on the amount of energy used in the home.



Environmental household account book <https://www.energia.co.jp/energy/eco/kakeibo.html>

#### Development of a wall greening system

Greening of building walls is becoming increasingly popular due to the energy-saving effects it offers in the summer by blocking sunlight and heat, and suppressing the rise in temperature of building walls. Working jointly with Taisei Corporation, we have developed a circulating hydroponic greening system that is clean because it uses no dirt, and which enables plants to grow stably, with no human intervention.

We have realized a compact and lightweight system which integrates the culture tank, where plants are planted, and culture solution tank into a two-level vertical structure.

A wall greening system using the method developed by our company, and an indoor greening system effective for soothing people and ensuring privacy, have been commercialized (technology brand name: e-ver, product name: Esola) by Energia L&B Partners Co., Inc., one of our Group companies. Going forward, we plan to examine further improvements in product appeal and functionality.



Wall greening system



Indoor greening system

Greening system sale and rental <https://www.energia-lbp.co.jp/business/building/material/index.html>

## V. 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



We respond to the Climate Change Questionnaire of the CDP (formerly the Carbon Disclosure Project), an international NGO working in environmental fields like climate change. Our 2019 score was “B,” one of the highest in the electric power industry.

Response to CDP

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

### Chugoku Electric Environmental Forum

We solicit evaluations and opinions regarding our Group’s environmental efforts from outside experts at the Chugoku Electric Environmental Forum, and incorporate the findings into our business activities.



Environmental forum

## 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 Energja Group Environment Month, and engage in various activities relating to the environment.



Donation and planting of flower seedlings for daycare centers



Clean-up activities at the Sandankyo Trail

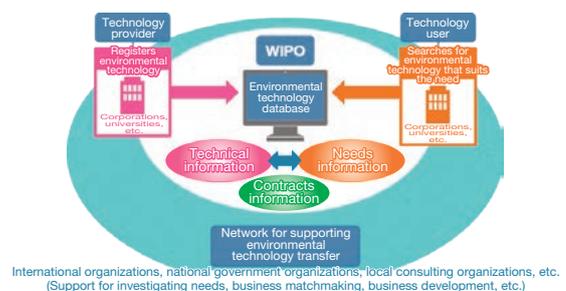
## Promotion of Activities to Support Energy/Environment Education for the Next Generation

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

Education Support Activities: See p. 60

## Promotion of Technical Cooperation with Developing Countries and International Exchange

To achieve our aim of widely disseminating our environmental technologies, and thereby contributing to environmental conservation, in April 2018 we registered our environmental technologies in the environmental technology database compiled by WIPO GREEN, a framework operated by the World Intellectual Property Organization (WIPO) for promoting global dissemination of environmental technologies and know-how.



### Environmental technologies registered thus far

- Technology for preventing attachment of marine organisms to submerged structures by using energy-saving, long-life LED lighting instead of chemicals
- Technology for purifying exhaust gas by removing nitrogen oxide (NOx)

WIPO GREEN website

<https://www3.wipo.int/wipogreen/en/>

## VI. Implementation of Environmental Management



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

#### 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 Regional Relations Division (Environment) visit each business site.



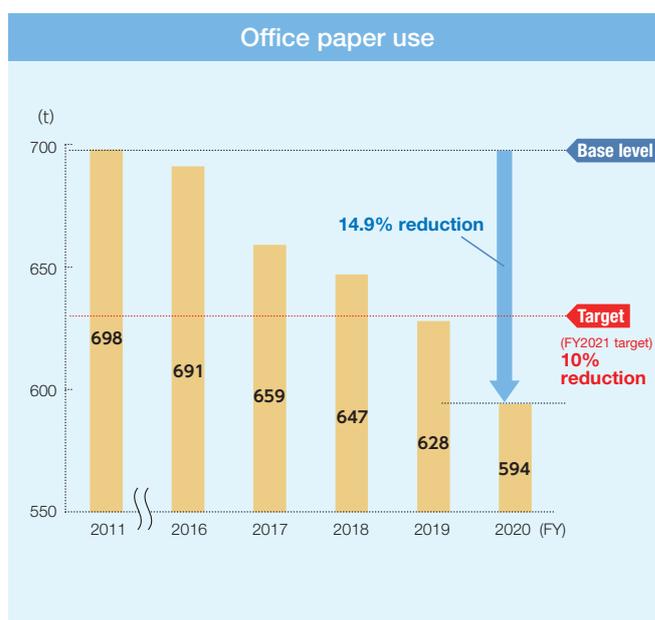
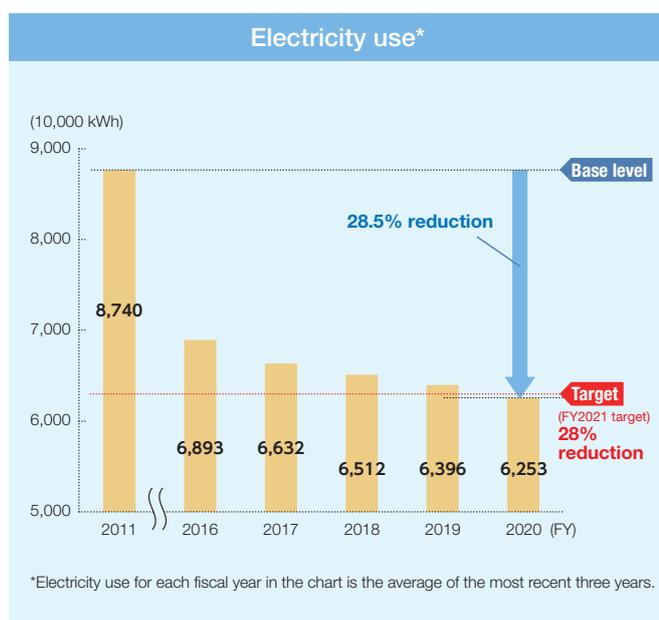
Environmental consultation meeting

#### 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.

### 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.





## Proactive Disclosure of Information Relating to Climate Change

In light of trends inside and outside Japan, such as establishment of an international framework relating to climate change, and growth in ESG (Environmental, Social, Governance) investing, we are working to improve our corporate value by further bolstering information disclosure relating to climate change. For example, in June 2019 we signed on in agreement to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD<sup>\*1</sup>), and we are participating in the TCFD Consortium.<sup>\*2</sup> We also respond to the CDP Climate Change Questionnaire.

### Governance

In our Company-wide Environmental Committee, chaired by the company-wide environmental management leader (head of the Regional Relations Division), we identify candidates for important issues (materiality) relating to climate change and other environmental problems, and discuss important matters relating to the Chugoku Electric Power Group Environmental Action Plan. The implementation situation is reported to the person who bears ultimate responsibility for environmental management (the President).

The Board of Directors determines the Group Environmental Action Plan, periodically receives reports from the company-wide environmental management leader on the environmental management implementation situation, and oversees the task implementation situation.

Environmental Management Promotion Structure: p. 40

### Strategy

While keeping in mind climate-related risks and opportunities, we recognize mitigation of climate change as an important (material) management issue, and as initiatives to curb CO<sub>2</sub> emissions, we are broadening use of non-fossil energy, efficiently utilizing fossil energy, and encouraging energy saving.

Broader use of non-fossil energy

See p. 44

Efficient use of fossil energy

See p. 45

Dissemination and encouragement of energy saving

See p. 50

### Risk management

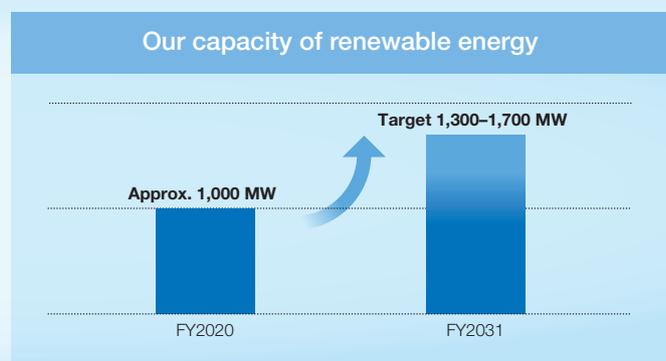
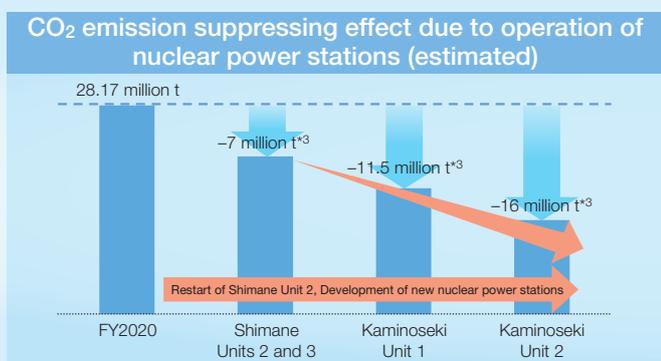
We periodically identify and evaluate climate change-related risks such as: typhoons, storm surges, and other natural disasters; drop in flow rate due to drought; fluctuation in fuel prices; and compliance with environmental regulations. We are constantly working to manage risk, through steps such as incorporating the measures we took to address such risks into our management planning.

Risk Management: See p. 68

### Indicators and targets

Based on the Chugoku Electric Power Group Environmental Action Plan, we will strive to broaden use of non-fossil energy, such as nuclear power and renewable energy, and efficiently utilize fossil energy. In addition, we have positioned renewable energy as a growth area, and established achieving new capacity of 300–700 MW by FY2031 as our target.

With this new development of 300–700 MW, our Group's renewable energy generation capability will increase to about 1.5 times its current level. The total of our hydroelectric power (including pumped storage), other renewable energy, and our nuclear power facilities as of FY2031, will be roughly half the power generation facilities we currently possess.



<sup>\*1</sup> A task force established by an international body called the Financial Stability Board (FSB) with the objective of developing voluntary, consistent methods of disclosing climate-related financial information.

<sup>\*2</sup> A consortium established as a forum where companies, financial institutions, and other organizations supporting the TCFD Recommendations can work together to promote initiatives, and discuss effective information disclosure and appropriate investment decisions.

<sup>\*3</sup> Estimate conditions: · CO<sub>2</sub> emission intensity: 0.561kg-CO<sub>2</sub>/kWh (Chugoku Electric value in FY2020)  
· Nuclear Power Stations, Facility utilization rate: 70%, On-site consumption rate: 4% (Source: Report of the Power Generation Cost Verification Working Group (May 2015))  
· Transmission/distribution loss rate: Assumed to be about 5%



**Personnel and Society**

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

One of the missions set out in our new corporate vision is to “Inspire employees through our culture.” In addition, one of our non-financial goals is “The further enhancement of work environment for diverse human resources.”

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.

## Utilizing Our Diverse Values and Experiences

**Vision** The further enhancement of work environment for diverse human resources

In addition to the hiring of new school graduates, we are constantly looking to enhance our diverse workforce, whether it be with mid-career hires, such as experienced, highly specialized employees from other companies, or foreign workers. 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.

#### Target (FY2021–FY2025/beginning of FY2020)

Specific Target	Chugoku Electric	Chugoku Electric Power Transmission & Distribution
Increase the no. of female employees in management positions	Ratio of female employees at section chief or above > 200% Ratio of female employees in management positions > 120%	No. of female employees in management positions > 120%
Increase the no. of female employees in technical positions	No. of female employees in technical positions > 120%	No. of female employees in technical positions > 120%

#### Female Employee Data

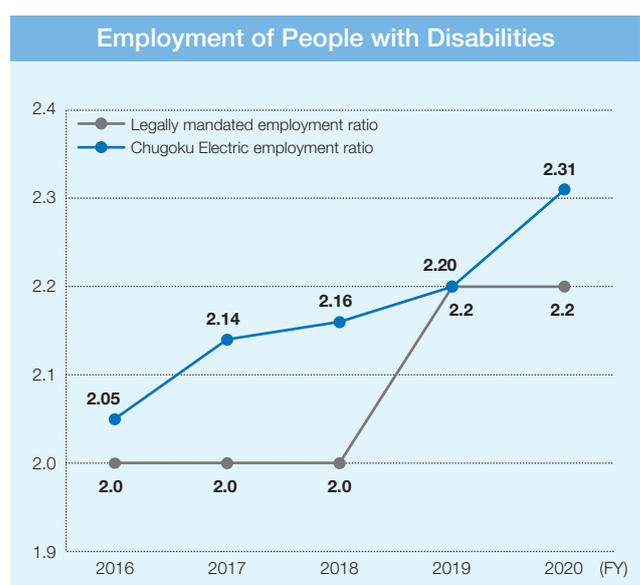
Chugoku Electric	FY2020 Results
Percentage of female employees at section chief or above	1.3 %
Percentage of female employees in management positions	4.1 %
No. of female employees in management positions	172
No. of female employees in technical positions	73

Act on Promotion of Women’s Participation and Advancement in the Workplace See here for general employer action plans:  
[https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/20200409909222757185\\_1.pdf](https://positive-ryouritsu.mhlw.go.jp/positivedb/planfile/20200409909222757185_1.pdf)

### Promoting the employment of people with disabilities

As a corporate entity, to do our part to help people with disabilities become independent, we are working with schools, Hello Work (a governmental employment center), and other institutions to continually promote the employment of people with disabilities.

In July 2018, we established our special subsidiary EnerGia Smile Co., Inc. Moving forward, we will continue to enhance our working environments to cater to people with disabilities, and further promote their employment.



### 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 environment 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.

### Efforts to introduce a range of workstyles

We are engaged in various efforts to promote a diverse range of workstyles, including flextime and work-from-home systems.

#### Recent Examples

- Flextime system
- Work-interval system
- Work-from-home system
- Free seating offices (partial)

### Efforts to support a balance between work and family care

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 childcare.

#### Target (FY2019–FY2021)

Introduce diverse workstyles	We will strive to implement a diverse range of workstyles to help employees achieve a healthy balance between work and childcare
Promote understanding of male employees participating in childcare	We will develop a workplace culture that makes it easy for male employees to actively participate in childcare

Act on Advancement of Measures to Support Raising Next-Generation Children  
See here for general employer action plans:  
[https://ryouritsu.mhlw.go.jp/hiroba/planfile/201803301313080267270\\_1.pdf](https://ryouritsu.mhlw.go.jp/hiroba/planfile/201803301313080267270_1.pdf)

#### Systems that Support a Balance between Work and Childcare/Nursing Care

\*Figures in brackets denote acquisition rates

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 (Childcare/nursing care)	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		
		FY2018	FY2019	FY2020
Childcare leave	Female	40 (100%)	44 (100%)	48 (100%)
	Male	3 (1.4%)	6 (3.0%)	8 (3.8%)
Life support leave (Childcare)	Female	266	332	332
	Male	501	524	548
Nursing care leave		1	0	0
Life support leave (Nursing care)		753	886	1,106

### Efforts to Support Male Employees' Participation in Childcare

To promote understanding of male employees utilizing our childcare support system, and to promote a workplace culture that makes it easy for them to actively participate in childcare and home duties, we have created the Childcare Support System Handbook for Male Employees. Among other things, the handbook provides an overview of the system and informs employees on how to use it.

In addition, we are posting discussions between male employees and their managers on the company intranet that detail their experiences with the system.

Childcare Support System Handbook for Male Employees



### ■ 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.

## Developing Human Resources/Passing on Techniques and Skills

**Vision** The further enhancement of work environment 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.

#### 1. On-the-job training (OJT)

Based on the growth goals that employees independently set at the beginning of the fiscal year, superiors formulate development plans, and guide and educate employees through their everyday work to help them acquire the necessary expertise, techniques, and attitudes

#### 2. Off-the-job training

Starting from the time they join the company, all employees undertake training based on their ascending level within the company, while education is provided to equip them with the specialist expertise, techniques, and skills required for their division

#### 3. Self-development

A system is in place to support self-development and help employees improve the expertise and skills necessary for their work, and support their efforts to gain qualifications

Education chart

Category	Self-development support	OJT	Off-the-job training (Group training, etc.)			
			Basic education		Special education	Work-based education
			Level-based education	Optional education		
Management-level employees	<ul style="list-style-type: none"> <li>Monetary awards for employees who gain qualifications</li> <li>Financial support for distance learning</li> <li>English improvement lessons</li> <li>Financial support for language exam fees and language club activities</li> <li>Provision of audio/visual educational materials</li> </ul>	On-the-job training	<ul style="list-style-type: none"> <li>Training for new management employees</li> </ul>	<ul style="list-style-type: none"> <li>Self-challenge course</li> </ul>	<ul style="list-style-type: none"> <li>Next-generation leader training</li> </ul>	<ul style="list-style-type: none"> <li>Divisions training</li> </ul>
Others			<ul style="list-style-type: none"> <li>Improvement training (Third year of employment)</li> <li>New employee training</li> </ul>			

Participation rate for level-based education



### 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 FY2020, 12 employees were newly certified as Energia Masters.

No. of Energia Masters as of the end of FY2020

57

Power distribution	11	Transmission/transformation	13
Thermal power	16	Civil engineering	7
Nuclear power	7	Construction	0
Hydroelectric power	2	Information	1

## Occupational Health and Safety

At Chugoku Electric and Chugoku Electric Power Transmission & Distribution, we proactively implement a range of health and safety measures, and work together to ensure the safety and maintain and promote the health of our employees. In addition, we are constantly working to eliminate all occupational accidents relating to our business, including in our contracted and outsourced work. We also regularly hold Health and Safety Promotion Meetings with employees from various divisions to deliberate on key matters pertaining to health and safety management, and to promote relevant measures in a comprehensive manner.

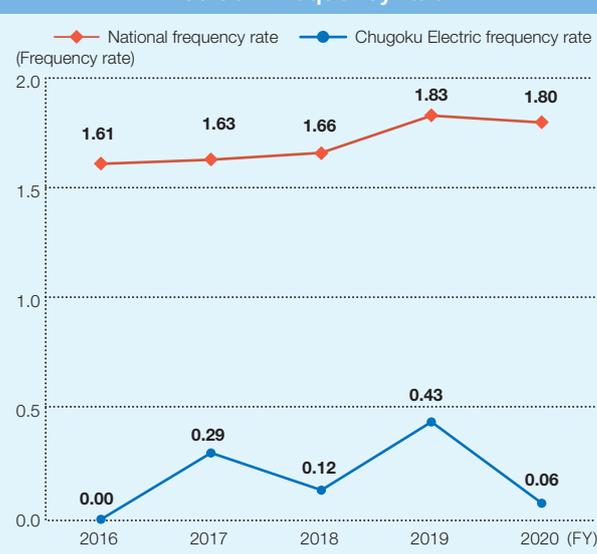
Moreover, each year we formulate a Health and Safety Management Policy which is driven by the thorough safety management of managers and independent workplace action. And, with advance safety initiatives, strict compliance with basic rules, and active communication as central pillars, we are engaged in a variety of activities to create healthy, safe, and vibrant workplaces.

### 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 solid safe work practices. 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 (including the transmission and distribution business inherited by Chugoku Electric Power Transmission & Distribution) continues to be lower than the national standard.

Accident frequency rate



### 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, exercise support, and smoking cessation support. In this way, we are continuously assisting employees' independent health promotion efforts. We also host month-long walking programs, sporting competitions, and other workplace events which help to enhance communication among employees.

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

In recent years, mental health and stress have been highlighted as serious social issues. As such, we are promoting 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. Specifically, we are educating all employees and management employees on mental health, conducting stress checks, 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. We have also launched a system to enable those taking time off work to smoothly return to their workplaces.

### Health and productivity management

Our efforts to ensure a healthy mind and body for our employees were recognized under the 2020 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.



## Human Rights Education

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 towards 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 discussion-based 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 discussion-based workplace training sessions for all our employees, as well as level-specific group training sessions for new employees, new managers, and others.

<p>No. of participants in discussion-based workplace training sessions on a companywide unified topic (FY2020)</p> <p><b>8,464</b></p>	<p>Total no. of participants in human rights training sessions (incl. those on left) (FY2020)</p> <p><b>11,415</b></p>
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## Involvement with Local Communities

### Employees' social contribution activities

At Chugoku Electric, our foundations are firmly rooted in our local communities. To aid their 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.

Overall social contribution  
(FY2020)  
No. of activities:  
**1,835**  
Total no. of employees participating:  
**10,626**

### 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.



### Visiting social welfare facilities

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.



### Supporting university students through the donation of emergency food

At the Chugoku Electric Power Group, we have in place a business continuity plan to ensure we can continue operations in the event of a major disaster, and as such we stockpile the minimum necessary amount of food and drinking water. We regularly check the best-by date of these stockpiles, and before they are due to expire, donate them to food bank organizations, social welfare councils, and other institutions.

In May 2020, our Shimane Regional Office and Chugoku Electric Power Transmission & Distribution's San'in Network Center donated instant rice, nutritional supplement foods, and other items to the Matsue Council of Social Welfare. This was in response to an appeal from the council to help support university students who had been impacted by COVID-19, and donations were made through a local university.



### Social contribution activities of our Group companies

Each of our Group companies is also proactively involved in social contribution activities.

### Energia Communications, Inc. – internet security classes

To keep children safe online, Energia Communications holds summer holiday internet security classes for children (between grades four and six) and their guardians. Classes were held for the tenth time in FY2020, and children were taught how to deal with cybercrime, before splitting into groups to hold workshops and exchange opinions on points for concern when online. The classes teach children how to avoid coming into contact with the internet's latent dangers and risks, and are helping children to use the internet in a safe and enjoyable manner.



## Culture and sport promotion

### Sports clubs' 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.



Energia Running School

### Chugoku Electric project, Making Memories of Sport in the Summer

Due to the impact of COVID-19, junior high and high school sports tournaments have been cancelled, and students have lost a platform to display the results of their hard work.

To bring some joy to students involved in school sports clubs through the power of sport, and to create a summer that they'll never forget, in the summer of 2020 we began the Chugoku Electric project Making Memories of Sport in the Summer. As part of the project, athletes from our track and field, women's table tennis, and rugby clubs sent messages of support to students, and uploaded videos of their recommended summer training plans. We also received many videos of students training hard.



Special project website

### 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 from the Chugoku region who have made outstanding achievements and who are making remarkable progress in the fields of art, music, traditional culture, and sport.

Culture and sport support cases (Cumulative total to FY2020)

**Total no. of cases: 3,742 Total donations: ¥ 768.84 million**



Awards ceremony

### Solving local issues/supporting local industries

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
- Providing support to attract corporations to the Chugoku region through the combined efforts of the Chugoku Electric Power Group
- Distributing information to revitalize local communities through publications such as *Aoi Kaze* and the *Chugoku Region Financial Overview*
- Supporting local industries through surveys and research in tandem with the Chugoku Economic Federation and the Chugoku Regional Innovation Research Center, etc., and subsidies from the Electric Technology Research Foundation of Chugoku (est. 1991)

Technological research support cases (Cumulative total to FY2020)

**Total no. of cases: 1,573 Total donations: ¥ 1,204.56 million**



## Disaster Preparedness Initiatives

### Reinforcing our disaster response system

At Chugoku Electric and Chugoku Electric Power Transmission and Distribution, to ensure that we can work together and smoothly and quickly restore our facilities in the case of a typhoon, earthquake, or other disaster, on April 1 of this year we concluded a cooperative disaster restoration agreement. Even after the split off of our transmission and distribution business, we will continue to respond to disasters in an integrated manner and strive 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. In December of last year, we again set up the Emergency Disaster Response Headquarters at our head office to quickly collect information on damage and restoration conditions and reliably share information between the head office and our business divisions.

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

On April 1 of this year, the prime minister specified Chugoku Electric Power Transmission & Distribution as a designated public institution. As a result, at Chugoku Electric and Chugoku Electric Power Transmission we are formulating a joint Disaster Action Plan.

Based on this plan, we are building a system in tandem with electric power companies in other regions, our partner companies, and the Organization for Cross-regional Coordination of Transmission Operators to share power, personnel, materials, and more in times of disaster.

### Reinforcing partnerships with external institutions and local governments

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.



President Mareshige Shimizu (right) and the head of the 6th Regional Japan Coast Guard Headquarters after signing a cooperative agreement (January 2020)

Partners	Main partnership details
Ground and Maritime Self-Defense Forces (SDF)	<ul style="list-style-type: none"> <li>· Road opening work, and transportation of materials, equipment, and personnel by aircraft, ship, and other means to help with restoration (providing prefectural governors ask SDF for disaster relief assistance)</li> </ul>
Japan Coast Guard Headquarters	<ul style="list-style-type: none"> <li>· Transportation of materials, equipment, and personnel by patrol boat and other means to help with restoration</li> </ul>
West Nippon Expressway Co., Ltd.	<ul style="list-style-type: none"> <li>· Emergency passage across highways for disaster relief vehicles</li> </ul>
Prefectures and Municipalities	<ul style="list-style-type: none"> <li>· Confirming 24-hour contact center and disaster liaison dispatch system</li> <li>· Confirming 24-hour road management contact center</li> <li>· Creating lists of facilities that accept disaster relief support workers</li> <li>· Removing fallen trees that prevent restoration of power failures, and road opening work</li> <li>· Managing and sharing lists that detail important social facilities requiring priority restoration</li> </ul>
Izumi Co., Ltd., Lawson, Inc., AEON Co., Ltd.	<ul style="list-style-type: none"> <li>· Securing procurement routes for food, drink, and other goods</li> </ul>

## Communication with Stakeholders

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, local communities, shareholders, investors, suppliers, and employees.

Stakeholders	Main communication tools and opportunities for interaction
Customers	<ul style="list-style-type: none"> <li>Business offices, etc.</li> <li>Websites</li> <li>Customer centers</li> <li>Social media</li> <li>Pamphlets, incl. corporate brochures</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Advisor meetings</li> <li>Social contribution activities</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Analyst and institutional investor briefings</li> <li>Integrated reports</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier briefings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Workplace/employee awareness surveys</li> <li>In-house newsletters</li> <li>Intranet</li> <li>Business office visits by management</li> </ul>

### Use of our customer feedback system

The feedback and requests we receive through our daily dialog with customers, our visitation activities, our participation in local events, and other encounters are recorded in our Customer Feedback System, and quickly communicated to the relevant departments. Moreover, feedback that could contribute to business improvements, as well as other opinions from our customers, is posted daily onto our intranet homepage and shared among all company employees. We endeavor to use this feedback to analyze and examine customer needs, and make improvements to our services.

### Improvements made as a result of customer feedback

Customer feedback:  
I want to be notified of my electric bill in a timely manner.



Improvement:  
We began using LINE to notify customers of their electricity bill, as well as to provide information on services such as discount marketing campaigns.



LINE screen

### Use of social media

We use Facebook, Twitter, Instagram, and other social media outlets to communicate a range of information in an easy-to-read format. This includes information on our business activities, our initiatives in times of emergency, the activities of our major sports clubs, lifestyle information, and more.



Chugoku Electric's official Facebook page



Chugoku Electric's official Instagram account

### Online Video Content: Otodokemono

With an increasing number of young people using YouTube in recent years, we decided to create our very first short movie for online viewing.

The heartwarming story is of a young boy who delivers a gift to his best friend living on an isolated island. As the main character overcomes various trials and tribulations on his journey, all for the sake of his friend, we communicate our mission as an electric power provider, and our hopes for an energy-driven society that brims with vitality. To date (end of September 2020), the video has recorded around 1.2 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 company briefings held in the second quarter and after our full-year financial results announcement, Chugoku Electric executives, including the president, proactively engage in dialog with institutional investors and securities analysts, such as through regular roundtable discussions. Three company briefings were held in FY2020, and a total of 173 institutional investors and other individuals attended. Moreover, we disclose quarterly financial overviews, account summaries, and other financial information, as well as integrated reports and company presentation materials on our website in an easy to understand manner. In doing so, we are working to improve the convenience of our communicative tools for our shareholders and investors.

Basic IR Policy

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

### ■ Supplier briefings

Each year, we hold briefings for our major suppliers. In line with our Basic Procurement Policy, we proactively disclose and share information while endeavoring to enhance the quality of our communication.

In FY2020, supplier briefings were held in April and May, with representatives from a total of 321 companies in attendance.

#### 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/e/business/intro/policy.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.



Governance

## Basic Approach to Corporate Governance

The Chugoku Electric Power Group seeks to build firm relationships of trust with all of its stakeholders, including its shareholders, investors, customers, local communities, and suppliers, enhance its corporate value, and achieve sustainable growth. 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**

The Chugoku Electric Power Group's core mission is to fulfill its responsibility as a member of the community and contribute to the sustainable development of society through its business. Fundamental to this mission is the trust of our various stakeholders, and thus we will strive to appropriately cooperate with them.

**(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.

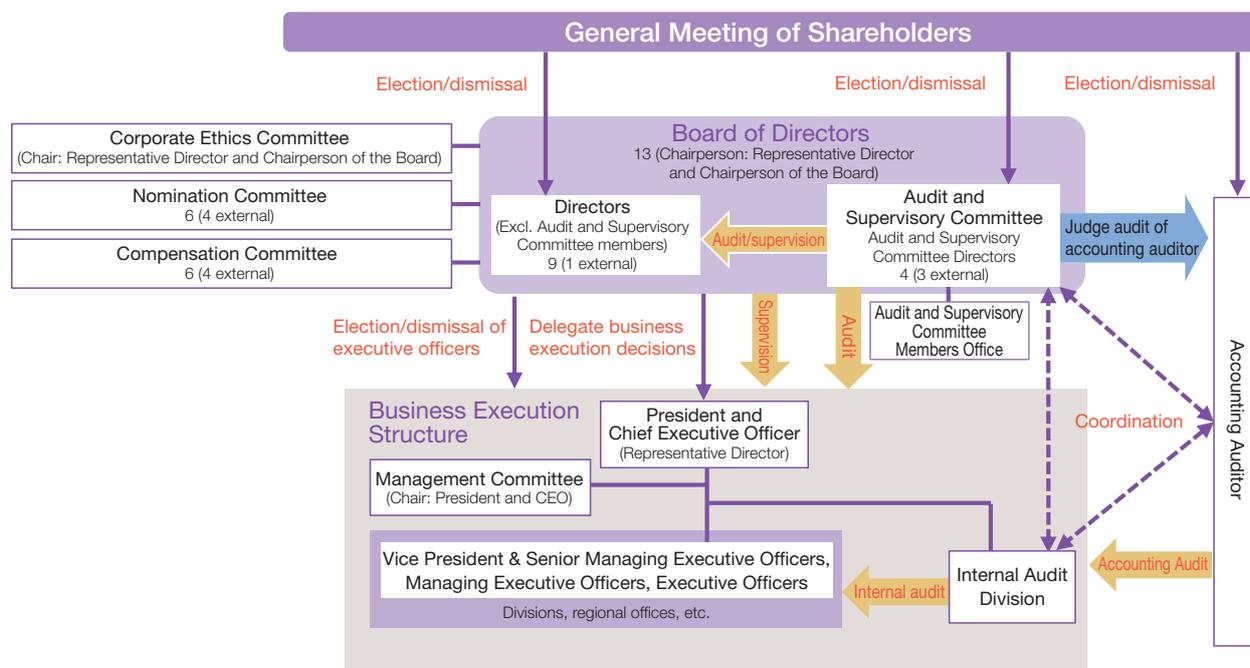
## Efforts to Enhance Our Corporate Governance

At Chugoku Electric, we have continued to enhance our corporate governance in line with the changing times.

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.



As of June 25, 2020

### Board of Directors

The Board of Directors consists of 13 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, the board receives reports from directors regarding the execution of business, and monitors the execution of their duties.

### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of 4 directors, of which three (two female) are external directors. 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 eight dedicated staff to assist committee members with their work.

### Corporate Ethics Committee

➔ See “Compliance” on page 70.

### Nomination Committee and Compensation Committee

Both the Nomination Committee and Compensation Committee consist of directors, including external directors, and as advisory committees to the Board of Directors, they enhance objectivity and transparency in decision-making processes pertaining to the election, dismissal, and compensation 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. Based on the responses, the effectiveness of the Board of Directors is evaluated at a roundtable discussion involving the representative director and Audit and Supervisory Committee members. The evaluation results of this discussion are reported to the Board of Directors and shared with all members.

### Questionnaire content/Evaluation results (FY2021)

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

The results of this year's questionnaire were evaluated at a roundtable discussion involving the representative director and Audit and Supervisory Committee members in April 2020. It was confirmed that the entire Board of Directors is functioning effectively and that its efficacy is being properly maintained.

#### Other major matters confirmed following evaluation

- Owing to business execution reports and visiting audits by the Audit and Supervisory Committee, advice and supervisory information is appropriately being provided to external directors
- As a result, the Board of Directors is able to engage in active, constructive dialog
- The Board of Directors will continue its efforts to improve the information on meeting materials. Efforts will also be made to improve external directors' understanding of our business through approaches such as active exchange of views outside of board meetings.

## 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

- 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.
- Basic (monthly) remuneration shall be paid according to the company's business environment and results, and the individual's role, responsibility, and previous fiscal year's performance.
- To clarify directors' (excluding Audit and Supervisory Committee directors) responsibility with respect to the company's business results, and as an incentive for them to improve results, in addition to monthly remuneration, directors may be paid bonuses in line with the company's business environment and performance. Bonuses shall be paid according to the individual's performance.

#### 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 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.

The total bonus amount shall be set based on the assumption that the company meets its performance targets. The specific total bonus amount shall be determined based on the level of achievement of the company's performance targets, and paid to each director (excluding Audit and Supervisory Committee directors) accordingly.

#### 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.

## 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 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 others, it makes company-wide adjustments and system improvements to the risk countermeasures of each division.
- 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.

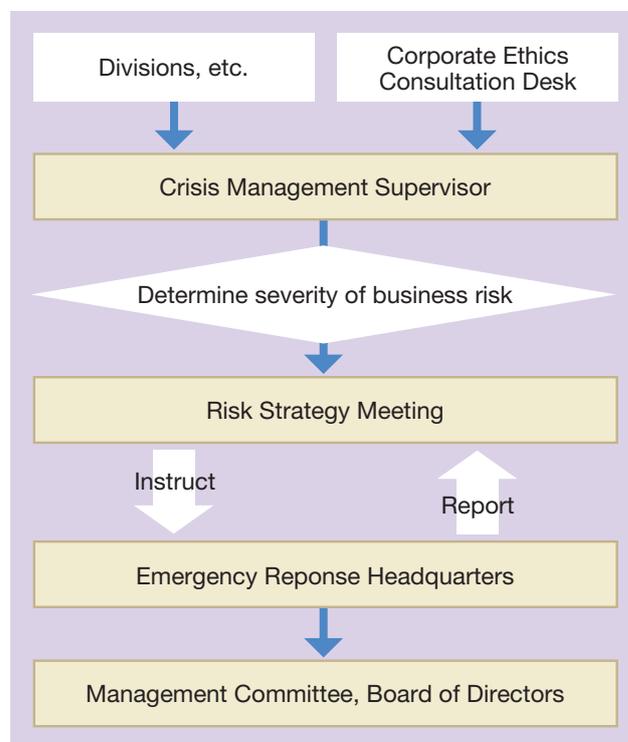
These regulations outline our business risk management system and procedures, as well as basic matters regarding the management of derivative transactions.

### 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 and other risks

Major risks that could severely impact our Group's performance are outlined below.

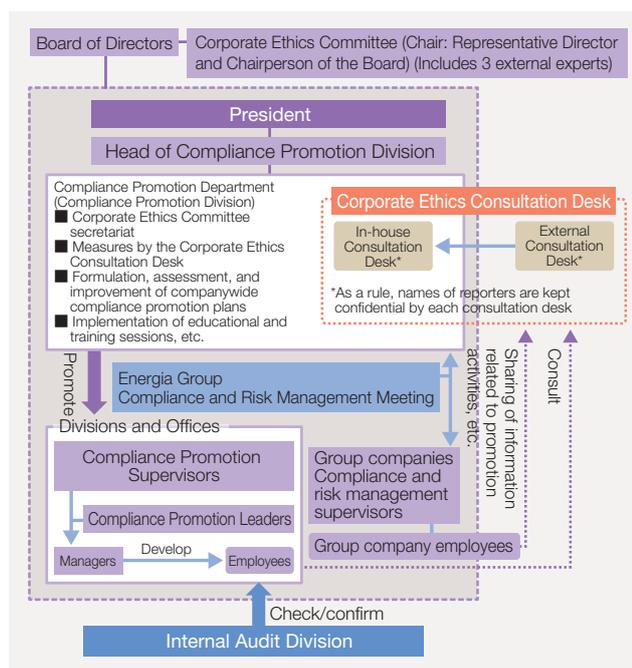
Note that matters related to the future detailed below are based on judgements made at the end of the fiscal year under review.

<b>Revisions to Regulations and Systems Pertaining to Nuclear Power Generation</b>	<p>In line with the accident that occurred at the Fukushima No.1 Nuclear Power Plant, and to correspond to new regulatory requirements enacted on 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.</p> <p>Regarding the back-end of nuclear power businesses, despite the uncertainties due to it being an extremely long-term endeavor, measures by the national government have reduced the risk for nuclear power operators. 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.</p>
<b>Revisions to Policies and Systems Pertaining to Electric Power Businesses</b>	<p>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.</p>
<b>Environmental Regulations</b>	<p>The ultimate goal of Japan's Long-term Strategy under the Paris Agreement is to achieve a "decarbonized society," and thus its long-term vision is to take drastic measures to reduce greenhouse gas emissions. Further, the government is expected to revise its basic energy plan, including its plans for the so-called energy mix, in 2021, and environmental regulations regarding greenhouse gas emissions may be tightened. Depending on these developments, our Group's business performance could be adversely affected.</p>
<b>Compliance</b>	<p>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.</p>
<b>Disasters and Other Incidents</b>	<p>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, and a range of other incidents could cause serious damage to our facilities, our operational systems, and our employees. 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 or procure substitute thermal fuel sources, or 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.</p>
<b>Fluctuations in Financial Markets</b>	<p>As of the end of March 2020, the interest-bearing debt balance of our Group stands at 2,193.9 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.</p> <p>Further, as of the end of March 2020, the projected benefit obligation of our Group stands at 248.7 billion yen, while our pension assets stand at 227.8 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.</p>
<b>Fluctuations in Fuel Prices</b>	<p>The major types of fuel for our thermal power business are coal, liquefied natural gas, and heavy oil. As such, fluctuations in the prices of these fuels and foreign exchange rates could adversely impact our Group's business performance. However, fluctuations in fuel prices are reflected in electricity prices under the fuel cost adjustment system, and so any impact is expected to be limited.</p>
<b>Changes in Competitive Environments</b>	<p>Intensifying competition in the electric power 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.</p>
<b>Information Management</b>	<p>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.</p>

## 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 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 accurately grasp the social demands of our customers and local communities, the Corporate Ethics Committee includes three external experts. In principle, the committee meets quarterly and publicizes an outline of their proceedings.

### 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). 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.

### Energyia Group Compliance and Risk Management Meeting

In principle, the Energyia 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.

### Compliance Training Content (FY2020)

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 managers' roles
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.

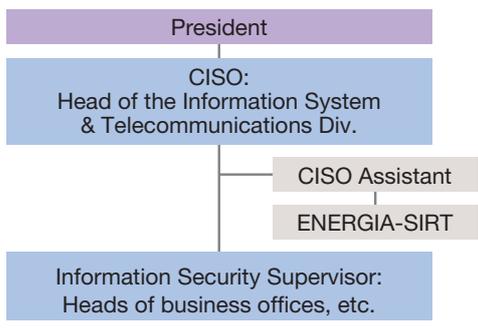
Moreover, we have held workplace and employee awareness surveys regarding compliance for all employees since FY2008. The results from these surveys are used to assess and improve training and other compliance promotion measures, while they are also fed back to each department to examine and implement measures to create better workplaces.

## 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	<ul style="list-style-type: none"> <li>· The Chief Information Security Officer (CISO) works under the President to supervise companywide information security measures</li> <li>· The ENERGIA-SIRT (Security Incident Response Team) promotes information security management and responds to security incidents</li> <li>· 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</li> </ul> 
Personnel measures	<ul style="list-style-type: none"> <li>· Workplace-specific education for all employees</li> <li>· Level-specific group education for new employees, new management employees, information systems staff, etc.</li> </ul>
Physical measures	<ul style="list-style-type: none"> <li>· Thorough entry/exit and locking management of secure areas</li> </ul>
Technological measures	<ul style="list-style-type: none"> <li>· Computer login authentication using IC cards, and records of access to work systems</li> <li>· Encryption of computer hard disks</li> <li>· Restrictions on transfer of data to USB sticks, etc.</li> </ul>

No. of serious information security incidents\*  
(FY2020)

0

\*Cases where a press release was issued.

## 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\*  
(FY2020)

0

\*Cases where a press release was issued.

Company Directors (As of June 25, 2020)



**Tomohide Karita**

Representative Director and Chairperson of the Board

April 1972 Joined Chugoku Electric  
 June 2005 Director and General Manager of Corporate Planning Division  
 June 2006 Managing Director and Head of Corporate Planning Division  
 February 2007 Managing Director and Head of Corporate Planning Division, and Head of EnerGia Revitalization Project  
 February 2008 Managing Director and Head of Corporate Planning Division  
 June 2008 Managing Director and Head of Group Management Division  
 June 2010 Director, Executive Vice President, Supervisor of Human Resources Development, Head of Internal Audit Division, and Head of Nuclear Power Reinforcement Project  
 June 2011 Director, President, and Head of Kaminoseki Nuclear Power Plant Siting Project  
 June 2013 Director and President  
 April 2016 Director and Chairperson of the Board  
 June 2016 Representative Director and Chairperson of the Board (incumbent)

As Chairperson of the Board, Tomohide Karita plays a lead role in reaching decisions on management policies and plans. With an acute perspective backed up by a wealth of experience, Mr. Karita comprehensively oversees the execution of business, and in addition to enhancing the company's governance structure, he is expected to contribute to the further enhancement of corporate value.



**Mareshige Shimizu**

Representative Director President & Chief Executive Officer

April 1974 Joined Chugoku Electric  
 June 2009 Managing Director and Deputy Head of Power Generation Division, and Head of Shimane Nuclear Power Headquarters  
 June 2011 Director, Executive Vice President, Head of Compliance Promotion Division, and Head of EnerGia Research Institute  
 June 2012 Director, Executive Vice President, Supervisor of Human Resources Development, Head of Internal Audit Division, and Head of Nuclear Power Reinforcement Project  
 June 2013 Director, Executive Vice President, and Head of Power Generation Division  
 April 2016 Director and President  
 June 2016 Representative Director and President & Chief Executive Officer (incumbent)

With an extensive knowledge of and a flexible approach to management, Mareshige Shimizu oversees the execution of business as President and Chief Executive Officer. Mr. Shimizu is firmly implementing measures to strengthen the profitability of our international business, etc., and is expected to use his strong leadership skills to guide management of the company forward.



**Shigeru Ashitani**

Representative Director Vice President & Senior Managing Executive Officer

April 1979 Joined Chugoku Electric  
 June 2013 Executive Officer, Head of Tottori Regional Office, and Deputy Head of Shimane Nuclear Power Headquarters  
 June 2016 Managing Executive Officer, and Deputy Head of Power Generation Division  
 June 2017 Director, Managing Executive Officer, and Deputy Head of Power Generation Division  
 June 2018 Director, Managing Executive Officer, Deputy Head of Power Generation Division, and Head of International Business Division  
 June 2020 Representative Director, Vice President & Senior Managing Executive Officer, Head of Power Generation Division, and Head of Information System & Telecommunications 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.



**Takafumi Shigetoh**

Representative Director Vice President & Senior Managing Executive Officer

April 1979 Joined Chugoku Electric  
 June 2014 Executive Officer and Head of Tokyo Regional Office  
 June 2016 Managing Executive Officer, Head of Compliance Promotion Division, and Head of Property Management Division  
 June 2017 Director, Managing Executive Officer, Head of Compliance Promotion Division, and Head of Property Management Division  
 October 2017 Director, Managing Executive Officer, Head of Compliance Promotion Division, Head of Internal Audit Division, and Head of Property Management Division  
 June 2019 Director, Managing Executive Officer, and Head of Regional Relations Division  
 June 2020 Representative Director, Vice President & Senior Managing Executive Officer, Supervisor of Human Resources Development, Head of Corporate Finance and Procurement Division, and Head of Nuclear Power Reinforcement Project (incumbent)

Utilizing his vast experience and knowledge, particularly from the property management and compliance promotion divisions, Takafumi Shigetoh plays a central role in gaining the trust of local communities and contributing to their development. Mr. Shigetoh is expected to contribute to honest, detailed business operations, and enhanced corporate governance.



**Natsuhiko Takimoto**

Representative Director Vice President & Senior Managing Executive Officer

April 1981 Joined Chugoku Electric  
 June 2012 Executive Officer and General Manager of Corporate Planning Division  
 June 2017 Managing Executive Officer and Head of Corporate Planning Division  
 June 2018 Director, Managing Executive Officer and Head of Corporate Planning Division  
 June 2019 Director, Managing Executive Officer and Head of Energy Sales Division  
 June 2020 Representative Director, Vice President & Senior Managing Executive Officer, and Head of Energy Sales Division (incumbent)

Among others, Natsuhiko Takimoto is engaged in efforts to capture demand for electricity and gas, and develop new services related to electricity sales. Utilizing the versatile, highly responsive thinking and analytical capabilities he gained in his wide-ranging work in sales and corporate planning, Mr. Takimoto is expected to contribute to further enhancing our corporate value.



**Masahiro Yamashita**

Director Managing Executive Officer

April 1980 Joined Chugoku Electric  
 June 2015 Senior Executive Officer and General Manager of Power Generation Division  
 June 2016 Managing Executive Officer and Deputy Head of Power Generation Division, General Manager of Power Generation Division, and Head of Kaminoseki Nuclear Power Plant Siting Project  
 June 2019 Director, Managing Executive Officer, Deputy Head of Power Generation Division, Head of Kaminoseki Nuclear Power Plant Siting Project, and Head of Property Management Division (incumbent)

Utilizing his extensive knowledge and experience, particularly from his time in the siting department, Masahiro Yamashita is successfully gaining the trust of communities near our power generation plants. Mr. Yamashita is expected to contribute to appropriate business operations using his tenacity and strong sense of responsibility.



**Tatsuo Kitano**

Director  
Managing Executive Officer

April 1983 Joined Chugoku Electric  
June 2014 Executive Officer, Head of Shimane Nuclear Power Station, and Head of Shimane Nuclear Power Plant Construction Offices  
June 2017 Managing Executive Officer, Deputy Head of Power Generation Division, and General Manager of Power Generation Division  
June 2020 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.



**Toshio Takaba**

Director  
Managing Executive Officer

April 1981 Joined Chugoku Electric  
June 2015 Executive Officer and General Manager of Compliance Promotion Division  
June 2018 Managing Executive Officer and Head of Human Resources Development Division  
June 2020 Director, Managing Executive Officer and Head of Human Resources Development Division (incumbent)

Utilizing his abundant experience in the personnel and labor division, Toshio Takaba is achieving success in labor productivity enhancement and human resources development. Mr. Takaba is expected to contribute to precise business operations utilizing his eye for detail and coordination skills.



**Makoto Furuse**

Director (External)

June 2007 Representative Director and President of The San-in Godo Bank, Ltd.  
May 2010 Chairman of Shimane Employers' Association (Resigned: May 2015)  
November 2010 President of the Matsue Chamber of Commerce and Industry (Resigned: October 2019)  
November 2010 President of the Shimane Chamber of Commerce and Industry Association (Resigned: October 2019)  
June 2011 Representative Director and Chairman of The San-in Godo Bank, Ltd.  
June 2015 Special Advisor to The San-in Godo Bank, Ltd. (Resigned: June 2020)  
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.



**Norimasa Tamura**

Director  
Audit and Supervisory Committee Member

April 1980 Joined Chugoku Electric  
June 2011 Executive Officer and General Manager of Group Management Division  
June 2016 Executive Officer and Head of Tokyo Regional Office  
June 2018 Managing Executive Officer and Head of Tokyo Office  
June 2020 Director and Full-time Audit and Supervisory Committee Member (incumbent)

Norimasa Tamura has extensive experience in the accounting department, and thus has expert knowledge in the fields of finance and accounting. With detailed analytical skills and logical thinking capabilities, Mr. Tamura is expected to utilize his experience to accurately audit and supervise the company's operations.



**Kunio Uchiyamada**

Director  
Audit and Supervisory Committee Member (External)

August 2002 Chief Inspector General of National Police Agency  
June 2003 Director of Hiroshima Prefectural Police Headquarters  
January 2006 Director of Kanto Regional Police Bureau  
February 2007 President of National Police Academy  
March 2008 Resigned from National Police Agency  
April 2008 Standing Advisor to Kobe Steel, Ltd.  
June 2015 External Director of Eiken Chemical Co., Ltd. (Resigned: June 2020)  
April 2016 Advisor to Kobe Steel, Ltd. (Resigned: October 2016)  
June 2016 External Director and Audit and Supervisory Committee Member of Chugoku Electric (incumbent)  
April 2018 Managing Executive Officer of Kobe Steel, Ltd. (Resigned: March 2020)

With extensive experience outside the company and specialized knowledge of risk management, Kunio Uchiyamada conducts accurate audits in an objective, fair, and neutral manner, and offers valuable opinions on the company's management. Looking ahead, Mr. Uchiyamada is expected to fairly and accurately audit and supervise the company's management.



**Etsuko Nosohara**

Director  
Audit and Supervisory Committee Member (External)

April 1987 Registered Member of Hiroshima Bar Association (incumbent)  
June 2012 External Auditor of Chugoku Electric  
June 2016 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.



**Noriko  
Otani**  
Director  
Audit and  
Supervisory  
Committee Member  
(External)

April 1992 Professor at Faculty of Humanities, Yamaguchi University  
April 2001 Professor at the Graduate School of East Asian Studies,  
Yamaguchi University  
April 2005 Dean of the Graduate School of East Asian Studies,  
Yamaguchi University  
April 2010 Professor Emeritus at Yamaguchi University (incumbent)  
June 2020 External Director and Audit and Supervisory Committee  
Member of Chugoku Electric (incumbent)

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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 is expected to utilize her specialized knowledge to fairly and accurately audit and supervise the company's management from an objective, neutral standpoint.

## Financial/Non-financial (ESG) Data

### Main Financial Data

#### ■ Consolidated

	Units	FY2016	FY2017	FY2018	FY2019	FY2020
Sales (operating revenues)	¥1 million	1,231,572	1,200,379	1,314,967	1,376,979	1,347,352
Operating income	¥1 million	50,015	34,520	39,626	19,530	48,170
Ordinary income	¥1 million	39,226	19,489	30,701	12,685	39,848
Net income attributable to owners of parent	¥1 million	27,113	11,341	20,707	11,446	90,056
Shareholders' equity	¥1 million	604,364	577,370	577,117	555,507	643,317
Total assets	¥1 million	3,070,948	3,100,754	3,179,442	3,261,665	3,265,374
Free cash flows	¥1 million	(46,715)	(51,775)	(23,755)	(87,109)	(42,456)
Cash flow from operating activities	¥1 million	147,933	96,003	164,794	81,635	129,654
Cash flow from investing activities	¥1 million	(194,648)	(147,779)	(188,549)	(168,744)	(172,111)
Cash flow from financing activities	¥1 million	(51,023)	58,630	4,483	97,510	(1,451)
Ratio of ordinary income to sales	%	3.2	1.6	2.3	0.9	3.0
Capital investment	¥1 million	204,967	164,184	218,507	179,158	179,207
Depreciation	¥1 million	106,170	105,690	104,106	104,779	81,263
Number of employees	People	13,659	13,570	13,485	13,418	13,163

#### ■ Non-consolidated

	Units	FY2016	FY2017	FY2018	FY2019	FY2020
Sales (operating revenues)	¥1 million	1,150,514	1,121,789	1,227,470	1,280,501	1,243,742
Operating income	¥1 million	39,662	28,816	32,475	11,284	40,468
Ordinary income	¥1 million	31,384	16,193	24,086	6,908	35,103
Net income	¥1 million	21,024	14,669	16,445	8,510	87,707
Paid-in capital	¥1 million	185,527	185,527	185,527	185,527	197,024
Number of shares issued	Shares	371,055,259	371,055,259	371,055,259	371,055,259	387,154,692
Shareholders' equity	¥1 million	443,492	418,779	418,582	403,735	494,496
Total assets	¥1 million	2,840,161	2,875,781	2,939,983	3,085,124	3,092,832
Ratio of ordinary income to sales	%	2.7	1.4	2.0	0.5	2.8
Capital investment	¥1 million	185,963	152,946	204,908	169,869	168,348
Deprecation	¥1 million	94,290	92,421	90,956	91,789	67,842

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.

## Main Financial Indicators

### ■ Consolidated

	Units	FY2016	FY2017	FY2018	FY2019	FY2020
Interest-bearing debt	¥1 million	1,950,374	2,053,281	2,078,239	2,196,903	2,193,979
Shareholders' equity ratio	%	19.7	18.6	18.2	17.0	19.7
Return on equity (ROE)	%	4.4	1.9	3.6	2.0	15.0
Return on assets	%	1.2	0.8	0.9	0.4	1.1
Book-value per share (BPS)	Yen	1,668.47	1,677.09	1,676.42	1,613.71	1,785.36
Earnings per share (EPS)	Yen	74.83	31.84	60.15	33.25	258.59
Price book-value ratio (PBR)	Multiple	0.9	0.7	0.8	0.9	0.8
Price earnings ratio (PER)	Multiple	20.3	38.7	21.3	41.5	5.8
EBITDA	¥1 million	156,185	140,210	143,732	124,309	129,433
Debt equity ratio (D/E ratio)	Multiple	3.2	3.6	3.6	4.0	3.4

### ■ Non-consolidated

	Units	FY2016	FY2017	FY2018	FY2019	FY2020
Interest-bearing debt	¥1 million	1,918,556	2,015,264	2,029,475	2,200,286	2,199,654
Shareholders' equity ratio	%	15.6	14.6	14.2	13.1	16.0
Return on equity (ROE)	%	4.7	3.4	3.9	2.1	19.5
Return on assets	%	1.0	0.7	0.8	0.3	0.9
Dividends per share	Yen	50.00	50.00	50.00	50.00	50.00
Book-value per share (BPS)	Yen	1,223.40	1,215.50	1,214.98	1,171.93	1,371.34
Earnings per share (EPS)	Yen	57.98	41.15	47.73	24.70	251.65
Price book-value ratio (PBR)	Multiple	1.2	1.0	1.1	1.2	1.1
Price earnings ratio (PER)	Multiple	26.2	29.9	26.9	55.9	6.0
EBITDA	¥1 million	133,953	121,237	123,431	103,073	108,310
Debt equity ratio (D/E ratio)	Multiple	4.3	4.8	4.8	5.4	4.4
Payout ratio	%	86.2	121.5	104.8	202.4	19.9
Dividend yield	%	3.3	4.1	3.9	3.6	3.3

Note 1: Return on assets 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.

## Key Data on Our Electricity Business (Non-consolidated)

### Electricity sales

	Units	FY2016	FY2017	FY2018	FY2019	FY2020
Lighting	1 million kWh	17,710	18,184	18,562	17,488	16,813
Power	1 million kWh	39,009	39,070	36,870	35,456	33,395
<b>Total</b>	1 million kWh	56,719	57,254	55,432	52,944	50,208
Sales to other power companies	1 million kWh			6,650	8,105	8,411

(Note) Sales to other power companies represents power interchanged or transmitted/received with other power companies as part of power generated and received (figures are provided starting from FY2018).

### Supply and demand

		Units	FY2016	FY2017	FY2018	FY2019	FY2020	
Power generated and received	Own facilities	Hydroelectric	1 million kWh	3,448	3,878	3,784	3,299	2,943
		Thermal	1 million kWh	36,612	35,867	33,643	32,039	29,975
		Nuclear	1 million kWh	—	—	—	—	—
		New energy sources	1 million kWh	8	8	8	8	7
	Interchanged or transmitted/received with other power companies		1 million kWh	22,339	23,212	23,490	23,055	22,516
	Pumping at pumped storage		1 million kWh	(630)	(750)	(940)	(858)	(866)
<b>Total</b>		1 million kWh	61,778	62,216	59,986	57,543	54,575	
Power loss		1 million kWh	(5,059)	(4,962)	(4,555)	(4,598)	(4,367)	
Electricity sold		1 million kWh	56,719	57,254	55,432	52,944	50,208	
Water flow rate		%	106.8	116.2	105.9	92.4	81.3	
Thermal efficiency (generator output)		%	40.7	40.8	40.8	40.9	41.2	
Utilization rate of nuclear power facilities		%	—	—	—	—	—	

(Note) Interchanged or transmitted/received with other power companies gives the value obtained by deducting power transmitted from power received. Figures indicate power amounts as understood on the date of publication.

### Own power generation facilities

		Units	FY2016	FY2017	FY2018	FY2019	FY2020
Hydroelectric		1 MW	2,909	2,910	2,910	2,909	2,905
Thermal	Steam	1 MW	7,765	7,765	7,765	7,765	7,765
	Internal combustion	1 MW	36	36	37	37	36
	<b>Total</b>	1 MW	7,801	7,801	7,802	7,802	7,801
Nuclear		1 MW	820	820	820	820	820
New energy sources		1 MW	6	6	6	6	6
<b>Total</b>		1 MW	11,536	11,536	11,538	11,538	11,532

(Note) Facility capacities are indicated for the end of the fiscal year.

## Non-financial (ESG) Data (Non-consolidated)

## ■ Environment

		FY2018	FY2019	FY2020	
Promotion of global warming countermeasures					
CO <sub>2</sub> emissions intensity* <sup>1</sup> (adjusted* <sup>2</sup> )		0.677kg-CO <sub>2</sub> /kWh	0.636kg-CO <sub>2</sub> /kWh	0.585kg-CO <sub>2</sub> /kWh	
CO <sub>2</sub> emissions (adjusted* <sup>2</sup> )		37.52 million t-CO <sub>2</sub>	33.68 million t-CO <sub>2</sub>	29.38 million t-CO <sub>2</sub>	
Supply chain greenhouse gas emissions	Scope 1* <sup>3</sup>	21.26 million t-CO <sub>2</sub>	20.34 million t-CO <sub>2</sub>	19.11 million t-CO <sub>2</sub>	
	Scope 2* <sup>4</sup>	40 t-CO <sub>2</sub>	40 t-CO <sub>2</sub>	50 t-CO <sub>2</sub>	
	Scope 3* <sup>5</sup>	Category 3	17.6 million t-CO <sub>2</sub>	14.3 million t-CO <sub>2</sub>	11.53 million t-CO <sub>2</sub>
		Category 2, 5, 6, 7 related	0.76 million t-CO <sub>2</sub>	0.64 million t-CO <sub>2</sub>	0.63 million t-CO <sub>2</sub>
Emissions of specified chlorofluorocarbon, etc.* <sup>6</sup>		2.4 t	1.4 t	1.1 t	
SF <sub>6</sub> emissions		0.8 t	0.7 t	0.9 t	
SF <sub>6</sub> recovery rate	At checking	99.3%	99.4%	99.4%	
	At disposal	99.6%	99.4%	99.4%	
Promotion of the formation of a recycling-oriented society					
Waste generated* <sup>6</sup> * <sup>7</sup>		953 thousand t	882 thousand t	865 thousand t	
Coal ash generated* <sup>6</sup>		699 thousand t	633 thousand t	638 thousand t	
Waste recycling rate* <sup>6</sup> * <sup>7</sup>		98.9%	98.9%	98.7%	
Coal ash recycling rate* <sup>6</sup>		99.8%	99.9%	99.8%	
Promotion of local environmental conservation					
SOx emission intensity		0.16g/kWh	0.14g/kWh	0.15g/kWh	
NOx emission intensity		0.27g/kWh	0.27g/kWh	0.25g/kWh	

\*1 CO<sub>2</sub> emission intensity for FY2020 is a provisional value, and the official value will be announced by the government.

\*2 Reflects adjustments relating to feed-in-tariffs (FIT) and CO<sub>2</sub> 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 N<sub>2</sub>O and SF<sub>6</sub> 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 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 Figures shown are for the whole Group

\*7 Wastes also include valuables

For environmental data other than the above, please see the Chugoku Electric Power Group Environmental Data Compilation for 2020.

## Social

	FY2018	FY2019	FY2020
<b>Utilizing our diverse values and experiences*1</b>			
No. of employees	9,169	9,021	8,735
Male	8,072	7,912	7,666
Female	1,097	1,109	1,069
No. of management positions	4,357	4,307	4,196
Male	4,185	4,128	4,020
Female	172	179	176
No. hired	202	296	242
Male	146	213	194
Female	56	83	48
Average age	43.7	43.5	43.4
Male	44.1	44.1	43.9
Female	40.3	39.9	39.6
Average years of service	23.7	23.5	23.2
Male	24.4	24.3	24.0
Female	18.3	17.8	17.6
No. of persons employed based on the voluntary reemployment system	36	28	15
Hiring rate of persons with disabilities	2.16%	2.20%	2.31%
<b>Enhancing working environments to allow employees to flourish</b>			
Total actual hours worked (per person)	1,881.5 hours	1,877.2 hours	1,840.1 hours
Annual paid leave taken (per person)	18.1 days	18.2 days	17.9 days
No. of users of childcare leave	Female	40	44
	Male	3	6
No. of cases of using life support leave (childcare)	Female	266 cases	332 cases
	Male	501 cases	524 cases
No. of users of nursing care leave	1	0	0
No. of cases of using life support leave (nursing care)	753 cases	886 cases	1,106 cases
<b>Developing human resources/passing on techniques and skills</b>			
Participation rate for level-based education	98%	98%	98%
No. of persons certified with advanced techniques/skills	46	52	57
<b>Occupational health and safety</b>			
Accident frequency rate*2	0.12%	0.43%	0.06%
No. of occupational accidents	Chugoku Electric employees*3	30 cases	35 cases
	Contractors*2	28 cases	23 cases

\*1 As of the end of fiscal year.

\*2 Excludes accidents with no loss of work days.

\*3 Accidents in the course of work (including accidents with no loss of work days).

## ■ Social (continued)

		FY2018	FY2019	FY2020
Human rights education				
Total no. of persons who took human rights training		13,103	12,697	11,415
Regional contributions				
Social contribution activities	No. of activities	1,805	1,918	1,835
	Total no. of employees participating	11,065	10,657	10,626
Support for technical research in the region		36 cases (¥26.76 million)	35 cases (¥23.9 million)	33 cases (¥23.15 million)
Support to promote culture and sports in the region		182 cases (¥27.5 million)	173 cases (¥27.55 million)	166 cases (¥25.3 million)

## ■ Governance

		FY2018	FY2019	FY2020
Corporate governance				
No. of directors		15 <sup>*1</sup>	15 <sup>*2</sup>	13 <sup>*3</sup>
Female directors		1 <sup>*1</sup>	1 <sup>*2</sup>	2 <sup>*3</sup>
External directors		3 <sup>*1</sup>	3 <sup>*2</sup>	4 <sup>*3</sup>
Independent directors		3 <sup>*1</sup>	3 <sup>*2</sup>	4 <sup>*3</sup>
No. of meetings of the Board of Directors		13	13	12
Attendance rate of all directors		99%	100%	99%
Attendance rate of external directors		97%	100%	100%
Total compensation for directors (except Audit and Supervisory Committee directors and external directors)		¥466 million (paid to 13 directors) <sup>*4</sup>	¥471 million (paid to 12 directors) <sup>*5</sup>	¥450 million (paid to 13 directors) <sup>*6</sup>
Total compensation for Audit and Supervisory Committee directors (except external directors)		¥37 million (paid to 1 director)	¥37 million (paid to 1 director)	¥35 million (paid to 1 director)
Total compensation for external directors		¥33 million (paid to 3 directors)	¥36 million (paid to 3 directors)	¥36 million (paid to 3 directors)
Compliance				
No. of meetings of the Corporate Ethics Committee		4	4	4
No. of consultations with consultation desks		32 cases	48 cases	56 cases
No. of serious compliance violations <sup>*7</sup>		1 cases	1 cases	2 cases
Information security, personal information protection				
No. of serious information security incidents <sup>*7</sup>		1 cases	0 cases	0 cases
No. of serious personal information leakage incidents <sup>*7</sup>		1 cases	0 cases	0 cases

\*1 As of the end of June 2018.

\*2 As of the end of June 2019.

\*3 As of the end of June 2020.

\*4 Includes two directors who retired as of the close of the 93rd annual General Meeting of Shareholders held on June 28, 2017.

\*5 Includes one director who retired as of the close of the 94th annual General Meeting of Shareholders held on June 27, 2018.

\*6 Includes two directors who retired as of the close of the 95th annual General Meeting of Shareholders held on June 26, 2019.

\*7 Cases where a press release was issued.

## Corporate Data (as of April 1, 2020)

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

## Group Companies (consolidated subsidiaries and affiliated companies accounted for by the equity method) (as of June 30, 2020)

- Consolidated subsidiaries (19 companies)
 ○ Affiliated companies accounted for by the equity method (12 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
- 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.
- Jimah East Power Sdn. Bhd.
- Toyo Thai Power Myanmar Co., Ltd.

### Power Transmission and Distribution Business

- Chugoku Electric Power Transmission & Distribution Co., Inc.
- 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, 2020)

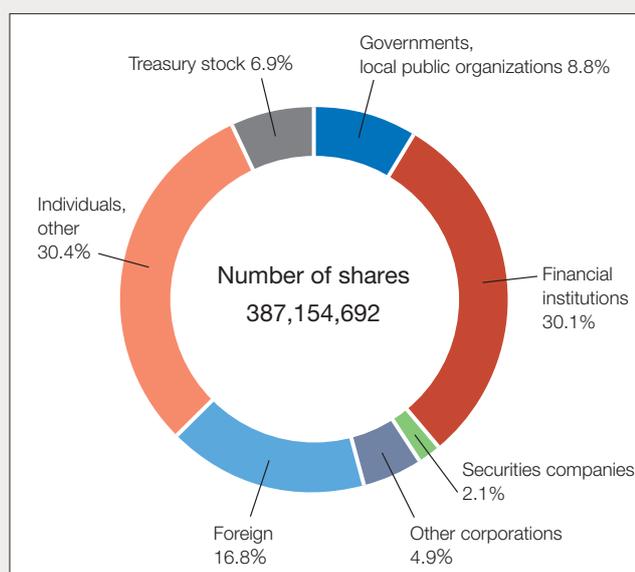
Number of shares issued	387,154,692 shares
Number of shareholders	111,353
Accounting auditor	KPMG AZSA LLC
Listed financial instruments exchange	Tokyo Stock Exchange, Inc.
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

### Major shareholders (top 10)

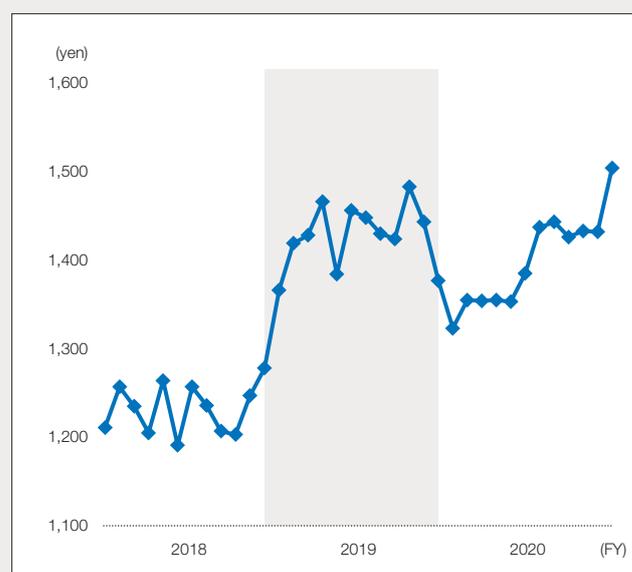
Name	Number of shares held (thousands)	Shareholding (%)*
Yamaguchi Prefecture	34,005	9.4
The Master Trust Bank of Japan, Ltd. (trust account)	27,186	7.5
Japan Trustee Services Bank, Ltd. (trust account)	16,432	4.6
Nippon Life Insurance Company	14,818	4.1
STATE STREET BANK WEST CLIENT - TREATY 505234	8,744	2.4
Chugoku Electric Power Company's Stock Investment	7,111	2.0
Japan Trustee Services Bank, Ltd. (trust account 5)	5,875	1.6
The Hiroshima Bank, Ltd.	5,842	1.6
THE SAN-IN GODO BANK, LTD.	5,547	1.5
JP MORGAN CHASE BANK 385151	5,095	1.4

\*Shareholding is calculated after deducting 26,562,422 shares of treasury stock from the total number of shares issued.

### Composition of shareholders



### Stock price





**THE CHUGOKU ELECTRIC POWER CO., INC.**

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<https://www.energia.co.jp>

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[https://www.youtube.com/channel/UCpmAX0M1qKSglw9k\\_zyXSfw](https://www.youtube.com/channel/UCpmAX0M1qKSglw9k_zyXSfw)

Chugoku Electric Power Transmission & Distribution Official Twitter  
[https://twitter.com/chugoku\\_nw](https://twitter.com/chugoku_nw)

