

Jera

Energy for a New Era



JERA GROUP INTEGRATED REPORT 2023

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Cover Photos

Left: Offshore wind power generation project at Parkwind (Belgium), acquired by JERA in 2023

Right: Hekinan Thermal Power Station (Aichi Prefecture), the world's first attempt at zero-emission thermal power generation

Editorial Policy

About This Report

JERA Group Integrated Report 2023 serves as a structured overview of group initiatives and is grounded in our corporate value creation story, driving us closer to achieving our mission and vision. It is designed as a communication tool for a diverse range of stakeholders—investors, local residents, students, and more—to deepen their understanding of our young company, which was only established in 2015. We hope this report will assist in enhancing readers' understanding of the situation amidst the significant shifts in the energy landscape both in Japan and around the world.

Moving forward, we will continue to refine our approach, striving for greater clarity and drawing on feedback from all of our stakeholders.

Notes on Predictions

Descriptions in this report pertaining to the JERA Group's future plans, forecasts, and strategies are based on information available at the time of publication. As these descriptions contain potential risks and uncertainties, please note that actual performance may differ from the content of this report.

Scope of this Report	In general, JERA Co., Inc., and related companies (All mentions of "the company," "we," and "our" in this report refer to JERA Co., Inc. unless otherwise noted.)
Reporting Period	FY2022 (April 1, 2022–March 31, 2023) Some sections may include activities after FY2022.
Date of Publication	November 2023 (FY2023 report scheduled for October 2024)
Reference Guidelines	<ul style="list-style-type: none"> ● <i>International Integrated Reporting Framework</i>, International Financial Reporting Standards (IFRS) Foundation ● <i>Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0</i>, Ministry of Economy, Trade and Industry (METI) ● <i>GRI Sustainability Reporting Standards</i>, Global Reporting Initiative ● <i>Environmental Reporting Guidelines 2018</i>, Ministry of the Environment ● <i>Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report)</i>, Task Force on Climate-related Financial Disclosures (TCFD)
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JERA's Value Creation Story

Mission – Why do we exist?

To provide cutting edge solutions to the world's energy issues

– What are the world's energy issues?

- ▶ The crux of the energy dilemma revolves around simultaneously achieving three things: sustainability (realizing a decarbonized society), affordability (providing electricity to all), and stability (ensuring a secure supply).
- ▶ Each country and region has its unique environment, so the weight placed on these three objectives and how they will be achieved will also differ.

– How do we provide cutting edge solutions?

- ▶ Through our global operations, we bring the world's leading energy solutions to Japan, helping to solve the energy issues facing the country.
- ▶ We seek to establish new energy supply models for Japan and offer them to other countries that face similar energy issues, helping to solve the world's energy issues.

Vision

Describe JERA in 2035

To scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world

Medium and Long-Term Strategy

Balancing Stable Supply and Decarbonization

JERA Zero CO₂ Emissions 2050

Clean Energy Supply Platform

Low-carbon Thermal Power x Expansion of Renewable Energy

Transportation/Receiving/Storage

Creation of Fuel Procurement Portfolio

Fuel Upstream Development
From Coal and LNG to Ammonia and Hydrogen

Digital Transformation (DX)

Technological Development

Infrastructure

E (Environment)

- Climate change mitigation
- Water quality usage and conservation
- Initiatives related to resource recycling
- Maintenance and management of waste treatment facilities
- Biodiversity conservation

S (Society)

- Talent acquisition and retention strategy
- Commitment to human rights
- Coexistence with local communities
- Safety initiatives
- Stakeholder engagement

G (Governance)

- Proper corporate governance
- Risk management
- Improving information security
- Compliance promotion

At a Glance

JERA is an energy company that spans the entire value chain, from the fuel upstream business and procurement through power generation and wholesaling of electricity and gas. As a global company with the largest power generation capacity in Japan and capable of handling some of the largest fuel volumes in the world, we are committed to solving the world's energy problems and leading the way in creating a decarbonized society.



Number of employees (consolidated)	5,295
Revenue*1	Approx. 4.7 trillion yen
Total assets	Approx. 9.1 trillion yen

LNG Transaction Volume (annual)*1	One of the World's Largest Approx. 35 million t
LNG Suppliers	15 countries
Number of Upstream Investments	6

Thermal Power Plants in Japan	26 #1 in Japan
Power Generation Capacity in Japan*2	Approx. 61 GW
Power Generation Output in Japan*1,*2	Approx. 30% of country total Approx. 235.0 billion kWh

Number of Overseas Power Projects	Approx. 30
Overseas Business Locations	10 + Countries
Overseas Power Generation Capacity (Equity output) *2	Approx. 12.4 GW

Business Overview

Fuel Business

Investment in fuel upstream and other businesses, fuel transportation, and fuel trading

Major Projects ■ Major Group Companies ◆

Domestic Thermal Power Generation and Gas Business

Thermal power generation in Japan, fuel procurement, O&M engineering, sale of electricity and gas in Japan, etc.

Major Projects ■ Major Group Companies ◆

Overseas Power Generation and Renewable Energy Business

Investment in overseas power generation projects, etc. Development and operation of renewable energy in Japan and overseas

Major Projects ■ Major Group Companies ◆

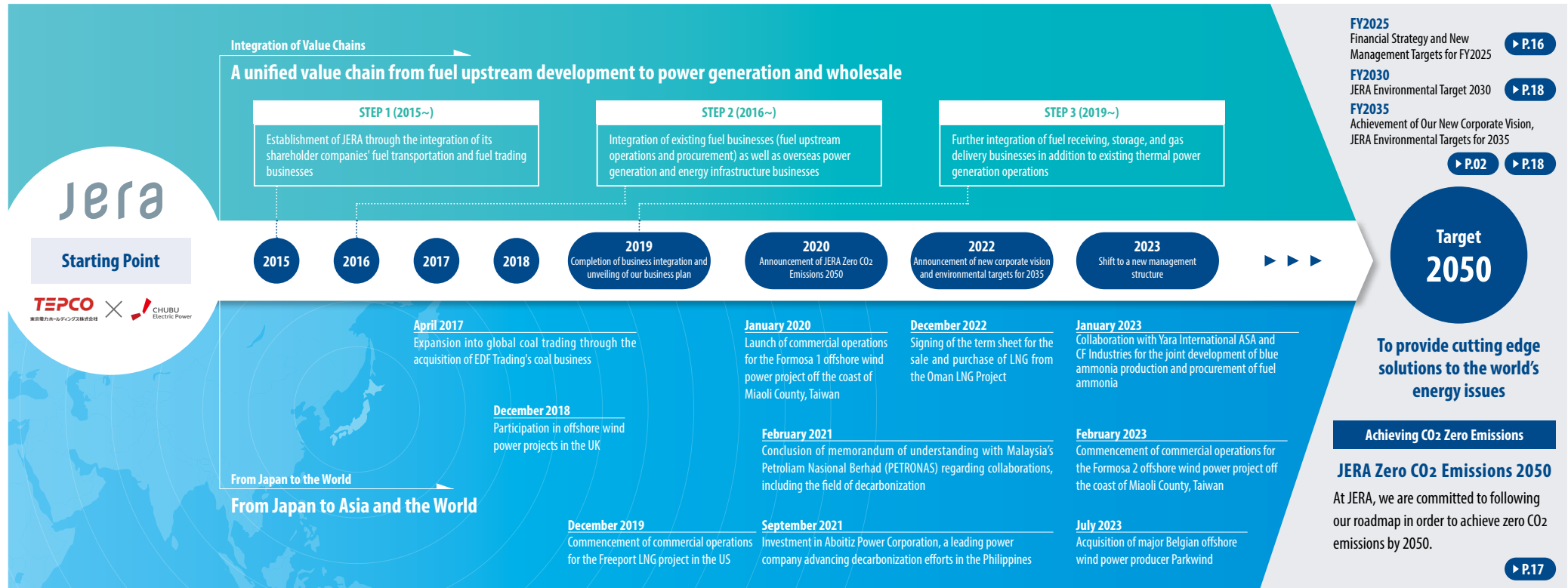
As of March 31, 2023

*1 FY2022

*2 Includes facilities under construction. Domestic figures exclude joint thermal power holdings.

History of JERA

Driving the Push Toward a Decarbonized Society as a Clean Energy Company



Our Response: Adapting to Changes in Society

A Turning Point in Energy Policy

Following the Great East Japan Earthquake in 2011, the role of thermal power generation became increasingly vital to compensate for Japan's electricity shortage. A global energy company capable of contending in the international market was needed to ensure a stable fuel supply for power generation and consistently provide competitive energy. In line with this vision, JERA was created through the consolidation of the fuel and thermal power departments of Tokyo Electric Power Company and Chubu Electric Power Company.

Accelerating Decarbonization

The rapid progression of global warming has made addressing climate change an urgent issue, and the 2015 Paris Agreement has led to stricter regulations on fossil fuels globally. After the completion of our business integration in 2019, JERA emerged as an energy company boasting Japan's largest thermal power generation capacity and one of the world's largest fuel transaction volumes. Focused on realizing a decarbonized society and establishing a robust management foundation, in April 2019, we formulated our mission, vision, and business plan leading up to FY2025. Further, in October 2020, as part of our commitment to lead the move towards a decarbonized society, we announced JERA Zero CO₂ Emissions 2050.

A Drastically Changing External Environment

While renewable energy is becoming more widespread, its susceptibility to weather patterns highlights an increasing need to compensate for its instability as a power source. Against this backdrop, 2022 saw the eruption of conflicts over energy resources due to Russia's invasion of Ukraine, further complicating the environment surrounding our company, and momentum towards a decarbonized society grows stronger each day. Recognizing our mission to balance decarbonization with a stable supply of energy, in May 2022, we set forth a new corporate vision and environmental targets for 2035. At the same time, we announced financial strategy and new management targets for FY2025.

Preparing for 2050

Our global operations are bringing the world's leading energy solutions to Japan to solve the energy issues facing the country. We seek to establish new energy supply models for Japan while also offering energy supply models established in Japan to other countries that face similar energy issues, in turn helping to solve energy issues around the world.

JERA's Co-CEO Structure

Amid dramatic shifts in the energy landscape, our company must address challenges stemming from both the global context of competition for resources and the domestic scenario of ensuring stable power supply amidst deregulation.

To tackle short-term and long-term management challenges both globally and domestically and to fulfill our original objective of growing into a global energy company, we have instituted a co-CEO structure, leveraging the individual strengths of Kani and Okuda and establishing a symbiotic relationship between them to form a robust executive framework.

Kani has extensive international experience in resource and energy business development. He excels at cultivating relationships with global partners and is capable of constructing a global management structure.

Okuda, with experience in corporate planning, is adept at leading the debate about reforming the domestic electric power system, ensuring a stable energy supply, and decarbonizing the energy industry.

The two have worked closely together for a decade, starting with the merger negotiations, capitalizing on each other's strengths as pivotal figures at the core of JERA's operations. Today, they take the helm to move the company forward together.



Co-CEO Kani, Global CEO and Chair (left); Okuda, President, Director, CEO and COO (right)

Message from the Global CEO and Chair



JERA's Destination: The Sentiment Embedded in Our Mission and Vision
Transforming a hierarchical, male-dominated workplace into a flat corporate culture that embraces diversity

Yukio Kani
Global CEO and Chair



As newly appointed Global CEO and Chair, what direction would you like to take JERA in relation to the company's mission, vision, and aspirations since its inception?

Kani: We established JERA with the goal of becoming a global energy company with roots in Japan, and it's been four years since completing the integration of our fuel and thermal power value chains in 2019. My colleagues and I have been fully committed to this journey so far, and the future we envision for JERA is clearly enshrined in our mission and vision.

Firstly, our mission articulates the question, "Why do we exist?" It's a message succinctly conveying our raison d'être and is the touchpoint we always return to. After extensive discussions within the management team about JERA's strategy for global competitiveness in the energy industry, we established the mission to provide cutting edge solutions to the world's energy issues.



Could you elaborate on what is meant by "To provide cutting edge solutions to the world's energy issues"? What are the world's energy issues?

Kani: The energy issues affecting Japan are not necessarily the same as those affecting other parts of the world. As we delve into the individual issues facing Asia, Europe, the Middle East, and Africa, I perceive the crux of the energy dilemma to revolve around simultaneously achieving three things: sustainability (realizing a decarbonized society), affordability (providing electricity to all), and stability (ensuring a secure supply). For instance, Russia's invasion of Ukraine poignantly brought home to Europe, which hitherto prioritized sustainability, the importance of affordability and stability in energy supply while highlighting the challenge of achieving all three simultaneously.



Can you tell us how JERA aims to provide cutting edge solutions that simultaneously achieve sustainability, affordability, and stability?

Kani: Certainly. In addressing these issues, we aim to turn JERA into a global solution provider. It is imperative that those solutions be cutting edge. It's not about merely selling wholesale electricity but building teams and coming up with agile ideas and proposals capable of solving societal challenges and customer concerns that transcend national and generational boundaries. This is by no means an easy journey, but I believe it's an exciting one.

Message from the Global CEO and Chair

Q What can you tell us about JERA's vision to scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world?

Kani: Our vision serves as a more specific illustration of our mission. We aim to provide a stable supply of clean energy by combining three of JERA's strengths: our value chain, which encompasses investment, procurement, transportation, and sales of LNG; renewable energy; and zero-emission thermal power through hydrogen and ammonia. While some companies specialize in either LNG or renewable energy, only JERA, by bringing these diverse options together, can offer cutting edge solutions to the challenges facing our customers. I believe this ability to provide a variety of solutions is a unique value that we possess at JERA.

Q Could you share a specific example of a clean energy platform that combines those options?

Kani: While there are various initiatives, a domestic example would be the 24/7 carbon-free energy project in collaboration with Toho Studios. The goal is to combine renewable energy sources like solar power and zero-emission thermal power, integrating the latest digital technologies to visualize electricity demand and CO₂ reductions in real-time.



Q JERA's vision mentions sparking sustainable development in Asia and around the world. Could you elaborate on why there's a particular focus on Asia?

Kani: The situation in many Asian countries, which are resource-poor, surrounded by the sea, or share similar meteorological and marine conditions with Japan, is quite different from continent-centric regions like Europe and the Americas. As economic growth in these places is significant and the demand for electricity is only expected to increase, it's unrealistic to assert, with the same logic as in the West, that only clean energy is acceptable. We aim to contribute to the development of Asia by offering the cutting edge energy supply model we are building in Japan, which combines zero-emission thermal power and renewable energy, and tailoring it to suit the circumstances of each country in the region.

One key example in the Asian region is our 2021 investment in Aboitiz Power, a major power company in the Philippines. To accelerate decarbonization in the Philippines, we are aiming to introduce a balanced mix of LNG and renewable energy while initiating discussions on the feasibility of utilizing ammonia at their coal-fired power plants and contemplating the construction of a domestic hydrogen/ammonia supply chain. Moving forward, we will continue to fulfill our role as a leader in addressing climate change alongside our partners in each country.

Q Next, could you tell us about the core values underpinning JERA's mission and vision?

Kani: Our core values dictate our non-negotiables. They tell us how we should approach our daily work in order to accomplish our mission and vision. They encompass being fair and open, valuing diversity, and pursuing excellence. Given the size and social obligations of JERA as an organization, we believe that making a positive impact in the world is critical.

Message from the Global CEO and Chair



Could you elaborate on JERA's notion of diversity?

Kani: We want to deliver cutting edge solutions that don't yet exist, and I don't think that's achievable with a homogeneous group of people. I want us to transition from a hierarchical patriarchy to an inclusive, egalitarian culture that welcomes diversity. Regardless of race or nationality, I envision a team where everyone, whether outspoken or reserved, can openly share their opinions, tune into the needs of our clients, and collectively craft solutions. That's my approach to team building and the reason why diversity is so important.



You mentioned the core values of fairness, diversity, excellence, and, lastly, making a positive impact. Could you elaborate on why you include making a positive impact as a core value?

Kani: Given that roughly 70% of the world's CO₂ emissions are energy related, JERA has both a significant impact on climate change as a whole and simultaneously is part of the climate change solution. That's why we are conscious of our potential to make a substantial impact on society, and I believe we must deliver results for the sake of humanity's future.



But there must be a limit to the impact a single company can have on the world.

Kani: You're absolutely right. We can't tackle climate change issues single-handedly—we have to work together with global partners. To be recognized as a peer among leading global companies requires two things. The first is whether we can share our mission and vision, and the other is whether a potential partner has a culture that makes us want to work together. Becoming business partners can mean working together in the same office for decades. If we can't empathize with each other's mission and vision and can't respect each other's culture, it will be quite hard to work together. Conversely, when these all align, we can build solid teams with our partners and move closer to fulfilling our mission and vision.



Lastly, you often emphasize the importance of remaining committed to safety and compliance. This is a critical topic, so could you please share the thought behind your commitment to these principles?

Kani: Safety and compliance are not a matter of priority—they are prerequisites for doing business. I tell our employees and executives that without adhering to these, we have no right to be in business in the first place. Valuing safety means protecting our colleagues and their families. You wouldn't feel safe working for a company that didn't value its employees and their families, would you?

Compliance isn't complicated—it's about basic principles like being honest and following the rules. Non-compliance leads to betraying the company and losing society's trust. I tell all our employees that they should speak up if something feels amiss, no matter how minor.

I am committed to rigorously enforcing safety and compliance to protect all our stakeholders, employees and the company itself.



Message from the President, Director, CEO and COO



Driven by a strong sense of social responsibility and the power of imaginative innovation, at JERA, we are committed to delivering new value through a transitional approach to decarbonization strategies.

Hisahide Okuda
President, Director, CEO and COO



Taking the Helm as President, Director, CEO and COO: My Mission & Aspirations for the Future

Since assuming the position of President, Director, CEO and COO of JERA in April 2023, I have made one thing very clear: at JERA, we believe Japan's challenge today is to create a new platform for delivering stable, economical, clean energy under any circumstances. This is JERA's vision in a nutshell. Realizing this vision requires resonating with both a strong sense of social responsibility and the power of imaginative innovation.

In order to deliver clean energy stably and economically, no matter the circumstances, we must uphold the practices that conventional power companies have refined over their long histories with a strong sense of social responsibility. This includes securing a stable supply and pursuing economic efficiency. However, considering the current landscape of the energy industry, traditional approaches and incremental improvements alone will not suffice. I envision a company capable of reimagining how electricity is produced and utilized and delivering new value through these innovations. But this ambition hinges on the free-spirited, innovative prowess of each of our employees. It is absolutely vital to have both social responsibility and imaginative innovation and to strike an elaborate balance between them.

I will personally take the helm in redefining conventional values and preconceptions, directing our company towards a creative vision that delivers unparalleled value to the world.



A Central Theme: JERA's Responsibility Toward the Realization of a Sustainable Society

To ensure that all life on Earth continues to thrive in peace and abundance and to pass our beautiful planet on to the next generation, it's imperative to pursue integrity, safety, and sustainability across the realms of the economy, society, and environment. As the largest power generator and LNG handler in Japan, and one of the largest in the world, what we do as a business has a significant impact on people's lives and the environment. As such, we have an obligation not only for our own sustainability but also for the sustainability of society as a whole. As an energy provider, we are trying to create a sustainable society around three pillars: stable supply, decarbonization, and digital transformation (DX).

Russia's invasion of Ukraine has drastically altered the flow of resources. The source of Europe's resource supply has shifted from Russia to Asia and the United States. As a result, resource-poor countries have been put in a precarious situation, many of them

Message from the President, Director, CEO and COO

grappling with issues of fuel scarcity. Despite the government's national focus on decarbonization, Japan's unique geographical and climatic conditions mean it lacks much renewable energy potential. This is a situation that cannot easily be overcome.

Even so, we have a system to ensure fuel supply, and we are capable of agile responses in peacetime and crisis. We're also steadily transitioning to the most efficient thermal power generation facilities available today to ensure a stable electricity supply while reducing our environmental impact. Reliable access to electricity is a fundamental requirement for a sustainable society. Even momentary disruption can have a substantially negative impact on society. As such, ensuring a stable power supply is our social obligation.

Furthermore, in alignment with the global objective of decarbonization, we've established JERA Zero CO₂ Emissions 2050, which aims to achieve net-zero CO₂ emissions from our operations in Japan and abroad by 2050. This policy will materialize through renewable energy and zero-emission thermal power generation, reflecting the same earnest commitment to decarbonization to ensure a stable power supply. But I will discuss this in more detail in the next section.

We are also working on using digital technology to build a new supply and demand infrastructure that balances economic viability while fulfilling our mission of ensuring a stable supply and decarbonization. Harnessing digital technology allows us to focus on creating systems that deliver value, such as reducing our environmental impact and responding flexibly to short- and long-term supply and demand fluctuations.

We remain committed to contributing to social sustainability in our corporate activities and ask for your continued confidence and support.



The Path Forward for a Zero-Emission Society: Transition Approaches & Healthy Global Growth in Harmony

Our mission is to provide cutting edge solutions to the world's energy issues, but the world's energy issues vary greatly by time and place. From firewood and charcoal to oil and coal, nuclear power, LNG, and renewables, humanity has cycled through dependence on various energy sources, each presenting its unique set of challenges as civilization has advanced. Today, the most significant trend in energy is unquestionably decarbonization. Seeing decarbonization as non-negotiable for entry into the global energy business, we formulated our JERA Zero CO₂ Emissions 2050 strategy in 2020. Energy is both the lifeblood of industry and daily life and a cornerstone of world peace. We are committed to balancing clean energy with economic stability, all while providing a reliable foundation for energy security.

European nations initially set extremely ambitious decarbonization targets and swiftly pivoted towards renewables, backed by multilaterally interconnected power grids.

Message from the President, Director, CEO and COO

However, I believe that the invasion of Ukraine and the resultant shift in resource and fuel dynamics have shown that relying solely on renewables—and thereby instantly eliminating all fossil fuels and realizing a sustainable society—isn't as straightforward as was once thought. Geographical conditions largely influence the potential of renewable energy. While tackling climate change is a global objective, individual nations and regions face diverse challenges of varying complexity.



Safety is a top priority at Hekinan Thermal Power Station (Hekinan City, Aichi Prefecture), where ammonia demonstration tests are scheduled to begin in FY2023. Safety belts (fall arrest devices) and other safety equipment are being installed across the facility.

In this context, I believe JERA's mission has become even more significant. Energy issues are intricate webs of geographical, economic, and market dynamics; no single nation or challenge can be addressed in isolation. To address this challenge, we adopt and champion a transition approach. Instant divestment from fossil fuels or thermal power plants could jeopardize energy security. Instead, by maximizing the use of existing facilities and reliable technologies and transitioning thermal power plants to decarbonized fuels, we aim to provide stable and cost-effective energy while achieving zero emissions.

Our approach to zero-emission thermal power relies on hydrogen and ammonia as decarbonized fuels. While initially, these fuels may be more expensive than gas or coal, we anticipate that policy support for decarbonization will foster their adoption. Just as the proliferation of LNG led to cost reductions and market growth, hydrogen and ammonia are expected to become widely adopted and more affordable over time. Another strength of zero-emission thermal power is its ability to compensate for the intermittency of renewables. While we are pushing for renewable energy developments worldwide, renewables can also serve as the energy sources needed for hydrogen and ammonia production. Surplus Natural energy can also be converted and stored in the form of hydrogen and ammonia.

Our vision outlines a future where we can scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world. Neither renewable energy nor zero-emission thermal power alone is the answer; they are two sides of the same coin. What is needed is a clean energy supply infrastructure where each one complements the other. Rather than a binary choice between renewable energy and thermal power, we are determined to establish a clean energy platform that integrates them, ensuring harmony in healthy global growth and development.



The Power of Imaginative Innovation for Sustainable Growth: Uniting Our Hearts & Minds as One

Our vision of the future is integral to our commitment to sustainability. We believe that resilience, the ability to grow and generate profit even in the face of adversity, and the innovative spirit to drive it are crucial.

With disciplined growth and maximization of corporate value in mind, we've set financial strategies and management targets for 2025. For FY2025, we project a consolidated net profit of 200 billion yen. We have earmarked a total investment of 1.4 trillion

Message from the President, Director, CEO and COO

yen in growth sectors, including a stable energy supply and decarbonization, spanning from FY2022 to FY2025. Furthermore, as a financial health management target, we have announced a Net DER of 1.0 or lower for FY2025. While we cannot let our guard down amidst the changing business environment, our progress toward these goals is generally on track. We plan to announce our next growth targets as soon as we're confident in achieving the current ones. Beyond 2025, we are committed to investing in the areas of renewable energy, hydrogen, and ammonia, the pillars of our medium- to long-term strategy. Given the anticipated demand for capital to fuel such vigorous growth, we're committed to consistently enhancing our profitability. This will drive a cycle from investment to growth and on to further investment.

In a rapidly changing market environment, merely investing does not guarantee growth. We believe that the power of imaginative innovation is vital to ensure that our business, including our investments, continuously creates. Simply supplying energy is not our only social responsibility. We must also offer new options to society and drive its sustainability, which in turn leads to our own sustainability.

Diversity in the workforce is at the heart of imaginative innovation, which is why we must continue to be a company that attracts and retains top talent. Of course, there are still challenges in creating the magnetic pull that attracts people and our ability to share our vision. For our employees, it's not about buzzwords like work-style reform, which you hear a lot in Japan. We must pivot toward a paradigm that aligns with genuine employee well-being and happiness. When I say talent, I'm not only referring to our employees. We are dedicated to delivering more compelling messaging to every one of our stakeholders—our customers, our financial backers, and our business partners.



The Harmony of A Strong Sense of Social Responsibility & Imaginative Innovation: The Energy Crafting JERA's Melody

As I've mentioned, a profoundly strong sense of social responsibility lies at our core. Given this mantle of responsibility, my mission is to harness the power of imaginative innovation to offer new value to society. At the same time, I must remain committed to driving our company's growth, regardless of the prevailing circumstances. I would also like to touch on one of the foundational tenets that we cherish at JERA: robust on-site capabilities that combine world-class safety, disaster prevention, and resilience.

While the importance of everyday safety is unquestionable, our unique position requires us to maintain operations even during typhoons and other emergencies, ensuring safety throughout. Yet unexpected complications often arise during crises. Nurturing

the power of imaginative innovation on a regular basis becomes pivotal in ensuring safety and responding flexibly amidst these challenges. The power of imaginative innovation is also the key to realizing robust on-site capabilities.

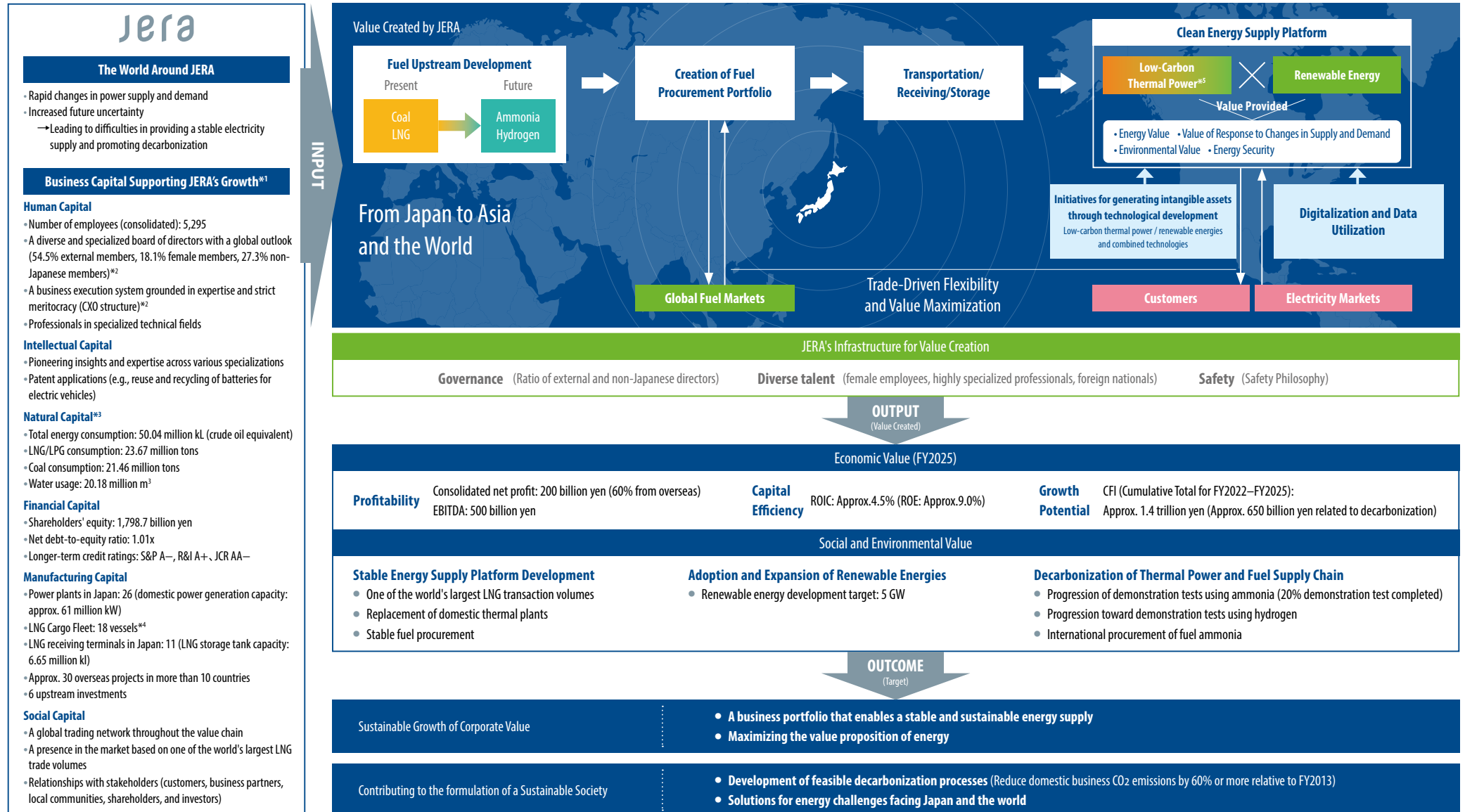
I am convinced that by combining a strong sense of social responsibility and the power of imaginative innovation, JERA can transcend the confines of an energy provider and evolve into something far more exhilarating. Only in a culture that fosters innovation on a daily basis can our employees thrive and find excitement in growing together with their roles, spurring a virtuous cycle of value creation.

As stated in the *Analects of Confucius*, "They who know the truth are not equal to those who love it, and they who love it are not equal to those who delight in it." I firmly believe in finding joy in one's work and have practiced this throughout my life. In this once-in-a-century opportunity to reshape the energy industry, I hope our employees will find pleasure in tackling the issues with fresh ideas and grow as individuals.

As President, Director, CEO and COO, I am committed to delivering even more for our stakeholders. We ask that you continue to support us in our endeavors.



Value Creation Process



*1 As of March 31, 2023 *2 As of July 1, 2023 *3 Results for FY2022 *4 As of September 2023 *5 Thermal power generation facilities assuming the use of zero-emission fuels such as hydrogen and ammonia

Context

Medium and Long-Term Strategy

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Understanding the External Environment

The Increasing Importance of Energy Security

Mounting Challenges in Energy Resource Procurement

The energy landscape has undergone dramatic upheaval in recent years as reliable energy resource procurement has taken on greater importance to ensure a stable energy supply in times of peace and those of strife.

Europe had been dependent on Russia for natural gas and other energy resources but has been hurrying to secure alternative energy sources, including coal, since Russia's invasion of Ukraine in February 2022. This has resulted in a temporary global spike in natural gas and coal prices, making economical and flexible procurement even more challenging than before. As Japan also relies heavily on foreign energy sources, the unstable international situation represents a significant risk to reliable energy procurement for the country.

Furthermore, while more economically challenged nations in Asia will see increasing demand for electric power as their economies and populations grow, the sharp rise in resource prices will present a challenge as they work to secure their energy supplies.

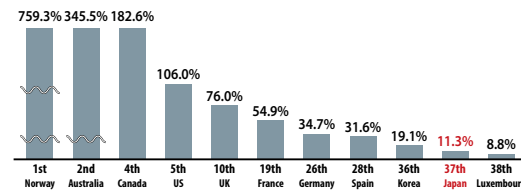
In Pursuit of Stable Electricity Supply

Expanded efforts to introduce renewable energy can be expected when examined from the perspective of improving upon energy self-sufficiency. However, while Europe has abundant renewable energy sources—most notably wind power—as well as an extensive power grid connecting the continent and a high degree of connectedness between countries, Japan and other countries in the Asia-Pacific region face limitations in terms of sunlight and wind conditions, as well as coverage and connectivity issues in the regional power grid.

Nuclear power plants have not returned to operation since the Great East Japan Earthquake, and the offshore earthquake near Fukushima in March 2022 damaged thermal power plants along the Pacific coast. As a result, Japan is now facing an energy crunch.

Within the S+3E framework (Safety + Energy Security, Economic Efficiency, and Environmental Compatibility) that forms the core of Japan's energy policy, pressing issues include stable energy resource procurement for ensuring secure electricity supplies, as well as the creation of the requisite power supply facilities.

Comparison of Primary Energy Self-sufficiency Rates of Major Countries (2020)



Source: Prepared based on "Japan's Energy: 10 Questions for Understanding the Current Energy Situation, in FY2022 version," Agency for Natural Resources and Energy website (https://www.data.jma.go.jp/cpdinfo/temp/list/an_wld.html) (Japanese)

*Prepared based on the following reference materials:

- "Energy White Paper 2023," Agency for Natural Resources and Energy
- "International Strategy to Achieve Carbon Neutrality, Document 3," METI Industrial Science and Technology Policy and Environment Bureau, Agency for Natural Resources and Energy. The 4th Joint Meeting of the Subcommittee for the Promotion of Green Transformation, Industrial Technology and Environment Subcommittee of the Industrial Structure Council, and the Subcommittee for the Study of Next Generation Energy Supply and Demand Structure for Carbon Neutrality in 2050, Basic Policy Subcommittee of the Advisory Committee on Natural Resources and Energy (https://www.meti.go.jp/shingikai/sankoshin/sangyo_gijutsu/green_transformation/004.html) (Japanese)

Developments Toward Accelerating Decarbonization

The State of Global Warming

The IPCC Sixth Assessment Report, released in August 2021, stated for the first time that it is beyond doubt that not only is global warming occurring, but that it is being caused by human influence.

The report further states that the global average temperature relative to pre-industrial levels is on track to increase by 1.5°C by 2040, and unless greenhouse gas emissions are significantly reduced in the next few decades, it will exceed 2°C within the 21st century. Additionally, it reported that as global warming continues to progress, the frequency and intensity of extreme weather events will increase, indicating that for every 0.5°C rise in global warming, there will be a marked increase in the severity and frequency of extreme temperatures (including heat waves), heavy rainfall, and drought in some regions. The world has already seen climbing average temperatures, melting snow and ice, torrential rains, and rising sea levels. In 2022, many parts of Europe experienced record-high temperatures, while Hurricane Ian cost North America 112.9 billion US dollars in economic damage. Japan is no exception, with notable events like the 2020 Kyushu floods and large typhoons, including Typhoon No.14 in 2022.

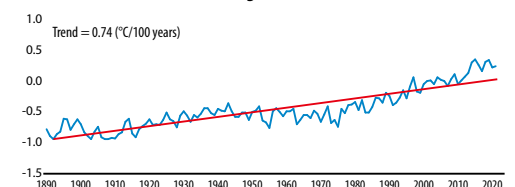
The Essential Commitment to Decarbonization

The movement toward becoming a decarbonized society is accelerating on a global scale. At the 2015 Paris Climate Conference (COP21), the Paris Agreement was adopted as an international framework for reducing greenhouse gas emissions after 2020, including setting climate goals of 2°C and 1.5°C. Investment and legislation for achieving a decarbonized society continue to progress at the national level, particularly in Europe and the US. Moreover, with the increasing demand for energy, primarily in Asia, the push to move away from coal and toward renewable energy and gas transition is gaining traction. In October 2021, Japan also set a target to reduce greenhouse gas emissions by 46% by FY 2030 compared to the FY 2013 levels. In light of this movement away from carbon, a commitment to decarbonization has become essential for businesses operating on a global scale.

*Prepared based on the following reference materials:

- Provisional translation of the Summary for Policy Makers of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report Working Group 1, Ministry of Education, Culture, Sports, Science and Technology / Japan Meteorological Agency. (Japanese)
- "Annual Report on the Environment, the Sound Material-Cycle Society and Biodiversity in Japan 2023," Ministry of the Environment. (Japanese)
- "Framework from 2020: Paris Agreement," Ministry of Foreign Affairs website (https://www.mofa.go.jp/ic/ch/page1we_000102.html)

Annual Global Average Temperature Anomalies (deviation from 1991–2020 average)



Source: Prepared based on "Annual Anomalies of Global Average Surface Temperature," Japan Meteorological Agency. (Japanese)

Mid- to Long-Term Strategy Overview

Essential Mid- to Long-Term Strategies for Achieving Our Mission and Vision

Since the Russian invasion of Ukraine, global energy flows have been reshaped, and energy security has taken on greater importance. However, the need to address climate change remains as pressing as ever. Both stable supply and decarbonization must be addressed simultaneously and without delay.

We believe that renewable energies are being introduced to the maximum degree and that LNG will continue to play a key role as a transitional energy source to supplement any shortcomings encountered during the process.

We pledge our support for the spread of renewable energy while ensuring stable supply with the world's largest and most innovative LNG value chains.

Furthermore, technological innovation will also be indispensable for achieving zero emissions, as current technologies struggle to realize this goal. We will increasingly focus on technological innovation in areas including the decarbonization of thermal power generation and the digital transformation of business.

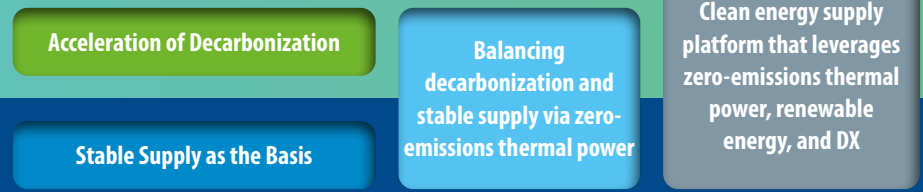
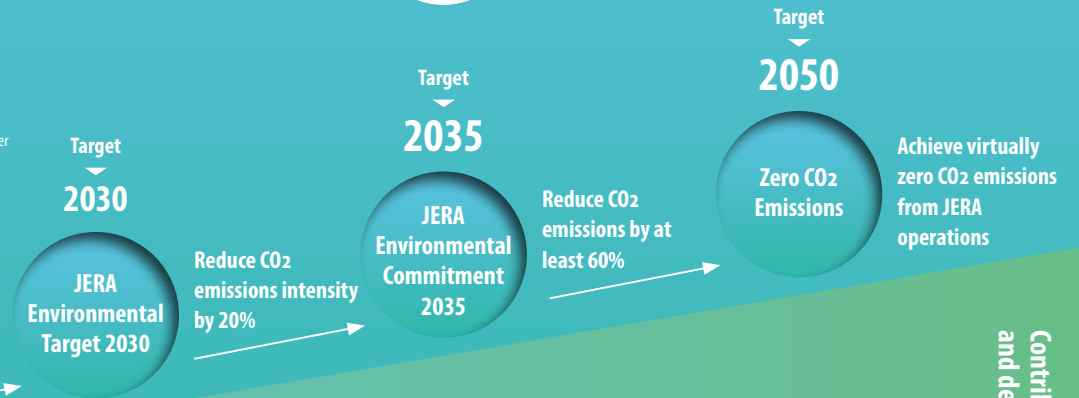
Each country and region will require its own unique solutions, even when facing similar energy challenges. We are committed to contributing to sound growth and development of the world by offering diverse solutions and building close relationships with customers and business partners across all regions.



Junya Tawa
Senior Managing Executive Officer
Chief Strategy Officer (CSO)



To provide cutting edge solutions to the world's energy issues



Contributing to sound growth and development of the world

In 2019, we concluded our business integration and formulated our business plans. Three years later, in 2022, we announced our financial strategy and new management goals to reflect changes in the business environment. We are committed to making steady progress toward achieving these plans.

	FY2022 Actual Results	FY2025 Target
Financial Strategy and Management Goals (2022)	Net profit (excluding time lag)	200.3 billion yen
	EBITDA	574 billion yen
	ROIC	4.4%
	Credit rating	A rating
Business Plan (2019)	Net debt-to-equity ratio	1.01
	Renewable energy development output (cumulative)	2.5 GW
	Synergies (initial FY2023 target: 100 billion yen)	120 billion yen
		—

	2020s	2030s	2040s
Roadmap to zero-emissions thermal power	Ammonia	Full-scale operation at a conversion rate of 20%	Full-scale operation at a conversion rate of 50%
	Hydrogen	30% of demonstration tests completed	Full-scale operation



To scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world.

JERA Zero CO₂ Emissions 2050

Committed to Achieving Zero CO₂ Emissions across Domestic and Overseas Operations

JERA Zero CO₂ Emissions 2050

- ▶ JERA's mission is to provide cutting edge solutions to the world's energy issues.
- ▶ We are taking on the challenge of achieving net-zero CO₂ emissions in Japan and around the world in hopes of creating a more sustainable society for us all.

* JERA Zero CO₂ Emissions 2050 is premised on steady advances in decarbonization technology, economic viability, and consistency with government policy. We are developing its own decarbonization technologies and taking the initiative to ensure economic viability.

Three Approaches of JERA Zero CO₂ Emissions 2050

1

Combining Complementarity Renewable Energy with Zero-CO₂ Emission Thermal Power

We will achieve its vision through a combination of renewable energy and zero CO₂ emission thermal power generation. The adoption of renewable energy is supported by thermal power capable of generating electricity regardless of natural conditions. JERA will promote the adoption of greener fuels and pursue thermal power that does not emit CO₂ during power generation.

2

Establishment of Country and Region-Specific Roadmaps

We will achieve zero CO₂ emissions by establishing roadmaps that chart optimal solutions for each country and region. Since the energy situation varies by country and region, with different solutions available based on the feasibility of renewable energy options and the presence of pipelines and transmission lines, we will work with stakeholders to establish country and region-specific roadmaps. We have already developed a roadmap for our business in Japan, which we will extend to other countries and regions.

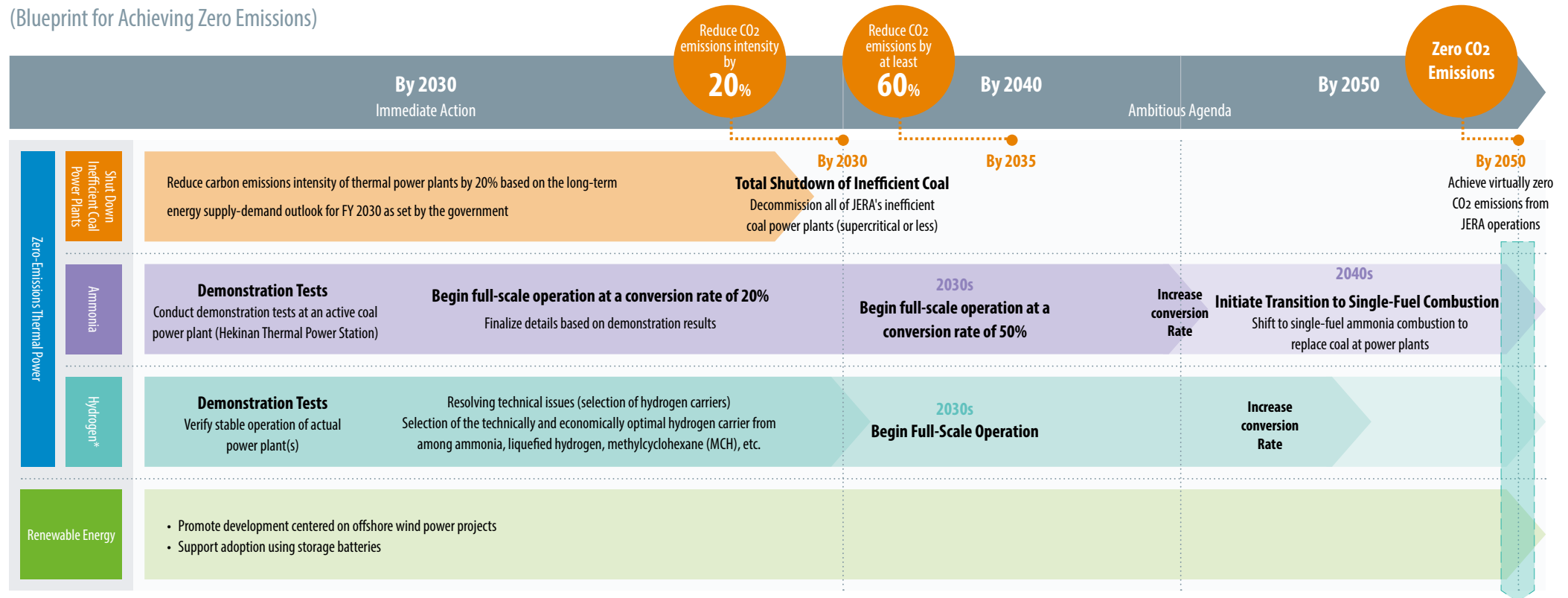
3

Ensuring Smart Transitions

We will achieve zero CO₂ emissions through our smart transition strategy, which combines innovative and viable technologies available when adoption decisions are made. This approach will lower technical risk and facilitate a transition to a green society.

JERA Zero CO₂ Emissions 2050 Roadmap for Its Business in Japan

(Blueprint for Achieving Zero Emissions)



This roadmap will evolve incrementally, adapting to changes in government policy and other relevant conditions, and will be revised as needed.

*We are also considering the use of CO₂-free LNG.

By 2050, CO₂ emissions from power plants still using fossil fuels will be offset using technologies like CO₂-free LNG

JERA Environmental Target 2030

JERA is actively working to reduce CO₂ emissions. For domestic operations, we will achieve the following by FY2030:

- Decommission all inefficient coal power plants (supercritical or less) and conduct demonstration tests of conversion to ammonia at high-efficiency (ultra-supercritical) coal power plants.
- Promote the development of renewable energy centered on offshore wind power projects and work to further improve the efficiency of LNG thermal power generation.
- Reduce carbon emissions intensity of thermal power plants by 20% based on the long-term energy supply-demand outlook for FY 2030 as set by the government.

JERA Environmental Target 2035

JERA aims to reduce CO₂ emissions from domestic operations relative to FY2013 by at least 60% by FY2035 through the following initiatives:

- Strive to develop and adopt renewable energy in Japan, given expanded adoption under the national government's 2050 carbon-neutral policy.
- Commit to reducing carbon emissions intensity from thermal power generation by promoting hydrogen and ammonia conversion.

"JERA Zero CO₂ Emissions 2050 for Its Business in Japan" and the "JERA Environmental Targets" are premised on steady advances in decarbonization technology, economic rationality, policy consistency, and the business climate under which these goals will be realized.

These targets have been formulated in alignment with Japan's greenhouse gas reduction goals and long-term strategy, both of which were established with an eye towards realizing the global ambition set forth in the Paris Agreement—that of limiting the global average temperature increase to as close to 1.5°C above pre-industrial levels as possible.

Zero-Emissions Thermal Power

Plan for Ammonia and Hydrogen Introduction

In FY2023, we plan to start demonstration tests in which we convert 20% of the existing fuel mix to ammonia at Hekinan Thermal Power Station Unit 4. We will increase the ammonia component to at least 50% by FY2028 and conduct more demonstration tests with the aim of making high-ammonia mixes (50%+) commercially viable in the early 2030s. Converting 20% of the fuel in a 1 million kW coal-fired power plant with ammonia will reduce annual CO₂ emissions by approximately 1 million tons (calculated based on the Central Research Institute of Electric Power Industry's "Comprehensive Assessment of Life Cycle CO₂ Emissions from Power Generation Technologies in Japan").

We also plan to conduct demonstration tests in which we convert (by volume) 30% of the existing fuel mix to hydrogen at our gas turbine-type LNG-fired thermal power plants in the 2020s to make hydrogen mix commercially viable in the mid-2030s.

Message from Outside Expert



Takeo Kikkawa
President, International
University of Japan

Pioneering Zero-Emissions Thermal Power to Save the Planet

Renewable energy, mainly solar and wind, will play a prominent role in making carbon neutrality a reality. Such variable power sources rely on—and are at the mercy of—the sun and the wind, necessitating some form of backup mechanism. Initially, battery storage is expected to fulfill that backup role; however, this would come with the caveat of heavy reliance on China for raw material procurement. Consequently, thermal power generation must serve as a backup, even though employing conventional power plants that release carbon dioxide would be contrary to our goals of achieving carbon neutrality. This underscores the need for zero-emissions thermal power, which utilizes ammonia or hydrogen as fuel without emitting carbon dioxide. In other words, it is essential to have renewable energy and zero-emissions thermal power work in tandem to achieve carbon neutrality.

JERA is the global leader pioneering the transition to zero-emissions thermal power. With the breakthroughs in ammonia demonstration testing at Hekinan Thermal Power Station, JERA is embarking on a grand challenge to save our planet.

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Progress of Ammonia Demonstration Tests at Hekinan Thermal Power Station

Since FY2021, we have been collaborating with IHI Corporation to initiate actual demonstration tests* at Hekinan Thermal Power Station Unit 4 (Hekinan City, Aichi Prefecture, Japan).

For these tests, a receiving facility will be installed at the coal unloading berth, and liquid ammonia unloaded from an ammonia transport will be transported via a pipeline to an ammonia tank. From there, the liquid ammonia will be regasified for combustion in the ammonia burners installed at Unit 4. To date (as of August 2023), the installation of such ammonia facilities as ammonia burners, tanks, and regasifiers has progressed as planned.

The power plant has been using ammonia to remove NO_x from exhaust gas since commencing operations. As ammonia is also used in large quantities as fuel, we will implement adequate safety measures and seek understanding from the local residents as we proceed.

* Implemented under "Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Research, Development and Demonstration of Technologies for Ammonia Converting Thermal Power Generation" subsidized by the New Energy and Industrial Technology Development Organization (NEDO)
NEDO is a national research and development agency.



Kenji Takahashi
General Manager,
Decarbonization Promotion
Section, Planning Division



Construction Progressing on Ammonia Demonstration Test Facility at Hekinan Thermal Power Station

Zero-Emissions Thermal Power

Promoting and Expanding Green Fuels by Leveraging the Strengths of the Full LNG Value Chain

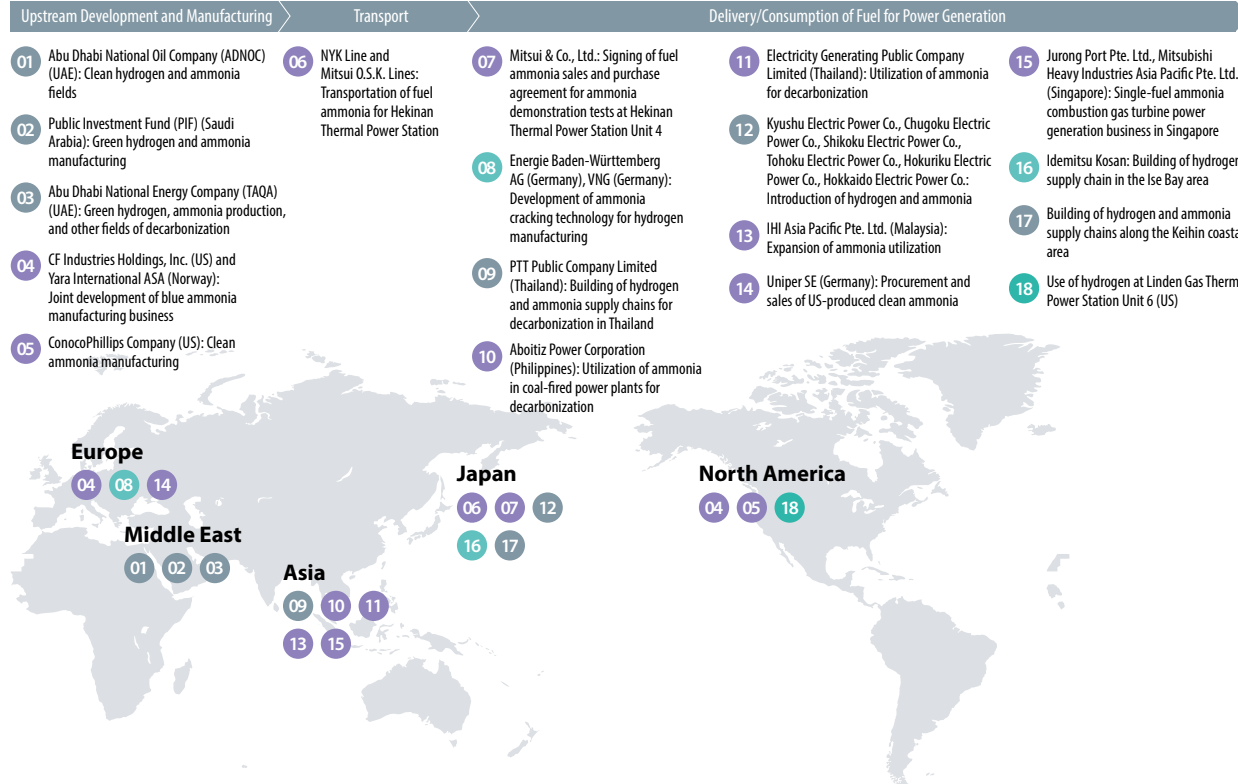
Building robust supply chains is essential to promote clean hydrogen and ammonia usage. In collaboration with leading corporate partners in Japan and overseas, we are steadily advancing initiatives for tangible clean hydrogen and ammonia development, as well as technology innovation projects, leveraging expertise from the successful establishment of a solid revenue base and experience with LNG value chain spanning upstream fuel development, transportation, storage, power generation, and sales.

In Asia, where zero emission is a common goal, we are using our knowledge and technology to establish a decarbonization roadmap with key partners in each country and are exploring solutions that take characteristics into account specific to each region and country, including the use of hydrogen and ammonia.

Our commitment to resolving global decarbonization and energy issues is demonstrated through our development of hydrogen and ammonia supply chains both in Japan and globally and through our ambitious expansion into business areas that envision the sale of green fuel for applications beyond power generation.

Collaboration with Companies Abroad to Build Robust Hydrogen and Ammonia Supply Chains

Hydrogen Ammonia Hydrogen/Ammonia



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Hydrogen Power Generation Initiatives

We are promoting hydrogen power generation initiatives in Japan and abroad. In Japan, we are utilizing NEDO's Green Innovation Fund Projects to explore demonstration tests for hydrogen power generation. At our thermal power plants, we aim to convert (by volume) 30% of LNG fuel to hydrogen and evaluate factors such as operational and environmental characteristics. We have been conducting business feasibility studies since FY2021, and based on the results, we plan to proceed with practical demonstration tests. Overseas, we have finished modifying the gas turbine for hydrogen use at Linden Gas Thermal Power Station Unit 6 in the US (fuel: natural gas), in which we have invested through our US subsidiary. The plant is now capable of mixed combustion with up to 40% hydrogen (by volume), using hydrogen supplied from an adjacent oil refinery.

Since the use of hydrogen power generation in Japan requires the development of hydrogen carrier technology for economically rational hydrogen pricing and marine transportation, we are working on developing new catalysts for high-efficiency, low-cost hydrocracking of ammonia, a hydrogen carrier that can be transported and stored at low cost.*

We will continue our efforts to resolve the challenges surrounding the use of hydrogen energy. Furthermore, by promoting the earlier use of hydrogen where it is readily available, we aspire to accumulate technological capability and experience deployable across our domestic and overseas power generation businesses.

*Implemented under NEDO's "Development of Technologies for Building a Competitive Hydrogen Supply Chain"



Hydrogen Power-enabled Linden Gas Thermal Power Station Unit 6 (US)

Renewable Energy Business

Our renewable energy business has played a pivotal role in the JERA Zero CO₂ Emissions 2050 initiative, and we have strategically enhanced our offerings to include offshore wind, onshore wind, solar, and battery storage projects on a global scale. Moving forward, we aim to establish a glocal system that efficiently leverages the insights and technologies we have consolidated within our European renewable energy organization for projects in various regions. And we are committed to further expanding this renewable energy business by capitalizing on our strength in providing multifaceted options such as LNG, hydrogen, and ammonia.

Strengthening Our Renewable Energy Initiatives

Until now, our renewable energy business was a collaborative effort between the JERA headquarters and our development teams across various regions, but there were challenges to coordination between regions. In some cases, knowledge and talent within the JERA Group were dispersed across the globe, which meant there were instances when we could not capitalize on potential synergies.

To further accelerate our renewable energy business, we have established a glocal system by forming a group of professionals stationed at our renewable energy hub in Europe, which will be responsible for project development, construction, and operations. This structure will allow us to leverage global insights and talent across local project development across different regions.

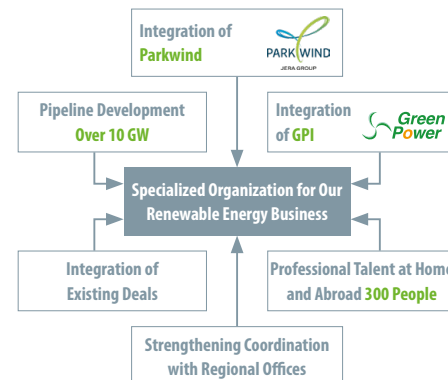
Specifically, we have already begun to consolidate our renewable energy business under the umbrella of our UK company, JERA Green, bringing together Parkwind and Green Power Investment (hereinafter "GPI"), which were acquired in 2023. Additionally, we will promote the commercialization of a development pipeline exceeding 10 GW by integrating existing renewable energy projects in Japan and overseas with a global team of 300 specialized professionals.

This structure will strengthen cooperation among our offices in regions around the world, allowing us to efficiently utilize valuable management resources that were previously scattered within our group. Moreover, it promises the potential for synergy among different technologies and businesses, such as offshore and onshore wind, solar, and battery storage, which will balance the adoption and deployment of global renewable energy standards with local perspectives in legislative frameworks, supply chain formation, and community coexistence strategies.

Moving forward, we are committed to further expanding our renewable energy business on both domestic and international fronts. By strengthening collaboration with our other businesses in LNG, hydrogen, and ammonia, we aim to enhance the competitiveness of our renewable energy business. JERA stands unique in its capability to offer multifaceted options and is well poised to elevate its position in the competitive landscape of renewable energy.

Structure of Future Initiatives

Consolidating our renewable energy business under a specialized organization and establishing a glocal framework



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Acquisition of Major Renewable Energy Companies in Europe and Japan

As a key move toward establishing a glocal system, we acquired Parkwind, a leading offshore wind power operator in Belgium, in July 2023. Not only does Parkwind have a culture that closely aligns with ours, but the company also boasts a proven track record in Europe, the global leader in offshore wind power. We plan to leverage their diverse talent and advanced expertise in our strategic regions, starting with Japan.

Furthermore, in August 2023, in partnership with NTT Anode Energy Corporation, we acquired Green Power Investment Corporation (GPI), a renewable energy operator in Japan. This acquisition aims to strengthen our business development in our home market of Japan. In particular, since many domestic offshore wind projects are slated to commence operations around 2030, involvement in GPI's projects allows us to accumulate experience that we believe will be significantly beneficial for our future domestic projects.



Courtesy of GPI

Message from the Parkwind Co-CEOs



Eric Antoons
François Van Leeuw
Parkwind Co-CEOs

We strongly believe that the new partnership between JERA and Parkwind comes at a pivotal moment for our renewable energy business, and we couldn't be more excited about the opportunities it brings. Together, we commit to driving innovation and sustainability forward. It became clear during our first conversations with the JERA teams that our shared vision aligns perfectly, and we are excited about the expertise and fresh perspective you bring. By combining JERA and Parkwind's exceptional resources, knowledge, and experience, we anticipate significant growth and success. We look forward to open communication and fruitful cooperation on this remarkable journey. Through our partnership, we will create a greener, more sustainable world for generations to come.

Renewable Energy Business

Message from the Managing Executive Officer



Nathalie Oosterlinck
Managing Executive Officer
Head of the Global Renewable Energy Division

As part of our renewables strategy, we have completed two large M&A (mergers and acquisitions) deals in 2023 to assemble a strong and capable offshore wind team. Going forward, we will work to leverage this talent and experience to strengthen our onshore renewable energy sector and create synergies between the two. In addition, we will further enhance the competitiveness of our renewable energy business by leveraging the strengths of our full value chain and combining them with our other businesses, such as LNG, hydrogen, and ammonia.

Moreover, we are committed to further enhancing the competitiveness of our renewable energy business by leveraging the strength of our full value chain and integrating it with our other businesses, such as LNG, hydrogen, and ammonia.

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Initiatives in Taiwan

We are focused on accumulating insights in Taiwan, a pioneer in offshore wind power in Asia. In doing so, we aim to extend our operations to other regions, such as Japan, which share similar weather and marine conditions. In 2019, we participated in the Formosa 1 project, Asia's first large-scale offshore wind project, and subsequently took the lead as the largest shareholder in Formosa 2 from its initial construction phase.

During the construction of Formosa 2, we navigated unique challenges as a Japanese company, which included project delays and escalating costs due to the COVID-19 pandemic, but we were able to hold a completion ceremony in May 2023, attended by Taiwan's President Tsai Ing-wen (pictured below). The valuable experience and knowledge gained from both projects will be utilized for future business endeavors.



Courtesy of Formosa 2 Wind Power Co., Ltd. (Unauthorized use prohibited)

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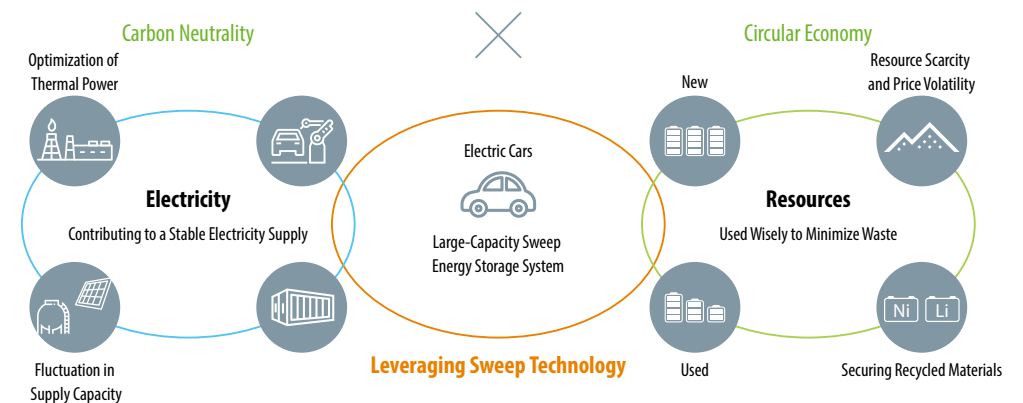
Intellectual Property for Zero Emission: Large-Capacity Sweep Energy Storage System

As we see more renewable energy sources introduced to reduce CO2 emissions and achieve carbon neutrality, battery storage is expected to experience a rise in demand as a stabilizer in energy supply and demand. Furthermore, given the limited reserves of resources such as cobalt and lithium, which are required for manufacturing storage batteries, it is essential to promote environmentally friendly practices, such as putting reclaimed electric car batteries to good use. In light of such conditions, since 2018, together with Toyota Motor Corporation, we have continuously investigated establishing technologies for battery reuse, resulting in the development of a large-capacity sweep storage system (pending national and international patents) that can fully utilize the capacity of a mixed array of batteries, regardless of their level of degradation. Moreover, we possess a high-voltage pulse technology (pending domestic and international patents) as a low-environmental-impact recycling technique for batteries, enabling us to achieve a reduction in CO2 emissions associated with battery use throughout its lifecycle.

We are committed to contributing to the circular economy and taking on challenges to address new social issues using the intellectual property generated in our efforts toward carbon neutrality.



Large-capacity sweep energy storage system that uses electric car batteries



Message from the CFO



Kazuo Sakairi
Corporate Vice President,
Managing Executive Officer, Director,
and Chief Financial Officer (CFO)

My Commitment to Enhancing Corporate Value as CFO

Significant shifts are taking place in the electric power industry that is changing the business landscape around JERA. The manifestation of geopolitical risks has brought to the fore the vital importance of ensuring a stable electricity supply, and there has also been a rising sense of crisis regarding climate change as abnormal weather events occur around the world, accelerating a global movement toward decarbonization. Given these dynamics, along with the importance of fulfilling our mission and vision, FY2022 made us acutely aware that navigating a course for the company has grown increasingly difficult from year to year. I would therefore like to raise two points that I think will help in making good decisions on management issues under these circumstances.

The first is that the scope of responsibilities of the CFO is expanding and diversifying as our operations continue to grow around the world.

Prior to joining JERA as CFO in April 2019, I served as an advisor to financial institutions and an independent M&A advisory firm, working on the establishment of governance structures and decision-making processes in M&A and integration, not only for Japanese businesses but also for foreign companies. Throughout my career, I've come to understand that the CFO of a global company should be more than just an expert in finance and accounting. They must also act as a strategic aide to the CEO or even as a representative, engaging with stakeholders both inside and outside the company to enhance its corporate value.

Since its establishment, we have aimed to become a global company rooted in Japan that can compete on an even footing with the world's leading energy companies. In the four years or so since I joined JERA, we have accelerated efforts to realize this global strategy, investing in Asian companies, upstream assets overseas, and startups on the west coast of the United States and in Germany; we have also acquired a large European renewable energy company. In Singapore, we own a two-thirds stake in one of the world's largest trading companies, which specializes in asset-backed trading, through a joint venture with EDF Trading, a subsidiary of the prominent French electricity company EDF. This is part of our commitment to ensuring a stable electricity supply for Japan. Furthermore, we have established a skills matrix for essential management personnel. Aligned with this, we have recruited numerous professionals from diverse sectors and fields internationally to fill positions—including as outside directors, executive officers, and senior executives. Through this process, it has become clear that the role of CFO at JERA covers a broader spectrum of responsibilities in the context of being a global company. I am deeply attuned to this evolving CFO role and committed to spearheading our company's value enhancement.

The second point is in regard to the need to strengthen our human resources and organizational capabilities.

Enhancing corporate value and implementing the CFO's role, as I discussed earlier, are not things I can accomplish entirely on my own. To compete globally, it is essential that we assemble teams of personnel who bring vitality and diversity and are equipped with the necessary skills and experience. Moreover, I believe it is crucial to transform our organizational structure. We must eliminate the vertically divided way of working and foster a flat, open working environment where teams can freely collaborate and generate synergies to exceed their expectations.

Based on this belief, I have explicitly set a vision for Financial and Accounting where I call upon the nearly 160 talented individuals in the JERA

Message from the CFO

headquarters' Finance and Accounting to aspire to become professionals who can be held in high regard by the diverse stakeholders that surround us, both inside and outside the company. This ambition is clearly articulated in the department's two-fold mission: One, to communicate with internal and external stakeholders and provide financial and accounting intelligence to support management in making strategic decisions; and two, to play a role in corporate governance from the liability side (the right side of the balance sheet), contributing to the enhancement of corporate value. In more tangible terms, we aim to protect JERA against damage to corporate value and instead contribute to decisions that boost its value. We aim to do this through a sustainable management foundation, a management compass, and spokesperson proposals. We also emphasize to our personnel the value of relationships with colleagues internally and stakeholders externally. By actively listening to the information and feedback they offer and leveraging our financial and accounting expertise, we can maximize the potential of our people and the organization.

To maximize our potential in Finance and Accounting, it is essential to foster an organizational culture that values diversity and allows every person, from employees to corporate officers, to use their abilities to the fullest. In addition to transfers from the shareholder companies, the Finance and Accounting actively recruits professionals regardless of nationality or gender. As of July 1, 2023, mid-career hires account for about 60% of the nearly 160 members in the Finance and Accounting at JERA headquarters. Apart from personnel at headquarters, around 90 individuals handle finance and accounting roles abroad, predominantly at JERA Americas, JERA Australia, and the recently acquired Parkwind. This includes approximately 10 individuals who were dispatched from our headquarters. This initiative is part of our regular practice of sending mid-level and younger staff eager to embrace new challenges to our overseas sites, subsidiaries, and investees for the chance to gain a broad range of experience. Moreover, the gender ratio for the entire Finance and Accounting, combining headquarters and overseas sites, is just over 30% (just under 20% at



Personnel from JERA Americas' Finance and Accounting Department

headquarters). We will continue to actively recruit female employees for managerial roles and strive to increase the gender ratio, which currently stands at slightly over 20% (about 10% at the headquarters). Alongside these endeavors, we plan to establish several international project teams to function across borders, aiming to unite and integrate them as One Team.

As Global CFO, I place great importance on these two points, striving to propel growth and development for the JERA Group. At the same time, I aim for management that consistently takes into account the cost of capital to maximize corporate value.

Review of FY2022 and Progress on Management Targets

In April 2019, we set a target of 200 billion yen in consolidated net profit by FY2025 (excluding time lag), and in May 2022, we also established new management targets for profitability, capital efficiency, growth potential, and financial health with the aim of achieving disciplined growth and maximizing corporate value. While our progress toward these targets is on track overall, we will continue to pursue a range of initiatives and make every effort to meet these targets.

Consolidated Net Profit

In FY2022, gains emerged despite setbacks from the fire incident at the Freeport LNG terminal affecting LNG spot procurement and from recognizing estimated liabilities. The gains can be attributed to the expansion of JERA Global Markets' (JERAGM) transactions primarily in Europe amidst the unstable fuel market situation stemming from the Russia-Ukraine situation, securing a consolidated net profit of 200.3 billion yen (excluding time lag).

We view the profit boost from JERAGM as a temporary gain. Though we anticipate such transient gains to diminish starting FY2023, we remain committed to reaching our FY2025 target of a consolidated net profit of 200 billion yen.

Synergies

In line with the business plan we unveiled in April 2019, which called for the creation of synergies exceeding 100 billion yen annually within five years (by FY2025) following the integration of our existing thermal power generation and other businesses, we were able to generate 120 billion yen in synergies as of FY2022, one year ahead of our initial target. Four years have passed since the completion of the asset and business integration of our shareholder companies. We have now completed the post-merger integration (PMI) and have transitioned to the phase of implementing the management targets declared in 2022.

Balance Sheet Management

Total Assets

Our total assets have reached a high level due to the impact of the market value of unsettled balances in transactions, which, in

Message from the CFO

the context of JERAGM's fuel quantity adjustments, are recorded as derivative receivables and payables. Continued monitoring is warranted because subsequent changes in resource prices may cause the amount to fluctuate widely.

Interest-Bearing Liabilities and Net Assets

In FY2022, due to the effects of surging resource prices and the increased demand for operational capital resulting from spot procurement to ensure a stable electricity supply, we had to secure a large amount of financing to be used until our operating cash flow recovers. Besides primarily focusing on short-term loans and issuing corporate bonds, we also pursued diversified financing methods such as issuing transition loans and foreign currency-denominated corporate bonds. As a result, we believe we were able to enhance our future fundraising base and diversify our procurement markets.

On the other hand, while we had set a target of reducing net DER to 1.0 or less by 2025, interest-bearing debt increased to 3.5 trillion yen by the end of September 2022, causing the net DER to deteriorate to 1.66. Given the instability in the fuel market and the anticipated risk of prolongation, we issued hybrid corporate bonds worth 96.5 billion yen in December 2022 and secured a perpetual subordinated loan of 200 billion yen in March 2023 to improve our net DER. Subsequently, with conditions improving in the fuel market and operating cash flow on a recovery trajectory, our net DER improved to 1.01 as of March 31, 2023. Additionally, our ROIC, which represents capital efficiency, stood at 4.4% for FY2022, approaching our target for FY2025.



Personnel working in corporate finance to secure and diversify funding

	Performance indicators	FY2022	FY2025 target
Profitability	Net profit*	200.3 billion yen	200 billion yen
	EBITDA*	574 billion yen	500 billion yen
Capital efficiency	ROIC*	4.4%	Approx. 4.5%
	WACC	—	Approx. 3.5%
Growth potential	CFI	369.4 billion yen	Cumulative total for FY2022–2025: approx. 1,400 billion yen
Financial health	Net debt-to-equity ratio	1.01x	1.0x or lower
	Net debt-to-EBITDA ratio*	3.7 years	4.5 years or less

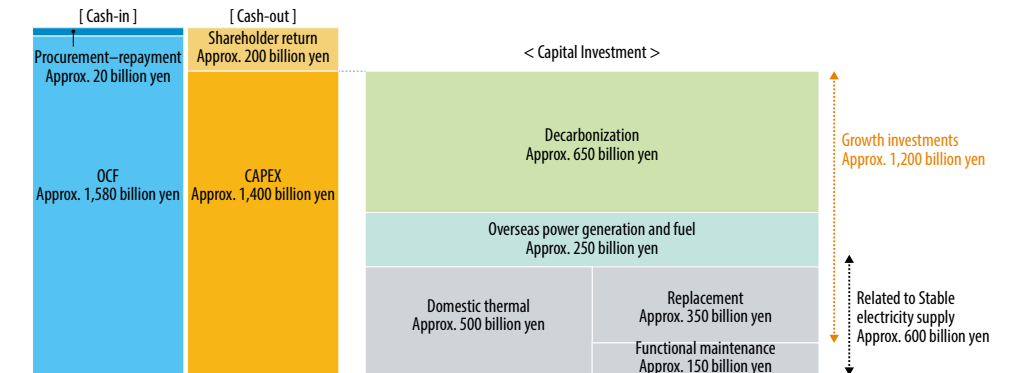
*Excluding time lags after fuel cost adjustments

Capital Allocation

In FY2022, the cash flow situation changed significantly between the first and second half of the year. In the first half of FY2022, operating cash flow deteriorated significantly due to an increase in the loss from the time lag caused by soaring resource prices and other factors, resulting in a negative free cash flow of approximately 900 billion yen. In the second half of FY2022, operating cash flow improved to about 450 billion yen for the full year due to better fuel market conditions, resulting in a final positive free cash flow of about 80 billion yen.

At the time of our strategy and target announcement in May 2022, we planned to actively allocate about 1.4 trillion yen to CAPEX over a total of four years from FY2022 to FY2025, with a cash flow of 1.6 trillion yen, primarily from operating cash flow. Most recently, we have been actively pursuing initiatives aimed at growth as well as decarbonization, including the acquisition of Parkwind, a leading offshore wind power generation company in Belgium, and the decision to invest in GPI, a renewable energy power generation company in Japan. We have a history of basing investments on the premise of maintaining a sound financial base, and we believe that the effective functioning of our financial strategy targets played a role in these investments. At present, we believe that both operating cash flow and CAPEX are generally in line with the plan announced in May 2022.

Capital Allocation



Toward the Realization of Medium- and Long-Term Strategies

The progress we are making toward reaching our targets is generally on track, though we must stay alert to changes in the business environment. We will announce our next growth targets when we are more certain of achieving them, but in line with our medium-to-long-term strategy, we intend to continuously invest for growth post-2025, mainly in the areas of renewable energy, hydrogen, and ammonia. Given the expected demand for capital to ensure robust growth, we will steadily increase our profitability and create a cycle that leads from investment to growth and then to further investment. We will continue to review our financial strategy for FY2025 and beyond, and as CFO, I will do everything I can to facilitate the steady strengthening of our financial base to support growth investments, aiming to further enhance corporate value.

Context

Business Initiatives

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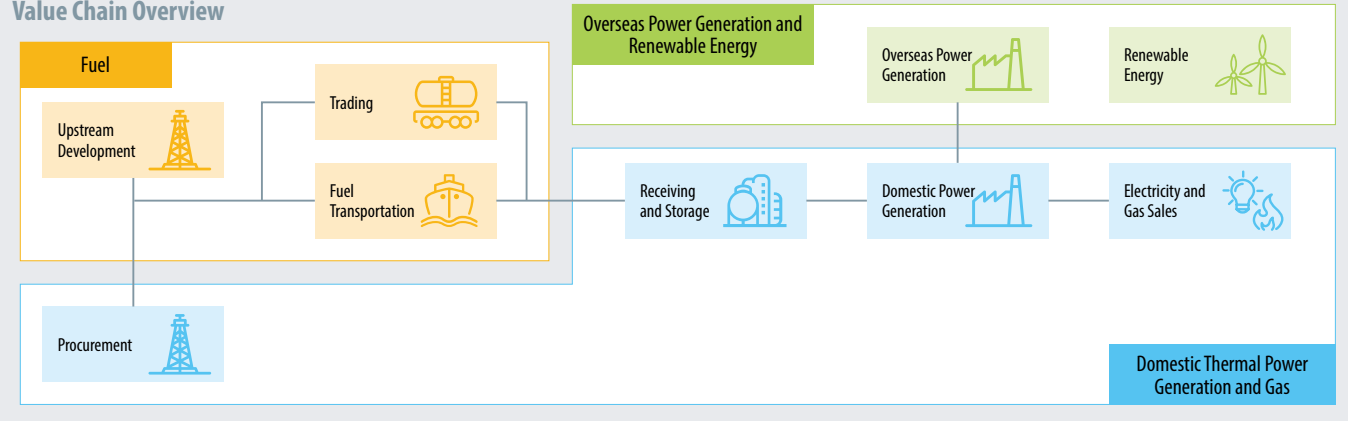
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Business Initiatives

The Business Capital Behind Our Value Chain and Growth

Our reporting segments are comprised of our Fuel Business, Overseas Power Generation and Renewable Energy Business, and Domestic thermal power generation and gas business. Our fuel business uses the market to optimize the production and transport of LNG—a primary fuel for thermal power generation—as well as the assets of the JERA Group (including LNG upstream operations and fuel procurement contracts for our domestic thermal power generation and gas business). Our Overseas Power Generation and Renewable Energy Business comprises our power generation ventures outside Japan as well as renewable energy development projects both domestically and internationally. Our Domestic thermal power generation and gas business manages essential fuel procurement contracts, receives fuel based on those contracts, and performs operation and maintenance (O&M) and engineering functions (development and construction), offering high-quality energy services while fulfilling its primary responsibility of ensuring a stable energy supply for the domestic market.

Value Chain Overview



The Business Capital Behind Our Growth

Manufacturing Capital	Social Capital
Financial Capital	Human Capital
Intellectual Capital	Natural Capital

*1 The number of employees excludes those on loan from the JERA Group to other companies but includes those on loan from other companies to the JERA Group.

*2 The total number of temporary employees is less than 1/10 of the total employee count, so it is not listed.

Fuel Business ▶P.28

Manufacturing Capital	
Upstream Investments 6	LNG Cargo Fleet 18 Vessels <small>(as of September 2023)</small>
Human Capital Number of Employees*1,*2 420	Financial Capital Revenue 585.7 billion yen

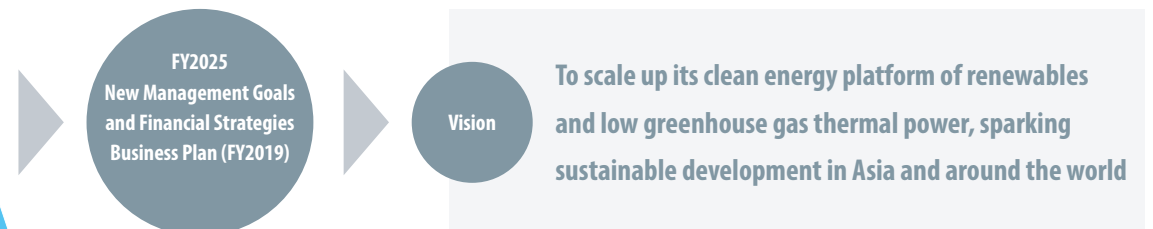
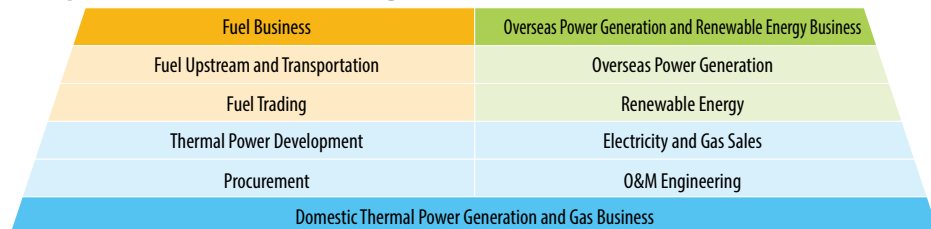
Overseas Power Generation and Renewable Energy Business ▶P.31

Manufacturing Capital	
Overseas Power Generation Capacity (output share) Approx. 12.4 GW	Overseas Business Locations 10+ Countries
Number of Overseas Projects Approx. 30	Development Output in Renewable Energy 2.5 GW
Human Capital Number of Employees*1,*2 398	Financial Capital Revenue 8.6 billion yen

Domestic Thermal Power Generation and Gas Business ▶P.34

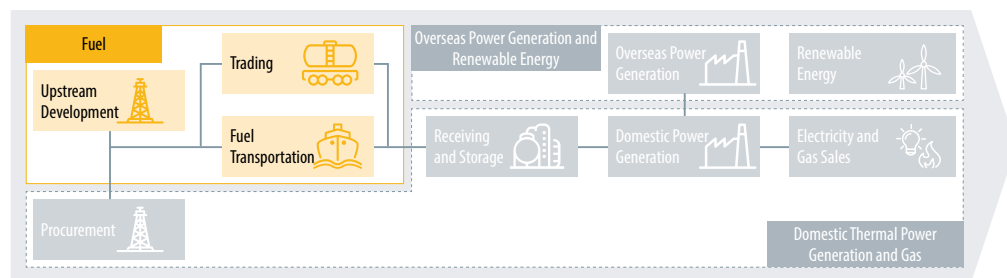
Manufacturing Capital	
Number of LNG terminals 11	Power Generation Capacity in Japan Approx. 61 GW
LNG Storage Tank Capacity 6.65 million kL	Power Plants in Japan 26
Human Capital Number of Employees*1,*2 3,610	Financial Capital Revenue 6,153.4 billion yen

Principal Business Activities of Each Segment



Positioning within the Value Chain

As the recent growth of renewable energy and other uncertain factors lead to increasing fluctuations in electricity demand, we have been minimizing these impacts by optimizing the entire value chain, from fuel procurement to electricity sales. Especially in our fuel business, we engage in upstream fuel projects to ensure a stable supply of competitive LNG and establish and optimally operate fleets for flexible LNG transportation. Moreover, by leveraging our global trading network, we provide supply flexibility to respond to demand fluctuations. Through these measures, we have achieved both enhanced supply stability and improved profitability.



Business Overview

Fuel Upstream and Transportation

We handle approximately 35 million tons of LNG annually and actively participate in LNG upstream ventures in Australia and the United States. By securing competitive LNG and gaining access to valuable intelligence from major production projects, we contribute to the stable fuel supply. Additionally, in our LNG transportation business, we achieve flexible and competitive fuel transportation through the optimal configuration and efficient operation of our fleet. By leveraging our expertise in LNG and the world's largest off-take capacity, we aim to build a fuel value chain for hydrogen and ammonia as well, to achieve zero-emission thermal power generation, supply it to other industries, and expand our business globally.



Fuel Trading

Centered around JERA Global Markets (JERAGM), headquartered in Singapore, we operate with a team of about 300 people, trading in the global LNG, coal, and shipping markets. A hallmark of our fuel trading is asset-backed trading. Leveraging one of the world's largest fuel procurement scales, we integrate third-party transactions with fuel flows for our shareholders, optimally managing the volume and destinations of each contract and flexibly responding to market trends. Additionally, we harness financial methods to capitalize on the benefits from these transactions by real contracts, ensuring revenue opportunities at a relatively low risk.



Distinguishing Features

We have constructed a resilient portfolio by diversifying procurement regions and contract durations, as well as participating in upstream ventures, among other initiatives. To ensure a stable energy supply, we also utilize market intelligence centered around JERAGM, building a framework that can flexibly respond to fluctuations in demand. The Board of Directors sets transaction limits for JERAGM and monitors the status of transactions, ensuring proper risk management with respect to market risks and credit risks arising in the fuel business.

Strengths

- The world's largest competitive and flexible LNG procurement portfolio
- Extensive market intelligence
- Flexibility in LNG terminal and power plant operations and fuel receiving

Opportunities

- Increased market volatility leading to optimization opportunities
- Increased transaction opportunities with new customers
- Acquisition of premium upstream development project information through leveraging overseas subsidiaries and the world's largest buyer network

Issues

- Increased interest-bearing liabilities due to the surge in resource prices
- Decarbonization efforts in upstream development projects

Risks

- Negative impact of geopolitical risks on fuel procurement
- Reduced optimization opportunities due to domestic power supply and demand constraints
- Credit Risk
- Income and expenditure fluctuations in upstream development projects due to resource price volatility

Business Initiatives

Fuel Business – 2

Utilizing Business Capital

Leveraging one of the world's largest procurement scales, we've formed a competitive fuel portfolio, which includes our involvement in upstream ventures. We continuously seek optimal operations through the use of our own transportation fleet and asset-backed trading, which is made possible by our talent, diverse professionals with experience across our fuel business units, including our overseas subsidiaries.

Key Business Capital

● Manufacturing Capital

- Upstream Investments: 6



Wheatstone LNG Project, Australia
Source: Chevron Australia

- LNG Cargo Fleet: 18 Vessels (as of September 2023)

● Social Capital

- A global trading network throughout the value chain
- A presence in the market based on one of the world's largest LNG supplies

● Financial Capital

- Revenue: 585.7 billion yen

● Human Capital

- Diverse talent from in and outside of Japan

● Intellectual Capital

- Enriched with profound market insights
- Trading know-how

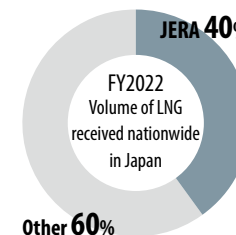
● Natural Capital

- Total energy consumption: 50.04 million kL (crude oil equivalent)

Business Indicators and Revenue Generation

Our LNG trade volume is approximately 35–40 million tons per year, and we have built a strong and extensive network in the global market. Drawing on our expertise, we efficiently seize profit opportunities in the market and operate smoothly by taking a holistic view of the entire value chain while ensuring proper risk management. Our approach achieves both enhanced fuel supply stability and increased profitability.

LNG Transaction Volume
Total for FY2022
35 million tons



Our Goal for 2025



We will maintain flexibility across the entire value chain in response to changes in the business environment and contribute to the sustainable growth of society by ensuring a continuous and stable energy supply.

Kazunori Kasai
Senior Managing Executive Officer
Chief Optimization Officer (COPTO)

In order for us to properly conduct our business and continue to meet the expectations of our stakeholders, it is essential that we engage in smooth management across the value chain, from upstream fuel development to fuel procurement, transportation, receiving, power generation, and sales. We are working to enhance the specialized skills of our talent within each business area that makes up our value chain. At the same time, by implementing appropriate risk management throughout the entire value chain, we are ensuring that the energy supply aligns with the needs of our customers.

A defining characteristic of our operations is the optimization business that connects the Pacific and Atlantic markets through JERAGM. By leveraging JERAGM's extensive network and expertise in trading, we are able to achieve a balance between stable fuel supply and revenue assurance through transactions with a large number of customers.

The business environment surrounding us is undergoing significant changes, including fuel market volatility resulting from shifting international conditions and increasingly complex power operations due to the introduction of diverse power sources, including renewables. Nevertheless, we will help realize a society that can grow sustainably by solving challenges and continuing to provide a stable energy supply by continuously pursuing optimization across the entire value chain and implementing appropriate risk management.

Value Provided

- Stability and flexibility in fuel supply

FOCUS

Fuel Trading By JERAGM – Supporting Communities Through Energy Security

JERAGM operates one of the largest energy portfolios in the world, which gives it an in-depth understanding into the dynamics of local, regional, and international energy markets. These insights enable it to help its customers increase their security of supply, optimize their portfolios, and improve the risk management of their assets. JERAGM manages all coal and short-term LNG procurement for JERA while maximizing value through optimization and trading.

JERAGM is the culmination of two very different but complementary business activities – Japanese fuel procurement and European energy trading – creating a global trading business with seamlessly interconnected operations across four strategic locations, with full coverage of the physical and financial energy markets.

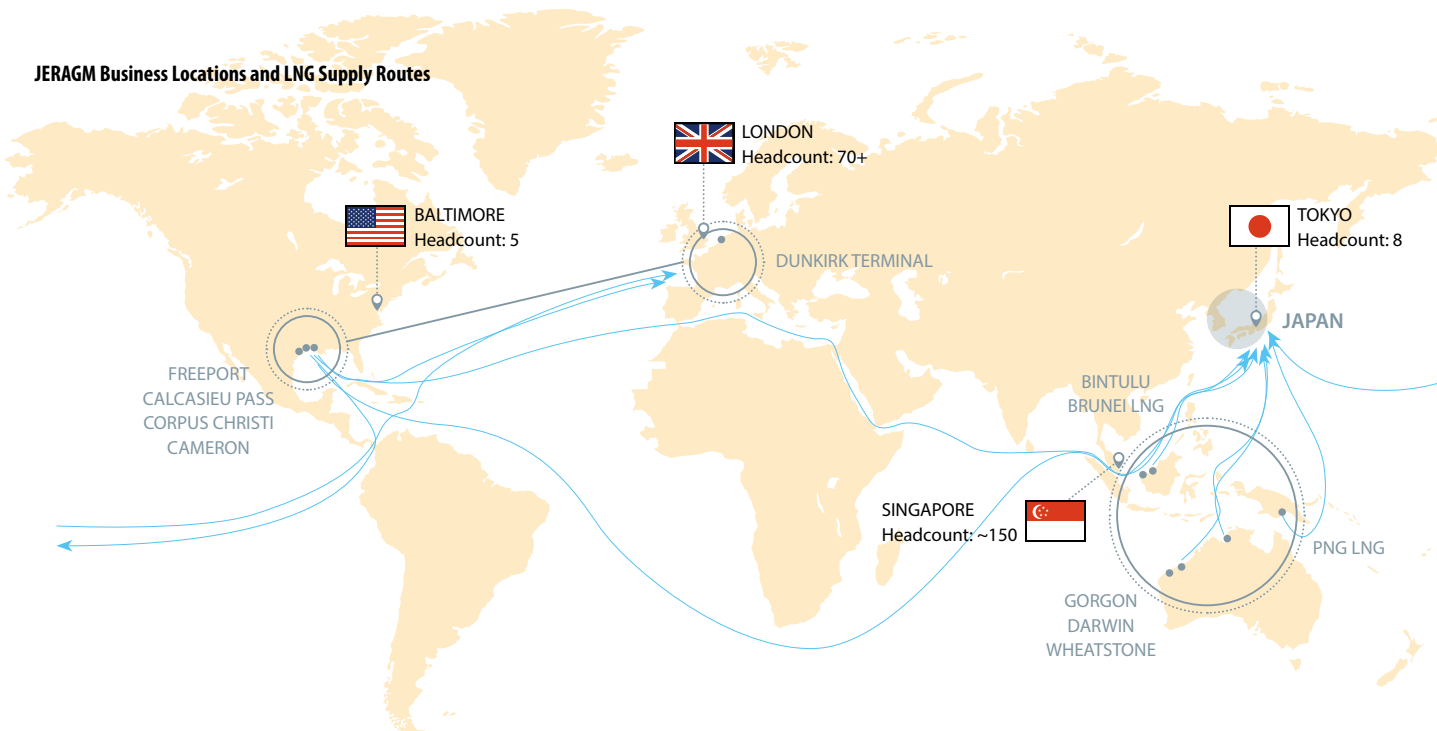
Strengths of JERAGM

- 1 Asset-backed Trading Model**
 - Leveraging the flexibility inherent in fuel contracts
 - Optimizes ~10% of global LNG volumes

- 2 Global Trading Expertise**
 - Global base of operations
 - Experienced team of traders that deploy asset-backed trading strategies
 - Strong fundamental analysis capabilities

- 3 Supported By a Robust Foundation**
 - Middle office to monitor and support transactions
 - Centralized transaction management through an IT infrastructure centered on the ETRM system

JERAGM Business Locations and LNG Supply Routes



Ask an Expert

Pursuing energy security and value for shareholders through its asset-backed trading business model



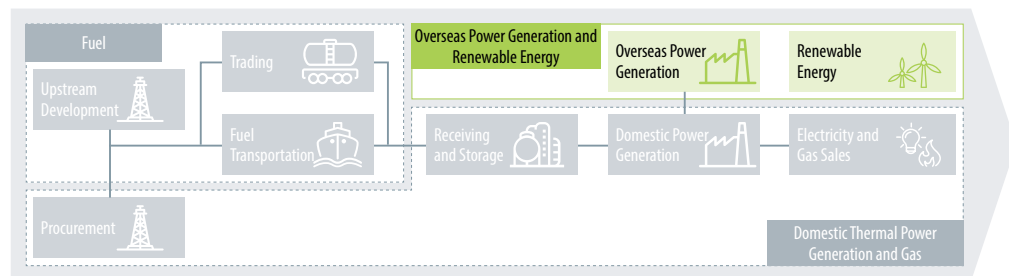
Justin Rowland
 CEO, JERA Global Markets

JERAGM continues to play a significant role in JERA's energy procurement strategy, where its activities have continued to display strong performance. As the global energy landscape continues to evolve, our focus at JERAGM is to continue to capture and maximize value from the markets while staying true to our mission to provide energy security to our shareholders and the communities that we serve.

Overseas Power Generation and Renewable Energy Business – 1

Positioning Within the Value Chain

We are engaged in the development and operation of gas-fired power generation and renewable energy projects in Japan as well as across various regions worldwide, including Asia, the Middle East, Europe, and North America. In our gas-fired power generation development, we are actively involved in LNG supply and procurement of fuel in addition to infrastructure development in our aims to achieve a stable energy supply throughout the entire value chain. Furthermore, as we look toward decarbonizing thermal power, we are exploring the use of new fuels like hydrogen and ammonia, as well as the application of Carbon Dioxide Capture and Storage (CCS). Alongside our aggressive development of renewable energy both domestically and abroad, we are working to provide optimal solutions tailored to each region.



Business Overview

Overseas Power Generation

Globally, we operate close to 30 projects across over 10 countries, and we are continuing to expand our operations by leveraging our expertise in the development and operation of numerous large-scale power plants both domestically and abroad. Particularly in Asia, we are collaborating with platform-based companies that span multiple business domains, advancing not only power infrastructure development but also ensuring stable LNG supply and promoting decarbonization efforts.



Renewable Energy

Moving forward, we plan to consolidate our renewable energy business, both domestically and abroad, around our European base of operations. By partnering with local teams in each region, we aim to establish a glocal (global + local) structure. In offshore wind, where significant growth is anticipated, we are also intensifying our efforts in floating wind technology, a new frontier in the field. In addition to offshore wind power, we will actively pursue our solar power generation business in Japan and expand our solar and onshore wind power generation businesses in North America, India, and other countries. At the same time, we will also work on battery storage solutions in each country, which will contribute to stabilizing the supply-demand balance.



Distinguishing Features

The business landscape surrounding energy is rapidly evolving due to policy shifts, market changes, advancements in renewable energy, and carbon-reduction technologies. Moreover, the needs of each country and region are unique. In light of these diverse landscapes, it's essential to not only move our business forward by leveraging the experience and trust we've built through past projects but also to swiftly propose and implement optimal solutions to meet this changing environment. That is why we are collaborating with partners around the world, including platform-based companies, to deliver business solutions tailored to the needs of each region.

Strengths

- Leading the way in initiatives and insights into decarbonization technologies
- Development, construction, and operation of offshore wind power generation, which is rare among Japanese companies
- Selection of the latest and most optimal measures through collaboration with overseas development groups

Opportunities

- Expansion of competition in electricity and gas sales
- Market creation and new system introductions
- Fluctuations in resource prices
- Worldwide trends toward decarbonization
- Expansion and maturation of global renewable energy market
- Increased demand for storage batteries as a balancing force

Issues

- Strengthening of renewable energy specialists and organizational capabilities
- Enhancement of the renewable energy supply chain in Japan and Asia
- Expanding the scale of development to gain further bargaining power

Risks

- Shortfalls in adjustment functions due to the expansion of renewable energy
- Adverse impacts arising from the emergence of geopolitical risks
- Uncertainty in development due to external factors such as changes in the bidding system, vulnerabilities in the grid at locations suitable for renewable energy, and more

Overseas Power Generation and Renewable Energy Business – 2

Utilizing Business Capital

Drawing on experience gained from our projects around the world as well as the global expertise of our diverse team of professionals, we come together to pool our knowledge and ideas. By collaborating with like-minded partners, we are committed to addressing global energy challenges.

Key Business Capital

● Manufacturing Capital

- Number of Projects: Approx. 30 projects in over 10 countries

● Social Capital

- Leveraging networks developed through projects
- Collaborating with platform-based companies

● Financial Capital

- Revenue: 8.6 billion yen

● Human Capital

- Achieving a diverse portfolio of talent
- Reinforcing renewable energy talent through new hires and M&A

● Intellectual Capital

- Pioneering insights into decarbonization technologies
- Transferring insights and expertise of overseas renewable energy to the domestic market



Nathalie Oosterlinck, Head of key divisions at Parkwind in Belgium and Managing Executive Officer of the Global Renewable Energy Division (left); Kazuo Sakairi, Corporate Vice President and CFO (fourth from right)



Value Provided

- Contributing to decarbonization initiatives tailored to the needs of each country
- Aiding in decarbonization and ensuring stable electricity supply through the introduction and expansion of renewable energy

Business Indicators and Revenue Generation

To effectively conduct our business and consistently meet the expectations of our stakeholders, it's imperative that we continually commit to renewable energy development. By bolstering our renewable energy capabilities and growing into one of the world's leading renewable energy providers, we will achieve a robust and global expansion of our renewable energy business.

Renewable Energy Development Output
Total for FY2022
2.5 GW

Our Goal for 2025



We provide solutions tailored to the unique characteristics of each country and region, ensuring a solid revenue base and contributing to local growth and decarbonization.

Satoshi Yajima
Senior Managing Executive Officer
Chief Power Generation Development Officer (CPGDO)

In our Overseas Power Generation and Renewable Energy, we are advancing initiatives globally that support each country's growth and transition to decarbonization through the provision of clean energy sources, such as renewable energy and low-carbon power. In our pursuit of achieving zero emissions, it's crucial to adopt the strategies best tailored to the unique characteristics of each country and region. Every country requires a unique roadmap to decarbonization. This is because the availability of domestic resources like gas and coal, the potential for renewable energy sources (such as wind, solar, and geothermal), and existing infrastructure, including transmission lines, varies significantly by country. That is why, beyond merely participating in individual projects, we are strengthening its collaborations with business partners involved in multiple ventures. By pooling the expertise of both JERA and our business partners, we are further promoting development and operations tailored to the needs of each market. Furthermore, by actively pursuing energy solutions such as energy transition investments centered on Asia, we aim to achieve an optimal asset portfolio. Through these efforts, we are dedicated to securing a solid revenue base and contributing to regional growth and decarbonization.

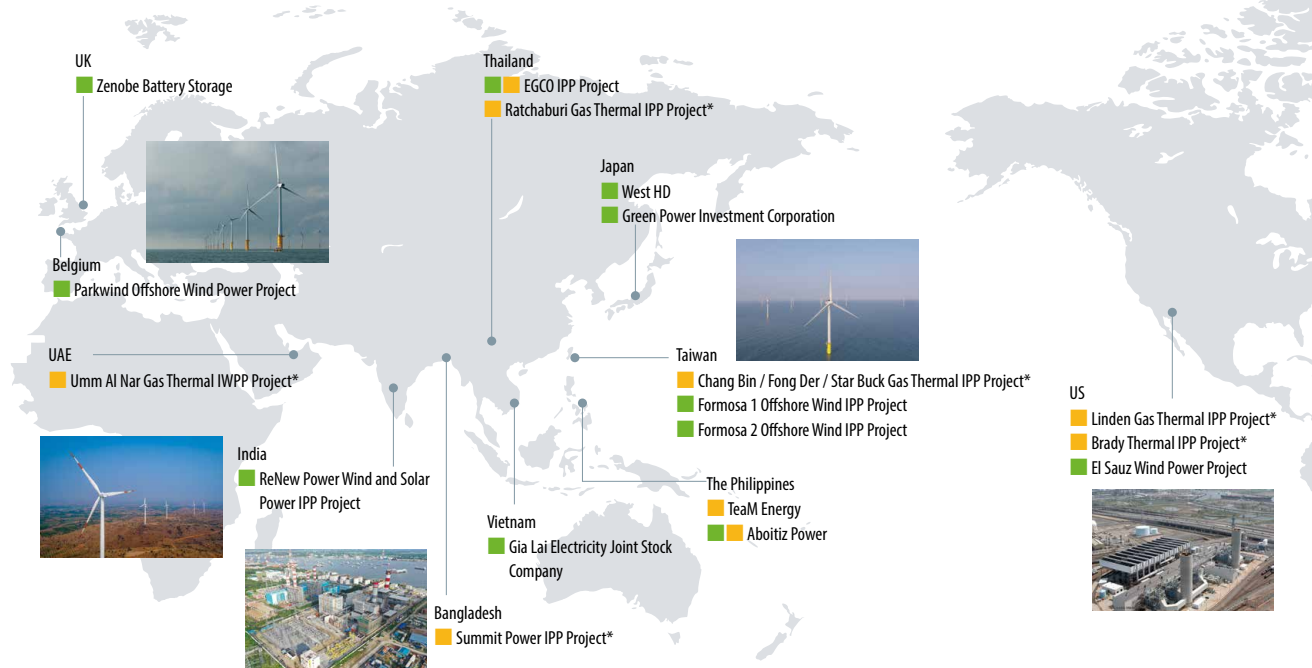
Overseas Power Generation and Renewable Energy Business – 3

FOCUS

Platform-Based Companies & Main IPPs*

We are utilizing the experience we have gained from each of the countries where we operate to engage in business development. Recently, we have been steadily expanding our renewable energy ventures, primarily in offshore wind power generation, through equity acquisitions in projects like the Brady Gas Power IPP business in the United States, our joint venture with Gia Lai Electricity Joint Stock Company in Vietnam, Parkwind in Belgium, and Green Power Investment Corporation in Japan. Moreover, in Asia, we are bolstering our collaborations with platform-based companies that have a strong presence in local markets and offer access to a wealth of business opportunities. In light of evolving business conditions, we endeavor to achieve an optimal asset composition by reorganizing our portfolio through asset divestitures and reinvestments, with a focus on securing funds and increasing earnings.

*IPP: Independent Power Producer
IWPP: Independent Water and Power Producer

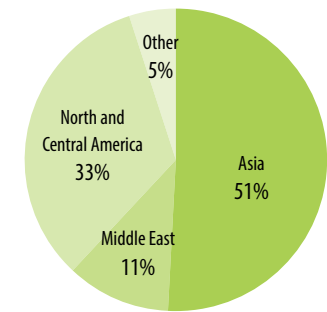


Main Platform-Based Companies Business Investments*

Country	Company
The Philippines	TeaM Energy
The Philippines	Aboitiz Power
Thailand	EGCO
Bangladesh	Summit Power International
Vietnam	Gia Lai Electricity Joint Stock Company
India	ReNew Power
Belgium	Parkwind
Japan	Green Power Investment Corporation

*Platform-based companies business investments: Businesses involved in multiple power generation projects, etc.

Business Portfolio by Region



Ask an Expert



Strategic considerations for Asia's growing energy demand

Steven Winn
Senior Managing Executive Officer
Chief Global Strategist (CGS)

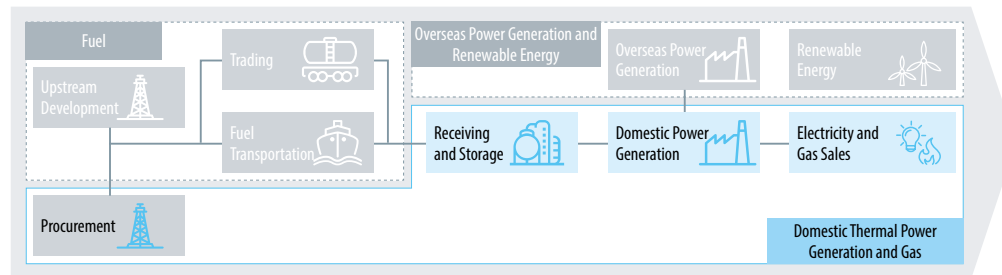
Asia, in particular, is witnessing a surge in energy demand, but there's also a heightened push toward zero emissions. It's imperative to navigate the dual path of ensuring a stable supply to meet the growing demand while actively pursuing zero-emission initiatives. We are contributing to the development of roadmaps for achieving zero emissions in each country and are working together to make them a reality. Achieving national carbon neutrality requires a range of options, such as hydrogen, ammonia, and renewable energy. Consequently, it's difficult to achieve this through participation in individual projects, underscoring the importance of collaboration with platform-based companies in regions with multiple business opportunities. More specifically, we are advancing efforts with these platform-based companies in different nations throughout Asia, including the formalization of a memorandum of understanding with Summit Power International, a company with expertise in Bangladesh, to jointly develop a decarbonization roadmap.

Domestic Thermal Power Generation and Gas Business – 1

Positioning Within the Value Chain

We are the largest power company in Japan, supplying approximately 30% of all domestic power generation output. Ensuring a stable supply of energy is the utmost priority in the Domestic thermal power generation and gas business. We achieve an economical and reliable supply by combining fuel procurement with the optimal operation of our power generation portfolio and our expertise in operating and maintaining power generation facilities.

In recent years, we have leveraged the electricity market and continued to make contributions to its growth and maturation. Looking ahead, we will continue to offer solutions to meet the evolving customer demands, including the establishment of a clean energy supply infrastructure needed to realize a decarbonized society.



Domestic Thermal Power Generation Development

We are in the process of replacing existing thermal power plants with facilities that have higher thermal efficiency and lower CO₂ emissions, making the most of their existing locations. Moreover, we are working on the construction of receiving facilities for decarbonized fuels like ammonia and hydrogen, alongside their power generation facilities, to accelerate the transition to carbon-neutral fuels that result in zero CO₂ emissions during combustion.



Electricity and Gas Sales

We are able to sell electricity and gas to meet the diverse needs of our customers based on our supply capabilities backed by our excellent track record of thermal power generation and experience with large-scale fuel contracts. In addition to traditional retail sales to both shareholder companies, we are expanding our sales channels to include third-party wholesalers and market trading, with a focus on unbiased risk management for both domestic and international markets. We have also established a subsidiary for electricity trading, allowing us to effectively manage and utilize our power sources and contract capacity.

Moving forward, we will continue to expand our market presence while ensuring a balance between a stable energy supply and increased profitability as a trusted power generation company by customers and business partners alike.



Distinguishing Features

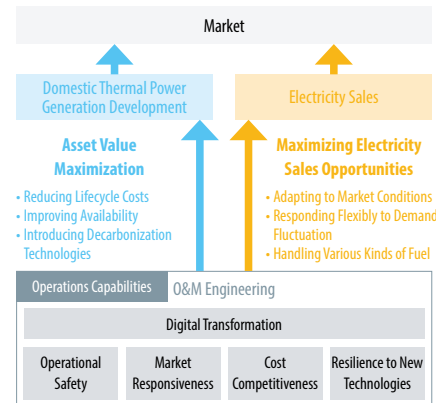
Our business faces numerous challenges, such as risks associated with fluctuating resource prices and the complexity of plant operations amidst significant volatility in domestic thermal power demand. Nonetheless, we adapt flexibly and respond swiftly by utilizing diverse fuel procurement sources and trading strategies in the face of resource price fluctuations. Additionally, we leverage diverse sales channels, including market transactions, and draw upon our years of experience in thermal power generation management to provide the best possible response to fluctuations in domestic thermal power demand.

Business Overview

O&M Engineering to Maximize Market Value

O&M Engineering is maximizing the market value of energy produced by JERA through its contribution to domestic thermal power development by maximizing asset value as well as to electricity sales by maximizing sales opportunities.

We are enhancing our safety operational capabilities, making safety an integral part of our corporate culture. We are also strengthening our market responsiveness to respond flexibly to volatility, improving our cost competitiveness to reduce facility lifecycle costs, and improving our capacity to acquire new technologies such as decarbonization and battery storage. Additionally, we are leveraging digital technologies to further elevate these capabilities.



Strengths

- Flexible and agile response based on expertise in thermal power generation and operation cultivated over years of experience
- A team of highly-skilled professionals in each area of technical expertise
- Robust on-site capabilities with excellent safety and disaster-prevention performance
- A competitive and flexible fuel procurement portfolio
- Know-how in market transactions

Opportunities

- Applying digital technologies
- Attaining zero emissions
- Improving liquidity in the domestic electricity market
- Evolving customer needs in electricity and gas sales

Issues

- Optimization of plant operations and fuel/power utilization in highly volatile conditions
- Decarbonization of thermal power generation
- New approaches to work enabled by digital technology

Risks

- Fluctuations in resource prices
- Negative impact of geopolitical risks on fuel procurement
- Risk of natural disasters such as major earthquakes
- Disruption of operations caused by equipment problems or accidents

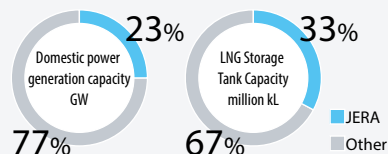
Utilizing Business Capital

We benefit from a versatile workforce of professionals in technical fields such as plant operation, facility engineering, and data analysis, allowing us to leverage our operational expertise across an array of thermal power generation facilities. This positions us to provide a distinctly superior level of service compared to our competitors, both at home and abroad.

Key Business Capital

Manufacturing Capital

- Power Plants in Japan: 26*¹
(Domestic power generation capacity: 61 GW)
- Number of LNG terminals in Japan: 11*²
(LNG Storage Tank Capacity: 6.65 million kL)



Social Capital

- Promoting community engagement around our power plants

Financial Capital

- Revenue: 6,153.4 billion yen

Human Capital

- Approx. 3,000 professionals in specialized technical fields

Intellectual Capital

- Know-how cultivated over years of experience in thermal power generation and operation
- Electricity market expertise
- Know-how in fuel procurement and power operations

Natural Capital

- Total energy consumption: 50.04 million kL (crude oil equivalent)
- LNG/LGP consumption: 23.67 million tons
- Coal consumption: 21.46 million tons
- Water usage: 20.18 million m³

*1 Includes power plants under construction

*2 Includes jointly operated LNG terminals

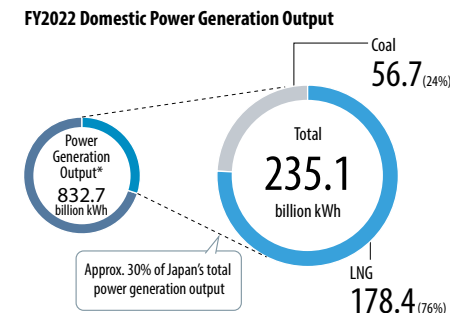
Value Provided

- Stable energy supply
- Decarbonization of thermal power generation
- Stable fuel procurement

Business Indicators and Revenue Generation

We rank among the world's largest power producers and play a pivotal role in ensuring a dependable electricity supply in Japan through its substantial power generation output. These electricity generation figures include not only the power generated by state-of-the-art replacement thermal power sources but also the electricity generated through the reactivation of idle thermal power sources, which were awarded contracts through public bidding during the peak-demand summer and winter periods.

Source: Agency for Natural Resources and Energy website (https://www.enecho.meti.go.jp/statistics/electric_power/ep002/) (Japanese)



Our Goal for 2025



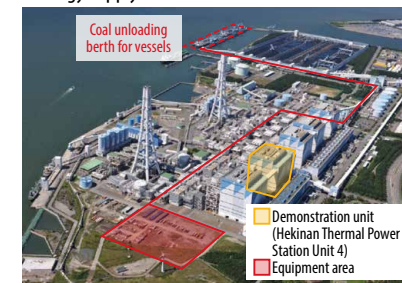
We equip professionals with the skills needed to make significant contributions to ensuring a stable energy supply and achieving a decarbonized society.

Tetsuya Watabe

Corporate Vice President, Managing Executive Officer
Chief O&M Engineering Officer (COMEO)

The domestic thermal power and gas business is both essential for the lives of the Japanese people and essential to our business. Over the years, we have relentlessly refined our operational capabilities in power plant management out of our longstanding commitment to ensuring a reliable power supply. In the face of shifts in the power market and changing demographics, which include a declining birthrate and an aging population, we aim to enhance our market responsiveness and cost competitiveness by nurturing a global pool of professionals, primarily across Asia, to ensure a stable energy supply.

As part of our commitment to JERA Zero CO₂ Emissions 2050, we will commence demonstration tests in FY2023 to replace conventional fuels with ammonia and hydrogen, starting with Hekinan Thermal Power Station Unit 4. Achieving this requires not only the development of combustion and receiving facilities but also a robust on-site workforce with a strong emphasis on safety and disaster preparedness. As a frontrunner in decarbonization, we're committed to further enhancing our on-site capabilities and contributing to the realization of a decarbonized society.



Hekinan Thermal Power Station Unit 4 (Under Construction)

Business Initiatives

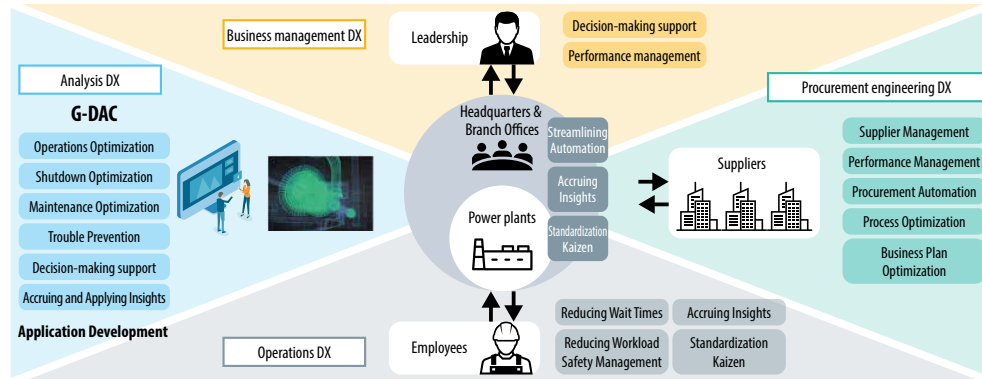
Domestic Thermal Power Generation and Gas Business – 3

FOCUS

Digital Power Plant (DPP) Project

We harness digital technology to create cutting-edge O&M solutions. Cutting-edge solutions are not confined to just a few power plants. We're driving integrated operations, encompassing our headquarters, power plants, and partners. This is the essence of our Digital Power Plant (DPP) Project.

Within the framework of the DPP project, we are promoting digital transformation (DX) across four critical aspects: operations, analysis, business management, and procurement, with a central focus on power plants. Our endeavors encompass advanced data analysis for predictive monitoring, the development of DPP applications, the integration of operations through the metaverse, and the implementation of JERA knowledge management with AI-generated capabilities.



Ask an Expert



Norihisa Tegawa
Head of the G-DAC Group, O&M Engineering Strategy Division

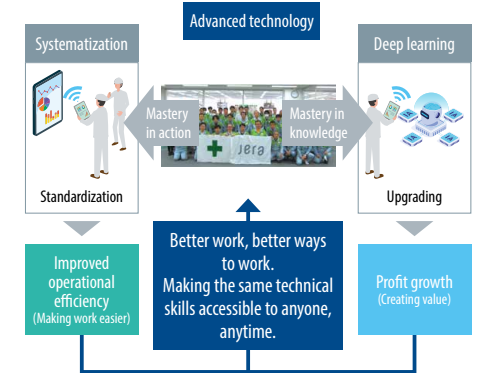
The DPP project is a company-wide project to transform the way we work at our power plants. Power plant engineers are rapidly developing applications and integrating them into their operations to achieve our vision of creating new forms of work and value through the synergy of people, technology, and data. Our journey involves embracing a fresh approach where power plants and the remote integration division work cohesively, alongside our dedication to continuous improvement in pursuit of a stable energy supply and a shift towards sustainable power plant operations.

Development of applications related to power plant operations

We aggregate power plant facilities and personnel data in the cloud, enabling real-time visualization and sharing of plant data and information. Additionally, we digitize the expertise of our O&M professionals, developing in-house applications for efficient and optimized performance management and maintenance of power plants.

The use of these applications will help us revolutionize the entire spectrum of power plant operations, ultimately driving profit growth.

- Anegasaki Thermal Power Station → P.37
- Digital Transformation (DX) → P.38



G-DAC: Real-time support for domestic and international power generation facilities

In July 2023, we established the Global Data Analyzing Center (G-DAC) as a remote integration division to provide real-time information and data analysis for domestic and international power generation facilities alongside cutting-edge O&M solutions. With the launch of G-DAC, we are now equipped to provide round-the-clock support not only for our domestic power generation facilities but also for those of our customers, both domestic and overseas.

G-DAC Supporting Points



● JERA ● Customers (including SPC thermal power)

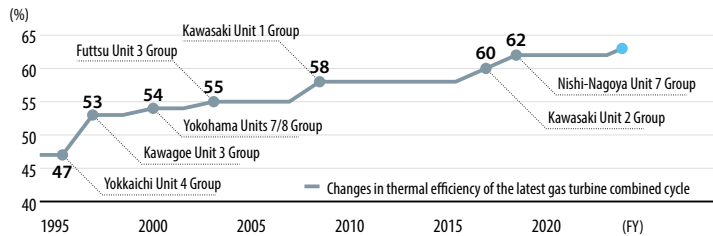
*As of June 2023

Initiatives at Thermal Power Plants in Japan

Anegasaki Thermal Power Station

Replacing Existing Facilities with Highly Efficient and Agile Power Plants

After 60 years of operation, the Anegasaki Thermal Power Station has undergone a remarkable transformation. Units 1 to 4 have been decommissioned, making way for the construction of a cutting-edge LNG thermal power plant with replacement units that boast world-leading power generation efficiency of around 63%. Apart from achieving a nearly 30% reduction in CO₂ emissions compared to the decommissioned facilities, it also offers exceptional flexibility.



Featured

Restarting Idle Thermal Power Plants Due to Supply-Demand Pressures

In response to government requests and to address supply-demand pressures since the winter of 2021, we have resumed operations multiple times at Units 5 and 6 of Anegasaki Thermal Power Station, which were under a long-term planned shutdown. Despite the need for substantial restoration work and inspections, the power plant staff's collective efforts played a vital role in securing a stable electricity supply.



Data-Driven Power Plant Operations and Innovative Ways of Working

Anegasaki Thermal Power Station is a model facility that has incorporated cutting-edge technology from the DPP project. It leverages innovative work methods driven by our applications developed in-house, and it operates seamlessly with the remote integration division.

A Real-Time & Borderless Approach to Work

(Sharing On-Site Data and Facility Management Information)

Rapid, borderless sharing of operational and on-site data enables us to take appropriate action informed by historical analyses



(Applying our Know-How and Expertise to Enhancing Maintenance)

Optimizing maintenance plans based on quantified lifecycle costs, risks, and lifespan



(Sharing and Evaluating Market Insights for Operational Decisions)

We aim to optimize power plant operations by consolidating market insights and sales information and responding to this data in real time



Integrated Operation with the Remote Integration Division

(Predictive Management)

We employ an internally developed system that merges our extensive plant knowledge from operations at home and abroad with AI technology, enabling us to preemptively detect anomalies, conduct thorough analysis, and propose solutions early on.



Ask an Expert

Naoyuki Sotoda

O&M Engineering Strategy Division
Anegasaki Thermal Power Station
Operation 1st Unit



During preparations to restart Unit 5, we realized that there would be a substantial loss of technical knowledge as experienced employees retire. The introduction of the DPP Project will allow data to be stored and utilized throughout JERA and facilitate the transfer of technical knowledge and more efficient workflows. Moving forward, our efforts will focus on improving the app's user-friendliness as we aim for a seamless, intuitive user experience. Our overarching goal is to further streamline and enhance the efficiency of our O&M operations through these initiatives.

Digital Transformation (DX)

Through cutting-edge technology and data utilization, we aim to become a Japan-based global energy company



Positioning of JERA's DX Strategy

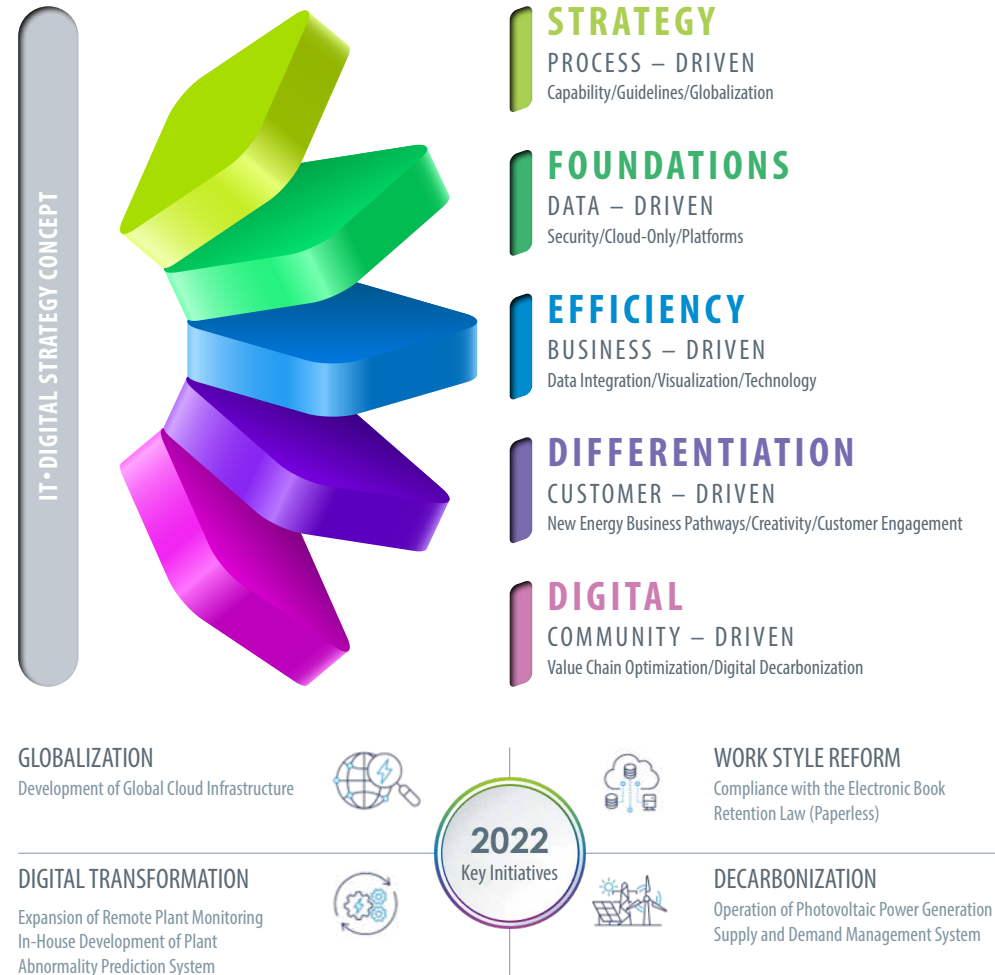
JERA aims to become a global energy leader rooted in Japan and committed to realizing a decarbonized society. We will achieve this by enhancing operational efficiency and creating new business value through the utilization of cutting-edge technology and data.

Digital Transformation (DX) Strategy Policy

Our DX strategy revolves around three key pillars: innovation/disruption, customer-centricity, and intelligence-driven decision-making. Through these pillars, we strive to make substantial contributions to decarbonization and sustainability initiatives, all while fostering business growth and driving transformative changes across our organization.

Strengthening Talents towards DX

To achieve a decarbonized society, we must leverage digital technology within our businesses. Every employee should strive for greater efficiency and enhanced decision-making in their work. Our company has launched the JERA Digital Academy (JEDI), a DX talent development program for all of our 5,000+ employees, including those overseas. This program offers education to a range of individuals, from on-site employees to management and DX specialists engaged across our business. Additionally, we are rolling out change management initiatives to enhance IT literacy and ensure that all employees share a common awareness of digital transformation.



Digital Transformation (DX)

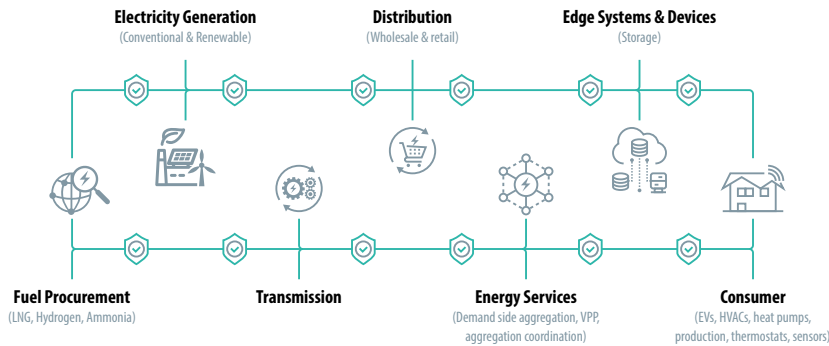
DX Initiative 1

Establishment of Trusted Energy Interoperability Alliance (TEIA)

JERA, in cooperation with Intertrust Technologies Corporation, an investment partner, has established a new company aiming to standardize communication methods in the energy sector. This venture is a collaboration with energy companies based in Europe and Australia.

We are committed to achieving decarbonization by leveraging digital technologies and aspire to build a clean energy supply infrastructure that combines low-carbon thermal power generation with renewable energy sources. To accomplish this, standardizing communication methods between equipment and operators to ensure security is essential. Additionally, the development of an energy platform capable of advanced data analysis is crucial. In the future, we will continue to work on standardization with energy-related companies both domestically and internationally, advancing the establishment of an environment for data utilization.

Integrated security across the value chain



Talal Shamoan
Intertrust Technologies CEO

We Asked the TEIA Co-Founder

Q. What is the aim of the TEIA collaboration?

Energy is an ecosystem-driven industry. By standardizing two-way communication systems between thermal and renewable power plant equipment and data platforms, energy companies can flexibly select safe and stable equipment and realize lower-cost operations.

DX Initiative 2

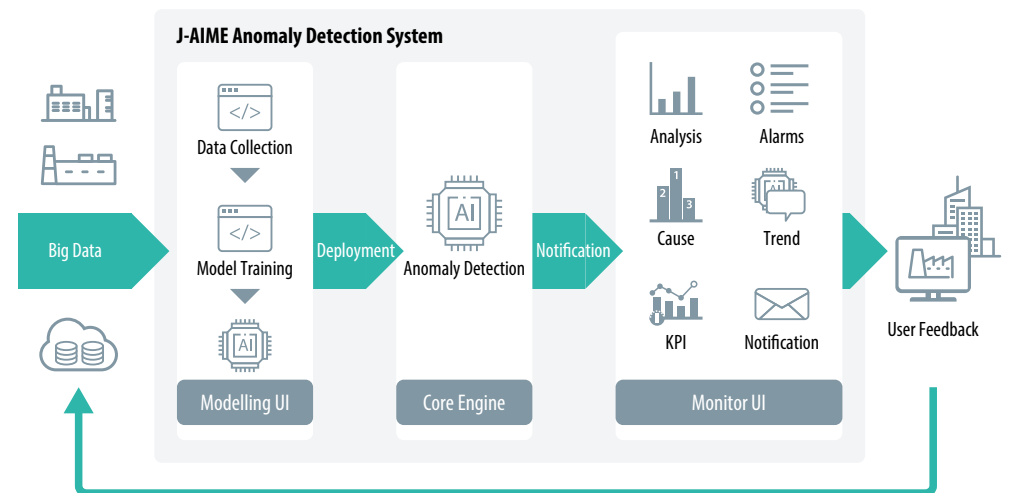
Development of in-house Anomaly Detection System

Utilizing the know-how accumulated by our company's engineers to date, as well as the operational data from power plants, JERA has developed an internal system called 'JERA AI Microservices for Energy (J-AIME),' which enables efficient power plant operation, led by our own data scientists.

By combining AI and IoT, including visualizing the analysis and detecting abnormal conditions in facilities and identifying root causes by extracting patterns from past failure data, we provide highly efficient and operational power plant management through the early detection of abnormal signs.

To ensure sustainable system operation, the introduction of a machine-learning infrastructure is in progress. We are working to support complex operations by efficiently managing a large number of models created with various solutions, standardizing the processes involved in model construction and operation, and reducing labor hours.

We have launched external services and will continue to provide solutions that lead to further improvements in value.



Context

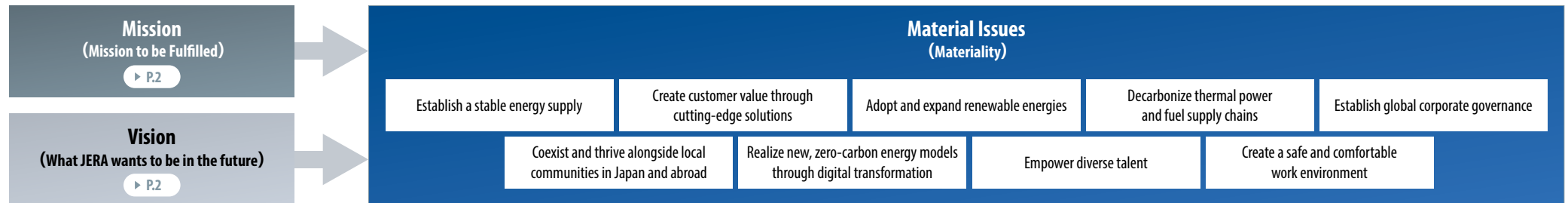
The Infrastructure Behind Our Strategies

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Material Issues

We identified and published our material issues starting in 2020 based on the targets set forth in our April 2019 business plan. We continue to review our material issues in response to changes in the internal and external environment, and in FY2022, we pinpointed nine issues guided by the new corporate vision and JERA Environmental Target 2035, which were both announced in May 2022. To achieve our mission and vision, we are committed to management conscious of these material issues.



How We Set Our Material Issues

Material issues have been identified by extracting issues based on external demands and business strategies and then assessing them based on their importance to stakeholders and the company. These issues are then addressed accordingly as they evolve by revisiting them and adjusting their KPIs.

STEP
1

Identify Issues

We composed a list of 59 issues pertinent to our company following an analysis of the industry environment, our business plans, and other factors.

Reference Guidelines

- ISO 26000
- SDGs
- GRI
- SASB
- FTSE
- Material issues of industry peers

STEP
2

Assess Importance and Relevance

We evaluate each of the 59 issues identified in Step 1 in terms of their importance to stakeholders and their importance to the company. We then assess their relevance to factors like company strategy and stakeholder opinion.

Evaluation Methods

- Importance to Our Stakeholders
Quantitative assessment of importance to our customers, business partners, local communities, shareholders and investors, and employees
- Importance to JERA
Quantitative assessment based on impact on revenue/costs, reputation, compliance, and alignment with business strategy

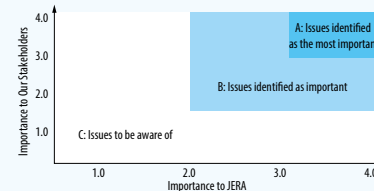
STEP
3

Identify Material Issues

Taking into account Step 2 assessments, the Sustainability Promotion Committee (chaired by the President, Director, CEO and COO) designates material issues

Method of Identification

Issues were categorized into three categories: A: issues identified as the most important; B: issues identified as important; and C: issues to be aware of. Issues in categories A and B were identified as material issues.



STEP
4

Revise Material Issues
































We continue to revise material issues in light of the social landscape and stakeholder feedback.

Focus of FY2022 Revisions

- Number of Material Issues:
Narrowed down from 22 to 9 items
- Focus of Revisions:
Based on changes in the business environment, we formulated our Corporate Vision for 2035 and JERA Environmental Targets 2035, which derive elements from existing material issues and consolidate them into nine items.

List of Material Issues and Major Initiatives

● Major Initiatives ○ KPI (Key Performance Indicators)

	Material Issues	Major Initiatives & KPIs	Related Pages	Related SDGs
1	Establish a Stable Energy Supply	<ul style="list-style-type: none"> ● Stabilize supply and demand management ○ Replace domestic facilities representing 7–9 GW of energy (at 5–7 sites) ● Optimize security measures and monitoring systems in line with global standards ● Enhance JERA's business continuity plan (BCP) and business continuity management (BCM) ● Improve disaster preparedness through systematic education and training ● Build a disaster prevention infrastructure by maintaining reserves 	Business Initiatives - Fuel Business (P. 28) Business Initiatives - Overseas Power Generation and Renewable Energy Business (P. 31) Business Initiatives - Domestic Thermal Power Generation and Gas Business (P. 34) Initiatives at Thermal Power Plants in Japan (P. 37) Climate-related Disclosures (Response to TCFD Recommendations, etc.) (P. 44) Safety (P. 61) Risk Management (P. 72) Information Security (P. 75)	    
2	Create Customer Value through Cutting Edge Solutions	<ul style="list-style-type: none"> ● Develop new technologies that can spearhead a sustainable society ● Further innovate by combining new technologies with power generation technology ● Strategically acquire intellectual property in Japan and abroad and apply it to new business ● Develop and deliver solution selling that ties in with company business 	Value Creation Process (P. 13) JERA Zero CO ₂ Emissions 2050 (P. 17) Zero-Emissions Thermal Power (P. 19) Renewable Energy Business (P. 21) Business Initiatives - Overseas Power Generation and Renewable Energy Business (P. 31) Business Initiatives - Domestic Thermal Power Generation and Gas Business (P. 34)	  
3	Adopt and Expand Renewable Energies	<ul style="list-style-type: none"> ○ Target renewable energy development representing 5 GW of energy by FY2025 ● Acquire essential know-how about offshore wind power 	JERA Zero CO ₂ Emissions 2050 (P. 17) Renewable Energy Business (P. 21) Business Initiatives - Overseas Power Generation and Renewable Energy Business (P. 31) Climate-related Disclosures (Response to TCFD Recommendations, etc.) (P. 44)	 
4	Decarbonization of Thermal Power and Fuel Supply Chains	<ul style="list-style-type: none"> ● Establish hydrogen and ammonia supply chains ○ Utilize ammonia effectively, with demonstration tests of conversion rates of 20% at Hekinan Thermal Power Station Unit 4 planned for FY2023, commercial operation of conversion rates of 20% targeted for the late 2020s, and commercial operation of conversion rates of 50% intended to begin in the early 2030s ○ Utilize hydrogen effectively, with commercial operation planned for the 2030s ● Pursue carbon capture and storage (CCS) know-how and project opportunities 	JERA Zero CO ₂ Emissions 2050 (P. 17) Zero-Emissions Thermal Power (P. 19) Business Initiatives - Overseas Power Generation and Renewable Energy Business (P. 31) Business Initiatives - Domestic Thermal Power Generation and Gas Business (P. 34) Climate-related Disclosures (Response to TCFD Recommendations, etc.) (P. 44)	   
5	Establish Global Corporate Governance	<ul style="list-style-type: none"> ● Improve board effectiveness ● Instill and put into practice a compliance culture and strengthen the JERA Group compliance system ● Make improvements to reporting of financial and non-financial information 	ESG and Sustainability Management System (P. 43) Stakeholder Engagement (P. 64) Corporate Governance: (P. 65) Directors & Officers (P. 68) Compliance (P. 76)	
6	Coexist and Thrive alongside Local Communities in Japan and Abroad	<ul style="list-style-type: none"> ● Take action to coexist with the environment, educate the next generation, and resolve issues in local communities based on our Social Contribution Activity Policy ● Build good relationships with stakeholders through cooperative efforts with the community ● Strengthen systems for the prompt and proper reaction in response to domestic and international crises ● Practice global corporate social responsibility (CSR) founded on the needs of overseas sites 	Environment (P. 49) Coexisting with Local Communities (P. 59) Safety (P. 61) Stakeholder Engagement (P. 64) Risk Management (P. 72)	    
7	Realize New, Zero-Carbon Energy Models through Digital Transformation	<ul style="list-style-type: none"> ● Acquire cutting-edge IT technologies such as AI and machine learning by upgrading our R&D environment and building relationships with leading technology companies, among other efforts ● Establish the foundation for maximizing data usage, defining parameters, and promoting data education ● Promote the digitization of data at power plants, including those overseas ● Offer digital education to all employees 	Business Initiatives - Domestic Thermal Power Generation and Gas Business (P. 34) Digital Transformation (DX) (P. 38)	   
8	Empower Diverse Talent	<ul style="list-style-type: none"> ● Disseminate major talent initiatives both internally and externally ● Evolve and expand mechanisms to attract diverse talent (e.g., broaden the pool of new graduate and mid-career candidates and strengthen partnerships with educational institutions) ● Establish systems that promote self-driven career development (e.g., create structures for skill advancement and career paths, provide consultation services, and expand internal promotion efforts) ● Build attractive compensation packages (introduce a job-based HR system, revise retirement benefit schemes and seniority systems) ● Realize borderless human resources (e.g., increase global mobility irrespective of hiring location) ● Cultivate corporate culture (e.g., promote diversity and inclusion, health management) ○ Increase the percentage of female employees in leadership positions (targeting 15% in officer positions and 8.5% in management positions by FY2025) ○ Maintain and improve employee engagement (employee satisfaction survey index for FY2022: 68.8%) 	Talent Acquisition & Retention Strategy (P. 52)	    
9	Create a Safe and Comfortable Work Environment	<ul style="list-style-type: none"> ● Continuous leadership from top management and raising individual safety awareness ● Construction of a robust management system to lead our safety efforts ● Effective safety activities to address changes in the environment ○ Number of fatalities: 0 ● Establish contingency plans for overseas operations ○ Continued selection under the Certified Health & Productivity Management Outstanding Organizations Recognition Program ○ Promotion of work-life balance (reduce overtime hours, promote taking leave) 	Talent Acquisition & Retention Strategy (P. 52) Safety (P. 61) Risk Management (P. 72)	 

ESG and Sustainability Management



JERA's ESG and Sustainability Management Goals

Tatsuya Tsunoda
Managing Executive Officer (ESG)

JERA was founded to grow into an internationally competitive and truly global energy company in the hopes of overcoming the energy crisis facing Japan after the Great East Japan Earthquake. We prioritize compliance and are establishing a global governance structure to maximize our corporate value in a sustainable manner by fully leveraging the synergies of this joint venture between Tokyo Electric Power Company and Chubu Electric Power Company. Our management is in the hands of seasoned professionals in the fields of business and energy, ensuring autonomous decision-making.

In terms of the environment, we are committed to fulfilling our responsibility to society as one of the world's largest energy providers through decarbonization and waste reduction, all while providing a stable supply of energy. It is no exaggeration to say that our core business is inherently rooted in our environmental initiatives.

With respect to our social initiatives, we consider the safety of all internal and external stakeholders to be a top priority. This includes our employees and the local communities near our power plants, where we have built a culture of safety over many years. JERA is a relatively young company, having only achieved full integration into its present business structure in 2019. We are in the process of building a vibrant corporate culture filled with individuals of diverse nationalities, career paths, skills, and expertise, all thriving in an open and ambitious environment.

Moving forward, we will continue to deepen our engagement with all our stakeholders, incorporating their feedback as we strive towards our vision of ideal ESG and sustainability management.

Enhancing Our ESG and Sustainability Promotion System

Under the supervision of the Board of Directors, JERA's ESG and Sustainability Promotion System has been reorganized into the Sustainability Promotion Committee, chaired by the Leadership Panel and the President, Director, CEO and COO to examine internal and external issues regarding ESG, Sustainability, and SDGs. This will improve both the speed and effectiveness of management decisions.

In addition, our four subcommittees that had functioned in separate domains under the Sustainability Promotion Committee (the Environmental Subcommittee, Society and Human Rights Subcommittee, Governance Subcommittee, and PR and IR Subcommittee) have been consolidated as the Working-level Conference. The newly established unit dedicated to ESG and sustainability supports the Working-level Conference, promoting ESG and sustainability from a company-wide, cross-functional perspective.

Recommendations on ESG and Sustainability to the Board of Directors

An advisory group*, consisting mainly of outside experts in energy and corporate management, has provided advice and recommendations to the Board of Directors on the ESG and sustainability issues that we should address.

Note: Joseph Naylor, Director; Paul Hanrahan GAE*; Nobuo Tanaka GAE*; Hendrik Gordenker, Senior Advisor; etc.)

*Global Advisory Expert: An outside expert with deep knowledge of global management. Invited into the group as an advisor.

Internal Outreach: Power Plant Tours for ESG Awareness

We believe every employee is crucial in advancing ESG and sustainability management. As such, we prioritize dialogue with our team focused on issues related to ESG and sustainability. In FY2022, the Managing Executive Officer (ESG) and the Managing Executive Officer (D&I) teamed up to visit all of our power plants in Japan.

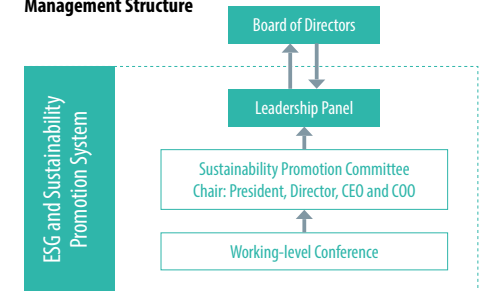
Employees were informed of external stakeholder expectations and our overall ESG and sustainability initiatives, and we engaged in discussions about related activities being conducted at each of our power plants. We also explored considerations and innovative approaches to increase talent diversity in the workplace. Through these activities, employees have a heightened awareness of how their individual commitment to ESG and sustainability can directly contribute to the creation of corporate value. (See P. 49 for more information on environmental initiatives.)



Group photo with Kawagoe Thermal Power Station staff

ESG and Sustainability Management Structure

(As of August 31, 2023)



Featured

Participation in the UN Global Compact

To further promote ESG and sustainability management, we endorsed the objectives of the United Nations Global Compact and joined its network in July 2023.



Climate-related Disclosures (Response to TCFD Recommendations, etc.)

Fundamental Approach

As a global company committed to solving energy problems in Japan and around the world, we consider measures to combat climate change to be a priority issue and have identified the relevant material issues.

In September 2021, we endorsed the TCFD^{*1} recommendations and joined the TCFD Consortium.^{*2} To properly evaluate climate change-related risks and opportunities and sustainably enhance our corporate value, we have identified four elements—governance, risk management, strategy, and metrics and targets—in line with the TCFD Recommendations that summarize our climate change-related systems, our business in general, and the initiatives typified by the Three Approaches of JERA Zero CO₂ Emissions 2050.

We will continue to disclose information related to climate change in line with the TCFD recommendations and further enhance communication with investors and other stakeholders.

^{*1} The Task Force on Climate-related Financial Disclosures (TCFD) is the task force established by the Financial Stability Board (FSB) at the request of the finance ministers and central bank governors of G20 countries to avoid destabilization of the financial system in the face of factors attributable to climate change. The task force has published a framework and recommendations to guide companies' disclosures pertaining to the risks and opportunities posed by climate change.

^{*2} The TCFD Consortium is a forum established for companies and financial institutions that endorse the TCFD Recommendations to hold discussions and work together to ensure effective disclosures by companies and facilitate sound investment decisions by the financial institutions to whom the disclosures are made. To further enhance disclosures in line with the TCFD Recommendations and promote constructive dialogue between investors and companies, the consortium actively publishes guidance on various matters and also hosts TCFD Summits to give companies and financial institutions from around the world opportunities to gather in one place.



Governance and Risk Management



Governance

Decisions about important policies, new and updated targets, and other matters pertaining to measures to combat climate change are made by the Board of Directors or the Leadership Panel based on our corporate governance system. We have also established a Sustainability Promotion Committee for the purpose of enhancing sustainability management, as well as environmental, social, and corporate governance (ESG) management. This cross-departmental committee is chaired by the President, Director, CEO and COO and reports directly to the Board of Directors. It will examine measures to combat climate change and other environment-related issues.

Directors hold active discussions with outside experts and specialist organizations to keep pace with the latest information and findings, which they share with the Leadership Panel and other internal groups. We also host seminars regarding ESG and sustainability for our employees in addition to providing opportunities for them to have discussions with the directors. We are proactively working to further improve our ESG and sustainability activities by continuing to expand our directors' and employees' understanding of information and trends in climate change and other aspects of ESG and sustainability management.

Corporate Governance → P.65

ESG and Sustainability Management Structure → P.43

Risk Management

We have established a risk management system headed by the President, Director, CEO and COO to understand and mitigate risks associated with corporate activities. The system conducts integrated risk management, categorized into operational, market, and credit risks. We identify climate change-related risks in recognition of their potential to impact the different types of risk. Risks to be managed by directors are identified as significant risks to be managed by management. The Risk Management Committee (chaired by the President, Director, CEO and COO) monitors and reviews the management status and plans for responding to these risks and then reports them to the Board of Directors at scheduled intervals or as needed.

Risk Management → P.72

Climate-related Disclosures (Response to TCFD Recommendations, etc.)

Strategies



Scenario Configuration

The following two scenarios have been established to analyze the risks and opportunities related to climate change across the entire value chain of our business.

	1.5°C Scenario References: IEA World Energy Outlook 2022 NZE, the Japanese government's Sixth Strategic Energy Plan, IPCC Sixth Assessment Report, Working Group 1: SSP 1-1.9, SSP 1-2.6	4°C Scenario References: IEA World Energy Outlook 2022 STEPS, IPCC Sixth Assessment Report, Working Group 1: SSP 3-7.0, SSP 5-8.5	Time-series Variations in Relevant Parameters
Policy/Regulatory Changes	<ul style="list-style-type: none"> ● Ambitious energy policies are underway in each country to curb a global rise in average temperatures. ● Carbon pricing has been introduced over a vast range of regions, and prices are rising rapidly in both developed and developing economies that have declared a commitment to Net-Zero Emissions. 	<ul style="list-style-type: none"> ● Existing energy policies will be maintained in each country, and no ambitious policies will be introduced. ● Carbon pricing will be implemented only in regions that have already introduced or have plans to introduce this method. 	
Global Changes in Energy Supply and Demand	<ul style="list-style-type: none"> ● Final energy consumption will decrease in the future due to ongoing energy conservation efforts and improvements in energy consumption efficiency. ● Conversely, significant progress in electrification rates will result in a steady increase in electricity demand. 	<ul style="list-style-type: none"> ● Final energy consumption will continue to increase into the future, following existing trends. ● Electricity demand will increase accordingly, but electrification rates will not show significant growth and will remain below the levels of the 1.5°C scenario. 	
	<ul style="list-style-type: none"> ● Renewable energy introduction will progress rapidly, replacing fossil fuels as the world's primary energy source by the mid-2030s. ● As a result, demand for fossil fuels like natural gas will decline rapidly. 	<ul style="list-style-type: none"> ● Renewable energy will be introduced at a moderate pace, with fossil fuels continuing to function as the world's primary energy source in the long term. ● Demand for fossil fuels, including natural gas, will largely level off. 	
	<ul style="list-style-type: none"> ● Technological innovations to curb greenhouse gas emissions will lead to a significant increase in the production of new low-carbon fuels such as hydrogen and ammonia. 	<ul style="list-style-type: none"> ● Development and introduction of new low-carbon fuels such as hydrogen and ammonia will be limited. 	
Global Climate Changes*	<ul style="list-style-type: none"> ● Global average temperature increase will stabilize at around 1.5°C ● The frequency and intensity of extreme weather events such as heavy rainfall, high temperatures, and droughts will marginally increase worldwide. ● The average sea level worldwide will rise by 0.4–0.7 meters by the end of the century, but the long-term rise will be more limited compared to the 4°C scenario. 	<ul style="list-style-type: none"> ● The global average temperature will rise by around 4°C by the end of the century. ● The frequency and intensity of extreme weather events such as heavy rainfall, high temperatures, and droughts will increase significantly worldwide. ● The average sea level worldwide will rise 0.8-1.2 meters by the end of the century. Given the uncertainty of ice sheet melting processes, water levels could reasonably rise at a significantly faster pace than in existing trends. 	

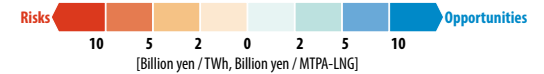
*Numerical values in the scenario descriptions and graphs represent the deviation from values expected prior to the Industrial Revolution. Extreme refers to weather events with a probability of occurring once in 10 years.

Climate-related Disclosures (Response to TCFD Recommendations, etc.)

Assessment of Impact on Our Business

We listed climate change-related risks and opportunities for our business based on the scenarios on the previous page. We conducted a sensitivity analysis of the potential financial impact on JERA regarding the major risk and opportunity factors identified. The legend on the right side is classified into four colors that indicate the financial impact per unit of activity over the short-term (through 2025), medium-term (through 2030), and long-term (through 2050) periods for each risk and opportunity.

We will work to reduce the risks and seize the opportunities through JERA Zero CO₂ Emissions 2050 as well as other efforts and measures.



Risk/Opportunity Categories Projected Changes in Business Circumstances	Impact on JERA	Analysis of Potential Financial Impact Sensitivity on JERA					JERA's Measures and Examples of Related Initiatives
		Method of Assessment	Corresponding Business	Unit	2025	2030	
▼ 1.5°C scenario							
Policy and Regulatory Stricter Regulation of Fossil Fuel Use	Increased operating costs due to carbon pricing	Sensitivity of carbon cost increase per unit of thermal generation	Power Generation	Billion yen / TWh	Orange	Red	Reducing Emissions by Promoting JERA Zero CO₂ Emissions 2050 <ul style="list-style-type: none"> JERA Zero CO₂ Emissions 2050 → P.17 JERA Zero CO₂ Emissions 2050 Roadmap for Its Business in Japan (Blueprint for Achieving Zero Emissions) → P.18 Emission Indicators and Targets → P.48
		Sensitivity of carbon cost increase per unit of LNG production	Fuel Upstream	Billion yen / MTPA-LNG	Orange	Orange	Recommendations and Involvement in Energy and Global Warming Policy <ul style="list-style-type: none"> Participation in the GX League → P.50
	More efficient energy consumption through stricter energy conservation regulations	Sensitivity to decreases in operating costs per point of improvement of thermal power generation efficiency	Power Generation	Billion yen / TWh	Light Green	Light Green	More Efficient Energy Consumption Through Power Source Renewal <ul style="list-style-type: none"> Promoting replacement of obsolete thermal power plants domestically with a total cost of exceeding 1 trillion yen (7.31 GW total) Decommissioning of obsolete thermal power plants in operation for over 50 years (10.63 GW in total)
Technology Changes in Energy Supply Structure Through the Development and Introduction of Non-fossil Energy Technologies	Reduced utilization rate of traditional thermal power sources due to an increase in low-carbon energy and grid diversification	Sensitivity to reduced sales due to lower amounts of thermal power generation	Power Generation	Billion yen / TWh	Red	Red	Reducing Power Plant Operation Costs to Improve Price Competitiveness for Power Sources <ul style="list-style-type: none"> Improving O&M model efficiency using best practices from both shareholder companies Streamlining through procurement and outsourcing of materials and equipment utilizing economies of scale Optimization of power plant business and operation by promoting digital power plants → P.36, P.37
		Sensitivity to operation cost reduction by replacing coal with ammonia	Power Generation	Billion yen / TWh	Light Green	Blue	Promoting the Development of Zero-Emissions Thermal Power Technology <ul style="list-style-type: none"> Promotion of large-scale ammonia demonstration tests at Hekinan Thermal Power Station Unit 4 Participation in the Green Innovation Fund Project, promoting demonstration tests for hydrogen power generation technology at LNG thermal power plants. Use of hydrogen at Linden Gas Thermal Power Station Unit 6 (US)
	Expanded business opportunities through development and lowered costs for hydrogen and ammonia fuel technology	Sensitivity to operation cost reduction by replacing LNG with hydrogen	Power Generation	Billion yen / TWh	Light Green	Light Green	Establishing Hydrogen and Ammonia Supply Chains <ul style="list-style-type: none"> Promoting collaboration with leading companies, both domestic and overseas, at each stage of the value chain → P.20
		Sensitivity to operation cost reduction by lowering construction and operation maintenance costs for offshore wind power	Power Generation	Billion yen / TWh	Light Green	Blue	Promoting the Development of Renewable Energy Sources Centered on Offshore Wind Power <ul style="list-style-type: none"> Development output target for renewable energy (FY2025 total): 5GW Participation in Taiwan's Formosa Offshore Wind Farm projects → P.22 Acquisition of major Belgian offshore wind power producer, Parkwind → P.21 Acquisition of renewable energy power producers such as GPI Corporation → P.21
Expanded business opportunities provided by reduced technology costs for renewable energy and storage batteries	Sensitivity to operation cost reduction by lowering construction and operation maintenance costs for solar and onshore wind power	Sensitivity to operation cost reduction by lowering construction and operation maintenance costs for solar and onshore wind power	Power Generation	Billion yen / TWh	Light Green	Light Green	Supporting Adoption of Renewable Energy Through Storage Batteries <ul style="list-style-type: none"> Development of a recycling process for electric vehicle lithium-ion batteries with low environmental impact Construction of a large-capacity Sweep Energy Storage System using batteries reclaimed from electric vehicles → P.22

Climate-related Disclosures (Response to TCFD Recommendations, etc.)



Risk/Opportunity Categories Projected Changes in Business Circumstances	Impact on JERA	Analysis of Potential Financial Impact Sensitivity on JERA					JERA's Measures and Examples of Related Initiatives
		Method of Assessment	Corresponding Business	Unit	2025	2030	
▼ 1.5°C scenario							
Market and Services Increased Demand for Electricity Driven by Economic Growth and Electrification	Expanded opportunities to supply power	Sensitivity to increases in sales due to reduced volume of electricity sold	Power Generation	Billion yen / TWh			Acquisition of Business Opportunities via Appropriate Capital Investment <ul style="list-style-type: none"> Total CAPEX from FY2022 to FY2025: approx. 1.4 trillion yen (Approx. 1.2 trillion yen of growth investment) → P.25
Market and Services Transforming the Value of Energy	Decrease in fuel sales and trading due to reduced fossil fuel prices	Sensitivity to the decrease in LNG sales due to falling LNG prices	Fuel Upstream	Billions yen / MTPA-LNG			Maintenance of a Flexible and Competitive Fuel Procurement and Sales Portfolio <ul style="list-style-type: none"> Promotion of fuel procurement that is highly stable, competitive, and flexible in operation, utilizing upstream interest and fuel transports on hand Optimization of flexible procurement, resale, etc., through JERAGM (LNG spot procurement volume for FY2022: Approx. 700 MTPA) Value maximization of the LNG procurement portfolio via the JERA LNG Portfolio Strategy
		Sensitivity to the decrease in LNG trading sales due to falling LNG prices	Transportation and Trading	Billions yen / MTPA-LNG			
	Increased customer demand for green products and services due to the rise in non-fossil value	Sensitivity to carbon costs avoided through green power production	Power Generation	Billion yen / TWh			Provision of Added Value Through Clean Energy Supply Platform <ul style="list-style-type: none"> In collaboration with Japan Data Science Consortium Co. Ltd., jointly developing a photovoltaic power generation forecasting system In collaboration with NEC Corporation, initiating a demonstration project for electricity market trading utilizing factors like demand response In collaboration with Sustech Inc., launching a renewable energy aggregation business Considering introduction of 24/7 Carbon-free Energy* to Toho Studios
Market Services and Reputation Growing Global Awareness of Climate Change	Financial constraints due to limited investment in and divestment from the fossil fuel business	Sensitivity to increased operating costs when the funding procurement cost for power generation businesses worsens by 1 point	Power Generation	Billion yen / TWh			Active Information Dissemination to Stakeholders <ul style="list-style-type: none"> Appropriate information dissemination regarding zero-emissions initiatives Complete renewal of the corporate website, launch of the JERA's ACTION brand website
	Expanded opportunities to invest in clean energy projects and utilize climate transition finance	Sensitivity to increased operating costs when the funding procurement cost for power generation businesses improves by 1 point	Power Generation	Billion yen / TWh			Diversification of Financing Methods <ul style="list-style-type: none"> First issuance of transition bonds Financing through transition-linked loans
▼ 4°C scenario							
Acute More frequent/severe natural disasters	Increased cost of disaster response	Sensitivity to increased operating costs from switching power sources due to facility shutdown and output constraints	Power Generation	Billion yen / TWh			System Reinforcement in the Event of Large-Scale Disaster <ul style="list-style-type: none"> Establishment of emergency disaster countermeasure regulations and related manuals → P.74 Implementation of periodic disaster drills → P.74 Improvements to JERA's BCP and BCM → P.74
Chronic Chronic changes in climate patterns	Increased operational restrictions on facilities due to factors like drought						Business and Supply Chain Diversification <ul style="list-style-type: none"> Promoting power source portfolio diversification through zero-emissions thermal power development and the expansion of renewable energy sources Promoting diversification of procurement sources and business regions (Overseas power generation projects: over 30 projects in 10 countries; upstream investments: 6 projects in 2 countries; LNG procurement sources: 15 countries)

*Refers to any electricity source that does not emit CO2 for 24 hours a day, 7 days a week—in other words, 365 days a year.

Climate-related Disclosures (Response to TCFD Recommendations, etc.)

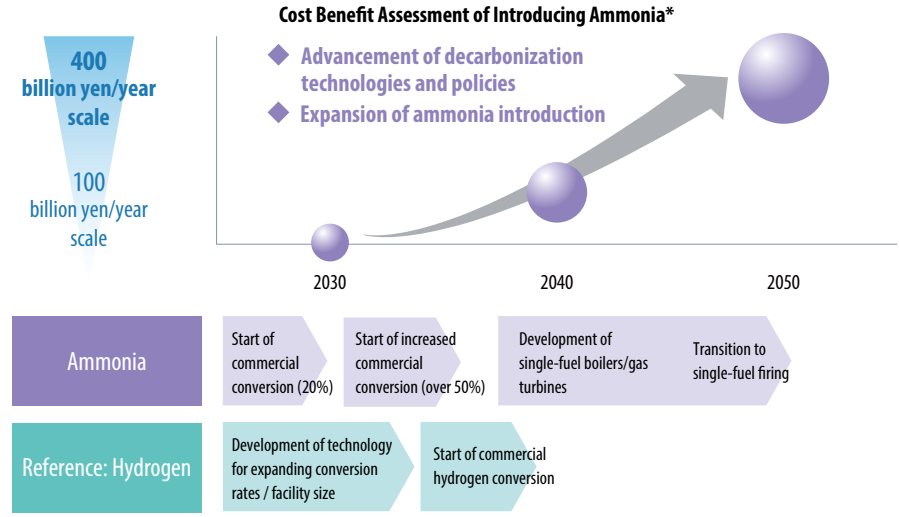
Assessment of Impact on Our Business: A Deep Dive into the 1.5°C Scenario

In light of the steady progress we have made in our business toward achieving JERA Zero CO₂ Emissions 2050 since announcing it in October 2020, and due to changes in business circumstances, we formulated a new long-term vision for 2035, unveiling a set of new environmental targets for achieving the new vision: JERA Environmental Commitment 2035. We will update the JERA Zero CO₂ Emissions 2050 Roadmap for JERA Business in Japan based on the new targets and present our updated plan for introducing hydrogen and ammonia conversion in Japan.

As with the previous deep dive into scenario analysis in line with the TCFD Recommendations, we analyzed the financial impact on JERA of [introducing ammonia to our power generation business ahead of technology development/using technology development to expedite our introduction of ammonia to our power generation business/introducing ammonia to our power generation business, which is driven by technological development], assuming the 1.5°C scenario and the aforementioned plan for introducing ammonia in Japan.

Our analysis revealed potential cost advantages on the order of 100 billion yen per year by 2040 and 400 billion yen per year by 2050 compared to the scenario in which we continue using coal.

We will continue to proactively develop large-scale fuel ammonia power generation technology and other decarbonization technologies in addition to devoting energy to ensuring the economic viability of the technologies so that they can help the world move away from carbon as a source of energy.



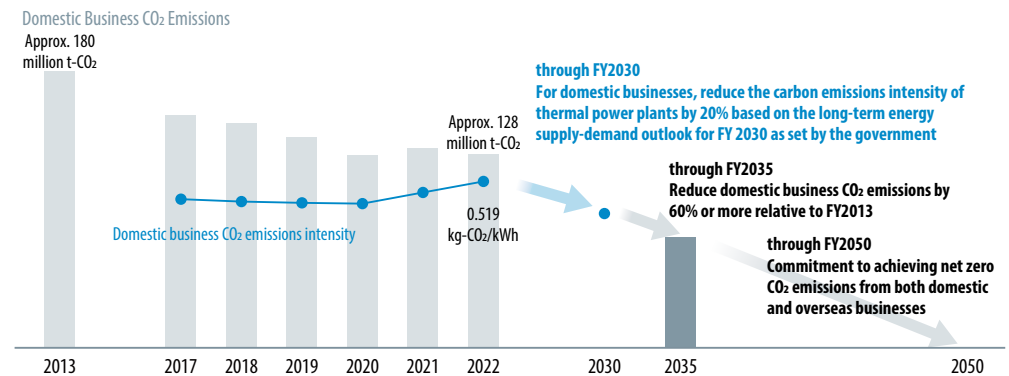
* All figures are calculated based on assumed parameters (e.g., reference scenarios). Actual cost-effectiveness may differ as business circumstances change. The sizes of the circles in the graph illustrate ammonia amounts. Hydrogen is not included in the scope of this impact assessment. The plan for introducing hydrogen is provided here for reference.

Metrics and Targets

We regard JERA Zero CO₂ Emissions 2050 as a long-term objective, developing a comprehensive roadmap and establishing interim targets for CO₂ emissions in 2030 and 2035 to attain these goals. We continue to calculate and reevaluate actual results annually to manage our progress.

→ JERA Zero CO₂ Emissions 2050 Roadmap for Its Business in Japan: P.18

→ Non-Financial Data / Environmental Data: P.84-85



Environment



Issue Awareness

As the world's population grows and the global economy develops, we see increasingly severe environmental issues on a global scale, including overuse of resources, waste and pollution, and loss of biodiversity. Global warming, in particular, is progressing due to increased greenhouse gas emissions from human activities, and disasters caused by extreme weather events are becoming more frequent and intense worldwide, threatening people's livelihoods and economic activities.

Amid this situation and in response to the agreements by the international community on SDGs and the Paris Agreement, the development of targets and frameworks for climate change countermeasures, conservation of biodiversity, and the creation of a recycling-oriented society is accelerating. As such, there are increasing demands and expectations for governments and corporations to take action.

We are committed to taking the initiative in working to solve environmental issues while coordinating with our stakeholders by utilizing our technologies and know-how to realize a sustainable society that works for the environment and the economy.

Fundamental Approach

As a leader in the domestic thermal power generation industry, we respect energy and environmental policies such as the Basic Energy Plan and proactively promote renewable energy development.

Furthermore, as we seek to become a global energy company, we are acutely aware of the need to protect the environment on a global scale. We strictly observe the environmental laws and regulations of each country and region where we do business and are committed to reducing our environmental footprint. This involves not only reducing CO₂ emissions and preventing air and water pollution but also striving for biodiversity conservation to realize a sustainable environment, society, and economy.

Environmental Management System

To minimize resource consumption and the generation of environmentally hazardous substances, we are actively working to improve power generation efficiency, reduce CO₂ emissions, remove air and water pollutants, recycle waste, and preserve biodiversity.

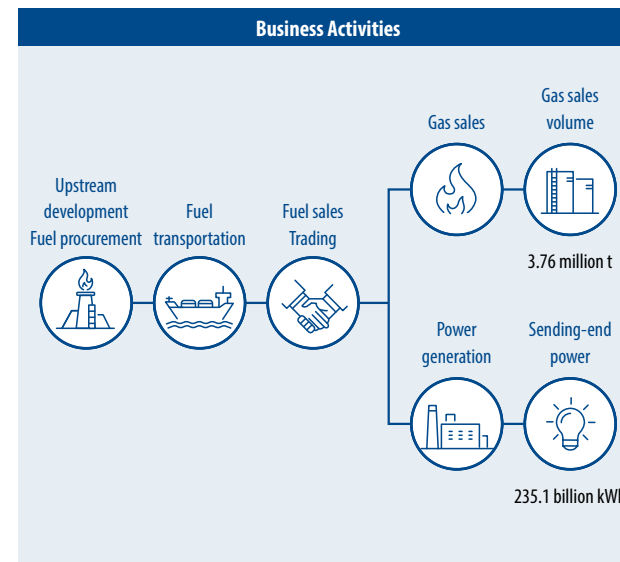
We have also established a Sustainability Promotion Committee to improve our ESG management. Chaired by the President, Director, CEO and COO, this cross-functional committee oversees the entire company and examines environment-related issues and their corresponding measures, with significant issues brought to the Leadership Panel for resolution. We will continue to improve our management of the environment and contribute to the development of a sustainable society. (ESG and Sustainability Management Structure: P. 43)

Environmental Education

We provide training for employees involved in environmental operations at our power plants and other facilities so that they can acquire the necessary knowledge and skills concerning the environment. Training levels correspond to job class and proficiency, and we are working to develop environmental education programs for employees.

Material Balance (FY2022*)

INPUT	
Fuel consumption	
Coal	21.46 million t
Petroleum	0.04 million kL
LNG/LPG	23.67 million t
Utility Gas	2 billion Nm ³
Biomass	0.52 million t
Total energy consumption	Purchased electricity
50.04 million kL (crude oil equivalent)	73.19 million kWh
Water usage	
Total water intake	20.18 million m ³
Industrial water intake	19.04 million m ³
Tap water intake	0.98 million m ³
Groundwater intake	0.15 million m ³



OUTPUT	
GHG emissions (CO₂ equivalent)	
Scope 1	118,690 thousand t-CO ₂
Scope 2	60 thousand t-CO ₂
Scope 3	31,210 thousand t-CO ₂
Total	149,960 thousand t-CO ₂
SOx emissions	Gross wastewater volume
7 thousand t	7,300 thousand m ³
NOx emissions	COD emissions
20 thousand t	21 t
Disposal by reclamation	
20 thousand t	

* Figures for JERA operations in Japan and joint ventures with Hitachinaka Generation Co., Inc., JERA Power TAKETOYO LLC, JERA Power YOKOSUKA LLC, and JERA Power ANEGASAKI LLC

Environment

Reducing CO₂ Emissions

In October 2020, we announced JERA Zero CO₂ Emissions 2050 as our commitment to curbing CO₂ emissions for the future. With our mission to provide cutting edge solutions to the world's energy issues, we will take on the challenge of achieving net zero CO₂ emissions from our operations in Japan and abroad by the year 2050 in order to realize a sustainable society.

We also continue to work on renewable energy initiatives, which include promoting our business both in Japan and overseas and participating in related organizations. With offshore wind power, we have participated in overseas projects in the UK and Taiwan, and domestically, we are now considering projects in Hokkaido and the Tohoku region. In our solar power generation operations, in addition to participating in projects throughout Asia, we have signed a business alliance agreement with West Holdings in Japan and plan to develop facilities with a total capacity of more than 1 million kW by the end of FY2025. Additionally, we acquired Parkwind, a major offshore wind power operator in Belgium, and GPI, a leading domestic renewable energy company.

To reduce CO₂ emissions from thermal power generation, we are pushing forward with the replacement of thermal power plants as well as demonstration tests that utilize hydrogen and ammonia. At Anegasaki Thermal Power Station, which was partially decommissioned in 2021, we have been upgrading to the latest Gas Turbine Combined Cycle (GTCC) technology for LNG thermal power

Highest performance
in Japan

FY2022
Total thermal power
generation efficiency

48.7%

New Units 1–3 at Anegasaki Thermal Power Station: A state-of-the-art LNG-fired power plant using Gas Turbine Combined Cycle (GTCC) technology

Power generation
efficiency
Approx. 63%
(low heating value)



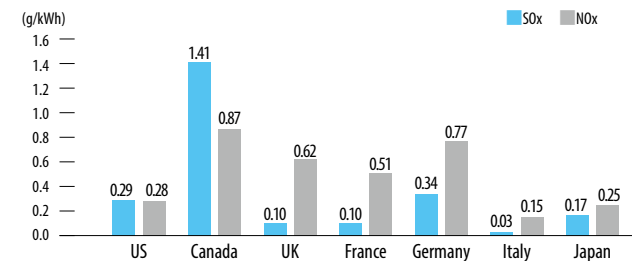
generation. New Units 1–3, totaling 1.95 million kW, began commercial operations in August 2023.

We will promote the adoption of greener fuels and pursue zero-emission thermal power during power generation. We aim to realize zero emissions by supplementing the introduction of renewable energy, which is susceptible to natural conditions, with zero-emission thermal power, which can generate electricity in a stable manner without CO₂ emissions.

Preventing Air Pollution

Air pollutants emitted from our thermal power plants include sulfur oxides (SO_x), nitrogen oxides (NO_x), soot, and dust, primarily from boiler exhaust. In order to comply with emission standards set by laws and ordinances as well as environmental conservation agreements with municipalities, we are improving combustion methods and working to reduce emissions by installing exhaust gas desulfurization equipment, exhaust gas denitration equipment, electrostatic precipitators, and other equipment. In FY2022, our SO_x and NO_x emissions per unit of production were 0.03 g/kWh and 0.07 g/kWh, respectively, which are extremely low compared to emissions per unit of production in Japan and major Western countries.

SO_x and NO_x Emissions Per Unit of Power Generation Output in Major Countries for 2020 (Power Generation Output)





Source: Based on OECD Stat Extracts (for SO_x and NO_x emissions) and IEA World Energy Balances 2022 (for power generation output)

Featured

Independent Assurance on Environmental Data

To improve the credibility of our environmental data, starting with values reported for FY2021, we have received independent third-party assurance from KPMG AZSA Sustainability Co., Ltd. for certain environmental data, including GHG emissions, which is available on our corporate website.

 E Environmental Data
<https://www.jera.co.jp/en/sustainability/data/e>

 Independent Assurance Report on Environmental Data
<https://www.jera.co.jp/en/sustainability/report>

Participation in the GX League

Green transformation (GX) refers to the transformation of the entire economic and social system to achieve emission reductions and increase industrial competitiveness by viewing initiatives to achieve greenhouse gas reduction targets as an opportunity for economic growth.



In line with our mission to provide cutting edge solutions to the world's energy issues, we have announced our target of JERA Zero CO₂ Emissions 2050 and are committed to achieving net zero CO₂ emissions from our operations in Japan and abroad by the year 2050. We believe that our efforts align with the objectives of the GX League and have continued our involvement, announcing our formal participation in the league following our endorsement of the GX League Basic Concept in 2022.

We will continue to take the lead in the decarbonization of the energy industry by proactively developing decarbonization technologies and by working with related institutions, organizations, and stakeholders to resolve various issues.

Environment

Water Quality Conservation Measures (Consideration for Marine Environments)

Wastewater generated by our thermal power plants is purified by wastewater treatment facilities in order to comply with the effluent standards of laws and ordinances, as well as environmental conservation agreements we have with municipalities. We discharge this wastewater appropriately while monitoring it using continuous water quality measurement equipment. In addition, to keep the temperature of the seawater used in the condenser from rising, we take it in slowly from the deeper layers where the temperature is lower. When discharging it, we do so slowly to the surface by reducing the discharge velocity, giving full consideration to the environmental impact on the surrounding sea.

Initiatives Related to Resource Recycling


We are actively engaged in recycling to make effective use of limited resources. The main waste we generate is coal ash from our coal-fired thermal power plants. We are promoting the effective use of coal ash as a raw material for cement and land development because of its excellent properties, which include fine grain, light weight, and increased strength. Our effective utilization rate of coal ash in FY2022 was 99.98%.

Furthermore, in compliance with the Act on Promotion of Resource Circulation for Plastics (commonly referred to as the Plastic Resource Circulation Act), we are proactively working to reduce and reuse industrial plastic waste generated from our business activities. The amount of waste plastic discharged and the effective utilization rate in FY2022 were 472 tons and 96.88%, respectively.



State of Waste Treatment Facility Maintenance

The Waste Management and Public Cleansing Act requires that information on the status of the maintenance and management of waste treatment facilities be made public. We properly maintain and manage the appropriate waste treatment facilities and provide online reports regarding facility maintenance (type and amount of waste disposed of, results of water quality measurements performed on discharged water, facility inspection results, etc.).

 State of Waste Treatment Facility Maintenance
<https://www.jera.co.jp/sustainability/environment/waste/maintenance> (Japanese)

Control of Chemical Substances

We observe the requirements of the Pollutant Release and Transfer Register Act (PRTR) for chemical substances used at thermal power plants and are working on strict control and reduction of emissions based on internal rules.

Compliance with Environmental Legislation

We make efforts toward environmental conservation by conducting business in accordance with environmental laws and regulations as well as local ordinances and environmental conservation agreements with municipalities. In FY2022, there were no cases involving fines or sanctions for violations of environmental laws and regulations.

Environmental Impact Assessments and Consideration of Environments Surrounding Power Plants

When constructing or replacing power plants, we conduct assessments of the environmental impact on the surrounding environment both during construction and after the plant is operational in accordance with the Environmental Impact Assessment Act. We then explain the results to the municipality and community members and engage in dialogue with them.

Based on the results of these environmental impact assessments, we strive to conserve the surrounding environment by implementing appropriate noise and vibration control

measures, industrial waste control measures, and landscape preservation measures, taking into consideration the impact on the surrounding environment.

Primary Measures

Measure	Description
Measures for Noise and Vibration Control	Our noise and vibration control measures include choosing the proper placement of buildings and equipment, adopting equipment for reducing noise and vibration, and installing silencers and sound barriers.
Measures for Industrial Waste Control	We take steps to properly treat waste by creating manuals tailored to the operations of individual thermal power plants.
Measures for Landscape Preservation	We make efforts to ensure that power plants blend in with local scenery while considering costs. → Coexisting with Local Communities — “Coexisting with the Environment” P. 60

Preserving Biodiversity

When endangered plants and animals are identified in the environmental impact assessment, we take steps to preserve biodiversity, including efforts to maintain and restore habitats and ecosystems.

The environmental impact assessment conducted when replacing the Yokosuka Thermal Power Station (Units 1 and 2) showed that the area was inhabited by falcons, which are designated as a rare endangered species in Japan. Accordingly, we have taken measures to avoid affecting their habitat, which included using low-noise, low-vibration machinery during construction. We've also installed nesting boxes for falcons in our stacks to create an environment conducive to nesting. We will continue our efforts to preserve the habitat by maintaining green areas.

Chita Thermal Power Station is also participating in the “Project Linking Life with One Another” by the non-profit Japan Ecologist Support Association. We view the coastal environment of the Chita Peninsula as a single ecosystem, and in collaboration with other businesses, local governments, experts, non-profit organizations, and students, we are working to enhance biodiversity and establish an ecological network.

Talent Acquisition & Retention Strategy

Mission	To provide cutting edge solutions to the world's energy issues
Vision	To scale up its clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world

HR Policy	A world-class company that leads the well-being of our employees and their families
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HR Value



Key Initiatives

1	Transformation to Job-Based Talent Management → P.53		<ul style="list-style-type: none"> Aligning Business Strategy with Talent JERA's Job-Based Management Approach Expansion of Mid-Career Recruitment
2	Professional Development → P.54		<ul style="list-style-type: none"> Support for Independent Career Development Evaluation System Development of Global and Managerial Talent
3	Building Our Corporate Culture → P.56		<ul style="list-style-type: none"> Promoting Diversity & Inclusion Promoting Health Management Flexible Approaches to Work Award Programs



Driving Growth Through "Offensive" and "Defensive" in Talent Acquisition & Retention

Taisuke Yokota

Senior Managing Executive Officer
Chief Human Resources Officer (CHRO)

At JERA, Human Resources (hereafter "HR") stands by the policy of being a world-class company that leads the well-being of our employees and their families. We believe that to truly elevate employee engagement, we must consider not just individual employees but their families as well. We are committed to this HR policy as we drive our corporate growth and value creation from the standpoints of both "offensive" and "defensive" talent acquisition and retention.

Our "offensive" strategy entails increasing the certainty of achieving business strategies from a human resources perspective as a partner to our leadership and operational divisions. As the capabilities demanded by changes in the business environment grow more complex and diverse, we must grasp the needs of our business divisions and adapt the quantity and quality of our talent—the source of our competitiveness—to align with business strategies across our entire group by transforming our human resources through a job-based management approach that brings compensation in line with market standards and empowers our workforce.

On the other hand, "defensive" is not just about improving services for routine administrative operations of our globally expanding group but laying a solid foundation on which our diverse talent can work and thrive with peace of mind. We are committed to promoting healthy business practices, ensuring a safe and healthy workplace, and implementing flexible working arrangements to best suit our employees at the various stages of their lives. We believe that by creating such a working environment, organization, and corporate culture, every employee will be able to take pride and initiative in challenging themselves, thereby maximizing their potential not only as individuals but also as one team.

Talent is the very source of our group's growth. HR will shape an environment where employees can improve their abilities, feel their growth, and work proactively with a sense of purpose. We aim to harness a symbiotic relationship with employees as the company provides the foundations and environment needed for them to unleash their potential and grow. Through this growth and collaboration of our employees, we aspire to drive our company forward and meet the expectations of society.

Transformation to Job-Based Talent Management

Background and Purpose of the Job-Based Management Approach

Aligning compensation with the market ensures a dynamic match between business strategy and talent (e.g., recruiting, training, and positioning top talent, both internally and externally)

As we move forward, JERA must expand its global presence and devise novel solutions like constructing hydrogen and ammonia supply chains in order to address global energy challenges. And top-tier talent is essential for reliable execution. In addition to the retention of exceptional talent internally, compensation levels must be linked to the market in order to attract talent and expertise in areas missing within the company. At the same time, it is imperative that we achieve dynamic alignment between business strategy and talent (hiring, training, and positioning exceptional talent, both internally and externally).

Considering the social challenges facing Japan, such as the declining birthrate, aging population, and rigidity of the labor market, we expect competition for exceptional talent to intensify in the future. Additionally, we cannot overlook the fact that we are under pressure to respond to changes in employee career awareness, such as an increase in the number of foreign nationals, female employees, and other diversity-related themes, as well as a growing tendency for employees to change jobs.

With that in mind, we believe that to achieve our business strategy, we must transition from a conventional membership-based talent management approach to a job-based approach. While it has only been implemented for a select managerial segment, the job-based management system is going to be rolled out for all managers (approximately 1,000 individuals) by FY2024. As this system presupposes an equal footing between the company and employees, whereby individuals can autonomously choose and pursue their respective jobs and career paths, we will concurrently promote the fluidity of our internal talent market and lay the foundation so that an ethos of independent career development can spread throughout our organization.

JERA Business Direction	Social Issues in Japan	Changes in Individual Employees
<p>Globalization of Business (Solving global energy issues)</p> <p>Providing Advanced Solutions (Hydrogen, ammonia, renewable energy, etc.)</p>	<p>Low Birthrate and Aging Population (Decrease in the working population)</p> <p>Rigidity and Closure of the Labor Market</p>	<p>Increase in Diverse Talent (Foreign nationals, female employees, seniors, people with disabilities)</p> <p>Change in Career Awareness (Career change-oriented)</p> <p>Lifestyle Changes (Dual-career families/ Emphasis on work-life balance)</p>

To achieve our business strategy, we must move away from a conventional membership-based talent management mode and move toward a job-based approach.

JERA's Target for Job-Based Talent Management

The job-based employment system serves as a base for a "JERA-style" approach that considers Japan's unique labor environment

Based on this labor landscape—marked by low talent mobility and strong ties between university education and employment, among other factors—we have established a job-based management system tailored to JERA.

Key features include meeting employment obligations up to the age of 65, hiring new graduates based on potential, and applying membership-based performance reviews for general roles. These features are based on job-based employment systems commonly found overseas but are designed with Japan's unique labor landscape in mind.

	Japanese Market	JERA Job-based Management	Global Market
Employment Practices	Lifetime Employment Obligation to Hire Until Age 65	Lifetime Employment Obligation to Hire Until Age 65	Career Changes for Upward Mobility Termination Due to Performance
Hires	Employment Based on Potential	New Graduates: Hired based on potential Mid-Career: Hired for specific positions	Hired for specific positions
Evaluation and Promotion	Seniority-based/Skills-based Compensation (Pay for Person)	Managers: Linked to specific positions (Pay for Job) General Positions: Reflects ability (Pay for Person)	Linked to specific positions (Pay for Job)
Compensation Setting	Non-market Related	Industry-specific Market Alignment	Role-specific Market Alignment
Career Development	Company-initiated	Individual-driven	Individual-driven

Progress of Job-Based Employment (Expansion of Mid-Career Hires)

The number of mid-career hires has increased with the development of each of our businesses.

Mid-career hires now account for approximately 10% of all employees

As mentioned in Background and Purpose of the Job-Based Management Approach, we are expanding job-based hires due in part to the need for dynamic alignment of our talent and business strategies. This is supported by the fact that the number of mid-career hires has been increasing year over year, especially within corporate divisions that underpin our various business segments, aligning with the growth of our business units (with around 400 hires in total).

Number of Mid-career Hires by Segment

	Overseas Power Generation and Renewable Energy Business	Domestic thermal power generation and gas Business	Fuel Business	Other Corporate Divisions, etc.	Total
FY2019	4	1	1	15	21
FY2020	7	8	5	52	72
FY2021	10	22	11	89	132
FY2022	13	27	9	102	151

Talent Acquisition & Retention Strategy

Talent Development

Fundamental Approach

Respecting each employee's career plan as we anticipate and embrace the challenges of a new era
Offering challenging opportunities and providing maximum support for those aiming to become professionals in their area of expertise

Talent Development Policy

The JERA Group considers every employee an essential asset and conducts talent development as described below

[Talent Development Objectives]

- 1 To allow employees to grow and live their lives to the fullest
- 2 To enhance the JERA Group's corporate value and to help us achieve our mission and vision through employee growth

[Fundamental Approach]

The JERA Group respects the diversity of its workforce and supports employees in all areas of the organization to realize their professional aims

- Helping JERA employees improve their skills and develop a mindset for sustained success and dominance inside and outside Japan, as well as contributing to social progress

The JERA Group provides opportunities to take on challenges that help the company stay ahead of the times.

- Helping employees learn how to adapt quickly in times of uncertainty
- Striving to provide a work environment that allows employees to grow further and demonstrate their abilities.

The JERA Group honors employees' career goals and provides maximum support to help them achieve them.

- Providing skills training and job rotation opportunities so employees can achieve their career goals

We actively support the growth of all JERA Group employees, including those working overseas.

Assembling the Ideal JERA Team

Four Defining Characteristics

<p>Diversity</p>  <p>Employees strive for individual and organizational growth by respecting diversity at all levels of the organization, regardless of differences in gender, nationality, ethnicity, experience, or expertise.</p>	<p>Excellence</p>  <p>Employees aim for individual growth and seek to become professionals who consistently and enthusiastically incorporate new skills and know-how.</p>	<p>Entrepreneurialism</p>  <p>Employees are keen to recognize change, pursue new opportunities, and innovate.</p>	<p>Fairness</p>  <p>Employees hold themselves accountable and engage in all initiatives from a position of high ethical standards and fairness.</p>
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Independent Career Development Overview

Establishing proactive measures to help employees set independent career goals and bridge any gaps

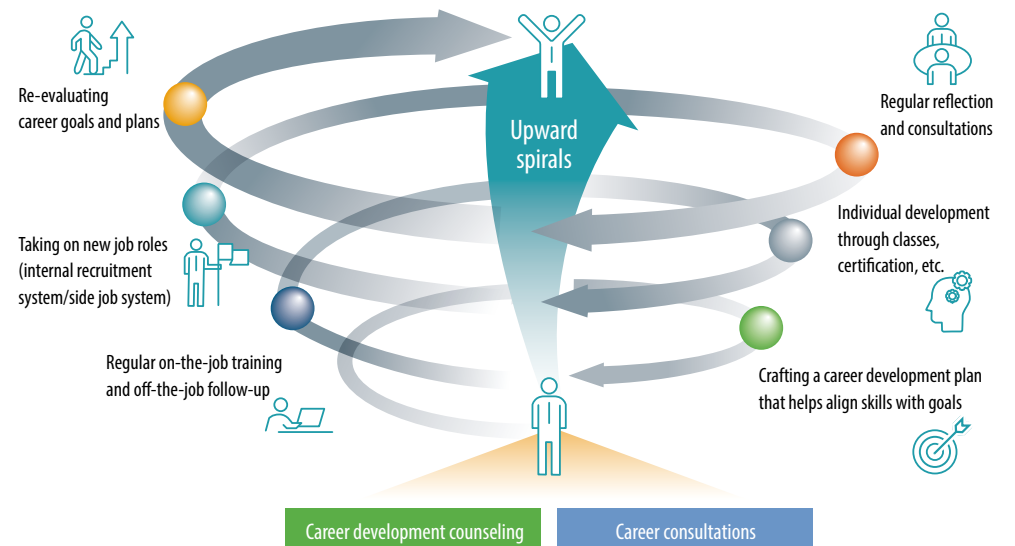
Based on the Talent Development Policy formulated in March 2020, we have introduced a framework that considers each employee a valuable asset and supports their autonomous career development. This aligns with our pursuit of job-based talent management, anchored in the philosophy that career development is individually driven and that everyone should be able to choose their own job.

Specifically, we allow employees to set their career goals, design plans to bridge the gap between their goals and current skill sets, engage in career development discussions, undergo training to improve their skills, take on side jobs or apply internally for new challenges, and revisit their career plans. These initiatives together facilitate an environment conducive to self-fulfillment.

We see talent as the very source of our growth potential. That is why we actively invest in human resources (Approx. 130,000 yen per person, per year) through the development of self-improvement support systems, global human resources, and manager talent in addition to elective training and other programs.

We are committed to investing in our people and continually evolving these structures to provide opportunities that allow all our employees to demonstrate their abilities fully and grow together with the company.

Independent Career Development Overview



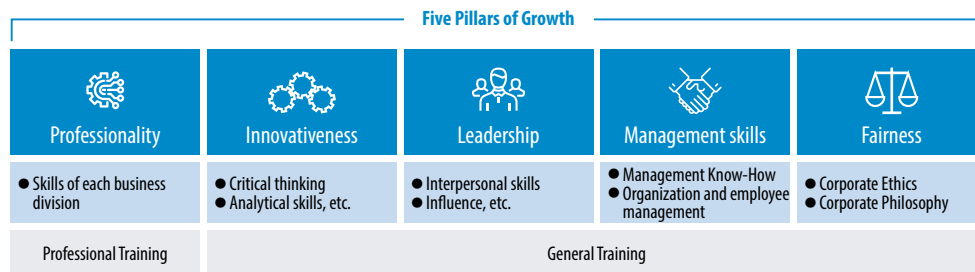
Talent Acquisition & Retention Strategy

Talent Development

Training System

Establishing a training system to support skill development as a mechanism to support independent career development

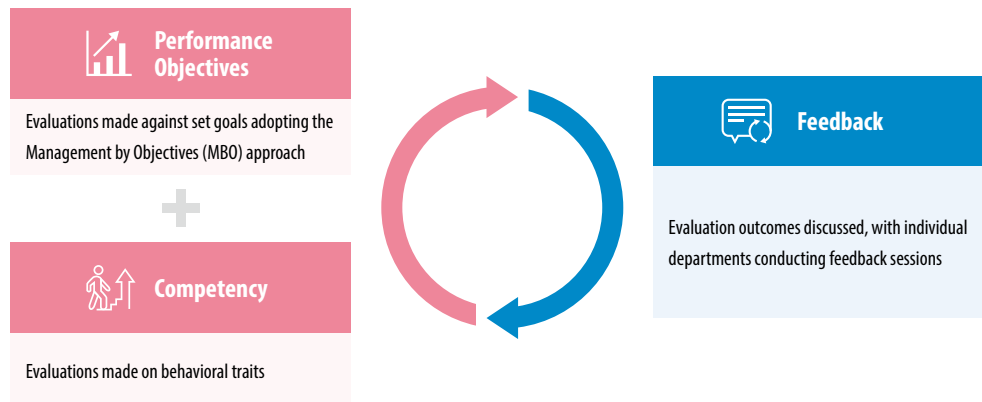
As part of our framework to encourage independent career development, we have established pillars of growth and a training system to facilitate multifaceted skill development. Currently, there are roughly 70 training programs with 130 different lectures to choose from, allowing employees to choose their courses according to their envisioned career paths. Additionally, in light of the trends toward decarbonization, we also deploy staff to the Green Innovator Project.



Evaluation System

An evaluation system centered around a goal-oriented management approach that fosters individual growth

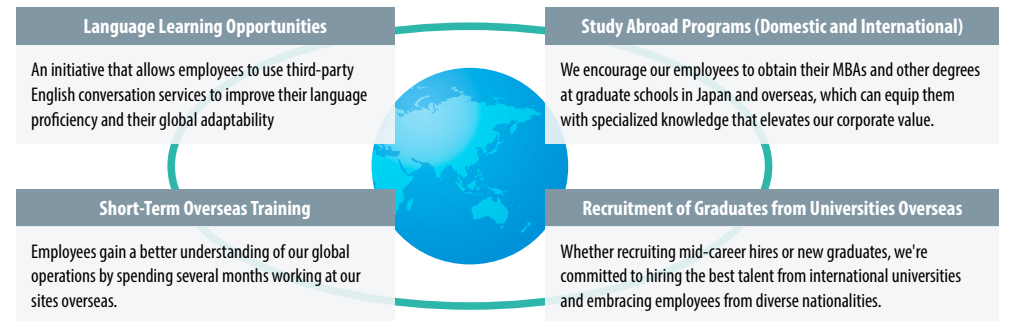
The evaluation system, primarily based on a goal-oriented management approach, uniquely incorporates competency assessment. Furthermore, by applying the PDCA cycle and ensuring that supervisors provide feedback, it's designed to facilitate the individual growth of our employees.



Fostering Global Talent

We are promoting a variety of initiatives to improve our talent's global adaptability, including offering opportunities for language acquisition

In order to achieve our vision for 2035, we believe that it is also essential to improve the global adaptability of our workforce. To this end, we are rolling out language learning opportunities and study abroad programs for our employees. Approximately 700 participants have joined language learning opportunities offered since FY2022.

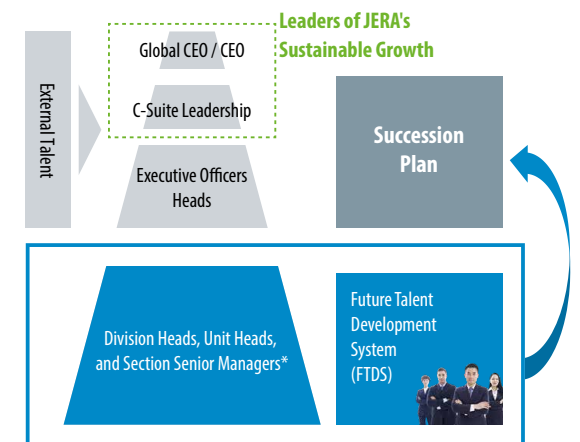


Cultivating Executive Talent

Systematic cultivation of executive talent for sustained growth

To ensure our company continues to grow, it's pivotal to systematically equip the upcoming generation of our executive talent with a global perspective.

Our methods are two-fold: the Succession Plan and the Future Talent Development System (hereinafter referred to as "FTDS"). Notably, the FTDS grants ambitious early-career employees challenging assignments and facilitates accelerated growth through external training tailored to individual traits.



*Including offices overseas

Talent Acquisition & Retention Strategy

Building Our Corporate Culture

Overview of D&I Promotion

Creating New Value Rooted in Diversity

To achieve our mission, we need to create new value by advancing globalization and breaking free from stereotypes. What is crucial is an ethos that respects individuality, irrespective of nationality, age, gender, sexual orientation, gender identity, or disability. We have high hopes for JERA to become a place where every individual can maximize their abilities in a fair and equitable environment, where they feel a sense of contribution and individual growth.



WEB Diversity and Inclusion
<https://www.jera.co.jp/en/corporate/diversity>



Enhancing Corporate Value Alongside Employee and Family Well-Being

Minako Fujiie
Executive Officer for Enterprise Value Creation

The mission of the Diversity & Inclusion Division is two-fold: Help employees and their families feel well-being. Increase JERA's corporate value.

Currently, the majority of our company consists of male Japanese employees with backgrounds in power. However, the proportion of mid-career professionals, foreign nationals, and female employees is increasing rapidly. For our employees and their families to truly experience well-being and for us to enhance our corporate value, it's not just about having a diverse workforce (diversity). It's vital that every individual thrives in a fair environment (equity) and that we recognize and respect each other's unique characteristics and differences (inclusion).

Initially, we focused on support measures for minorities, such as promoting active participation by female employees. We believe that by engaging in discussions from diverse viewpoints and making decisions accordingly, we can break free from conventional stereotypes, which will lead us to innovative solutions. However, this may require revisiting customary practices. For instance, we are advancing certain labor reforms to ensure that employees, regardless of their time constraints, can have equal opportunities to contribute. We are also working on eliminating unconscious biases, such as common-held notions that housework and childcare are primarily a female's responsibility.

Rather than asking employees to adapt to the company's way of doing things, we are gathering insights into how they work. We aim to harness each individual's unique background and let them shine in their own ways, shaping a distinctive JERA culture.

Talent Acquisition & Retention Strategy

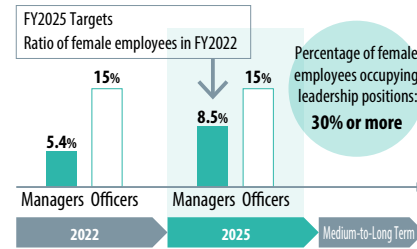
Building Our Corporate Culture

D&I Initiatives

Promoting initiatives that respect and embrace diversity and provide opportunities for all

Gender Diversity Initiatives

At JERA, we perceive further active engagement of motivated female employees as indispensable for enhancing corporate value. To that end, we hold a variety of events to attract female employees when recruiting new graduates. In FY2022, we hired 17 female employees from humanities backgrounds (48% of all humanities hires) and 13 from the sciences (23% of all science hires). In addition, we introduced a sponsorship system*1 in FY2021 to increase the ratio of women in leadership roles. We aim to achieve 8.5% in FY2025 and over 30% over the medium-to-long term.



*Officers defined by the Japan Companies Act

*1 A policy aimed at supporting the career development of female employees by assigning them a sponsor, who is a supervisor not in their direct reporting chain. This sponsor assists them in accessing new opportunities and building networks, working in collaboration with their immediate supervisor.

Initiatives Related to LGBTQ+ Support

We are committed to building an organization where everyone can be their true selves at work, regardless of sexual orientation or gender identity. We are proud to promote our initiatives in support of the LGBTQ+ community. With in-house seminars and dedicated helplines, JERA was awarded silver in the PRIDE Index 2022*2. We will continue to expand our initiatives toward our "Rainbow Certification" by the PRIDE Index.

*2 An evaluation index of LGBTQ+ initiatives in the workplace certified by the private organization "Work with Pride"



Initiatives to Promote the Employment of People with Disabilities

JERA Miraiful*3 was established to create a society in which everyone can fulfill their potential, regardless of disability. This initiative brings together 12 staff members with disabilities and those without in an environment where everyone recognizes each other's unique qualities and collectively engages in their work. As a subsidiary of JERA, JERA Miraiful is committed to expanding its business to promote the employment of individuals with disabilities, thereby enhancing overall corporate value.

*3 A special subsidiary wholly owned by JERA

East Japan Center (Yokohama)



Strawberry cultivation at Yokohama Strawberry Park



Uniform management for JERA employees

East Japan Center (Nagoya)



Flower cultivation and flower bed management

Health Management

Creating a safe and secure working environment for both mind and body

JERA champions health management, aiming to create an infrastructure for employees to take on challenges in good health and with peace of mind. Recognized for our efforts, such as reducing overtime, encouraging employees to take leave, and hosting health-related events, we've been recognized for the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program in the large corporations category.

Flexible Approaches to Work

Creating an environment workplace where all employees can thrive in their own way

JERA has implemented a hybrid telework system that combines office and remote work. We aim to be a company that allows employees to work flexibly, unrestrained by time or place, somewhere they can work with purpose and increase their sense of fulfillment and accomplishment. In our FY2022 employee satisfaction survey, the satisfaction index regarding our approach to work was 73% (+1% from FY2021), indicating a positive evaluation within the company.

Commendation System

Promoting a Culture of Mutual Recognition and Praise

The commendation system was introduced in FY2022 to foster a culture of mutual recognition and praise in order to motivate employees and create an organization that can maximize performance. It has seen 453 commendations to date, indicating steady progress.

FY2023 Company-Wide Health and Hygiene Policy

[Policy] Promoting health initiatives is a key management priority for addressing employee well-being and their ability to undertake challenges with confidence.

1. Compliance with laws and regulations on health and safety
2. Implementation of health measures to ensure that employees in Japan and overseas can work in a safe and secure environment, both physically and mentally
3. Improving individual and organizational performance by encouraging everyday health habits



1. Choose How to Work

- Shift to a hybrid work style that leverages the advantages of both in-person and remote interactions

2. Choose When to Work

- Flexible working hours between 7:00 and 22:00
- Abolition of core working hours

3. Choose Where to Work

- Work from any location as long as security is not an issue (including overseas)

Purpose of the Commendation System

1	To recognize a wider range of behaviors and mindsets
2	To boost employee motivation
3	To cultivate a culture of encouragement

To foster a culture of acknowledgment and appreciation that enhances employee motivation and creates an organization where employees can achieve maximum performance

Human Rights

Fundamental Approach

We recognize the importance of promoting human rights efforts for us to meet our responsibilities of stable maintenance and expansion of a value chain that supports Japan's energy and helps solve the world's energy issues. We also believe that employees can only reach their full potential in a comfortable work environment free from discrimination and harassment. We are committed to acting with integrity and respect for human rights based on the highest ethical senses to fulfill our mission as a global company.

JERA Group Human Rights Policy and Structure

In April 2022, we established the JERA Group Human Rights Policy. This policy was founded in accordance with international rules regarding human rights, such as the UN's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights. We recognize the potential impact of our activities on the human rights of stakeholders, including customers and local communities, and this policy mandates a sustained effort to avoid complicity in any human rights violations. In accordance with this policy, we undertake the identification, prevention, mitigation, monitoring, and rectification of human rights risks and report our findings at internal committee meetings. Information regarding this policy and our human rights initiatives is published on our website and other platforms as we continue to engage in open dialogue with our stakeholders.



Human Rights Education and Training

In December 2022, we invited instructors from outside the company to hold a seminar on Business and Human Rights, which was attended by approximately 400 managers. In August 2023, we conducted human rights training for all employees on topics including business and human rights risks, as well as harassment prevention. We aim to continue these activities to enhance and establish a deeper understanding of human rights within the organization.

Relief Mechanisms for Human Rights and Other Issues

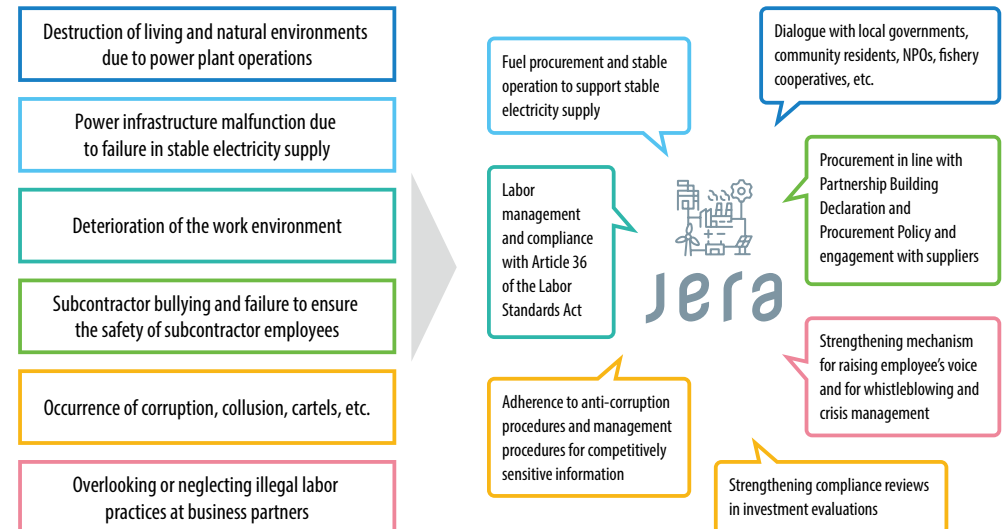
We have established internal whistleblower hotlines to quickly detect and resolve human rights violations concerning the JERA Group and maintain a safe and comfortable work environment for our employees. We are dedicated to preventing any inappropriate behavior that infringes upon human rights, including sexual harassment and abuse of power.

Promotion of Human Rights Due Diligence and the Establishment and Operation of a Human Rights Structure

Current Responses: Measures to Date

Aiming to respect human rights across our entire supply chain, we are working to establish a human rights due diligence framework that is based on the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, and Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains. In FY2022, we conducted an analysis of potential negative impacts within our supply chain, drawing on reports issued by government agencies and human rights NGOs, along with insights gathered from internal discussions on our human rights efforts. In particular, we identified human rights issues believed to have a significant negative impact and reviewed measures taken to address them. Under the JERA Group Human Rights Policy, we are committed to regularly reviewing human rights issues and continuously working to resolve and rectify them as we move forward.

Potential Risk Areas and Our Responses



Coexisting with Local Communities

Fundamental Approach

Our operations have a broad international reach, and we recognize how imperative it is for us to actively cooperate with the regions and communities where we do business to find solutions to global issues such as climate change as well as poverty, inequality, natural resource problems, and demographic change.

As a company focused on working responsibly with local communities, we formulated our Social Contribution Activity Policy in 2021 to contribute to realizing a sustainable society. Specifically, we have positioned Coexisting with the Environment, Educating the Next Generation, and Resolving Community Issues as our areas of focus within social contribution and are committed to promoting and working closely with local communities.

As we move forward, we will continue leveraging our strengths to address and resolve the issues faced by people in every region. We will also strengthen our relationships with stakeholders and strive to create a virtuous cycle that builds social trust and enhances our corporate value.

Management Structure

Each of our business sites, which center around our power plants, is involved in initiatives rooted in their respective communities based on the Social Contribution Activity Policy. In April 2023, we established the General and Regional Affairs Division, which unites departments related to community across JERA, in order to communicate with various stakeholders and help them better understand our business. We are committed to sharing information across the company to further enhance our regional and community outreach.

Social Contribution Activity Policy

(Established July 2021)

[Basic Policy]

The JERA Group aims to engage proactively in social contribution activities, build strong relationships of trust with regional communities and other stakeholders, and achieve sustainable development with local communities as it conducts business globally. Our social contribution activities respect the cultures, customs, nature, history, and other characteristics of individual countries and regions. At the same time, we will contribute to society and community development through activities that leverage the strengths of the entire JERA Group.

> Purpose of Activities

The purpose of our social contribution is the creation of a continuous virtuous cycle in which trust between JERA and our stakeholders contributes to the realization of a sustainable society, which in turn enhances corporate value.

> Areas of Focus

Aiming to realize a sustainable society, we will engage in activities prioritizing the following three areas: Coexisting with the Environment, Educating the Next Generation and Resolving Community Issues.

1 Coexisting with the Environment

We will contribute to better conservation of the global environment by working to reduce the environmental burden of our business activities together with measures such as promoting greening and environmental protection.

2 Educating the Next Generation

We will pass on the skills and expertise gained through business operations to the next generation and contribute to the education of individuals who can lead the future of energy globally.

3 Resolving Community Issues

We will help resolve the many issues facing countries and regions where we do business, including increasing disaster preparedness, creating jobs, and reducing the number of communities without electricity.

> Support for Employee Social Contribution

We will provide our employees with opportunities for social participation and support employees' voluntary social contribution activities.

> Collaboration with Stakeholders

We will communicate with stakeholders as we work to address various social issues.

> Information Disclosure

We will proactively disseminate information about our Social Contribution Activity Policy and associated efforts via our website and reports.

Coexisting with Local Communities

Coexisting with the Environment

Environmental Conservation and Landscape Preservation Measures at Thermal Power Plants

The thermal power plants we own throughout Japan implement measures to preserve the landscape in consideration of the impact of operations on the surrounding environment. Landscape simulations help us select the shapes and colors for our plants' chimneys. In addition, to achieve balance with nature, we also proactively plant trees at power plant sites, many of which have become forests for many rare insects and other species to inhabit.

Cleanup and Environmental Beautification Activities

JERA's thermal power plants and other places of business work with affiliates and local governments to conduct cleanup and environmental beautification activities in the surrounding communities.

In addition, every year since FY2020 onward, we have conducted beach cleanup activities in Akita Prefecture in cooperation with local residents and the players and staff of the Aranmare women's basketball team, of which JERA is an official sponsor.



Educating the Next Generation

Support for Activities of Sakura Tempesta, Junior High and High School Student Robotics Team

Sakura Tempesta is one of the most notable robotics teams in Japan. In the 2018 FIRST Robotics Competition—the world's most prominent international robotics competition—SAKURA Tempesta received the Rookie All-Star Award, given to a rookie team with outstanding success in advancing respect and appreciation for engineering and engineers.

JERA is a sponsor of Sakura Tempesta and works with the team on community service and workshops to promote STEAM education* for the next generation. In FY2022, we collaborated on a robotics contest and workshop at our Family Day to promote understanding among employees and their families.

* STEAM education fields: An educational concept that integrates science, technology, engineering, liberal arts, and mathematics



Photo courtesy of NPO Sakura Tempesta

Continuing Our Scholarship Program

We established the JERA Asia Scholarship program for international students from Asian countries to study at Japanese universities and graduate schools to contribute to the education of the next generation who will lead economic growth in Asia.

Since FY2020, we have continued to provide scholarships to students from various Asian countries studying at the International University of Japan, which has engaged in the education of global talent for many years.

Resolving Community Issues

Community Development Using Locally Produced Energy for Local Consumption and Local Disaster Prevention*

We are promoting Locally Produced Energy for Local Consumption and Local Disaster Prevention*, in which locally-produced energy using local resources is utilized for disaster prevention. In the event of an emergency, we cooperate with each local government to help create safe and secure towns.

In Atsuma Town, which sustained damage in the Hokkaido East Iburi Earthquake, we provided support for energy management efforts by installing renewable energy power generation equipment and storage batteries in public facilities.

Overseas/Affiliate Initiatives and Contributions to SDGs

We invested in TeaM Energy Corporation (JERA and Marubeni each have a 50% stake), an affiliate in the Philippines, which is working to solve social issues in that country. Specifically, through TeaM Energy Foundation, Inc., a non-profit corporation, we have sought to alleviate poverty, protect the environment, provide support for education and medical care, and support against drug abuse by providing electricity to areas and homes previously without power as part of various multi-year initiatives.

In addition, our affiliate Reliance Bangladesh LNG & Power (JERA has a 49% stake, Reliance Power has 51%) has been making contributions to communities based on local needs, such as donating equipment to four elementary schools in the surrounding area, providing courses to promote employment, and offering free health checkups.



Safety

Fundamental Approach

We give the highest priority to safety in all our business activities

Our mission is to provide cutting edge solutions to the world's energy issues. Power generation and fuel facilities operate under high pressures and temperatures, handling many hazardous materials. It is essential to eliminate life-threatening risks and provide stable energy to ensure the safety of all personnel involved in facility operation and maintenance.

We have accordingly formulated a safety philosophy, declaring our commitment to safety by ensuring that we pursue business activities based on the basic premise of Safety First throughout our supply chains, from upstream fuel procurement to electricity sales.

- Safety Philosophy -

**Safety is the foundation of our business and the source of our corporate value.
We give the highest priority to safety in all our business activities.**

The Scope of Our Safety Activities

Our businesses cannot be implemented solely by our employees but rather are enacted collaboratively with group and business partners at the workplace. That is why we aim to provide the same level of safety for everyone involved in the JERA group's operations. We are committed to daily safety activities that prevent workplace injuries, however minor, in pursuit of our safety philosophy. We intend to expand the scope of our activities to encompass JERA, its group companies, and business areas and achieve the highest standards of safety in the world.



JERA's Safety Vision

For the JERA Group to realize business operations that prioritize safety, every group employee must understand and act on the principle of Safety First.

Accordingly, we formulated our JERA Safety Vision in February 2023 to concisely and accessibly present our vision of the future we seek to realize via our Safety First policy, using a common language that transcends nationality, ethnicity, and affiliation.

JERA Safety Vision serves as the framework for cultivating a culture of safety in our group. It encourages dialogue within our group and with partners to facilitate the implementation of integrated safety initiatives.

Every JERA employee and associate can enjoy a physically and mentally healthy and safe workplace and go home satisfied.

In Pursuit of Zero Accidents



Hiroshi Oyabu

Senior Managing Executive Officer
Chief Business
Support & Solutions
Officer (CBSSO)

Safety at JERA was started based on a culture of safety and approaches that have been proven in Japan over many years. However, as we operate in many countries and regions around the world, we bear the responsibility of ensuring accident-zero workplaces where people of different nationalities, perspectives, and customs work together.

Safety is the basic premise of all our business operations.

We seek to incorporate safety approaches from around the world into our standard Japanese-style safety practices, leveraging this fusion to create a culture of safety unique to JERA and in keeping with our diverse operations.

Safety

Restructuring Safety Activities

Third-Party Assessment of Safety Activities

We had its safety practices assessed by a third party in 2021. The analysis recommended focusing on the following areas in order to strengthen our culture of safety and implement our safety philosophy.

1. Clear leadership and public commitments by management
2. Increased emphasis on the creation and governance of an organizational structure to strongly and efficiently promote safety
3. Verify and further improve the effectiveness and efficiency of safety management systems and practices.

In FY2022, we implemented initiatives to reflect these recommendations and thus formulated the Safety Action Strategy as a leadership-focused initiative to set medium-term action items for our group's safety, using this strategy to guide us in a systematic approach to taking concrete action.

Major Safety Initiatives in FY2022

Priority Action Items	Major Initiatives
Leadership: Clarification of our safety action strategy and facilitation of safety awareness among all employees	<ul style="list-style-type: none"> ● Development of a safety action strategy ● Held management-level workshops ● Held safety commendation ceremonies
Organizational Structure: Establishment of a robust system for safety activities	<ul style="list-style-type: none"> ● Establishment of safety manager meetings
Business Operations: Implementation of policies for the creation of safe workplaces	<ul style="list-style-type: none"> ● Enhancement of the company intranet safety website

Safety Strategies for FY2023–25	Major Safety Initiatives in FY2023
Leadership: <ul style="list-style-type: none"> ✓ Continuous leadership from management and raising individual safety awareness 	<ul style="list-style-type: none"> ● Leadership by example from management to promulgate our safety philosophy and vision ● Heightened safety awareness via increased opportunities for participation in safety activities
Organizational Structure: <ul style="list-style-type: none"> ✓ Constructing a robust management system to lead our safety efforts 	<ul style="list-style-type: none"> ● Establishment of an integrated system to promote safety ● Development of operational procedures for the accurate implementation of the Plan-Do-Check-Act (PDCA) cycle
Measures: <ul style="list-style-type: none"> ✓ Effective safety activities to address changes in the environment 	<ul style="list-style-type: none"> ● Effective safety activities to achieve safe, accident-zero workplaces ● Improved support in all divisions to promote safety

Leadership from Management

Officers visited workplaces, engaging in dialogue with employees to directly communicate JERA's strong belief in safety in accordance with our commitments to safety first and an accident-zero workplace. Furthermore, management also held workshops to reaffirm officers' goals for company safety.

We further strengthened our commitment to individual safety awareness by hosting award ceremonies, creating a space for management to directly recognize the exemplary contributions of our employees and partner companies to daily safety activities in the workplace.

Featured

Safety Commendation Ceremonies

We hold safety commendation ceremonies to recognize the daily contributions to safety made by everyone working at our power plants, construction sites, and other areas in our group, as well as to encourage continued employee engagement in safety activities.

In FY2022, a total of 44 organizations and 24 individuals attended these commendation ceremonies, which were held in person while taking precautions against COVID-19.



Management-Level Workshop

In December 2022, we conducted a workshop for officers on JERA's Safety Target. During the workshop, participants shared keywords that they felt represented safety, reaffirming their common target for safety and strengthening their resolve to prevent workplace injuries, however minor, to all personnel involved with our group.

We formulated the JERA Safety Vision based on this strong commitment to safety expressed by workshop participants.



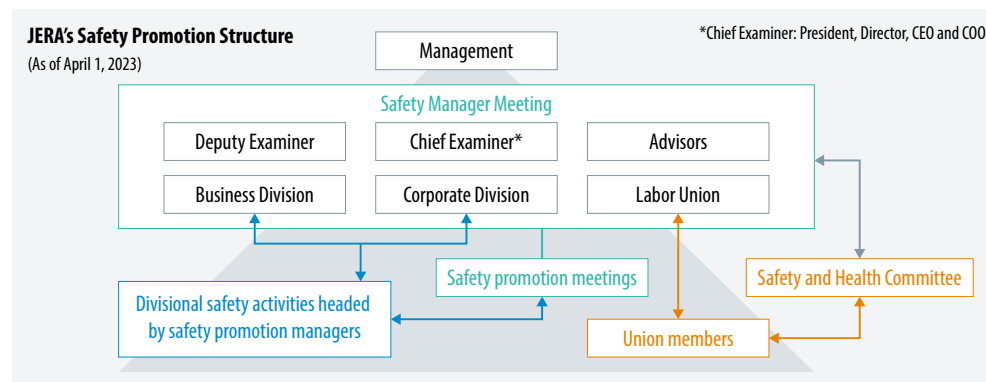
Safety

Safety Promotion Structure

Our safety and health management systems are based on the Industrial Safety and Health Act, and we exactly put safety management into practice at our workplaces. We do not limit safety management to a workplace-by-workplace basis, instead envisioning it as a collective effort toward company-wide safety. Therefore, we have established a safety promotion system centered around safety promotion managers appointed from each division, with the President, Director, CEO and COO serving as its chief examiner.

In addition to labor union representatives, outside experts also participate in safety manager meetings, conducting discussions on a regular basis to identify matters related to company-wide safety and to find solutions to issues.

In the future, we also aim to include group companies as members in these meetings to build a group-wide system for promoting safety.



Effective Safety Activities: Steps Toward Zero Accidents

We are developing workplace-wide safety activities in Japan and abroad to ensure zero accidents in the workplace.

In Japan, our safety practices include daily inspections of thermal power plants to identify any potential hazards and to ensure safety through maintenance and other measures. We also check each work process and operational procedure of operators and workers, conducting operations only when all necessary safety measures are in place. Furthermore, we regularly hold discussions with the heads of power plants about measures for ensuring zero accidents, sharing positive examples from specific workplaces and applying these to other sites to further strengthen our commitment to achieving zero accidents.

One example is our effort to eliminate heatstroke injuries, which have spiked in recent years and are a major cause of accidents in our group. Our efforts, which include improving preventative equipment, distributing items to counter heatstroke in workplaces, and raising heatstroke awareness, have enabled us to reduce heatstroke cases in FY2022 by two-thirds compared to the previous fiscal year.



Safety patrol at Mekong Energy's Phu My 2.2 power plant (Vietnam)

Facility Safety Measures for Emergency Readiness

We must be able to quickly bring facilities back online, even in the event of natural disasters or other major emergencies. We, therefore, manage our thermal power plants appropriately in accordance with all relevant laws and regulations, including conducting drills and training, to be fully prepared for any emergencies.

Earthquake Countermeasures

We design and build new thermal power plants in keeping with all relevant earthquake laws and regulations, as well as the earthquake regulations set forth in the Seismic Design Code (JEAC), and conduct periodic facility inspections after completing construction to ensure earthquake resistance. Additionally, we take into account any earthquakes announced by official government bodies such as the Cabinet, evaluating the seismic resistance of key facilities and implementing measures such as seismic reinforcement to avoid long-term shutdowns due to damage or destruction. Going forward, whenever earthquake predictions or other new information becomes available, we will act on these insights to assess the adequacy of our current earthquake preparedness and implement any required measures.

Safety Measures in LNG Handling

Our thermal power plants and LNG terminals handle vast quantities of LNG, so in preparation for the unlikely event of an LNG leakage, we implement safety measures based on the following three concepts: (1) leakage prevention, (2) early leakage detection, and (3) prevention of leakage expansion. We also make considerations for the handling of fire. For example, we adopted explosion-proof structures for electrical equipment surrounding LNG facilities and restricted the use of products that may cause fire by designating control zones.

Stakeholder Engagement

Fundamental Approach

We are committed to proactive communication with our stakeholders, who include customers, business partners, local communities, shareholders, investors, and others. This allows us to better understand their needs and expectations to fulfill our corporate social responsibility and to act in good faith on their behalf.

Healthy two-way communication with our stakeholders will continue to inform and improve our operations and services going forward. Furthermore, our efforts to disclose both financial and non-financial information in a timely, appropriate manner lead to proper assessment by our stakeholders in addition to helping us achieve sustainable growth and maximize our corporate value.

Recognizing the importance of rewarding our employees and out of consideration for our business partners, we set forth a Multi-Stakeholder Policy in August 2023.



Multi-Stakeholder Policy

<https://www.jera.co.jp/sustainability/multistakeholder> (Japanese)

Featured

On July 20, 2023, JERA signed a memorandum of understanding with Saudi Arabia's Public Investment Fund (PIF) for the joint development of green hydrogen projects, among others. To achieve JERA Zero CO₂ Emissions 2050, we are collaborating with leading companies both domestically and internationally to build and expand supply chains for hydrogen and ammonia.



Main Stakeholders	Demands & Expectations	Initiatives	Outcomes
Customers 	<ul style="list-style-type: none"> Stable electricity supply Energy supply in pursuit of customer experience satisfaction Adoption and expansion of Decarbonization and renewable energy Promotion of ESG initiatives 	We deliver a stable energy supply to customers worldwide by building platforms undeterred by geopolitical factors and climate changes that can upset the supply-demand balance, leveraging cutting-edge value chain solutions spanning fuel procurement, power generation, and electric and gas sales. Our services promote transitioning to a decarbonized energy model based on ESG-conscious business operations in order to meet customer expectations and earn their trust.	<ul style="list-style-type: none"> Sales Activities Website
Business Partners 	<ul style="list-style-type: none"> Environmentally and socially responsible procurement and outsourcing Fair and equitable trade Stronger collaboration 	We promote environmentally and socially responsible procurement and partnership practices, which help us fulfill our corporate social responsibility and engage in fair, equitable trade with suppliers. Mutual understanding and close communication are the cornerstones of growth and development with our suppliers and business partners.	<ul style="list-style-type: none"> Contract compliance review Procurement policy briefings Domestic and international business collaborations
Local Communities 	<ul style="list-style-type: none"> Environmentally responsible business operations Respect for human rights in local communities Local economic contribution Local job creation and skills development 	We build and maintain trust through active dialogue with local stakeholders to achieve sustainable growth alongside communities in Japan and abroad, including those that host our power plants. We are committed to meeting the expectations of all of our stakeholders through the development of society through social contributions and business activities that respect the nature, history, culture, and customs of each country and region in which we conduct business.	<ul style="list-style-type: none"> Participation in local community events Scholarship programs and power plant tours
Shareholders and Investors 	<ul style="list-style-type: none"> Enhanced corporate value Strengthened earning power Improved information disclosure 	We are enhancing company reporting and seek to expand and deepen understanding through dialogue with capital market participants, including shareholders, investors, rating agencies, securities firms, and ESG evaluation providers. We will incorporate feedback from the capital market throughout our organization to inform managerial improvements as we continue to enhance corporate value.	<ul style="list-style-type: none"> Shareholders meetings IR briefings One-on-one and group IR meetings Issuing of reports Issuing of integrated reports
Employees 	<ul style="list-style-type: none"> Attractive compensation packages Career development support Promoting D&I Promoting health management Elimination of discrimination and harassment More effective reporting systems 	By providing attractive compensation packages, we attract outstanding talent from both in and outside the company, propelling business growth. We also support independent career development and encourage our employees to grow professionally. Furthermore, we promote diversity and inclusion (D&I) and health management, establishing a safe working environment where our diverse talent can grow. All of these initiatives are founded on respect for human rights.	<ul style="list-style-type: none"> Compensation packages in line with market standards Expansion of internal recruitment (recruitment positions in FY2022 increased by about 3.5 times compared to the previous fiscal year) A safe working environment that empowers diverse talent Selection under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program Establishment of harassment consultation hotline

Corporate Governance

Fundamental Approach

Our fundamental corporate governance philosophy is to maintain a strong and sound management and financial structure trusted by the international energy market while ensuring an autonomous and independent corporate culture and a management system that allows us to make fair and prompt decisions.

Toward this end, we established our Corporate Governance Guidelines in October 2019 for building and implementing an appropriate corporate governance system and are continuously working to strengthen and enhance it.

Issue Awareness

To achieve sustainable corporate growth and improve corporate value over the medium to long term, a company must implement corporate governance so as to support accurate decision-making by management. The environment surrounding our company is changing rapidly amid the acceleration of global trends toward energy security and decarbonization. As this happens, we are expected to work on various governance issues with a sense of urgency through such means as facilitating a better functioning Board of Directors, empowering diverse talent, and enhancing initiatives to address issues related to sustainability.

We will strive to continuously enhance governance to earn the trust of our shareholders, investors, and other stakeholders.

WEB Corporate Governance Guidelines
<https://www.jera.co.jp/en/sustainability/governance/about>

*These guidelines set out our fundamental approach to and system for our corporate governance and serve as a code of conduct for our officers in pursuit of sustainable growth and enhancement of corporate value.

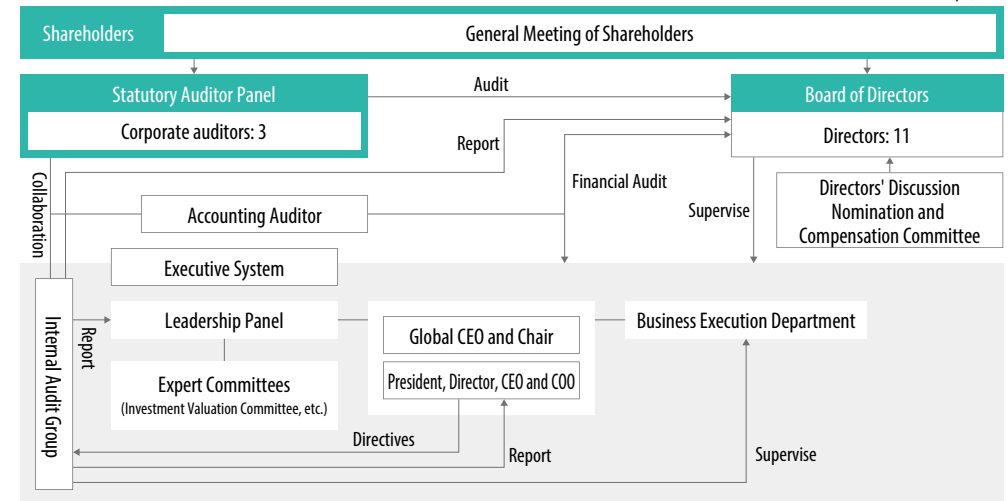
Governance System

In order to expand business throughout the world in a wide range of fields, the Board of Directors—consisting of directors from JERA who are intimately familiar with our business and outside directors who have extensive knowledge and experience—make material business decisions and supervise the execution of business operations. Further, We have corporate auditors as independent officers who are responsible for auditing the execution of the Directors' duties. Additionally, we have established a Statutory Auditor Panel to ensure effective communication among corporate auditors. This panel facilitates the exchange of opinions and provides relevant information related to audits, management, business, and other related matters.

In addition, We have adopted a system in which executive officers are responsible for business execution based on the decisions made by the board. This separates important decision-making and supervision of management from business execution and produces accurate, prompt decision-making and efficient business execution.

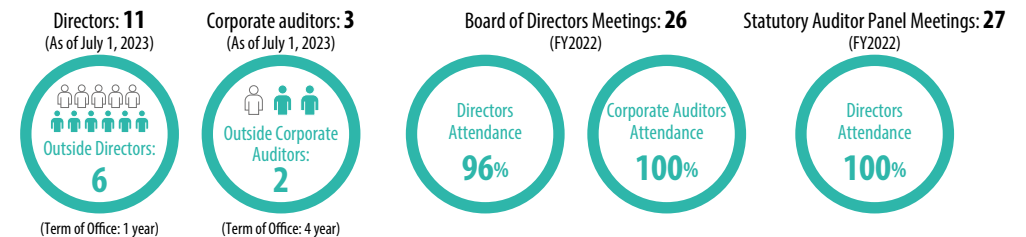
Corporate Governance Structure

As of July 1, 2023



Overview of Corporate Governance

Organizational Design: Company with Corporate Auditors



Roles, Responsibilities, and Diversity of the Board of Directors

The Board of Directors makes decisions on management targets, business strategies, and other important management matters based on applicable laws and regulations, our Articles of Incorporation, and our internal rules. It also supervises the execution of business operations.

In addition, we believe that in order to expand our business throughout the world in a wide range of fields, we will have to respond quickly and appropriately to the business environment and ensure the objectivity and soundness of our decisions. As such, in addition to directors who work for JERA or started as our shareholder companies, we hire directors who are neither to ensure diversity of knowledge, experience, and other attributes among the board.

Corporate Governance

Key Deliberations of the Board of Directors

The Board of Directors generally convenes once a month and is responsible for formulating our basic management policies, including our business strategies and plans. Additionally, it makes decisions on significant large-scale investments related to our strategic direction and supervises the execution of business operations. In determining basic management policies, detailed discussions are held at the Directors' Discussion, which consists of all our directors. This ensures that we consider a multifaceted range of opinions brought by our diverse board, adapting to the ever-changing international situation, business environment, and the roles we ought to play. For the supervision of business execution, we have established a reporting framework where directors responsible for business execution provide both regular and ad-hoc reports as needed. This ensures timely and accurate information sharing and appropriate response. The primary agenda items in FY2022 were as follows.

Key Discussion Points of the Board of Directors

Category	Description
Crisis Response	Measures in response to the invasion of Ukraine and energy security
Management Strategies	New long-term vision, new environmental commitments, financial strategies, new management goals, growth strategies, and safety measures
Regional Strategies	Regional business strategies across the globe
Decarbonization Strategies	Development strategy for zero-emissions thermal power and the establishment of a hydrogen/ammonia value chain
Investment Decisions	Business investments and M&A decisions in Belgium, the United States, Asia, Japan, and more

Leadership Panel and Expert Committees

We have established a Leadership Panel that consists of the Global CEO and Chair, the President, Director, CEO and COO, and the CXO (Chief X Officer) as a forum for deliberating on and deciding important management matters and receiving necessary reports based on the policies set by the Board of Directors.

Moreover, expert committees have been established as subsidiary bodies to the Leadership Panel—in principle, one for each major field under its purview—to provide advice to the Leadership Panel from an expert perspective and support its deliberations. In principle, all matters to be proposed and reported to the Board of Directors are discussed and decided by the Leadership Panel based on advice from the relevant expert committees. The results of deliberations by the Leadership Panel are reported to the Board of Directors, along with advice from the expert committees.

Role of the Nomination and Compensation Committee and Its Discussion Topics

We have established a Nomination and Compensation Committee, which comprises three or more directors, including two outside directors from JERA's shareholder companies. The Committee was formed to discuss matters related to the appointment and compensation of directors, corporate auditors, and executive officers.

In FY2022, the Nomination and Compensation Committee met a total of 10 times. Attendance details for each of these meetings are as follows:

Nomination and Compensation Committee Attendance

Position	Name	Meetings Attended
Chair	Toshihiro Sano	10 of 10 meetings
President	Satoshi Onoda	10 of 10 meetings
Outside Directors	Satoru Katsuno	10 of 10 meetings
Outside Directors	Seiji Moriya	10 of 10 meetings

(Note) The above officers and their positions are as of the end of FY2022.

Specific matters examined by the Nomination and Compensation Committee include the appointment, roles, and responsibilities of directors and executive officers, as well as the setting of compensation amounts, which are then separately approved by the Board of Directors.

Strengthening of JERA Group Governance

We provide appropriate support to group companies so that they can autonomously develop and operate systems suitable to their business. Specifically, we strive to ensure that group companies can make efficient decisions and execute their duties swiftly and appropriately by clarifying responsibilities and authority within our Affiliate Management Regulations and other internal rules. In accordance with the Affiliate Management Regulations, we have established a system for prior consultation and reporting from group companies on important matters concerning the execution of duties.

In FY2021, in order to establish a more advanced internal control system for the entire group, we worked to support the development of a system of rules and regulations for group companies and strengthen the group company management system.

Since FY2022, we have continued to strengthen group governance by checking the status of those operations and other such efforts. We also carry out regular education and training for newly appointed officers and candidates, including those of group companies, to deepen their understanding of our vision for governance and the roles and responsibilities expected of directors and corporate auditors.

Corporate Governance



Support for Directors

We have established a system that provides directors with the support they need to perform the duties expected of them. Among other benefits, the system provides each director with comprehensive, accurate information, as well as opportunities to learn more about our company's core businesses from outside experts around the world. We strive to provide materials to each director several days ahead of scheduled meetings. Additionally, for our outside directors, we organize pre-meeting briefings and Q&A sessions regarding agenda items, ensuring that thorough deliberations can occur based on ample information, thereby optimizing the limited time allotted for discussions.

In FY2022, we covered a wide range of topics carried over from FY2021 during several discussions of key management issues. These included revisiting critical management issues such as decarbonization strategies, financial strategies, regional strategies, and our efforts toward safety, among others.

Compensation Structure for Officers

The compensation for our directors is determined within the limits approved at the General Meeting of Shareholders, based on the deliberations of the Nomination and Compensation Committee and the resolutions of the Board of Directors.

Director compensation utilizes performance-based rewards in addition to fixed compensation. This approach stems from our intent to provide sound incentives that align with our aspirations for sustained growth.

Total Officer Compensation in FY2022

Officer Classification	Total Compensation (Millions of yen)	Compensation Breakdown by Type (Millions of yen)		Number of Officers
		Compensation	Rewards	
Directors	311	238	73	8
Corporate Auditors	77	77	–	3

(Note) The above rewards are allocated to 5 directors as of the end of the current period, excluding outside directors.

Evaluating Board Effectiveness

In order to tie our efforts into continuous improvement of the effectiveness of the Board of Directors, we conduct an annual survey among all directors and corporate auditors, asking them to consider the state of deliberations and operations of the Board of Directors. The Board of Directors analyzes and evaluates the results of these surveys, considers and implements measures to address the issues identified, and constantly strives to improve the effective functioning of the Board of Directors.

Key Measures in FY2022

- Inviting outside experts to the Directors' Discussion
- Power plant inspections by outside directors (to understand the practical workings and safety initiatives at frontline facilities)
- Allocating discussion time based on the nature of each proposal
- Implementing guidelines for document creation
- Resuming in-person meetings, including with outside directors

Assessment Outcomes for FY2022

- There is a need to further refine the discussion time allocated for each item and spend more time on overarching business strategies
- We aim to continue increasing the number of outside directors who are not affiliated with our shareholder companies

Key Measures Heading into FY2023

- Ensuring diversity, including increasing the ratio of non-Japanese and female directors
- Implementing well-balanced allocation of discussion time, including for written resolutions
- Enhancing document creation guidelines for the Board of Directors

Directors & Officers

Appointment of Directors

Candidates for the Board of Directors are determined by the resolution of the board after consultation at the Nomination and Compensation Committee, taking into consideration each person's qualities and abilities necessary to serve as a JERA director in addition to the diversity and composition of the board. The Nomination and Compensation Committee comprises three or more directors, including two outside directors from JERA's shareholder companies. The Committee forms to discuss compensation and other personnel affairs relating to directors, corporate auditors, and executive officers.

1. Indicates an outside director as defined in Article 2-15 of the Companies Act
2. Indicates an outside auditor as defined in Article 2-16 of the Companies Act

Directors



Reappointed
**Global CEO and Chair
Yukio Kani**

Board Meetings Attended: 25/26 (96%)
Term of office: 7 years

- Apr. 1986: Joined Tokyo Electric Power Co., Inc.
Apr. 2013: Executive Officer, Tokyo Electric Power Co., Inc.
Apr. 2015: Executive Officer, Tokyo Electric Power Co., Inc.
Vice President, TEPCO Fuel & Power, Inc.
Apr. 2016: Managing Director, JERA
July 2016: Managing Director and Chief Strategy Officer, JERA, Director (non-executive), TEPCO Fuel & Power, Inc.
Apr. 2019: Corporate Vice President, Chief Operating Officer, and Director of the Business Development Department, JERA
Apr. 2020: Corporate Vice President, Chief Operating Officer, and Director of the Business Development Department, JERA
Apr. 2022: Corporate Vice President, Managing Executive Officer, and Director of Business Development, JERA
Apr. 2023: Global CEO and Chair of JERA



Reappointed
**President, Director, CEO and COO
Hisahide Okuda**

Board Meetings Attended: 26/26 (100%)
Term of office: 3 years

- Apr. 1988: Joined Chubu Electric Power Co., Inc.
July 2017: General Manager, Strategies & Alliances Office, Head of Corporate Planning & Strategy Division, Chubu Electric Power Co., Inc.
Apr. 2019: Managing Executive Officer and Chief Operating Officer of the Corporate Strategy Department, JERA
Apr. 2020: Managing Executive Officer, Director, and Chief Operating Officer of the Corporate Strategy Department, JERA
Apr. 2021: Corporate Vice President, Managing Executive Officer, Director, and Chief Operating Officer of the Corporate Strategy Department, JERA
Apr. 2022: Corporate Vice President, Managing Executive Officer, and Director of Corporate Strategy, JERA
Apr. 2023: President, Director, CEO and COO of JERA



Reappointed
**Corporate Vice President, Managing
Executive Officer, Director, and Chief
Financial Officer (CFO)
Kazuo Sakairi**

Board Meetings Attended: 25/26 (96%)
Term of office: 4 years

- Apr. 1987: Joined Bank of Tokyo (now MUFG Bank, Ltd.)
Jan. 1995: Vice President, Bank of Tokyo Trust Company (New York)
Nov. 2002: M&A Team Head Corporate Advisory Department, Mitsubishi Securities (now Mitsubishi UFJ Morgan Stanley Securities)
June 2006: Senior Director, GCA Corporation (now Houlihan Lokey, Inc.)
Jan. 2015: Executive Officer, Managing Director, and Head of Asia Region, GCA Corporation (now Houlihan Lokey, Inc.)
Apr. 2019: Director, Managing Executive Officer, and CFO, JERA
Apr. 2022: Director, Corporate Vice President, Managing Executive Officer, and Chief Financial Officer of Finance and Accounting, JERA
July 2023: Director, Corporate Vice President, Managing Executive Officer, and Chief Financial Officer, JERA



New Appointment
**Corporate Vice President and Chief O&M
Engineering Officer (COMEO)
Tetsuya Watabe**

Board Meetings Attended:
-

- Apr. 1987: Joined Chubu Electric Power Co., Inc.
July 2011: General Manager, Head of Operation & Maintenance Section, Thermal Power Department, Power Generation Division, Chubu Electric Power Co., Inc.
July 2013: General Manager, Head of Operation & Maintenance Section and Head of Project Planning Section, Thermal Power Department, Power Generation Division, Chubu Electric Power Co., Inc.
July 2014: General Manager and Chief Operating Officer of Hekinan Thermal Power Station, Chubu Electric Power Co., Inc.
Apr. 2016: General Manager and Chief Operating Officer of the Business Planning Office, Chubu Electric Power Co., Inc.
Apr. 2018: Executive Officer and Chief Operating Officer of the Business Planning Office, Chubu Electric Power Co., Inc.
Apr. 2019: Managing Executive Officer and Senior Operating Officer of the Optimization Department, JERA
Apr. 2021: Senior Managing Executive Officer and Chief Operating Officer of the O&M Engineering Department, JERA
Apr. 2022: Senior Managing Executive Officer in charge of O&M Engineering, JERA
June 2023: Director (non-executive), JERA
July 2023: Director, Corporate Vice President, Managing Executive Officer, and COMEO, JERA

Reason for Appointment

Tetsuya Watabe has over 30 years of experience in planning, constructing, and operating thermal power plants. With a background in high-efficiency power generation for stable electricity supply and in developing gas supply initiatives, he is well-suited for the director's role. We believe he will contribute effectively to strengthening the end-to-end value chain, from procurement to power generation and sales.



Reappointed Outside
**Director'
Joseph M. Naylor**

Board Meetings Attended: 26/26 (100%)
Term of office: 2 years

- Sep. 1982: Joined Chevron (California)
July 2006: CEO/COO, Sasol Chevron (UK)
Mar. 2009: General Manager – Business Development, Projects, Chevron (California)
Aug. 2013: Corporate Vice President – Strategic Planning, Chevron (California)
Apr. 2016: Corporate Vice President – Policy, Government and Public Affairs, Chevron (California)
Apr. 2021: Director (non-Executive), JERA



Reappointed Outside
**Director'
Miyuki Suzuki**

Board Meetings Attended: 24/26 (92%)
Term of office: 2 years

- Mar. 2002: Executive Vice President and Head, Consumer Business, Japan Telecom Co. Ltd.
June 2004: CEO Asia Pacific for LexisNexis.
Jan. 2007: President and CEO, KVH Co Ltd.
Dec. 2011: Chief Executive Officer and Representative Director, Jetstar Japan KK
May 2015: President and General Manager, Cisco Systems Japan
Jan. 2018: President, Asia-Pacific, Japan and China, Cisco Systems (Singapore)
Apr. 2021: Director (non-Executive), JERA
July 2021: Director (non-Executive), Western Digital Corporation (current)
Aug. 2022: Director (non-Executive), Twilio, Inc. (current)



New Appointment Outside
**Director'
John Rittenhouse**

Board Meetings Attended:
-

- Aug. 1980: Arthur Young & Co. (USA)
Sep. 1983: Brandeis Intsel, Pechiney Trading (USA)
Nov. 1986: Intermarket Capital Partners (USA)
Oct. 1989: Louis Dreyfus Energy (UK)
Oct. 1998: CFO/Managing Director, EDF Trading Limited (UK)
July 2008: CEO & Board Director, EDF Trading Limited (UK)
Dec. 2020: Board Director (non-Executive), D.Trading BV (Netherlands) (current)
Jan. 2022: Director (non-Executive), JERA Americas Holdings Inc. (USA) (current)
May 2022: Board Director (non-Executive), DTEK Renewables Int. BV (Netherlands) (current)
Feb. 2023: Board Director (non-Executive), Spearmint Energy LLC (USA)
June 2023: Director (non-Executive), JERA

Reason for Appointment

With 40 years of experience in the commodity industry and specialized knowledge in global corporate governance, John Rittenhouse is well-suited for the director's role. We believe he will contribute effectively to realize consolidated energy trading and to strengthen risk management for optimization business.

Directors & Officers



New Appointment Outside

Director¹
Lim Hwee Hua

Board Meetings Attended:
—

Dec. 1996: Elected to the Singapore Parliament
 Aug. 2000: Managing Director, Temasek Holdings (Private) Limited
 Apr. 2002: Deputy Speaker of Parliament of Singapore and Chairman of Public Accounts Committee
 Aug. 2004: Minister of State for Finance and for Transport
 Apr. 2008: Senior Minister of State for Finance and for Transport
 Apr. 2009: Minister in the Prime Minister's Office in Singapore, concurrently Second Minister for Finance and for Transport
 July 2011: Non-Executive Independent Director, Jardine Cycle & Carriage Limited (current)
 June 2020: Vice Chairman, International Valuation Standards Council (current)
 Mar. 2022: Non-Executive Independent Director, Nippon Paint Holdings Co. Ltd (current)
 Apr. 2023: Non-Executive Independent Chairman, Japfa Ltd (current)
 June 2023: Director (non-Executive), JERA

Reason for Appointment

With extensive knowledge and experience in political and economic trends across Asia, Lim Hwee Hua is well-suited for the director's role. We believe she will contribute effectively to our global asset and risk management and to expand our business and networks in Asia.



Reappointed

Director¹
Toshihiro Sano

Board Meetings Attended: 25/26 (96%)
 Term of office: 8 years

Apr. 1977: Joined Tokyo Electric Power Co., Inc.
 June 2014: Director and Vice President, Tokyo Electric Power Co., Inc.
 Apr. 2015: Director (non-executive), JERA
 Apr. 2016: Director, Tokyo Electric Power Company Holdings, Inc.; President, TEPCO Fuel & Power, Inc.
 June 2017: Chairman, TEPCO Fuel & Power, Inc.
 Apr. 2019: Chairman, JERA
 Apr. 2023: Director (non-executive), JERA



Reappointed Outside

Director¹
Satoru Katsuno

Board Meetings Attended: 22/26 (85%)
 Term of office: 2 years

Apr. 1977: Joined Chubu Electric Power Co., Inc.
 June 2013: Director, Executive Vice President, General Manager of Corporate Planning & Strategy Division at Chubu Electric Power Co., Inc.
 June 2015: President and Director at Chubu Electric Power Co., Inc.
 Apr. 2020: Chairman of the Board of Directors, Chubu Electric Power Co., Inc. (current)
 Apr. 2021: Director (non-Executive), JERA



New Appointment Outside

Director¹
Daisuke Sakai

Board Meetings Attended:
—

Apr. 1994: Joined Tokyo Electric Power Co., Inc.
 Apr. 2016: General Manager, Business Planning Office, TEPCO Fuel & Power, Inc.
 Apr. 2019: President, TEPCO Logistics Co., Ltd.
 Apr. 2021: General Manager, Corporate Planning Office, Corporate Management & Planning Unit, TEPCO Holdings, Inc.
 Apr. 2022: Managing Executive Officer, Corporate Planning and Business Reorganization Manager, TEPCO Holdings, Inc.
 President, TEPCO Fuel & Power, Inc.
 Apr. 2023: Executive Vice President, TEPCO Holdings, Inc.
 June 2023: Director (non-Executive), JERA
 June 2023: Representative Executive Vice President, TEPCO Holdings, Inc. (current)

Reason for Appointment

We believe that Daisuke Sakai's extensive experience in addition to his perspective as a shareholder will contribute to our sophisticated corporate governance and management strategies. For these reasons, we believe he is well-suited for the director's role.

Corporate Auditors



Reappointed Outside

Corporate Auditors²
Hideo Oishi

Board Meetings Attended: 26/26 (100%)
 Auditor Panel Meetings Attended: 27/27 (100%)
 Term of office: 4 years

Apr. 1985: Joined the Japan Development Bank (now the Development Bank of Japan Inc.)
 June 2015: Member of the Board of Directors and Managing Executive Officer at the Development Bank of Japan Inc. (until June 2018)
 June 2016: Executive Director, Research Institute of Capital Formation at Development Bank of Japan Inc.
 Apr. 2019: Corporate Auditor, JERA



New Appointment

Corporate Auditors²
Shuichi Kimura

Board Meetings Attended:
—
 Auditor Panel Meetings Attended:
—

Apr. 1991: Joined Chubu Electric Power Co., Inc.
 Apr. 2018: General Manager, Maintenance Group, Thermal Power Generation Business in the Power Generation Company at Chubu Electric Power Co.
 Apr. 2019: General Manager of the Kawasaki Thermal Power Station O&M Department, JERA
 Apr. 2021: General Manager, Nuclear Safety Research & Development Center of the Research & Development Division at Chubu Electric Power Co., Inc. (Seconded from the O&M Engineering Group, JERA)
 Apr. 2023: Senior Supervisor of the Auditor's Section, JERA
 June 2023: Corporate Auditor, JERA



Outside

Corporate Auditors²
Michitaka Kondo

Board Meetings Attended: 26/26 (100%)
 Auditor Panel Meetings Attended: 27/27 (100%)
 Term of office: 1 year

Apr. 1985: Joined Tokyo Electric Power Co., Inc.
 Oct. 2020: Audit Special Officer, Tokyo Electric Power Company Holdings, Inc.
 Apr. 2022: Corporate Auditor, JERA

Reason for Appointment

Shuichi Kimura possesses extensive experience in the fields of thermal power plant operation, maintenance, and construction, as well as in gas sales. Given his expected contributions to strengthening the auditing process, particularly in terms of safety and technological advancement, we believe he is highly qualified to serve as a corporate auditor.

Messages from the Outside Directors

JERA's Path to Becoming a Global Energy Leader: Integrating ESG Objectives

Joseph M. Naylor Outside Director, JERA Co., Inc.

He previously served as Corporate Vice President of Chevron, covering Policy, Government and Public Affairs. He joined JERA in April 2021 as a member of the Board of Directors.



JERA's mission is to provide cutting edge solutions to the world's energy issues. Implicit in this mission statement is a goal to become a more global company, both in terms of the geography and types of businesses in which it operates (the "what") as well as the way in which it conducts its business (the "how"). One of the key ways that JERA continues to improve how it conducts its business is by integrating Environmental, Social, and Governance (ESG) objectives into its overall strategic plan.

Steering JERA's Mission Towards a Net-Zero Future and a Diverse, Equitable Workplace

The ESG expectations by the investment community, civil society, and policymakers continue to evolve. Historically there has been great emphasis on decarbonization efforts, human rights management, and workforce well-being, to name just a few of the ESG areas of focus. And while some of the recent tensions—such as the war in Ukraine, increasing inflation and potential recession, and anti-ESG sentiment in certain areas of the world—may affect the pace of change, they are highly unlikely to impact the overall direction.

Within this context, JERA has made great progress on many ESG factors over the past several years. For example:

- JERA has committed to a goal of net zero CO₂ emissions from its operations by 2050. As part of these efforts, it has grown its renewables business substantially, partly through acquisitions and partly through developing its own renewables facilities. It is also assessing the use of ammonia and hydrogen in its existing thermal power facilities and beginning to build value chains to produce and ship ammonia and hydrogen to locations where it will be needed.
- JERA has developed and published its Human Rights policy, which applies to all employees and directors.
- JERA continues to improve the diversity, equity, and inclusion (DEI) of its workforce. The initial focus of this effort was empowering women in the workplace; it is now broadening to focus on ensuring all employees feel truly respected and valued at work.
- JERA has increased its disclosures on ESG matters over the past three years, as exemplified by the type of information provided in this Corporate Communications booklet.

The Board of Directors has been fully engaged in JERA's ESG efforts, both at official board meetings as well as one-on-one meetings between directors and staff members. We have discussed the progress the company is making, the challenges it faces, and how it plans to overcome these challenges. By embedding these ESG efforts into its strategic plan, JERA is well on its way to becoming the global energy company it aspires to be.

Balancing Innovation and Growth at JERA: The Role of Board Diversity and Global Outlook

Miyuki Suzuki Outside Director of JERA Co., Inc.

Raised in Australia, the UK, and Italy, she experienced cultural diversity living and working in eight countries across Europe, the Middle East, North America, and the Asia-Pacific region. She is an entrepreneur with experience in sales, marketing, and general management roles in the IT and aviation industries.



The importance of diversity and an international outlook in this era of globalization holds true for any Japan-based company in any industry, but particularly so for JERA as a major energy company. As we navigate the rapidly changing energy landscape, where we are expected to play a crucial role in decarbonization, the board must embrace diversity and cultivate a broad international mindset to drive the most innovative solutions for transformation while ensuring that customers continue to have access to a safe, stable energy supply.

Unleashing Innovation: The Role of a Diverse Board at JERA

A diverse board should bring together individuals from various backgrounds, cultures, and experiences to complement the industry expertise of the company's executives. By having such board members, JERA can tap into a wider range of perspectives and ideas, which can prove invaluable to tackling the complex issues that face today's ever-evolving energy industry. Our role as board members is to continuously challenge the status quo, question assumptions and stimulate "out-of-the-box" thinking, which may lead to more creative and robust solutions. While adhering to the highest standards of safety, regulatory compliance, ESG and CSR goals, and financial prudence, the board should also encourage calculated risk-taking to secure future growth and differentiation.

Risk management is paramount in a global landscape dominated by geopolitical uncertainties, mounting climate change concerns, and technological disruptions. A diverse board can offer a more comprehensive understanding of such risks, regulatory frameworks, and market trends to enable JERA to anticipate them and adapt its strategies accordingly to mitigate vulnerabilities while pursuing global partnerships and growth. Indeed, the networks that board members bring can enhance JERA's access to industry leaders, policymakers, and potential partners worldwide and facilitate knowledge and best practice sharing, allowing JERA to stay at the forefront of industry developments to maintain a competitive edge. With this broader vision, JERA's board can help identify and evaluate opportunities not just in Japan but beyond our shores, unlocking new avenues for growth, access to new technologies, and diversification of our business portfolio.

Diversity, Equity, and Inclusion: More than Buzzwords

I have commented before on the importance of Diversity, Equity, and Inclusion (DEI) to JERA's success, not just in raising the quality of its business decisions but also in attracting key talent. By fostering diversity within its board, JERA is demonstrating its commitment to DEI as well as Corporate Social Responsibility. And by striving for international reach and relevance, we can contribute positively to global energy transition efforts and sustainable development goals. JERA operates in a truly interconnected world where we shoulder significant responsibilities and have the opportunity to embrace an outstanding leadership role. The board strives to help JERA fulfill this promise now and far into the future.

Messages from the Outside Directors

Maximizing Value and Sustainability at JERA

John Rittenhouse Outside Director, JERA Co., Inc.

He has a 40-year career in the commodities industry and has expertise in global corporate governance. He joined JERA in June 2023 as a member of the Board of Directors.



I joined JERA's board in June and am honored and proud to be part of an important global energy company committed to being a significant player in decarbonization in the energy industry. My professional background is focused on helping large utilities maximize the value of their assets using the financial and physical wholesale energy markets. Zero CO₂ emissions should not mean zero profits, and this means that the assets and contracts in JERA's portfolio, both existing and those that need to be developed, must be optimized to extract their full value.

Setting the Bar High: JERA's Ambitious Plan Towards Zero CO₂ Emissions

JERA has set out an ambitious plan to achieve zero CO₂ emissions by 2050. This plan has clear and measurable milestones requiring significantly greater global production of clean fuels, additional clean fuel transportation and storage facilities, and new power generation technologies.

While these facilities and technologies are developed and scaled up, LNG is critical to bridge the gap as a transitional fuel because: 1) LNG has lower emissions compared to other hydrocarbon fuels; 2) LNG complements wind and solar by providing a flexible and reliable power supply that ensures grid stability and security of supply; 3) LNG can be stored and used during high-demand periods or when renewable energy supply is limited; and 4) JERA has a well-established infrastructure for the production, transportation, and wholesale marketing of LNG, making the energy transition more cost-effective.

Asset Optimization: Key Tools for Sustainable Profits

As one of the largest buyers of LNG in the world, JERA plays a vital role in the global LNG supply chain by providing developers with long-term offtake commitments that support large-scale investments. To further strengthen its LNG value chain and manage the large financial risks of these long-term LNG purchases using the short-term market, JERA has established JERA Global Markets. JERA GM uses the wholesale energy and freight markets to optimize the pricing, shipping, and storage of LNG and manage associated risks through wholesale energy and freight markets, which lowers the overall cost of energy. This enables JERA to extract values from its LNG assets and enhances the security of supply for the Japanese market.

In the US, JERA Americas is developing a commercial function that will similarly use the wholesale markets to maximize the value of its gas and power assets.

In Japan, JERA is also building systems and a wholesale market team that will ensure its power production and dispatch are made in the most optimal way.

Together, these three market-facing optimization units will establish best-practice risk management and asset optimization techniques, which will be an essential part of the path to zero CO₂ emissions and strong profits.

Bridging Public and Private: A Unique Perspective on JERA's Mission

Lim Hwee Hua Outside Director, JERA Co., Inc.

She has extensive knowledge and experience of the evolving political and economic trends in Asia, including a long career as a member of Singapore's Parliament and as a corporate executive. She joined JERA in June 2023 as a member of the Board of Directors.



I have been privileged to straddle both sides of the economy, the public and private sectors, and in many varied roles, not once but twice over.

In the private sector, I have been heavily involved in financial services, specifically investment banking/capital markets and private equity. I also spent four years re-positioning, restructuring, and introducing corporate governance to state-owned businesses.

Within the public sector, I have benefitted from the whole gamut of experience, from being a team member in public policy formulation and execution to, later on in my political capacity, leading important national initiatives as a Minister.

Strengthening JERA's Global Position through an Understanding of Governance, Risk Management, and Geopolitics

Given Singapore's roles as a financial, business, and transportation hub, I frequently had to look at the larger Asian marketplace in terms of geography, population sizes, economic structures, and stages of growth. Tracking the geopolitics and navigating the different trade blocs, especially around Southeast Asia, is second nature to me.

Despite the effects of the pandemic, the Southeast Asian economies are, in aggregate terms, still expected to outperform the more mature economies. There is continued optimism over India's and Indonesia's growth prospects. As a consequence, the energy demands of these respective markets are expected to rise accordingly.

Within this context, JERA is well-placed to provide solutions to cleaner, affordable, and reliable energy to many countries in Asia. JERA's work in renewables and technological innovation can be beneficial for both emerging and mature economies alike.

Contributing from a Blend of Experiences: From Private Finance to Public Policy

I am honoured to be able to serve on the Board of JERA and hope to contribute in the following ways:

- Share my insights into the various Asian economies, paying particular attention to the stage of growth (whether emerging or developed), the government's goals with respect to decarbonization and approach to energy transition, the financial resources available to further economic goals, and most importantly, the politics of the day. As energy remains heavily regulated in most jurisdictions, I can contribute to discussions on how governments are likely to behave.
- Build on JERA's strengths in terms of capabilities and solutions to energy transition to clean supply models from different perspectives, both in power generation and projected consumption trends.
- Add to discussions on global factors, including geopolitics within Asia, and further strengthen governance and risk management.
- Provide views through financial lenses, especially around commercial viability when governments are principal partners.

Risk Management

Fundamental Approach and Issue Awareness

We continue to work toward highly effective risk management as we seek to gain a proper understanding of the risks associated with our corporate activities and want to minimize loss should these risks materialize. We view these efforts as underpinning the enhancement of our corporate value and the fulfillment of our social responsibility to our stakeholders.

Potential risks that could have a significant impact on our corporate activities include operational accidents, damage to facilities due to natural disasters, shutdowns or construction delays, and threats such as cyber-attacks and malware on power plant control and other systems.

In addition, with the advent of the global economy and the shift toward borderless economic activity, we must respond appropriately to increasingly diverse and complex risks today, including global risks such as inequality, poverty, and political instability.

The JERA Group is committed to the continued enhancement of our risk management to fulfill our social responsibility as an energy company that supports social infrastructure.

Risk Management System

We have established a highly effective risk management system headed by the company President, Director, CEO and COO to ensure that we can provide a stable supply of energy in addition to other important social responsibilities.

In non-emergency situations, our fundamental approach to risks associated with our business activities is to manage them within the execution of duties by the unit responsible for the operations. When the risk affects multiple divisions, we manage it appropriately in a cross-organizational manner. In the event of a crisis, an emergency task force headed by the company President, Director, CEO and COO is deployed to respond quickly and appropriately to minimize the impact on our business.

In addition, the Financial Strategy and Planning Group, which serves as the risk

management division at JERA, is organizationally and structurally independent from each department that conducts business, contributing to healthy tension within the system.

The Risk Management Committee, chaired by the President, Director, CEO and COO, meets quarterly and is attended by several parties to ensure appropriate monitoring of risks (see Risk Management Structure below). These include the C-suite executive or officer in charge of each division, corporate auditors, and the Internal Audit Group, among others. In particular, we strive to prevent risks from materializing by reporting on our policies and specific measures for dealing with

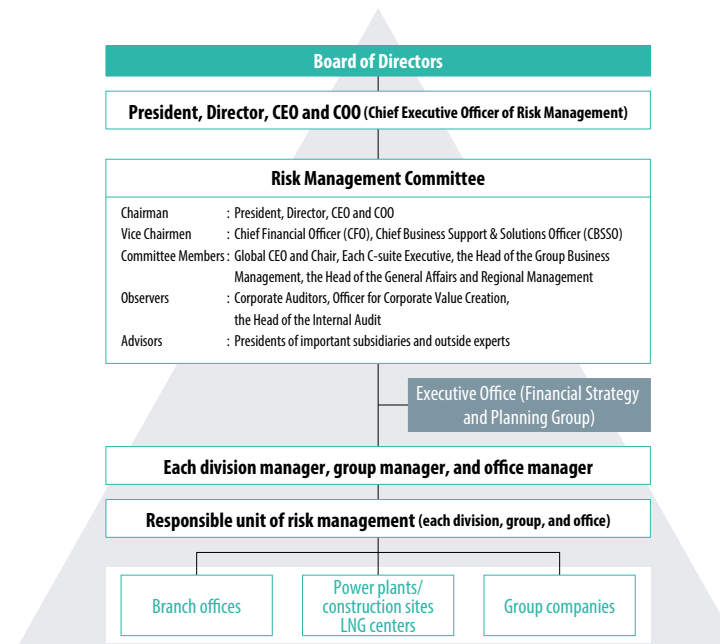
risks that could significantly impact our business. In the unlikely event that a risk materializes, the necessary reports on the response of the emergency task force are provided quarterly.

Discussions at the Risk Management Committee are reported to the Leadership Panel and the Board of Directors each time, reflecting the opinions of executive officers, directors, and outside directors.

In addition, all outside directors receive an explanation of the company's risk management system and methods upon appointment, and their opinions are incorporated through exchanges of views and other means.

Risk Management Structure

(As of July 31, 2023)



Risk Assessment Flowchart



Main Risk Categories

- 1 Operational Accidents
- 2 Financial
- 3 Regulations/Legal Amendments/Geopolitics
- 4 External Stakeholders
- 5 Management Strategies
- 6 Labor Affairs/Human Resources
- 7 Input/Output
- 8 Product/Energy Prices
- 9 Natural Disasters
- 10 Investment Management
- 11 Riots/Crime
- 12 Cybersecurity
- 13 Legal Affairs/Ethics
- 14 Environment/Climate Change

Risk Management

Highly Effective Risk Management

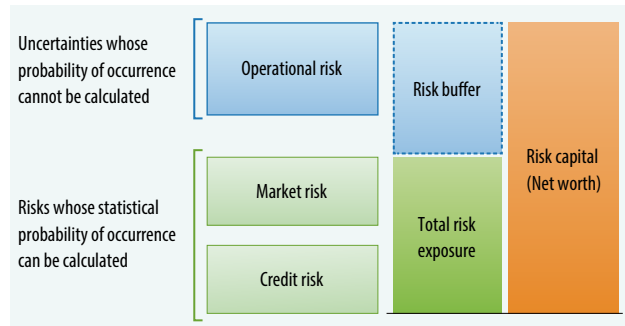
Our approach to risk management is based on combining the functions of integrated risk management, evaluation of financial soundness, and evaluation of individual investments.

Integrated Risk Management

Integrated risk management defines and classifies the risks we face into three categories: operational risk, market risk, and credit risk. We quantify our total risk exposure based on market risk and credit risk.

The difference between total risk exposure and risk capital is calculated as the risk buffer.

Integrated Risk Management



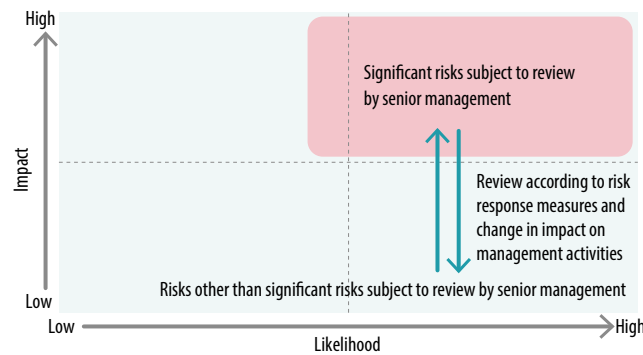
The risk buffer is maintained at a certain level by considering operational risk as an uncertainty whose probability of occurrence is incalculable.

Operational risk is managed using a risk map with impact on management activities on the vertical axis and frequency of risk occurrence on the horizontal axis. For each managed risk, we take measures such as retention, mitigation, and transference in cooperation with each department and the Financial Strategy and Planning Group, depending on the type and characteristics of the risk.

Among operational risks, risks that have a high impact on management activities and a high frequency of risk occurrence are identified as significant risks subject to review by senior management.

The Risk Management Committee, the Leadership Panel, and the Board of Directors meet quarterly to discuss the amount of integrated risk as well as policies and specific measures to address these significant risks subject to review by senior management in particular.

Risk Heat Map



Evaluation of Financial Soundness

In our evaluation of financial soundness, we use the rating methodologies of rating agencies to evaluate the long-term outlook for financial rating levels in the business planning workflow and implement balance sheet management to maintain a financial rating of A through FY2025. "Message from the CFO" (P.23–25)

Evaluation of Individual Investments

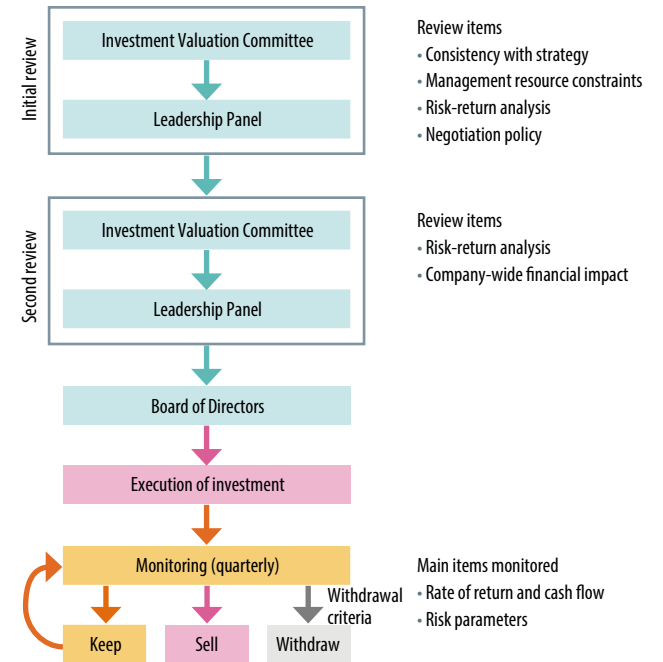
After confirming the consistency of individual investment evaluations with our field-specific investment strategies, our Investment Valuation Committee, which includes members with experience in investment screening at financial institutions

and other organizations, conducts reviews by which we verify the long-term investment potential.

In addition, we properly evaluate and manage risks by engaging in regular monitoring and establishing withdrawal criteria.

Our risk-return analysis utilizes more than 200 guideline rates calculated for each strategic target country and business.

Investment Valuation Process



Risk Management

Countermeasures for Large-Scale Disasters

We have the largest power generation capacity in Japan. Based on the Basic Act on Disaster Management, we have put together and published our Operational Disaster Risk Reduction Plan, Operational Plan for the Protection of Citizens, and Operational Plan for Pandemic Influenza and New Infectious Diseases. We also have emergency and disaster response rules and manuals in place to enable prompt decision-making and a swift response in the event of an emergency.

Recently, there has been concern regarding natural disasters such as earthquakes occurring directly beneath the Tokyo metropolitan area or off the Nankai Trough and an eruption of Mt. Fuji, which has prompted revisions by the national and local governments to damage estimates and disaster risk reduction measures. In light of these revisions, we are undertaking the necessary measures, such as earthquake-proofing our facilities in addition to periodically conducting drills to simulate large-scale disasters.

JERA-BCP drills include alternative strategy drills envisioning transportation disruptions and communication outages, such as drills for information sharing between both of our shareholder companies, and we are constantly making efforts to improve our disaster risk reduction capabilities.

Enhancement of JERA's BCP and BCM

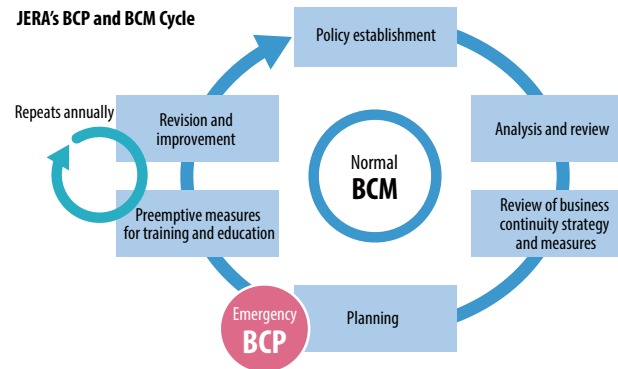
In light of the expansion of our business domains after integrating our thermal power business in 2019 and other changes in the business environment, we are taking various steps to further improve business continuity.

In the event of a large-scale disaster, we must ensure that our group's important business operations are not interrupted or, if interrupted, that they are restored in the shortest possible time. And so, we have established Business Continuity Management (BCM) Rules to strengthen our everyday management activities.

Based on these rules, we have established the BCM Subcommittee, which reports to the Risk Management Committee regarding the establishment and review of the Business Continuity Plan (BCP) and regularly checks progress on disaster drills and advance measures.

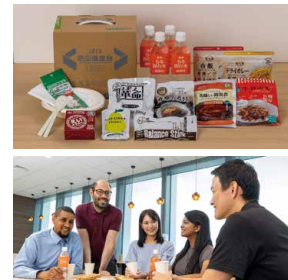
Basic Policy for JERA's BCP and BCM

- In the event of any disaster or risk event, we will place the highest priority on the safety and security of people and ensure public safety in compliance with laws and regulations.
- In order to fulfill our responsibility as an energy provider supporting social infrastructure in Japan, we will contribute to society and local communities by quickly restoring and continuing our core business of supplying them with electricity and gas.



Enhancement of disaster prevention stockpiles and fostering peace of mind

Food security is vital for our employees, especially those who may experience difficulties returning home after a large-scale disaster. We have prepared emergency rations, and we have various offerings that cater to the needs of our global workforce. Our JERA One-Day Disaster Food Kits include halal and allergy-friendly options that cater to the diverse needs of our employees. This set contains a stockpile of all the food necessary in a compact package, making it easy to distribute and manage. Eventually, we plan to expand outside the company and work on this project with local governments and food banks.



Featured

Obtaining Resilience Certification

Resilience certification is a system under which the National Resilience Promotion Office inside the Japanese Cabinet Secretariat certifies businesses that support the objectives of national resilience and are proactively implementing business continuity initiatives. In July 2023, under the scrutiny of outside experts, we received resilience certification for our BCP/BCM based on the rigorous evaluation of our business continuity policy, business impact analysis and assessment, as well as our proactive measures.



July 2023
Received Resilience Certification (Japanese)

Development and Ownership of Thermal Power Sources

As an electric utility provider, we believe that we need to ensure that our strategies are flexible and resilient, with options for responding to changes anticipated in the global business environment in the face of future uncertainties.

In developing plans for the development of new power sources and the retention of existing power sources, multiple scenarios for future power market conditions must be established. In these multiple scenarios, we must also assume a risk case in which business opportunities for thermal power sources are reduced.

While taking into account future electricity demand and price competitiveness in the electricity market, we are replacing aging existing thermal facilities with state-of-the-art, high-efficiency thermal facilities in order to maximize earnings and avoid developing and owning unprofitable thermal power sources (so-called "stranded assets").

Information Security

Fundamental Approach

At JERA, our approach to information security aims to enrich the lives of people around the world and improve industrial and economic vitality through the supply of internationally competitive electric power and energy.

The use of information technology is indispensable for achieving this, and we have established the JERA Group Information Security Basic Policy to protect our information assets and enhance the safety of transactions as we implement information security measures.

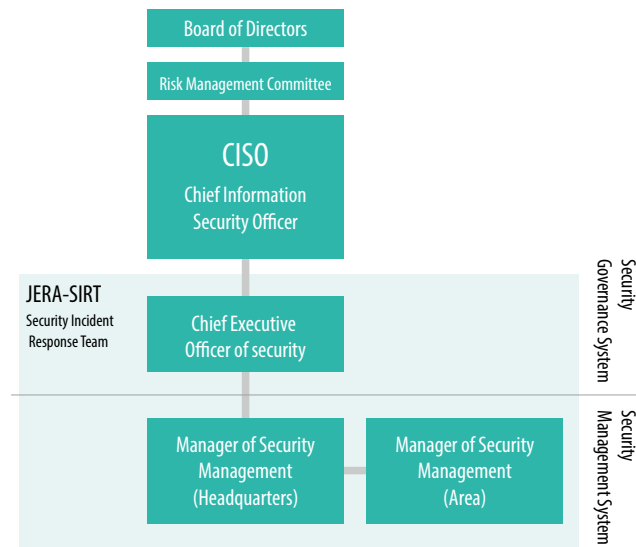
Cybersecurity Management System

To promote cybersecurity, we have established a system for managing cybersecurity risks under the responsibility of senior management.

We have also established a Security Subcommittee under the responsibility of

Cybersecurity Management Structure

(As of July 1, 2023)



the Chief Information Security Officer (CISO) to promote cybersecurity at all times while coordinating with the Risk Management Committee, which serves as the overall risk management system.

Moreover, we have established security management functions and a Security Incident Response Team (SIRT) to assist the CISO and management in overseeing cross-organizational security measures and incident response.

Enhancing Information Security Measures

The JERA Group Information Security Basic Policy covers all personnel engaged in JERA business activities and all physical, environmental, and other resources used in our operations. Based on this policy, we are responsible for the proper handling and protection of related information assets and are working to strengthen our security measures to respond to cyberattacks and other threats.

We continuously educate all employees who handle information assets to raise their awareness of information security and improve their skill level. Our aim is to ensure thorough compliance with laws and regulations, this policy, and related rules and regulations.

In addition, all employees are given a Security Card that outlines compliance matters to raise awareness of information security and to ensure a swift response in the event of an information security incident.

Moreover, we conduct ongoing training related to targeted email attacks for all employees and offer e-learning and other programs to reduce the risk of information leaks and computer viruses arising from such attacks. There continued to be no serious incidents related to information security or the protection of personal information in FY2022.

Information security education and target email attack training provided in FY2022 is as follows:

Education & Training on Information Security (FY2022)

Security Education

Scope: 4,241 participants (including directors, employees, and temporary staff)

Frequency: Once a year

Method: e-learning

Targeted Email Attack Training

Scope: 4,259 participants (including directors, employees, and temporary staff)

Frequency: Twice a year

Method: Email

We have put together a roadmap for future security measures, including a plan to establish a global security infrastructure to improve information security across the entire group.

Furthermore, to advance operational efficiency through the utilization of generative AI, we have formulated the JERA AI Usage Policy, which also incorporates security compliance items.

At JERA, we have enhanced the security of servers accessible to the public and implemented measures to prevent and analyze malicious attacks by hackers and others outside the company.

Enhancement of Information Security Measures for Domestic and Overseas Group Companies

We follow the Cybersecurity Management Guidelines established by the Ministry of Economy, Trade and Industry to review and implement security measures for the JERA Group. We also provide the same security education to domestic and overseas group companies at least once a year.

Furthermore, we conduct annual security risk assessments at each group company. We then evaluate and analyze the results, which inform improvement requests made to enhance the security of each of these companies.

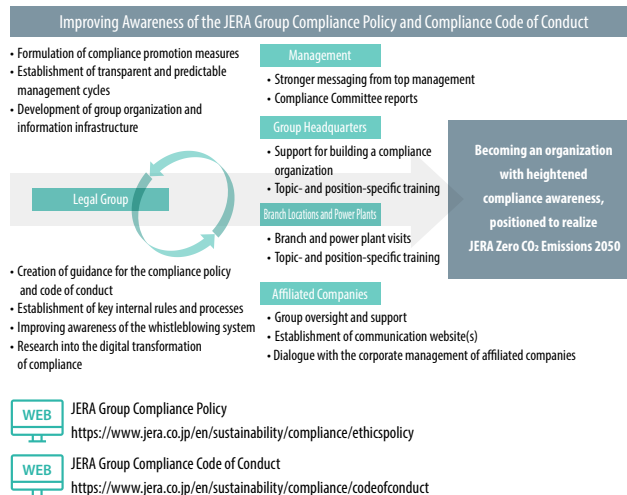
Compliance

Fundamental Approach and Issue Awareness

Under our mission to provide cutting edge solutions to the world's energy issues, JERA is committed to earning and maintaining the trust of our stakeholders through rigorous compliance based on the JERA Group Compliance Policy and JERA Group Compliance Code of Conduct.

As a key player in supporting the stable supply of domestic electricity and an international leader in fuel procurement, renewable energy, and low-carbon thermal power, we have a responsibility to address a variety of compliance challenges related to competition law, bribery, human rights, the environment, and more. Additionally, in keeping with our stature as a global company, our employees act with a heightened sense of ethics, faithfully observing laws, regulations, and social standards concerning these matters.

Even as the business environment surrounding the energy industry undergoes sweeping change, we will engage in compliance on a group-wide scale to enable our officers and employees to act in an appropriate manner in accordance with their responsibilities.

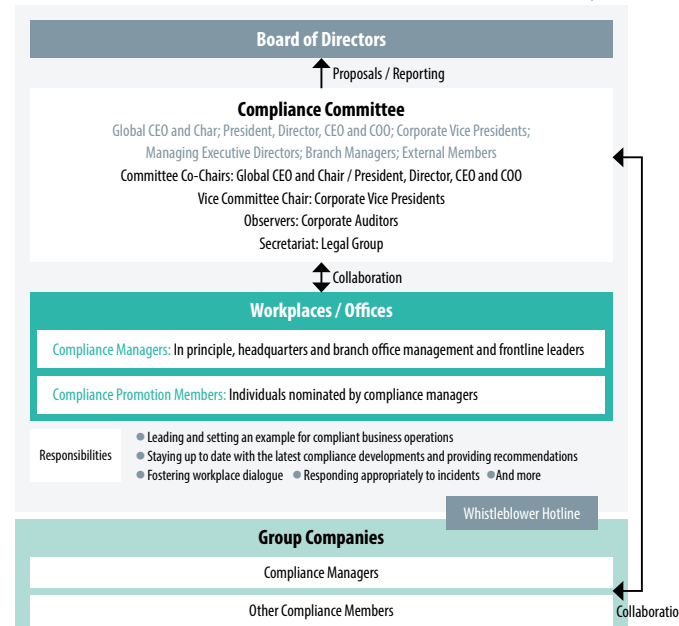


Compliance Promotion System

We have established the Compliance Committee to review and decide on various compliance-related measures and thereby promote compliance-oriented management. This committee is composed of internal members, including the Global CEO and Chair, and the President, Director, CEO and COO, along with external experts. The content of compliance measures, investigations into misconduct, corrective actions, measures to prevent recurrence, and other matters deliberated and reported on by the committee are to be discussed with or reported to the Board of Directors as necessary. The Legal Group, which serves as the committee's secretariat, works closely with compliance managers and program officers at each workplace and office, as well as with heads of compliance from group companies, to promote group-wide compliance among all levels of the JERA group.

Compliance Program Structure

(As of July 1, 2023)



Compliance Promoting Education and Training

In our Compliance Committee, we incorporate the opinions of outside experts and employee survey results, deliberating on and determining compliance-related measures and monitoring their progress each fiscal year.

In FY2022, we promoted compliance by developing our Declaration of Partnership Building and Group Policy against Anti-Social Forces, holding meetings with our liaison group of compliance managers and compliance promotion members, visiting power plants, strengthening messaging from top management, and thoroughly overhauling our intranet site, all to raise awareness of our Compliance Policy and Code of Conduct.

In FY2023, we will focus on boosting employee compliance by establishing clear rules in ways that are easy to understand and placing further emphasis on strengthening information sharing and training while also ensuring that an awareness of compliance takes root in our organization.

April 2022–July 2023 Primary Compliance Initiatives

Category	Results
Rule Formulation	● Formulation and announcement of Declaration of Partnership Building
	● Formulation of Group Policy against Anti-social Forces, internal rules, and manuals
	● Introduction and operational launch of a business partner screening tool
	● Revision of whistleblower regulations in keeping with Whistleblower Protection Act amendments
System Reinforcement	● Formulation of rules for blocking information on competition law business partnerships
	● Establishment of JERA Transaction Monitoring Committee
	● Meetings between compliance managers and promotion members
Information dissemination and Training	● Visits to Global Legal Forum, overseas group companies, and power plants
	● Implementation of employee surveys on compliance
	● Sharing updates on compliance and procedures
	● Compliance news updates (periodic)
	● Compliance Policy and Code of Conduct training
	● Implementation of position- and regulation-specific training

Compliance

Corruption Prevention

In order to comprehensively prevent corruption as stipulated by the JERA Group Compliance Policy and JERA Group Compliance Code of Conduct, we have established Anti-Bribery Regulations and Anti-Corruption Regulations. These policies establish approval procedures for entertainment, gifts, and donations to domestic and foreign public officials or agents of those officials, delineate prohibited activities, and describe reporting procedures for the exchange of money or goods with business partners. Further, we raise awareness of these policies through a training system, the Legal Group monitors and supervises related processes and operations, and the Compliance Committee receives reports on these and other efforts.

Additionally, our due diligence efforts for preventing corruption in transactions will be focused on transactions and M&A in countries and regions with high corruption indices, ensuring that we will not assume any unforeseen corruption risks.

Basic Policy on Anti-Corruption

(Excerpted from JERA Group Compliance Code of Conduct)

- We always maintain proper and healthy relationships with our business partners and do not provide them with money, gifts, entertainment, or any other economic benefits that exceed good judgment. We also do not receive any economic benefits that exceed good judgment.
- In our procurement activities, we provide open, fair, and equal participation opportunities in both domestic and overseas markets and select suppliers through rational and transparent procedures.
- We establish and maintain fair and open relations with the political and governmental counterparts of each country and region in compliance with domestic and international laws and regulations, and internal rules.
- We do not entertain, provide gifts, or provide any other economic benefits to public officials or anyone in an equivalent position, domestic or foreign.
- We do not make such payments if we are aware that a portion of the payments made to agents or consultants, or any such parties, is being or is suspected of being diverted for the purpose of engaging in improper activities with public officials or persons in an equivalent position.


Fair and Just Trade with Suppliers (CSR- and ESG-Based Responsible Procurement)

We uphold the principles of free trade and market competition and conduct our transactions and business activities in compliance with laws and regulations as well as with the principles of fairness and impartiality.

As a power producer, we are firmly committed to promoting appropriate electric power competition, most notably by operating in compliance with the Guidelines for Proper Electric Power Trade and by ensuring non-discrimination between domestic and foreign entities. As a purchaser supporting the energy value chain, we engage with business partners and subcontractors in accordance with the Declaration of Partnership Building, fostering partnerships and co-prosperity.

We have also established a Procurement Policy alongside our acquisition activities. We are committed to responsible procurement in consideration of corporate social responsibility (CSR) and of environmental, social, and governance (ESG), including quality assurance, appropriate procurement cost management, compliance with laws, regulations, and corporate ethics, safety assurance, and business continuity planning (BCP). Additionally, we hold procurement policy briefing sessions to promote mutual study and close communication with business partners, taking opinions and requests into account while seeking cooperation with JERA Group Compliance Policy and Code of Conduct and thereby endeavoring to build even stronger relationships of trust with our business partners.

 Procurement Policy
<https://www.jera.co.jp/en/corporate/business/procurement/>

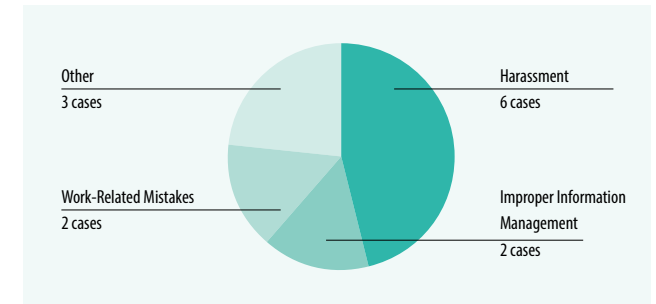
 Declaration of Partnership Building
<https://www.jera.co.jp/en/sustainability/compliance/partner/>

Whistleblower System and Harassment Consultation Hotline

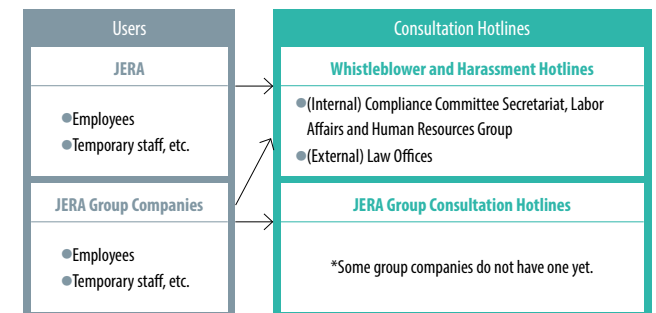
We have established a whistleblower hotline to prevent compliance violations and quickly detect and resolve any violations that do arise. The hotline can be used with either a real name or anonymously, via email or postal mail, and allows communication with both internal and external contacts. A wide range of topics, including domestic and foreign law violations, as well as violations of employment

regulations and internal rules, can be discussed via this hotline. As of FY2021, we have a new harassment consultation service specifically established for discussing or reporting harassment and other work-related issues. In FY2022, the whistleblower hotline received a total of 13 cases, while the harassment consultation hotline had 11.

Whistleblowing Case Overview (FY2022)



In response to the enactment of the amended Whistleblower Protection Act (June 2022), we have established internal reporting channels via our whistleblower and harassment consultation hotlines. This includes designating and providing training and education for individuals engaged in public interest reporting activities. We promote the use of these internal reporting channels by continuing to share information about the whistleblower system regularly and seeking to build trust through efforts such as assessment of intention, protection of confidentiality, and prohibition of discriminatory treatment or retaliation against whistleblowers.



Compliance

A Word From the Head of the Legal Group



Kenji Tagaya
Head of the Legal Group

At JERA, we view compliance as a requirement for doing business. To us, it's not a question of priorities but rather a belief that not adhering to this means that we would have no right to do business.

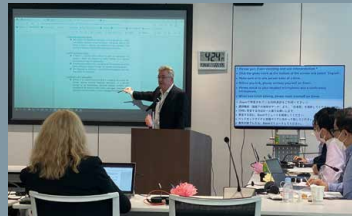
For us, compliance does not simply mean abiding by laws and regulations. It means a commitment to honest, fair business practices under external observation and public scrutiny, even when no one is watching.

Naturally, compliance involves our entire company—every department, every workplace, and everyone from top management to employees—so the compliance unit cannot handle this task alone. However, the legal group also seeks to emphasize a compliance-oriented company culture through actions such as

assigning compliance managers and promotion members to each organization and workplace who share information and provide training to support voluntary engagement in compliance.

In recent years, the electric power and energy industry has seen a spate of compliance-related issues. We take this trend very seriously. Top management has repeatedly stressed to employees that compliance should not be difficult. Instead, it hinges on understanding the perspectives and emotions of various stakeholders, including customers, business partners, investors, and colleagues. As such, upholding the truth and fostering respect and trust among colleagues are paramount. Concerning our core business in electricity and gas, we've taken the initiative in establishing the JERA Transaction Monitoring Committee (detailed below) to continuously incorporate insights from external experts.

We will remain conscious of our great social responsibility as a public utility company and will continue to conduct ourselves and our business with composure.



JERA Transaction Monitoring Committee Launched in June

Background Behind the Establishment of the JERA Transaction Monitoring Committee

We respect market competition, abide by laws and regulations, and conduct transactions and business activities fairly and equitably, ensuring our actions align with our responsibilities as an energy provider providing electricity and gas in Japan.

The JERA Transaction Monitoring Committee, which includes outside experts, was established under the direct supervision of the President, Director, CEO and COO to confirm and verify such transactions and activities from a third-party perspective to further improve transparency.

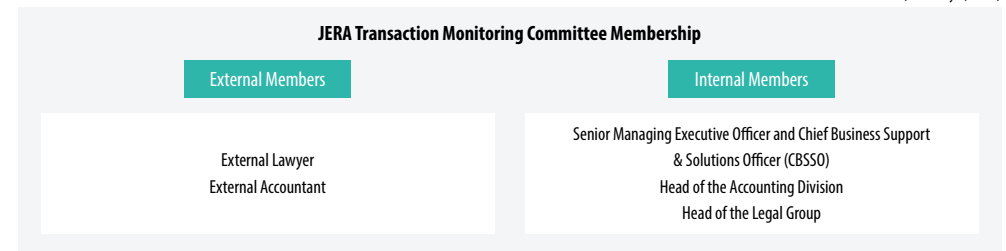


Scope of Activities

- To check the legality and appropriateness of wholesale electricity and gas market transactions
- To check the internal vs. external non-discrimination and appropriateness of Power Purchase Agreements and Gas Sale Agreements
- To check the legality and appropriateness of other transactions (including transactions with shareholders) under competition and business laws

Structure

(As of July 1, 2023)



With the establishment and operation of this committee, we will lead the way in creating a market for fair and equitable electricity and gas transactions in Japan. At the same time, by further pursuing fair and equitable transactions, we strive to ensure that business profits are passed on through market competition to the end consumer—our valued customers.

Context

Data

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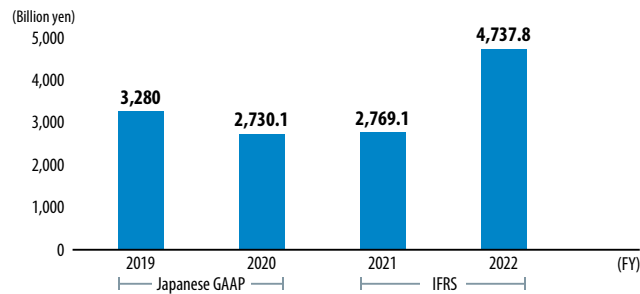
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Financial and Non-Financial Highlights

We are taking on a variety of initiatives to meet our management goals for profitability, capital efficiency, growth potential, and financial health, including a consolidated net profit of 200 billion yen in FY2025. Additionally, with a fundamental emphasis on safety, we shall expedite our ESG and sustainability efforts, which include promoting the active participation of a diverse and inclusive workforce (D&I) and strengthening corporate governance, all while ensuring a stable electricity supply. We aim to realize medium- to long-term decarbonization, thereby pursuing disciplined growth and maximizing corporate value. We have voluntarily adopted the International Financial Reporting Standards (IFRS) from the consolidated financial statements for the annual reporting of FY2022, and the figures for FY2021 have also been modified in accordance with the IFRS.

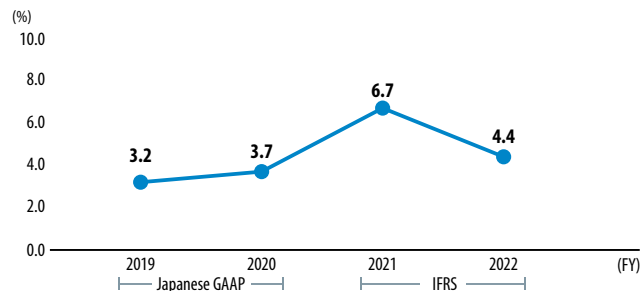
Financial Information

Revenue



Revenue in FY2022 increased significantly compared to the previous year, mainly due to higher unit revenues in electricity sales.

ROIC



In FY2022, we secured net profit of 200.3 billion yen, excluding time lag, mainly due to increased profits from our trading business, but this was lower than in the previous year due to a significant increase in interest-bearing liabilities.
 $ROIC = (\text{Net income}^{*1} + \text{Interest expense} \times (1 - \text{Effective tax rate}^{*2})) \div (\text{Interest-bearing liabilities} + \text{Net worth}^{*3})^{*4}$

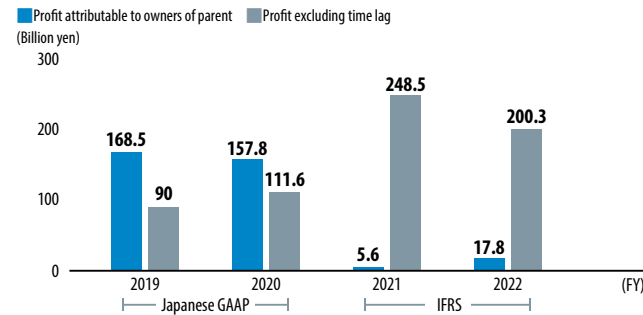
*1 Excluding time lag

*2 Using the company's effective tax rate (figures listed in the Financial Statement)

*3 Equity — Non-controlling interests

*4 Average at the beginning and end of the period

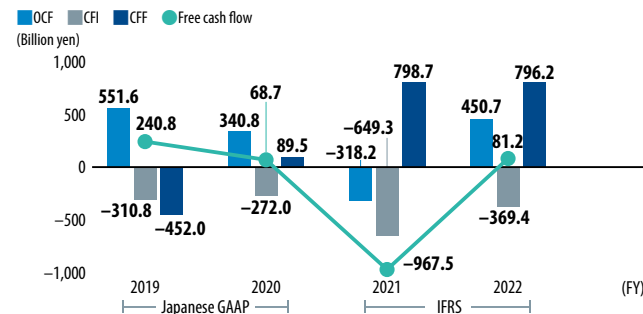
Profit Attributable to Owners of Parent (including/excluding time lag)



Net profit for FY2022, excluding time lag, decreased due to factors such as the impact of LNG spot procurement and the recording of estimated liabilities, despite increases due to higher earnings in our trading business and gains related to the sale of LNG.

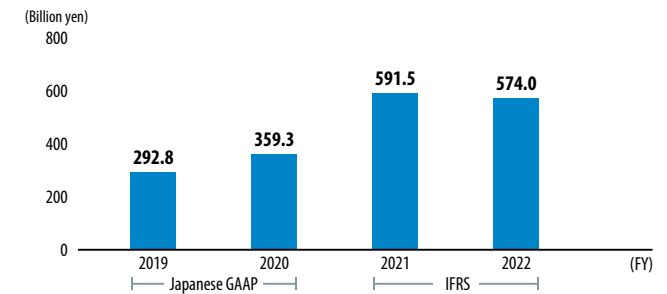
*Profits or losses attributable to delays between fuel price fluctuations and when they are eventually reflected in sales prices

Cash Flows from Operating, Investing, and Financing Activities (CF)/Free Cash Flow



In FY2022, our free cash flow increased by approximately 1 trillion yen. This was due to factors such as an improvement in operating cash flows due to a decrease in margins at trading subsidiaries in addition to the reactionary effects of substantial overseas investment projects conducted in FY2021, which led to a reduction in capital expenditure in the investment cash flow.

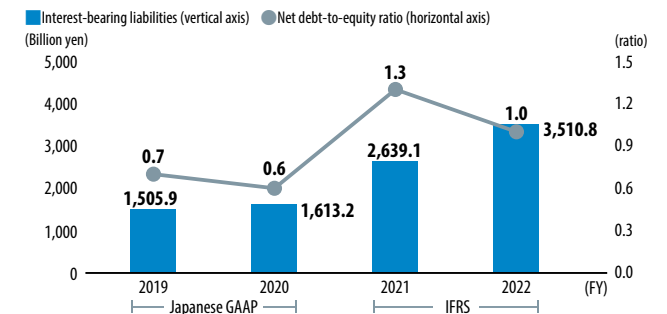
EBITDA



In FY2022, EBITDA remained high, as in the previous year, mainly due to increased earnings in the trading business amidst the unstable fuel market conditions caused by the situation in Russia and Ukraine.
 EBITDA = Earnings before interest and taxes* + Depreciation and amortization + Interest expenses

*Excluding time lag

Interest-Bearing Liabilities / Net Debt-to-Equity Ratio



In FY2022, our interest-bearing liabilities increased significantly as a result of costs carried over and associated financing. However, our net debt-to-equity ratio improved from the previous year as a result of better market conditions in the second half of the year and capital-based financing to maintain financial health.

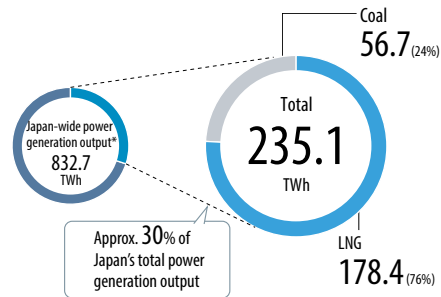
Net debt-to-equity ratio = (Interest-bearing liabilities — Cash and deposits) ÷ Net worth*

*Equity — Non-controlling interests

Financial and Non-Financial Highlights

Non-Financial Information

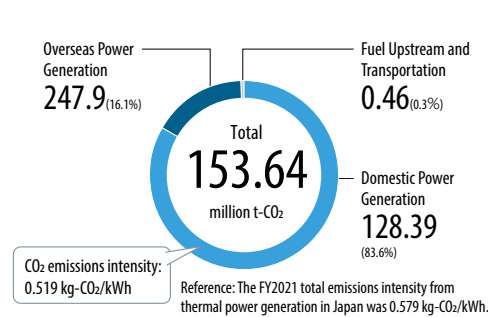
FY2022 Domestic Power Generation Output (by fuel type)



We are responsible for approximately 30% of the power generation output by domestic electric utilities. A large portion of this power generation comes from LNG, which has low CO2 emissions.

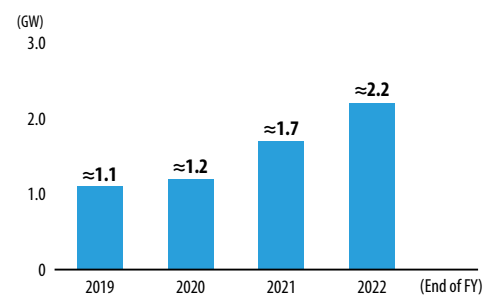
*Source: Agency for Natural Resources and Energy website (https://www.enecho.meti.go.jp/statistics/electric_power/ep002/) (Japanese)

FY2022 Scope 1 CO2 Emissions / CO2 Emission Intensity (Japan)



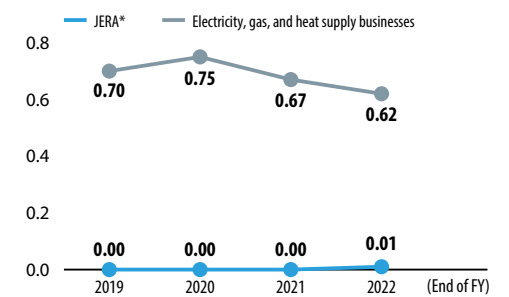
As part of JERA Environmental Target 2035, we aim to reduce domestic CO2 emissions relative to FY2013 by 60% by FY2035.

Renewable Energy Output Share



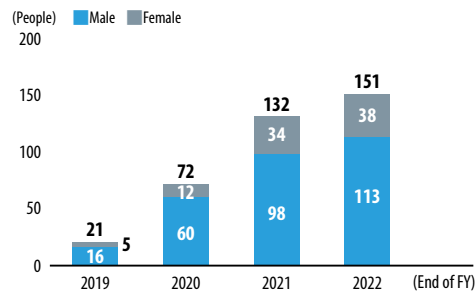
We will expand our wind and solar power generation business in Japan and overseas by promoting large-scale renewable energy development that leverages our strengths.

Employee Injury Frequency Rate



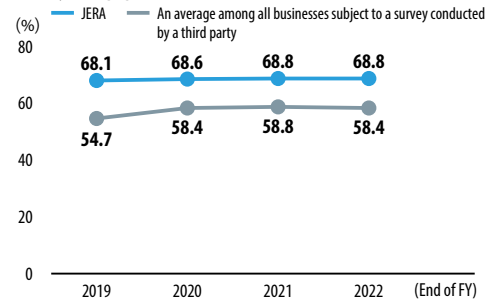
We are committed to company-wide efforts for safety, the bedrock of our business, with aims to eradicate occupational accidents.
*JERA employees only

Number of Mid-Career Hires (by gender)



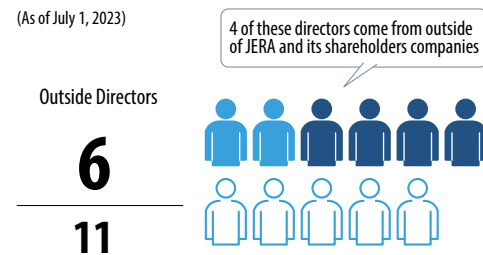
We are actively hiring people with diverse backgrounds and advanced expertise not yet represented at JERA. With the demand for agile matching of talent to business strategy, the number of mid-career hires is showing an annual upward trend as each business evolves.

Employee Engagement Rate



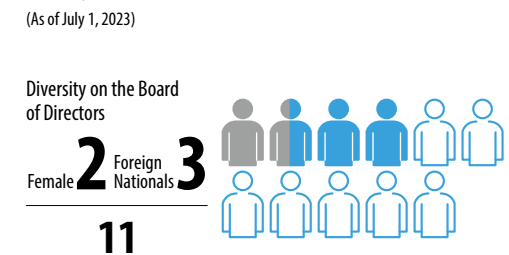
We conduct employee satisfaction surveys to gain a quantitative understanding of employee opinions about their work and job fulfillment. We aim to raise employee satisfaction and work to foster an open and fair corporate culture and a work environment where everyone feels comfortable.

Number of Outside Directors



In addition to JERA-employed executive directors and directors who have come from our shareholder companies, we hire outside directors in order to ensure a diversity of knowledge, experience, and other qualities among the Board of Directors.

Diversity on the Board of Directors



We believe that a diverse Board of Directors leads to better business decision-making and have made efforts to appoint female directors and foreign nationals to the board.

Financial Data

Unit: Millions of yen		Japanese GAPP		IFRS			
		FY2019	FY2020	FY2021	FY2022		
Profit and Loss Statement (P&L) Information							
	Net sales (operating revenue)	3,280,002	2,730,146	Revenue	2,769,127	4,737,870	
	Operating profit	167,008	249,438	Operating profit	39,718	138,301	
	Ordinary profit	174,429	244,194				
	Profit before income taxes	195,386	227,818	Profit before tax	38,612	102,264	
	Profit attributable to owners of parent	168,543	157,852	Net profit attributable to owners of parent	5,676	17,847	
(P&L by segment)	Fuel business						
		Net sales	864,708	1,076,200	Revenue	454,728	585,731
		Segment profit (loss)	25,094	48,014	Net profit (loss)	146,137	201,318
	Overseas power generation renewable energy business						
		Net sales	2,180	2,663	Revenue	4,166	8,673
		Segment profit (loss)	36,126	(7,661)	Net profit (loss)	(34,779)	(6,548)
	Domestic thermal power generation and gas business						
		Net sales	2,926,760	2,391,044	Revenue	3,118,347	6,153,470
		Segment profit (loss)	135,814	152,858	Net profit (loss)	(121,438)	(11,032)
	Adjusted						
		Net sales	(513,647)	(739,762)	Revenue	(808,114)	(2,010,005)
		Segment profit (loss)	(28,492)	(35,358)	Net profit (loss)	15,757	(165,889)
		Depreciation and amortization	197,940	187,737	Depreciation and amortization	202,882	214,786
		Capital expenditures	244,541	225,997	Capital expenditures	339,948	378,592
	Research and development costs	1,433	1,142	Research and development costs	1,079	1,566	
	Domestic thermal power generation and gas business	177	132	Domestic thermal power generation and gas business	106	184	
	Other	1,255	1,009	Other	973	1,381	
Financial Condition Information							
	Total assets	4,035,324	4,090,880	Total assets	8,495,106	9,172,358	
	Total net assets	1,601,267	1,762,120	Equity	1,731,664	2,039,705	
	Net worth	1,540,522	1,686,194	Own equity	1,724,859	2,022,874	
	Interest-bearing liabilities	1,505,957	1,613,291	Interest-bearing liabilities	2,639,128	3,510,822	
Cash Flow Information							
	Cash flows from operating activities	551,670	340,825	Cash flows from operating activities	(318,202)	450,710	
	Cash flows from investing activities	(310,863)	(272,092)	Cash flows from investing activities	(649,330)	(369,452)	
	Cash flow from financing activities	(452,054)	89,542	Cash flow from financing activities	798,713	796,236	
	Free cash flow	240,807	68,733	Free cash flow	(967,533)	81,258	
	Cash and cash equivalents at end of the period	402,431	561,685	Cash and cash equivalents at end of the period	456,430	1,360,906	
Key Financial Indicators							
	Net profit ⁽²⁾	90,082	111,629	Net profit attributable to owners of parent ⁽²⁾	248,594	200,336	
	EBITDA ⁽³⁾	292,812	359,305	EBITDA ⁽³⁾	591,599	574,045	
	Return on invested capital (ROIC) (%) ⁽⁴⁾	3.2	3.7	Return on invested capital (ROIC) (%) ⁽⁴⁾	6.7	4.4	
	Return on equity (ROE) (%) ⁽⁵⁾	8.5	6.9	Return on equity (ROE) (%) ⁽⁵⁾	14.6	10.3	
	Net debt-to-equity ratio ⁽⁶⁾	0.7	0.6	Net debt-to-equity ratio ⁽⁶⁾	1.3	1.0	
	Net debt-to-EBITDA ratio ⁽⁷⁾	3.6	2.8	Net debt-to-EBITDA ratio ⁽⁷⁾	3.7	3.7	
Other							
	Synergy effects (billions of yen)	25.0	45.0	Synergy effects (billions of yen)	85.0	120.0	
	Credit ratings	S&P A-, R&I A+, JCR AA-	S&P A-, R&I A+, JCR AA-	Credit ratings	S&P A-, R&I A+, JCR AA-	S&P A-, R&I A+, JCR AA-	

(1) International Financial Reporting Standards (IFRS) have been voluntarily adopted, starting with the consolidated financial statements for FY2022. (2) Excluding time lag. (3) EBITDA = Earnings before interest and taxes* + Depreciation and amortization + Interest expenses. *Excluding time lag.

(4) ROIC = (Net profit*1 + Interest expense × (1 – Effective tax rate*2)) ÷ (Interest-bearing liabilities + Net worth*3)*4. *1 Excluding time lag. *2 Using the company's effective tax rate (based on figures listed in the Financial Statement). *3 Capital – Non-controlling interests. *4 Average at the beginning and end of the period.

(5) ROE = Net profit*1 ÷ Net worth*2. *1 Excluding time lag. *2 Average at the beginning and end of the period. (6) Net debt-to-equity ratio = (Interest-bearing liabilities – Cash and deposits) ÷ Net worth*. *Capital – Non-controlling interests. (7) Net Debt / EBITDA = (Interest-bearing liabilities – Cash and deposits) ÷ EBITDA*. *Excluding time lag.

Financial Data

Corporate Bonds

Description	Unsecured corporate bonds - 1st (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 2nd (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 3rd (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 4th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 5th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 6th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 7th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 8th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 9th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 10th (subject to a limited inter-bond pari passu clause)
Type	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured) and transition bonds	Domestic corporate straight bonds (unsecured) and transition bonds	Domestic corporate straight bonds (unsecured)
Date of issue	October 22, 2020	October 22, 2020	November 26, 2021	November 26, 2021	January 19, 2022	January 19, 2022	April 27, 2022	May 24, 2022	May 24, 2022	June 22, 2022
Issue amount (millions of yen)	20,000	20,000	40,000	30,000	30,000	10,000	70,000	12,000	8,000	12,100
Time to maturity	5 years	10 years	5 years	10 years	3 years	19 years	3 years	5 years	10 years	3 years
Interest rate (%)	0.190	0.390	0.150	0.350	0.050	0.670	0.200	0.420	0.664	0.350

Description	Unsecured bonds - 11th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 12th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 13th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 14th (subject to a limited inter-bond pari passu clause)	Unsecured bonds - 15th (subject to a limited inter-bond pari passu clause)	Unsecured bonds with interest deferrable clause and early redeemable option - 1st (with a subordination clause)	Unsecured bonds with interest deferrable clause and early redeemable option - 2nd (with a subordination clause)	Unsecured bonds with interest deferrable clause and early redeemable option - 3rd (with a subordination clause)	Unsecured U.S. dollar- denominated bonds - 1st
Type	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Domestic corporate straight bonds (unsecured)	Subordinated corporate bonds (unsecured) / Hybrid corporate bonds	Subordinated corporate bonds (unsecured) / Hybrid corporate bonds	Subordinated corporate bonds (unsecured) / Hybrid corporate bonds	U.S. dollar-denominated corporate straight bonds (unsecured)
Date of issue	July 11, 2022	July 11, 2022	September 12, 2022	September 12, 2022	September 22, 2022	December 15, 2022	December 15, 2022	December 15, 2022	April 14, 2022
Issue amount (millions of yen)	10,100	10,300	5,300	5,300	20,000	65,300	9,200	22,000	40,062
Time to maturity	6 years	25 years	22 years	24 years	3.5 years	35 years	37 years	40 years	5 years
Interest rate (%)	0.600	1.400	1.340	1.390	0.540	2.144* ¹	2.209* ²	2.549* ³	3.665

*¹ A fixed interest rate will apply until December 25, 2027, and variable interest rates will apply from the day immediately following December 25, 2027. The interest rate will increase on the day immediately following December 25, 2032, and the day immediately following December 25, 2047.

*² A fixed interest rate will apply until December 25, 2029, and variable interest rates will apply from the day immediately following December 25, 2029. The interest rate will increase on the day immediately following December 25, 2032, and the day immediately following December 25, 2049.

*³ A fixed interest rate will apply until December 25, 2032, and variable interest rates will apply from the day immediately following December 25, 2032. The interest rate will increase on the day immediately following December 25, 2032, and the day immediately following December 25, 2052.

Power Sold / Power Generated

	FY2019	FY2020	FY2021	FY2022
Power sold (billion kWh)	265.7	246.6	255.5	255.1
Power generated (billion kWh)				
LNG	215.6	201.5	192.3	178.4
Coal	48.4	43.2	55.0	56.7
Fuel oil / Crude oil	1.3	0	0	0
Total	265.3	244.6	247.3	235.1

Major Facility Plans (Thermal Power)

As of March 31, 2023

Company	Segment	Location	Output (MW)	Start of construction	Start of operation
JERA Power ANEGASAKI LLC	Domestic Thermal Power Generation and Gas	Anegasaki New Units 2, 3	646.9 × 2	February 2020	April / August 2023
JERA Power YOKOSUKA LLC	Domestic Thermal Power Generation and Gas	Yokosuka Units 1, 2	650 × 2	August 2019	June 2023, February 2024
Goi United Generation LLC	Domestic Thermal Power Generation and Gas	Goi Units 1, 2, 3	780 × 3	April 2021	August / November 2024, March 2025

Non-Financial Data

Environmental Data

Item	Unit	FY2019	FY2020	FY2021	FY2022
JERA in Japan*1					
Installed capacity by source*2	MW	65,476	66,126	59,893	57,210
Coal	MW	7,300	7,950	7,950	9,020
Gas	MW	48,126	48,126	42,943	43,590
Others	MW	10,050	10,050	9,000	4,600
Average operating life of power generation facilities*2	years	33	33	30	28
Coal	years	18	17	18	17
Gas	years	32	33	29	29
Others	years	42	43	43	38
Average availability factor of power generation facilities	%	47.8	43.8	43.5	45.5
Coal	%	79.1	69.1	82.7	77.5
Gas	%	52.6	49.0	46.2	48.6
Total thermal power generation efficiency (low heating value)	%	50.1	49.7	49.2	48.7
Coal	%	41.5	41.1	42.1	40.5
Gas	%	52.7	51.8	51.7	52.1
Thermal Power Generation Efficiency Benchmark A (Energy Conservation Act)*3	—	1.002	1.000	1.003	1.007
Thermal Power Generation Efficiency Benchmark B (Energy Conservation Act)*3	%	46.8	46.8	46.7	46.8
Fuel consumption					
Coal*4	million t	17	16	20	21
Oil	million kL	0.34	0.05	0.04	0.04
LNG, LPG	million t	29	27	26	24
Natural gas	billion Nm ³	2	2	2	2
Biomass*5	million t	0.4	0.4	0.4	0.5
Net electricity generation	billion kWh	265	245	247	235
Gas sales volume	million t	3	3	4	4
Total energy consumption (crude oil equivalent)	million kL	55	51	51	50
Purchased electricity	million kWh	175	162	86	73
Greenhouse gas (GHG) emissions associated with power generation business (Scope 1)*6	thousand t-CO ₂	124,629	114,952	121,098	118,694
CO ₂ emissions	thousand t-CO ₂	124,501	114,833	120,948	118,546
CH ₄ (methane) emissions	thousand t-CO ₂	14	11	11	16
N ₂ O (nitrous oxide) emissions	thousand t-CO ₂	109	101	119	125
SF ₆ (sulfur hexafluoride) emissions*7	thousand t-CO ₂	4	6	23	7
HFC (CFC alternative) emissions*7	thousand t-CO ₂	0.6	0.4	0.3	0.7
CO ₂ emissions associated with purchased electricity consumption (Scope 2)*8	thousand t-CO ₂	79	77	38	56
Other indirect CO ₂ emissions (Scope 3)	thousand t-CO ₂	31,993	30,413	32,508	31,208
Purchased goods and services	thousand t-CO ₂	0.07	0.04	0.04	0.04
Capital goods	thousand t-CO ₂	768	708	902	768
Fuel-and energy-related activities*9	thousand t-CO ₂	22,777	21,083	21,034	20,035
Upstream transportation and distribution	thousand t-CO ₂	25	21	28	29
Waste generated in operations	thousand t-CO ₂	165	171	219	232
Business travel	thousand t-CO ₂	0.6	0.6	0.6	0.6
Employee commuting	thousand t-CO ₂	1	1	2	2
Upstream leased assets	thousand t-CO ₂	—	—	—	—

Item	Unit	FY2019	FY2020	FY2021	FY2022
Downstream transportation and distribution	thousand t-CO ₂	—	—	—	—
Processing of sold products	thousand t-CO ₂	—	—	—	—
Use of sold products	thousand t-CO ₂	8,255	8,428	10,323	10,142
End-of-life treatment of sold products	thousand t-CO ₂	—	—	—	—
Downstream leased assets	thousand t-CO ₂	—	—	—	—
Franchises	thousand t-CO ₂	—	—	—	—
Investments	thousand t-CO ₂	—	—	—	—
CO ₂ emissions intensity of power generation*10	kg-CO ₂ /kWh	0.469	0.469	0.489	0.504
SF ₆ (sulfur hexafluoride) recovery rate (at time of inspection)	%	99.8	99.9	99.5	99.5
SF ₆ (sulfur hexafluoride) capture rate (at time of disposal)	%	100.0	99.4	99.0	100.0
SOx (sulfur oxides) emissions	thousand t	8	5	6	7
SOx (sulfur oxides) emissions intensity*10	g/kWh	0.03	0.02	0.03	0.03
NOx (nitrogen oxides) emissions	thousand t	21	18	18	17
NOx (nitrogen oxides) emissions intensity*10	g/kWh	0.08	0.07	0.07	0.07
Total water intake	thousand m ³	19,006	18,696	19,147	20,177
Industrial water intake	thousand m ³	18,116	17,712	18,165	19,038
Tap water intake	thousand m ³	868	809	864	985
Groundwater intake	thousand m ³	22	176	118	153
Water withdrawal from water stressed areas	thousand m ³	0	0	0	0
Gross wastewater volume	thousand m ³	7,604	7,506	7,188	7,296
COD (chemical oxygen demand) emissions	t	21	20	20	21
Industrial wastes and byproducts	thousand t	1,991	2,045	2,715	3,077
Disposal by reclamation	thousand t	12	13	19	18
Coal ash utilization rate	%	99.99	99.99	99.99	99.98
Gypsum waste utilization rate	%	100.00	99.94	99.21	99.85
Severe leak	cases	0	0	0	0
PCB (polychlorinated biphenyl) transformers and capacitors disposed of	units	16	57	78	43
PCB-contaminated insulating oil treated	kL	86	510	25	383
Fines or sanctions for violations of environmental laws and regulations	cases	0	0	0	0
Domestic / JERA Group*11					
Fuel consumption					
Coal*4	million t	22	21	24	25
Oil	million kL	0.4	0.2	0.2	0.2
LNG, LPG	million t	29	27	26	24
Natural gas	billion Nm ³	2	2	2	2
Blast furnace gas, Cokes oven gas	billion Nm ³	5	3	6	5
Biomass*5	million t	0.4	0.4	0.4	0.5
Net electricity generation	billion kWh	283	260	261	247
Purchased electricity	million kWh	175	162	86	73
Greenhouse gas (GHG) emissions associated with power generation business (Scope 1)*6	thousand t-CO ₂	139,573	127,573	131,925	128,552
CO ₂ emissions	thousand t-CO ₂	139,423	127,437	131,759	128,391
CH ₄ (methane) emissions	thousand t-CO ₂	14	11	11	16
N ₂ O (nitrous oxide) emissions	thousand t-CO ₂	130	119	132	136

Non-Financial Data

Environmental Data

Item	Unit	FY2019	FY2020	FY2021	FY2022
SF ₆ (sulfur hexafluoride) emissions*7	thousand t-CO ₂	5	6	23	8
HFC (CFC alternative) emissions*7	thousand t-CO ₂	0.6	0.4	0.3	0.7
CO ₂ emissions associated with purchased electricity consumption (Scope 2)*8	thousand t-CO ₂	80	79	40	60
CO ₂ emissions intensity of power generation*10	kg-CO ₂ /kWh	0.493	0.491	0.505	0.519
Global / JERA Group*12					
CO ₂ emissions associated with power generation business (Scope 1)	thousand t-CO ₂	161,111	147,915	155,358	153,182
CO ₂ emissions associated with fuel upstream business (Scope 1)	thousand t-CO ₂	235	348	245	204
CO ₂ emissions associated with fuel transportation business (Scope 1)	thousand t-CO ₂	297	327	283	258
CO ₂ emissions intensity of power generation*10	kg-CO ₂ /kWh	0.496	0.493	0.512	0.514

*1 Calculation boundary: JERA in Japan, Hitachinaka Generation Co., Inc., JERA Power TAKETOYO LLC, JERA Power Yokosuka LLC, and JERA Power Anegasaki LLC (unless otherwise noted)

*2 Calculated based on our own facilities as of the end of the fiscal year (March 31) of the year in which the data was collected

*3 Figures for JERA operations in Japan

*4 Totaled on a wet coal basis (as received)

*5 Totaled on a dry basis (as air dried)

*6 Calculated based on the Act on Promotion of Global Warming Countermeasures

*7 Calendar year totals

*8 Calculated by using the adjusted emission factor for each electric utility published by the Ministry of the Environment and Ministry of Economy, Trade and Industry.

From FY2021, part of purchased electricity is replaced by self-transmission, and the emissions associated with self-transmitted electricity are accounted for as Scope 1 emissions.

*9 Calculated by the formula below in accordance with "Basic guidelines on accounting for greenhouse gas emissions throughout the supply chain (Ver.2.5)" on "Green Value Chain Platform (Ministry of the Environment website)"

"Electricity received from other companies" × "Emission factor 1" + "Fuel consumption" × "Emission factor 2"

"Emission factor 1": Cited from "Emission factor database for corporate GHG emissions accounting over the supply chain (Ver.3.3)" on "Green Value Chain Platform (Ministry of the Environment website)"

"Emission factor 2": Cited from "IDEA Ver.2.3"


*10 Figures based on net power generation

*11 Calculation boundary: The Calculation boundary of *11 plus domestic joint venture power companies. Figures of domestic joint venture power companies are calculated based on JERA's equity share in each company

*12 Calculation boundary: The Calculation boundary of *11 plus totals for overseas businesses. Totals for overseas businesses are generally aggregated based on local fiscal years and reporting standards and calculated based on JERA equity stake.

This data is also available on our corporate website, and starting with values reported for FY2021, we have received third-party assurance from KPMG AZSA Sustainability Co., Ltd. for certain environmental data, including GHG emissions that are disclosed on the website.

 Environmental Data
<https://www.jera.co.jp/en/sustainability/data/e>

 Independent Assurance Report on Environmental Data
<https://www.jera.co.jp/en/sustainability/report>

Social Data

Item	Unit	FY2019	FY2020	FY2021	FY2022
Employees (JERA consolidated)*1	People	4,797	4,907	5,059	5,295
Employees (JERA only)*2					
Total	People	3,726	3,847	3,910	4,008
(full-time employees)	People	–	–	3,900	3,999
(contract workers)	People	–	–	10	9
Male	People	3,452	3,557	3,581	3,638
(full-time employees)	People	–	–	3,574	3,632
(contract workers)	People	–	–	7	6
Female	People	274	290	329	370
(full-time employees)	People	–	–	326	367
(contract workers)	People	–	–	3	3
Average age (JERA only)					
Total	Years old	44.3	44.7	44.6	45.1
Male	Years old	44.5	44.8	44.9	45.6
Female	Years old	41.8	42.2	41.6	40.8

Item	Unit	FY2019	FY2020	FY2021	FY2022
Managers (JERA only)					
Total	People	689	730	713	841
Male	People	664	698	677	796
Female	People	25	32	36	45
Ratio of female managers	%	3.6	4.4	5.0	5.4
New graduate hires (JERA only)*3					
Total	People	50	51	79	92
Male	People	43	43	68	62
Female	People	7	8	11	30
Mid-career hires (JERA only)					
Total	People	21	72	132	151
Male	People	16	60	98	113
Female	People	5	12	34	38
Turnover rate (JERA only)*4					
Total	%	–	–	1.3	2.0
Male	%	–	–	1.3	1.9
Female	%	–	–	1.5	3.0
Breakdown of employees by nationality					
Japan	%	–	–	–	99.13
China	%	–	–	–	0.22
India	%	–	–	–	0.07
US	%	–	–	–	0.07
UK	%	–	–	–	0.05
Other	%	–	–	–	0.46
Breakdown of managers by nationality					
Japan	%	–	–	–	98.81
US	%	–	–	–	0.24
UK	%	–	–	–	0.24
India	%	–	–	–	0.12
China	%	–	–	–	0.00
Other	%	–	–	–	0.59
Employees using childcare leave (JERA only)					
Total	People	5	10	20	89
Male	People	0	0	10	56
Female	People	5	10	10	33
Return-to-work rate after childcare leave (JERA only)*5					
Total	%	100	100	100	100
Male	%	–	–	100	100
Female	%	100	100	100	100
Gender wage gap (the ratio (female/male) where a gap exists)*6	%	–	–	–	73.6
Employee engagement*7	%	68.1	68.6	68.8	68.8
Labor union membership rate	%	100	100	100	100

Non-Financial Data

Social Data

Item	Unit	FY2019	FY2020	FY2021	FY2022
Average annual training hours per employee**8					
Total	Hours	—	—	32.4	38.3
(Male)	Hours	—	—	—	33.8
(Female)	Hours	—	—	—	82.4
[Breakdown by age]					
–29	Hours	—	—	—	254.7
30–39	Hours	—	—	—	11.1
40–49	Hours	—	—	—	10.3
50+	Hours	—	—	—	6.3
Breakdown by job level					
Non-management	Hours	—	—	—	45.5
Management and above	Hours	—	—	—	11.2
Average annual training cost per employee					
Total	Thousands of yen	—	—	—	130
(Male)	Thousands of yen	—	—	—	124
(Female)	Thousands of yen	—	—	—	189
[Breakdown by age]					
–29	Thousands of yen	—	—	—	390
30–39	Thousands of yen	—	—	—	178
40–49	Thousands of yen	—	—	—	96
50+	Thousands of yen	—	—	—	52
Breakdown by job level					
Non-management	Thousands of yen	—	—	—	129
Management and above	Thousands of yen	—	—	—	135
Percentage of open positions filled through internal recruitment**9	%	—	—	25.0	38.1
Average hiring cost for full-time employees**10	Thousands of yen	—	—	—	1,838
Average years of service	Years	—	20.0	20.8	20.6
Male	Years	—	20.3	21.3	21.3
Female	Years	—	16.0	15.5	13.8
Overtime hours (per person per month)	Hours	—	—	24.9	25.7
Annual days of paid leave taken (per person)	Days	—	—	15	16
Fatalities**11	People	0	1	0	0
Injuries requiring leave**12	People	9	22	17	10
Employee injury frequency rate**13		0.00	0.00	0.00	0.01
Contribution amounts	Millions of yen	4	780	38	61

*1 Figures from FY2021 and FY2022 are compiled in accordance with International Financial Reporting Standards (IFRS)

*2 Excluding employees on loan from JERA to other companies and including employees on loan to JERA from other companies

*3 Figures from FY2021 and earlier represent the number of employees initially assigned to JERA from shareholder companies (New graduate hiring began in FY2022)

*4 Figures include individuals who have an employment relationship with JERA, including employees on loan. Turnover rate due to personal reasons

*5 Percentage of employees who returned to work during the fiscal year among all scheduled to return

*6 In April 2021, JERA introduced its own compensation system. There is no wage gap between male and female employees who share the same attributes (age, position, rank, etc.).

*7 An average of 58.4% among all businesses subject to a survey conducted by a third party

*8 In FY2021, JERA established its own training system that includes off-the-job group training as well as on-the-job technical training at power plants, e-learning, etc.

*9 Internal recruitment has been conducted since FY2021

*10 The average of mid-career hires and new graduate hires

*11 Employees as well as workers contracted by the JERA Group

*12 Employees as well as workers contracted by the JERA Group, more than one day of leave

*13 Excluding commuting accidents

Governance Data

Item	Unit	FY2019	FY2020	FY2021	FY2022
Customer privacy complaints, etc.	cases	0	0	0	0
Compliance violations	cases	0	0	0	0
Reports via the harassment consultation hotline	cases	—	—	12	13
Reports via the whistleblower hotline*1	cases	12	12	17	13
Data leaks	cases	0	0	0	0
Composition of the Board of Directors					
Number of directors**2	People	10	10	10	9
Number of outside directors	People	4	5	5	4
Ratio of outside directors (number of outside directors ÷ number of directors)	%	40	50	50	44
Number of female directors	People	0	0	1	1
Ratio of female directors (number of female directors ÷ number of directors)	%	0	0	10	11
Number of executive officers (excluding those who are also directors)	People	11	12	10	13
Number of female executive officers	People	0	0	0	1
Ratio of female executive officers (number of female executive officers ÷ number of executive officers)	%	0	0	0	8
Average age of directors	Years old	60.4	60.1	61.3	62.1
Director age limit	Years old	No age limit	No age limit	No age limit	No age limit
Age of youngest director	Years old	49	50	57	58
Age of eldest director	Years old	69	68	69	70
Term of office for directors	Years	1	1	1	1
Average tenure of each director	Years	1.1	1.9	2.0	3.1
Term of office for executive officers	Years	1	1	1	1
Number of board meetings	Meetings	15	23	26	26
Attendance ratio of meetings ((number of board meetings attended by directors × number of directors) ÷ (number of board meetings held × number of directors))	%	97.3	99.1	96.5	95.9
Attendance ratio of outside directors ((number of board meetings attended by outside directors × number of outside directors) ÷ (number of board meetings held × number of outside directors))	%	93.3	99.1	93.8	93.9
Director compensation					
Directors paid**3	People	8	8	8	8
Total amount of compensation	Millions of yen	334	278	312	311
Corporate auditors	People	3	3	3	3
Outside corporate auditors	People	3	3	3	3
Ratio of outside corporate auditors (number of outside corporate auditors ÷ number of corporate auditors)	%	100	100	100	100
Number of statutory auditor panel meetings	Meetings	20	17	20	27
Statutory auditor panel meeting attendance rate ((number of meetings attended by auditors × number of auditors) ÷ (number of meetings held × number of auditors))	%	100	100	100	100
Board of Directors meeting attendance rate by corporate auditors ((number of meetings attended by auditors × number of auditors) ÷ (number of board meetings held × number of auditors))	%	100	100	98.7	100
Nomination and Compensation Committee members	People	5	5	4	4
Number of outside directors	People	2	2	2	2
Ratio of outside directors	%	40	40	50	50
Committee meetings	Meetings	6	7	9	10
Committee meeting attendance rate	%	100	100	100	100
Sustainability Promotion Committee members**4	People	10	10	10	9
Committee meetings	Meetings	1	2	2	3

*1 Two cases in FY2021 overlapped between the whistleblower and harassment consultation hotlines and are included in current figures

*2 Director Crane resigned on September 5, 2022

*3 Director Crane, who resigned during the term, is included in the count

*4 Member count includes officers

Corporate Overview

Corporate Name	JERA Co., Inc.
Locations	<p>Headquarters Nihonbashi Takashimaya Mitsui Building 25th Floor 2-5-1 Nihonbashi, Chuo-ku, Tokyo 103-6125 Japan TEL: +81-3-3272-4631(Main) FAX: +81-3-3272-4635</p> <p>East Japan Branch Hibiya Kokusai Building 9th Floor 2-2-3 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011 Japan TEL: +81-3-3272-4631 FAX: +81-3-6363-5781</p> <p>West Japan Branch JP TOWER NAGOYA 18th Floor 1-1-1 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-6318 Japan TEL: +81-52-740-6842 FAX: +81-52-740-6841</p>
Incorporated	April 30, 2015
Capital	100 billion yen
Shareholding Ratio	TEPCO Fuel & Power, Inc.: 50% Chubu Electric Power Co., Inc.: 50%
Description of Business	<ul style="list-style-type: none"> ● Thermal power generation ● Renewable energy ● Gas and LNG ● Engineering, consulting, and other activities related to the above businesses
Number of Employees	5,295 (As of March 31, 2023)

You can also access the latest information about JERA from your computer or smartphone.

Corporate Website: <https://www.jera.co.jp/en/>

Company Information: <https://www.jera.co.jp/en/corporate/>

Company Organization: <https://www.jera.co.jp/en/corporate/about/organization>

Overseas Businesses & LNG Suppliers

(As of June 30, 2023)

Overseas Businesses

Overseas Power Generation and Renewable Energy Business

■ Thermal power generation business ■ Renewable energy business

UK	<ul style="list-style-type: none"> ■ Gunfleet Sands Offshore Wind IPP Project ■ Zenobe Battery Storage
Qatar	<ul style="list-style-type: none"> ■ Ras Laffan B Gas Thermal IWPP Project ■ Ras Laffan C Gas Thermal IWPP Project ■ Mesaieed Gas Thermal IPP Project ■ Umm Al Houf Gas Thermal IWPP Project
UAE	<ul style="list-style-type: none"> ■ Umm Al Nar Gas Thermal IWPP Project
Oman	<ul style="list-style-type: none"> ■ Sur Gas Thermal IPP Project
India	<ul style="list-style-type: none"> ■ ReNew Power Wind and Solar Power IPP Project
Bangladesh	<ul style="list-style-type: none"> ■ Summit Power IPP Project ■ Meghnaghat Gas Thermal IPP Project
Thailand	<ul style="list-style-type: none"> ■ EGCO IPP Project ■ Solar Power IPP Project ■ Ratchaburi Gas Thermal IPP Project ■ Wind Power IPP Project
Taiwan	<ul style="list-style-type: none"> ■ Chang Bin / Fong Der / Star Buck Gas Thermal IPP Project ■ Formosa 1 Offshore Wind Power IPP Project ■ Formosa 2 Offshore Wind Power IPP Project
Philippines	<ul style="list-style-type: none"> ■ TeaM Energy IPP Project ■ Aboitiz Power IPP Project
Indonesia	<ul style="list-style-type: none"> ■ Cirebon Coal Thermal IPP Project
US	<ul style="list-style-type: none"> ■ Tenaska Gas Thermal IPP Project ■ Carroll County Gas Thermal IPP Project ■ Cricket Valley Gas Thermal IPP Project ■ Linden Gas Thermal IPP Project ■ Compass Gas Thermal IPP Project ■ El Sauz • Wind Power Project ■ Brady Thermal IPP Project
Vietnam	<ul style="list-style-type: none"> ■ Phu My Gas Thermal IPP Project ■ Gia Lai Electricity Joint Stock Company
Mexico	<ul style="list-style-type: none"> ■ Valladolid Gas Thermal IPP Project

Upstream and optimization business

● Fuel upstream business ● Optimization business

Netherlands	Rietlanden Coal Terminal	●
UK	JERA Global Markets	●
US	Freeport LNG Project	●
	JERA Global Markets	●
Singapore	JERA Global Markets	●
Australia	Darwin LNG Project	●
	Gorgon LNG Project	●
	Wheatstone LNG Project	●
	Ichthys LNG Project	●
	Barossa Gas Project	●

Major LNG Suppliers

- US
- Australia
- Indonesia
- Malaysia
- Brunei
- Papua New Guinea
- Qatar
- UAE
- Russia

IPP: Independent Power Producer

IWPP: Independent Water and Power Producer

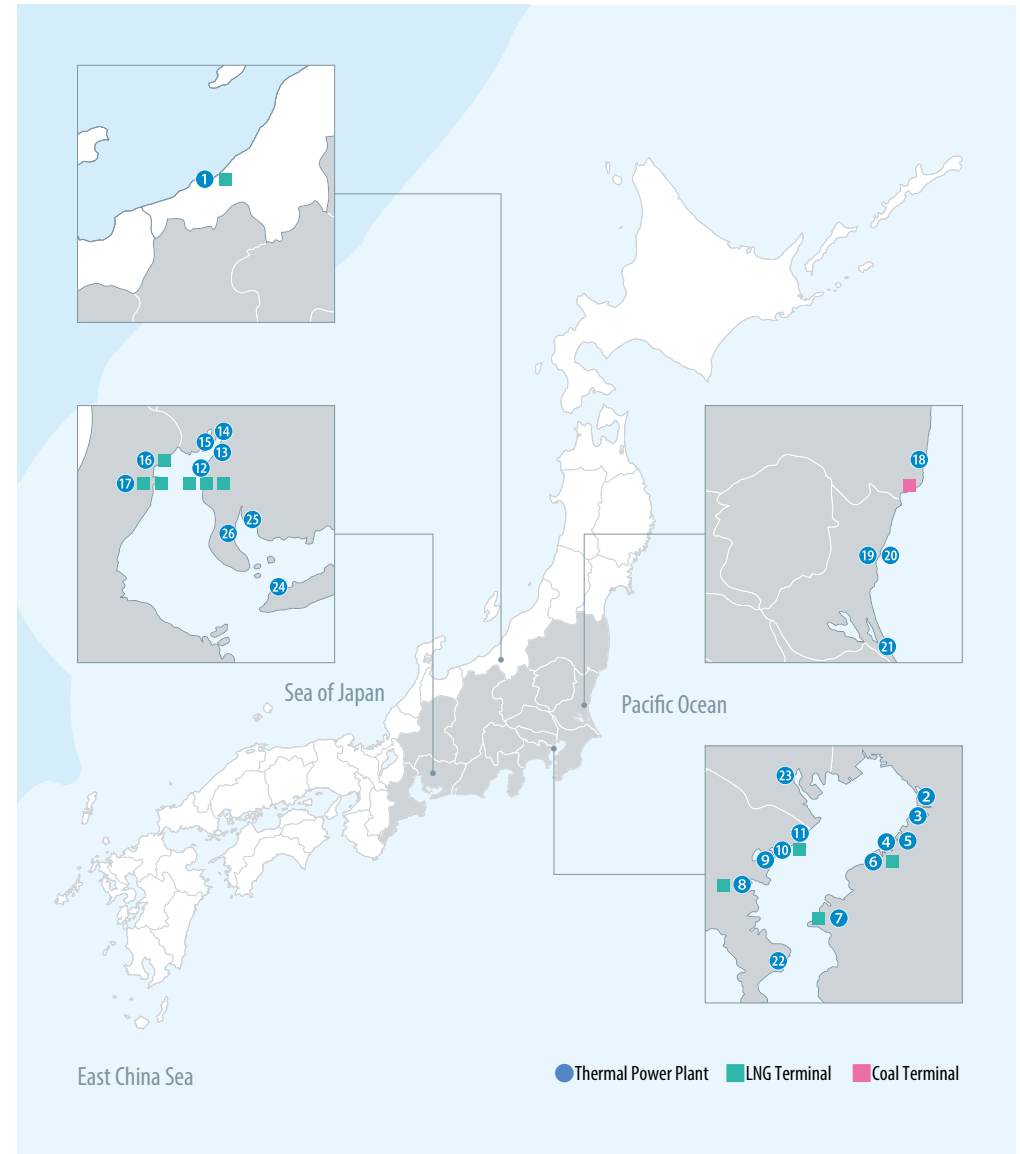
Thermal Power Plants in Japan

(As of June 30, 2023)

Thermal Power Plants in Japan*

	Fuel type	Total output
① Joetsu	LNG	2.38GW
② Chiba	LNG	4.38GW
③ Goi (Goi United Generation LLC) (Scheduled to begin operation in FY2024)	LNG	2.34GW
④ Anegasaki	LNG	1.2GW
⑤ Anegasaki (JERA Power ANEGASAKI) (Sequential start of operations, beginning with commercial operation of the Anegasaki Thermal Power Station New Unit 1 in February 2023)	LNG	1.941GW
⑥ Sodegaura	LNG	3.6GW
⑦ Futtsu	LNG	5.16GW
⑧ Minami-Yokohama	LNG	1.15GW
⑨ Yokohama	LNG	3.016GW
⑩ Higashi-Ohgishima	LNG	2GW
⑪ Kawasaki	LNG	3.42GW
⑫ Chita	LNG	1.708GW
⑬ Chita Daini	LNG	1.708GW
⑭ Shin-Nagoya	LNG	3.058GW
⑮ Nishi-Nagoya	LNG	2.376GW
⑯ Kawagoe	LNG	4.802GW
⑰ Yokkaichi	LNG	0.585GW
⑱ Hirono	Heavy oil / Crude oil / Coal	4.4GW
⑲ Hitachinaka	Coal	2GW
⑳ Hitachinaka Joint Thermal Power Station (Hitachinaka Generation Co., Inc.)	Coal	0.65GW
㉑ Kashima	Utility Gas	1.26GW
㉒ Yokosuka (JERA Power Yokosuka) (Sequential start of operations, beginning with commercial operation of the Yokosuka Power Station Unit 1 in June 2023)	Coal	1.3GW
㉓ Shinagawa	Utility Gas	1.14GW
㉔ Atsumi	Heavy oil / Crude oil	1.4GW
㉕ Hekinan	Coal	4.1GW
㉖ Taketoyo (JERA Power Taketoyo)	Coal	1.07 GW

* Power plant name followed by name of operating company in parentheses



Affiliated Companies

(As of March 31, 2023)

Consolidated Subsidiaries, etc. *1

Name	Location	Segment	Main Business Activities	Percentage of Voting Rights (Held)
JERA Power International B.V.*2	Amsterdam, Netherlands	Overseas Power Generation and Renewable Energy Business	Investment, financing, and securities for overseas power generation projects, etc.	100.0%
JERA Asia Pte. Ltd. *2	Singapore	Overseas Power Generation and Renewable Energy Business	Project development and investment in all energy-related projects in Asia	100.0%
JERA Australia Pty. Ltd. *2	Perth, Australia	Fuel Business	Fuel Business Management in Australia	100.0%
JERA Global Markets Pte. Ltd. *2	Singapore	Fuel Business	Fuel trading and related activities	66.7%
Hitachinaka Generation Co., Inc.	Tokai-mura, Naka-gun, Ibaraki	Domestic Thermal Power Generation and Gas Business	Thermal power generation and related activities	100.0%
JERA Power Trading Co., Inc.	Chuo City, Tokyo	Domestic Thermal Power Generation and Gas Business	Electricity trading and related activities	100.0%
LNG Marine Transport Co., Ltd.	Chiyoda City, Tokyo	Fuel Business	Liquefied natural gas marine transport and related agency activities	70.0%
JERA Global Insurance Inc.	Hawaii, US	Domestic Thermal Power Generation and Gas Business	Insurance	100.0%
JERA Power YOKOSUKA LLC	Yokosuka City, Kanagawa	Domestic Thermal Power Generation and Gas Business	Thermal power generation and related activities	100.0%
JERA Power ANEGASAKI LLC	Ichihara City, Chiba	Domestic Thermal Power Generation and Gas Business	Thermal power generation and related activities	100.0%
Chita LNG Co., Ltd.	Chita City, Aichi	Domestic Thermal Power Generation and Gas Business	Services related to the receiving, storage, regasification, and delivery of liquefied natural gas	95.0%
JERA Power (Thailand) Co., Ltd.	Bangkok, Thailand	Overseas Power Generation and Renewable Energy Business	Power plant operation and engineering services and financing for these services in Thailand	100.0%
Goi United Generation LLC	Ichihara City, Chiba	Domestic Thermal Power Generation and Gas Business	Thermal power generation and related activities	66.7%
Nexeraise Co., Ltd.	Koto City, Tokyo	Domestic Thermal Power Generation and Gas Business	Petroleum product sales, operation and management of thermal power facilities, power plant disaster prevention and response operations, etc.	100.0%
JERA Power TAKETOYO LLC	Taketoyo-cho, Chita-gun, Aichi	Domestic Thermal Power Generation and Gas Business	Thermal power generation and related activities	100.0%
JERA Americas Inc.	Delaware, US	Overseas Power Generation and Renewable Energy Business	Management of power generation and activities, including investing, financing, securities, etc., in the Americas	100.0%
JERA Americas Holdings Inc.	Delaware, US	Fuel Business	Management of power generation and fuel activities in the Americas	100.0%

*1 The term consolidated subsidiaries, etc. includes joint operations (joint controlling businesses).

80 other companies

*2 These four companies fall under the category of specified subsidiaries. Note that of the 80 other companies not listed above, the following qualify as specified subsidiaries: JERA Ichthys Pty. Ltd., JERA Gorgon Pty. Ltd., JERA Trading International Pte. Ltd., Canal 3 Generating LLC, Stonepeak Kestrel Upper Holdings II LLC, Stonepeak Kestrel Holdings II LLC, Tokyo Electric Power Company International B.V., Reliance Bangladesh LNG & Power Ltd., JERA Power Management Asia B.V., Stonepeak New England Power LLC, Stonepeak New England Power Lower LLC, Stonepeak Kestrel Upper Holdings LLC, Canal Generating LLC, and Stonepeak Kestrel Holdings LLC.

Equity Method Affiliates, etc. *3

Name	Location	Segment	Main Business Activities	Percentage of Voting Rights (Held)
Soma Kyodo Power Company, Ltd.	Soma City, Fukushima	Domestic Thermal Power Generation and Gas Business	Thermal power plant operations and maintenance, electric power sales	50.0%
Joban Joint Power Co., Ltd.	Chiyoda City, Tokyo	Domestic Thermal Power Generation and Gas Business	Thermal power plant operations and maintenance, electric power sales	49.1%
Aboitiz Power Corporation	Manila, Philippines	Overseas Power Generation and Renewable Energy Business	Power generation and distribution, retail electric power sales in the Philippines	27.0%
Kashima Kyodo Thermal Electric Power Co., Inc.	Kashima City, Ibaraki	Domestic Thermal Power Generation and Gas Business	Thermal power plant operations and maintenance, electric power sales	50.0%
Tokyo Timor Sea Resources Inc.	Delaware, US	Fuel Business	Investment in gas field development projects in the Joint Petroleum Development Area between Australia and Timor-Leste	66.7%
Kimitsu Cooperative Thermal Power Company, Inc.	Kimitsu City, Chiba	Domestic Thermal Power Generation and Gas Business	Thermal power plant operations and maintenance, electric power sales	50.0%
TeaM Energy Corporation	Manila, Philippines	Overseas Power Generation and Renewable Energy Business	Power generation in the Philippines	50.0%
Freeport LNG Development, L.P.	Delaware, US	Fuel Business	LNG facilities operations and maintenance, development in the Americas	25.7%

*3 The term equity method affiliates, etc. includes joint ventures (joint controlling companies).

36 other companies