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JERA Zero CO_2 Emissions 2050
Committed to Achieving Net-Zero CO_2 Emissions Across Domestic and Overseas Operations

Mission

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

JERA Zero CO_2 Emissions 2050

To create a sustainable society, we are committed to the challenge of achieving net-zero CO_2 emissions in Japan and overseas operations by 2050 through accomplishing our mission.*

* JERA Zero CO_2 Emissions 2050 is premised on steady advances in decarbonization technology, economic viability, and consistency with government policy. We are proactively advancing the development of our own decarbonization technologies and taking the initiative to secure economic viability.

Three Approaches of JERA Zero CO_2 Emissions 2050

Establishing Country- and Region-Specific Roadmaps

We will achieve net-zero CO_2 emissions by establishing roadmaps that chart optimal solutions for each country and region. As the energy situation varies by country and region, we will work with stakeholders to establish country- and region-specific roadmaps with different solutions available based on the feasibility of renewable energy options and the presence of pipelines and transmission lines. We have already developed a roadmap for our business in Japan, which we will extend to other countries and regions.

Adoption of Smart Transitions

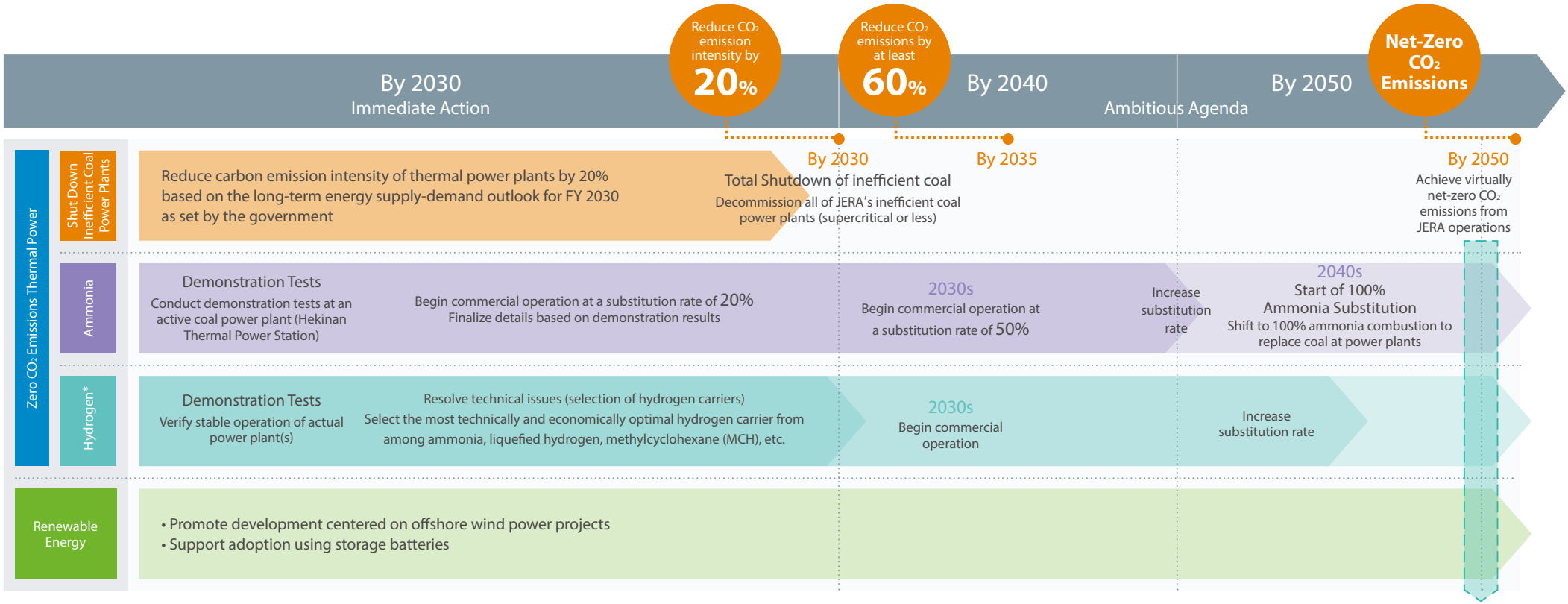
We will achieve net-zero CO_2 emissions through our smart transition strategy, which combines innovative and viable technologies available when adoption decisions are made. This approach will lower technical risk and facilitate the transition to a green society.

Leveraging the Complementary Nature of Renewable Energy and Zero CO_2 Emission Thermal Power

We will achieve net-zero CO_2 emissions by combining renewable energy and zero CO_2 emission thermal power. The adoption of renewable energy is supported by thermal power capable of generating electricity regardless of natural conditions. We will promote the adoption of greener fuels and pursue thermal power that does not emit CO_2 during power generation.

JERA Zero CO_2 Emissions 2050 Roadmap for Our Japan Business

Blueprint for Achieving Net-Zero CO_2 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 CO_2-free LNG.

By 2050, CO_2 emissions from power plants still using fossil fuels will be offset using technologies like CO_2-free LNG

JERA Environmental Target 2030

We are actively working to reduce CO_2 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 ammonia substitution 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 emission intensity of thermal power plants by 20% based on the long-term energy supply-demand outlook for FY2030 as set by the government.

JERA Environmental Commitment 2035

We aim to reduce CO_2 emissions from domestic operations by at least 60% compared to FY2013 levels 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 emission intensity from thermal power generation by promoting hydrogen and ammonia substitution.

Note: JERA Zero CO_2 Emissions 2050 Roadmap for Our 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.

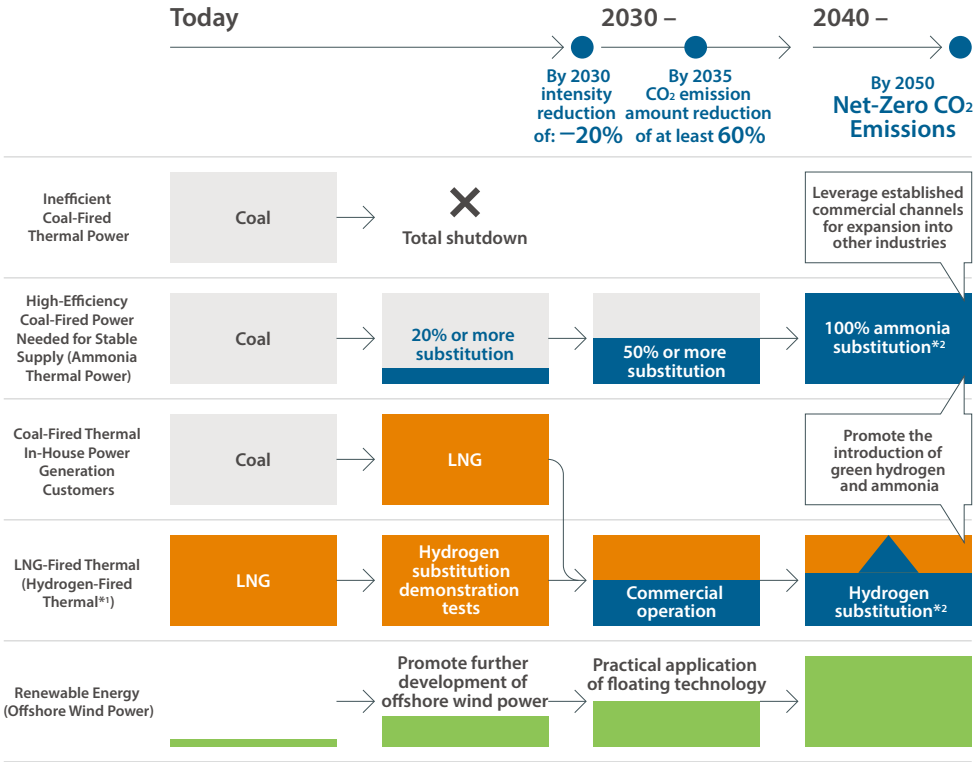
JERA Zero CO_2 Emissions 2050 Net-Zero CO_2 Emissions Transition Plan (Japan and Asia)

Japan: Leading the Decarbonization of Japan's Power Sector with Renewable Energy and Zero CO_2 Emission Thermal Power

In Japan, we are promoting the transition to zero CO_2 emission thermal power through the use of hydrogen-based fuels.

By 2030, we plan to decommission all inefficient coal-fired power plants and substitute the coal-fired thermal necessary for a stable supply to ammonia-fired thermal, ultimately eliminating coal-fired power generation.

While promoting the development of renewable energy sources, especially offshore wind power, we will also consider the use of carbon capture and storage (CCS) as an option while keeping an eye on technological development trends.

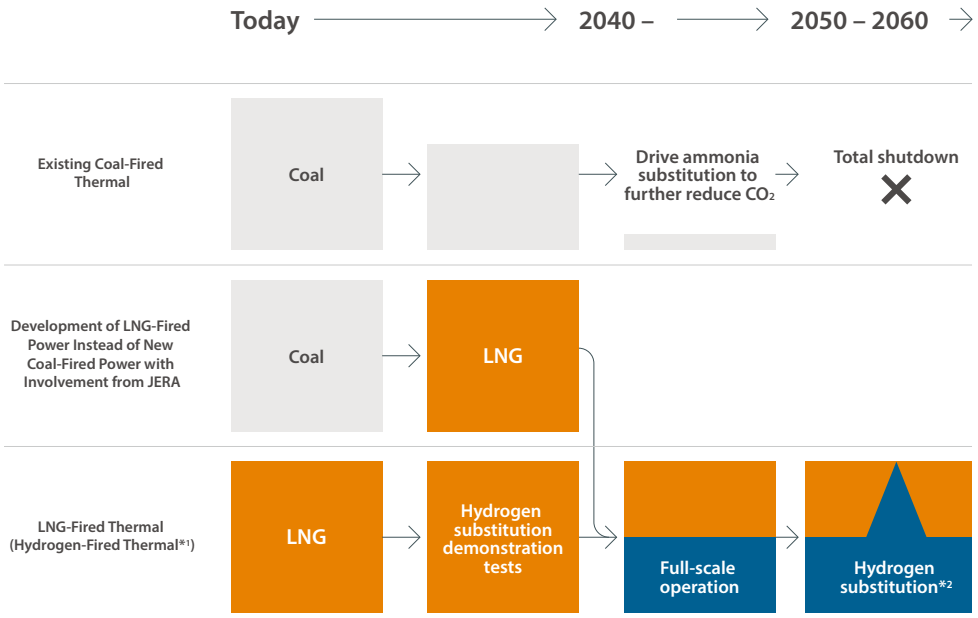


Note: These initiatives will gradually be specified in more detail as government prerequisites become clearer and reviewed if there are major changes in such conditions.
*1 Consider use of CO_2-free LNG *2 Using green or blue hydrogen and ammonia

Asia: Expanding the Use of LNG in Asia

In contrast, in Asia, we will first develop LNG-fired power instead of new coal-fired power, thereby limiting the increase in CO_2 emissions associated with the growth in electricity demand.

At the same time, we will work towards a realistic transition by introducing distributed renewable energy and promoting the future substitution of coal with ammonia.



Note: These initiatives will gradually be specified in more detail as government prerequisites become clearer and reviewed if there are major changes in such conditions.
*1 Consider use of CO_2-free LNG *2 Using green or blue hydrogen and ammonia

Understanding of the External Environment

Shifting Global Dynamics and the Momentum of Decarbonization

New Economic Partnerships Emerging from the Multipolarization and Fragmentation of the International Order

In recent years, amid heightened geopolitical risks stemming from the Russia–Ukraine conflict and instability in the Middle East, the international order has become increasingly multipolar and fragmented. While protectionist trends accelerate in many countries, there are fears of a slowdown in economic growth due to the erosion of the global free trade system, exemplified by the emergence of new regional economic zones around expanding BRICS countries and the diversification of currencies. The impact of these changes on energy resource procurement routes and price formation increases uncertainty for sustainable business operations, making energy security even more vital.

Global Surge in Power Demand Driven by AI and Data Center Expansion

The rapid spread of AI technology and the expansion of data centers are causing a sharp rise in global power demand. Backed by vast financial resources, tech giants are driving the development of data centers, fueling the increase in power consumption. Against the backdrop of growing concerns that renewable energy alone may not provide sufficient supply capacity, gas thermal power generation is being reevaluated from the standpoint of ensuring stability of supply. For example, in parts of the United States such as Texas and the Northeast, initiatives are being implemented to prioritize the development and grid connection of gas thermal power generation. In Spain, the massive rollout of solar power has caused grid instability, leading to large-scale blackouts and underscoring the significance of grid flexibility.

Challenges in Reconciling Decarbonization with Economic Viability

Global inflation and rising interest rates have led to soaring energy costs, which in turn have slowed clean energy investments in advanced economies. In the United States, a number of offshore wind power projects have been abandoned, and the Trump administration has significantly scaled back support for renewable energy. In Europe, confronted with industrial hollowing out from rising energy costs, Germany shifted its policy toward balancing climate neutrality with economic competitiveness and reversed the previous administration's plan to accelerate the phaseout of coal-fired power. These examples illustrate the need for a pragmatic approach to decarbonization that balances ambition with economic efficiency.

The Increasing Importance of Stable Energy Supply

Domestic Energy Policy (Pursuing S+3E in Tandem)

In Japan, the energy landscape is also changing significantly. The 7th Strategic Energy Plan (approved by the Cabinet in February 2025) reaffirms the policy of S+3E—Safety, Energy Security, Economic Efficiency, and Environment. Grounded in safety as a prerequisite, the policy prioritizes a stable energy supply while working to improve economic efficiency and promote environmental sustainability, in alignment with the target of reducing greenhouse gas emissions by 73% by FY2040. Particularly, the demand for data centers is rising due to advancements in digitalization, which is expected to drive continued growth in electricity consumption. In this context, the key challenge is achieving a sustainable and practical balance between stable energy supply and climate change measures.

Replacement of Aging Gas-Fired Thermal Power Plants and Construction of New Facilities

During the 10th Review Meeting on Future Electricity Supply and Demand Scenarios held by the Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) in June 2025, concerns were raised about the expansion of renewable energy and about capacity shortages due to the growing number of aging thermal power plants. In addition to the restart of existing nuclear power plants and the introduction of next-generation reactors, the timely replacement of the aging thermal power plants and the construction of new gas-fired thermal power plants are recognized as important measures to enhance supply-demand balancing and grid stability, and it is being reassessed as a practical approach to achieving both decarbonization and a stable energy supply. Through mechanisms such as OCCTO's long-term decarbonization auctions, efforts are underway to encourage the construction and replacement of power plants, while laying the groundwork for a shift to hydrogen, ammonia, and CCS.

The Importance of Stable Fuel Procurement

At the 87th Meeting on the Review of Power System Reform and Future Direction (March 2025), held by the Basic Policy Subcommittee on Electricity and Gas, Electricity and Gas Industry Committee, under the Ministry of Economy, Trade and Industry's Advisory Committee for Natural Resources and Energy, the need to secure fuel for a stable energy supply was highlighted. During the surge in resource prices following Russia's invasion of Ukraine, long-term LNG contracts are said to have helped stabilize Japan's electricity prices, leading to a reassessment of stable procurement frameworks insulated from spot price fluctuations. In preparing for future geopolitical risks, securing fuel through long-term contracts forms an indispensable foundation for a stable electricity supply.

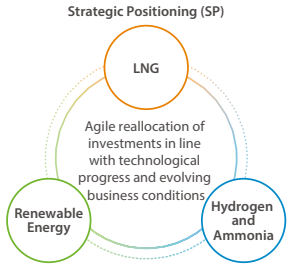
Our Role

Against the backdrop of changing energy policies and market conditions at home and abroad, our role has become even more important than before. As we strive to balance economic growth with decarbonization, we are expected to advance a viable decarbonization transition in a systematic and well-planned manner. This requires addressing multifaceted challenges to ensure, such as ensuring stable electricity and fuel procurement, maintaining and enhancing supply capacity, and selecting effective and competitive decarbonization technologies.

Overview of Medium and Long-Term Strategy

Junya Tawa
Corporate Vice President and
Managing Executive Officer
Chief Strategy Officer (CSO)

In our growth strategy toward 2035 toward 2035, announced in May 2024, we designated LNG, renewable energy, and hydrogen and ammonia as our three strategic positioning (SP) pillars to achieve our mission. We have also adopted a policy of flexibly reallocating investments across these domains in response to external environmental shifts.



Impact of Dramatic Shifts in the Business Environment on Energy Supply Costs

Our operating environment is undergoing significant transformation. Geopolitical instability, global inflation, and rising interest rates are now exerting considerable pressure on the energy supply costs of LNG, renewables, and hydrogen and ammonia. In this context, the urgent question is how to sustainably and feasibly achieve both a stable supply of affordable energy and meaningful climate action.

The Need for Unconventional Solutions

Electricity demand is surging, particularly in information and communications-related sectors such as data centers and semiconductor manufacturing. To ensure that we can reliably meet this demand, we are strategically increasing investment in LNG and reinforcing the foundations for a stable electricity supply. In June 2025, we secured a new procurement agreement for up to 5.5 GW of LNG annually from the US. With one of the world's largest LNG procurement volumes and end-to-end optimization capabilities across the Pacific and Atlantic, JERA remains committed to bolstering energy security not only in Japan but worldwide.

Meeting rapidly growing electricity demand will require unconventional solutions that go beyond traditional boundaries. Cross-sector initiatives between the ICT and power industries are gaining traction, such as the emerging concept of "Watt–Bit Integration," which combines energy and digital infrastructure to optimize the location of demand centers. As a leading example, we are partnering with SAKURA internet Inc. to establish a new data center within the premises of one of our power plants.

Collaborating with a Range of Cross-industry Partners across Three Business Areas

We have also launched initiatives aimed at addressing the shared challenge of decarbonization, one faced by all humankind, while anticipating how to overcome ongoing changes in the external environment. To ensure these businesses remain sustainable amid constant change, we are enforcing greater investment discipline and advancing our renewable energy and hydrogen and ammonia projects through strategic risk-sharing collaborations.

We are also one of the few companies in Asia currently operating large-scale offshore wind power facilities. In 2023, we acquired Parkwind, a leading offshore wind company in Belgium, consolidating our offshore wind expertise and development capabilities while marking our full-scale entry into the European market. Through JERA Nex bp, our joint venture with bp, we now hold the world's fifth-largest offshore wind power generation capacity. Leveraging this scale, we are accelerating the global expansion of offshore wind power from Europe's frontlines to Asia's fast-growing markets.

Hydrogen and ammonia are indispensable for decarbonizing thermal power generation. In Asia, including Japan, fuel-based thermal power generation will remain essential for ensuring a stable supply of electricity. In FY2024, we completed the world's first demonstration of 20% ammonia substitution in a 1 GW-class commercial unit and are now accelerating construction toward full commercial operation. By utilizing hydrogen and ammonia as fuels, we will promote the decarbonization of existing thermal power generation systems and pursue the joint use of hydrogen and ammonia with collaborators in other industries, thereby contributing to the decarbonization of society as a whole.

At JERA, we will continue to work with a broad range of partners beyond traditional industry boundaries to achieve both a stable power supply and decarbonization as we drive new value creation.

Individual Strategy 1

LNG Strategy (A Major Global Player in the LNG Value Chain)

LNG Business Environment

Amid recent shifts in the business environment, LNG is undergoing renewed evaluation on a global scale. In Japan, LNG is gaining greater importance as a practical and stable power source to meet the sharp rise in electricity demand, particularly from data centers. Looking ahead to the 2030s, many LNG buyers are expected to face uncontracted volumes as existing agreements expire. It is widely recognized that Qatar and the United States will be among the few countries capable of providing a stable supply.

However, rising construction and transportation costs in recent years have posed challenges to securing new, competitively priced LNG supply. In response, we are actively advancing an LNG procurement strategy that prioritizes regional and price index diversification, along with enhanced flexibility.

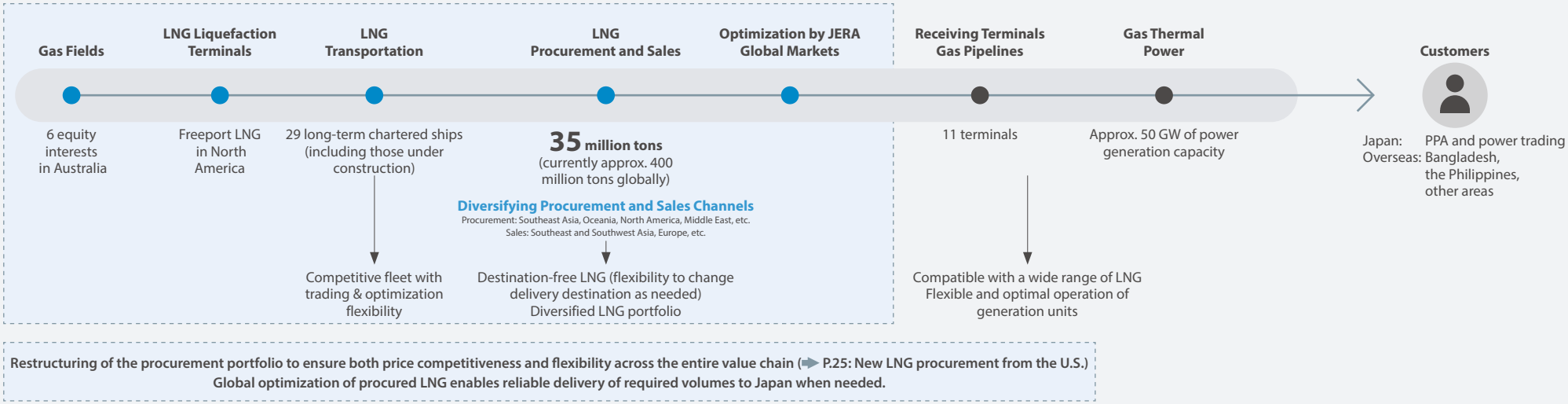
LNG will continue to serve an essential role in achieving a decarbonized society as a transition fuel that complements renewable energy. As the adoption of renewable energy expands, the need for supply-demand balancing capabilities is increasing, especially amid the price volatility caused by geopolitical risks such as the Russia–Ukraine conflict, tensions in the Middle East, and trade frictions. Securing LNG now demands a more strategic approach than ever before.

VOICE

Ryosuke Tsugaru
Chief Low Carbon Fuel Officer (CLCFO)

We have been reviewing our LNG procurement strategy to ensure both price competitiveness and supply flexibility while maintaining a stable supply to Japan. We are now in the execution phase of this strategy and are working to build a balanced procurement portfolio by diversifying supply regions and price indices, and by securing LNG carriers. In addition, we are strengthening our capabilities to respond to global supply-demand fluctuations by leveraging JERA Global Markets for optimization and actively developing new demand centers worldwide. Through these efforts, we aim to strengthen our profitability and reinforce our business resilience.

Strengthening of the LNG Value Chain



Individual Strategy 1

LNG Strategy (A Major Global Player in the LNG Value Chain)

Decision to Procure Up to 5.5 Million Tons of LNG Annually from the United States

We have decided to procure LNG from several new projects in the US in order to build a flexible and stable LNG procurement structure that can withstand future demand fluctuations and geopolitical risks.

In 2025, we entered into 20-year long-term sales and purchase agreements (SPAs) with the following U.S. suppliers,commencing upon the start of commercial operations with the following U.S. suppliers:

- NextDecade Corporation (Rio Grande LNG, Texas): approx. 2 million tons/year
- Commonwealth LNG (Louisiana): approx. 1 million tons/year
- Sempra Infrastructure (Port Arthur LNG Phase 2, Texas): approx. 1.5 million tons/year
- Cheniere Marketing LLC (Texas and Louisiana): approx. 1 million tons/year across two sites.

All contracts are on a FOB (Free on Board) basis, providing with flexibility in determining shipping destinations and procurement timing. The long-term nature of these agreements also enhances price resilience against sudden market volatility.

By leveraging the optimization expertise of JERA Global Markets and its annual trading volume of 35 million tons, we have secured LNG supply that is both physically and financially stable. These new U.S. contracts represent a critical step toward building a sustainable and competitive LNG portfolio.

Signed procurement agreements with U.S. LNG sellers, further strengthening partnerships

Strategic Use of the Hibiki LNG Terminal

In response to rising uncertainty in supply-demand dynamics driven by global energy shifts, large-scale renewable energy adoption, and climate-related volatility, we have been exploring partnerships with domestic LNG buyers. As part of these efforts, we reached an agreement with Saibu Gas Co., Ltd. to strategically utilize the Hibiki LNG Terminal.

We view this agreement as a landmark step in securing an LNG terminal equipped with storage capacity and reloading capabilities, in addition to our existing LNG terminal infrastructure. We will be able to utilize Tank No. 3 at the Hibiki LNG Terminal, which is planned for construction by Saibu Gas. By leveraging the added receiving capacity and reloading facilities made possible by the new tank, we expect to improve our ability to respond to supply-demand tightness, including emergency procurement and power curtailment avoidance. (For example, if a fluctuation in power supply and demand is expected to exceed tank capacity, LNG may be redirected to the Hibiki Terminal, stored temporarily, and later shipped out again, in accordance with specific operational guidelines.)

In addition, we also plan to explore a range of global business opportunities in collaboration with Saibu Gas, beginning with Asia, by leveraging the strategic location of the Hibiki LNG Terminal.

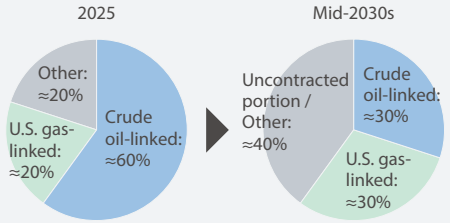
Through these initiatives, we aim to strengthen Japan's energy security while contributing to global decarbonization and the resolution of energy challenges.

FOCUS

Evolving into a Portfolio that is Resilient to Market Fluctuations

Our LNG procurement has traditionally been indexed to crude oil prices, primarily Brent crude. However, in response to recent developments, we have revised our procurement strategy to create a more balanced portfolio that incorporates a wider range of price indices, such as U.S. gas prices (Henry Hub) and national LNG import prices based on Ministry of Finance trade statistics. In addition to geographic diversification, expanding price indices helps mitigate volatility across varying market conditions and ensures stable fuel supply for power generation.

Evolving the Procurement Portfolio Through Price Index Diversification



Individual Strategy 2

Hydrogen and Ammonia Strategy (Pioneering Player in the Hydrogen and Ammonia Value Chain)

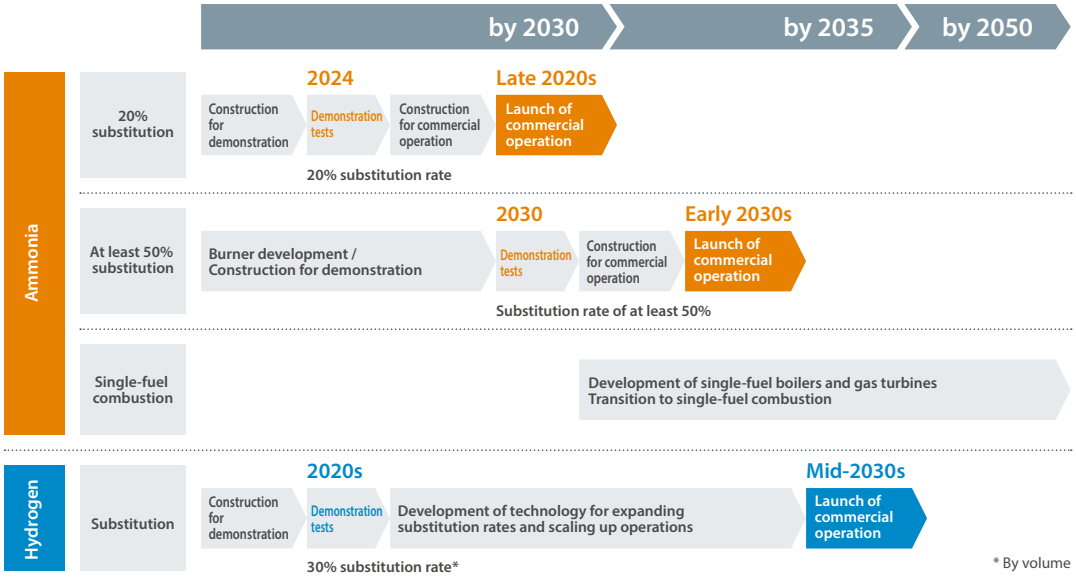
Challenges in hydrogen and ammonia

In its 7th Strategic Energy Plan, the Japanese government has identified hydrogen and other energy sources as key to achieving carbon neutrality by 2050, given their potential for use across a wide range of fields. It aims to lower costs and expand adoption through integrated regulatory and support policies.

To realize a hydrogen society, there are economic and technological issues that must first be resolved. By partnering with companies both in Japan and abroad, we are involved in economically viable hydrogen production projects while actively working on technological advancements to contribute to the establishment of related technologies and cost reductions.

Drawing on our experience from across the entire value chain—from fuel development to power generation—we will take the lead in establishing a hydrogen and ammonia supply chain. We plan to leverage the significant demand for hydrogen as a power generation fuel to serve as a catalyst for building infrastructure, promoting the adoption of hydrogen in non-power generation industries, and expanding decarbonization solutions to regions such as Asia, with the goal of fortifying the supply chain. In parallel with efforts to solve challenges related to hydrogen and other areas, we are also considering the introduction of carbon capture and storage (CCS) as a new solution for decarbonization.

Our Plan to Introduce Hydrogen and Ammonia into Power Generation



VOICE

Implementation of Net-Zero Co_2 Emissions from Thermal Power Generation will Accelerate the Adoption of Clean Fuels and Help Drive Japan's Decarbonization

Koichi Morisaki
Chief Thermal Transition Officer (CTTO)

We aim to expand the use of hydrogen, ammonia, CCS, and other decarbonized power sources to achieve carbon neutrality by 2050.

We believe that the large-scale demand for electricity generation will drive the establishment of a hydrogen supply chain, which in turn will promote its adoption across other industries working toward overall transition to low-carbon society., thereby accelerating Japan's overall transition to low-carbon society. As decarbonization is a global challenge, we consider zero CO_2 emission thermal power to be one of the key strategies for driving decarbonization in rapidly growing economies, particularly in Asia.

Message from an Outside Expert

Yukari Takamura
Professor, Institute for Future Initiatives, The University of Tokyo

JERA's Initiatives Drive GX and Shape the Future of Power

Even amid turbulent international circumstances, the march toward carbon neutrality has not stopped. For Japan, this means pursuing a stable energy supply, higher self-sufficiency, and stronger markets and industrial competitiveness — in other words, the Green Transformation (GX).

JERA is working toward achieving net-zero CO_2 emissions by 2050, aiming for 5 GW of renewable energy development capacity by FY2025 and 20 GW by FY2035, with a focus on expanding projects such as offshore wind. Demand from consumers is already increasing, and the expansion of renewable energy will also provide the foundation for producing green hydrogen and ammonia, which emit no greenhouse gases.

Decarbonizing the power system is central to Japan's GX. There will also be increasing expectations to reduce and manage environmental and social risks throughout the entire business life cycle. JERA, which supplies about one-third of Japan's electricity, is expected to play a significant role and bear a great deal of responsibility. I hope JERA will continue to anticipate change, review its business strategy, and fulfill this role.

Individual Strategy 2

Hydrogen and Ammonia Strategy (Pioneering Player in the Hydrogen and Ammonia Value Chain)

The Role of hydrogen and ammonia Power Generation in Achieving Regional Decarbonization

In Japan, regional decarbonization efforts are gaining momentum, and particularly in areas with concentrated industries, discussions are progressing towards social implementation through the integrated creation of supply and demand for clean fuels such as hydrogen.

One such initiative is the public-private collaboration within the Central Japan Hydrogen and Ammonia Association in the Chubu region, where we are working to develop a supply chain model that integrates large-scale ammonia use at our thermal power plants with its industrial application.

In line with the Hydrogen Society Promotion Act, we will contribute to regional and national decarbonization by pursuing net-zero emissions in thermal power generation and promoting the use of hydrogen and other resources in industry and transportation.

Technological Trends in the Production and Utilization of hydrogen and ammonia

Hydrogen and ammonia are expected to be widely used in power generation, transportation, and industry, but to make this a reality, it is essential to develop hydrogen carrier technology that can support large-scale maritime transport and storage.

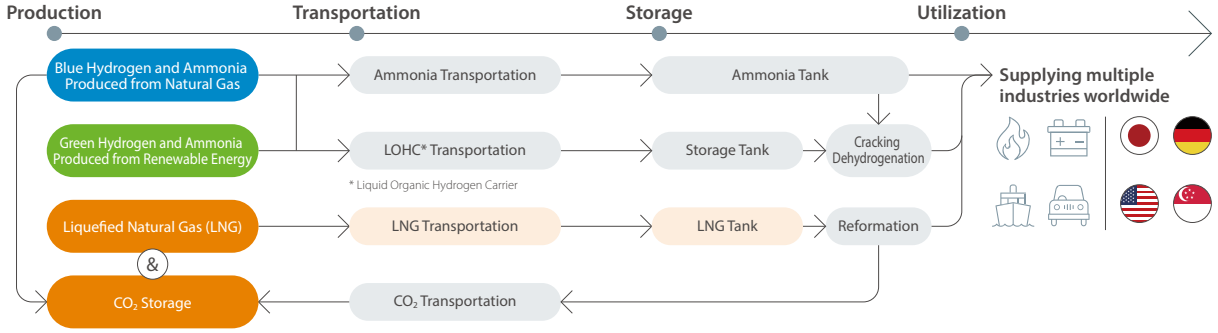
We aim to use ammonia, which can be transported and stored at low cost, as both a hydrogen carrier and a power generation fuel. Our involvement in initiatives such as the Green Innovation Fund Projects allows us to push forward with technology development, spanning from the production of hydrogen and ammonia to their use in power generation, with one of our key initiatives being the development of efficient, low-cost methods to convert ammonia into hydrogen. In addition, we have begun developing highly efficient hydrogen production technology that utilizes waste heat.

We are also working with the Clean Fuel Ammonia Association (CFAA) and other organizations to explore international standardization as part of efforts to promote the widespread adoption of hydrogen and ammonia.

By actively pursuing the development of decarbonization technologies, we aim to establish the technologies required to build supply chains and contribute to the decarbonization of energy.

We aim to become the first mover in building a hydrogen and ammonia value chain, developing a platform to meet electricity demand, and providing decarbonization solutions to other industries (multi-purpose initiatives).

As we work to establish the hydrogen and ammonia value chain, we are moving forward with collaborations and discussions with key domestic and international players, drawing on the trusted partnerships we've built through our existing LNG and other businesses. Together with our partners, we are examining investments in blue and green hydrogen and ammonia production projects, and in April 2025 we reached a final investment decision on the Blue Point Low-Carbon ammonia production project (see the FOCUS section below). We are also advancing the value chain by conducting joint studies with NYK Line and Mitsui O.S.K. Lines, Ltd. (MOL) on vessels for transporting fuel ammonia.



Hydrogen and Ammonia Production and CCS Initiatives

Hydrogen and Ammonia Production Project
- Joint investment between CF Industries Holdings, Inc.and MITSUI & Co.,LTD. in the Blue Point project (see FOCUS)

CCS Joint Study Agreement Signed
- Petronas
- INPEX

Ammonia Transportation
- Joint study with NYK and MOL

LOHC Technical Development
- Investment in Hydrogenious LOHC Technologies GmbH of Germany

CO_2 Transportation
- Start of Preliminary Study

Japan

Hekinan Thermal Power Station: From 20% ammonia substitution to 100% by the 2040s
Chita Thermal Power Station: Successful bid in decarbonization auction, with plans to implement hydrogen substitution

Supplying Low-Carbon Fuels for Marine and Industrial Use

Overseas
- USA: Introduction of hydrogen at the Linden Thermal Power Station (up to 40%)

FOCUS

Final Investment Decision on Blue Point, a Low-Carbon Ammonia Project in the United States (April 2025)

The project will develop a low-carbon ammonia production facility in Louisiana with an annual capacity of approximately 1.4 million tons, among the largest in the world. Ammonia will be produced from natural gas, and CO_2 generated in the process will be captured, transported, and stored. The total project cost is about 4 billion USD (approximately 600 billion JPY). We will hold a 35% stake and supply broadly to Europe, Asia, and other regions.

Reference: CG Rendering of the Blue Point Facility

Individual Strategy 3

Renewable Energy Strategy (A Global Leader Driving Decarbonization Efforts Tailored to Different Regions)

Recognizing the Challenges Facing the Renewable Energy Industry

In recent years, the renewable energy industry has faced rising costs driven by inflation and supply chain disruptions, among other challenges. Moreover, as a globally integrated industry, it is highly susceptible to geopolitical tensions, which has heightened awareness around energy security.

At the same time, the industry is steadily advancing with the development of new technologies, improvements in turbine efficiency, stronger partnerships, and growing recognition of the importance of decarbonization solutions such as hydrogen and ammonia.

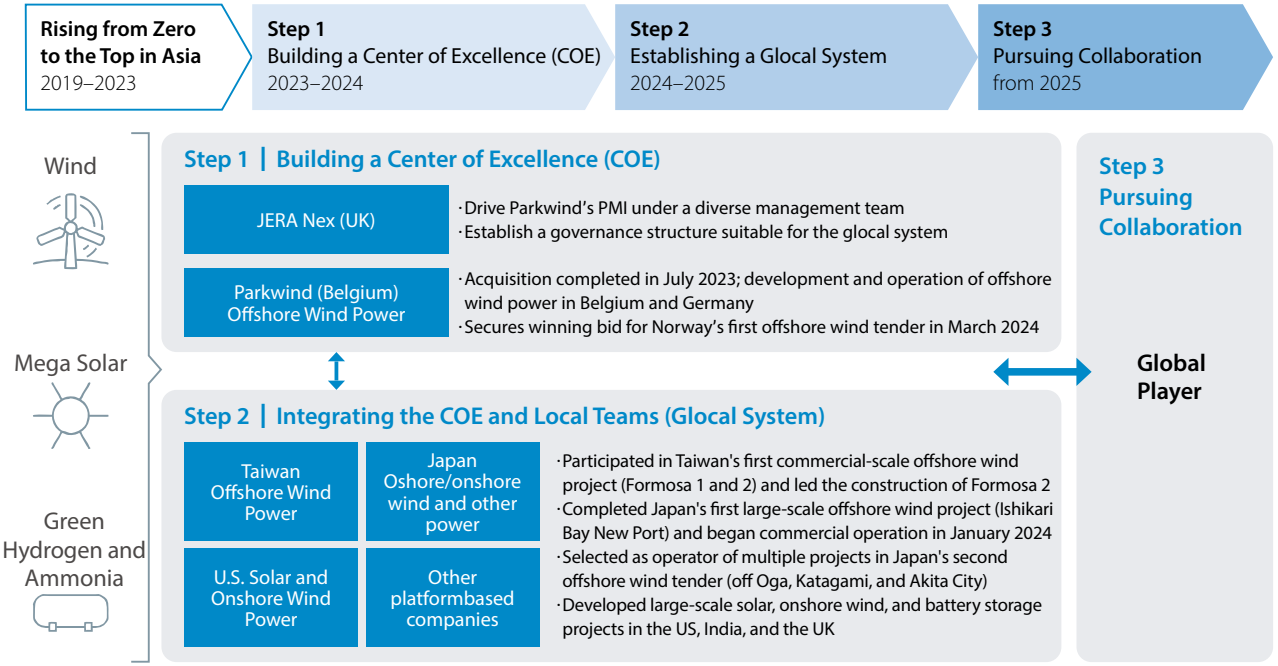
Going forward, it will be essential to advance decarbonization in regions around the world by deploying renewable energy solutions tailored to the specific needs and conditions of each area.

VOICE

Satoshi Yajima
Chief Renewable Energy Officer (CREO)
Head of the Global Renewable Energy Division
CEO, JERA Nex Ltd.

In 2024, we established JERA Nex in the UK as our global hub for renewable energy operations and announced a joint venture with bp in December. The new company, JERA Nex bp, formed through this partnership, will integrate existing offshore wind projects in Japan and overseas to fully unlock the global potential of offshore wind power. JERA Nex will also continue to focus on its onshore renewable energy portfolio, particularly in the US. By combining global expertise with locally rooted talent for business development under a glocal (global/local) model, we remain committed to our target of achieving 20 GW of cumulative renewable energy development capacity by 2035.

The efforts of JERA Nex and JERA Nex bp to advance decarbonization across countries and regions will play a pivotal role in our group's growth strategy.



Step 1: Building a Center of Excellence (COE)

JERA Nex is building a center of excellence for JERA's renewable capacity, consolidating existing renewable energy projects like Parkwind N.V. and integrating top-tier industry expertise into the dedicated renewable energy business with the focus and agility to scale rapidly. Headquartered in London, JERA Nex brings together teams and projects in Europe and the UK. This location enables us to leverage the wealth of experience and talent in the region with the world's most advanced renewable energy industry, and it provides us direct access to established renewable players for future partnerships.

Individual Strategy 3

Renewable Energy Strategy (A Global Leader Driving Decarbonization Efforts Tailored to Different Regions)

Step 2: Integrating the COE and Local Teams (Glocal System)

The next stage is the consolidation of projects, teams, and expertise across other regions, including Europe, the Asia Pacific, and North America.

JERA Nex will collaborate with local teams in each region, share knowledge and experience as we jointly execute project development, construction, operation, and management. One example of this collaboration is the Crawfish solar development project in the US, where JERA Nex and JERA Americas are working together.

JERA Nex also continues to work closely with the JERA Group, particularly in advancing the role of renewable energy in the development of low-carbon fuels (LCF) such as green hydrogen and ammonia. By integrating talent and projects, JERA Nex is enhancing its comprehensive capabilities across both existing and emerging markets.

JERA Nex and JERA Nex bp are committed to the pursuit of community-focused project development, drawing on local knowledge to deliver high-quality renewable projects. Our emphasis on partnerships with local communities and regional insights drives our continued contribution to society through energy solutions.

Step 3: Pursuing Collaboration

Collaboration across the global renewable energy value chain will be critical in delivering high-quality renewable energy projects.

JERA Nex will contribute to energy transitions in each region by leveraging its expertise in renewable energy. JERA Nex will also strengthen its capacity through selective partnerships and acquisition opportunities to build a robust pipeline.

Given the complexity and substantial financial requirements of many projects in JERA Nex's portfolio, particularly in the expanding field of offshore wind power generation, success has been achieved by working with partners and sharing resources.

JERA Nex bp represents the next phase of this approach—an integration of JERA and bp's offshore wind businesses—with the goal of becoming one of the world's leading developers, owners, and operators of offshore wind power generation.

Renewable Energy Risk Management

JERA Nex operates independently and autonomously within certain financial and operational limits. Investment decisions are made through the Risk and Investment Committee, which reports to the JERA Nex's Board of Directors. The Board is composed of directors with in-depth business knowledge dispatched from JERA, along with outside directors who bring specialized expertise and experience. It makes decisions by evaluating factors such as risk-return balance and investment viability.

For investments above a certain size, JERA makes the final decision. However, JERA and JERA Nex work together to regularly monitor factors crucial for the development of each renewable energy project, ensuring proper risk assessment and management.

In recent years, challenges such as rising inflation and supply chain disruptions have become more pronounced in the renewable energy market. Given this environment, JERA Nex manages risk by applying strict investment criteria and governance standards as it continues to expand its business. JERA applies the same investment standards and robust governance framework to JERA Nex bp, thereby fulfilling its responsibility as a shareholder.

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Establishment of JERA Nex bp

JERA Nex bp is a joint venture between JERA Nex and bp to lead the global development of offshore wind power generation. Its integrated offshore wind portfolio includes operational projects in Germany, the UK, Belgium, Taiwan, and Japan, as well as projects under development in the UK, Australia, Ireland, Norway, Japan, and the US.

Together, these operational and development-stage projects represent approximately 13 GW of net capacity, positioning JERA Nex bp as a strategic platform with a high-quality, well-balanced asset portfolio. The establishment of the company aims to accelerate the development of a unified pipeline and enhance access to competitive financing. In support of this goal, JERA and bp have agreed to invest up to 5.8 billion USD in JERA Nex bp by the end of 2030. The two companies have also agreed on a clear financing framework to support the next 10 years of activity, under a shared commitment to disciplined, value-driven growth.

Headquartered in London, JERA Nex bp is led by a leadership team drawn from both JERA Nex and bp under the direction of CEO Nathalie Oosterlinck. The company also maintains a key operational base in Japan, where it continues to focus on domestic offshore wind projects.