



# Management Strategies for Value Creation

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# Value Creation Story

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

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

Management Philosophy

## Trust. Creation. Growth.

### Trust (INPUT)

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

### Creation (ACTIVITY)

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

### Growth (OUTCOME)

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

### Potential and issues in the Chugoku region

### The Chugoku Electric Power Group's strengths

### Source of value creation

Produced based on trust from stakeholders

#### Human capital

- Employees

#### Intellectual capital

- Technical capabilities/expertise
- Registered patents

#### Social capital

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

#### Natural capital

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

#### Financial capital

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

#### Manufacturing capital

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

#### Materiality



Continuous evolution of the energy business



Expanding the value provided by the Group's collective capabilities to solve community and social issues



Creating an environment where diverse human resources can demonstrate their abilities



Strengthening the management foundation to achieve higher corporate value

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

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

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

#### Our Desired Outcomes

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

Leading the region with energy solutions

Becoming the best partner for prosperous lifestyles and community development

All employees take on challenges and shine in their positions

#### Management targets

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

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

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

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

Achieving the Energia concept

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

# Promotion of Sustainability Management

## (Promotion structure and materiality assessment and identification)

In order to enhance corporate value and achieve sustainable growth, the Chugoku Electric Power Group has established the Energia Group Corporate Charter of Conduct as guidelines at the Foundation of Sustainability Management. Furthermore, we have formulated the Chugoku Electric Power Group Corporate Vision 2040 and will implement specific initiatives to realize the established desired outcomes and management targets by incorporating them into the Chugoku Electric Power Group Medium-term Management Plan.

Through these efforts, we will continue to pursue our management philosophy, "Trust. Creation. Growth.," linking this to value creation to promote sustainability management.

### Sustainability management promotion system (governance)

In terms of our response to sustainability-related issues, we have set specific measures in the Group Medium-term Management Plan and are managing their progress to achieve the goals of our Group Corporate Vision and Energia Group Corporate Charter of Conduct. Responses are regularly discussed at weekly (in principle) Management Committee meetings and monthly (ordinarily) Board of Director meetings as necessary to ensure the promotion of a PDCA cycle.

Specific initiatives for each measure are advanced primarily by each responsible organization, and a meeting body is established to deal with matters that require cross-organizational consideration. Each organization and committee submits the status of its action on sustainability issues to the Management Committee and the Board of Directors in a timely and appropriate manner.

### Meeting bodies considering cross-organizational matters

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

Note: As of end of August 2025

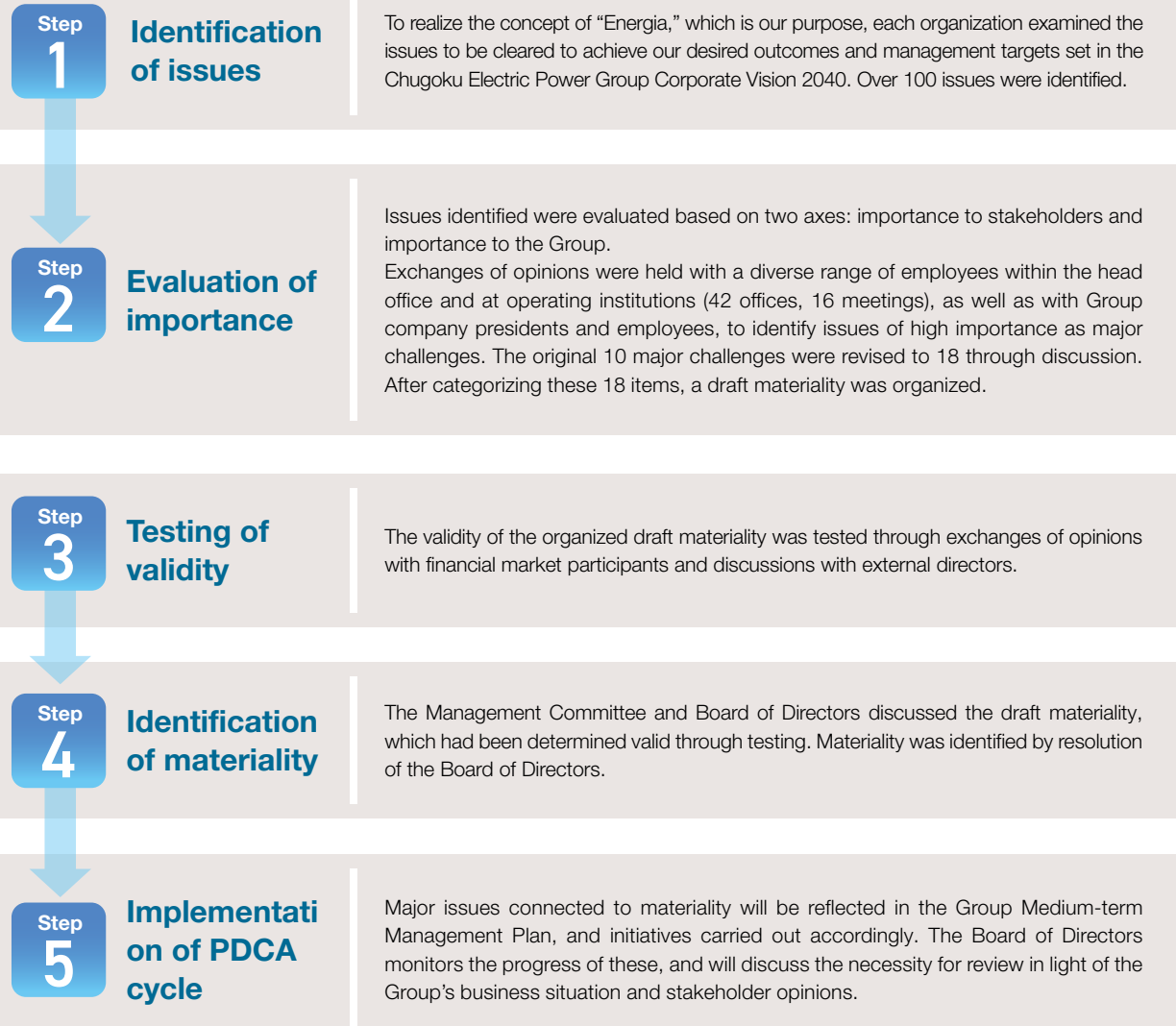
### Materiality and major issues connected to materiality

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

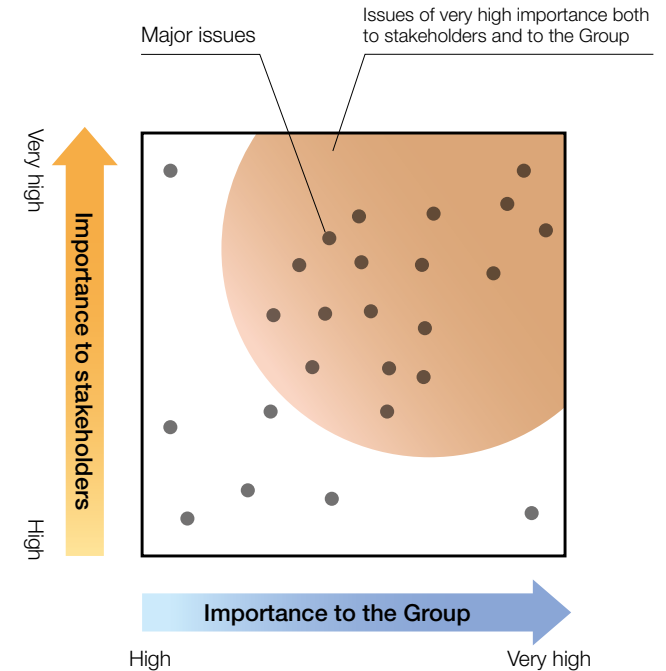


## Promotion of Sustainability Management (Promotion structure and materiality assessment and identification)

### Materiality assessment and identification process



### Evaluation of importance



#### Importance to stakeholders

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

#### Importance to the Group

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

# Energia Group Corporate Charter of Conduct

We have codified how we should behave as the Energia Group Corporate Charter of Conduct, guidelines that form the basis of our sustainability management, with the aim of properly responding to the wishes of society, raising our corporate value, and achieving sustainable growth.

In April 2024, as part of our efforts to reenergize our corporate group, we undertook a review of the charter, one result of which was that we clarified that promoting compliance management should be our foremost priority.

We at the Energia Group believe it is our mission to create and grow value that is meaningful to society in competition that is both fair and free through sound business activities founded on trust from society, and by doing so, contribute to the achievement of a sustainable society.

Holding such awareness, the executives and employees in the Energia Group will think and act independently and in a highly ethical manner based on the following principles of conduct, and will carry out their responsibilities as members of society as well as achieve both improved corporate value for our Group and continuous growth.

## ■ Promotion of Compliance Management

Both in Japan and overseas, we will strictly abide by laws, regulations, and rules as well as social norms including the underlying ethics and morals, and each individual will practice the three conducts of “reflecting on good judgment,” “speaking honestly,” and “proactively making corrections.”

Specifically, we will engage in fair and free competition, appropriate transactions, and responsible procurement, as well as maintain sound relationships with governments and administrations. In our international business activities, we will respect the local culture and customs and work to contribute to local development.

## ■ Promotion of Environmental Management

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

## ■ Respect for Human Rights

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

## ■ Enhancement of Communication with Society

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

## ■ Provision of Products and Services Useful to Society

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

## ■ Contributions to Local Community Development

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

## ■ Assurance of Industrial Safety and Health

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

## ■ Formation of a Vibrant Corporate Culture

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

## ■ Rigorous Crisis Management

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

## ■ Duties of Executives

Executives of the Energia Group will engage in management with awareness that it is their duty to implement this Charter, and will construct governance with fairness, transparency, and viability, with an aim to improve the corporate value of the Group and achieve continuous growth. Furthermore, in implementing this Charter, they will take the lead and form an example, not only ensuring that all employees act in accordance with this Charter but also encouraging other parties in the Group’s supply chain to act in accordance with the spirit of this Charter.

If there is ever a situation that violates the spirit of this Charter and causes the Group to lose the trust placed in us by society, the executives will declare their intent to solve the said issue, working to discover the causes and prevent recurrence. Furthermore, the executives will fulfill their responsibility to provide explanations through prompt and accurate disclosure of information, and, having clarified the relevant authority and responsibility, impose strict punishments where appropriate, including on themselves.