Environmental Management

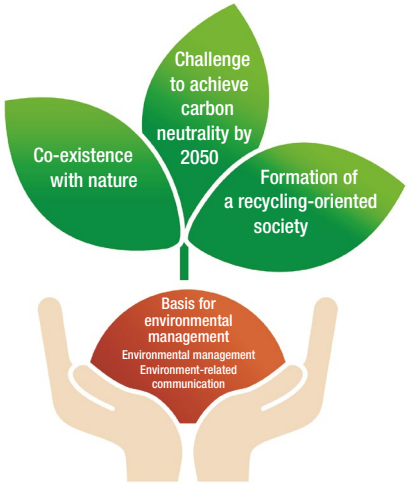
Policies/Approach

Chugoku Electric Power Group Environmental Management Policy

We have positioned tackling environmental issues as a key management issue for the Group, and in the interest of enhancing our environmental management, we have formulated the Chugoku Electric Power Group Environmental Management Policy.

This policy takes into account the Japanese government's Sixth Basic Environment Plan and other sources to cover the three topics of carbon neutrality by 2050, formation of a recycling-oriented society, and co-existence with nature. It also sets out targets and efforts for the environment-related communication and environmental management that form the basis of such endeavors.

We recognize that we have a responsibility to work to minimize the environmental impact produced as part of our business activities. To this end, we stand united as a group in striving to advance our environmental management.



Policy

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

Integrated Report Practicing Sustainability Management Environment P51

Systems and Governance

Environmental management promotion framework

We established our Environmental Management Promotion Committee to bring together discussions related to environmental management plans and similar in one place. The President and CEO will continue to bear ultimate responsibility for environmental management promotion and environmental management while under his or her command the chief operating officer (COO) of the Carbon Neutrality Promotion Division oversees it companywide.

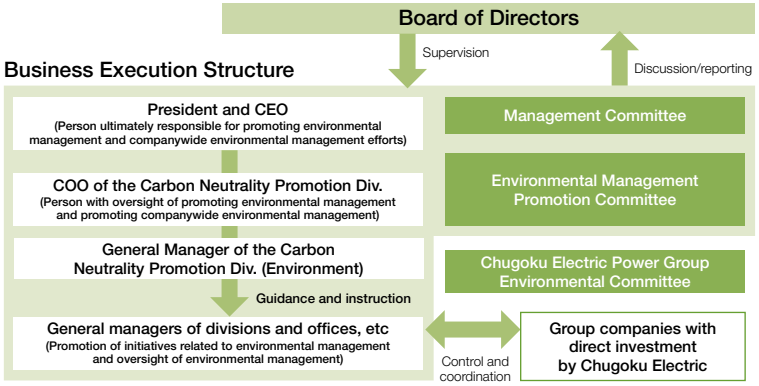
The committee regularly reports to the Board of Directors on the progress of environmental measures; it discusses and determines important matters and operates under the Board of Directors' supervision.

Furthermore, with the goal of ensuring fuller disclosure and transparency for our environmental information, we established the Chugoku Electric Environmental Forum, which includes outside experts.

By appropriately reflecting in environmental management the results of discussions by different committees and their opinions, we will continue to promote groupwide efforts based on the Chugoku Electric Power Group Environmental Management Policy. In doing so, we strive to enhance the overall corporate value of the Group.



A meeting of the Chugoku Electric Environmental Forum



Chugoku Electric Environmental Forum

Purpose: Incorporate opinions from external experts into business operations

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

Environmental Management

Metrics and Targets

Carbon neutrality by 2050 P9

On our path to carbon neutrality by 2050, we have taken actions such as setting new reduction targets for supply chain greenhouse gas (GHG) emissions for the entire Group, taking into account each country's nationally determined contributions (NDCs). In such ways, we are setting targets related to our initiatives to decarbonize energy and achieve decarbonization of the customer and community.

Formation of a recycling-oriented society P17

In addition to target recycling rates for the waste produced during our business activities, we are responding to the global issue of plastic waste by also newly setting targets for our efforts to reduce plastic use. Moreover, we have also set targets for our initiatives to help create a recycling-oriented society among our customers and communities by providing more eco-friendly products and services.

Co-existence with nature P19

As part of our efforts to both conserve and improve the richness of nature and biodiversity while also making sustainable use of natural resources, we have set a number of targets. These include targets for the environmental impact produced during our business activities and for initiatives related to our protection of local natural environments and biodiversity in accordance with local characteristics.

Basis of our environmental management P21

To advance our environmental management, we have set targets for proactive information disclosure and our environmental communication, which drives mutual understanding between the Group and our customers and communities. We also have targets covering areas such as appropriately responding to environment- and energy-related laws, regulations, and government policy; and our environmental management efforts to ensure a high degree of environmental awareness among employees.

Initiatives

Carbon neutrality by 2050 P11

On our path to carbon neutrality by 2050, we are doing what we can to reduce GHG emissions through efforts such as diversifying energy supplies, optimizing energy mixes, and promoting renewable energy.

Formation of a recycling-oriented society P17

In order to make effective use of resources, and curb the amount of waste we generate, we are promoting the 3Rs and an extra one, Renewable.* We also make thorough efforts to treat waste appropriately. In this way, we are engaged in the formation of a recycling-oriented society.

*3Rs: Reduce, Reuse, and Recycle; Renewable: switch to reusing plastics.

Co-existence with nature P19

We are focused on protecting biodiversity and reducing our impact on the natural environment. In addition to our conventional activities to reduce environmental impact, such as our environmental assessments, we are also running initiatives that take our region's characteristics into consideration. In doing so, we promote co-existence with nature.

Basis of our environmental management P21

We have positioned communication and management that are conscious of the environment as universal initiatives forming the basis of our environmental management. We are also working on education support activities for the next generation and to encourage greater understanding among employees.

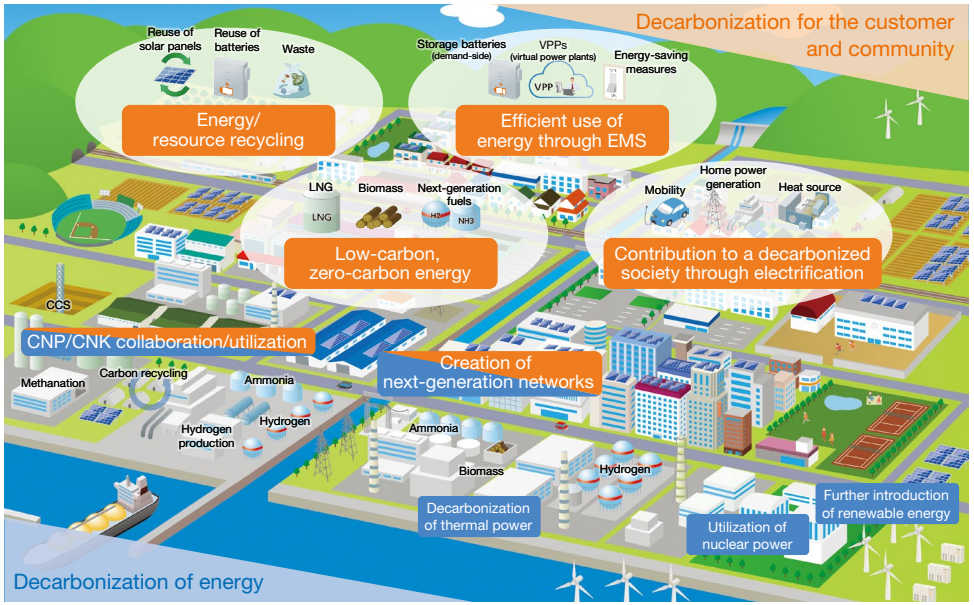
Information Disclosure Based on TCFD & TNFD Recommendations P23

Challenge to Achieve Carbon Neutrality by 2050

Policies/Approach

As an organization that has contributed to the development of the region through our energy business, we realize that addressing climate change is a key management issue. In February 2021, we announced that we would strive for carbon neutrality by 2050 and since that time we have advanced initiatives to decarbonize society.
In recent years, we have faced issues such as fluctuating energy prices and rising geopolitical risks. Against this backdrop, we have gained renewed awareness of the importance of energy security. We predicted that energy demand will also grow in the Chugoku region due to factors such as increased electrification. In light of these changes to the business environment, and predicated on ensuring stable supplies, we believe it is imperative that we also work to decarbonize, from a medium-to-long-term perspective.
With this understanding, and ensuring a fundamental stance of balancing stable power supplies with decarbonization, we have identified two areas to advance efforts in as we work to achieve carbon neutrality by 2050: the decarbonization of energy and decarbonization of the customer and community. Through these initiatives, we will contribute to decarbonizing society, while also strengthening our business foundations and enhancing corporate value.

The Chugoku Electric Power Group's vision for carbon neutrality by 2050



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

Decarbonization of energy

Centered on a policy of utilizing nuclear power generation while making safety the top priority, we will continue to introduce more renewable energy and expand its use. As we do, we will transition thermal power generation through measures such as switching to highly efficient LNG-fired units, introducing next-generation fuels like hydrogen and ammonia, and studying how to implement carbon capture and storage (CCS) technologies. With well-balanced combinations of these measures, we will secure stable supplies and make phased reductions to our CO_2 emissions.

Decarbonization of the customer and community

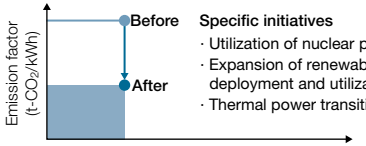
In addition to the promoting greater electrification and energy-saving activities, by offering services that back efficient energy use and low- or no-carbon energy sources, we contribute to reducing the region's overall CO_2 emissions. Furthermore, we aim to aid decarbonization and the region's development through initiatives with diverse partners that seek to resolve issues and that take into account the region's industrial structure and actual energy use.

Our contributions to lowering society's overall CO_2 emissions through our initiatives

Through two key pillars—decarbonization of energy and decarbonization of the customer and community—we are reducing our own emissions but also by reducing the carbon emissions of the power we supply to our customers, and by encouraging them to switch how they use energy and similar, we aim to help lower CO_2 emissions for society overall and to bring about sustainable development alongside the Chugoku region.
As a reference metric to determine our level of contribution, we have calculated the reduction amount for FY 3/2036 compared to our starting point of FY 3/2026. This metric differs from the Group's emissions reductions by showing the reduction effect throughout society we achieve by providing our products and services.
If you include the effects of our reducing or eliminating carbon emissions from the power we supply when evaluating our customers' indirect emissions, we forecast a reduction of around 10 million tons of CO_2 equivalent.
Moreover, if you then include the reduction resulting from lower energy consumption and switches to energy use through the services we provide when evaluating customers' indirect emissions, we forecast an additional reduction of around 2 million tons of CO_2 equivalent.

Reductions from the decarbonization of energy

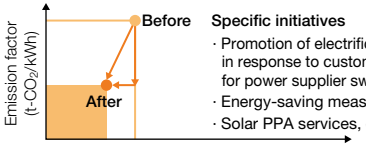
Customers' indirect emissions decrease as a result of our low- or no-carbon power



Specific initiatives
- Utilization of nuclear power
- Expansion of renewable energy deployment and utilization
- Thermal power transition, etc.

Reductions from decarbonization of the customer and community

Customers' indirect emissions decrease as a result of lower energy consumption and switches to energy use through the services we provide



Specific initiatives
- Promotion of electrification in response to customer needs for power supplier switching, etc.
- Energy-saving measures
- Solar PPA services, etc.

Metrics and Targets

We have set the following new targets in accordance with the measures outlined in the Group Corporate Vision.

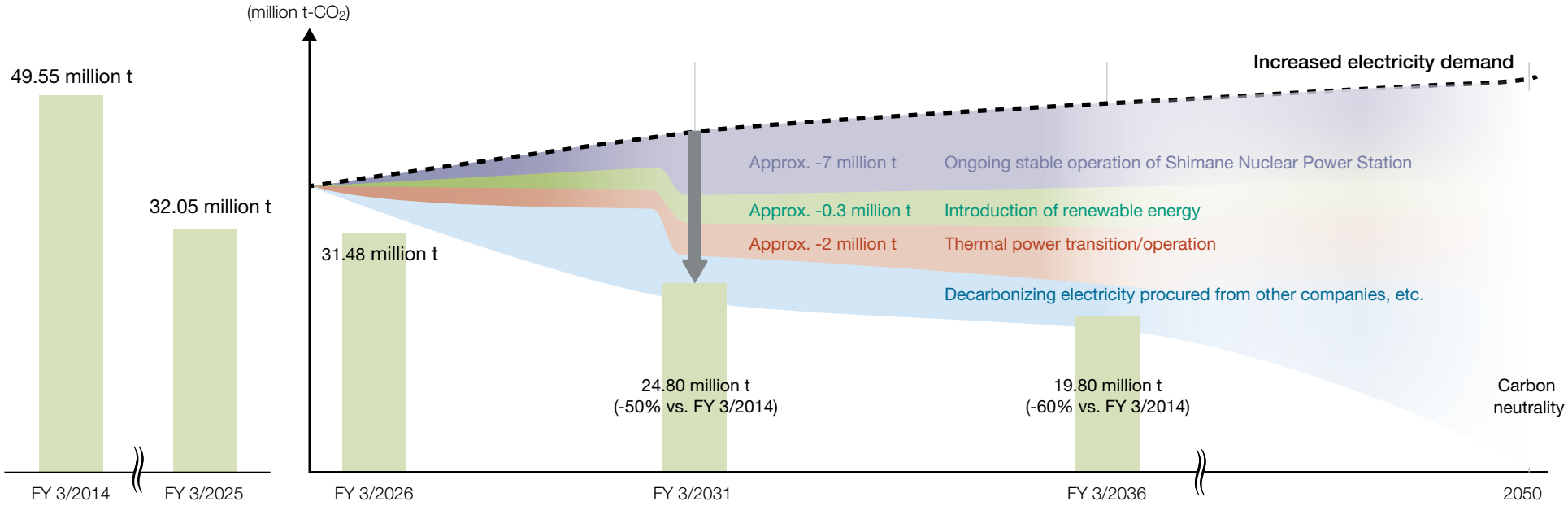
Item	Scope	Unit	Result	Targets	
			FY 3/2026	FY 3/2031	FY 3/2036
Supply chain GHG emissions (compared to FY 3/2014)	Group	%	Approx. -36	-50	-60
Retail business CO_2 emissions (compared to FY 3/2014)	Chugoku Electric	%	Approx. -50	-50	—
Power generation business CO_2 emissions (compared to FY 3/2014)	Chugoku Electric	%	Approx. -38	-50	—
New introduction of renewable energy (compared to FY 3/2020)	Group	kW	+420,000 (+560,000*)	+700,000	+1,000,000
Development and business expansion of services contributing to customer/community decarbonization	Group	—	—	—	—

*Result based on the new target scope Further introduction of renewable energy P12

Challenge to Achieve Carbon Neutrality by 2050

Illustration of supply chain GHG emissions reductions

We will explore various options in the interest of ensuring a stable power supply, achieving carbon neutrality, and strengthening competitiveness, working to strategically decarbonize energy while achieving appropriate power procurement in a comprehensive economic and environmental performance, aiming to achieve our FY 3/2031 and FY 3/2036 targets.



Note 1: Emissions reduction effects are calculated based on emissions volume in the supply chain.
Note 2: May be revised based on the results of further studies from various economic and technological perspectives

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

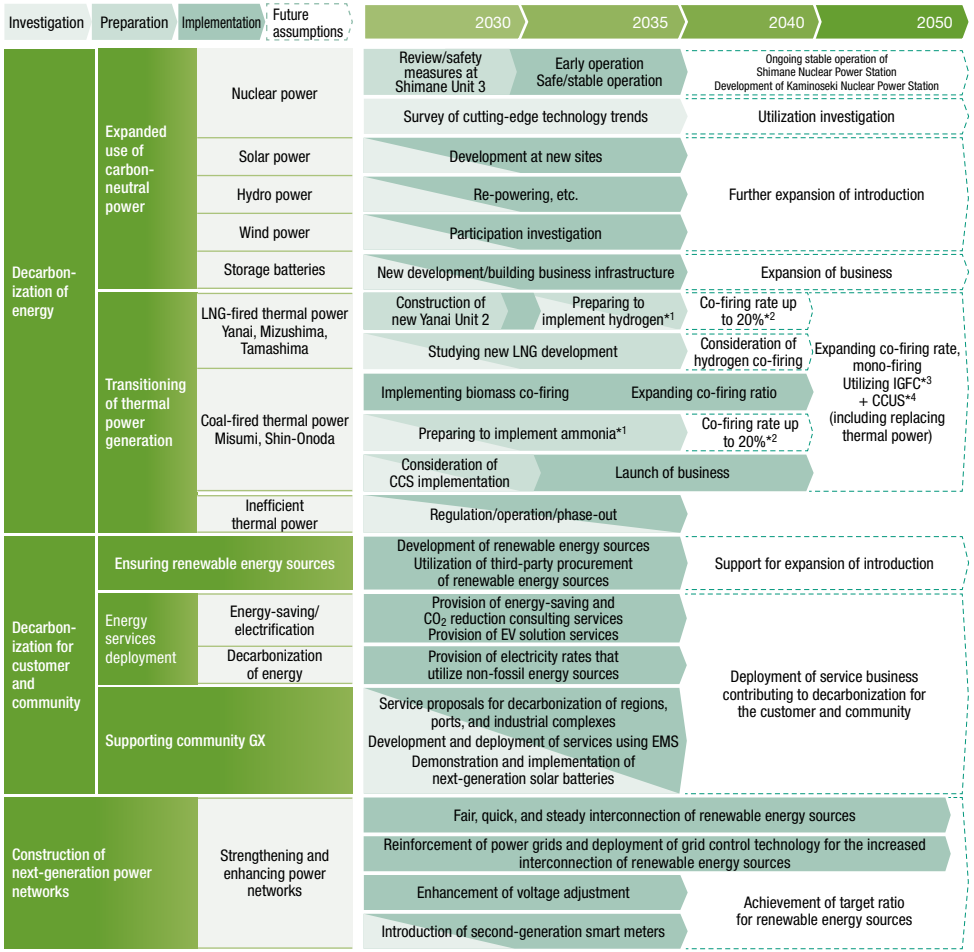
*Investments made in FY 3/2025: 218.7 billion yen
Investments made in FY 3/2026: 162.5 billion yen

Challenge to Achieve Carbon Neutrality by 2050

Initiatives

Priority measures to achieve carbon neutrality by 2050

With the goal of achieving carbon neutrality by 2050, we have established priority measures for meeting our targets for FY 3/2031 and FY 3/2036, and we will effectively advance these efforts.



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

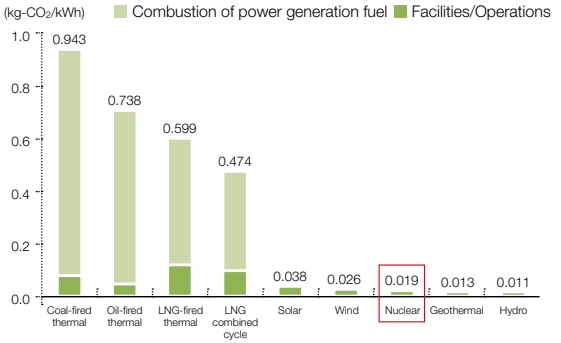
Utilization and development of nuclear power

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

Development of Kaminoseki Nuclear Power Station

As we work toward carbon neutrality by 2050, we recognize that nuclear power will play an increasingly important role in the practical application stage for decarbonization.
In Kaminoseki, our new nuclear power station location, we are working on construction plans to allow us to meet the growing need for decarbonized energy sources.

CO_2 emissions factors by power source in Japan



Source: Central Research Institute of Electric Power Industry's Comprehensive Assessment of Life Cycle CO_2 Emissions from Power Generation Technologies in Japan (July 2016).



Shimane Nuclear Power Station



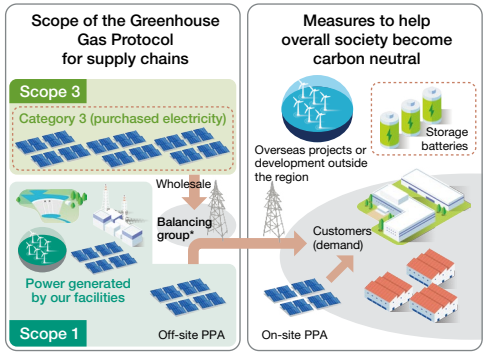
Artist's impression of the power station

Challenge to Achieve Carbon Neutrality by 2050

Further introduction of renewable energy

We have established revised renewable energy deployment targets of +700 MW by FY 3/2031 and +1 GW by FY 3/2036 (vs. FY 3/2020).
Previously, our targets placed importance on new or additional capacity, but with these new targets we have broadened the scope to other initiatives to better reflect the securing of adjustment capabilities aimed at maximizing the utilization of renewable energy and our diversification of business models.
As we tread the path toward carbon neutrality by 2050, we will continue to advance our efforts to expand the introduction of renewable energy and securing greater adjustment capabilities.

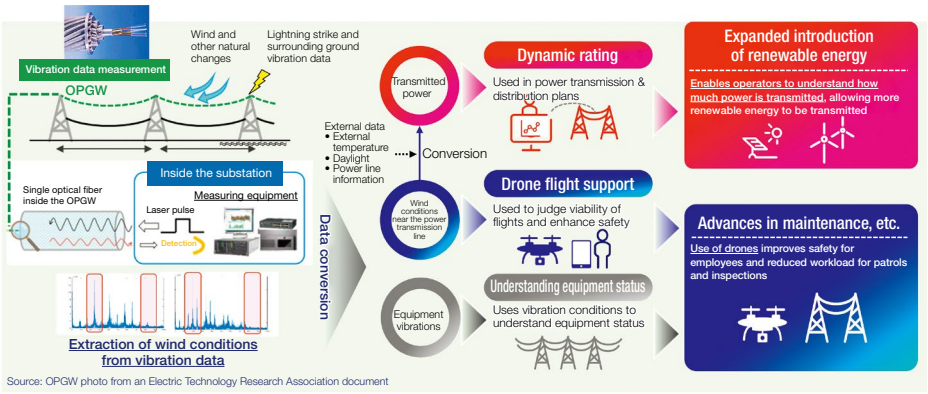
Scope of targets



*Refers to the operators that account for imbalances (discrepancies) between planned generated power and demand in a system that aims to simultaneously the amount of power consumed and produced.

Response to increasing introduction of renewable energy to achieve decarbonization

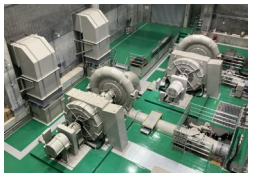
To ensure power producer predictability in the face of an increasing number of connection applications for renewable energy, the website of Chugoku Electric Power Transmission & Distribution discloses the volume of renewable energy, such as solar power, for which applications are received and information on available grid capacity, and measures are being taken to enable the grid to handle increased introduction.
Furthermore, through dynamic line rating and other measures aimed at expanding operating capacities for transformer equipment and managing grid congestion, we work proactively to enhance our grid supervision and control technologies.



Source: OPGW photo from an Electric Technology Research Association document

Re-powering and new development of hydroelectric power and development of AI systems

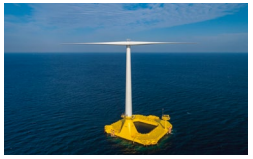
With a close eye on factors such as profitability and future environmental value, we are actively proceeding with re-powering and new developments. At reservoir-based hydroelectric power stations, we are using AI to optimize generation plans and measures to make more effective use of water resources and expand the introduction of renewable energy.



Toyokawa Power Station (post-re-powering)

Development of floating offshore wind power

With the goal of gaining expertise related to running floating offshore wind operations, and to tie this in to our own future development, in November 2024, we became an investment partner in Kitakyushu Hibikinada Offshore Wind Farm (output: 3 MW), which began commercial operation in April 2025.



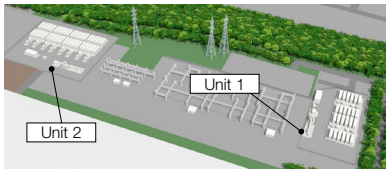
Kitakyushu Hibikinada Offshore Wind Farm

New onshore wind power developments

In April 2026, we became an investment partner in the Masuda-Hikimi Wind Farm project (output: 54 MW). Construction work on the wind farm has now begun in earnest with plans to commence operations in January 2030.

Development of grid storage batteries

We are moving forward with the project to build the new Kudamatsu Power Storage Station Units 1 & 2 on the former site of the Kudamatsu Power Station, which will fulfill an important role in giving us the ability to adjust output according to supply and demand, supporting the greater introduction of renewable energy. Going forward, through a special purpose company established in August 2026, we will centralize control of these projects to develop our grid power storage business.

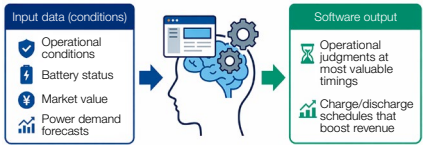


Artist's impression of the completed Units 1 & 2

Facility	Kudamatsu Power Storage Station Unit 1	Kudamatsu Power Storage Station Unit 2
Location	Kudamatsu City, Yamaguchi Prefecture	
Output	16,000 kW	32,000 kW
Capacity	48,000 kWh	96,000 kWh
Scheduled start	FY 3/2029	FY 3/2030

Joint development of storage battery operation optimization systems with Asahi Kasei

Having concluded an agreement with Asahi Kasei Corporation to jointly develop systems to optimize how storage batteries are operated, we are proceeding with this joint development to commercialize software that can come up with storage battery charge and discharge plans.

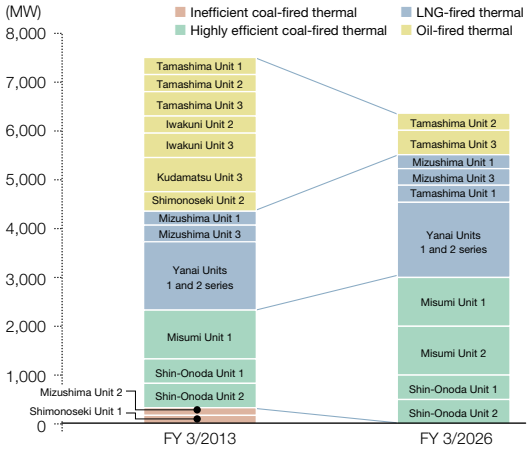


Challenge to Achieve Carbon Neutrality by 2050

Decarbonization of thermal power generation

Based on plans to transition thermal power generation, we are moving forward with actions such as expanding mixed-fuel combustion using biomass at coal-fired thermal power stations, or replacing them using LNG-fired equipment utilizing the highly efficient gas turbine combined cycle (GTCC) generation method, as well as closing aging thermal power facilities.

Additionally, toward the goal of carbon neutrality by 2050, we are studying introducing or preparing to implement next-generation fuels like hydrogen and ammonia or CCS technologies.



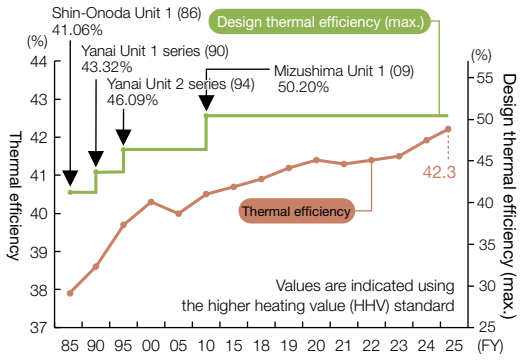
Note: The Osaki 1-1 series is excluded as it halted operations in December 2011. Also, Shin-Onoda Units 1 and 2 are supercritical generators, but are used for co-combustion with woody biomass so are classified as highly efficient coal-fired thermal energy facilities.

Efficient use of fossil energy

In order to curb CO_2 emissions and attain the benchmark indicators of the Act on Rationalizing Energy Use through efficient use of fossil energy, we are working to improve thermal efficiency by using best available technologies (BAT) in developing new thermal power generation facilities, and optimizing operation and maintenance of equipment at existing power stations.

As a result, we maintained a high thermal efficiency in FY 3/2026 of 42.3%, and followed our FY 3/2025 achievement of meeting benchmark indicators based on the Act on Rationalizing Energy Use.

If we imagine that thermal efficiency at each of our thermal power stations could be improved by just 1%, that would make it possible to reduce annual CO_2 emissions by around 350,000 tons.

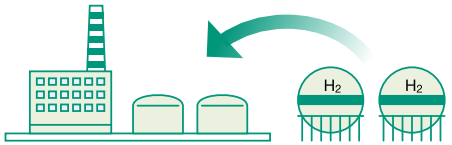


Yanai Power Station (new Unit 2) replacements

As part of our decarbonization efforts, we are preparing to replace Yanai Power Station Unit 2 (two of four LNG plants).

These replacements are predicted to reduce CO_2 emissions by improving power generation efficiency, but to go even further, we will look at the equipment required for hydrogen co-firing.

Investigation into future hydrogen co-firing



Power station name	New Yanai Unit 2 (provisional name)
Fuel (generation method)	LNG (highly efficient GTCC)
Output	522 MW (+126 MW*)
Scheduled start of preparation work	July 2027
Scheduled start of facility construction	September 2027
Scheduled start of commercial operations	July 2030

*Additional output by replacing existing power sources

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

At Misumi Power Station Unit 2, which began commercial operations in November 2022, we have installed ultra-supercritical generation equipment, which is the best available power generation method, with the goal of enhancing our economic and environmental performance.

Further, through mixed-fuel combustion at Misumi Unit 2 and Shin-Onoda Units 1 and 2, we are working to achieve further reductions in CO_2 emissions.

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

Safety measures for biomass mixed-fuel combustion

To prevent spontaneous combustion or fires starting in wood pellets, we have put in place a range of measures, including optimizing storage silo operations and installing equipment to monitor and prevent such incidents. We also implement measures to prevent particulate matter being released, including cleaning and dust collectors.

In the future, we will enact continuous safety measures and use biomass fuel effectively to continue to reduce our CO_2 emissions.



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



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

Challenge to Achieve Carbon Neutrality by 2050

Studies into the introduction of CCS at thermal power plants

In FY 3/2025 and FY 3/2026, we were commissioned to undertake two studies into Engineering Design Work for Advanced CCS Projects by the Japan Organization for Metals and Energy Security (JOGMEC) at our Misumi Power Station and Energia Power Yamaguchi Corporation's Hofu Biomass Power Station. These studies are continuing in FY 3/2027. Moreover, at Hofu Biomass Power Station, we are also combining a study into the effective use of CO_2 that is captured.
Through these studies, we are constructing a CCS value chain that goes from capturing CO_2 at power plants to transporting it and storing it, and we continue to look at launching a CCS business in the early 2030s.

Misumi Power Station



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

Hofu Biomass Power Station



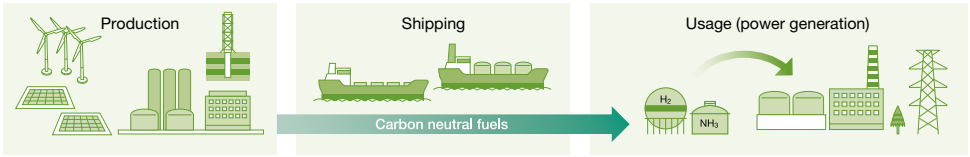
Project	Malaysia Sarawak CCS Project
CO_2 capture amount	Approx. 500,000 tons/year

Investigation of supply chains for rollout of next-generation fuels

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

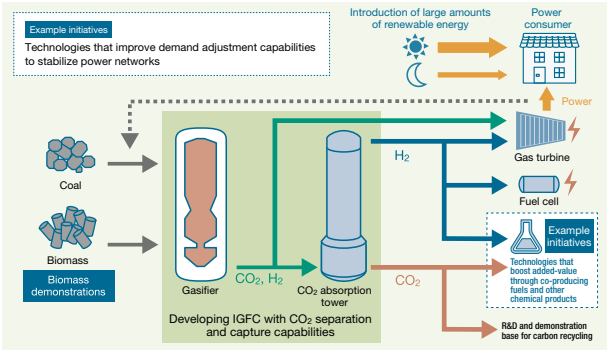
Procurement (production, shipping)
We will examine specific procurement methods, including carrier selection.

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



Promotion of the Osaki CoolGen Project as a trial of technologies that produce virtually zero CO_2 emissions and can be adjusted to meet supply and demand fluctuations

Through the demonstration projects undertaken by Osaki CoolGen Corporation, a company we established jointly with Electric Power Development Co., Ltd., we worked to develop integrated coal gasification combined cycle (IGCC)*1 technologies with CO_2 separation and capture capabilities, first and foremost highly efficient integrated coal gasification fuel cell combined cycle (IGFC)*2 technologies. Having achieved targets in all tests, including plant performance and reliability, in FY 3/2023 we ended the demonstration. In FY 3/2024 and FY 3/2025, we worked to develop the technology for the gasification of biomass-mixed fuel for use in an IGCC with CO_2 separation and capture capabilities. As well as achieving a biomass fuel mix ratio of 50%, we were also able to make forecasts toward commercialization by confirming equipment specifications and operating methods to achieve stable operations.

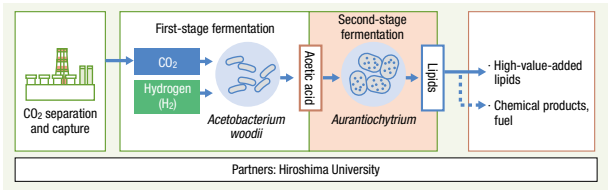


From FY 3/2026 onward, focused on bringing about a decarbonizing society that makes extensive use of renewable energy, we are working on the development and trial of two types of technologies—those that can improve our ability to adjust output according to supply and demand, and those that boost added-value by co-producing fuels and other chemical products—that will help toward practical implementation of IGCC technologies with CO_2 separation and capture capabilities.

*1 Coal is gasified, and the product gas is used to drive gas turbines alongside steam turbines to generate power in a combined cycle.
*2 Triple combined cycle coal-fired thermal power generation that combines fuel cells with IGCC.

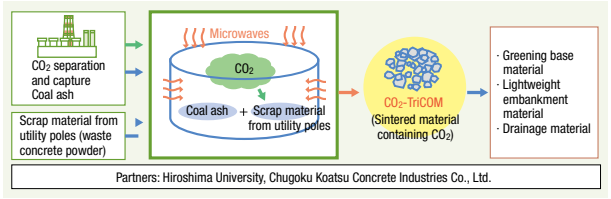
Development and practical application of a Gas-to-Lipids bioprocess

Aiming to develop a bioprocess for CO_2 recycling, we have been working with Hiroshima University to research and develop technologies to make use of the fermentation functions of two microorganisms to develop a technology that can use hydrogen and CO_2 emitted from power plants to manufacture high-value-added lipids that are ingredients in health foods, chemicals, and other products. From FY 3/2026, to commercialize this technology, we are improving and trialing it to overcome the performance and cost issues identified in our research so far.



Development of "Triple C" recycling technology (CO_2-TriCOM)

We are currently working to develop technologies that create materials that can be used in civil engineering work. The process first involves mixing CO_2 and coal ash from power plants, as well as scrap materials from utility poles. The CO_2 is then solidified through a sintering process using microwaves.
We continue to investigate reduction targets for CO_2 emissions produced during the sintering process, and aim to begin commercialization.



Challenge to Achieve Carbon Neutrality by 2050

Energy rate plans that use renewable energy and non-fossil fuel certificates

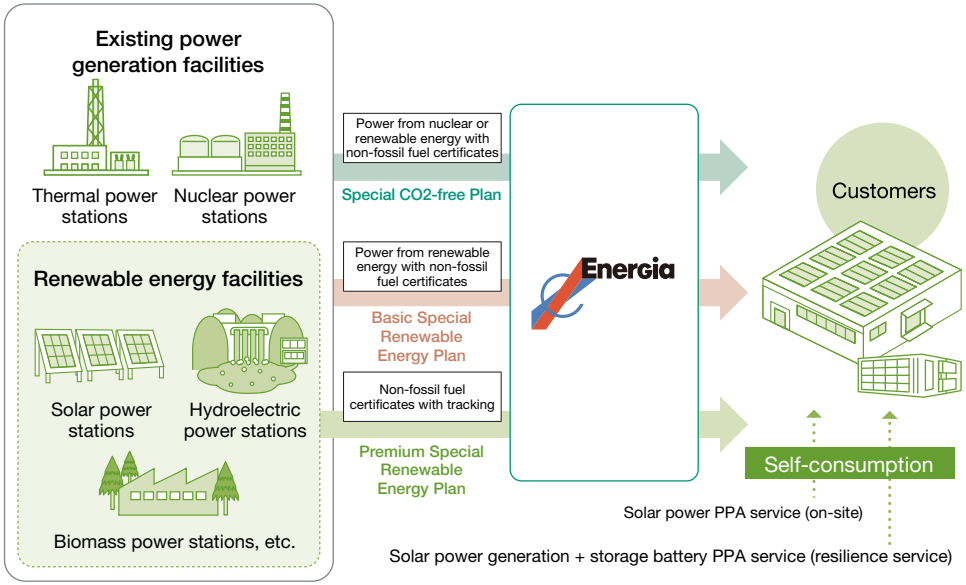
Electricity rate plans with low CO_2 emissions we offer customers.

Household	Gutto Zutto. Renewable Energy Green Plan*1
Corporate customers	Special CO_2-free Plan, Basic Special Renewable Energy Plan,*2 Premium Special Renewable Energy Plan,*3 Special Off-site Power Plan

Solar power PPA service

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

How the rate plans/services work



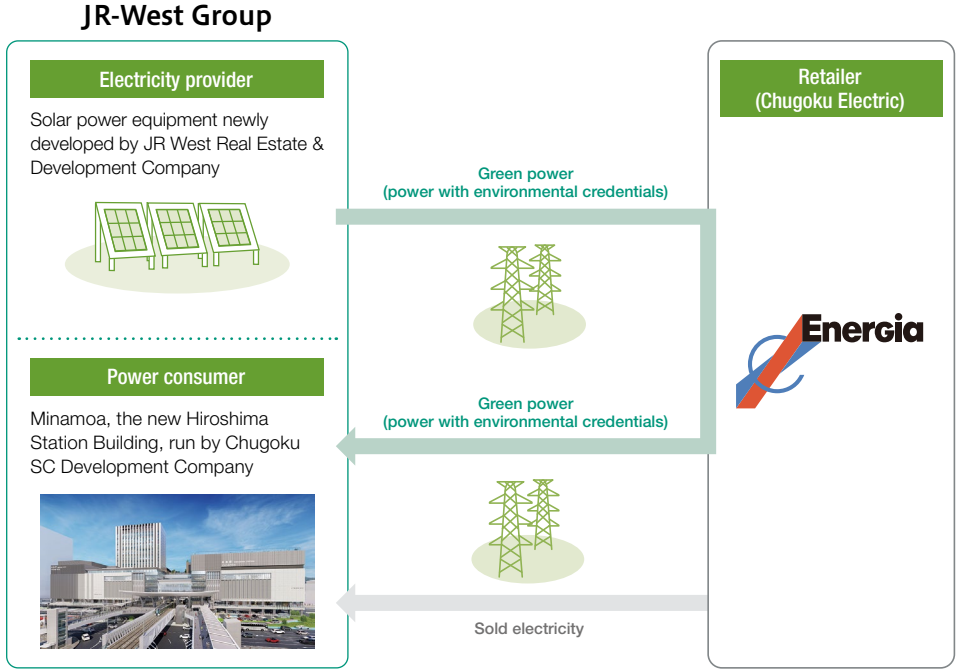
*1 In FY 3/2027, we plan to offer an electricity supply that combines electricity generated from solar power and electricity with non-fossil fuel certificates.
*2 Supplied as electricity from thermal, nuclear, and renewable energy sources procured from wholesale power exchanges (including electricity purchased under a feed-in tariff, "FIT electricity"*4) with non-fossil fuel certificates.
*3 In FY 3/2027, we plan to supply FIT electricity with non-fossil fuel certificates.
*4 Part of our FIT electricity procurement costs are funded by a levy on electricity users, including those who are not our customers.
Note: For more details about the composition of our energy sources, etc., please refer to the website.

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

WEB Special CO_2-free Plan, Basic Special Renewable Energy Plan, & Premium Special Renewable Energy Plan
https://www.energia.co.jp/elec/b_menu/co2_free/index.html

Example of an off-site corporate PPA: the new Hiroshima Station building "Minamoa" (October 2025 press release)

JR West Real Estate & Development Company and Chugoku SC Development Company have concluded an agreement to provide Minamoa, the new Hiroshima Station building, with a solar power supply. Based on this agreement, we will purchase the "green power" (combining electricity and environmental value) generated by solar power equipment newly developed by JR West Real Estate & Development Company and supply it to the Minamoa facility operated by Chugoku SC Development Company.



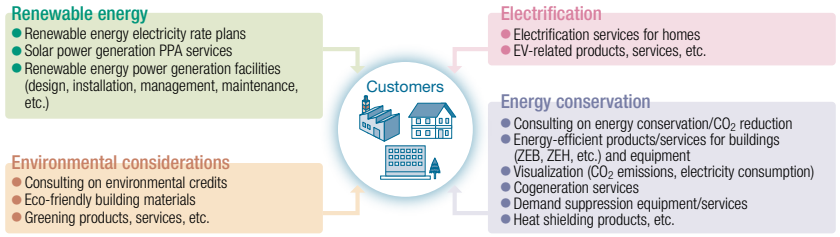
WEB Off-site corporate PPA agreement on a solar power supply for Minamoa, the new Hiroshima Station building
https://www.energia.co.jp/press/2025/16175.html

Challenge to Achieve Carbon Neutrality by 2050

Promotion of efficient use of energy and electrification

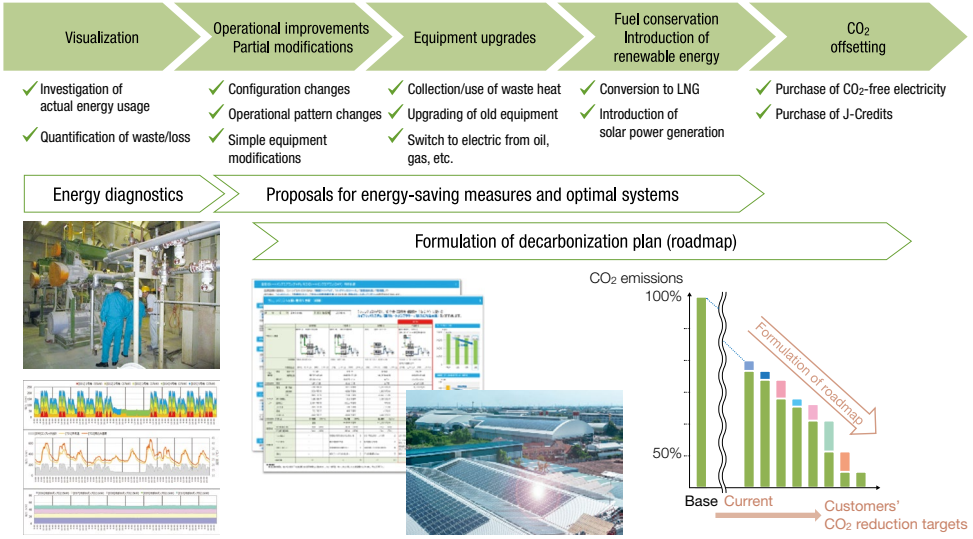
Our Group is working to make efficient use of energy more prevalent through approaches such as recommending high-efficiency systems suited to the needs of each customer, and providing information to help people conserve energy.

Elsewhere, as a part of our efforts to realize the decarbonization of society, we offer customers electricity rate plans for electricity with low CO_2 emissions, install solar power generation equipment at customers' buildings or on their property, and provide services that enable them to use the power generated for a monthly service.



Energy-saving and CO_2-reduction proposals

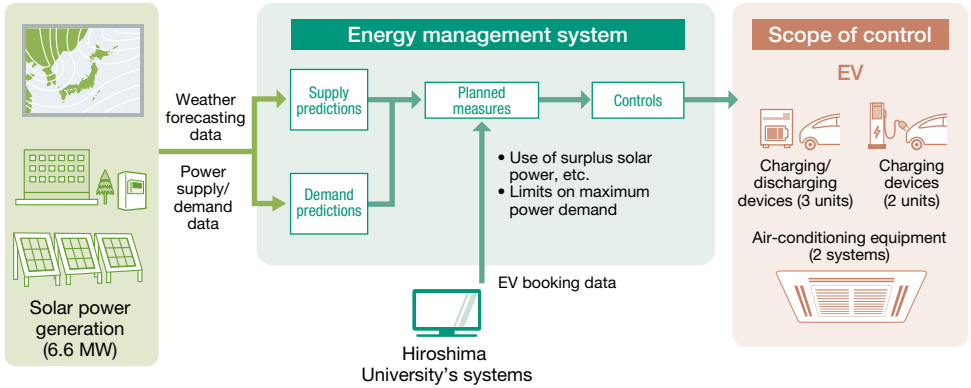
To cater to customers' decarbonization needs, we are offering a package consulting service for energy-saving and CO_2 reduction measures. Specifically, we help customers formulate a roadmap that covers everything from the investigation and analysis of their energy usage to the implementation of decarbonization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



Developing energy management technologies and services

As part of its activities, Hiroshima University Smart City Co-Creation Consortium is looking at the university's Higashi-Hiroshima Campus, home to around 20,000 students and teaching staff, as a single "town." By combining varied, decentralized generation facilities, it is trialing forms of energy management that make maximum use of renewable energy.

How the trial works



Trials toward practical application of next-generation solar panels

We have been selected for inclusion in a NEDO*1 subsidy project*2 to develop transparent organic thin-film solar panel module system. For activities to develop the module system and implement it, we are working with a number of organizations, including the company Reiko, Hiroshima University, the University of Osaka, and Kanazawa University. As well as being lightweight and flexible, organic thin-film solar panels are characterized by their high degree of translucency. We have also been selected for inclusion in another NEDO subsidy project for the research and development of photovoltaic generation technologies. In collaboration with Sumitomo Mitsui Construction (now Arsocia Construction) and Chuden Engineering Consultants, we have started R&D into solar power systems that can be placed offshore.

*1 New Energy and Industrial Technology Development Organization
*2 Technology development project for expanding photovoltaic power generation (R&D Category 2: Site-Specific Photovoltaic Power Generation System Technologies)

A transparent organic thin-film solar panel



Trial location for floating offshore solar systems



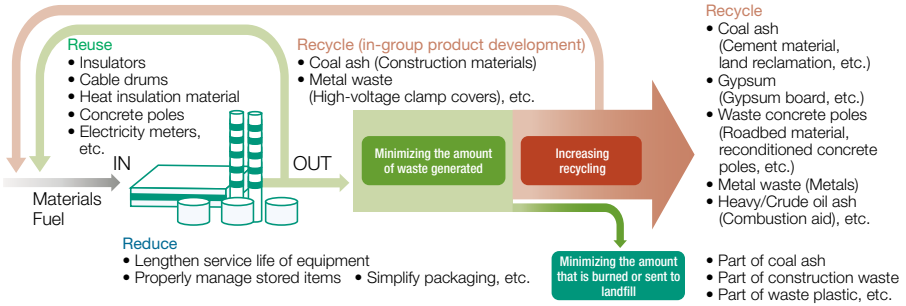
Sea close to Osakikamijima, Hiroshima Prefecture
Source: Image created in-house based on maps from the Geospatial Information Authority of Japan accessed at https://www.gsi.go.jp/

Formation of a Recycling-oriented Society

Policies/Approach

We are cognizant of how important it is to minimize our environmental impact in terms of the waste we produce and finite resources we consume as part of our business activities. To curb the amount of byproducts that go to waste, we promote initiatives that aim toward a recycling-oriented society that turns its “waste” into a resource to be utilized.

How we recycle resources



Metrics and Targets

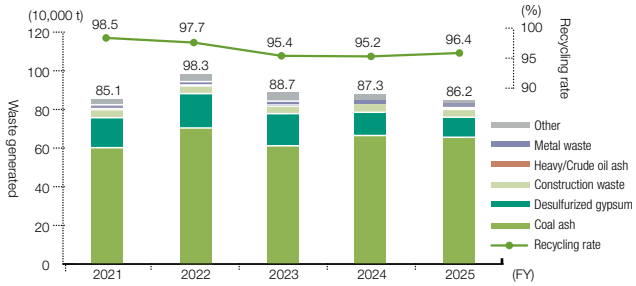
Item	Scope	Unit	Result	Target
			FY 3/2026	FY 3/2027–3/2031
Waste recycling rate (incl. the amount of coal ash effectively utilized)	Group	%	96.4	95+
Reduce plastic waste	Group	—	—	Promote 3Rs + Renewable
Initiatives to make customers and the region more recycling-oriented society	Group	—	—	Promote initiatives

Initiatives

Waste recycling

To help promote a recycling-oriented society, at the Chugoku Electric Power Group we are promoting initiatives in environmentally friendly product purchases and projects, and engaged in efforts to recycle waste. In FY 3/2026, we were able to recycle 96.4% of the waste we generated, because although the amount of waste produced dropped, the percentage of coal ash that we were able to use effectively decreased.

Waste generated and recycling rate



Note: Since FY 3/2024, Energia Power Yamaguchi Corporation has been included in the scope for data.

Plastic waste reduction

We endeavor to reduce the amount of plastic that goes to waste, through measures such as utilizing recycled plastic and sorting waste products into those that can or cannot be recycled.

Example initiatives

Utilizing recycled plastic

- Use of recycled plastics and paper materials for PR goods
- Switch to paper for packaging materials, etc.
- Use of recycled plastic and eco-friendly products
- Thorough sorting of plastics



PR product made from recycled plastic

Sorting and recycling used smart meters

Employees at EnerGia Smile CO., INC. take apart used smart meters and sort through waste plastic and scrap metal components as appropriate. Those elements that can be recycled are passed on to undergo that process, contributing to the recycling of resources.



Employees taking apart and sorting used smart meters

Formation of a Recycling-oriented Society

Promotion of initiatives to make customers and the region more recycling-oriented

Development of coal ash products

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

Overview of coal ash products

Coal ash serving as raw material	Fly ash		Clinker ash
Product name			
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.

Examples of use


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

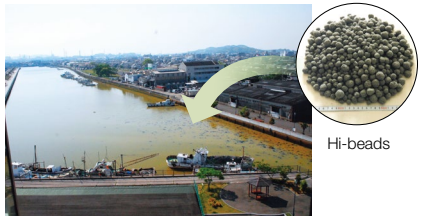

Greening material used in the open space around Hotel Okura (Tokyo) (Light Sand)


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

WEB **Making effective use of coal ash (coal ash products)**
https://www.energia.co.jp/business/sekitanbai/index.html

Using coal ash beads (Hi-beads) to create tidal flats

In the inner harbor at Fukuyama Port (Fukuyama, Hiroshima Pref.), we are using our coal ash bead product Hi-beads and other materials to create tidal flats, for which we were awarded J Blue Credits. This initiative has been verified as improving the quality of the harbor floor and regenerating its ecosystem, while also absorbing 17.6 tons of CO_2 per annum (of which 5.8 tons is ours). This project—made possible through a collaboration with JFE Steel Corporation, Fukuyama City, and Hiroshima University—is making effective use of recycled resources, but also helping to conserve Japan's natural capital.



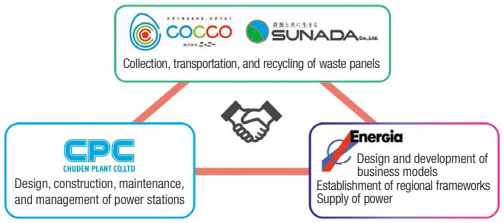
Inner harbor at Fukuyama Port (before): May 2015


Inner harbor at Fukuyama Port (after): Aug 2023

WEB **J Blue Credits acquired for using coal ash beads to create tidal flats in Fukuyama Port**
https://www.energia.co.jp/assets/info/2025/info20260319.pdf

Reuse and recycling of solar panels

We work with local businesses and municipalities to promote the reuse and recycling of solar panels and are working to ensure solar power can be utilized continuously as a power source and resource.



Promoting reuse of power distribution materials

Chugoku Electric Power Transmission & Distribution Company, Inc. has established a power distribution materials reuse center on the former site of Iwakuni Power Station, where it carries out light repairs to minimize the amount that becomes industrial waste (thereby lowering our environmental impact) and promote further reuse. This project was awarded the Minister of Economy, Trade and Industry Award at the FY 3/2026 3Rs Promoter Awards. This is one way in which our efforts to bring about a recycling-oriented society are being lauded.


Reuse center for power distribution materials

Co-existence with Nature

Policies/Approach

Ours is a business that makes use of natural capital and as such, we recognize the deep responsibility we hold to conserve the region's environment. We therefore ensure we are aware of how our business activities impact it, and through a number of measures, starting with environmental assessments, we strive to reduce our environmental impact and protect biodiversity.

Metrics and Targets

Item	Scope	Unit	Result	Target
			FY 3/2026	FY 3/2027–3/2031
Reduction of environmental impact on air, water, etc. (to meet or fall below agreed environmental conservation standards)	Group	—	Not to exceed agreed standards	Not to exceed agreed standards
Biodiversity initiatives	Group	—	—	Promote initiatives

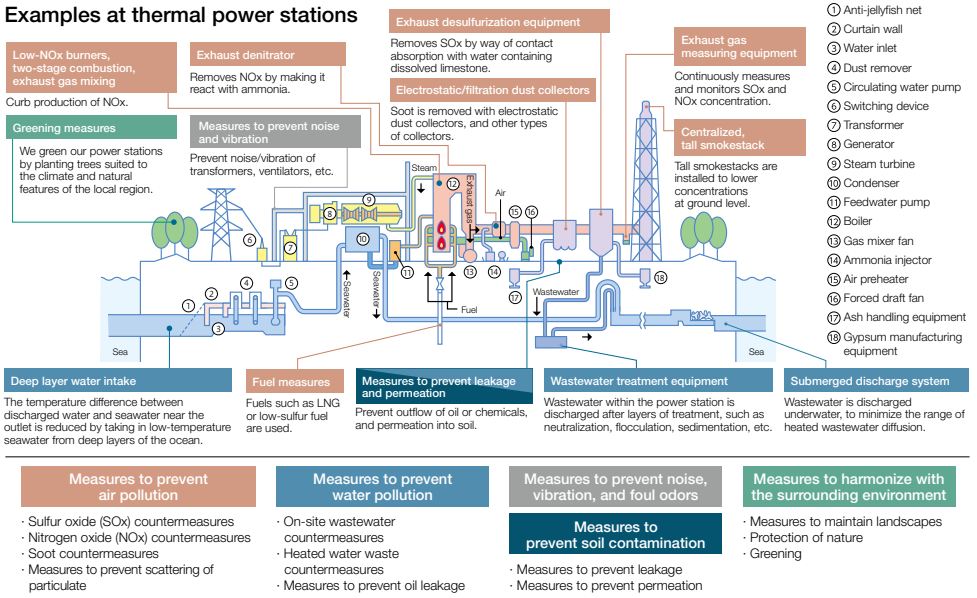
Initiatives

Reduction of environmental impact on air, water, etc.

Environmental conservation measures at power stations

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

Examples at thermal power stations



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

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

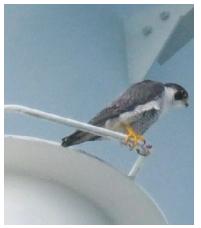
Measures to prevent noise, vibration, and foul odors

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

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

Implementation of environmental assessments

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



Bird of prey survey (April 2025)

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

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

Co-existence with Nature

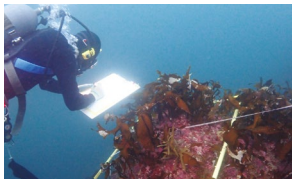
Monitoring the surrounding environment after the start of power station operation

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

WEB **Misumi Power Station: Environmental Monitoring Results**
https://www.energia.co.jp/area/shimane/entry/12008.html

WEB **Shimane Nuclear Power Station: Surrounding Environment Radiation Survey Results**
https://www.pref.shimane.lg.jp/bousai_info/bousai/bousai/genshiryoku/sihannki.html

WEB **Shimane Nuclear Power Station: Construction Environmental Monitoring Survey Results**
https://www.energia.co.jp/atom/atom13-07-1.html



Sealife survey (November 2024)

Proper management of chemical substances

Efforts to detoxify PCBs

We promote the appropriate disposal of PCB (polychlorinated biphenyl) waste within the statutory time limit. Treatment of high-concentration PCB waste was completed by the end of FY 3/2021, and we are systematically disposing of low-concentration PCB waste at a certified facility to finish by the end of FY 3/2027.

WEB **Proper disposal of PCBs**
https://www.energia.co.jp/energy/energia/pcb/

Response to the asbestos issue

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

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

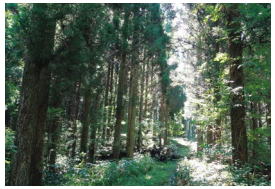
Promotion of biodiversity initiatives

Through a number of biodiversity initiatives we are contributing to activities in the region to co-exist with nature. These include absorbing CO_2 through the forests we also use to recharge water resources, gaining certification for our sustainably managed natural sites, acquiring J Blue Credits, and making effective use of our natural capital, all while taking part in efforts like the Nature Positive Declaration through working with local authorities.

Company-owned forests	Awarded J-Credits
	Certified as a sustainably managed natural site
Artificial reef	Awarded J Blue Credits
Hi-beads® P18	
Working with local authorities	Agreement with the Tottori Nature Positive Declaration

Generation of J-Credits through our maintenance and management of our company-owned forests, and how we used them

We own and manage roughly 1,500 ha of forest for recharging water resources, which supports stable operations for hydroelectric power generation. As well as securing water resources, the forests enable us to absorb CO_2, stabilize soil, prevent erosion, and help to conserve biodiversity.
Through our maintenance and management of these forests, we work to generate and use forest-based J-Credits (planned to cover around 2,000 tons of CO_2 over 8 years), and we are contributing to decarbonization for the customer and community. In FY 3/2026, we were awarded 289 tons' worth of credits, which offsets the CO_2 emissions from providing power to an event in Hiroshima City and in transporting participants to the venue.
Furthermore, some of our forests have been designated Nationally Certified Sustainably Managed Natural Sites by the Ministry of the Environment.



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

What we used the J-Credits to offset in FY 3/2026

Event

- HIROSHIMA CONTI-NeW FeS 2025
It was held with CO_2 emissions from power use and transport to the venue for participants offset.

Generation of J Blue Credits through our creation of an artificial reef, and how we used them

By installing an artificial reef in front of the seawall at Unit 3 of our Shimane Nuclear Power Station, which has created a breeding site for seaweed species, we have improved biodiversity and created natural capital. Thanks to their ability to absorb CO_2, the seaweed beds have allowed us to generate J Blue Credits for the 15.7 tons they absorbed between 2017 and 2021. We use these credits to offset events and similar in the region.

What we used the J-Credits to offset in FY 3/2026

Transport

- Horikawa Pleasure Boat
We offset CO_2 produced by electric pleasure boats, etc.



Sports

- Basketball matches
B.League home games for the Shimane Susanoo Magic professional men's basketball team were held as carbon-neutral matches.



PAC-MAN™ & ©Bandai Namco Entertainment Inc.

Event

- Beauty and Fashion Muse Festival
We offset CO_2 emissions from Muse Festival 2025, a beauty and fashion festival held in Matsue City.



Basis of Our Environmental Management

Policies/Approach

To promote the three topics laid out in the Chugoku Electric Power Group Environmental Management Policy—carbon neutrality by 2050, formation of a recycling-oriented society, and co-existence with nature—we understand that the understanding of local people and a higher awareness of environmental issues among all employees is essential. As a result, we have positioned environmental communication and environmental management as the basis of our environmental management.

Environmental communication

By engaging in dialogue with people in our region and disclosing environmental information, we aim to encourage a better understanding of our environmental initiatives. At the same time, we run support activities to educate about the environment and energy to foster environmental awareness among the next generation.

Environmental management

To more quickly and accurately respond to changes in laws, regulations, and government policies concerning the environment and energy, we operate our own environmental management systems, and manage risk. Additionally, we strive to enhance environmental education and training to ensure we have the required knowledge on environmental laws and regulations, and to remain highly aware of environmental issues.

Metrics and Targets

Environmental communication

Item	Scope	Unit	Result	Target
			FY 3/2026	FY 3/2027–3/2031
Energy and environment education support activities for the next generation	Group	—	230 sessions	Steadily implement
Environmental dialogue with customers and the region	Group	—	—	Steadily implement

Environmental management

Item	Scope	Unit	Result	Target
			FY 3/2026	FY 3/2027–3/2031
Environmental compliance/meeting societal needs	Group	Breaches	0	Zero breaches
Raising employee understanding of environmental initiatives	Group	—	—	Steadily implement education

Initiatives

Environmental communication

Partnership with society

With the aim of deepening understanding and interest toward energy and the environment among the next generation, we promote education support activities.
Moreover, to achieve our goal of increasing contact points with the region and boosting environmental awareness, we work to share information on our efforts, through environmental events and similar.
In FY 3/2026, we gained the assistance of Kitahiroshima Town in Hiroshima Prefecture, with whom we concluded a comprehensive partnership agreement on biodiversity conservation, and Yamabiko Corporation to hold a forest event. This event, in which participants could experience forest maintenance and management efforts, was put on to help inform those in the region about our environmental initiatives. As a collaboration with partners from different industries, it was an opportunity for environmental education and exchanges together with the community.

Major activities in FY 3/2026

Date held	Educational activities	Venue	Target audience
June 21, 2025	Participation in World Environment Day Hiroshima	Hiroshima Prefecture, Hiroshima City	Elementary school students and younger
August 3, 2025	Energia Nature Observation Event in Kirarahama	Yamaguchi City, Yamaguchi Prefecture	Elementary school students and younger
October 11, 2025	Forest event	Kitahiroshima Town, Hiroshima Prefecture	Elementary school students and younger
December 17, 2025	Lecture, Hiroshima University	Higashihiroshima City, Hiroshima Prefecture	University students
January 18, 2026	Water and electricity learning event	Kofu Town, Tottori Prefecture	Elementary school students and younger



World Environment Day Hiroshima (June 2025)



Forest event in October 2025 (with the assistance of Kitahiroshima Town and Yamabiko Corporation)

Basis of Our Environmental Management

Enhancement of information disclosure

We are continuing with efforts to enhance our disclosure of environmental information.

Climate change	TCFD	We have continued to disclose information since FY 3/2021. Our efforts have been cited as a positive example in the Ministry of the Environment's Recommendations for Management Strategies That Use Sustainability (Climate- and Nature-related) Information Disclosure Information Disclosure Based on TCFD & TNFD Recommendations ▶ P23-33
Nature	TNFD	Disclosed since FY 3/2025 Information Disclosure Based on TCFD & TNFD Recommendations ▶ P23-33
ESG	CDP	Evaluation results for responses to the 2025 CDP questionnaire Climate change: B Water security: B WEB Response to CDP https://www.energia.co.jp/e/environment/other/index.html
	SASB	Disclosed since FY 3/2022 WEB Information Disclosure in Line with SASB Standards https://www.energia.co.jp/e/environment/other/index.html
	Chugoku Electric Power Group Environmental Data Compilation	The Chugoku Electric Power Group discloses its key environmental data on its website Acquired third-party evaluations to enhance the reliability of the environmental information contained in this report WEB Chugoku Electric Power Group Environmental Data Compilation https://www.energia.co.jp/energy/energia/kaiji/index.html

Implementation of environmental management

Thorough environmental compliance

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

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

The results of environmental management reviews and similar are reported to the Environmental Management Promotion Committee and others.

Bolstering environmental education and training for employees

In addition to providing environmental education at each workplace, since FY 3/2017, as part of our efforts to minimize environmental risks and raise environmental awareness among all employees, members of the Carbon Neutrality Promotion Division conduct environmental supervisor training at each site.

Environmental award system

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

Environmental awards FY 3/2026



Name of activity

Reduction of customer CO_2 emissions through LNG sales

Commended department

Gas Solutions Group Energy Sales Division

Name of activity

Reduction of CO_2 emissions through energy management at office buildings

Commended department

General Affairs and Construction Group
Property Management Division

Information Disclosure Based on TCFD & TNFD Recommendations

As a group, we recognize the importance of addressing climate change and other nature-related issues. As such, we promote better responses to risk and opportunities and fuller information disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD).

We became a signatory to the TCFD recommendations in June 2019.

Governance TCFD TNFD

We have constructed an environmental management promotion framework in which the President and CEO holds ultimate responsibility. Under the supervision of the Board of Directors, the constituent parts of the framework formulate strategies, policies, and targets connected to climate change and other issues related to nature. They also manage progress toward the targets and the status of any measures being implemented.

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

Environmental management promotion framework P7 Integrated Report Policy on Director Compensation P65

Main points of discussion at the Board of Directors, Environmental Management Promotion Committee, and elsewhere (FY 3/2026)

	Main points of discussion
Task Force on Climate-related Financial Disclosures	✓ Formulation of the Chugoku Electric Power Group Environmental Management Policy (policies/targets) ✓ Chugoku Electric Power Group Environmental Targets FY 3/2025 results/evaluation ✓ Status of implementation of priority issues to achieve carbon neutrality by 2050 ✓ Risk management status
Taskforce on Nature-related Financial Disclosures	✓ Formulation of the Chugoku Electric Power Group Environmental Management Policy (policies/targets) ✓ Chugoku Electric Power Group Environmental Targets FY 3/2025 results/evaluation ✓ Disclosure based on TNFD recommendations

Risk management TCFD TNFD

Environmental risks such as climate change and other nature-related issues are managed as part of the Group's overall integrated risk management.

We understand that the tightening of GHG emissions regulations is a risk with the potential to have a serious impact on the Group's business, and have listed it as a business risk in our Securities Report.

Integrated Report Risk Management P68

Strategy TCFD

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

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

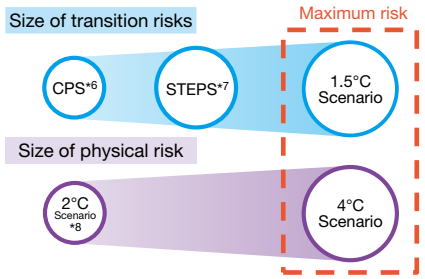
Assumed scenarios

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

1.5°C Scenario	4°C Scenario
• Reinforcement of global climate change countermeasures and the steady reduction of GHG emissions • Limitation of global average temperature rises to below 1.5°C above pre-industrial (1850–1900) levels by the end of the 21st century • Achieve Japan's NDC*3 and carbon neutrality by 2050 (Reference) • IEA: World Energy Outlook 2025 NZE Scenario*4 • Seventh Strategic Energy Plan • GX2040 Vision	• Insufficient global climate change coun-termeasures and inadequate reduction of GHG emissions • Global average temperature rises reach approximately 4°C above pre-industrial (1850–1900) levels by the end of the 21st century (Reference) • Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, SSP5-8.5 scenario*5 • Based on the 4°C warming scenario in the Japan Meteorological Agency's Climate Change in Japan 2025

*3 Nationally Determined Contribution. GHG emissions reduction targets provided by each party under the Paris Agreement. As a country, Japan has set its targets to reduce its emissions from FY 3/2014 levels by 46% by FY 3/2031 (while striving for 50%), 60% by FY 3/2036, and 73% by FY 3/2041.
*4 Scenario in which the global average temperature rise is kept to 1.5°C.
*5 Scenario in which climate measures are not introduced due to development being reliant on fossil fuels.

Transition risks and physical risks



Under the 1.5°C Scenarios in which stricter climate-related measures are implemented, transition risks are largest, while under the 4°C Scenario in which climate-related measures are inadequate, it is physical risks that are largest.

*6 Current policies scenario. Based on existing measures only, not taking into account any future strengthening of measures or similar. (IEA World Energy Outlook 2025 CPS scenario)
*7 Officially announced measures scenario. In addition to current policies, it is based on future measures that have been announced. (IEA World Energy Outlook 2025 STEPS scenario)
*8 A scenario in which the 2°C target of the Paris Agreement is largely achieved. (Based on the 2°C warming scenario in the Japan Meteorological Agency's Climate Change in Japan 2025)

Information Disclosure Based on TCFD & TNFD Recommendations

Changes in business environment

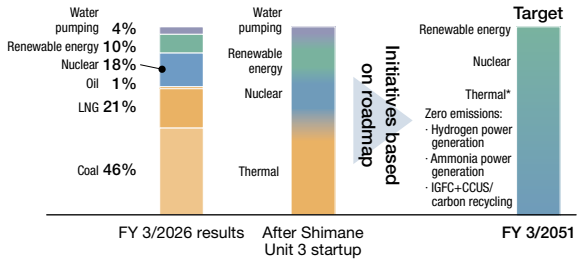
Following analysis of the assumed business environment changes in each scenario, in the 1.5°C Scenario, there would be a significant impact on our business on both the supply and demand sides, while climate change would have a significant impact on our business in the 4°C Scenario.

1.5°C Scenario

Energy supply

According to the IEA's World Energy Outlook 2025, the global ratio of non-fossil energy sources is set to significantly increase ahead of 2050. In Japan, the Seventh Strategic Energy Plan outlines the country's policy to introduce renewable energy as the main power source to the maximum extent possible, and includes a non-fossil fuel energy ratio of approx. 60 to 70% for FY 3/2041.
Through efforts such as the commencement of operations at Shimane Unit 3 and expanded introduction of renewable energy, we as a group aim for an optimal energy mix that will help us to achieve carbon neutrality by 2050.

Proportion of generated electric power (generated ourselves)

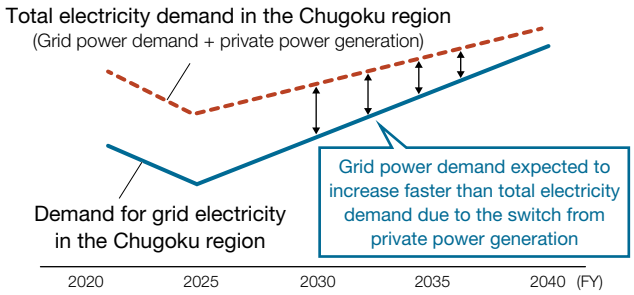


*Measures to achieve zero emissions are for reference purposes, and may be revised based on the results of further studies from various economic and technological perspectives

Energy demand

According to the IEA's World Energy Outlook 2025, global electricity demand and electrification rates will continue to rise ahead of 2050. In Japan, the Seventh Strategic Energy Plan predicts that while final energy consumption will decrease, electricity demand will increase due to such factors as advances in electrification driven by GX and DX and the new construction and expansion of data centers and semiconductor factories.
The Chugoku region is also predicted to see this rise in electricity demand supported by growing demand for data centers and increasing electrification in a manufacturing industry aiming for GX.

Electricity demand in the Chugoku region

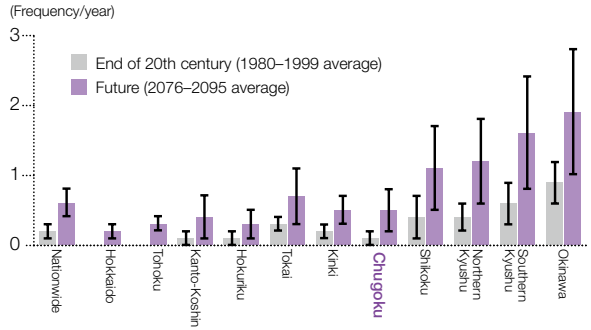


4°C Scenario

Climate change

According to the Sixth Assessment Report from the IPCC, global average temperatures are set to continue to rise during the 21st century. Likewise in Japan, temperatures are predicted to continue rising. The result of this is an increase in the amount of moisture in the atmosphere and rising sea levels with more frequent cloudbursts (defined as where 50 mm or more rain falls in an hour or less) and stronger typhoons.
The same effects are predicted for the Chugoku region, with concerns about the increasing severity of natural disasters.

Frequency of cloudbursts



Created in-house based on the Japan Meteorological Agency's Climate Change in Japan 2025; the thin vertical black lines show the range of annual change.

Main impacts on group business

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

Main impacts on group business

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

Main impacts on group business

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

Information Disclosure Based on TCFD & TNFD Recommendations

Climate change risks and opportunities

Based on the scenarios outlined above, we recognize climate change risks and opportunities facing us as seen in the table on the following page.
The maximum risks vary for the two scenarios: transition risks for the 1.5°C Scenario and physical risks for the 4°C Scenario. By advancing measures based on both, we will be able to respond to either and engage in business with our resilience assured.
As a group, we have taken into consideration the risks and opportunities we have identified and set priority measures to achieve carbon neutrality by 2050, which we are rolling out.

Priority measures to achieve carbon neutrality by 2050 P11

Trade-off between risks and opportunities

We believe that our response to climate change presents an opportunity for medium-to-long-term growth. In this light, we are advancing initiatives to decarbonize energy and decarbonize our customers and community. Equally, these efforts carry potential risks such as impacting the natural environment or regional society, or driving up costs.
In terms of changes to our business environment resulting from climate change, each business faces both risks and opportunities. Responding to one may incur the other, so there may need to be trade-offs.
Therefore, when determining strategy or approach, we have to comprehensively assess risks and opportunities from a pan-business perspective.

: Priority measures to achieve carbon neutrality by 2050

	Business area	Changes in business environment	Group risks and opportunities		Timeline*1 Short-term	Timeline*1 Medium term	Timeline*1 Long term	Major impact*2	Financial impact		Main measures
1.5°C Scenario	Generation/wholesale	Tightening of GHG emission regulations (Act on GX Promotion, etc.)	Transition risks (Policy/Law)	Increase in costs in line with tightened GHG emissions regulations	○	○	○	○	Increase in CO_2 emissions costs for missing CO_2 emissions targets*3,4	Approx. 62 billion yen	Decarbonization of energy sources • Promoting priority measures toward further introduction of renewable energy, expanded use of nuclear power, etc.
		Increasing needs for non-fossil energy sources	Opportunities (Energy sources)	Increase in demand for renewable energy	○	○	○	○	Decrease in CO_2 emissions costs and fuel costs by expanding introduction of renewable energy Renewable energy investment: Approx. 80 billion yen (FY 3/2027 to FY 3/2031)	—	Further introduction of renewable energy • Further introduction of solar, hydroelectric, and wind power • New development of storage batteries and business expansion
			Opportunities (Energy sources)	Expanded use of nuclear power	○	○	○	○	Decrease in CO_2 emissions costs by operating Shimane Unit 3*3,4 Nuclear power investment: Approx. 800 billion yen (FY 3/2027 to FY 3/2031)	Approx. 76 billion yen	Use and development of nuclear power • Initiatives for the stable operation of Shimane Unit 2 and early commencement of operations at Unit 3, all while making safety the top priority • Trend surveys and trial studies for state-of-the-art technologies • Development of Kaminoseki Nuclear Power Station
									Decrease in fuel costs if the utilization rate for Shimane Unit 2 were raised 1%*4	Approx. 0.7 billion yen	
		Increasing needs for highly efficient/ decarbonized thermal power generation	Transition risks (Market)	Decrease in market competitiveness and utilization rates	○	○	○	○	Decrease in profits due to lower utilization rates for thermal power stations	—	Transitioning of thermal power generation • Construction of new Yanai Unit 2 (LNG) • Examination and preparation of hydrogen/ammonia mixed-fuel combustion • Expansion of biomass mixed-fuel combustion • Investigation into introducing CCS technologies • Promotion of the Osaki CoolGen Project • Phase out of inefficient coal-fired thermal power
			Opportunities (Energy sources)	Expanded use of high-efficiency thermal power and biomass mixed-fuel combustion	○	○	○	○	Decrease in CO_2 emissions costs and fuel costs from expanding the use of high-efficiency thermal power Decrease in CO_2 emissions costs from expanding the use of biomass mixed-fuel combustion Thermal power investment: Approx. 70 billion yen (FY 3/2027 to FY 3/2031)	—	
			Opportunities (Acute)	Utilization of carbon-free power sources (hydrogen/ammonia power generation, IGFC+CCUS, etc.)			○		Decrease in CO_2 emissions costs from utilizing carbon-free power sources	—	
		Increasing needs outside Japan for non-fossil energy sources	Opportunities (Market)	Increase in demand for renewable energy outside Japan	○	○	○	○	Increase in profits from expanding renewable energy projects outside Japan	—	Expansion of International Business • Increase projects with a focus on renewable energy

Continued on next page

Information Disclosure Based on TCFD & TNFD Recommendations

: Priority measures to achieve carbon neutrality by 2050

	Business area	Changes in business environment	Group risks and opportunities		Timeline*1 Short-term	Timeline*1 Medium term	Timeline*1 Long term	Major impact*2	Financial impact		Main measures
1.5°C Scenario	Power transmission and distribution	Rapid adoption of renewable energy due to technological advancements	Transition risks (Technologies)	Increase in grid countermeasure costs to further introduce renewable energy	○	○	○	○	Increase in power transmission and distribution business investment associated with grid countermeasures	Approx. 550 billion yen (FY 3/2027 to FY 3/2031)	Construction of next-generation power networks • Expand grid connections to renewable energy sources fairly, swiftly, and steadily • Strengthen the grid and develop control technologies to expand grid connections to renewable energy sources • Evolution of high-voltage adjustment • Introduction of 2G smart meters
	Retail	Tightening of GHG emission regulations (Act on Sophisticated Methods of Energy Supply Structures, etc.)	Transition risks (Policy/Law)	Increase in power procurement costs due to tightening GHG emissions regulations	○	○	○	○	Increase in power procurement costs (Including the effect of soaring prices of non-fossil fuel certificates as companies act to comply with the Sophisticated Methods Act)	–	Securing of renewable energy sources • Development of renewable energy sources • Procurement from other companies' renewable energy sources Rolling-out of energy services • Provision of energy-savings and CO_2 reduction consultation • Provision of EV solutions services • Provision of electricity rate plans that use non-fossil fuel certificates Regional GX response • Provision of services for regional, port, and industrial complex decarbonization • Development and rolling-out of services using EMS • Trial and application of next-generation solar cells
		Progress of electrification for decarbonization	Opportunities (Market)	Expanded electricity demand from progress in electrification	○	○	○	○	Increase in income from electricity rates if electricity sales rise by 1%*4	Approx. 10 billion yen	
		Increasing needs among customers for energy-saving and decarbonization measures in their business activities	Transition risks (Market)	Increase in turnover for customers focused on CO_2 emission factors	○	○	○	○	Decrease in profits due to higher customer turnover	–	
			Opportunities (Products and services)	Advancement of DR,*5 Solar PPA,*6 and other services	○	○	○	○	Increase in profits from DR,*5 Solar PPA,*6 and other services	–	
	Groupwide	Heightened social awareness of decarbonization	Transition risks (Reputation)	Impact on fund procurement and business opportunities from reputational loss if decarbonization initiatives are deemed too slow	○	○	○	○	Impact on interest expenses if interest rates fluctuate by 0.1%*4	Approx. 0.9 billion yen	Stronger engagement with investors • Improve and enhance initiatives considering dialogue with shareholders and investors Promotion of sustainable finance • Issue transition bonds and finance through transition-linked loans • Transition loans using financial support from the GX Acceleration Agency
									Decrease in profits from fewer business opportunities	–	
			Transition risks (Policy/Law, Reputation)	Increase in lawsuits due to delays to de-carbonization efforts		○	○		Decrease in profits from higher legal costs and drop in social trust	–	
			Opportunities (Technologies)	Development of carbon recycling technologies (CO_2-TriCOM, Gas-to-Lipids)*7			○		Decrease in CO_2 emission costs through the use of carbon recycling technologies	–	Development of carbon recycling technologies • Development and commercialization of carbon recycling technologies
4°C Scenario	Generation/ wholesale Power transmission and distribution	Increasing severity of natural disasters (cloudbursts, typhoons, etc.)	Physical risks (Acute)	Increase in recovery and countermeasure costs in line with facility damage	○	○	○	○	Damage costs*8 (Impact of the heavy rainfall disaster in July 2018)	Approx. 3.7 billion yen	Greater resilience • Stronger power infrastructure • Better adaptability to disasters • Firmer cooperation with relevant external organizations, local authorities, etc. • Groupwide comprehensive disaster preparedness drills
			Physical risks (Acute)	Stronger resilience measures (equipment countermeasures, etc.)	○	○	○	○	Increase in equipment investment and maintenance costs used in strengthening resilience measures	–	
	Generation/ wholesale Power transmission and distribution	Changing rainfall patterns	Physical risks (Chronic)	Stronger resilience measures (equipment countermeasures, etc.)			○		Increase in equipment investment and maintenance costs used in strengthening resilience measures	–	
	Generation/ wholesale	Rising average temperatures and rising sea levels	Physical risks (Acute)	Fluctuating water flow rates (fluctuating levels of hydropower)	○	○	○		Impact on fuel costs if water flow rates fluctuate 1%*4,9	Approx. 0.3 billion yen	Effective use of water resources • Conduct hydroelectric re-powering • Optimize power generation planning through AI

*1 Short term: FY 3/2027; Medium term: FY 3/2028 to FY 3/2031 (covered by the current Medium-term Management Plan); Long term: FY 3/2032 to FY 3/2051 (period to achieve carbon neutrality by 2050).
*2 In addition to evaluating current impact on the Group's businesses, considerations have also been made based on priority initiatives. Note that these impact evaluations are not final, and may fluctuate based on external environmental changes such as new national policies and energy circumstances.
*3 Assuming full-scale introduction of carbon pricing in FY 3/2031 or beyond. For carbon prices, we have referred to the NZE Scenario and Advanced Economies (Net-zero Commitments) section for FY 3/2031 from the IEA's World Energy Outlook 2025, basing the calculations on \$140/tCO_2.
*4 Calculated based on FY 3/2026 achievements. Values are not definitive and fluctuate based on the achievements of the fiscal year used for calculation.
*5 Demand response. A mechanism whereby holders of users' energy resources or third parties control these resources to change power demand patterns.
*6 Power purchase agreement.
*7 Technologies that solidify CO_2 so it can be reused in civil engineering materials and concrete (CO_2-TriCOM) and a technology that uses a bioprocess to generate high-value-added lipids from CO_2 (Gas-to-Lipids).
*8 Actual expenses as an indicator of future financial impact.
*9 The average water flow rate for the past ten years is 97% (range: 76–116%)

Information Disclosure Based on TCFD & TNFD Recommendations

Metrics and Targets TCFD

On our path to achieving carbon neutrality by 2050, we have previously set CO_2 emission targets and set FY 3/2031 targets for power supply and demand initiatives, and have worked to achieve these.
In the Chugoku Electric Power Group Corporate Vision 2040, which we created in September 2025, we set ourselves new targets for groupwide supply chain GHG emissions (Scope 1, 2, and 3) to strive toward that equal Japan's NDC: a 50% reduction by FY 3/2031 and 60% reduction by FY 3/2036 (both compared to FY 3/2014 levels).
From FY 3/2027, we are adding to our supply chain GHG emissions (Scope 1, 2, and 3) and CO_2 emissions targets. After a review, we have set a new target on the amount of newly introduced renewable energy.
Moreover, in FY 3/2026, we achieved the results detailed below against our climate-related targets.

Climate-related targets and progress

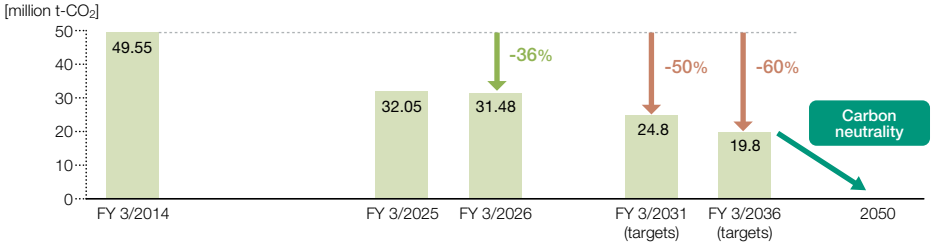
Challenge to Achieve Carbon Neutrality by 2050 Metrics and Targets P9

	Item	Scope	Target	FY 3/2026 results
	Supply chain GHG emissions (Scope 1, 2, and 3)*1	Group	50% reduction by FY 3/2031 60% reduction by FY 3/2036 (compared to FY 3/2014)	31.48 million t-CO_2 (approx. 36% reduction)
	CO_2 emissions*2	Chugoku Electric	Halve CO_2 emissions by FY 3/2031 for both retail business and power generation business (compared to FY 3/2014)	Retail business: 20.98 million t-CO_2*3 (approx. 50% reduction) Power generation business: 15.42 million t-CO_2 (approx. 38% reduction)
Energy supply	Further introduction of renewable energy	Group	FY 3/2021 to FY 3/2031: 300–700 MW*4	+420 MW
Energy supply	Utilize nuclear power generation while making safety the top priority	Chugoku Electric	Early operation restart of Unit 2, and start of operation of Unit 3, at the Shimane Nuclear Power Station	Unit 2: Continued stable operation Unit 3: Currently responding to conformity reviews for new regulatory requirements
Energy supply	Thermal power station heat efficiency	Chugoku Electric	Achievement of benchmark indicators based on the Act on Rationalizing Energy Use by FY 3/2031*5	Thermal power A: 1.04 Thermal power B: 44.5% Coal: 45.75%
Energy demand	Provision of energy-saving products and services to customers	Group	FY 3/2031 No. of EcoCute units installed: More than 900,000 units*6	810,000 units

*1 Calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.8) (Ministry of the Environment, Ministry of Economy, Trade and Industry), etc.
As we do not directly measure GHG emissions, we calculate them using an estimation method using activity data and emissions factors.
*2 Retail business: Calculated based on Calculations and Announcements for Individual Power Companies' Unadjusted Emission Coefficients, Basic Emission Coefficients, and Adjusted Emission Coefficients (Ministry of the Environment, Ministry of Economy, Trade and Industry).
Power generation business: Calculated based on The Calculating and Reporting Manual for Greenhouse Gas Emissions (Ministry of the Environment, Ministry of Economy, Trade and Industry).
*3 Third-party verified by KPMG AZSA Sustainability Co., Ltd.
*4 Covers newly developed equipment, with a starting point of FY 3/2020.
*5 Calculated based on the Standards of Judgment for Business Operators on the Rational Use of Energy for Factories etc. (Ministry of Economy, Trade and Industry). It sets our medium-to-long-term targets for electricity suppliers as: Metric A of 1.00 or above, Metric B of 44.3% or above, and a coal-fired thermal power generation efficiency of 43% or above.
*6 Cumulative (conjectural) total for new installations and units bought to replace gas- or kerosene-fired water heaters or electric water heaters.

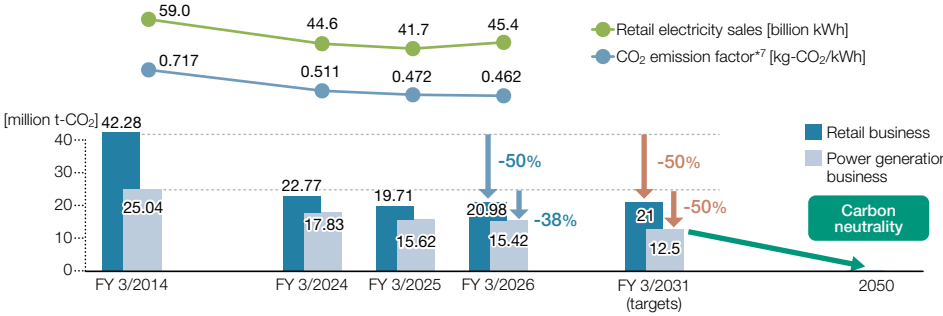
Reduction of supply chain GHG emissions

Supply chain GHG emissions (Scope 1, 2, and 3) were 31.48 million t-CO_2 (a 36% reduction from FY 3/2014 levels), so we are making steady progress toward achieving our FY 3/2031 and FY 3/2036 targets.



Reduction of CO_2 emissions

CO2 emissions for the retail business in FY 3/2026 were 20.98 million t-CO_2 (a 50% reduction from FY 3/2014 levels), so we have already largely achieved our target level. However, between now and FY 3/2031 we predict an increase in the amount of electricity we sell, so we will continue to promote energy source procurement that balances economy and environmental performance. The CO_2 emission factor*7 decreased to 0.462 kg-CO_2/kWh compared to FY 3/2025 due to a higher non-fossil fuel energy ratio resulting from increased operation of Shimane Nuclear Power Station Unit 2 and other factors.
For the power generation business, meanwhile, CO_2 emissions were 15.42 million t-CO_2 (an approx. 38% reduction from FY 3/2014 levels) so we are making steady progress toward achieving our FY 3/2031 targets.



*7 Adjusted CO_2 emission factor. Reflects adjustments, etc., related to the FIT sys-tem, and CO_2 emission credits (non-fossil fuel certificates, green electricity certifi-cates, J-Credits from renewable energy, J-Credits for non-renewable-energy rea-sons, JCM Credits).

Internal carbon pricing (ICP)

At present, we do not use ICP in our decision-making, but we are proceeding with studies that include how to apply this approach, with reference to emission allowance unit prices used by the GX-ETS (Green Transformation Emissions Trading System).

Information Disclosure Based on TCFD & TNFD Recommendations

General requirements TNFD

Item	Details
Application of materiality	We have adopted a double materiality approach that evaluates both the relationship between nature and society and business activities and the impact of business activities on nature and society.
Scope of disclosure	In addition to widening the scope to more of the Group's business activities, we have analyzed and evaluated our priority businesses from upstream operations to direct ones. Moreover, group companies included in the scope have been designated consolidated subsidiaries. For the upstream side of the supply chain, we utilized ENCORE*1 to evaluate dependencies and impacts at the fuel procurement stage, and for direct operations we evaluated dependences, impacts, and associated risks and opportunities for each type of power generation.
Regions with issues related to nature	We used publicly available tools such as IBAT*2 and Aqueduct*3 to assess the importance of biodiversity and water stress in the areas surrounding all of the power stations and concrete manufacturing and coal ash recycling sites that we operate directly. We disclose detailed information on the natural environment surrounding the Group's key sites and sites that are important from the perspective of nature and biodiversity conservation.
Integration with other ESG-related disclosure	We publish an integrated report in which we aligns the content of disclosures with the TCFD recommendations.
Periods under consideration	In line with the TCFD recommendations, we have set short-term (FY 3/2027) as well as medium-term (FY 3/2028 to FY 3/2031) and long-term (FY 3/2032 to FY 3/2051) targets, taking into consideration the target years set by the Kunming-Montreal Global Biodiversity Framework and other initiatives.
Stakeholder engagement	In addition to our disclosure of information in our annual integrated reports, we hold briefing sessions on our ESG initiatives for investors. Also, our management regularly engages in dialogue with external experts on sustainability issues and we offer environmental training to our employees, Furthermore, through environmental impact assessments and compliance with environmental protection agreements and the like, we are reducing our impact on the natural environment. At the same time, we are endeavoring to encourage greater understanding of our business and build relationships of trust through dialogue with the region.

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

Management of risks and impacts TNFD

Process to evaluate nature-related dependencies, impacts, risks, and opportunities

As a group, we use scenario analysis to evaluate the nature-related dependencies, impacts, risks, and opportunities that arise in our business using the LEAP approach advocated by the TNFD. Based on the results of this analysis, we identify major risks and opportunities. Then, at the business planning and implementation stage, we conduct environmental assessments, and work to avoid or lessen the impact on ecosystems, while also carrying out continuous monitoring post-operation.

Strategy (dependencies and impacts) TNFD

LEAP approach

Utilizing the LEAP approach, we evaluated nature-related topics, such as how our business interacts with nature, dependencies, impacts, risks, and opportunities.

LEAP approach

Set Scope	We use ENCORE to comprehensively evaluate the dependence and impact on nature for the Group's direct operations. Priority is given to businesses covered by evaluations due to their dependence or impact level and individual company capital amounts. → Results of scope setting
Locate	Using IBAT, Aqueduct, and other tools, we organize information related to nature in the vicinity of selected sites and identify those that are important in terms of biodiversity. → Key power stations and status of surrounding natural environment
Evaluate	ENCORE is used to ascertain the depend-ence and impact on nature of our direct operations and fuel procurement (up-stream in the supply chain). For direct operations, to do so in a detailed manner, we organize the ecosystem services and impact causes dependent on investment resources, production processes, and emissions processes for each generation method. → Dependencies and impact
Assess	We identify related risks and opportunities from dependencies and impacts. We then hold internal workshops to analyze scenarios and evaluate the timing and impact of the identified risks and opportunities. We then study and sort countermeasures to address these. → Scenario analysis and risk/opportunity evaluation
Prepare	Finally, we organize data related to Core Global Disclosure Metrics to the fullest extent possible. → Metrics and targets

Information Disclosure Based on TCFD & TNFD Recommendations

Results of scope setting

To better understand nature-related risks associated with our business, we have adjusted the scope of businesses we assess. To do so, we comprehensively evaluated our different businesses' dependence and impact on nature, and look at which businesses should be selected for evaluation. The process for assigning a priority order is as follows.

1 Each business' dependence and impact on nature is evaluated using ENCORE

- Each group company's business is evaluated using ENCORE
- Each business' dependence and impact score is calculated (with categories "Very Low" to "Very High" equating to 1 to 5 points) based on evaluation results
- Dependencies with limited crossover with our businesses (such as cultural services) are excluded from the scope of evaluation

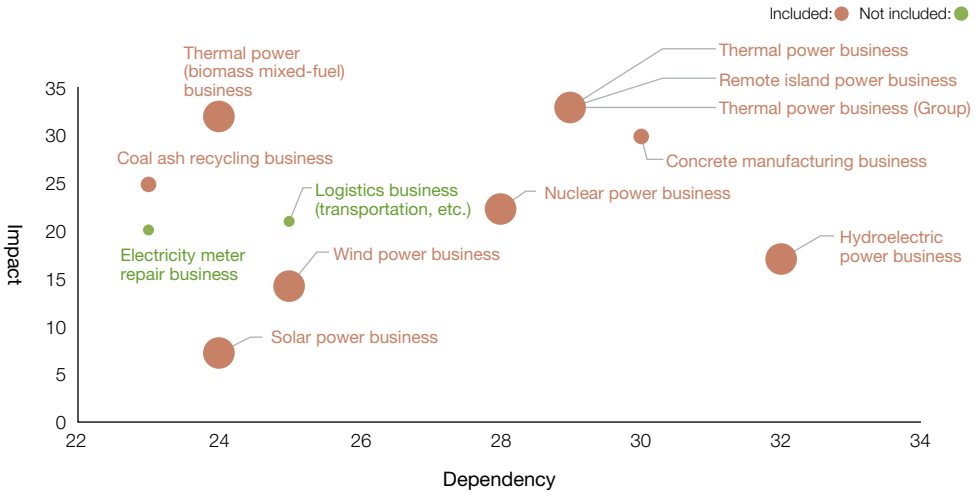
2 Level of importance is comprehensively evaluated from the ENCORE results and the group company's amount of capital

- Creation of bubble charts for evaluation results
1. Dependencies are shown on the horizontal axis, impacts on the vertical.
   ENCORE evaluation results are then plotted on the chart.
2. The size of each plot point shows the amount of capital for each company.
3. An integrated evaluation is then carried out.

3 Selection of businesses in the scope for evaluation and disclosure

Businesses in the scope for evaluation and disclosure
- Thermal power business
- Nuclear power business
- Hydroelectric power business
- Wind power business
- Solar power business
- Remote island power business
- Concrete manufacturing business
- Coal ash recycling business

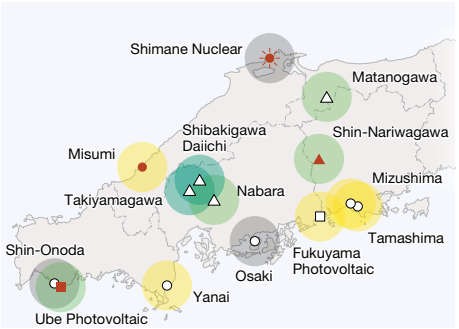
Results of the integrated evaluation of businesses subject to evaluation and disclosure (bubble chart)



Note: The bubble chart above omits businesses with evaluation impact scores of 5 or less, or dependency scores of 20 or less

Representative power stations and the state of nature in surrounding areas

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



Legend
Power generation type: ○: Thermal △: Hydroelectric ☀: Nuclear □: Solar
Located within protected areas or other areas of importance for biodiversity conservation or not ■: Yes ■: No
Importance score for STAR*-related organisms
(Level of importance for biodiversity conservation for a 20 km radius)
■:High ■:Medium ■:Low ■:None

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

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

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

Information Disclosure Based on TCFD & TNFD Recommendations

Dependencies and impacts

Upstream in the value chain

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

Direct operations

As well as evaluating our dependencies and impacts on nature using ENCORE, we organized our investment resources, production processes, and emissions processes, and reviewed these dependencies and impacts. As a result of organizing those areas of our direct operations that have a significant dependency or impact, we identified that the importance of water resources as an important form of natural capital, and we have analyzed its crossover with the Group's businesses.

Dependency VH: Very High H: High M: Middle L: Low VL: Very Low

Impact VH: Very High H: High M: Middle L: Low VL: Very Low : N/A

List of dependencies and impacts in direct operations (heat map)

Own activities	Dependency																Impact									
	Supply services		Regulating and maintenance services														Climate change	Changes in land/ freshwater/sea use		Pollution/pollution removal					Resource use/ replenishment	Non-native species
Project	Freshwater supply	Biomass supply	Air filtering	Air and ecosystem based dilution	Noise reduction	Mitigation of sensory impacts	Water current regulation	Water filtering	Solid waste purification	Flood regulation	Soil and sea/ riverbed retention	Mitigation of heavy rainfalls	Biological control	Global climate regulation	Regional climate regulation	Rainfall pattern regulation	GHG emissions	Freshwater use area	Land use area	Non-GHG air pollutants	Adverse impacts on daily life (noise, light, etc.)	Generation/ emission of solid waste	Emission of hazardous materials into water/soil	Emission of nutritive salts into water/soil	Water use	Introduction of invasive species
Nuclear power	H				VL		H	M		M	H	L		VL	L		VL	M	M	L	M	H	M		M	
Hydroelectric power	VH						VH			VH	VH	M		M	L		L	H	M		H	L			L	
Solar power	M									M	M	M		VH	M				L		VL	VL	VL		L	
Power transmission and distribution	VL				VL		L		L	M	L	M		VL	L	VL	VL	L	M	VL	L	L	L		VL	
Thermal power	H	H	VL		VL		H	M	M	M	M	L		M	L		H	M	M	VH	VH	H	VH	M	M	M
Concrete manufacturing	VL		VL	L	VL	VL	VL	VL	M	VL	L	VL		VL	L	L	H	VL	L	L	L	L	VL	VL	VL	
Coal ash recycling	VL			VL	VL	VL	VL			VL	VL	VL	VL	VL		VL	L		VL		VL				VL	

Note: The titles of topics from ENCORE results have been simplified for the table below. Changes are as follows: "Other regulation and maintenance services: Air and ecosystem based dilution" becomes "Air and ecosystem based dilution"; "Other regulation and maintenance services: Mitigation of sensory impacts" becomes "Mitigation of sensory impacts"; "Regional (micro and meso) climate regulation" becomes "Regional climate regulation"; and "Emission of non-GHG air pollutants" becomes "Non-GHG air pollutants."

List of dependencies and impacts in direct operations (those scoring "High" or "Very High")

Nuclear power Hydroelectric power Thermal power

	Dependency/Impact	Related businesses	Overlap with business
Dependency	Freshwater supply	Nuclear power, Hydroelectric power, Thermal power	Water used to cool power generation equipment
	Biomass supply	Thermal power	Reliance on wood and wood resources
	Water current regulation	Nuclear power, Hydroelectric power, Thermal power	Stable securing of water needed for power generation, cooling, etc.
Impact	GHG emissions	Thermal power	Emission of GHG from operations
	Freshwater use area	Hydroelectric power	Habitat changes and impact on ecosystems from locating power stations
	Non-GHG air pollutants	Thermal power	Generation of exhaust gases from combustion
	Adverse impacts on daily life	Hydroelectric power, Thermal power	Noise and light harm during power station operating hours
	Generation/emission of solid waste	Nuclear power, Thermal power	Generation of ash, radioactive waste, and other substances from combustion at power stations

Crossover between the Group's businesses and water resources

Item	Specific water-resource-related initiatives	Related businesses
Dependency/ Impact	• Changes to soil use because of land development, etc. • Generation of hot wastewater from cooling water	Nuclear power, Thermal power
	• Reliance on climate, rainfall patterns, and water-recharging forests • Impact on ecosystems, river environments, and local communities	Hydroelectric power
Risk	• Reputational risks from a lack of consideration for the natural environment	Nuclear power, Thermal power
	• Impact on ecosystems and operational limitations due to tightening regulations, etc.	Hydroelectric power
Dependency	• Appropriate wastewater treatment based on environmental assessments, laws, regulations, etc. • Reduction of impact on marine environments by controlling hot wastewater • Reduction of water use by reusing water used in power generation	Nuclear power, Thermal power
	• Reduction of impact on surrounding environments through designs that consider the environment and landscapes	Nuclear power, Hydroelectric power, Thermal power
	• Reduction of impact on ecosystems by appropriate maintenance management • Stable securing of water resources through maintenance and management of water-recharging forests	Nuclear power, Thermal power

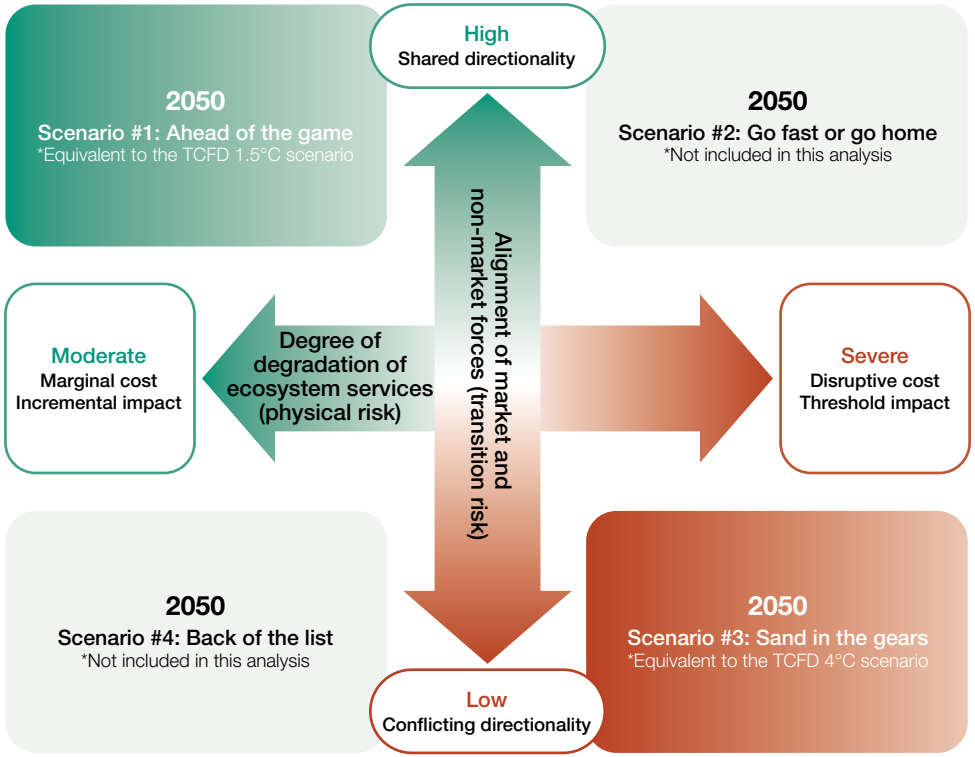
Information Disclosure Based on TCFD & TNFD Recommendations

Scenario analysis

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

Two driving forces identified and two scenarios considered

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



Description of scenarios

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

*As climate change and natural capital are intrinsically linked, our climate-related evaluation utilized TCFD scenario analysis and looked into conformity with the TNFD's nature-related scenarios.

Information Disclosure Based on TCFD & TNFD Recommendations

Risks and opportunities

For items evaluated as having a high degree of importance in "Strategy (dependencies and impacts)," we carried out scenario analysis in the form of workshops that considered identified risks and opportunities. As a result of the evaluation, we recognized that the impact of physical risks (acute) in Scenario #3 and resource efficiency in Scenarios #1 and #3 is high. Going forward, we will continue to quantify risks and opportunities and refine our financial impact assessment.

Nature-related risks and opportunities

Nuclear power / Hydroelectric power / Thermal power / Solar power / Power transmission and distribution

Category			Main dependencies and impacts	Potential occurrences	Related businesses	Risks and opportunities for the Group Level of financial impact*1 (Low : Less than 3 billion yen Moderate : Between 3 billion yen and 10 billion yen High : More than 10 billion yen)	scenario #1		scenario #3		Countermeasures
							Timeline	Degree of impact*2	Timeline	Degree of impact*2	
Risks	Physical risks	Acute	Climate change	Increase in extreme weather events	Nuclear power, Thermal power	Suspension of mining and unstable supplies caused by equipment damage due to strong winds or landslides in fuel-producing regions, and ensuing output restraints (Nuclear power: Low ; Thermal power: High)	Long term	Small	Long term	Large	Stable power supply and resilience • Diversify fuel procurement sources • Investigate introduction of carbon-free fuels (ammonia & hydrogen) • Secure supply stability across the entire energy source portfolio considering individual source risks • Optimize energy source operations according to season and demand Strengthen equipment disaster preparedness and resilience Secure water resources and effective use • Possess, maintain, and manage upstream water-recharging forests to stably secure water (including registering Nationally Certified Sustainably Managed Natural Sites) • Optimize water measurement and generation plans using AI • Stably secure service water through water management in line with laws, regulations, and agreements with local authorities • Reduce water by reusing water used in power generation Lower impact on water environments • Temperature difference management for water intake and discharge based on environmental protection agreements with relevant local authorities, etc. Consideration for biodiversity • Implement equipment design, maintenance, management, and monitoring to reduce impacts on biodiversity • Limit use of lighting at night
			Flood and storm mitigation	Increase in extreme weather events	Power transmission and distribution	Damage to transmission and distribution equipment (Moderate)	Short term	Medium	Long term	Large	
		Chronic	Freshwater supply	Rise in seawater temperature	Nuclear power, Thermal power	Reduction in power generation efficiency caused by a drop in equipment cooling efficiency (Nuclear power: Low ; Thermal power: High)	Long term	Small	Long term	Medium	
			Climate regulation Freshwater supply	Changes in rainfall patterns	Hydroelectric power	Reduction in power generation volume caused by water resource shortages and the ensuing drop in water flow rate (Low)	Long term	Small	Long term	Small	
			Climate regulation	Rise in average temperature	Solar power	Reduction in power generation efficiency (Low)	Long term	Small	Long term	Small	
	Transition risks	Policy and legislation	Freshwater supply	Tighter regulations on water use due to rise in water stress	Nuclear power, Thermal power	Output restraints due to difficulties securing service water (Nuclear power: Low ; Thermal power: Low)	Long term	Medium	Long term	Small	
			Changes in land/ freshwater/ marine use	Tighter regulations on the protection of ecosystems due to their deterioration	Nuclear power, Thermal power	Unstable supplies due to limitations on mining in fuel-producing regions, and ensuing output restraints (Nuclear power: High ; Thermal power: Low)	Long term	Medium	Long term	Medium	
			Changes in land/ freshwater/ marine use	Tighter regulations on the protection of ecosystems due to changes in the ecosystems of aquatic life	Hydroelectric power	Reduction in power generation volume caused by limitations on water intake and discharge and the ensuing drop in water flow rate (Low)	Long term	Small	Long term	Small	
		Markets/ reputation	Changes in land/ freshwater/ marine use	Drop in trust due to biodiversity response being deemed inadequate	Nuclear power, Thermal power, Hydroelectric power	Reduction in market share due to a drop in reputation, and ensuing fall in electricity sales (Low)	Medium term	Medium	Medium term	Medium	
Opportunities	Market			Rising social interest in biodiversity	Nuclear power, Hydroelectric power	Acquisition of new market opportunities and improvements in corporate value through the creation and use of J Blue Credits from the artificial reef at Shimane Unit 3	Medium term	Small	Medium term	Small	Value creation via natural capital and biodiversity • Implement biodiversity protection through the creation of seaweed beds with artificial reefs and the maintenance and management of company-owned forests • Restore ecosystems and improve biodiversity by regenerating organisms' habitats and improve sea and river environments using the recycled coal ash product Hi-beads® • Realize nature-related value and secure new revenue sources by promoting the use of CO_2 absorption credits Switch to carbon-free energy sources • Please see the section on the TCFD. Resource recycling and circular economy • Create wooden pellets • Manufacture recycled coal ash products • Reuse solar panels and power distribution materials ESG/Finance • Improve reputation with investors by disclosing ESG and other non-financial information • Utilize sustainability finance
	Resource efficiency			Reduction in use of resources, such as water and fossil fuels	Nuclear power, Thermal power, Hydroelectric power	Reduce fuel fossil use and decarbonize energy sources	Medium term	Large	Medium term	Large	
	Products and services			Rising demand for carbon-neutral elec-tricity	Solar power	Roll out of off-site PPA using farm-based solar power stations	Medium term	Medium	Long term	Small	
	Capital flow and financing			Expansion of green finance and ESG in-vestment	All	New financing through disclosure of ESG and other non-financial information	Medium term	Medium	Medium term	Small	
	Protect, restore, and regenerate biodiversity			Expand demand for ecosystem protection and ecological restoration	All	Creation of positive impacts on water and sea ecosystems	Medium term	Small	Medium term	Small	
	Sustainably use natural resources			Encourage sustainable use of natural resources through reusing and recycling	All	Encourage sustainable use of natural resources through reusing and recycling	Medium term	Medium	Long term	Small	

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

Information Disclosure Based on TCFD & TNFD Recommendations

Metrics and Targets TNFD

For items that were evaluated as having high importance in the assessment of dependencies and impacts, results for FY 3/2026 are disclosed in line with TNFD recommendations' core global disclosure metrics and core sector disclosure metrics. Regarding targets, we are implementing appropriate management to steadily achieve those in the Chugoku Electric Power Group Environmental Management Policy while also striving to reduce the environmental impact of our business activities.

Core global disclosure metrics

Item	Metric no.	Indicator	Metric (FY 3/2026 results)	Disclosure scope
Climate change	—	Supply chain GHG emissions (Scope 1, 2, and 3)	See TCFD disclosure information	
Driver of nature change: Pollution/pollution removal	C2.1	Wastewater discharged	• 2.78 million m^3	Thermal and nuclear power stations
Driver of nature change: Pollution/pollution removal	C2.2	Waste generation and disposal	• Volume: 862,000 tons • Recycled: 830,000 tons	Group
Driver of nature change: Pollution/pollution removal	C2.3	Plastic pollution	• Weight: 4,000 tons • Recycled: 3,000 tons	Group
Driver of nature change: Pollution/pollution removal	C2.4	Non-GHG air pollutants	• Weight of sulphur oxides: 3,000 tons • Weight of nitrogen oxides: 4,000 tons	Thermal and nuclear power stations
Driver of nature change	C3.1	Quantity of high-risk natural commodities sourced from land/ocean/freshwater	• Coal: 5.196 million tons • Heavy oil: 87,000 kL • LNG: 1.096 million tons • Woody biomass: 0.522 million tons	Thermal and nuclear power stations

Core sector disclosure metrics

Item	Metric no.	Indicator	Metric (FY 3/2026 results)	Disclosure scope
Pollution/pollution removal	E.P.C2.0	Coal combustion residuals	Coal combustion residuals generated at 9 thermal power stations and percentage reused: 770,000 tons; 97.2%	Thermal power stations
Pollution/pollution removal	E.P.C2.1	Coal combustion residuals	Coal combustion residual impoundments (broken down by hazard potential classification and structural integrity assessment): N/A	Thermal power stations
Pollution/pollution removal	E.P.C2.2	Nuclear waste storage	39,388 (200 L drum equivalents) Nuclear waste storage	Nuclear power stations

Targets

For information on targets and specific initiatives toward those targets, please see the relevant section.

Challenge to Achieve Carbon Neutrality by 2050 ▶P9
Formation of a Recycling-oriented Society ▶P17
Co-existence with Nature ▶P19
Basis of Our Environmental Management ▶P21

Initiatives TCFD TNFD

As a group, we make use of methods (scenario setting and risk and opportunity identification) put forward in the TCFD and TNFD frameworks to enhance our environmental initiatives.