

## SECTION

# The Infrastructure Behind Our Strategies

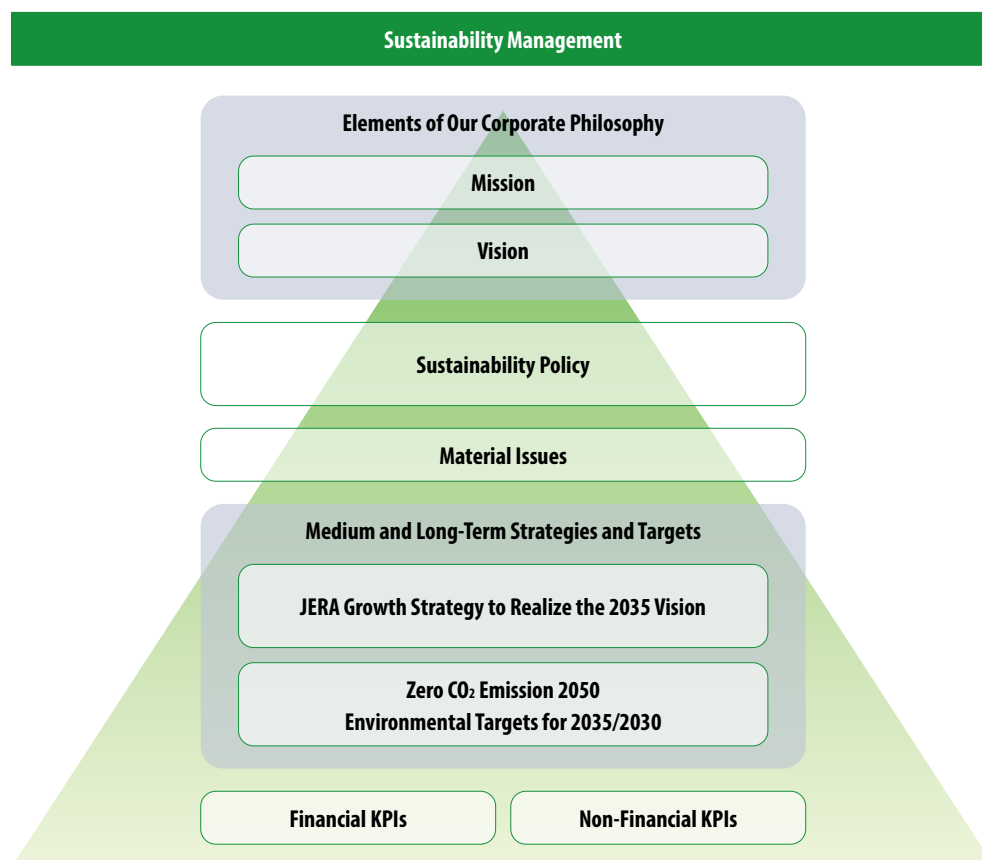
## CONTENTS

|    |   |
|----|---|
| 44 | Sustainability Management   |
| 48 | Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations) |
| 56 | Avoided Emissions   |
| 58 | Environment   |
| 61 | Diversity and Inclusion   |
| 63 | Our People  |
| 69 | Human Rights  |
| 70 | Coexistence and Shared Prosperity with Local Communities                            |
| 72 | Safety  |
| 75 | Stakeholder Engagement  |
| 76 | Corporate Governance  |
| 79 | Directors & Officers  |
| 81 | Messages from the Outside Directors   |
| 84 | Risk Management   |
| 87 | Information Security  |
| 88 | Compliance  |

# Sustainability Management

## Fundamental Approach

At JERA, we recognize the need for a framework to achieve our mission and vision and guide the company toward long-term sustainable growth. As such, we have established a comprehensive sustainability management system, including the formulation of the JERA Group Sustainability Policy, revisions to our material issues, and the expansion of non-financial KPIs. Through our business, we aim to enhance economic value while increasing environmental and social value through sustainability management, reducing capital costs, and maximizing corporate value.



## JERA Group Sustainability Policy

At JERA, we are committed to leading the way in creating a more sustainable society as an energy provider and a responsible corporate citizen. This policy articulates our company's aspiration, strategically pinpointing and prioritizing crucial material issues essential to promoting sustainable management.

- I.** As an energy provider, we are committed to delivering the essential energy the world needs, guided by three interlinked principles.
  1. Sustainability: Reducing our environmental impact while coexisting with the planet and society.
  2. Affordability: Providing energy at affordable prices tailored to the needs of each region.
  3. Stability: Ensuring a reliable and continuous energy supply.
- II.** Guided by the principle of "Think globally, Act locally," we engage directly with the distinct challenges facing each country and region, particularly in Asia, to offer optimal solutions and address global-scale issues.
- III.** As a trusted company among all stakeholders, we conduct our business transparently and fairly to continue being a company that complies with regulations and prioritizes safety.
- IV.** We respect diversity and we cultivate a flat and innovative corporate culture to stimulate creativity in each employee. In turn, we continue to enhance our corporate value in the global capital markets.

In 2020, we identified and disclosed 22 material issues, and in 2022, we refined this list to nine, making necessary revisions. We continue to review these issues regularly in response to changes in both internal and external environments. Recently, we have again revised our material issues in line with the JERA Growth Strategy to Realize the 2035 Vision, announced in May 2024, and the newly established JERA Group Sustainability Policy.



For more information on how we identify material issues, please visit our website:

[https://www.jera.co.jp/en/sustainability/](https://www.jera.co.jp/en/sustainability/Home) Home > Sustainability > Material Issues

| Material Issues  | Why (Our Rationale)  | What (Our Aspiration for 2035)  |
|--|--|---|
| Establish a stable supply platform and system for supply at affordable prices  | <ul style="list-style-type: none"> <li>To realize the formation of power supply facilities that provide both affordable prices and a stable supply of electricity, as outlined in Japan's basic energy policy, S+3E perspective (S+3E means first and foremost ensuring stable supply and realizing low-cost energy supply by enhancing efficiency on the premise of safety while making maximum efforts to pursue environment suitability)</li> </ul> | <ul style="list-style-type: none"> <li>Realize energy solutions tailored to the varying environments of different countries and regions</li> </ul>  |
| Create customer value by offering cutting-edge solutions   | <ul style="list-style-type: none"> <li>To deliver cutting-edge solutions by developing roadmaps that account for the unique circumstances of each country and region, ensuring the most effective solutions for their specific challenges</li> </ul>   | <ul style="list-style-type: none"> <li>Provide solutions that align with the optimal roadmaps for each country</li> </ul>   |
| Contribute to decarbonization and environmental protection by mutual complementation of renewable energy and zero-emission thermal power | <ul style="list-style-type: none"> <li>Because achieving our zero CO<sub>2</sub> emissions while maintaining a stable supply and compensating for the intermittency of renewable energy requires the complementary integration of zero-emission thermal power</li> </ul>   | <ul style="list-style-type: none"> <li>Achieve the 2035 vision of “providing a clean energy platform of renewable energy and low greenhouse gas thermal power” and contribute to environmental conservation (including reducing NOx/SOx emissions and protecting the entire ecosystem)</li> </ul>   |
| Innovate a business model through digital transformation   | <ul style="list-style-type: none"> <li>To provide new added value through the optimal use of renewable energy and zero-emission thermal power, leveraging digital technologies</li> </ul>  | <ul style="list-style-type: none"> <li>Deliver stable, economical, and clean electricity to our customers</li> </ul>  |
| Coexist and thrive alongside local communities in Japan and abroad   | <ul style="list-style-type: none"> <li>Because earning the trust of local communities is essential for smooth business operations</li> </ul>   | <ul style="list-style-type: none"> <li>Contribute to the prosperity of local communities by helping solve local issues as a member of those communities</li> </ul>  |
| Establish strong governance  | <ul style="list-style-type: none"> <li>To gain credibility in the international energy market</li> </ul>   | <ul style="list-style-type: none"> <li>Develop a resilient and sound management and financial structure with an autonomous and independent corporate culture and ensure a governance framework that facilitates fair and swift decision-making</li> </ul>   |
| Implement compliance rigorously  | <ul style="list-style-type: none"> <li>To establish the infrastructure needed to realize the group's corporate philosophy</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure that every individual acts fairly and impartially in line with our Compliance Policy</li> </ul>   |
| Ensure the safety of all people and local communities involved in our business   | <ul style="list-style-type: none"> <li>Because ensuring the safety of every individual involved in our business, as well as the safety of the local community, is fundamental to securing business continuity</li> </ul>   | <ul style="list-style-type: none"> <li>Properly manage the safety of everyone involved in our business and foster a culture that prioritizes safety above all else</li> <li>Ensure that disaster response efforts are effectively coordinated with local communities to minimize any negative impact on them, even in the event of an accident</li> </ul> |
| Create innovation through diverse talent   | <ul style="list-style-type: none"> <li>Because fostering innovation is essential to continue providing cutting-edge solutions to the world</li> </ul>  | <ul style="list-style-type: none"> <li>Create an environment where innovation naturally arises from embracing diversity, encouraging individuality, and fostering a flat and innovative culture</li> </ul>  |
| Achieve happiness for employees and their families   | <ul style="list-style-type: none"> <li>Because we must attract talent who can shape a unique identity for JERA that sets it apart from every other energy company in the world</li> </ul>  | <ul style="list-style-type: none"> <li>Create an environment where the happiness of employees and their families is made possible by JERA</li> </ul>  |

# Material Issues and Non-Financial KPIs

## Linkage between Our Sustainability Policy, Material Issues, and Non-Financial KPIs

| Sustainability Policy   | Material Issues  | Non-Financial KPIs<br>(Specific Goals for Realizing Our Aspiration)  | Major Initiatives  |
|---|--|--|--|
| I. Simultaneously achieve Sustainability, Affordability, and Stability<br>II. Embody “Think globally, Act locally”  | Establish a stable supply infrastructure and system for supply at affordable prices  | <ul style="list-style-type: none"> <li>• 20% reduction in CO<sub>2</sub> emission intensity by 2030</li> <li>• More than 60% reduction in CO<sub>2</sub> emissions by 2035</li> <li>• Maintaining the world’s highest levels for controlling NOx and SOx emissions</li> <li>• Hydrogen &amp; ammonia transaction volume of 7 MT by 2035</li> <li>• Renewable energy development capacity of 20 GW by 2035</li> </ul> | <ul style="list-style-type: none"> <li>• Improving the reliability of power generation facilities and ensuring flexible supply-demand response through the replacement and proper maintenance of thermal power generation equipment</li> <li>• Promoting the transition to digital power plants to visualize and optimize operation and maintenance (O&amp;M)</li> <li>• Completing a demonstration test for a 20% conversion to fuel ammonia at Hekinan Thermal Power Station</li> <li>• Establishing hydrogen &amp; ammonia supply chains</li> <li>• Engaging in corporate venture capital activities through the establishment of JERA Ventures</li> <li>• Consolidating renewable energy expertise through the launch of JERA Nex</li> <li>• Pursuing carbon capture and storage (CCS) know-how and project opportunities</li> </ul> |
|   | Create customer value by offering cutting-edge solutions   |  |  |
|   | Contribute to decarbonization and environmental protection by mutual complementation of renewable energy and zero-emission thermal power |  |  |
|   | Innovate the business model through digital transformation   | <ul style="list-style-type: none"> <li>• CO<sub>2</sub> tracking throughout the value chain</li> <li>• Creation of mechanism that can deliver 24/7 carbon-free electricity to customers 24 hours a day</li> </ul>  | <ul style="list-style-type: none"> <li>• Collecting and organizing data from major power plants, including those overseas, building a platform for maximizing data utilization and promoting data literacy</li> <li>• Investigating advanced ICT technologies for digital applications and exploring collaborations with leading technology companies</li> <li>• Establishing JERA Cross to promote corporate decarbonization efforts and doing our part in the rollout of 24/7 carbon-free electricity</li> </ul>   |
|   | Coexist and thrive alongside local communities in Japan and abroad   | <ul style="list-style-type: none"> <li>• Identification of regional issues and collaboration with regions to resolve issues</li> <li>• Global collaboration on and development of local initiatives to solve regional issues</li> </ul>  | <ul style="list-style-type: none"> <li>• Taking action to coexist with the environment, educate the next generation, and resolve issues in local communities based on our Social Contribution Activity Policy</li> <li>• Building good relationships with stakeholders through activities that coexist and thrive alongside local communities</li> <li>• Practicing global corporate social responsibility (CSR) at overseas sites tailored to the needs of local communities</li> </ul>   |
| III. We will conduct business in a fair and honest manner with thorough compliance, operating the business in a manner that makes safety the top priority | Establish strong governance  | <ul style="list-style-type: none"> <li>• Maintain a third or more independent outside directors</li> <li>• Publish and review a directors’ skills matrix</li> </ul>  | <ul style="list-style-type: none"> <li>• Improving board effectiveness</li> <li>• Promoting diversity on the Board of Directors by increasing the ratio of outside directors</li> </ul>  |
|   | Implement compliance rigorously  | <ul style="list-style-type: none"> <li>• No compliance violations<sup>*1</sup></li> </ul>  | <ul style="list-style-type: none"> <li>• Instilling and putting into practice a compliance culture while promoting the JERA Group compliance system</li> <li>• Establishing the JERA Transaction Monitoring Committee</li> </ul>   |
|   | Ensure the safety of all people and local communities involved in our business   | <ul style="list-style-type: none"> <li>• Maintain a record of zero disaster-related fatalities</li> <li>• Improve the effectiveness of disaster prevention efforts through training in partnership with local communities<sup>*2</sup></li> </ul>  | <ul style="list-style-type: none"> <li>• Ensuring continuous top-level leadership and establishing a system to promote safety</li> <li>• Strengthening disaster preparedness through business continuity plan (BCP) training</li> </ul>  |
| IV. Respect diversity and create a flat and innovative corporate culture  | Create innovation through diverse talent   | <ul style="list-style-type: none"> <li>• Step up exchanges of personnel between locations</li> <li>• Ensure diversity based on employee demographic ratios</li> <li>• Foster a flat culture where everyone can realize their full potential</li> </ul>   | <ul style="list-style-type: none"> <li>• Promoting personnel exchange with sites overseas</li> <li>• Monitoring globally across the group to ensure that no attributes are excluded and that diversity is guaranteed</li> <li>• Introducing new indicators to measure the extent of cultural integration and monitoring this integration across the global group</li> </ul>  |
|   | Achieve happiness for employees and their families   | <ul style="list-style-type: none"> <li>• Rigorously ensure and enhance job-based talent management</li> <li>• Promote various measures related to mental and physical health</li> <li>• Promote measures that enable people to experience the happiness of growth</li> </ul>   | <ul style="list-style-type: none"> <li>• Developing and expanding systems to attract diverse talent</li> <li>• Strengthening frameworks that promote autonomous career development</li> <li>• Developing a competitive compensation infrastructure, including a job-based personnel framework</li> <li>• Promoting global mobility to achieve a borderless approach to talent acquisition</li> </ul>   |

<sup>\*1</sup> Noncompliance that constitutes misconduct equivalent to a crisis or emergency <sup>\*2</sup> Covers domestic thermal power plants



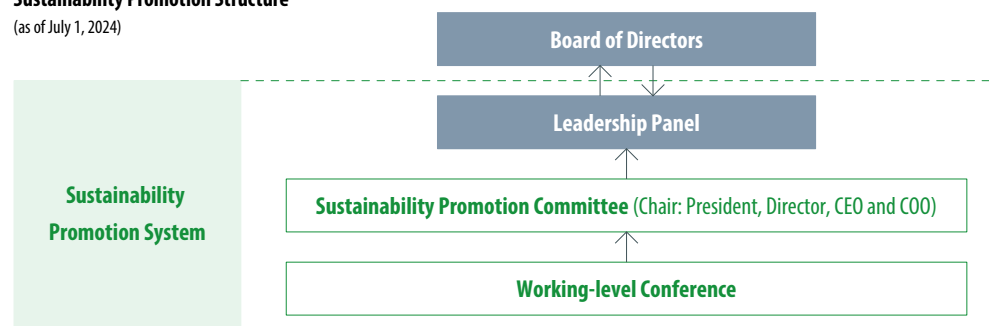
## Sustainability Promotion System

Under the supervision of the Board of Directors, we have established a system where the Sustainability Promotion Committee, chaired by the President, Director, CEO and COO, work together to discuss internal and external issues regarding sustainability and submit important themes to the Leadership Panel.

Starting in FY2023, we established a Working-level Conference under the Sustainability Promotion Committee, centered on a dedicated sustainability organization, bringing together divisions responsible for environmental, social, and governance (ESG) to advance sustainability from a more company-wide and cross-divisional perspective.

### Sustainability Promotion Structure

(as of July 1, 2024)



## Promotion of Sustainability Management



**Tatsuya Tsunoda**

Managing Executive  
Officer (Officer to CFO)

In FY2023, we held multiple discussions\* at both the Sustainability Promotion Committee and the Working-level Conference on the direction of our sustainability management. Through these discussions, which covered the formulation of our sustainability policy, revisions to our material issues, and the expansion of non-financial KPIs, our stakeholders reached a consensus on an aspiration for the company. We have established a comprehensive sustainability management system incorporating these elements, including developing the JERA Group Sustainability Policy. We will continue to implement a rigorous Plan-Do-Check-Act (PDCA) cycle of sustainability management by closely monitoring progress on non-financial KPIs and further enhancing stakeholder engagement. Within this newly outlined sustainability management system, we are committed to sustainably and steadily working toward achieving our mission and vision while maximizing corporate value.

\*Sustainability Promotion Committee meetings and 10 Working-level Conference meetings (from August 2023 to July 2024)

## Initiatives for Internal Sustainability Integration

At JERA, we believe that every employee plays a vital role in advancing sustainability management. As such, we prioritize engaging in dialogue with employees to explore what sustainability issues mean to them personally. In FY2023, employees from our Sustainability Promotion Unit, Global Investors Relations Group, with support from related divisions, conducted online sustainability briefings (power plant tours) targeting all staff at domestic power plants. Workshops were also held at our power plants in Japan to encourage employees to personally reflect on how their daily tasks relate to our sustainability initiatives. As a result, employees reported gaining a deeper understanding of sustainability management.

We also launched an internal portal to inform employees about the expectations of external stakeholders and to provide updates on company-wide sustainability activities. By regularly providing updates like these, we aim to promote a bottom-up approach to sustainability management that starts with each employee.



Power Plant Tour Workshops



## Meeting Global Levels in Sustainability Disclosure

We are committed to continuously improving our ESG and sustainability disclosures by considering the needs of investors and referring to the standards set by global ESG rating agencies. We also closely monitor developments in both domestic and international sustainability disclosure standards and regulations, such as those from the International Sustainability Standards Board (ISSB) and the Corporate Sustainability Reporting Directive (CSRD). Ultimately, we aim to achieve sustainability reporting that aligns with the highest global levels over the medium to long term.

# Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)

## Fundamental Approach

As a global company committed to solving energy issues in Japan and around the world, we consider measures to combat climate change and conserve natural capital and biodiversity to be priority issues and have identified the relevant material issues. We have endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations since 2021, when we also joined the TCFD Consortium. In addition, in 2024, we participated in the TNFD Forum, which supports discussions and other activities of the Taskforce on Nature-related Financial Disclosures (TNFD).

With the aim of sustainably enhancing our corporate value, we have identified four elements—governance, risk management, strategy, and metrics and targets—in line with the TCFD and TNFD Recommendations that summarize our systems pertaining to climate change, natural capital, and biodiversity and the initiatives typified by the Three Approaches of JERA Zero CO<sub>2</sub> Emissions 2050.

We will continue to disclose information in line with the TCFD and TNFD Recommendations and further enhance communication with investors and other stakeholders.

## Governance

Decisions about important policies, new and updated targets, and other matters pertaining to measures to combat climate change and conserve natural capital and biodiversity 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, this cross-divisional 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, conserve natural capital and biodiversity, and address 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 sustainability for our employees in addition to providing opportunities for them to have discussions with the directors. We are proactively working to further promote our sustainability activities by continuing to expand our directors' and employees' understanding of information and trends in climate change, natural capital, biodiversity, and other aspects of sustainability management.

Corporate Governance ➡ P. 76

Sustainability Promotion System ➡ P. 47

## 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 risks pertaining to climate change, natural capital, and biodiversity in recognition of their impact on our business activities. 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. 84

## Strategies

To identify risks and opportunities pertaining to climate change, natural capital, and biodiversity and prove our resilience, we conduct analysis with reference to the TCFD and TNFD frameworks.

Regarding climate change, we continue to conduct scenario analysis as in FY2023, identifying major risks and opportunities for our business and evaluating the financial impact to inform subsequent examination and implementation of appropriate measures.

Regarding natural capital and biodiversity, we conducted an analysis based on the LEAP approach\* for the first time in FY2024. We located our interface with nature on a site-by-site basis, analyzed the dependencies and impacts of our business on nature and key risks and opportunities, and then examined measures and defined indicators.

\*LEAP approach: Acronym for Locate, Evaluate, Assess, and Prepare, the TNFD's recommended steps for disclosure.



# Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)

## Strategies for Climate Change

### 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<br>References: IEA World Energy Outlook 2023 NZE, the Japanese Government's Sixth Strategic Energy Plan, IPCC Sixth Assessment Report SSP1-1.9/SSP1-2.6   | 4°C Scenario<br>References: IEA World Energy Outlook 2023 STEPS, IPCC Sixth Assessment Report SSP3-7.0/SSP5-8.5   | Time Series Variations in Relevant Parameters |
|--|--|---|---|
| Policy/Regulatory Changes                  | <ul style="list-style-type: none"> <li>Ambitious energy policies are under way in each country to curb a global rise in average temperatures.</li> <li>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.</li> </ul>   | <ul style="list-style-type: none"> <li>Existing energy policies will be maintained in each country, and no ambitious policies will be introduced.</li> <li>Carbon pricing will be implemented only in regions that have already introduced or have plans to introduce this method.</li> </ul>   |   |
| Global Changes in Energy Supply and Demand | <ul style="list-style-type: none"> <li>Final energy consumption will decrease in the future due to ongoing energy conservation efforts and improvements in energy consumption efficiency.</li> <li>Conversely, significant progress in electrification rates will result in a steady increase in electricity demand.</li> </ul>  | <ul style="list-style-type: none"> <li>Final energy consumption will continue to increase into the future, following existing trends.</li> <li>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.</li> </ul>  |   |
|  | <ul style="list-style-type: none"> <li>Renewable energy introduction will progress rapidly, replacing fossil fuels as the world's primary energy source by the mid-2030s.</li> <li>As a result, demand for fossil fuels like natural gas will decline rapidly.</li> </ul>  | <ul style="list-style-type: none"> <li>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.</li> <li>Demand for fossil fuels, including natural gas, will largely level off.</li> </ul>  |   |
|  | <ul style="list-style-type: none"> <li>Technological innovations to curb greenhouse gas emissions will lead to a significant increase in the production of new low-carbon fuels such as hydrogen &amp; ammonia.</li> </ul>   | <ul style="list-style-type: none"> <li>Development and introduction of new low-carbon fuels such as hydrogen &amp; ammonia will be limited.</li> </ul>  |   |
| Global Climate Changes*                    | <ul style="list-style-type: none"> <li>The Global average temperature increase will stabilize at around 1.5°C.</li> <li>The frequency and intensity of extreme weather events such as heavy rainfall, high temperatures, and droughts will marginally increase worldwide.</li> <li>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.</li> </ul> | <ul style="list-style-type: none"> <li>The global average temperature will rise by around 4°C by the end of the century.</li> <li>The frequency and intensity of extreme weather events such as heavy rainfall, high temperatures, and droughts will increase significantly worldwide.</li> <li>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.</li> </ul> |   |

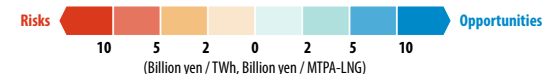
\*Numerical values in the scenario descriptions and graphs represent the deviation from values expected prior to the Industrial Revolution. "Extreme" refers to weather events with a probability of occurring once in 10 years.

## Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)

### 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 (2026–2035), and long-term (2036–2050) periods for each risk and opportunity.

We will work to reduce the risks and seize the opportunities through JERA Zero CO<sub>2</sub> Emissions 2050 as well as other efforts and measures.



| Risk/Opportunity Categories:<br>Projected Changes in Business<br>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   | 2035  | 2050 |   |
| ▼1.5°C Scenario  |  |   |                        |                           |  |   |      |   |
| Policy and Regulatory:<br>Stricter Regulation of Fossil<br>Fuel Use  | Increased operating costs due to carbon pricing  | Sensitivity of carbon cost increase per unit of thermal generation  | Power Generation       | Billion yen/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Reducing Emissions by Promoting JERA Zero CO<sub>2</sub> Emissions 2050</b> <ul style="list-style-type: none"><li>JERA Zero CO<sub>2</sub> Emissions 2050: ➡ P. 26</li><li>JERA Zero CO<sub>2</sub> Emissions 2050 Roadmap for Its Business in Japan (Blueprint for Achieving Zero Emissions): ➡ P. 27-28</li><li>Emission Indicators and Targets: ➡ P. 27</li></ul>   |      |   |
|  |  | Sensitivity of carbon cost increase per unit of LNG production  | Fuel Upstream          | Billions yen/<br>MTPA-LNG | <div><div></div><div></div><div></div></div> | <b>Recommendations and Involvement in Energy and Global Warming Policy</b> <ul style="list-style-type: none"><li>Participation in the GX League</li></ul>   |      |   |
|  | 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/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>More Efficient Energy Consumption through Power Source Renewal</b> <ul style="list-style-type: none"><li>Promoting replacement of obsolete thermal power plants domestically with a total cost of exceeding 1 trillion yen (7.31 GW total)</li><li>Decommissioning of obsolete thermal power plants in operation for more than 50 years (10.63 GW in total)</li></ul>  |      |   |
| Technology:<br>Changes in Energy<br>Supply Structure through<br>the Development and<br>Introduction of Non-Fossil<br>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/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Reducing Power Plant Operation Costs to Improve Price Competitiveness for Power Sources</b> <ul style="list-style-type: none"><li>Improving O&amp;M model efficiency using best practices from both shareholder companies</li><li>Streamlining through procurement and outsourcing of materials and equipment utilizing economies of scale</li><li>Optimizing power plant business and operation by promoting digital power plants</li></ul> |      |   |
|  | Expanded of business opportunities through development and lowered costs for hydrogen & ammonia fuel technology                | Sensitivity to operation cost reduction by replacing coal with ammonia  | Power Generation       | Billion yen/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Promoting the Development of Zero-Emission Thermal Power Technology</b> <ul style="list-style-type: none"><li>Large-scale fuel ammonia demonstration tests at Hekinan Thermal Power Station Unit 4: ➡ P. 40</li><li>Participating in the Green Innovation Fund Projects, promoting demonstration tests for hydrogen power generation technology at LNG thermal power plants.</li></ul>   |      |   |
|  |  | Sensitivity to operation cost reduction by replacing LNG with hydrogen  | Power Generation       | Billion yen/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Establishing Hydrogen &amp; Ammonia Supply Chains</b> <ul style="list-style-type: none"><li>Promoting collaboration with leading companies, both domestic and overseas, at each stage of the value chain</li><li>Clean hydrogen &amp; ammonia transaction volume target (FY2035 total): Approx. 7 million tons</li></ul>   |      |   |
|  | 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 offshore wind power          | Power Generation       | Billion yen/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Promoting the Development of Renewable Energy Sources Centered on Offshore Wind Power</b> <ul style="list-style-type: none"><li>Development output target for renewable energy (FY2035 total): 20 GW, ➡ P. 35</li><li>Establishing a new company (JERA Nex) to expand the development and introduction of renewable energy: ➡ P. 20</li><li>Launching commercial operation of Ishikari Bay New Port Offshore Wind Farm</li></ul>             |      |   |
|  |  | Sensitivity to operation cost reduction by lowering construction and operation maintenance costs for solar and onshore wind power | Power Generation       | Billion yen/<br>TWh       | <div><div></div><div></div><div></div></div> | <b>Supporting Adoption of Renewable Energy through Storage Batteries</b> <ul style="list-style-type: none"><li>Developing a recycling process for electric vehicle lithium-ion batteries with low carbon impact</li><li>Constructing a large-capacity Sweep Energy Storage System using batteries reclaimed from electric vehicles</li></ul>  |      |   |

# Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)

TCFD  
TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



| Risk/Opportunity Categories:<br>Projected Changes in Business<br>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   | 2035   | 2050 |   |
| ▼ 1.5°C Scenario   |  |  |                           |  |  |  |      |   |
| Market and Services:<br>Increased Demand for<br>Electricity Driven by Economic<br>Growth and Electrification | Expanded opportunities to supply power   | Sensitivity to increases in sales due to reduced volume of electricity sold  | Power Generation          | Billion yen/<br>TWh                          | <div><div></div><div></div><div></div></div> | <b>Flexible Reallocation of Investments based on Market Environment, Technological Innovations, and Policy Trends</b> <ul style="list-style-type: none"><li>Cumulative investment in three strategic positionings (LNG, Renewable Energy, Hydrogen &amp; Ammonia) from FY2024 to FY2035: 5 trillion yen, ➡ P. 24</li></ul>   |      |   |
|  | 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/<br>MTPA-LNG                    | <div><div></div><div></div><div></div></div> | <b>Maintenance of a Flexible and Competitive Fuel Procurement and Sales Portfolio</b> <ul style="list-style-type: none"><li>Promoting fuel procurement that is highly stable, competitive, and flexible in operation, utilizing upstream interest and fuel transports on hand: ➡ P. 31</li><li>Optimizing flexible procurement, resale, etc., through JERA GM: ➡ P. 33</li><li>Considering collaboration to establish and strengthen the LNG value chain</li></ul>   |      |   |
| Sensitivity to the decrease in LNG trading sales due to falling LNG prices                                   |  | Transportation and Trading   | Billions yen/<br>MTPA-LNG | <div><div></div><div></div><div></div></div> |  |  |      |   |
| 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/<br>TWh                          | <div><div></div><div></div><div></div></div> | <b>Provision of Added Value through Clean Energy Supply Platform</b> <ul style="list-style-type: none"><li>Launching demonstrations for 24/7 carbon-free electricity* supply with Shizen Connect Inc.</li><li>Piloting hourly renewable energy data control technology with Flexidao</li><li>Concluding a basic agreement with The University of Tokyo on the real-world implementation of carbon-free electricity by combining digital and energy technology</li><li>Establishing JERA Cross, a new company to help companies accelerate GX</li></ul> <small>*Refers to any electricity source that does not emit CO<sub>2</sub> for 24 hours a day, 7 days a week—in other words, 365 days a year.</small> |      |   |
|  |  | Sensitivity to carbon costs avoided through green fuel production  | Fuel Upstream             | Billions yen/<br>MTPA-LNG                    | <div><div></div><div></div><div></div></div> |  |      |   |
| Market Services<br>and Reputation:<br>Growing Global Awareness<br>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/<br>TWh                          | <div><div></div><div></div><div></div></div> | <b>Active Information Dissemination to Stakeholders</b> <ul style="list-style-type: none"><li>Appropriate information dissemination regarding zero-emission initiatives</li><li>Communicating with local communities through JERA Museum Hekinan, a facility for community engagement</li></ul>  |      |   |
|  | 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/<br>TWh                          | <div><div></div><div></div><div></div></div> |  |      |   |
| 4°C Scenario   |  |  |                           |  |  |  |      |   |
| Acute:<br>More frequent/Severe<br>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/<br>TWh                          | <div><div></div><div></div><div></div></div> | <b>System Reinforcement in the Event of a Large-Scale Disaster</b> <ul style="list-style-type: none"><li>Establishing emergency disaster countermeasure regulations and related manuals: ➡ P. 86</li><li>Implementing periodic disaster drills: ➡ P. 86</li><li>Improving JERA's BCP and BCM: ➡ P. 86</li></ul>  |      |   |
| Chronic:<br>Chronic Changes in<br>Climate Patterns   | Increased operational restrictions on facilities due to factors like drought                     |  |                           |  | <div><div></div><div></div><div></div></div> |  |      |   |



## Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)

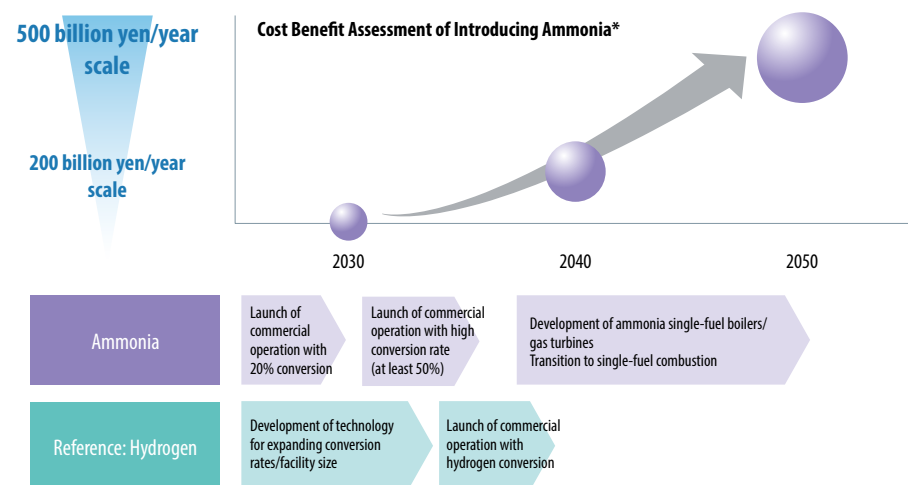
### Assessment of Impact on Our Business: A Deep Dive into the 1.5°C Scenario

In light of the steady progress we have made in our business toward achieving JERA Zero CO<sub>2</sub> 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 Target 2035. We will update the JERA Zero CO<sub>2</sub> Emissions 2050 Roadmap for its Business in Japan based on the new targets and present our updated plan for introducing hydrogen & ammonia conversion in Japan.

As with the previous deep dive into scenario analysis in line with the TCFD Recommendations in FY2023, we analyzed the financial impact on JERA, targeting the introduction of ammonia into our power generation business ahead of technology development, assuming the 1.5°C scenario and the upstream plan for introducing ammonia in Japan.

Our analysis revealed potential cost advantages on the order of 200 billion yen per year by 2040 and 500 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 might 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.



## Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)



### Strategies for Natural Capital

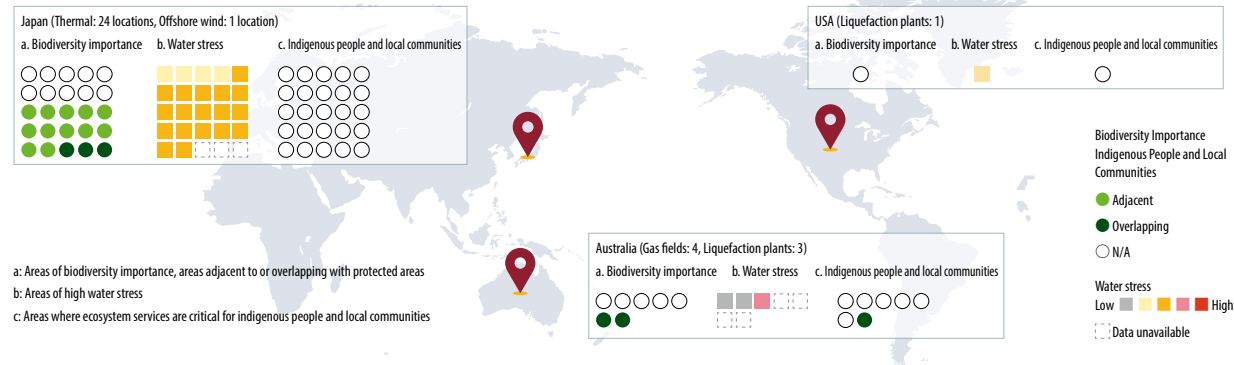
We adopted the LEAP approach advocated in the TNFD disclosure framework to ascertain the relationship between the dependencies and impacts of our business on nature and assess risks and opportunities.

### Locating Our Interface with Nature











In the L (Locate) stage of LEAP, we used IBAT<sup>\*1</sup> and other tools to identify whether our business locations are in areas susceptible to the impacts of natural capital and biodiversity. We set the scope of evaluation to upstream LNG fuel development business and thermal and offshore wind power generation business in our value chain.

#### Areas Identified as High-Stress/Critical at Each Location



In addition to the results from IBAT and other analytical tools, we identified five priority locations warranting special consideration given the operating status of facilities and the actual usage of natural capital (especially water resources) at each location. We will continue to take proper measures in accordance with laws and regulations and engage with our stakeholders.

| Value Chain Stage                                   | Location Name         |                               | Eco-Sensitive Areas   |   |   | Description <sup>*2</sup>  |
|---|-----------------------|-------------------------------|---|---|---|--|
|   |                       |                               | Biodiversity Importance   | Water Stress  | Indigenous People and Local Communities   |  |
| Direct operation<br>(Upstream development business) | Gas field             | Wheatstone LNG, Australia     |  |  |  | The largest gas field in our upstream development business in terms of LNG procurement, overlaps with a protected area.  |
| Direct operation<br>(Upstream development business) | Liquefaction plant    | Wheatstone LNG, Australia     |  |  |  | Ashburton North—the location of the liquefaction plant—has a confirmed overlap with land managed by indigenous people.   |
| Direct operation<br>(Upstream development business) | Liquefaction plant    | Gorgon LNG, Australia         |  |  |  | Barrow Island—the location of the liquefaction plant—has a confirmed overlap with an area of biodiversity importance and a protected area, as well as high water stress. |
| Direct operation<br>(Power generation business)     | LNG power generation  | Futtsu Thermal Power Station  |  |  |  | Our largest LNG thermal power plant in terms of power generation, dependent on water resources (industrial water and seawater).  |
| Direct operation<br>(Power generation business)     | Coal power generation | Hekinan Thermal Power Station |  |  |  | Our largest coal-fired power plant in terms of power generation, dependent on water resources (industrial water and seawater).   |

<sup>\*1</sup> IBAT: A biodiversity assessment tool developed by the International Union for Conservation of Nature (IUCN) and others.

<sup>\*2</sup> We used tools to analyze the integrity and rapid degradation of ecosystems, and took the results into account when identifying priority areas.

### Analyzing Dependencies and Impacts



In the Evaluate stage of LEAP, we used ENCORE<sup>\*3</sup> to elucidate the relationship between the dependencies and impacts of our value chain on nature. With ENCORE, we can select the relevant business or production process and analyze its dependencies and impacts on nature in five levels.

| Dependencies/Impacts |  | Coal Procurement | LNG Procurement | Thermal Power Generation | Solar Power Generation | Wind Power Generation | Biomass Power Generation |
|----------------------|--|------------------|-----------------|--------------------------|------------------------|-----------------------|--------------------------|
| Dependencies         | Supply Services                                |                  |                 |                          |                        |                       |                          |
|                      | Textiles and other raw materials <sup>*4</sup> |                  |                 |                          |                        |                       | ■                        |
|                      | Groundwater                                    | ■                | ■               | ■                        | ■                      |                       | ■                        |
|                      | Surface water                                  | ■                | ■               | ■ <sup>*5</sup>          | ■                      |                       | ■                        |
|                      | Water volume control                           | ■                |                 | ■                        |                        |                       | ■                        |
|                      | Water purification                             |                  | ■               | ■                        |                        |                       | ■                        |
|                      | Biodegradation                                 |                  | ■               | ■                        |                        |                       | ■                        |
|                      | Filtration                                     |                  | ■               | ■                        |                        |                       | ■                        |
|                      | Climate control                                | ■                | ■               | ■                        | ■                      | ■                     | ■                        |
|                      | Flood and storm control                        |                  | ■               | ■                        | ■                      | ■                     | ■                        |
|                      | Erosion control                                | ■                | ■               | ■                        | ■                      | ■                     | ■                        |
| Impacts              | Land Use                                       |                  |                 |                          |                        |                       |                          |
|                      | Use of land areas                              | ■                | ■               |                          | ■                      | ■                     |                          |
|                      | Use of freshwater areas                        | ■                | ■               | ■                        |                        | ■                     |                          |
|                      | Use of marine areas                            |                  | ■               |                          |                        | ■                     |                          |
|                      | Resource Extraction                            |                  |                 |                          |                        |                       |                          |
|                      | Water use                                      | ■                | ■               | ■ <sup>*5</sup>          | ■                      |                       | ■                        |
|                      | Climate Change                                 |                  |                 |                          |                        |                       |                          |
|                      | GHG emissions                                  | ■                | ■               | ■                        |                        |                       | ■                        |
|                      | Pollution                                      |                  |                 |                          |                        |                       |                          |
|                      | Air pollution                                  | ■                | ■               | ■                        |                        |                       | ■                        |
|                      | Water contamination                            | ■                | ■               | ■                        | ■                      | ■                     | ■                        |
|                      | Soil contamination                             | ■                | ■               | ■                        | ■                      | ■                     |                          |
|                      | Solid waste                                    | ■                | ■               | ■                        |                        |                       | ■                        |
|                      | Disturbance                                    |                  |                 |                          |                        |                       |                          |
|                      | Invasive species, etc.                         | ■                | ■               | ■                        |                        | ■                     |                          |

<sup>\*3</sup> ENCORE: An analytical tool for visualizing how business activities depend on and could impact nature, developed jointly by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), financial institutions, and others. The analysis is based on data as of March 2024.

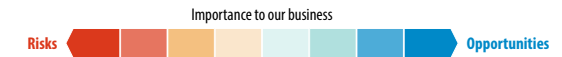
<sup>\*4</sup> Refers to textiles and other raw materials derived from plants and animals; does not include fossil fuels.

<sup>\*5</sup> Although the ENCORE results indicated "Very High" dependency on rivers, other surface water and the impact on water use for thermal power generation, we consider it to be "Moderate" based on actual usage in the context of our business.

## Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)



### Assessing Risks and Opportunities and Preparing to Take Action



In the Assess and Prepare stages of LEAP, we exhaustively identified nature-related risks and opportunities in our business based on the results of dependencies and impacts on nature from the Evaluate stage. We divided the risks and opportunities into three time frames: short-term (through 2025), medium-term (2026–2035), and long-term (2036–2050). In addition, we evaluated importance to our business based on the likelihood of occurrence and magnitude of the risks and opportunities.

| Description of Business | Risks/Opportunities | Impact on JERA   | Power Sources       | Importance | Period               | JERA's Measures and Examples of Related Initiatives   |
|-------------------------|---------------------|--|---------------------|------------|----------------------|---|
| Fuel Procurement        | Risks               | Suspending or limiting thermal power generation operations due to the development/strengthening of environmental regulations during the fuel procurement phase                                 | Coal                | ■          | Medium- to long-term | <b>Environmentally Responsible Fuel Procurement</b> <ul style="list-style-type: none"> <li>Monitoring regulatory trends and complying with laws and regulations</li> <li>Launching a joint initiative with KOGAS to reduce methane emissions in the LNG value chain</li> <li>Using pellets certified by the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)</li> <li>Using scrap wood from sawmills (e.g., wood that cannot be used in construction or to make furniture) as a raw material for pellets</li> <li>Engaging with stakeholders</li> </ul>  |
|                         |                     |  | LNG                 | ■          | Medium- to long-term |   |
|                         |                     |  | Biomass             | ■          | Medium- to long-term |   |
| Power Generation        | Risks               | Emergence of reputational risks and cost of response in thermal power generation due to impacts on the environment, local communities, and indigenous people during the fuel procurement phase | Coal                | ■          | Medium- to long-term |   |
|                         |                     |  | LNG                 | ■          | Medium- to long-term |   |
|                         |                     |  | Biomass             | ■          | Medium- to long-term |   |
|                         | Risks               | Increased cost of compliance with, and fines/penalties from stricter environmental regulations and laws on waste, water contamination, land development, etc.                                  | Thermal (all types) | ■          | Medium- to long-term | <b>Prevention of Air and Water Pollution</b> <ul style="list-style-type: none"> <li>Complying with laws and regulations to prevent air pollution and other types of environmental pollution</li> <li>Preventing air pollution by installing exhaust gas denitration and desulfurization equipment, electrostatic precipitators, and the like, and improving combustion methods: → P. 59</li> <li>Implementing water quality conservation measures: → P. 60</li> </ul> <b>Resource Recycling</b> <ul style="list-style-type: none"> <li>Reusing limestone from thermal power plants as a raw material for cement and the like</li> <li>Reducing waste from and recycling plastic products</li> </ul> <b>Promotion of Environmental Conservation Activities</b> <ul style="list-style-type: none"> <li>Properly maintaining green spaces in accordance with the Factory Location Act and other legislation</li> <li>Conserving and maintaining rare species (low-noise construction in consideration of falcons, installing birdhouses for habitat conservation)</li> <li>Participating in the Inochi-wo-Tsunagu (Life Sustaining) PROJECT and carrying out activities aimed at improving biodiversity and creating an ecosystem network (Chita Thermal Power Station)</li> <li>Participating in the Keidanren Initiative for Biodiversity Conservation declared by Keidanren (Japan Business Federation)</li> <li>Sustainability Promotion System: → P. 47</li> <li>Providing environmental education for power plant employees</li> </ul> |
|                         |                     |  | Offshore wind       | ■          | Medium- to long-term |   |
|                         |                     |  | Solar               | ■          | Medium- to long-term |   |
|                         | Risks               | Increased reputational risk and cost of response from impacts on nature  | Thermal             | ■          | Medium- to long-term |   |
|                         |                     |  | Offshore wind       | ■          | Medium- to long-term |   |
|                         |                     |  | Solar               | ■          | Medium- to long-term |   |
|                         | Risks               | Stricter reporting requirements on nature-related impacts and risks, increased cost of monitoring and reporting  | All                 | ■          | Short- to long-term  |   |
|                         | Opportunities       | Expansion of environmental green bonds and other fundraising opportunities   | All                 | ■          | Medium- to long-term |   |
|                         | Opportunities       | Improved reputation among investors, NGOs, and local communities through activities that have a positive impact on nature (e.g., protected areas) and coexisting with local communities        | All                 | ■          | Short- to long-term  |   |
| Fuel Procurement        | Risks               | Supply chain disruptions due to natural disasters, increased costs associated with response  | Coal                | ■          | Short- to long-term  | <b>Business and Supply Chain Diversification</b> <ul style="list-style-type: none"> <li>Promoting power source portfolio diversification through zero-emission thermal power development and the expansion of renewable energy sources</li> <li>Promoting diversification of procurement sources and business regions (Overseas power generation projects: approx. 30 projects in more than 10 countries; Upstream investment projects: 6 projects in 2 countries, LNG cargo fleet: 23 vessels)</li> </ul>  |
|                         |                     |  | LNG                 | ■          | Short- to long-term  |   |
|                         |                     |  | Biomass             | ■          | Short- to long-term  |   |
|                         | Risks               | Production stoppages and increased water management cost due to reduced supply from water resources  | Coal                | ■          | Short- to long-term  |   |
|                         |                     |  | LNG                 | ■          | Short- to long-term  |   |
|                         |                     |  | Biomass             | ■          | Short- to long-term  |   |
| Power Generation        | Opportunities       | Diversify suppliers, ensure resilience in procurement by improving resource efficiency, reduce and stabilize procurement costs   | Coal                | ■          | Short- to long-term  |   |
|                         |                     |  | LNG                 | ■          | Short- to long-term  |   |
|                         |                     |  | Biomass             | ■          | Short- to long-term  |   |
|                         | Risks               | Increased costs associated with dealing with shutdowns, reduced sales, and other problems caused by natural disasters  | Thermal (all types) | ■          | Short- to long-term  | <b>System Reinforcement in the Event of a Large-Scale Disaster</b> <ul style="list-style-type: none"> <li>Establishing emergency disaster countermeasure regulations and related manuals: → P. 86</li> <li>Implementing periodic disaster drills: → P. 86</li> <li>Improving JERA's BCP and BCM: → P. 86</li> </ul>   |
|                         |                     |  | Offshore wind       | ■          | Short- to long-term  |   |
|                         |                     |  | Solar               | ■          | Short- to long-term  |   |
|                         | Risks               | Restricted water supply to factories and decrease in production and sales due to drought, water contamination, etc.  | Thermal (all types) | ■          | Short- to long-term  |   |



## Climate- and Nature-related Disclosures (Response to TCFD and TNFD Recommendations)



### Metrics and Targets

We view JERA Zero CO<sub>2</sub> Emissions 2050 as a long-term goal and have developed a roadmap for achieving it as well as interim targets for CO<sub>2</sub> emission intensity by 2030 and CO<sub>2</sub> emissions by 2035. In addition, we continue to calculate and assess actual results each year to manage our progress. We have also formulated the JERA Group Sustainability Policy and expanded non-financial KPIs for 2024. We will continue to promote initiatives toward sustainable management.

#### Climate- and Nature-related Targets for Non-Financial KPIs

20% reduction in CO<sub>2</sub> emission intensity by 2030

More than 60% reduction in CO<sub>2</sub> emissions by 2035

Maintaining the world's highest standards for controlling NO<sub>x</sub> and SO<sub>x</sub> emissions

Hydrogen & ammonia transaction volume of 7 MT by 2035

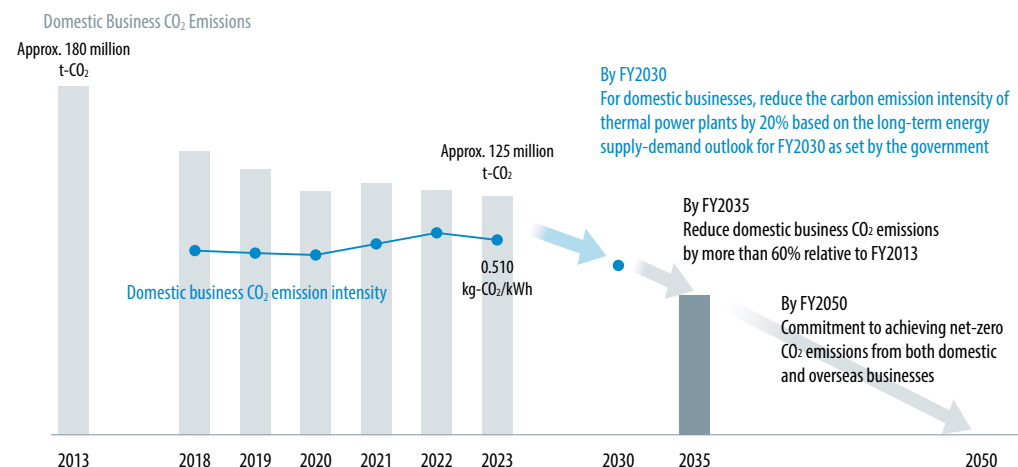
Renewable energy development capacity of 20 GW by 2035

CO<sub>2</sub> tracking throughout the value chain

Creation of mechanism that can deliver carbon-free electricity to customers 24 hours a day

Identification of regional issues and collaboration with regions to resolve issues

Global collaboration on and development of local initiatives to solve regional issues



# Avoided Emissions



## What Are Avoided Emissions?

Avoided emissions refer to a metric that evaluates how much a company contributes to reducing greenhouse gas (GHG) emissions across society through the solutions it provides, such as its products and services.

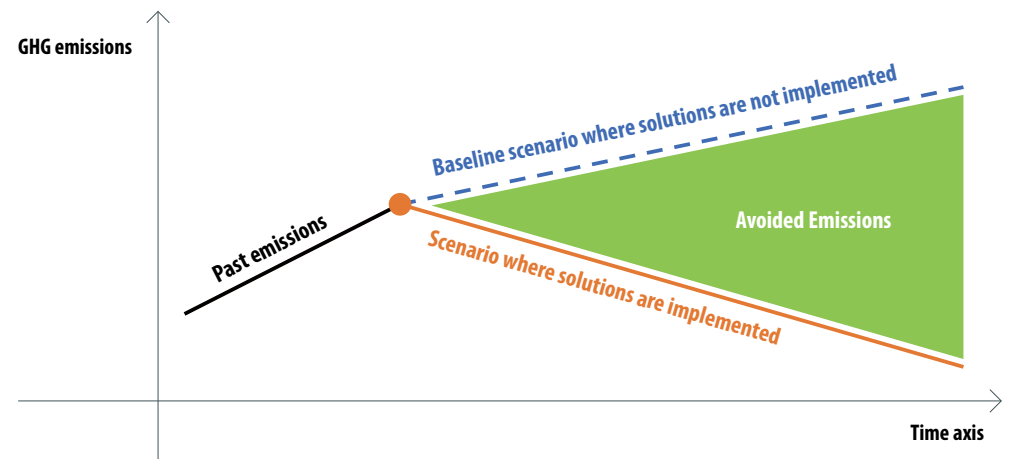
Avoided emissions are evaluated based on a different concept than Scope 1, 2, and 3 emissions, which measure a company's own emissions.

Scope 1 represents a company's direct emissions; Scope 2 refers to indirect emissions from the use of electricity, heat, or steam supplied by other companies; and Scope 3 includes all other indirect emissions in the supply chain, excluding those covered by Scope 1 and 2.

In contrast, avoided emissions reflect the greenhouse gas (GHG) reductions that occur when comparing a baseline scenario with a scenario in which the company's solutions contribute to lowering emissions. This approach clarifies how much a company's business activities have contributed to reducing GHG emissions across society and enables the assessment of the emission reduction effects of new technologies and solutions. To promote these initiatives and support accurate calculation, organizations such as the World Business Council for Sustainable Development (WBCSD) and the GX League are advancing the development of methodologies for utilizing avoided emissions.

While referring to these frameworks, we calculate and disclose the reduction contributions from our business activities in addition to the traditional Scope 1, 2, and 3 emissions. This allows us to explain to our stakeholders how we are contributing to the realization of a sustainable society.

### Image of Avoided Emissions



Source: Based on the WBCSD's "Guidance on Avoided Emissions"

## Avoided Emissions

### Avoided Emissions from Our Business Activities

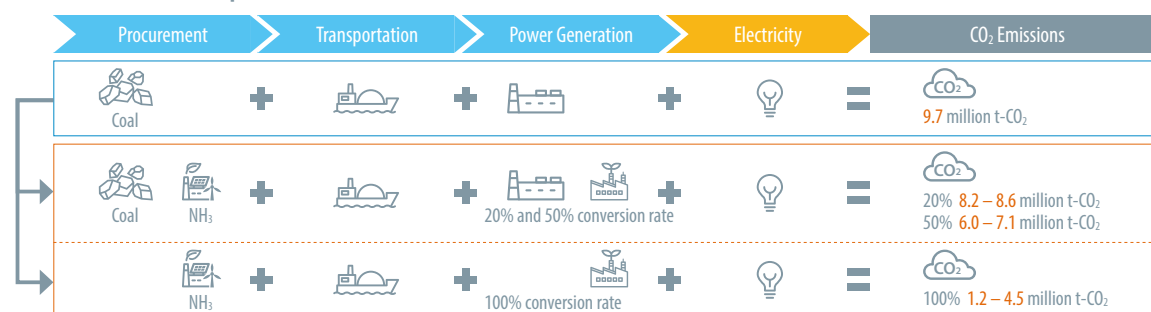
We evaluated the avoided emissions of our solutions related to power and fuel supply, such as fuel conversion to ammonia at thermal power plants, development of renewable energy, and provision of hydrogen & ammonia, by referring to WBCSD guidance and the GX League's basic guidelines.

Our Business

Usage by Customers

#### Fuel Conversion to Ammonia at Thermal Power Plants

Avoided Emissions: up to **8.5** million t-CO<sub>2</sub>



#### How We Calculate Avoided Emissions

We calculated the avoided emissions for Hekinan Thermal Power Station, where fuel conversion to ammonia is ongoing, at each stage of conversion rates—20%, 50%, and 100%—by estimating the reduction achieved through avoiding the use of traditional coal.

#### Calculation Conditions

##### Baseline Scenario

Subject: Hekinan Thermal Power Station Units 4 and 5

Duration: 1 year

Fuel: Coal

Boundary: From procurement to power usage

##### Implementation Scenario

Subject: Hekinan Thermal Power Station Units 4 and 5

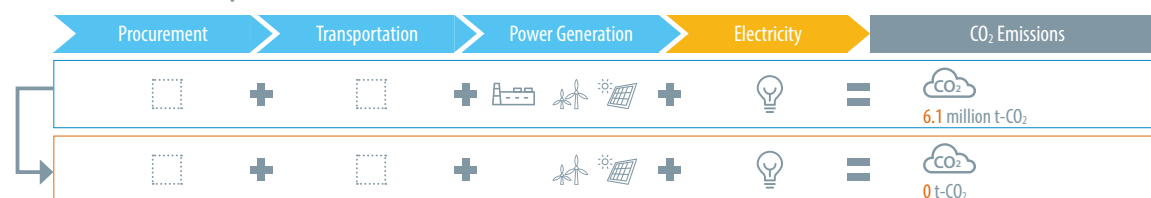
Duration: 1 year (conversion rates: 20%, 50%, 100%)

Fuel: Ammonia (blue or green)

Boundary: From procurement to power usage

#### Development of Renewable Energy

Avoided Emissions: up to **6.1** million t-CO<sub>2</sub>



#### How We Calculate Avoided Emissions

We calculated the avoided emissions achieved by reducing the emission intensity\* of grid power through the development of 20 GW of renewable energy by FY2035, as outlined in the JERA Growth Strategy.

#### Calculation Conditions

##### Baseline Scenario

Duration: 1 year (FY2035)

Boundary: From generation to power usage

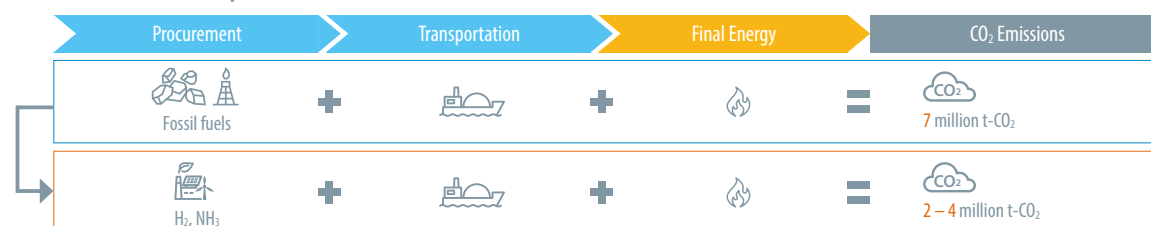
##### Implementation Scenario

Duration: 1 year (FY2035)

Boundary: From generation to power usage

#### Provision of Hydrogen & Ammonia

Avoided Emissions: up to **5** million t-CO<sub>2</sub>



#### How We Calculate Avoided Emissions

We calculated the avoided emissions achieved by avoiding the use of fossil fuels through the handling and supply of approximately seven million tons of hydrogen & ammonia (in ammonia equivalent) by FY2035, as outlined in the JERA Growth Strategy (excluding the ammonia consumption assumed in "Fuel Conversion to Ammonia at Thermal Power Plants").

#### Calculation Conditions

##### Baseline Scenario

Duration: 1 year (FY2035)

Fuel: Fossil fuels\*

Boundary: From procurement to final energy use

##### Implementation Scenario

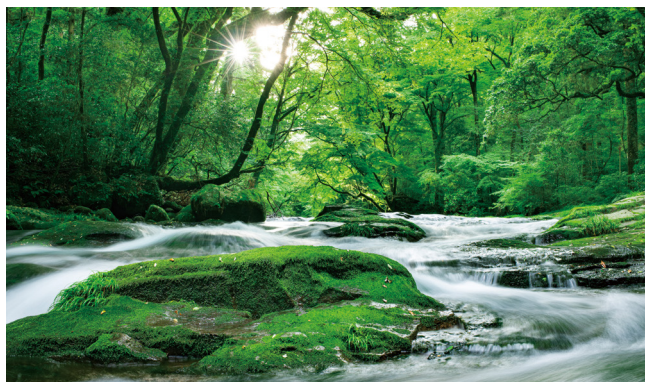
Duration: 1 year (FY2035)

Fuel: Hydrogen & ammonia (blue or green)

Boundary: From procurement to final energy use

\*Estimated based on IEA World Energy Outlook 2023 APS (Japan)

# 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, and disasters caused by extreme weather events are becoming more frequent and intense worldwide.

Given this context, the adoption of the SDGs and the Paris Agreement by the international community has accelerated the development of targets and frameworks aimed at addressing climate change, the conservation of biodiversity, and the creation of a recycling-oriented society. As a result, there are increasing demands and expectations for governments and companies 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 Strategic Energy Plan and

actively 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions, remove air and water pollutants, recycle waste, and preserve biodiversity.

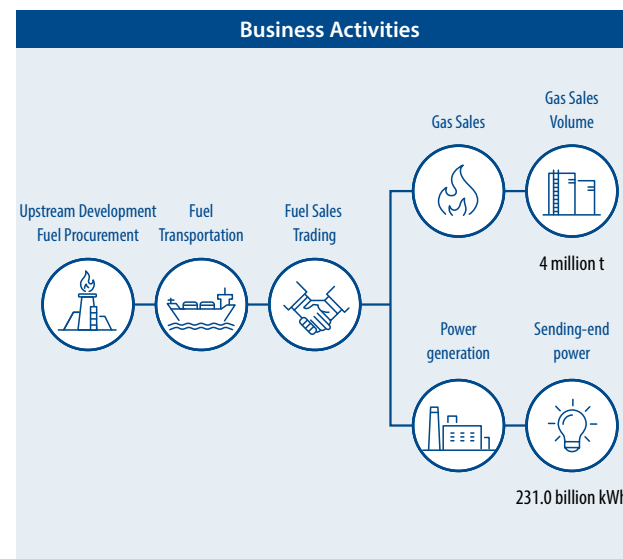
We have also established the Sustainability Promotion Committee to enhance our Sustainability management. Chaired by the President, CEO and COO, this cross-divisional committee oversees the entire company and examines environment-related issues and their corresponding measures, with significant issues brought to the Leadership Panel for resolution. We will continue to improve our environmental management and contribute to the development of a sustainable society. (Sustainability Promotion Structure: p.47)

## 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 (FY2023\*)

| INPUT                                   |                                |
|---|--------------------------------|
| <b>Fuel consumption</b>                 |                                |
| Biomass                                 | 0.46 million t                 |
| LNG & LPG                               | 23.05 million t                |
| Utility gas                             | 1.7 billion Nm <sup>3</sup>    |
| Coal                                    | 20.03 million t                |
| Petroleum                               | 0.22 million kl                |
| <b>Total energy consumption</b>         |                                |
| 48.44 million kl (crude oil equivalent) | <b>Purchased electricity</b>   |
|   | 179.69 million kWh             |
| <b>Water usage</b>                      |                                |
| Total water intake                      | 21,246 thousand m <sup>3</sup> |
| Industrial water intake                 | 19,299 thousand m <sup>3</sup> |
| Tap water intake                        | 1,855 thousand m <sup>3</sup>  |
| Groundwater intake                      | 62 thousand m <sup>3</sup>     |



| OUTPUT   |                                    |
|--|------------------------------------|
| <b>GHG emissions (CO<sub>2</sub> equivalent)</b> |                                    |
| Scope 1  | 113,756 thousand t-CO <sub>2</sub> |
| Scope 2  | 70 thousand t-CO <sub>2</sub>      |
| Scope 3  | 31,709 thousand t-CO <sub>2</sub>  |
| Total  | 145,534 thousand t-CO <sub>2</sub> |
| <b>SO<sub>x</sub> emissions</b>                  |                                    |
| 6 thousand t                                     | <b>Gross wastewater volume</b>     |
|  | 10,682 thousand m <sup>3</sup>     |
| <b>NO<sub>x</sub> emissions</b>                  |                                    |
| 15 thousand t                                    | <b>COD emissions</b>               |
|  | 30 t                               |
| <b>Disposal by reclamation</b>                   |                                    |
| 19 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., Green Power Ishikari GK.



## Environment

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

In October 2020, we announced JERA Zero CO<sub>2</sub> Emissions 2050 as our commitment to curbing CO<sub>2</sub> 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 CO<sub>2</sub> emissions from our operations in Japan and abroad by 2050 in order to realize a sustainable society.

As part of our initiatives in the field of renewable energy, in December 2023, a consortium of four companies, of which JERA is a member, was selected as the operator for a large-scale offshore wind power generation project planned for development off the coast of Oga City, Katagami City, and Akita City in Akita Prefecture. In January 2024, we also began commercial operation of the Ishikari Bay New Port Offshore Wind Farm, which we own through Green Power Ishikari GK, a joint venture company, together with Green Power Investment Corporation (GPI). This offshore wind farm is Japan's largest and the first in the country to adopt large 8,000 kW wind turbines.

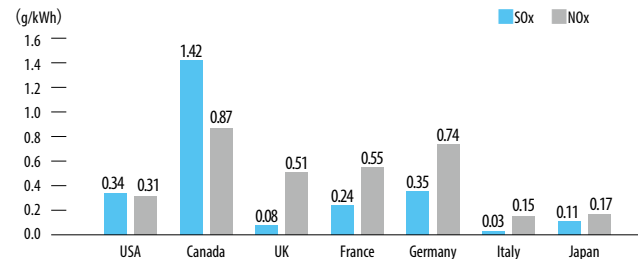
As part of our initiatives to reduce CO<sub>2</sub> emissions from thermal power generation, we have completed demonstration tests at Hekinan Thermal Power Station, achieving a world-first by converting 20% of a large-scale commercial coal-fired power generator to ammonia combustion (Initiatives at Thermal Power Plants in Japan: p.40). We are also working on multiple projects related to the production of low-carbon hydrogen & ammonia, as well as investigating the feasibility of projects related to the separation and recovery of CO<sub>2</sub> emitted from thermal power plants.

We will promote the adoption of greener fuels and pursue zero-emission thermal power during power generation. We aim to achieve 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 CO<sub>2</sub> emissions.

### Ecosystem Conservation Initiatives

Air pollutants emitted from our thermal power plants include sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), soot, and dust, primarily from boiler exhaust. 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 FY2023, our SO<sub>x</sub> and NO<sub>x</sub> 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<sub>x</sub> and NO<sub>x</sub> Emissions per Unit of Power Generation Output in Major Countries for 2021 (Thermal power plant)



Source: Federation of Electric Power Companies of Japan (FEPC), "Energy and Environment," p.26 (SO<sub>x</sub> and NO<sub>x</sub> emissions data: OECD Stat Extracts; Power generation data: Compiled by FEPC based on IEA "WORLD ENERGY BALANCES")

### Featured

#### Independent Assurance on Environmental Data

To enhance 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 TNFD Forum

The Taskforce on Nature-related Financial Disclosures (TNFD) is an international framework for companies to assess the impact of their economic activities on natural capital and biodiversity and to disclose risks and opportunities. The TNFD Forum is an organization that supports the objectives of the TNFD by endorsing and participating in discussions and other related activities.

We are committed to actively contributing to TNFD-related initiatives while promoting efforts toward sustainable management.  
(Our disclosures in line with TNFD: p.48)



## Environment

### Water Quality Conservation Measures (Consideration for Marine Environments)

Wastewater generated by our thermal power plants is purified using wastewater treatment facilities to comply with the effluent standards set by laws and ordinances, as well as environmental conservation agreements we have with municipalities. We properly discharge this wastewater while continuously monitoring it with water quality measurement instruments. 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. We are promoting the effective use of coal ash, a byproduct of our coal-fired power plant, 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 FY2023 was 99.99%.

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 was 472 tons and the effective utilization rate in FY2023 was 96.88%.



### State of Waste Treatment Facility Maintenance

The Act on Waste Management and Public Cleansing requires that information on the status of the maintenance and management of waste

treatment facilities be made public. We properly maintain and manage our waste treatment facilities and provide online reports regarding facility maintenance, including details such as the type and amount of waste disposed of, results of water quality measurements performed on discharged water, facility inspection results, and more.



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; Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement) 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 FY2023, 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, vibration control, and other measures, taking into consideration the impact on the surrounding environment.

### Primary Measures

| Measure                     | Description  |
|-----------------------------|--|
| 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. |
| Industrial Waste Control    | We take steps to properly treat waste by creating manuals tailored to the operations of individual thermal power plants.   |
| Landscape Preservation      | We make efforts to ensure that power plants blend in with local scenery while considering costs.   |

### Featured

#### Successful Bid in the Long-Term Decarbonized Power Source Auction

Japan's long-term decarbonization power source auction is a system designed to provide stable, long-term revenue to energy producers using decarbonized power sources that do not emit CO<sub>2</sub> when generating electricity. This includes converting existing thermal power plants to use ammonia & hydrogen. We submitted a bid in the first auction and successfully secured contracts for Hekinan Thermal Power Station Units 4 and 5, which will undergo ammonia conversion, as well as Chita Thermal Power Station Units 7 and 8\*, where we aim to introduce hydrogen into LNG operations. To achieve JERA Zero CO<sub>2</sub> Emissions 2050, we will work to secure a stable supply and achieve carbon neutrality through the development of decarbonized power sources such as ammonia & hydrogen.

\*In light of the short-term need to prevent power supply shortages, LNG-fired thermal power plants are also included for the three-year period from FY2023 to FY2025.

#### Decarbonized Power Sources

| Project Name (Power Source)          | Power Source (Power Generation Method) | Awarded Capacity (kW) |
|--------------------------------------|--|-----------------------|
| Hekinan Thermal Power Station Unit 4 | Modification (Ammonia Conversion)      | 187,334               |
| Hekinan Thermal Power Station Unit 5 | Modification (Ammonia Conversion)      | 187,315               |

#### LNG-Fired Thermal Power

| Project Name (Power Source)        | Awarded Capacity (kW) |
|------------------------------------|-----------------------|
| Chita Thermal Power Station Unit 7 | 589,836               |
| Chita Thermal Power Station Unit 8 | 589,836               |

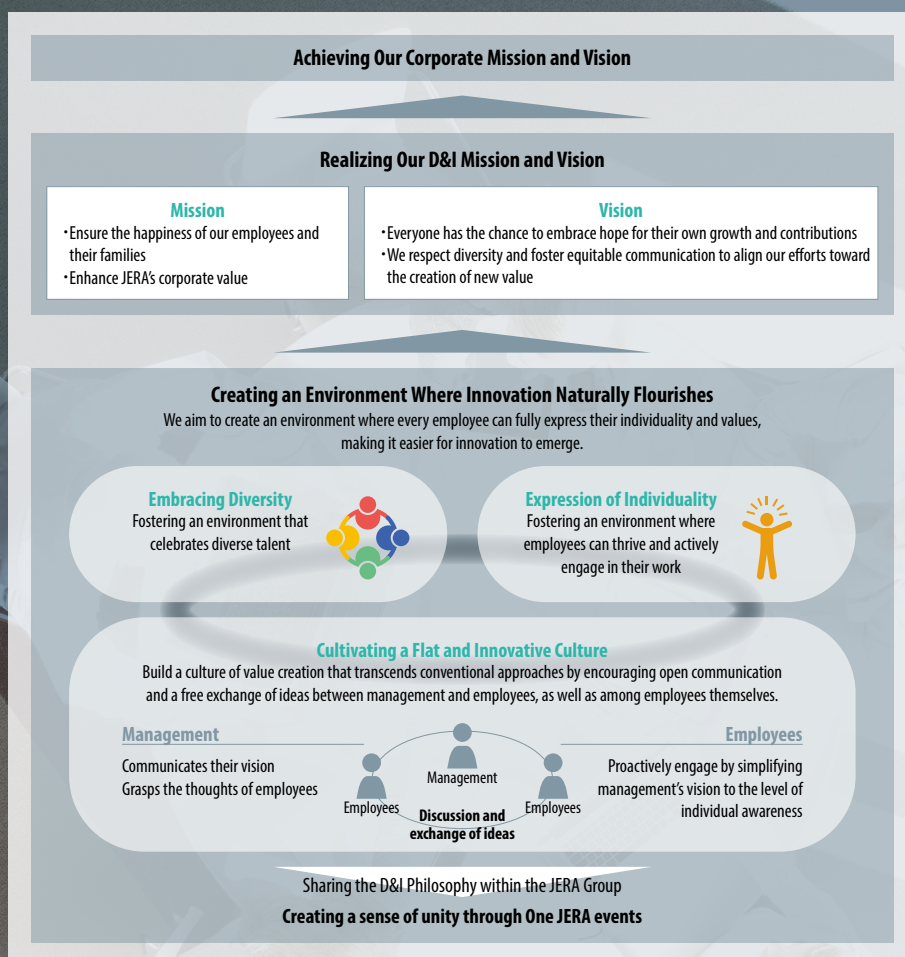
# Diversity and Inclusion

## Overview of D&I Promotion

### Fostering Innovation through Diverse Talent

Cutting-edge solutions, like those highlighted in our mission, require innovation that is capable of creating entirely new products, services, and processes.

Cultivating a flat and innovative culture. Expression of Individuality. Embracing diversity. The chart below shows our ongoing initiatives in these areas, aiming to create an environment where every employee can fully express their individuality and values, creating an environment where innovation can flourish.



## Promoting Diversity and Inclusion to Achieve Our Mission and Vision

Managing Executive Officer for  
Enterprise Value Creation  
**Minako Fujiie**

At JERA, the Enterprise Value Creation Division, which reports directly to the president, is currently driving diversity and inclusion (D&I). Top management emphasizes the importance of diversity in their communications and frames our D&I initiatives as vital to achieving our mission and vision.

D&I in Japan often focuses on superficial metrics, such as the percentage of female managers and the employment rates of individuals with disabilities. However, we are prioritizing a deeper understanding of diversity centered on the cultivation of a flat and innovative culture that embraces both minorities and majorities.

In other words, we believe it is essential to move beyond simply establishing a system that enables everyone to thrive regardless of gender, nationality, or religion and take that extra step to foster new innovations driven by the full expression of each employee's individuality and values in creating a vibrant new culture.

At JERA, we prioritize cultivating a flat and innovative culture where everyone takes a leading role in enhancing productivity, which is a distinctive feature of our D&I initiatives.

It is also true that as a power generation business, we have long valued the principle of uniform treatment, ensuring that a stable supply is maintained regardless of who is generating power and that quality is preserved no matter who is performing maintenance.

Our company, which is now committed to expanding globally with the convention-shattering goal of achieving zero-emission power generation, recognizes that relying solely on this long-held value is not enough to advance further. Power plants are also rapidly changing through digitalization and the implementation of generative AI, among other next-generation transformations. Although a group might appear tightly unified, there will always be inherent differences in individuality and values. Now is the time to leverage those differences to cultivate a culture where innovation can thrive naturally.



## Diversity and Inclusion

### Initiatives to Promote D&I

**We strive to foster an environment where every employee can fully express their individuality and values, thus encouraging innovation.**

#### Cultivating a Flat and Innovative Culture

We strive to cultivate a culture of value creation that transcends conventional approaches by encouraging open communication and the free exchange of ideas between management and employees, as well as among employees themselves.

#### ● Events hosted by JERA and JERA Overseas Sites

We host an annual forum where members from Japan and overseas sites gather in person to advance our D&I initiatives and foster mutual understanding between these regions. A sense of unity is fostered through the exchange of information and ideas that transcends barriers such as country, language, and position within the company.



Group photo of overseas office and head office employees

#### ● Lectures and Discussions Featuring Guest Experts

To encourage new value creation in our business, we host internal salons designed to expose employees to a variety of perspectives. We bring together experts from various fields, including specialists and artists outside the domain of power generation, to foster innovation through unconventional connections.



Dialogue between external experts and Hisahide Okuda (President, Director, CEO and COO)

#### ● World Café

These sessions bring employees who do not usually have the chance to interact in their daily work together in small groups to discuss themes such as D&I, company culture, and workplace development. These discussions help generate new ideas and solutions for various challenges.



Participants engaged in discussion

#### ● Events with Families

Family Days are held to bring together the families and partners of our employees. These events help deepen their understanding of the company, foster a sense of connection with JERA, and contribute to enhancing employee engagement satisfaction.



Group photo at D&I Family Day

#### Expression of Individuality (Creating an environment where employees can thrive)

#### ● Employee Satisfaction Survey

We conduct an annual employee satisfaction survey aimed at enhancing employee engagement and strengthening our corporate value. We quantitatively assess the following areas: the company (including management policies and strategies), the working environment (such as working hours and teamwork), skill development (like personal achievement and skill enhancement), and diversity and inclusion. Looking ahead, we will expand the survey to include our overseas sites and establish an index to measure the depth of cultural integration, aiming to enhance both this integration and employee engagement.

### ● D&I Suggestion Box

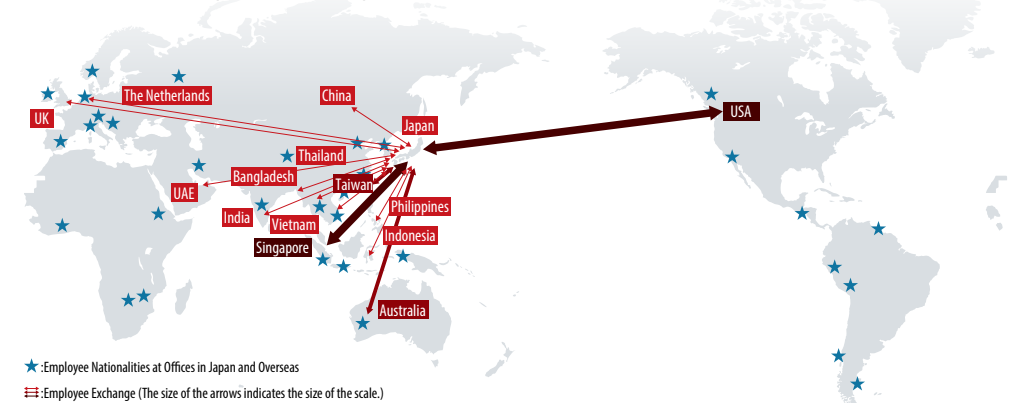
We have implemented a process that allows employees to freely share their thoughts—either anonymously or openly—regarding requests for improvements related to diversity and inclusion and initiatives to advance D&I in their workplaces. This process aims to foster two-way communication that bridges the intentions and feelings of both the company and its employees.

#### Embracing Diversity (Fostering an environment that celebrates diverse talent)

To achieve our mission and vision, we believe that the JERA Group must have the necessary diversity in its workforce. To that end, we are working to encourage personnel exchanges between our offices in Japan and those overseas while ensuring a diverse environment that is inclusive of all individual attributes.

#### ● Number of Employee Exchanges between Locations and the Number of Nationalities Represented

We have a diverse roster of personnel from various backgrounds working at our Japanese and overseas sites, with 48 different nationalities represented in our operations worldwide\*1\*2.



\*1 Personnel exchanges are based on the scale of the number of temporary assignments as of July 1, 2024, including those from overseas offices to Japan and from Japan to overseas offices.

\*2 Employee nationalities are based on employee data for offices in Japan as of July 1, 2024, and for the five main overseas offices as of the end of June 2024.

Through these initiatives, we aim to cultivate an even stronger sense of unity across our locations in Japan and overseas by developing and promoting a cohesive D&I philosophy.

#### External Recognition

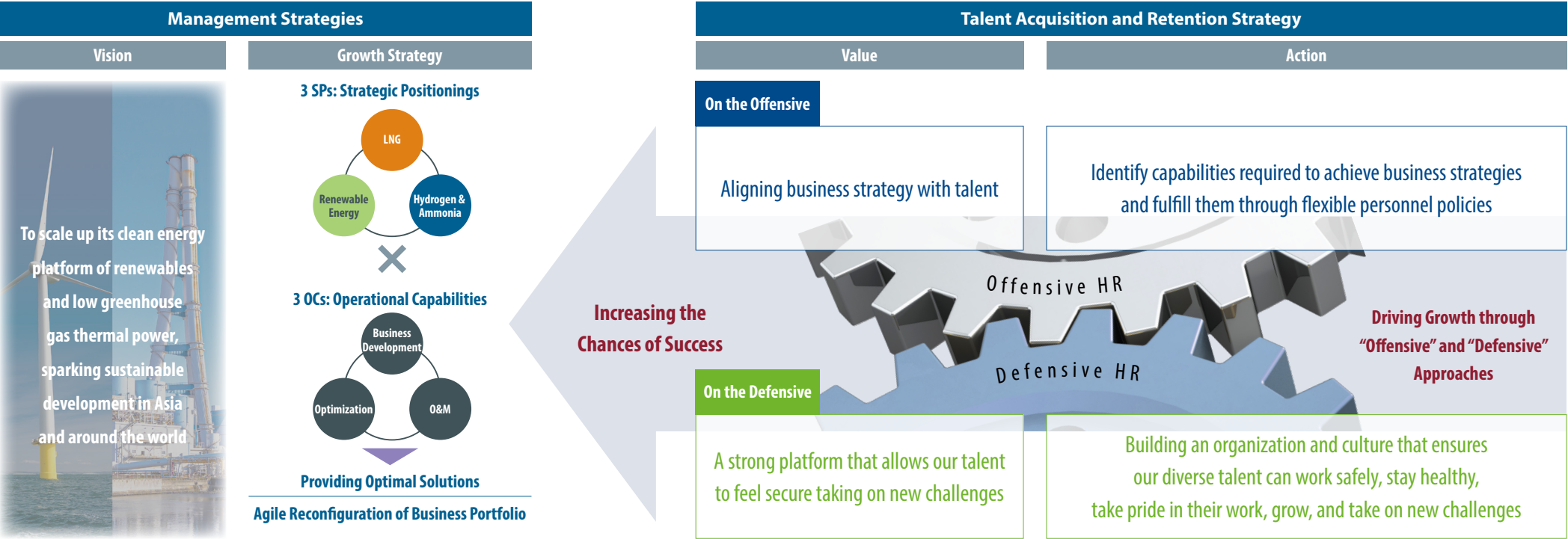


JERA was awarded “Best Workplace,” the highest among four levels of the D&I AWARD 2023, presented by JobRainbow, Inc., to companies committed to diversity and inclusion. Furthermore, we were recognized externally for our initiatives related to LGBTQ+ issues, receiving a “Gold” award in FY2023 from the PRIDE Index, which evaluates corporate initiatives in this area.



# Our People

## Management Strategies and Talent Acquisition and Retention Strategy



## Our People

### Offensive Approach to Talent Acquisition and Retention Strategy

#### ► Aligning Business Strategy with Talent

Our talent acquisition and retention strategy begins with defining and understanding the capabilities required, both qualitatively and quantitatively, to achieve our business strategies. Leveraging job-based talent management, we deliver a variety of solutions to flexibly meet the required capabilities. By implementing a cycle that optimizes our talent portfolio through these efforts, we aim to enhance the likelihood of achieving our business strategies, even as the group's business environment continues to evolve.

#### Identifying Capabilities

We define capabilities by thoroughly analyzing each division's operations and classifying the expected roles and required skills by level. We then assess the capabilities necessary to achieve our business strategies, evaluate and compare them against the existing talent's capabilities, and identify required capabilities both qualitatively and quantitatively.

##### Capabilities for Achieving Business Strategies

###### Envisioned Future

|                      |                | Lv5 | Lv4 | Lv x |
|----------------------|----------------|-----|-----|------|
| Professional ability | Building Xxx   | 20  | 50  | 130  |
|                      | Xxx Operations | 30  | 30  | 120  |
|                      | Xxx            | 40  | 30  | 200  |
| General ability      | Accounting     | 20  | 30  | 150  |
|                      | Analytics      | 30  | 40  | 180  |
|                      | Xxx            | 15  | 20  | 140  |

###### Gap

|                      |                | Lv5 | Lv4 | Lv x |
|----------------------|----------------|-----|-----|------|
| Professional ability | Building Xxx   | ▲15 | ▲10 | 20   |
|                      | Xxx Operations | ▲20 | ▲15 | 10   |
|                      | Xxx            | ▲35 | ▲15 | 0    |
| General ability      | Accounting     | ▲15 | ▲20 | ▲10  |
|                      | Analytics      | ▲25 | ▲10 | 20   |
|                      | Xxx            | ▲5  | 0   | 10   |



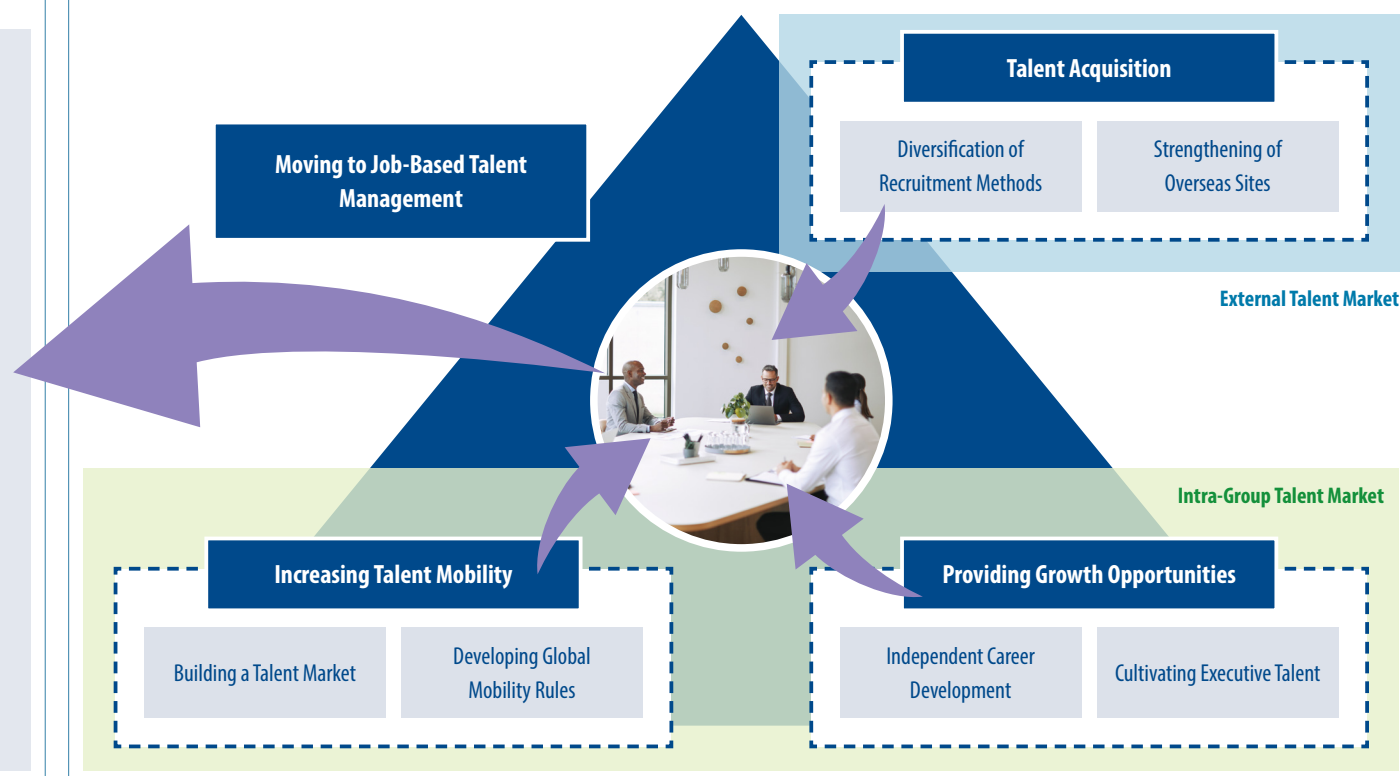
##### Capabilities of Current Talent

###### Current Status (Issues)

|                      |                | Lv5 | Lv4 | Lv x |
|----------------------|----------------|-----|-----|------|
| Professional ability | Building Xxx   | 20  | 50  | 130  |
|                      | Xxx Operations | 30  | 30  | 120  |
|                      | Xxx            | 40  | 30  | 200  |
| General ability      | Accounting     | 5   | 10  | 140  |
|                      | Analytics      | 5   | 30  | 200  |
|                      | Xxx            | 10  | 20  | 150  |

#### Fulfilling Needs with Flexible HR Efforts

After identifying the required capabilities, we will fulfill them dynamically through three core HR measures: talent acquisition, increasing talent mobility, and providing growth opportunities. We are also shifting toward job-based talent management, which serves as a platform of these efforts.



## Moving to Job-Based Talent Management

Acquiring top talent capable of fulfilling the capabilities required to enhance the likelihood of achieving our business strategies is one of our key challenges. The competition for talent is intensifying not only on a global scale but also within Japan, where societal issues such as rapid population aging and labor market rigidity are significantly impacting the talent acquisition landscape. In addition, on an individual level, the diversification of lifestyles and working styles, as well as changing personal values and career awareness, have made talent management increasingly complex and multifaceted.

In response to these circumstances, we are shifting toward a job-based talent management system to both maintain and improve our high level of market competitiveness and boost employee engagement.



## Shift to Job-Based Talent Management

Our job-based talent management considers the unique characteristics of the Japanese labor market, such as limited talent mobility and the potential-focused hiring of new graduates, and structures the entire employee life cycle—including compensation levels, employment types, recruitment processes, performance evaluations, and career development—based on the job itself rather than seniority or individual attributes. As of April 2024, we have applied a job-based compensation system to all management positions.

### Job-Based Management System

|                          | Japanese Market  | Job-Based Talent Management   | Global Market  |
|--------------------------|--|---|--|
| Employment Practices     | Lifetime employment<br>Obligation to employ until age 65 | Lifetime employment<br>Obligation to employ until age 65  | Career changes for upward mobility<br>Termination due to performance |
| Hires                    | Employment based on potential                            | New Graduates: Hired based on potential<br>Mid-Career: Hired for specific positions                                     | Hired for specific positions   |
| Evaluation and Promotion | Emphasis on internal fairness<br>(Pay for person)        | Manager: Linked to a specific position (Pay for job)<br>General Employee: Reflects ability development (Pay for person) | Linked to a specific position<br>(Pay for job)                       |
| Compensation             | Non-market related                                       | Industry-specific market alignment  | Role-specific market alignment                                       |
| Career Development       | Company-initiated  | Individual-driven   | Individual-driven  |

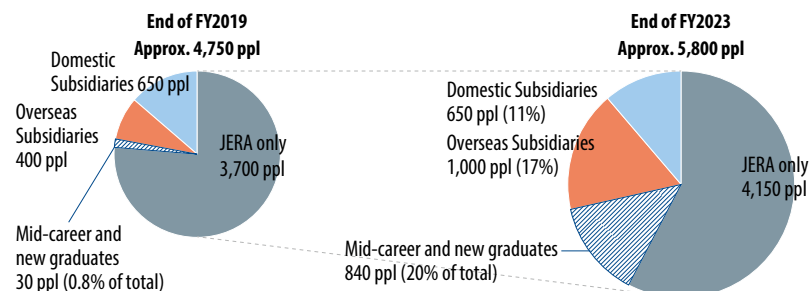
## Talent Acquisition

We are focused on acquiring top talent across the entire group to qualitatively and quantitatively meet the capabilities required to achieve our business strategies. In mid-career hiring, we actively implement position-specific recruitment that aligns with business needs, as well as referral hiring. For new graduate recruitment, which we fully launched in 2022, we are working to secure talent with specialized skills and international perspectives by introducing course-specific hiring and offering October start dates for overseas university graduates. In addition, at our overseas sites (overseas subsidiaries), we are strengthening systems by expanding local hiring and business acquisitions.

| Diversification of Recruitment Methods   |  | Strengthening of Overseas Sites  |
|--|--|--|
| Mid-Career Hires   | New Graduates  |  |
| <ul style="list-style-type: none"> <li>Hiring for positions that match business needs</li> <li>Use of referral hiring</li> </ul> | <ul style="list-style-type: none"> <li>Course-specific hiring</li> <li>International students from overseas universities joining the company in October</li> </ul> | <ul style="list-style-type: none"> <li>Expand local hiring</li> <li>Progress in business acquisitions</li> </ul> |

Through these efforts, our consolidated workforce increased by approximately 1,000 employees compared with FY2019\*. Of these, 600 were hired at our overseas sites. In addition, at JERA itself, the proportion of mid-career and new graduate hires has grown to about 20%. Our focus will continue to be on securing outstanding talent to reach our business strategy objectives, generate new value, and sustainably enhance corporate value.

### Employee Composition of Headquarters and Branch Offices



\*FY2019: Established management and organizational structure by integrating existing thermal power generation businesses from TEPCO Fuel & Power Inc. and Chubu Electric Power Co., Inc.

## Our People

### Improving Talent Mobility

We are working to improve talent mobility across the group to achieve agile alignment between business strategies and talent and to optimize our talent portfolio. We aim to create a portfolio that maximizes the value of our talent by **building a platform that enables the seamless discovery and matching of talent both within and outside the group (intra-group human resources market)** and by **developing a system (global mobility rules) for smooth placement**, without being constrained by recruitment locations.

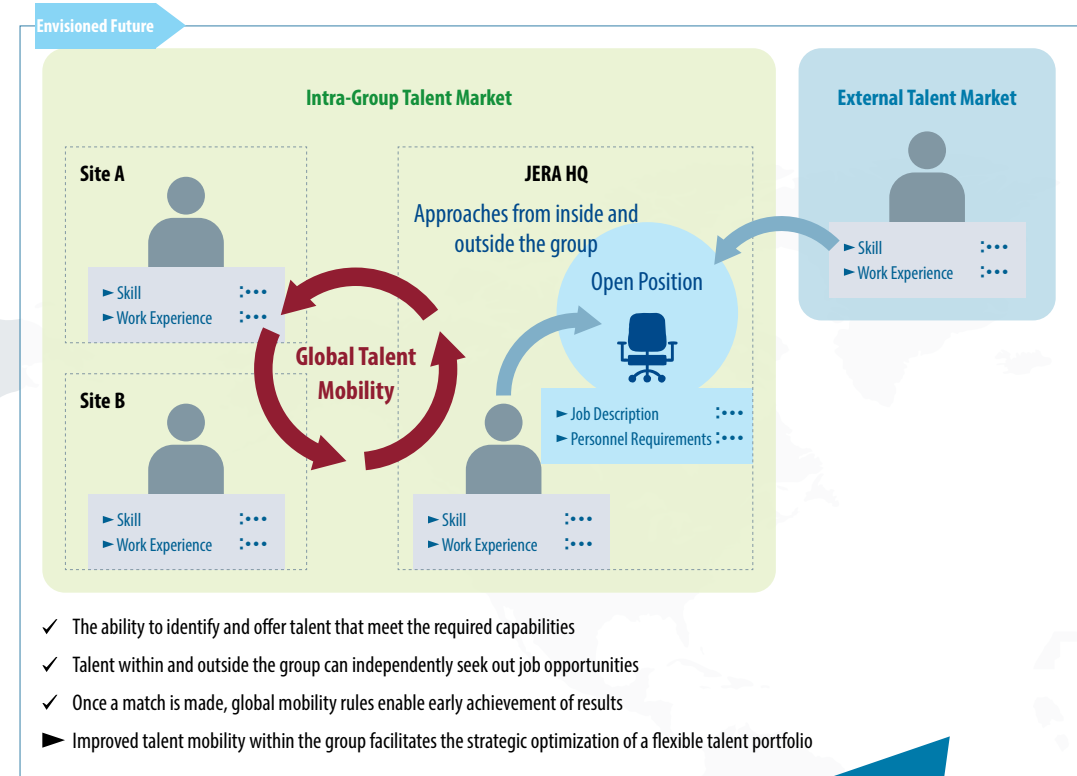
### Building a Market for Talent within the Group

We are developing a platform that visualizes information on all the talent within the group, enabling the discovery and offering of individuals who possess the capabilities needed to execute the strategies of each business.

We are also working on establishing a system that encourages both internal and external talent to actively pursue job opportunities by sharing enticing job information in the external talent market. We aim to build a talent market that enables mutual growth based on an equal relationship between the company and our employees.

### Developing Global Mobility Rules

As part of our effort to facilitate talent and job matching within the group's talent market, we are developing global mobility rules that systematically organize the placement process, ensuring a smooth transition and early success in new roles. By establishing guidelines that encompass not just mobility between regions and sites but also rules based on the job's purpose, duration, and content, we seek to promote greater talent mobility.



#### Current Status (Issues)

- Understanding what kinds of talent and jobs exist, especially at overseas sites
- Talent mobility between locations is predominantly from HQ to other sites, with minimal movement elsewhere
- ▶ A talent portfolio that maximizes talent value in alignment with business strategy has yet to be developed

## Our People

### Providing Growth Opportunities

#### Talent Development Policy

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

#### Talent Development Objectives

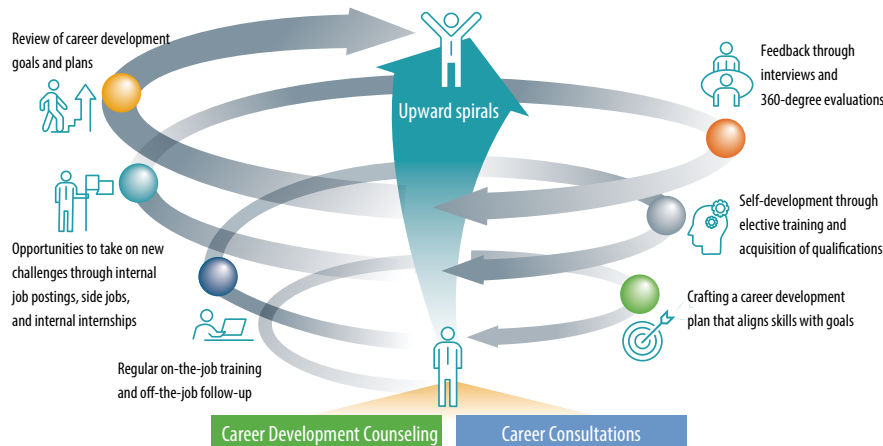
- 1 To allow employees to grow and live their lives to the fullest
- 2 To enhance the JERA Group's corporate value and to help us achieve our mission and vision through employee growth

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

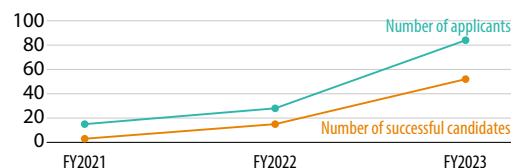
### Independent Career Development

#### ► Supporting the Career Development of Every Employee

We support the independent career development of our employees based on our concept of talent management, which emphasizes employee-driven career development and the ability to choose one's own job. To help employees bridge the gap between their career goals and their current abilities, we provide a comprehensive environment that includes career development planning, career development discussions, and a diverse range of training programs aimed at skill enhancement skills. We also offer internal job postings, opportunities for side jobs, and regular reviews of career development plans, all designed to empower employees to achieve their personal and professional aspirations.



We are steadily fostering a culture where employees take ownership of their careers, as demonstrated by the growing number of transfers each year through the internal job posting system, which offers employees the chance to choose their career path.



Our training system supports skill development from multiple angles to support independent career 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.

#### ► Fostering Global Talent

To meet the demands of increasing globalization and the growing global mindset among our employees, we have established various programs, including opportunities for language acquisition, study abroad programs, and short-term training at overseas sites. For new graduates joining the company in 2024, we have introduced a global start-up training program aimed at fostering the commitment and drive needed to become global talent. In response to the rising number of non-Japanese employees, we have also implemented Japanese-language training for non-native speakers, as well as online training conducted in English.

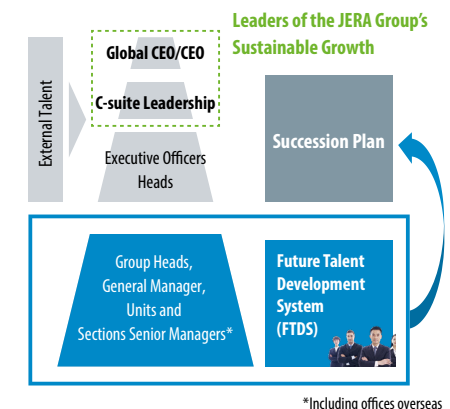
We are also focused on enhancing talent exchange within the group. Starting in July 2023, we launched a talent exchange program with Aboitiz Power in the Philippines, where engineers are dispatched between the two companies to enhance their technical skills.

|   |  |                                    |
|---|--|------------------------------------|
| <b>Study Abroad Programs in Japan and Overseas</b><br>Earning an MBA or other postgraduate degree                     | <b>Language Acquisition</b><br>Online English conversation courses and Japanese-language training for non-Japanese employees | Talent exchange with Aboitiz Power |
| <b>Global Start-up Training</b><br>Instilling commitment and ambition in new employees to become global professionals | <b>Short-Term Overseas Training</b><br>Engaging in overseas operations for several months                                    |                                    |

### Cultivating Executive Talent

We are also engaged in the systematic development of management talent. Our approach to cultivating management talent consists of two key components: the succession plan and the Future Talent Development System (FTDS).

The FTDS is a management talent development program designed to foster the necessary capabilities for management roles from an early stage. It emphasizes tough assignments and external training tailored to individual traits from early in one's career, encouraging the early acquisition of essential management skills. The program was officially launched in August 2023.



\*Including offices overseas



## Our People

### Defensive Approach to Talent Acquisition and Retention Strategy

#### ► A Strong Platform That Allows Our Talent to Feel Secure Taking on New Challenges

Through efforts such as health management, improving workplace environments, and encouraging flexible work styles, we are building an organization and culture where all of our diverse talent, regardless of nationality or gender, can work safely, stay healthy, take pride in their work, and grow sustainably. We aim to create an environment where each individual can take on challenges with greater autonomy and fully realize their potential.

### Promoting Health Management

#### ► Creating a Platform That Allows Our Talent to Stay Healthy and Feel Secure Taking on New Challenges

We believe that maintaining and improving employee health contributes to corporate value and are promoting health management activities aimed at creating a strong platform that allows our talent to stay healthy and feel secure taking on new challenges. Recognized for our efforts, such as reducing overtime, encouraging employees to take leave, and hosting health-related events, we have been recognized for the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program in the large companies category. We plan to further develop our health management efforts by considering systems that leverage health data to support well-being.



#### ► Establishment of the JERA Health Insurance Association

In April 2024, the JERA Health Insurance Association was established. In our commitment to providing high-quality health support for employees, we took the opportunity of this establishment to replace the annual health checkups with comprehensive Ningeng Dock health exams, which employees can now receive free of charge. These exams are available at approximately 400 medical institutions across the country contracted by the JERA Health Insurance Association.



#### ► Promoting Health Management Across the Group

We are also working to promote health management throughout the Group. At each of our overseas sites, we partner with local clinics to provide prompt and appropriate medical services and introduce security services to create a safe working environment for our employees. We will continue to build an organization and culture where all Group employees can take on challenges in good health and with peace of mind.

### Safe and Secure Work Environment

#### ► Uniform Renewal

We introduced new uniforms in May 2024. In addition to safety, the new design features a more inclusive silhouette, ensuring comfort for all employees, along with improved pocket shapes and sizes, enhancing usability on the job.

In addition, as part of the rollout, we have implemented a recycling and reuse system for used uniforms to reduce environmental impact.



### Flexible Approaches to Work

#### ► Creating an Accepting and Understanding Work Environment

Amid the diversification of perspectives on work and lifestyle, we are establishing an environment that supports the diverse lifestyles and life stages of our employees and their families, allowing them to maximize their abilities.

Our efforts encompass a variety of flexible work options. We offer hybrid remote work and full-time remote work for specific situations, such as childcare, caregiving, or to prevent being transferred away from one's family. In addition, we provide telework or leave options for employees who are accompanying a spouse on overseas assignments. Starting in FY2024, we will introduce a remote work system specifically designed for non-Japanese employees, enabling them to work from their home countries.

#### Choose How to Work

- Hybrid system that leverages the benefits of both the office and remote work
- Full-time remote work is possible under special circumstances



#### Choose When to Work

- Flexi-time system (7:00–22:00)
- No core period



#### Choose Where to Work

- Work from any site as long as security is not an issue



### Fostering a Culture of Mutual Recognition and Praise

#### ► Commendation System

Our commendation system fosters a culture of mutual recognition and praise in order to motivate employees to take on new challenges and create an organization that can maximize performance.

The number of awards in FY2023 increased to 885, almost double that in FY2022, due to factors that included the review of award amounts in response to employee feedback.

#### 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



# Human Rights

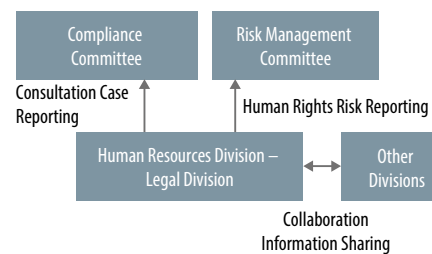
## Fundamental Approach

We strongly recognize the importance of promoting human rights efforts for us to meet our responsibilities of maintaining and expanding 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 welcoming work environment free from discrimination and harassment. We are committed to acting with integrity and respect for human rights based on the highest ethical sense 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.

### Management Committee (Leadership Panel)



## Human Rights Education and Training

In August 2023, we conducted human rights training for all employees. Through such educational efforts, we strive to create a welcoming work environment free from discrimination and harassment and raise awareness of human rights to the level required for global business development. In December 2023, we invited instructors from outside the company to hold a seminar on human rights, which was attended by approximately 400 managers. The seminar focused on harassment-free communication in the workplace, a human rights issue for which there is a strong need, and included case examples. We aim to continue these educational and training activities to enhance and establish a deeper understanding of human rights within the organization.

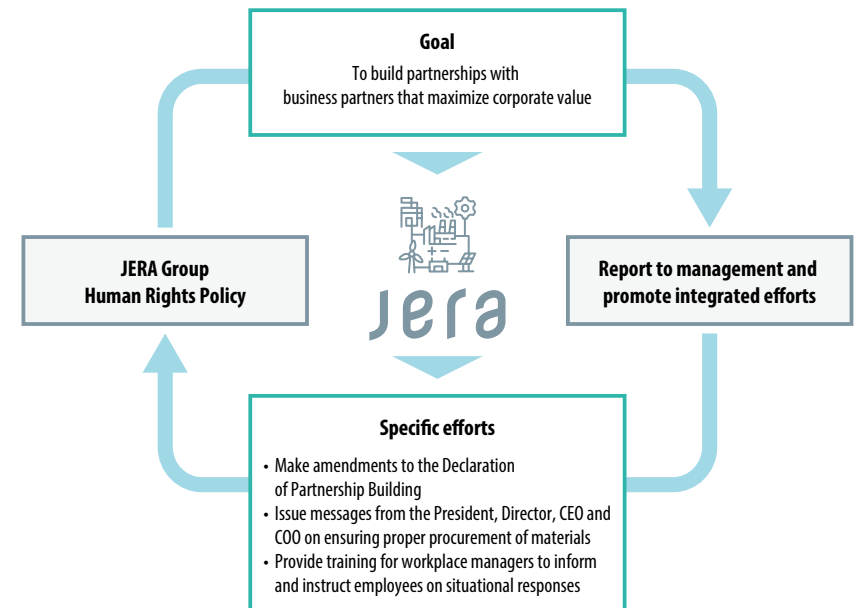
## Relief Mechanisms for Human Rights and Other Issues

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. We respond with careful attention to all matters for which consultations are sought and take appropriate corrective action while ensuring the complete anonymity of the whistleblower. We also work to prevent the recurrence of inappropriate behavior through the types of education and training described above.

## Promotion of Human Rights Due Diligence (DD) and the Establishment and Operation of a Human Rights Structure

With the aim of promoting respect for 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 FY2023, we identified and evaluated human rights risks through a survey of workplace compliance managers and promotion leaders. In addition, to promote mutually beneficial relationships within the supply chain, we continue to implement fair trade initiatives for small and medium-sized companies aimed at encouraging our business partners to improve the working environments for their employees. 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.

### Examples of Fair Trade Practices to Reduce Human Rights Risks



# Coexistence and Shared Prosperity with Local Communities

## Fundamental Approach

With a strong presence around the globe, JERA's mission is to offer cutting-edge energy solutions and contribute to solving global energy issues. We believe that the following initiatives are crucial to ensure smooth business development and operations in each country and region.

- Build strong, trusting relationships with local governments and communities in each region to gain the understanding and cooperation of local residents
- Collaborate with residents to resolve issues in each region
- Work proactively to solve the problems facing society as a whole

## Realizing a More Sustainable Society through Our Social Contribution Activity Policy

We established our Social Contribution Activity Policy in 2021 in order to strengthen these efforts. Our social contribution activities respect the cultures, customs, nature, history, and other characteristics of individual countries and regions in line with this policy. At the same time, we will expand global collaboration while contributing to society and community development through activities that leverage the strengths of the entire JERA Group.

### Social Contribution Activity Policy (Excerpt)

|                       |   |  |
|-----------------------|---|--|
| 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        | 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. |
|                       | 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.                                |
|                       | 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.               |



Social Contribution Activity Policy

<https://www.jera.co.jp/en/sustainability/contribution>

## Regional Response System

To strengthen relationships with local communities and other stakeholders, we have established a system for strategic activities, including the formation of the Stakeholder Strategy Conference under the Chief Business Support & Solutions Officer (CBSSO).

In areas surrounding our domestic thermal power plants, the heads of the stations take the lead in building trust with local communities through regular collaborative activities. For wider areas spanning multiple prefectures, the managing executive officer and branch heads are responsible for carrying out these initiatives. Additionally, for new projects such as expansions, replacements, and transitions to hydrogen & ammonia, as well as offshore wind power initiatives aimed at achieving a decarbonized society, the Power Plant Regional Affairs Group leads deeper collaborations with local communities. We are constructing an integrated response framework and striving to gain an understanding of local communities through detailed explanations of our business activities, as well as enhancing trust by solving issues in the local community.

Going forward, we will collaborate with our overseas subsidiaries to share our efforts to resolve local issues in each country and region and explore the global expansion of our unique activities aimed at coexistence and prosperity with society.

### KPI

- Identify regional challenges and work together with local communities to resolve issues
- Coordinate and expand local efforts globally to resolve regional challenges

## Featured

### Collaboration with Local Communities

Each thermal power plant leverages its unique strengths to foster collaboration with local communities.

During the renovation of a tunnel on the premises of the Hirono Thermal Power Station in Fukushima Prefecture, students from the local Futaba Future School and cooperating companies participated in the creation of a mural to raise awareness of safety and disaster prevention. In addition, Kawasaki Thermal Power Station has been involved with the community, such as becoming a filming location for a night photography tour of Kawasaki's factories, organized by the Kawasaki-City Industrial Tourist Promotion Council.

We will continue to actively engage in activities in collaboration with the local communities.





## Coexistence and Shared Prosperity with Local Communities

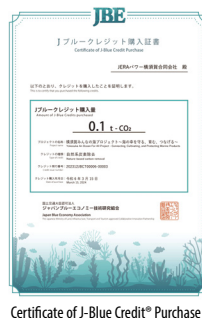
### Progress on Specific Initiatives

#### Coexisting with the Environment

##### Blue Carbon Initiatives

We participate in Blue Carbon initiatives in Yokosuka City, which is home to some of our power plants, collaborating with local stakeholders to restore and conserve seaweed beds in the surrounding sea area.

In March 2024, through a subsidiary, we purchased the CO<sub>2</sub> absorption capacity of seaweed beds off the coast of Nagai, Yokosuka City, which is certified as J Blue Credit® by the Japan Blue Economy Association.



Certificate of J-Blue Credit® Purchase

##### Cleanup and Environmental Beautification Activities

As a token of our appreciation to local residents, we collaborate with partner companies and local governments at our thermal power plants and other facilities to carry out cleaning and various environmental beautification activities in surrounding areas.

At the Yokosuka Thermal Power Station, which began operation in FY2023, we also conducted beach cleanup activities in the neighborhood in cooperation with local residents, power plant employees, and their families. In addition, from 2020 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

##### Private Training for Teachers

At JERA, we offer power plant tours for children and conduct SDGs classes for high school students to nurture young people who will lead the next generation. In addition to these activities, starting in FY2023, we launched a new initiative offering training sessions for elementary and junior high school teachers. After a tour of the power plant and a lecture on the global energy situation, participants deepen their understanding through discussions on future energy use.

We are committed to continuing activities aimed at next-generation training and development.



##### Continuing Our Scholarship Program

In December 2020, JERA 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 FY2021, we have provided scholarships to students from Asian countries studying at the International University of Japan, which has long been involved in developing global human resources, with a total of 15 students receiving scholarships to date.

#### 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 have continued to provide support for energy management efforts by installing renewable energy power generation equipment and battery storage in public facilities.

##### Overseas/Affiliate Initiatives and Contributions to SDGs

TeaM Energy Corporation, a JERA affiliate (50% owned by JERA and 50% by Marubeni Corporation), has long been involved in various initiatives in the Philippines through the nonprofit organization TeaM Energy Foundation, Inc. These efforts include poverty alleviation, environmental conservation, educational and medical assistance, and support for drug eradication, primarily through the provision of electricity to underserved areas and households.

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



## Fundamental Approach

### 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.

### JERA Safety Vision

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

### Safety: The Highest Priority in Everything We Do

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 accidents among all personnel involved in facility operation and maintenance and deliver energy in a safe and stable manner.

That is why we operate on the basic premise of safety first throughout our supply chains, from upstream fuel procurement to electricity sales, in accordance with our safety philosophy.

### Safety Activities Reaching All Involved in Our Operations

Our projects cannot be implemented solely by our employees. They require the collaboration of group and partner companies in the workplace, which is why our safety activities cover everyone involved in the JERA Group's operations. As the business domain grows, we intend to expand our business areas including those overseas, all while giving the highest priority to safety.



### Working with Group Companies and Partners to Foster an Integrated Safety Culture

Realizing our safety goals means making sure everyone involved in the JERA Group's operations is aware of safety as the highest priority, including at our group companies and business partners.

The JERA Safety Vision was established to give everyone, regardless of nationality, race, or affiliation, the ability to talk about safety goals using a common language. We are also developing activities to build a culture of safety that brings JERA employees together with everyone from group companies and partner companies.

#### In Pursuit of Zero Accidents



**Kazuyuki Arita**  
Executive Officer, Head of the General  
Affairs Division

We do business in many countries and regions, and our workplaces are staffed by people of many different nationalities who bring diverse customs and ways of thinking.

We are also exploring new technologies, such as the fuel conversion to hydrogen & ammonia. As the workplace environment undergoes significant changes, it might be difficult to achieve zero accidents across all our business sites by simply maintaining the status quo in our safety activities.

Therefore, we are committed to further refining the safety management and technologies we have developed over many years in Japan, while also incorporating global safety management techniques and cutting-edge safety technologies to enhance their effectiveness. At the same time, we are working to foster a safety culture where each employee actively engages in raising their own safety awareness and ensuring both their own safety and that of their colleagues. Through these activities, we aim to reduce the number of accidents to zero and earn people's trust as a dependable member of the community.

## Safety

### Our Safety Action Strategy

#### A Safety Action Strategy to Implement Our Safety Philosophy

In 2021, we underwent a safety activity assessment by a third party and received recommendations focusing on leadership, organizational structure, and business operations as key areas for improvement to implement our safety philosophy.

To reflect these recommendations, we formulated our Safety Action Strategy in FY2022 to set medium-term action items for our group's safety and will formulate annual action plans based on this strategy.

| Our Safety Action Strategy for FY2023–25   | Major FY2023 Initiatives  |
|--|---|
| <b>Leadership</b><br>Continuous leadership from management and raising individual safety awareness | <ul style="list-style-type: none"> <li>Leadership by example from management to promulgate our Safety Philosophy and Safety Vision</li> <li>Heightened safety awareness via increased opportunities for participation in safety activities</li> </ul> |
| <b>Organizational System</b><br>Constructing a robust management system to lead our safety efforts | <ul style="list-style-type: none"> <li>Building an integrated system to promote safety</li> <li>Establishing operational procedures for the effective implementation of the Plan-Do-Check-Act (PDCA) cycle</li> </ul>                                 |
| <b>Measures</b><br>Effective safety activities to address changes in the environment               | <ul style="list-style-type: none"> <li>Effective safety activities to achieve safe, zero-accident workplaces</li> <li>Improved support in all divisions to promote safety</li> </ul>  |

### Featured

#### Annual Safety Awards

We hold a Safety Awards Ceremony annually for the people working at our power plants and other areas in our group.

During the 2023 awards ceremony, a total of 47 organizations and 32 individuals from sites in Japan and overseas were honored, including the Mekong Energy's Phu My 2.2 Power Plant in Vietnam and TeM Energy in the Philippines.

Many of the award winners commented that learning about the initiatives of other locations was helpful and motivating and appreciated that the awards led to the sharing of safety activities and culture.



### Safety Promotion System

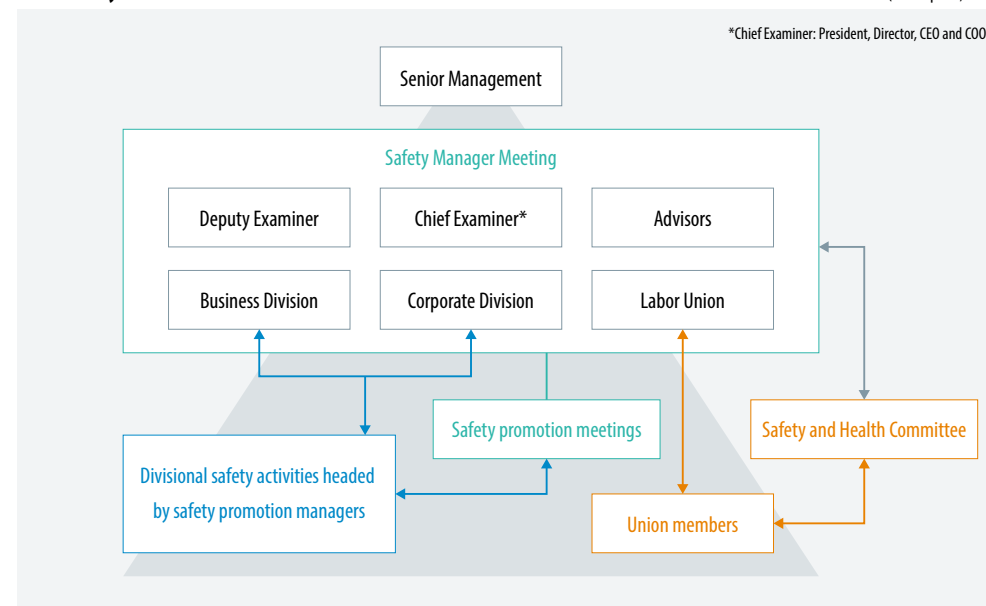
#### Establishment of a Safety Promotion System with Management-Level Participation

To advance company-wide safety initiatives and reinforce our safety promotion system, we established the Safety Manager Meeting, which is chaired by the President, Director, CEO and COO and attended by safety promotion leaders from each division.

As the number of our overseas subsidiaries increases, we plan to establish a group-wide safety promotion system that includes affiliated companies.

#### JERA's Safety Promotion Structure

(as of April 1, 2024)



#### Pragmatic Discussions at the Safety Manager Meeting

The safety manager meeting includes the labor union chairperson representing employees and external experts who offer third-party perspectives on the company's safety measures.

In FY2023, eight sessions focused on specific measures to achieve zero accidents. The discussions assessed the thoroughness of the investigation into the fatal accident that occurred during the fiscal year and evaluated the effectiveness of preventive measures. They also highlighted the key steps necessary to ensure that individuals can consistently prioritize safety in emergency situations.

## Accident Prevention Efforts

### Expanding Integrated 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.

At our overseas power plants, we also implement safety activities tailored to each workplace while complying with the safety laws and regulations of each country and region.

We will continue to share safety initiatives from these diverse workplaces internally to establish common codes of conduct for the entire JERA Group.



Safety patrol at Mekong Energy's Phu My 2.2 Power Plant (Vietnam)

### Facility Safety Measures for Emergency Readiness

We must be able to bring facilities back online quickly, 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, and conduct drills and training in cooperation with local communities 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 Japan Electric Association Code (JEAC), and conduct periodic facility inspections after completing construction to ensure earthquake resistance. In addition, we take into account any earthquakes announced by official government bodies such as the Cabinet Office, evaluating the seismic resistance of key facilities and implementing measures such as seismic reinforcement to avoid long-term shutdowns due to damage or destruction.

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 might cause fire by designating control zones.

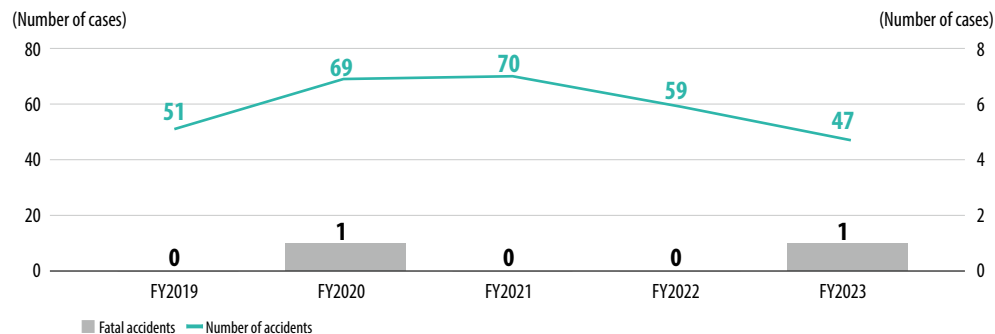
## Safety Record

### Safety Target (KPI): Zero fatalities

We have set “zero fatalities” as a KPI and are engaged in a range of activities to achieve this goal.

As a result, the total number of accidents at the principal entity of JERA in FY2023 was the lowest since the integration of thermal power generation operations in FY2019. However, one fatal accident occurred at a group company in Japan in FY2023.

### Number of Accidents\*



Note: The number of accidents includes employees of our company and our group's contractors and subcontractors, and includes accidents not accompanied by lost workdays.

## Thoroughly Implementing Measures to Prevent the Recurrence of Fatal Accidents

The day after the fatal accident, the President, Director, CEO and COO sent a message to the entire group emphasizing the importance of strict adherence to basic safety practices. The causes of the accident were investigated and preventive measures were reviewed at the safety manager meeting. These measures were subsequently implemented across all business sites.

We will continue to monitor the implementation and effectiveness of these preventive measures as we strive to develop even more robust solutions to prevent future accidents.

# Stakeholder Engagement

## Fundamental Approach

At JERA, our business activities are committed to proactive communication with our stakeholders, including customers, business partners, local communities, shareholder companies, and investors. To fulfill our social responsibilities, achieve sustainable growth, and enhance our corporate value over the medium to long term, we strive to build good relationships with our stakeholders that lead to effective partnerships.

In FY2023, we held discussions on the theme of stakeholder engagement at the Directors' Discussion, where we examined our relationships with diverse stakeholders at the director level to develop a shared understanding of key issues. Healthy two-way communication with our stakeholders will continue to inform and improve our operations and services. 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.



Multi-Stakeholder Policy

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

## Featured

### JERA Hosts Community Outreach Event "CHALLENGE FES HEKINAN"

On May 11, 2024, JERA held the CHALLENGE FES HEKINAN event at JERA park HEKINAN, a facility for community engagement adjacent to the Hekinan Thermal Power Station, to raise awareness about the start of fuel ammonia use at the power station. The event offered a variety of activities for parents and children, drawing in more than 2,600 attendees. We are committed to engaging with the local community and fostering stronger support for our business.



A snapshot from CHALLENGE FES HEKINAN

| Main Stakeholders                 | Demands and Expectations   | Initiatives  | Outcomes  |
|-----------------------------------|--|--|---|
| Customers                         | <ul style="list-style-type: none"> <li>Stable supply of electricity</li> <li>Supply of energy in pursuit of customer satisfaction</li> <li>Adoption and expansion of low-carbon and renewable energies</li> <li>Assistance in designing a future vision and strategy for green transformation (GX)</li> <li>Promotion of sustainability initiatives</li> </ul> | We deliver a stable energy supply to customers worldwide by building a platform 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 sustainability-conscious business operations in order to meet customer expectations and earn their trust.   | <ul style="list-style-type: none"> <li>Sales Activities</li> <li>Website</li> <li>Establishment of JERA Cross and delivery of 24/7 carbon-free electricity*</li> </ul> <p>*24/7 Carbon-free electricity refers to the supply of 100% of electricity demand comprised of CO<sub>2</sub> zero-emission power sources in accordance with the Ministry of Economy, Trade and Industry's Guidelines for Retail Sales of Electricity, along with environmental value provided through the use of non-fossil certificates.</p>   |
| Business Partners                 | <ul style="list-style-type: none"> <li>Environmentally and socially responsible procurement and outsourcing</li> <li>Fair and equitable trade</li> <li>Stronger collaboration</li> </ul>   | 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 partners.  | <ul style="list-style-type: none"> <li>Contract compliance review</li> <li>Procurement policy briefings</li> <li>Domestic and international business collaborations</li> </ul>  |
| Local Communities                 | <ul style="list-style-type: none"> <li>Environmentally responsible business operations</li> <li>Respect for human rights in local communities</li> <li>Local economic contribution</li> <li>Local job creation and skills development</li> </ul>   | 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 all our stakeholders' expectations through the development of society via 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"> <li>Participation in local community events</li> <li>Cleanup and environmental beautification activities</li> <li>Next-generation development support</li> </ul>   |
| Shareholder companies & Investors | <ul style="list-style-type: none"> <li>Enhanced corporate value</li> <li>Strengthened earning power</li> <li>Improved information disclosure level</li> </ul>  | We are enhancing company reporting and seek to expand and deepen understanding through dialogue with capital market participants, including shareholder companies, investors, rating agencies, securities firms, and ESG evaluation providers. We will incorporate feedback from the capital markets throughout our management to inform managerial improvements as we continue to enhance corporate value.  | <ul style="list-style-type: none"> <li>Shareholders meetings</li> <li>IR briefings</li> <li>One-on-one and group IR interviews</li> <li>Issuing of reports</li> <li>Issuing of integrated reports</li> </ul>  |
| Employees                         | <ul style="list-style-type: none"> <li>Creating a culture where every employee can thrive and realize their potential</li> <li>Attractive compensation base</li> <li>Career development support</li> <li>Promoting health management</li> <li>Elimination of discrimination and harassment</li> <li>More effective reporting systems</li> </ul>                | We aim to create a culture where every employee can thrive and maximize their individual potential by embracing diversity, expressing individuality and cultivating a flat and innovative culture. In addition, we develop and provide an attractive compensation base and support independent career development based on our policy of "realizing the happiness of employees and their families." We also work to create a supportive environment where employees can feel confident about taking on new challenges, including through the promotion of health management initiatives. All of these initiatives are founded on our respect for human rights. | <ul style="list-style-type: none"> <li>Various events to activate flat communication between management and employees and between employees and each other</li> <li>Employee satisfaction surveys conducted annually since 2019</li> <li>Surpassed 2.5% of the legally mandated employment rate for persons with disabilities, gold certification in the PRIDE Index 2023, and "Best Workplace" certification in the D&amp;I AWARD 2023</li> <li>Compensation packages in line with market standards</li> <li>Expansion of internal recruitment (recruitment positions in FY2023 increased by about 4 times compared to the previous fiscal year)</li> <li>A safe working environment that empowers diverse talent</li> <li>Selection under the 2024 Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program</li> <li>Harassment consultation service</li> </ul> |



# 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 enhance corporate value over the medium to long term, companies must implement corporate governance 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 stakeholders.

 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.

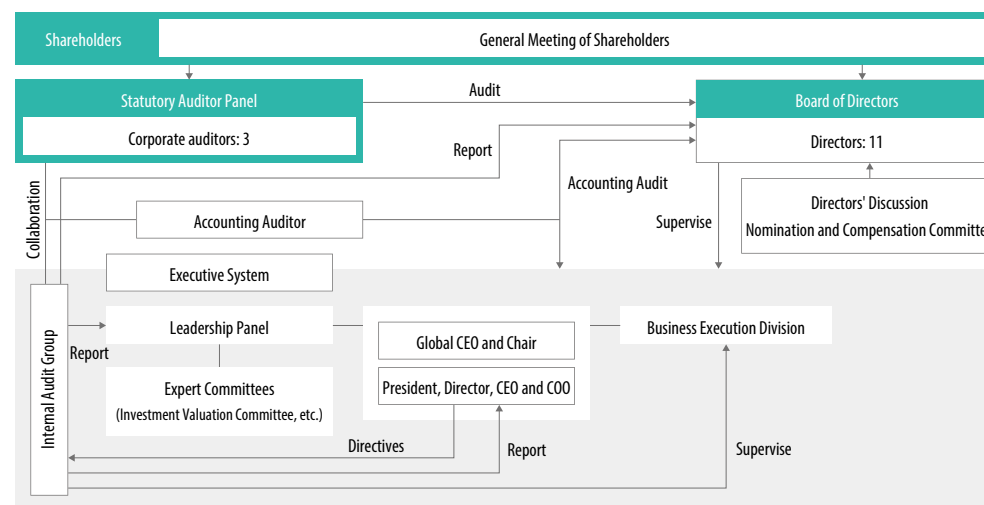
## Governance System

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 bring a wealth of insights—make material business decisions and supervise the execution of business operations. Furthermore, JERA has corporate auditors as independent officers who are responsible for auditing the execution of the Directors' duties. In addition, we have established the Statutory Auditor Panel to ensure effective communication among the corporate auditors. This panel facilitates the exchange of opinions and provides relevant information on audits, management, business, and other related matters.

We have also 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.

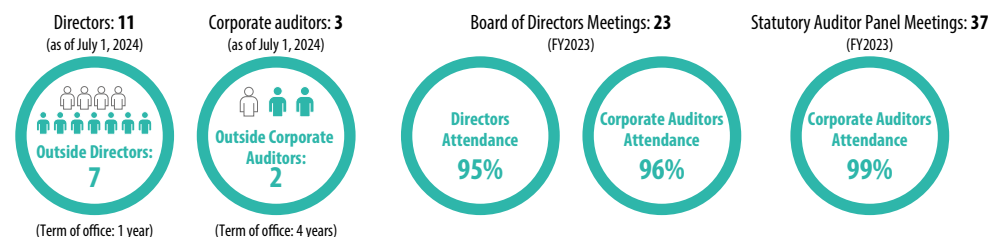
## Corporate Governance Structure

(as of July 1, 2024)



## 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, we hire independent outside directors to ensure diversity of knowledge, experience, and other attributes among the board. The Board of Directors, chaired by Yukio Kani, Global CEO and Chair, ensures that the proceedings are conducted smoothly and effectively.

## Key Deliberations of the Board of Directors

The Board of Directors generally convenes once a month and is responsible for formulating JERA's basic management policies, including our business strategies and plans. In addition, 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 is attended by 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 JERA ought to play. For the oversight 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 FY2023 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 targets, financial strategy, new management goals, growth strategy, and safety measures            |
| Regional Strategies      | Regional business strategies across the globe  |
| Decarbonization Strategy | Development of a for zero-emission thermal power and the establishment of a hydrogen & ammonia value chain                                 |
| Investment Decisions     | Business investments and M&A decisions in Belgium, the United States, and Japan, as well as in countries throughout Asia and other regions |

## Leadership Panel and Expert Committees

We have established the Leadership Panel, which consists of the Global CEO and Chair, the President, Director, CEO and COO, and C-suite executives and officer, as a forum for deliberating on and deciding important management matters and receiving necessary reports based on the company's internal rules.

Moreover, expert committees have been established as subsidiary bodies to the Leadership Panel—in principle, one for each major field—to provide advice to the Leadership Panel from an expert perspective and support its deliberations. In principle, 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 the Nomination and Compensation Committee, which comprises three or more directors, including two outside directors. The Committee is formed to discuss matters related to the appointment and compensation of directors and executive officers. In FY2023, the Nomination and Compensation Committee met eight times. Attendance details for each of these meetings are as follows:

### Nomination and Compensation Committee Attendance\*

| Position                         | Name           | Meetings Attended |
|----------------------------------|----------------|-------------------|
| Global CEO and Chair             | Yukio Kani     | 8 of 8 meetings   |
| President, Director, CEO and COO | Hisahide Okuda | 8 of 8 meetings   |
| Outside Director                 | Satoru Katsuno | 8 of 8 meetings   |
| Outside Director                 | Daisuke Sakai  | 6 of 6 meetings   |

\*1. The above officers and their positions are as of the end of FY2023.

\*2. The attendance details for outside director Daisuke Sakai cover the Nomination and Compensation Committee meetings from his appointment in June 2023 onward.

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 are committed to developing a group company management system with the aim of creating lasting corporate value for our Group. We respect the business traditions of our group companies in their respective countries and support swift and autonomous decision-making while granting appropriate authority and management resources. In accordance with this approach, we have adopted a resolution on an internal control structure to ensure appropriate business operations across the group. The JERA Group Compliance Policy and JERA Group Compliance Code of Conduct ensure we can provide appropriate support to group companies so that they can autonomously develop and operate structures suitable to their business. We have implemented framework agreements with our group companies and established mechanisms to determine compliance requirements for consulting, reporting, and monitoring activities. Specifically, by clarifying responsibilities and authority through internal rules, we strive to enable our group companies to make efficient decisions and conduct business activities swiftly and appropriately. In accordance with the Affiliate Management Regulations, JERA has established a system for prior consultation and reporting from group companies on important matters concerning consolidated management. In addition, to review management matters, including legally required actions and critical risks related to group management, we conduct regular and periodic monitoring of our group companies.



## 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. In addition, 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 FY2023, we covered a wide range of topics carried over from FY2022 during several discussions of key management issues. These included revisiting critical areas such as decarbonization strategies, financial strategies, and regional strategies, placing particular emphasis on safety efforts, our most critical material issue.

## 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.

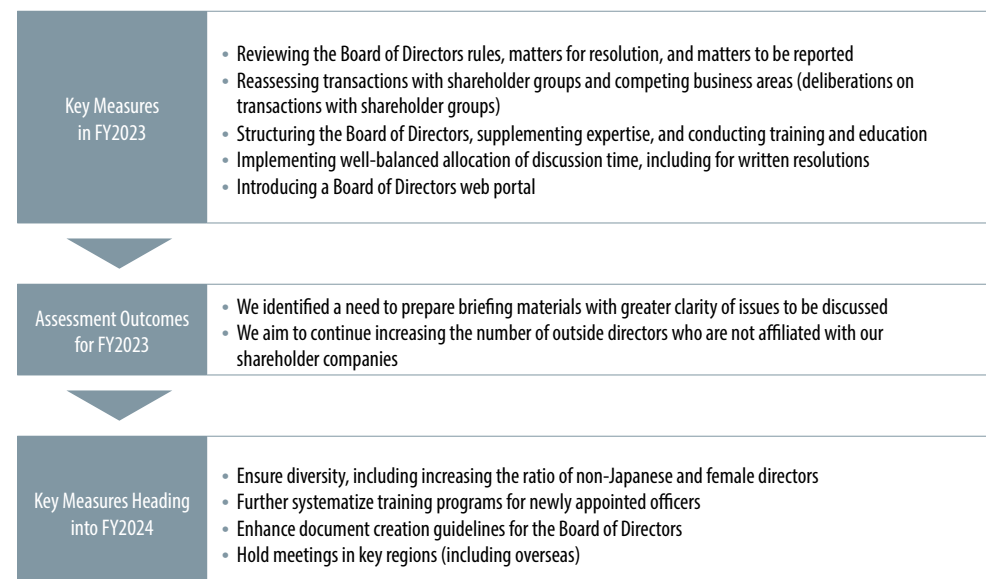
## Total Officer Compensation in FY2023\*

| Officer Classification | Total Compensation (Million yen) | Compensation Breakdown by Type (Million yen) |         | Number of Officers |
|------------------------|----------------------------------|--|---------|--------------------|
|                        |                                  | Compensation                                 | Rewards |                    |
| Directors              | 314                              | 253  | 60      | 13                 |
| Corporate Auditors     | 75                               | 75   | —       | 4                  |

\* The above rewards include one director who resigned during FY2023. The rewards are not allocated to outside directors.

## Evaluating Board Effectiveness

In order to tie our efforts to 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.





# Directors and 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

\*3. Indicates an independent outside director as defined in JERA's independence criteria

\*4. Indicates an independent outside auditor as defined in JERA's independence criteria

## Directors



Reappointed

**Global CEO and Chair  
Yukio Kani**

Board meetings attended:  
23/23 (100%)  
Term of office: 8 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:  
22/23 (96%)  
Term of office: 4 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:  
23/23 (100%)  
Term of office: 5 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: Corporate Vice President, Managing Executive Officer, and CFO of Finance and Accounting, JERA  
July 2023: Director, Corporate Vice President, Managing Executive Officer, and CFO, JERA



Reappointed

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

Board meetings attended:  
20/20 (100%)  
Term of office: 1 year

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



Reappointed

**Director<sup>1,3</sup>  
Joseph M. Naylor**

Board meetings attended:  
23/23 (100%)  
Term of office: 3 years

Sep. 1982: Joined Chevron (California)  
July 2006: CEO/COO, Sasol Chevron (UK)  
Mar. 2009: General Manager – Business Development, Projects, Upstream Strategy and Planning at 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

**Director<sup>1,3</sup>  
Miyuki Suzuki**

Board meetings attended:  
23/23 (100%)  
Term of office: 3 years

Mar. 2002: Executive Vice President and Head, Consumer Business, Japan Telecom Co. Ltd.  
June 2004: CEO Asia Pacific, LexisNexis  
Jan. 2007: President and CEO, KVH Co. Ltd.  
Dec. 2011: CEO 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)



Reappointed

**Director<sup>1,3</sup>  
John Rittenhouse**

Board meetings attended:  
17/20 (85%)  
Term of office: 1 year

Aug. 1980: Arthur Young & Co. (USA)  
Sep. 1983: Brandeis Intsel (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: Outside Director, 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

## Directors and Officers



Reappointed Outside Independent

**Director<sup>1,3</sup>**  
**Lim Hwee Hua**Board meetings attended:  
12/20 (60%)  
Term of office: 1 year

Dec. 1996: Member of Parliament, Republic of Singapore  
Aug. 2000: Managing Director, Temasek Holdings (Private) Limited  
Apr. 2002: Deputy Speaker of the Parliament of Singapore and Chair of the 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)  
July 2020: Vice Chair, 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



New Appointment Outside

**Director<sup>1</sup>**  
**Akihiro Watanabe**Board meetings attended:  
—

Oct. 1980: Joined Heiwa Kyodo Accounting Office, Japan  
May 1982: Joined Peat Marwick Mitchell & Co. New York Office  
July 1990: Partner (Co-Chief Executive Officer), Peat Marwick Mitchell & Co.  
July 1994: Director, CEO, KPMG Corporate Finance  
Oct. 2002: Visiting Professor, Graduate School of Business Administration and School of Business Administration, Kobe University  
Apr. 2004: Director, CEO, GCA  
Aug. 2004: Director (Non-Executive), Acologic Inc., (USA)  
Apr. 2005: Visiting Professor, Graduate School of Law, Hitotsubashi University  
Apr. 2008: Visiting Professor, Chuo Graduate School of Strategic Management  
Nov. 2008: Director (Non-Executive), Ranbaxy Laboratories Ltd  
Dec. 2015: Director (Non-Executive), Maruho Co., Ltd. (current)  
Sep. 2016: Director (Non-Executive), Uny FamilyMart HD Co., Ltd.  
Feb. 2022: Chairman, Houlihan Lokey Corp. (current)  
June 2022: Director (Non-Executive), Toshiba Corporation  
June 2024: Director (Non-Executive), JERA

### Reason for Appointment

With extensive experience and a proven track record in corporate governance as a director of various companies both in Japan and abroad, Akihiro Watanabe is considered an ideal candidate for the board of directors. He has led numerous M&A advisory projects and corporate valuation services, which positions him to significantly contribute to the enhancement of JERA's corporate value.



New Appointment Outside

**Director<sup>1</sup>**  
**Kazuhiro Nabeta**Board meetings attended:  
—

Apr. 1986: Joined Chubu Electric Power Co., Inc.  
July 2015: Executive Officer, General Manager of Electronics & Telecommunications Department, Chubu Electric Power Co., Inc.  
Apr. 2016: Executive Officer, General Manager of Group Corporate Planning & Strategy Division, Chubu Electric Power Co., Inc.  
Apr. 2018: Executive Officer, General Manager of Corporate Headquarters, Chubu Electric Power Co., Inc.  
Apr. 2020: Senior Managing Executive Officer, General Manager of Research & Development Division, Chubu Electric Power Co., Inc.  
Apr. 2023: Senior Managing Executive Officer, General Manager of Research & Development Division, CTO, CSO, Chubu Electric Power Co., Inc.  
Apr. 2024: Executive Vice President, General Manager of Corporate Planning & Strategy Division, CIO, Chubu Electric Power Co., Inc.  
June 2024: Director (Non-Executive), JERA  
June 2024: Director, Executive Vice President, General Manager of Corporate Planning & Strategy Division, CIO, Chubu Electric Power Co., Inc.

### Reason for Appointment

We anticipate that Kazuhiro Nabeta's shareholder perspective, combined with his extensive experience in the power industry, will significantly contribute to the advancement of our management strategy and technological development. For these reasons, we believe he is exceptionally qualified to serve as a director on JERA's board.



Reappointed Outside

**Director<sup>1</sup>**  
**Daisuke Sakai**Board meetings attended:  
16/16 (100%)  
Term of office: 1 year

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.  
Jointly in charge of Business Development and Alliances  
President, TEPCO Fuel & Power, Inc. (current)  
Apr. 2023: Executive Vice President, TEPCO Holdings, Inc.  
Jointly in charge of Corporate Planning and Business Reorganization  
June 2023: Director (Non-Executive), JERA  
June 2023: Representative Executive Vice President, TEPCO Holdings, Inc.  
Jointly in charge of Corporate Planning (current)

## Corporate Auditors



Reappointed Outside Independent

**Auditor<sup>2,4</sup>**  
**Hideo Oishi**Board meetings attended:  
20/23 (87%)  
Auditor panel meetings attended:  
37/37 (97%)  
Term of office: 5 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

**Auditor**  
**Shuichi Kimura**Board meetings attended:  
20/20 (100%)  
Auditor panel meetings attended:  
29/29 (100%)  
Term of office: 1 years

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



New Appointment Outside

**Auditor<sup>2</sup>**  
**Masahiro Onodera**Board meetings attended:  
—  
Auditor panel meetings attended:  
—

Apr. 1986: Joined Tokyo Electric Power Co., Inc.  
Sep. 2012: Secretariat of Corporate Management Reform Division, and Secretariat of the Nuclear Reform Special Task Force, Tokyo Electric Power Co., Inc.  
June 2013: General Manager of Nuclear Fuel Cycle Department, Nuclear Power & Plant Siting Division, and Secretariat of the Nuclear Reform Special Task Force, Tokyo Electric Power Co., Inc.  
June 2017: General Manager of Resource Aggregation Office, TEPCO Research Institute, and Secretariat of the Nuclear Reform Special Task Force, Nuclear Reform Unit, Tokyo Electric Power Co., Inc.  
Feb. 2018: Nuclear Power & Plant Siting Division, TEPCO Holdings, Inc. (Seconded to Nuclear Fuel Transport Company, Ltd.)  
June 2018: Corporate Auditor, Nuclear Fuel Transport Company, Ltd.  
June 2024: Corporate Auditor, JERA

### Reason for Appointment

We anticipate that Masahiro Onodera's extensive experience in the power industry, developed during his tenure at TEPCO Holdings, as well as his experience as an auditor for companies in Japan, will significantly contribute to the improvement of our audit processes. For these reasons, we believe he is exceptionally qualified to serve as a corporate auditor.

### Independence of Outside Directors

At JERA, we designate outside directors and corporate auditors who meet specific criteria as being independent of the company. We expect these independent officers to act impartially, free from influence by major shareholders and executives, and to consider the interests of all stakeholders in the management and operations of our company. Their participation ensures meaningful and effective board discussions. Although JERA is an unlisted joint venture, we aim for a board composition and deliberation process that ensures transparency, fairness, and impartiality.



Independence Criteria for Outside Directors and Outside Corporate Auditor of JERA Co., Inc.  
[https://www.jera.co.jp/en/sustainability/governance/independence\\_criteria](https://www.jera.co.jp/en/sustainability/governance/independence_criteria)

## Messages from the Outside Directors

- 81 Joseph M. Naylor
- 82 Miyuki Suzuki  
John Rittenhouse
- 83 Lim Hwee Hua  
Akihiro Watanabe

### JERA Growth Strategy from Stakeholder Perspective

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

Joseph 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.



In May 2024, JERA announced its 2035 Growth Strategy, unveiling its strategic business pillars, organizational structure, and long-term financial and emissions targets. I'd like to discuss this growth strategy through the lens of sustainability and the role of the board of directors in helping formulate the strategy and monitor its implementation.

The term "sustainability" has many dimensions. One can look at sustainability in terms of the company's impact on the global environment, customers, investors, and employees. Ultimately, the goal is to ensure a balance across all these dimensions to ensure a robust strategy.

On the global scale, JERA's 2035 Growth Strategy was formulated specifically to help the company achieve its goal of having net zero carbon emissions by 2050. Significant capital investments are being made in renewables, hydrogen & ammonia, and LNG. JERA recognizes that new value chains and new technologies need to be developed to achieve this net zero goal. In addition to its own investments, JERA is also committed to working with emerging countries to aid them in the development of their own decarbonization roadmaps.

For customers, sustainability means access to stable, affordable, and ever-cleaner energy. This is particularly important for JERA in its home market of Japan. JERA recognizes its unique role in supplying roughly one-third of Japan's electricity demand and meeting its customers needs. As such, there is a critical balance between the speed at which the company pursues its decarbonization goals and the need to provide stable, affordable, and cleaner energy to its customers.

There are many companies with a financial interest in JERA, either through equity participation or debt. Part of their consideration of sustainability is to ensure that JERA remains a viable commercial concern, one that generates sufficient profit to provide a return on their investments over the longer term. This requires JERA to make sound decisions on new investments and to be a good steward of the capital that is entrusted to it.

For employees, sustainability includes a safe working environment, job security, and equal opportunities to contribute and advance. JERA is making great strides in each of these areas. Over the past several years, they have collaborated with external experts to assess JERA's safety practices and then implemented their recommendations on how it can improve further. There has also been great progress in improving diversity and inclusion across the company to ensure that everyone feels respected and valued.

The Board has been involved in discussions in all of these areas, providing input based on their experience and helping the company find the right balance for the many dimensions of sustainability.

## Looking Forward to JERA's Next Decade of Growth and Transition

**Miyuki Suzuki** Outside Director of JERA Co., Inc.

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



Having served on the Board of JERA for the past three years, I am excited by the announcement of our new growth strategy for the next 10 years, which comes at a time of unprecedented challenges and opportunities. As the world grapples with the imperative to address climate change, JERA must lay out a clear, measurable roadmap toward carbon neutrality by 2050, where sustainability, affordability, and stability are essential pillars of a successful strategy, built on a bedrock of utmost accountability for safe operations.

As the largest single power generation entity in Japan, with an expanding international platform and footprint, JERA is uniquely positioned to lead this transition by developing solutions that leverage LNG, blue and green hydrogen & ammonia, and renewable energy sources such as wind and solar power. The company is also investigating the possibilities offered by new fields such as CCS and battery storage. The recent successes of tests for substituting ammonia in thermal power plants shows promise as one of several methods of achieving our net zero goals.

The current leadership continues to refine JERA's organizational structure into three broad functions—business development, optimization, and O&M—in order to navigate this transition profitably and effectively. I have faith that this will help focus our attention on investments that add the most return and value to our journey, ensure stable supply to match demand, and harness digitization and AI to drive greater efficiency, predictability, and safety. Above all, I hope to see JERA build key centers of excellence that will ensure our achievement of ESG goals while enhancing our financial health so we can continue to make investments that allow us to track, or accelerate, our 10-year roadmap, above and beyond.

JERA has constructed an unparalleled end-to-end supply chain structure that should help us weather geopolitical and market uncertainty. However, we cannot do this without developing a network of collaborative partnerships, not just with suppliers and operators but also with governments and customers. JERA has contributed significantly to the stabilizing of prices through its expertise in global asset-backed trading, and I anticipate this skill will become important as markets for power trading and other derivative transactions mature.

I am also thrilled to see the establishment of JERA Nex in Europe, a hotbed of innovation in renewable energy, the ultimate holy grail of clean power production. By embracing the three business pillars of its growth strategy, JERA will forge a balanced path that addresses environmental concerns, economic realities, and reliable energy to meet the needs of today while safeguarding the prospects of tomorrow.

## LNG's Role in the Energy Transition

**John Rittenhouse** Outside Director, JERA Co., Inc.

John 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.



In May 2024, JERA published its long-term Growth Strategy, which addresses three objectives for the future of the Group's electricity supply: sustainability, affordability, and stability. At the same time, it sets out ambitious goals to decarbonize its current, mostly fossil fuel-based, power generation. To achieve these sometimes-competing priorities, JERA has defined three business pillars: liquefied natural gas (LNG), renewables, and hydrogen & ammonia, in which broadly equal investment will be made over the next 10 years.

So why is LNG a core pillar of the strategy when it is a fossil fuel that emits CO<sub>2</sub>? While JERA is making large investments in renewables and clean hydrogen & ammonia supply chains, and converting coal-burning power plants in Japan to be able to use ammonia, it must be recognized that before moving to 100% sustainability with zero emissions, the reality of affordability and stability must be addressed. This is crucial not only for Japan but for many Asian countries that currently rely entirely on low-quality, high-emission coal and oil.

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

JERA's Growth Strategy aims to use its expertise and infrastructure in the LNG supply chain to provide a compelling, cost-effective opportunity for countries in Asia to move away from high-emission coal and oil-fired generation and toward zero carbon emissions. For these growing countries with fast-increasing energy demands, achieving affordability and reliability requires baseload generation, which cannot be immediately accomplished with 100% renewables. Therefore, LNG is the best choice for the first step in this process, as it can provide affordability and reliability while moving toward full sustainability.

## Multi-Pronged Strategy Toward Decarbonization

**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.



JERA adopts a multi-pronged strategy to lowering greenhouse gases while ensuring that the path toward decarbonization is sustainable, that access to energy remains affordable and, most importantly, that there is security in the energy supply. This goal holds true regardless of where JERA operates, be it in Japan, Asia, or anywhere else the world.

To achieve these decarbonization goals, JERA focuses on building renewable energy power plants and scaling energy platforms in a meaningful way. Currently, JERA operates both offshore and onshore wind farms, as well as solar power plants, in conjunction with battery storage solutions. However, because renewable energy suffers from intermittency issues, JERA continues to focus on building battery life, including recycling used batteries.

Until renewables can provide a secure and sustainable energy supply, there will be continued reliance on thermal power plants. For the thermal plants that use fossil fuels, JERA has initiated a plan to transition from coal to LNG while utilizing hydrogen & ammonia to lower the production of greenhouse gases. In June 2024, JERA successfully tested the use of ammonia as a substitute for up to 20% of the coal used in thermal power generation. Likewise, we plan to replace LNG fuel use incrementally with hydrogen. This strategy will go a long way toward lowering greenhouse gases to a minimum in the long term until renewable energy becomes reliable.

Given that Asia remains an area of high economic growth, a secure, sustainable, and affordable energy supply, at affordable rates, is critical to realizing that growth potential. Therefore, we must ensure that energy can be supplied to all areas of the economy—from industrial parks, transportation systems, and office buildings to, to hospitals, schools, and homes. This energy has to be generated in a sustainable manner as we progress toward both decarbonization and affordability. Asia offers the possibility of newer installations as a response to growth and new partnership opportunities. Regardless, the decarbonization test will remain.

All of this points to the need to build clean energy platforms with the ability to optimize supply in response to fluctuations in demand. These platforms may require patient capital, particularly for renewable projects, where technological innovation, though helpful, might frustrate typical engineering efforts.

An essential component of these projects is digitization—be it in simple automation, the utilization of data, or the application of artificial intelligence to manage platforms.

This is JERA's commitment toward achieving net zero emissions by 2050.

## JERA's Continued Growth into a Global Public Entity

**Akihiro Watanabe** Outside Director, JERA Co., Inc.

Akihiro Watanabe has led the development of advisory and corporate valuation services in numerous M&A ventures and has extensive experience and achievements in corporate governance as a director of both domestic and foreign companies. He has been an outside director at JERA since June 2024.



In my previous position, I participated in the comprehensive alliance project that joined TEPCO and Chubu, resulting in the birth of JERA. I will never forget how the eyes of everyone involved shone with a sense of purpose. Today, my eyes are still focused on JERA and the remarkable growth it has achieved since then. I have been involved in M&A for the past 40 years, but I have yet to hear of a more successful joint venture than this one. The success we have enjoyed here is underpinned by three factors: a sense of crisis, diversity, and globalization.

Now, in its ongoing evolution, JERA has moved beyond the scope of joint venture, aiming to become not only a public institution but also a global public entity. As an outside director, I feel a strong sense of responsibility and pride in being able to contribute to JERA once more.

In the wake of the Enron scandal in 2001, I left my career as a CPA to manage an M&A advisory firm (GCA, now Houlihan Lokey). I then went on to serve as an outside director for a US biotech venture, an Indian pharmaceutical company, and a US shale gas development company. However, all of these companies failed.

I sold my company, GCA, which was then taken private, and most recently, as chair of Toshiba's board of directors, I spearheaded the company's move to go private after shareholder issues disrupted operations.

The challenges I experienced as director at these companies taught me that a single judgment call can achieve exponential growth—or lead to bankruptcy. There is no such thing as a trivial board meeting; every one requires my full attention. Therefore, as a member of the JERA Board of Directors, I strive to be mindful of the following three points.

- I. As a non-specialist with regard to the energy industry, I will not be at the center of managing business affairs but will provide objective advice based on my own knowledge of how to improve management.
- II. I will support the management leadership team to my fullest abilities, enabling them to confidently take sound risks.
- III. I will maximize financial returns as investors for our shareholder companies, TEPCO and Chubu.

I believe JERA's operations, leadership team, and Board of Directors are all world-class. That is why I consider JERA's continued growth my personal responsibility, and it is that sense of ownership that fuels my work.



# Risk Management

## Fundamental Approach and Issue Awareness

JERA strives for effective risk management by understanding the risks associated with our corporate activities and minimizing losses when these risks materialize. These efforts support our goal of enhancing corporate value and fulfilling our social responsibility to stakeholders.

Potential risks that could have a significant impact on our corporate activities include market risks (commodities, foreign exchange, and interest rates); risks of policy changes, particularly in energy and environmental policies; business investment risks, including operational accidents, damage to facilities due to natural disasters, shutdowns, or construction delays; compliance risks; and threats such as cyberattacks and malware affecting power plant control systems and other critical infrastructure.

In addition, geopolitical risks arising from heightened political and social tensions between countries and regions, such as the situation in Russia and Ukraine and US-China relations, must be appropriately addressed in the same manner as country risk.

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 a stable energy supply and fulfill our 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 Division, which serves as the risk management division at JERA, is organizationally and structurally

independent from each division that conducts business, contributing to healthy tension within the system.

The Risk Management Committee, chaired by the company 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 executives 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

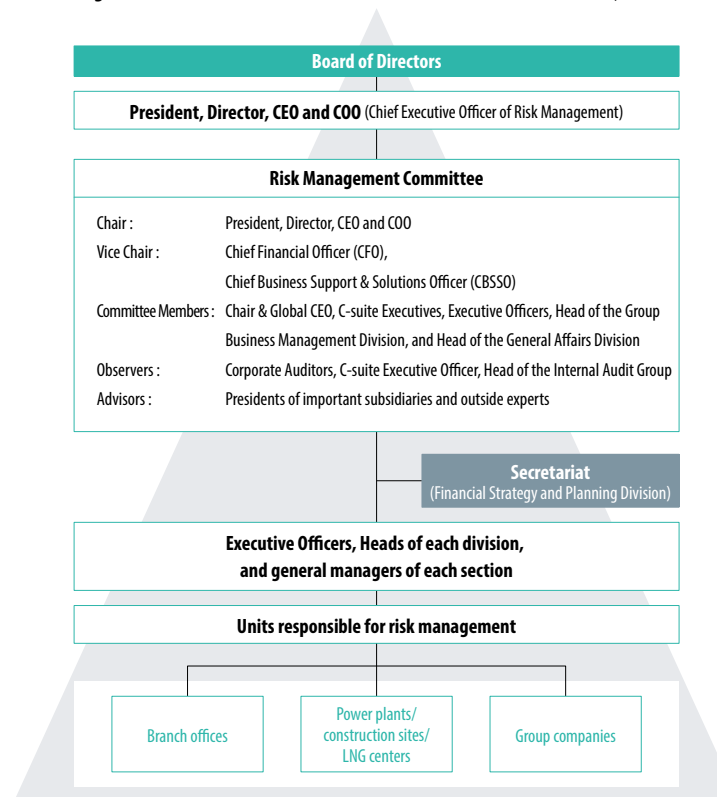
business. In the unlikely event that a risk materializes, the necessary reports on the response of the emergency task force are provided quarterly.

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, 2024)



### Risk Assessment Flowchart



### Main Risk Categories

- ① Operational Accidents
- ② Financial Information
- 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

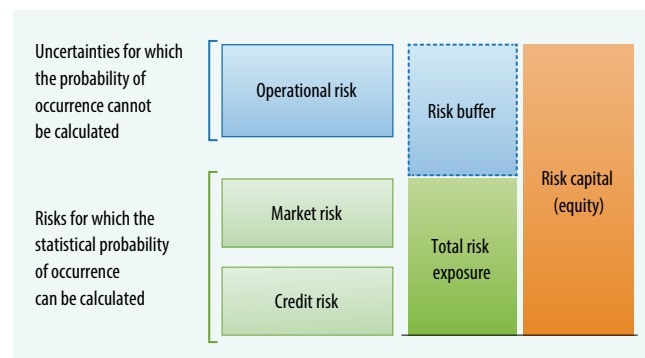
### Highly Effective Risk Management

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.



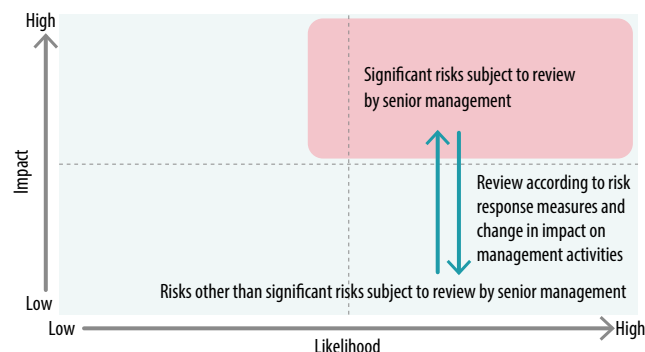
Our risk buffer is maintained at a certain level by considering operational risk as an uncertainty for which the probability of occurrence is incalculable. Operational risk is managed using a risk map that impacts management activities on the vertical axis and the frequency of risk occurrence on the horizontal axis. For each managed risk, we take measures such as retention, mitigation, and transference in cooperation with each division and the Financial Strategy and Planning Division, 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 FY2035.

### Evaluation of Individual Investments

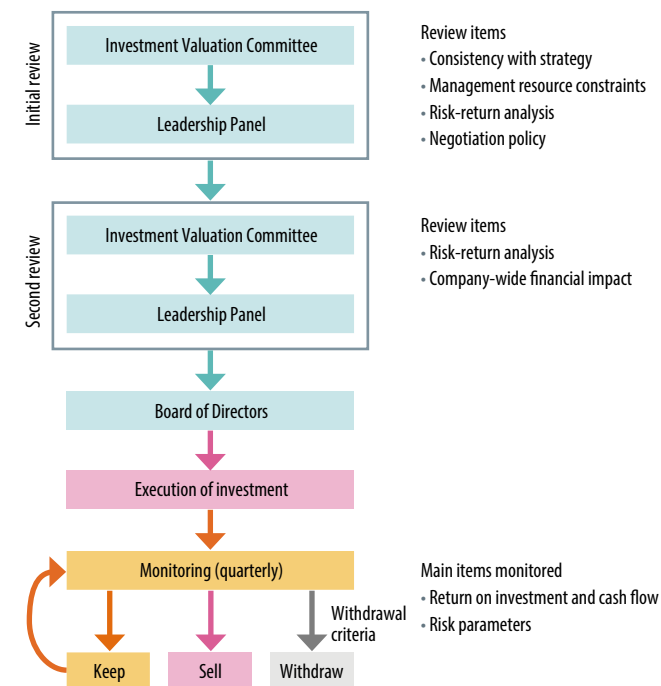
After confirming the consistency of individual investment evaluations with our field-specific investment strategies, our Investment Valuation Committee, which includes members with experience in investment screening at financial institutions and other organizations, conducts reviews by which we verify 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 COVID-19 and Other Pandemic Countermeasures. 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.

### 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, JERA is 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.

In July 2023, under the scrutiny of outside experts, we received resilience certification for our BCP/BCM.

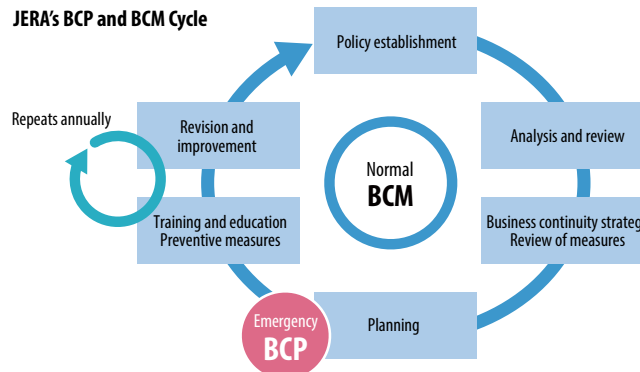


Resilience Certification in July 2023

#### 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.
- To fulfill our responsibility as an energy provider supporting the 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.

#### JERA's BCP and BCM Cycle



### Enhancing Execution through BCP Drills

BCP drills include planning for the restoration of thermal power plants, simulating a supply-demand crunch after a disaster, sharing information with affected facilities, and collecting and coordinating information leading up to the release of press statements.

We also conduct rigorous drills under harsh conditions, including communication drills with shareholder companies, ship deployment exercises in the event of transportation disruptions, and satellite phone drills in the event of communication outages, all with the aim of enhancing our execution abilities. We will continue to strengthen our coordination with grid operators in the event of a supply-demand crunch.

Insights and challenges identified during these drills are continuously reviewed and improved upon, ensuring that we continue to work to further improve execution.



In-House BCP Drills

### Featured

#### Creating the "Employee Action Guidelines" and the "JERA Disaster Prevention Guide for Families" in Case of Emergencies

The "Employee Action Guidelines for Emergency Disasters" were created to clearly outline the actions employees should take in the event of an emergency or disaster. It is designed to ensure their safety and the smooth and appropriate execution of disaster response. In addition to previously established guidelines for commuting employees, we have created new protocols for employees on business trips and those working from home.

Moreover, driven by the belief that protecting not just our employees but also their families is essential for employees to focus on disaster recovery, we have developed the "JERA Disaster Prevention Guide for Families." This guide provides easy-to-understand disaster preparedness measures for families who might need to remain at home during natural disasters such as earthquakes.

We are committed to the constant challenge of implementing initiatives that ensure safety is our top priority in emergencies.



JERA Disaster Prevention Guide for Families

### 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, we set multiple scenarios for future power market conditions, including risk cases 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 facilities with state-of-the-art, high-efficiency facilities in order to maximize earnings and avoid developing and owning unprofitable thermal power sources (so-called stranded assets).

# Information Security

## Fundamental Approach

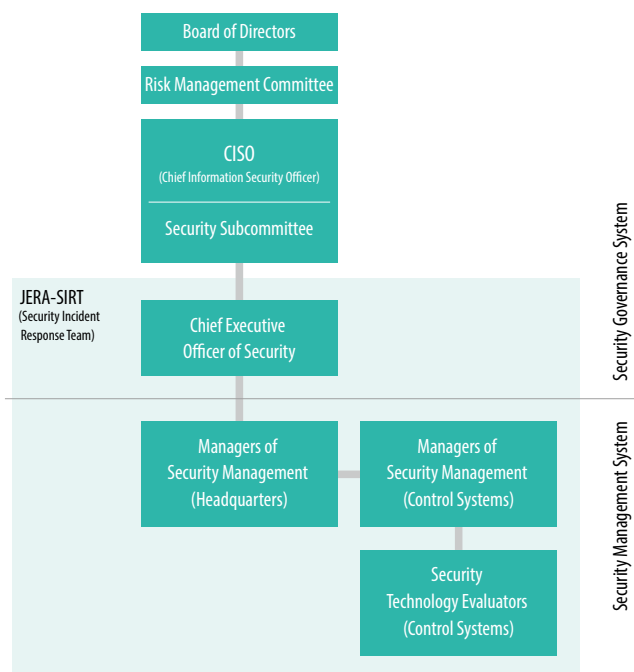
At JERA, our mission is to provide cutting-edge solutions to the world's energy issues. The use of information technology is indispensable for achieving this mission, and we have established the JERA Group Information Security Basic Policy to protect our information assets and enhance the safety of transactions.

## Cybersecurity Management System

To promote cybersecurity, we have established a structure for managing cybersecurity risks under the responsibility of senior management and our Chief Information Security Officer (CISO).

### Diagram of Cybersecurity Management Structure

(as of July 1, 2024)



The Security Subcommittee, headed by the CISO, has been established to promote cybersecurity activities during normal operations in coordination with the Risk Management Committee, which oversees the entire risk management structure.

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 scope of the Information Security Basic Policy extends to all personnel involved in operations and all resources used in operations, such as materials and environments. It aims to manage and protect related information assets while strengthening security measures to address risks such as cyberattacks.

There continued to be no serious incidents related to information security or the protection of personal information in FY2023.

We continuously educate all employees who handle information assets to raise their awareness of information security and improve their skill levels. Our aim is to ensure thorough compliance with this policy and relevant laws 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 on targeted e-mail 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.

The results for FY2023 are as follows.

## Education and Training on Information Security (FY2023)

### Security Education

Scope: 4,471 participants (including officers, employees, and temporary staff)

Frequency: Once a year

Method: e-learning

### Targeted E-mail Attack Training

Scope: 4,507 participants (including officers, employees, and temporary staff)

Frequency: Twice a year

Method: E-mail

At JERA, 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.

In addition, to promote operational efficiency through the use of secure generative AI, we have formulated the "JERA AI Usage Guidelines," which include security compliance items and usage instructions. We have shared these guidelines with officers and employees.

## Enhancement of Information Security Measures for Domestic and Overseas Group Companies

We refer to the Cybersecurity Management Guidelines established by the Ministry of Economy, Trade and Industry (METI) to review and implement security measures for the JERA Group. We are also promoting security management at group companies both in Japan and overseas while strengthening security through risk management and security education. In addition, in March 2024, we obtained Information Security Management System (ISMS) certification for some operations at group company JERA Cross.

# 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 the JERA Group Compliance Code of Conduct.

As a company that owns and operates a entire value chain stretching from upstream fuel development and procurement to power generation and wholesale electricity and gas sales, we have a responsibility to address a range of compliance challenges related to competition law, bribery, human rights, the environment, and more. Moreover, our employees faithfully adhere to and respect the laws, regulations, and social norms related to the above issues, guided by a heightened sense of ethics befitting a global operation.



JERA Group Compliance Policy  
<https://www.jera.co.jp/en/sustainability/compliance/ethicspolicy>



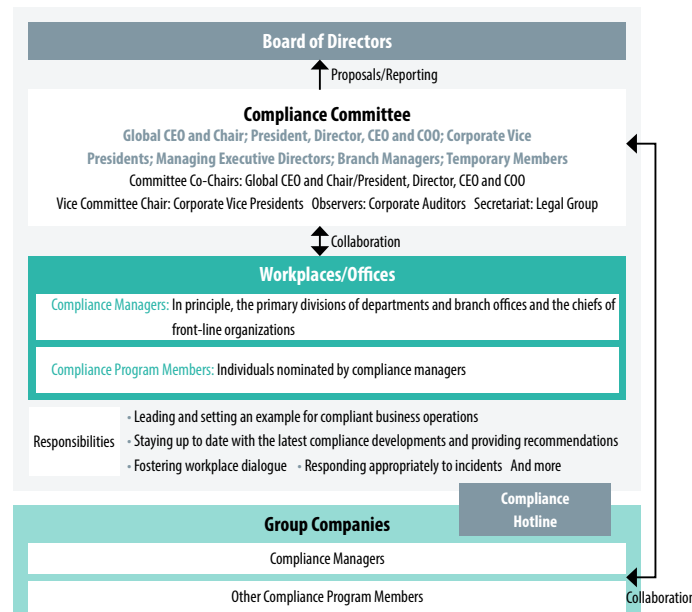
JERA Group Compliance Code of Conduct  
<https://www.jera.co.jp/en/sustainability/compliance/codeofconduct>

## 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 counsel and other outside experts as ad-hoc members. 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, 2024)



## Compliance Promoting Education and Training

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

In FY2023, we promoted compliance through the formulation of the JERA Compliance Guidance, which explains our Compliance Policy and Code of Conduct; the holding of Compliance Promotion Month, an event to promote compliance; and the use of the intranet and internal social media services.

In FY2024, we will continue to focus on boosting employee compliance by establishing compliance measures that are easy to follow and placing further emphasis on strengthening information sharing and training while also ensuring that an awareness of compliance takes root in our organization.

### Compliance Initiatives in FY2023

#### Formulation of Compliance Guidance



#### Implementation of Compliance Promotion Month



#### Use of social media and intranet





## Compliance

### Corruption Prevention

In order to comprehensively prevent corruption as stipulated by the JERA Group Compliance Policy and the JERA Group Compliance Code of Conduct, we have stipulated internal rules to 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. Furthermore, JERA raises 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.

In addition, our due diligence efforts to prevent 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 the 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 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, as well as 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 & ESG Conscious 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. In addition, in an attempt to prevent cartel and bid-rigging with competitors, we newly established Internal Rules on Contact with Competitors in FY2023.

We have also established the Procurement Policy and are committed to responsible materials procurement activities in consideration of corporate social responsibility (CSR) and environmental, social, and governance (ESG), including quality assurance, appropriate procurement cost management, compliance with laws and corporate ethics, safety assurance, and business continuity planning (BCP). In addition, 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 the JERA Group Compliance Policy and Code of Conduct, thereby endeavoring to build even stronger relationships of trust with our business partners.



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



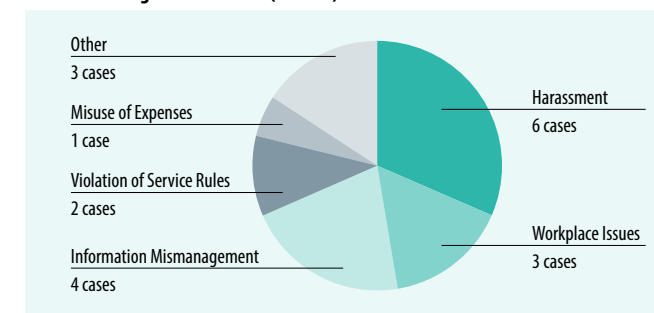
Declaration of Partnership Building  
<https://www.jera.co.jp/en/sustainability/compliance/partner/>

### Whistleblower System and Harassment Consultation Hotline

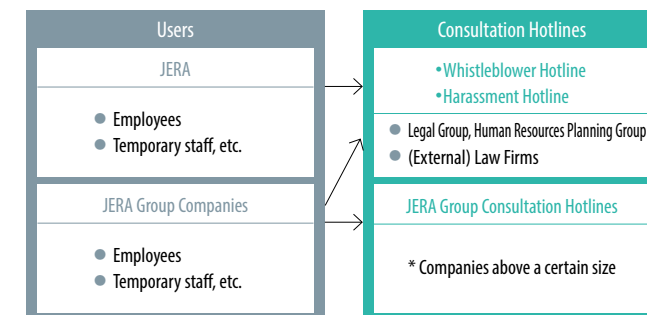
We have established a whistleblower hotline to prevent compliance violations and quickly detect and resolve any violations that do arise. The hotline can be accessed either anonymously or using your real name, via e-mail or postal mail, and allows communication with both internal and external contacts. 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 the hotline. As of FY2021, we have a new harassment consultation service specifically established for discussing or reporting harassment and other work-related issues. In FY2023, a total of 19 cases were reported through the whistleblower hotline and 25 cases through the harassment consultation hotline.

#### Whistleblowing Case Overview (FY2023)



In response to the enactment of the amended Whistleblower Protection Act in 2022, JERA has established internal reporting channels via its whistleblower and harassment consultation hotlines, which include designating and providing training for a whistleblower response team. JERA promotes 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.



## A Word from the Head of the Legal Group



**Sawako Ohgi**  
Head of the Legal Group

At JERA, we place compliance alongside safety as a top priority. By maintaining compliance, we protect our colleagues and families.

Top management has repeatedly communicated and engaged in dialogue with employees, stressing that compliance is not a difficult matter but rather about considering the perspectives and feelings of others—whether they are customers, business partners, investors, or colleagues. Compliance is not simply about following laws and internal rules; it's about putting yourself in others' shoes, refraining from actions you wouldn't want done to you, and always taking a moment to think about how your words and actions might affect others and contribute to the well-being of your colleagues and family.

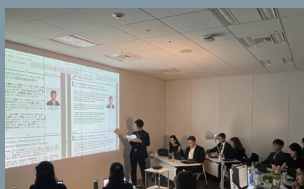
Naturally, compliance involves all of our group companies, every workplace, and everyone from management to employees; the compliance unit cannot handle this task alone. The Legal Group also seeks to build a compliance-oriented corporate culture through actions such as sharing information and providing training to support voluntary engagement in compliance.

In recent years, the domestic electric power and energy industry has seen a spate of compliance-related issues. We take this trend very seriously. Concerning our core domestic business in electricity and gas, we have taken the initiative to establish the JERA Transaction Monitoring Committee (details are as follows) to continuously incorporate insights from external experts. Because laws, regulations, and customs differ from region to region, we consult with local experts to develop appropriate compliance systems when developing our global businesses.

We remain conscious of our great social responsibility as a public utility company and will continue to set compliance as a top priority in our business operations.



Discussions with domestic power plants



Discussions with major overseas subsidiaries and others

## JERA Transaction Monitoring Committee

### 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, enabling us to continue acting in a manner that befits our responsibilities as an energy company providing electricity and gas in Japan.

The JERA Transaction Monitoring Committee, which includes outside experts, was established in June 2023 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 enhance transparency.

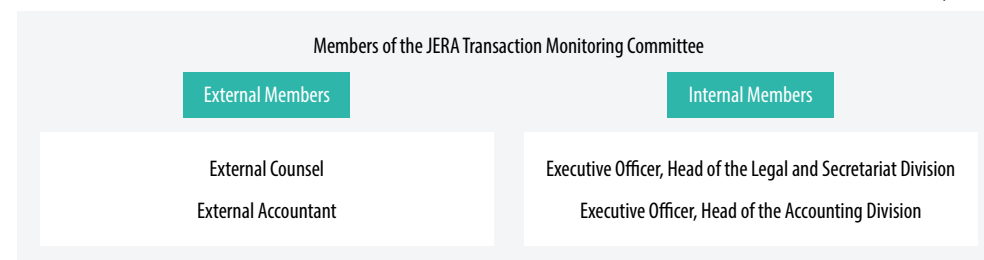


### Scope of Activities

- 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, 2024)



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 promoting fair and equitable transactions, we will ensure that business profits are passed on through market competition to the end consumer—our valued customers.