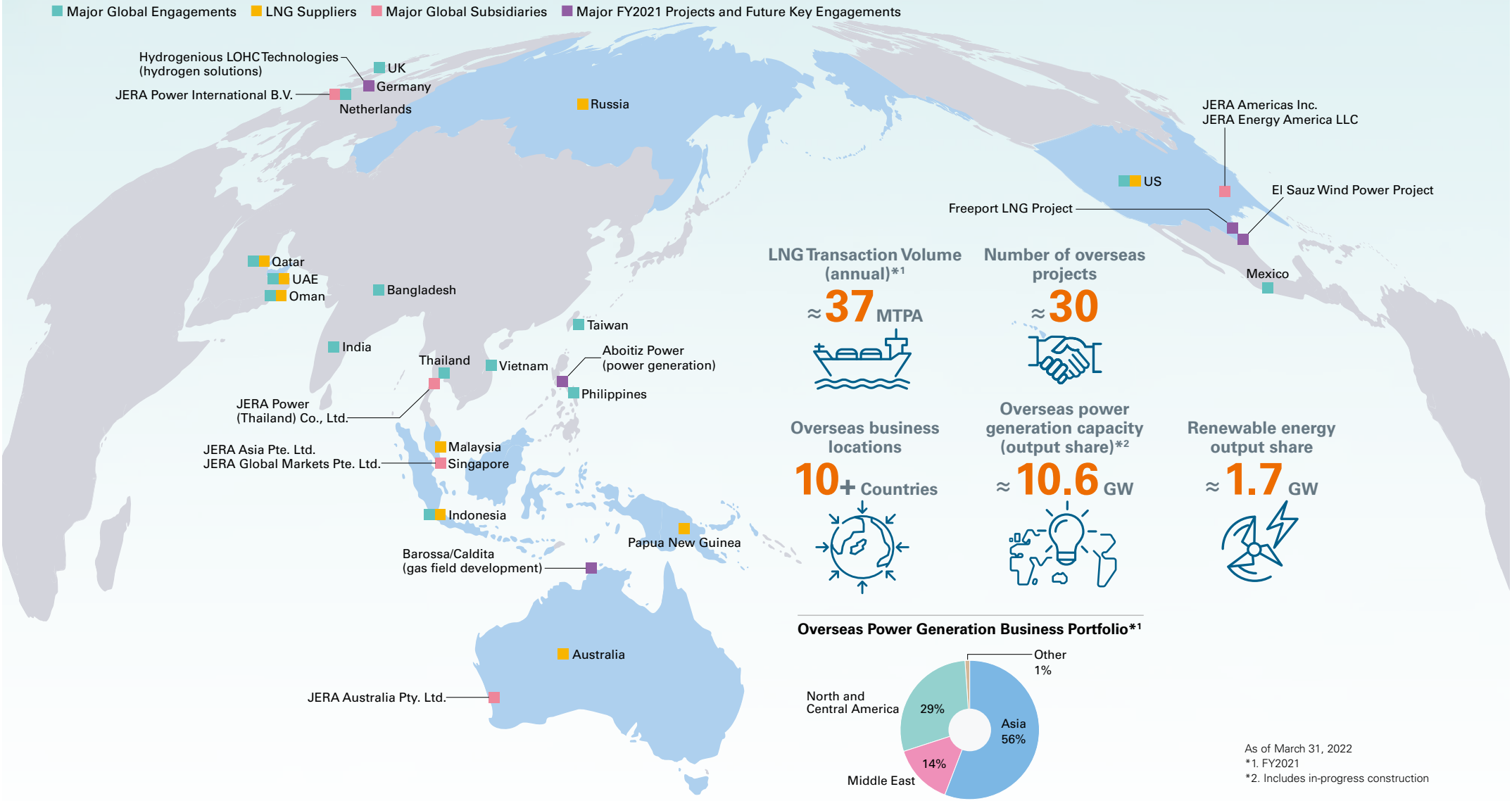
JERA and the World

JERA was founded on April 30, 2015, as a joint venture and comprehensive alliance between what was then known as the Tokyo Electric Power Company, Inc., and Chubu Electric Power Co., Inc., bringing together the entire supply chain from fuel upstream operations and procurement to power generation and sales. We consolidated all of our existing thermal power generation enterprises in April 2019, becoming an energy company that leads Japan in power generation capacity and ranks among the highest in the world in fuel transaction volume. As a global company capable of solving the world's energy problems, JERA is committed to leading the way in creating a zero-carbon society.



LNG Transaction Volume (annual)*1
≈37 MTPA

Number of overseas projects
≈30

Overseas business locations
10+ Countries

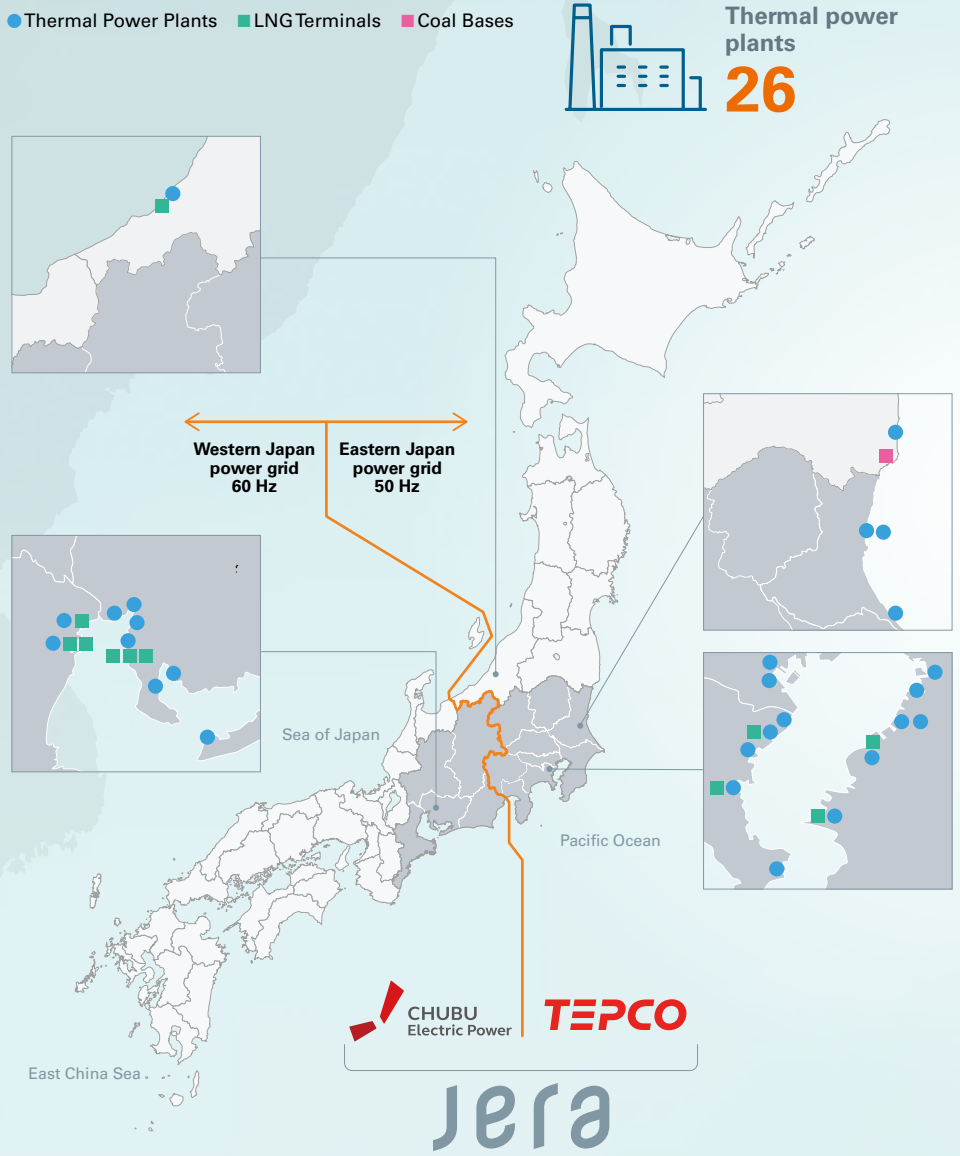
Overseas power generation capacity (output share)*2
≈10.6 GW

Renewable energy output share
≈1.7 GW

Overseas Power Generation Business Portfolio*1

As of March 31, 2022
*1. FY2021
*2. Includes in-progress construction

JERA and Japan



Thermal power plants
26

Net sales*1
4.4 trillion yen

Total assets*1
8.7 trillion yen

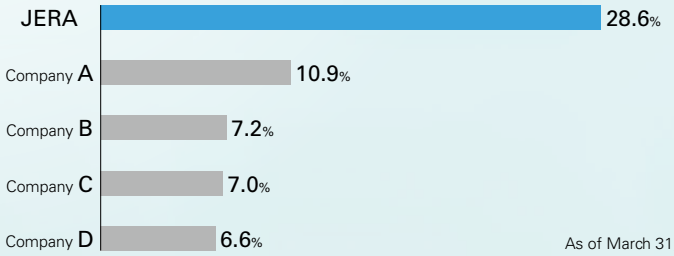
Number of employees (consolidated)
5,062

Power generation capacity*2
≈**66** GW
#1 in Japan

Power generation output*1,*2
247.3 TWh
≈30% of country total

LNG storage tank capacity*3
6.65 million kL
≈30% of country total

Japan's Largest Power-Generating Companies by Domestic Share*1



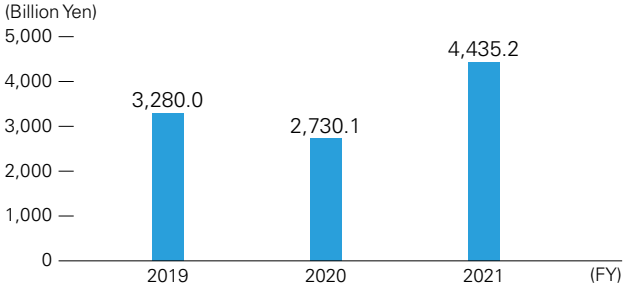
As of March 31, 2022
*1. FY2021
*2. Includes in-progress construction. Domestic figures exclude joint thermal power holdings.
*3. Includes joint projects with other companies in Chita and Yokkaichi

Financial and Non-Financial Highlights

As announced in April 2019, JERA is targeting a consolidated net income of 200 billion yen by FY2025. We are pursuing a number of initiatives toward this goal, and in May of this year, the company formulated and announced its financial strategy and operation targets. We aim to achieve controlled growth and maximize corporate value by achieving medium- to long-term decarbonization while ensuring a stable supply, thanks to active participation from a diverse and inclusive workforce and pertinent corporate governance, among other measures.

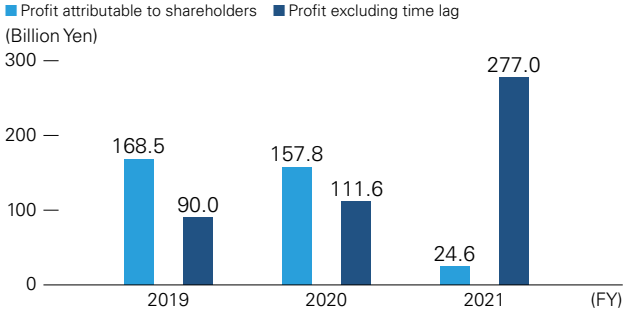
Financial Information

Net sales



Net sales had been hovering ≈ 3 trillion yen, but in FY2021, sales reached 4.4 trillion yen due to increases in the trading business and the volume of electricity sold. By segment, domestic thermal power and gas businesses account for the majority, followed by the fuel and overseas power generation businesses.

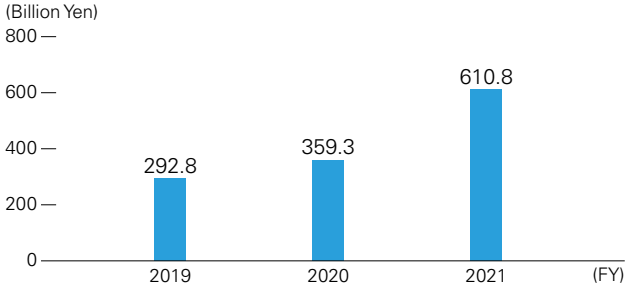
Period profit attributable to shareholders (including/excluding time lag*)



Although large net losses were incurred in FY2021 with the impact of soaring fuel prices and costs carried over due to the depreciation of the Japanese yen, net profit (excluding time lag) increased significantly due to trends such as increased profits in the trading business that seized on resource price fluctuation and recovery from the impact of COVID-19 on the previous fiscal year.

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

EBITDA

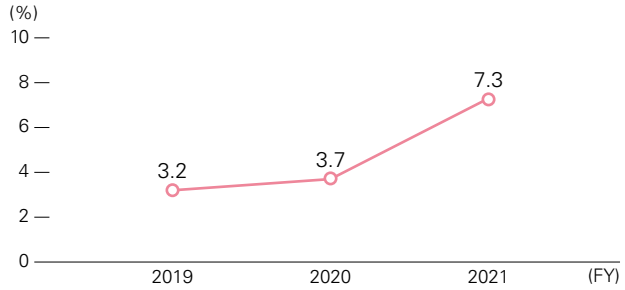


EBITDA also increased in FY2021 due to the stable earnings from our thermal power and gas business in Japan and a significant increase in earnings from the trading business due to the surge in resource prices.

EBITDA = Earnings before interest and taxes* + Depreciation and amortization + Interest expenses

*Excluding time lag

ROIC



Although ROIC improved in FY2021 due to a significant increase in profits in the trading business as a result of soaring and fluctuating resource prices, we will continue our efforts to improve capital efficiency to reach our target of ≈ 4.5% by FY2025.

ROIC = {Net profit*1 + Interest expense × (1 – Effective tax rate*2)} ÷ (Interest-bearing liabilities + Net worth*3)*4

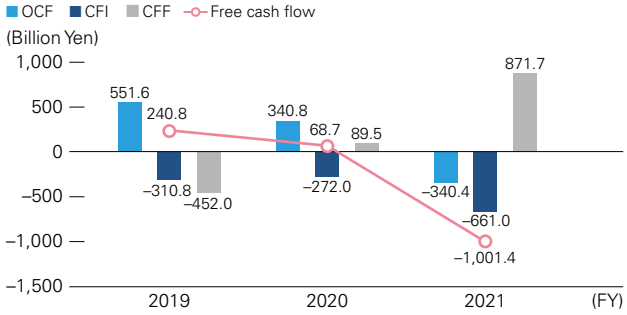
*1. Excluding time lag

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

*3. Total net assets – Non-controlling interests

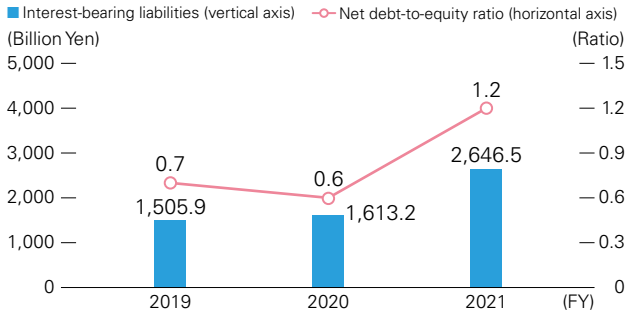
*4. Average at the beginning and end of the period

Cash flows from operating, investing, and financing activities (CF)/free cash flow



In FY2021, in addition to negative operating cash flow due to factors such as time lag and margin reserve increases at trading subsidiaries, there was negative free cash flow of ≈ 1 trillion yen due to an increase in cash flow from investing activities (CFI) stemming from the overlap of large-scale investments.

Interest-bearing liabilities / Net debt-to-equity ratio



Although interest-bearing liabilities increased significantly in FY2021 due to short- and long-term fund procurement to deal with time lag and large overseas investment projects, we are managing our balance sheet to achieve a net debt-to-equity ratio of 1.0 or less by FY2025.

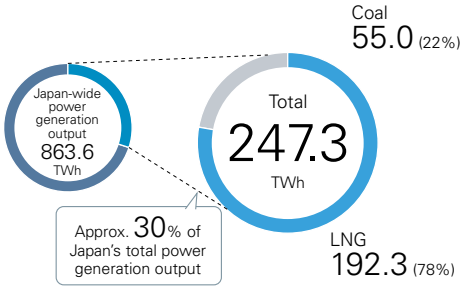
Net debt-to-equity ratio = (Interest-bearing liabilities – Cash and deposits) ÷ Net worth*

*Total net assets – Non-controlling interests

Financial and Non-Financial Highlights

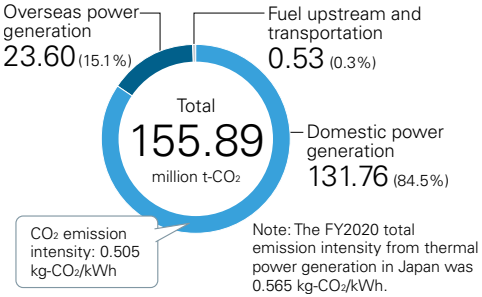
Non-Financial

FY2021 domestic power generation output (by fuel type)



We are responsible for approximately 30% of the power generated by domestic electric utilities. A large portion of this comes from LNG, which has low CO_2 emissions.

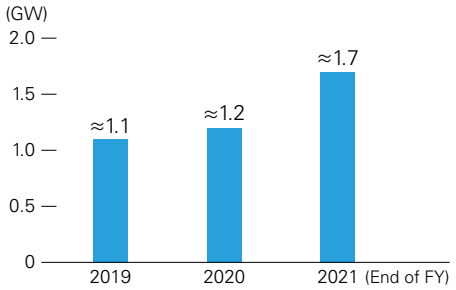
FY2021 Scope 1 CO_2 emissions / CO_2 emission intensity (Japan)



Note: The FY2020 total emission intensity from thermal power generation in Japan was 0.565 kg-CO_2/kWh.

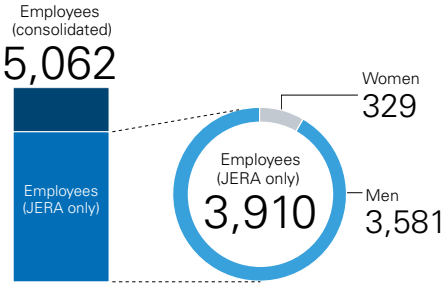
As part of JERA Environmental Target 2035, we aim to reduce domestic CO_2 emissions relative to FY2013 by 60% by FY2035.

Renewable energy output share



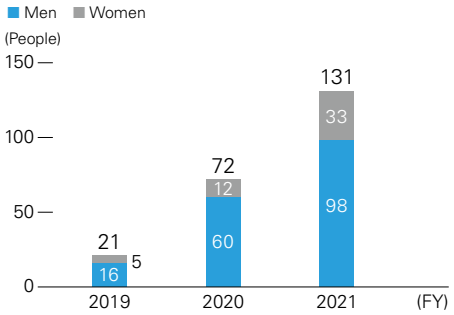
We will expand our wind and solar power generation business in Japan and overseas by promoting large-scale renewable energy development that leverages our strengths.

Employee figures (consolidated for FY2021)



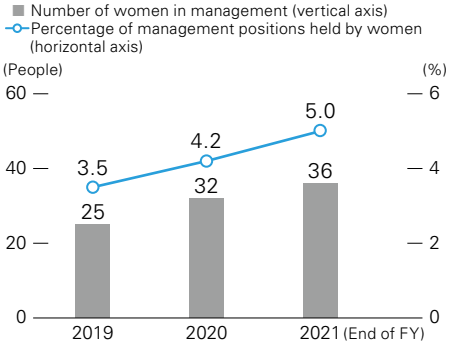
We respect each employee's diversity and individuality and work to foster an open and fair corporate culture and a work environment where everyone feels comfortable.

Number of mid-career hires (by gender)



We are actively hiring people with diverse backgrounds and advanced expertise not yet represented at JERA so that we can enter new business arenas in the future.

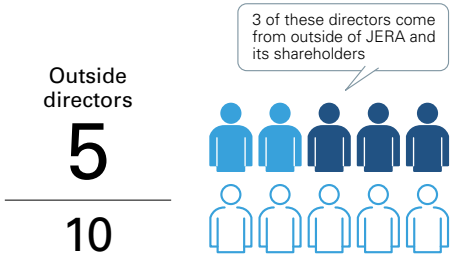
Number of women in management / Percentage of managerial positions held by women



Based on the principle of taking full advantage of diverse values and ensuring fairness, we believe in actively providing opportunities for female employees and work to demonstrate their abilities.

Number of outside directors in FY2021

As of March 31, 2022



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

FY2021 Board of Directors

As of March 31, 2022

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

Message from the Chair

Toshihiro Sano
Chair, Representative Director

We are committed to sustainable development around the world by ensuring a stable power supply and promoting decarbonization amid a challenging business environment.

JERA's Origin Story

JERA was established in 2015 to function as a comprehensive alliance throughout the supply chains of the Tokyo Electric Power Company (TEPCO) and the Chubu Electric Power Company (Chubu), from fuel upstream and procurement to power generation. Since then, we have integrated our businesses in stages, culminating in the 2019 integration of our existing thermal power generation business to complete our full value chain. The story behind our establishment begins with the Great East Japan Earthquake of 2011, a disaster that marked a significant shift in Japan's energy policy. The increasing role of thermal power generation in ensuring a stable power supply has forced the country to rely more and more on other countries to compensate for its lack of resources. The most pressing issue was finding ways to deliver a stable power supply to Japan, even as competition for resources intensified around the world. At the time, the executives of TEPCO and Chubu were convinced that like-minded companies were better off working together to resolve the issue, and their determination fueled discussions about forming an alliance. The result was "Japan's Energy for a New Era," or JERA, as we're commonly known. Our company was established with relentless drive and resolution to provide Japan with a stable energy supply by becoming a major global player in the highly competitive worldwide energy market.

We fully recognize the gravity of the current business environment. Economic sanctions following Russia's invasion of Ukraine have caused energy resource prices to surge, and demand for electricity in Japan is threatening to outstrip supply. In response, we have spared no effort to ensure a stable electricity supply throughout the country by gradually restarting power plants after long-term planned shutdowns, replacing obsolete plants, and securing fuel as needed from our affiliated energy trading partners.

It is precisely in times like these that we must return to our founding principles. My leadership as chair is based on JERA's guiding philosophy of providing Japan with a stable power supply amid fierce competition around the globe. As I tackle a host of management issues, I continue to consider where we come from to know where we need to go.

Message from the Chair

A New Vision to Adapt to the Rapidly Changing Business Environment

In May 2022, we established a new vision for the year 2035 that clarifies our new long-term goals, factoring in the steady progress we made in our first three years of full-scale operations, as well as global decarbonization efforts and sweeping changes in energy security. The new vision sets out specific initiatives for achieving decarbonization over the longer term while continuously ensuring a stable energy supply. Furthermore, it encapsulates our intent to contribute to sustainable development by providing a clean energy platform in Asia and other parts of the world to pursue decarbonization and enjoy a stable supply of energy to fuel their growth.

Mission

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

Vision

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

A Roadmap Proving JERA's Ability to Lead the Way to Decarbonization

Just two years after unveiling JERA Zero CO_2 Emissions 2050, we have already begun specific efforts to achieve net zero CO_2 emissions from our operations in Japan and abroad by 2050. As a company with global operations centered on thermal power generation, it was a huge decision for us to steer toward decarbonization. Discussions by the Board of Directors lasted the better part of a year. Some were reluctant to design, let alone announce, such a detailed roadmap with so many technical and economic issues to overcome. However, after a lengthy debate, the whole board realized the need to show the world our proactive commitment to zero emissions and reached a unanimous decision to publish the roadmap. Our aim to usher in a new era of energy makes us uniquely capable of such bold decisions. That said, we cannot achieve this challenging and lofty goal alone. To achieve zero CO_2 emissions, we must work with many different stakeholders to introduce innovative technologies and establish supply chains. Our roadmap for our business in

Japan presents a clear path forward. It guides our current initiatives and has increased the potential for collaboration and cooperation with a broader range of stakeholders.

A Highly Effective, World-Class Approach to Corporate Governance

We have always claimed to be a company that competes on the world stage. Consequently, we aim to meet international standards of corporate governance, the foundation of any global player. Our Board of Directors, Leadership Panel, and auditors continually push each other to perform, but I believe we are only halfway there. We must aim for a more robust system of governance by separating management and executive functions. One way to do this, for example, is to increase the number of outside directors on the Board of Directors.

When directors from different backgrounds serve on the board, discussions become more varied and more effective. We are working to further improve the board's effectiveness by proactively providing information on matters including domestic media coverage and trends in the global LNG market to spark discussions around the situation in Russia and Ukraine, supply shortages in Japan, and other events and changes in the business environment that impact our enterprise. We also supplement the functions of the board through Directors' Discussions on important topics as well as through conversations by committees that include outside experts on

Message from the Chair

environmental, social, and corporate governance (ESG), digital transformation (DX), trading, technological strategies, and other areas.

Diversity in the Workforce

Since my appointment as chair, I have maintained that ensuring diversity is vitally important. Having a diverse workforce is essential for making sure the right people are where we need them to be given the global spread of our operations, which includes everything from upstream fuel development and procurement to transport and power generation. In these circumstances, our need for more opportunities for women compared to other global companies is a major shortcoming. In response, we are creating more opportunities for women to become engaged and supporting programs for talent development. In April 2022, we appointed our first female executive officer to manage our promotion of diversity and inclusion. As we accelerate this trend, we will continue to promote women to department heads and other managerial positions to create an environment where women can thrive.

In addition to diversity in leadership, we have codified our succession plan and launched operations in an effort to ensure sustainability. Looking ahead, we intend to probe deeper into training the next generation of management, assisting employees in their career paths, and more.

Further, to channel the strengths of our diverse talent, everyone must develop an awareness of where their work falls under JERA's mission and vision. Toward that end, we intend to boost our employees' sense of satisfaction with their work by developing clearer job descriptions for all and demonstrating how the actions of departments and JERA Group members interrelate.

Companies Exist to Contribute to Society

I believe that companies exist to contribute to society, but right now, people are asking what that really means. These contributions are not made in an attempt to seek external validation. I ask how we can contribute to Japan as well as to other countries and regions around the world. In my view, the ideal contributions to society are the answers companies and business leaders find when they grapple with this question in earnest. Our origin and mission are perfectly aligned with this approach.

The energy landscape has changed dramatically in the recent past, making it more difficult than ever to provide Japan with a stable supply of affordable energy. As such, we are committed to contributing to society by providing a consistent supply of energy. That, I believe, is our role as a company serious about resolving societal issues. We will also extend our contributions beyond Japan into Asia and the rest of the world. I am convinced that continuing such efforts is one way we can earn the respect of society and enhance our corporate value.

We ask for the continued support of all our stakeholders as we move forward with steady determination and accountability in this challenging business environment.

LNG facility at Futtsu Thermal Power Station (award-winning photo in power plant's contest)

Message from the President

Satoshi Onoda
President

We are trailblazing a path to decarbonization and ensuring a stable energy supply amid trying times.

Background of Our New Vision and JERA Environmental Target 2035

Since establishing the JERA mission and vision in 2019, we have promoted a number of initiatives both domestically and internationally with the medium-term goal of becoming a global leader in large-scale renewable energy and LNG value chain businesses by 2025. Meanwhile, the energy business faces major changes, including stricter regulations on fossil fuels around the world as the world grapples with climate change.

Against this backdrop, JERA—Japan's largest power generation company—has announced JERA Zero CO_2 Emissions 2050, a commitment to achieve net zero CO_2 emissions by 2050 through zero-emission thermal power generation using renewable energy and fuels that do not emit CO_2. This long-term endeavor to realize our mission and vision doubles as an affirmation of action that informs the world of our intent to become a global leader.

In May 2022, we established a new vision based on our steady progress on our ammonia co-firing plan and other initiatives to achieve zero CO_2 emissions. This vision also considers the volatile energy situation attributable to developments such as the Russia-Ukraine conflict. The new vision has three components: stable supply, decarbonization, and growth. We generate roughly 30% of Japan's electricity and thus have a responsibility to provide a stable supply. At the same time, we aim to leverage digital technology and optimization and combine renewables with low greenhouse gas thermal power to build a clean energy platform that provides a stable, affordable energy supply that is not reliant on natural conditions. Additionally, we plan to expand these initiatives overseas to contribute to sustainable growth and development in Asia and other parts of the world. While demand for electricity is expected to continue to grow alongside national economies in Southeast Asia and the rest of the continent, the international community is rapidly moving toward decarbonization. Ideally, our clean energy platform will ensure a stable power supply—the foundation of economic growth—while pursuing decarbonization over the longer term. We believe this platform will allow us to meet the needs of Southeast Asian countries seeking to expand their economies and reduce CO_2 emissions.

Message from the President

To realize our new vision, we have added depth to our existing environmental targets for 2030 in addition to creating JERA Environmental Target 2035, a new goal to reduce CO_2 emissions from operations in Japan by at least 60% from FY2013 levels by FY2035. We set this total CO_2 emission reduction target to demonstrate JERA's commitment to leading the way to a low-carbon society.

Ammonia Co-Firing: Updates on Testing and Foreseeable Challenges

From October 2021 to July 2022, we conducted tests of low-volume ammonia co-firing at Hekinan Thermal Power Station Unit 5. We burned ammonia in an active power plant to study its effects on burner materials and gain other insights. We plan to increase the volume of ammonia and conduct demonstration tests at Hekinan Thermal Power Station Unit 4 starting in FY2023 to study the combustion conditions in the boilers and the impact of the ammonium combustion on all power generation facilities. We have also begun developing a burner capable of handling a mix of fuels comprising at least 50% ammonia.

One of the challenges in introducing ammonia is to establish a supply chain for stable procurement. To use a mix of 20% ammonia at a 1GW coal-fired power plant, for example, would require roughly 0.5 million tons of ammonia per year—half the amount currently consumed in Japan. As we aim to launch full-scale operations at a co-firing rate of 20% by the late 2020s and at least 50% by the 2030s, we will need an unprecedented amount of ammonia. To build a new supply chain on such a large scale, we will need to form alliances that stretch beyond the energy industry. We recognize the need to swiftly establish a next-level supply chain for fuel ammonia rather than attempting to adapt the existing means of distributing ammonia for industrial use and fertilizers. Accordingly, we are already looking into collaborating with ammonia manufacturers and other companies in Japan and abroad to secure a reliable supply.

Co-firing tests with a fuel mix containing 20% ammonia are scheduled to begin in FY2023 at Hekinan Thermal Power Station, Japan's largest coal-fired plant, located in the city of Hekinan in Aichi Prefecture

Impact of the Russia-Ukraine Conflict and Power Shortages

The situation surrounding energy has become increasingly complex in the past several years. In Europe, conditions were relatively favorable for making renewable energy stable and affordable, exemplified by the westerly winds that blew year-round and a robust international power grid. Fittingly, renewables accounted for a sizable percentage of the electricity mix. However, in the summer of 2021, wind speeds were unusually low, hobbling offshore wind power generation and forcing providers to turn to thermal power generation to compensate. This increased demand for natural gas and triggered a persistent rise in gas prices. Russia's February 2022 invasion of Ukraine made matters worse, driving national governments to reduce their reliance on Russian energy and further exacerbating an already fiercely competitive energy market. A global energy

Message from the President

shortage and sharp rise in resource prices ensued. The situation surrounding procurement remains unpredictable, and we will continue to monitor trends closely.

Additionally, with electricity deregulation ramping up competition and a substantial supply of renewables coming online, power companies throughout Japan are progressively shutting down uncompetitive, obsolete resources because they are increasingly difficult to maintain. Furthermore, uncertainty in fuel procurement and other developments have prompted concern over a nationwide power supply crunch in the winter of 2022. We will do everything in our power to help improve the balance between supply and demand. Specifically, we will make every possible effort to respond to tenders for additional supply capacity by general electricity transmission and distribution utilities. We will also launch a series of state-of-the-art thermal power plants totaling 6,660 MW between FY2022 and FY2024 with the aim of maintaining long-term supply capacity and conserving the environment.

Further Initiatives to Provide a Stable Power Supply

Restarting idle thermal power plants	• Ended long-term planned shutdown of Sodegaura Thermal Power Station Unit 1 and completed preparations for operation on April 17 • Contributed to a stable power supply by restarting Anegasaki Thermal Power Station Unit 5 and Chita Thermal Power Station Unit 5, consistent with supply-demand balancing measures for the peak summer period announced in June 2022 • Selected as the winner of a tender for additional capacity by transmission system operators (excluding Hokkaido and Okinawa) as a balancing measure for the winter of FY2022, and began preparing to restart units experiencing long-term planned shutdowns (Anegasaki Unit 5, Chita Unit 5, Chita Daini Unit 1, Yokkaichi Group 4 Units 4 & 5)
Replacing thermal power plants	• Contributed to a stable power supply through the steady replacement of thermal power generation facilities totaling roughly 6,660 MW

Power plant	Unit	Output	Start of operation
Anegasaki	1 (new)	650 MW	February 2023
	2 (new)	650 MW	April 2023
	3 (new)	650 MW	August 2023
Goi	1	780 MW	August 2024
	2	780 MW	November 2024
	3	780 MW	March 2025
Yokosuka	1	650 MW	June 2023
	2	650 MW	February 2024
Taketoyo	5	1,070 MW	August 5, 2022

Securing fuel for a stable power supply	• Contributed to stable power supply by procuring a record 4.5 million tons of additional LNG in FY2021 to counter fluctuation during peak periods • Scheduled to continue cooperating with stakeholders in FY2022 to help secure a stable supply of fuel to meet domestic demand for electricity

New Ways of Working for Employees and Their Families

In 2019, the vast majority of our employees were seconded from TEPCO and Chubu; by 2021, roughly 90% of them had decided to transfer to JERA. We have introduced a unique human resources system while recruiting new graduates and mid-career professionals for a wealth of talent from diverse backgrounds, mainly experts from the business and corporate sectors. Our HR and recruitment system is job-based, with straightforward job descriptions to secure diverse talent and improve retention rates, even in an increasingly fluid labor market.

We also assign some employees involved in power generation operations to other power plants to gain experience, create opportunities for engineers to interact with each other, and take additional steps to stimulate exchange across disciplines, departments, and companies. Although we initially feared this initiative would cause friction when different corporate cultures clashed, everyone was ready to improve their technical skills through friendly competition, generating synergy in the form of mutual respect for each other's cultures and proactive incorporation of the best of both worlds.

The company must be an appealing workplace for employees as well as their families. The quest to create workplaces where employees can work in ways that bring happiness to themselves and their families is the essence of our vision to design new ways of working. Therefore, we have created an environment where most work can be done in the cloud from anywhere. This should make it easier for employees to balance work with parenting, home care, and other responsibilities. We intend to continue improving these working environments to relieve employee stress as they fulfill their role as parents or caregivers.

Our Vision for Digital Transformation

Our digital strategy is to become a data-driven company that captures relevant real-time data, which we use to make and act on swift management decisions. We have already succeeded in becoming the first Japanese energy company to move the entirety of its core systems to the cloud. This digital transformation (DX) is spearheaded by Senior Managing Executive Officer Sami

Message from the President

Ben Jamaa, who draws upon a wealth of experience with IT transformations in global companies and under whose guidance our ICT departments have become reform-minded organizations comprising people from both the TEPCO and Chubu groups as well as mid-career professionals from Japan and around a dozen other countries.

Beyond DX, we have a concept known as the Digital Power Plant Project, in which we seek to transform power plant operations with digital technology. We aim to improve our power generation facilities' competitiveness and market responsiveness by packaging power plant facilities and operations—combining the latest digital technology with our unique homegrown capacity for continuous improvement and technology—and establishing advanced data- and AI-based power plant operations. These efforts will also allow us to replace and digitize the practical expertise of our seasoned professionals, which we expect will facilitate our propagation and reproduction of technology as we expand outside Japan.

Additionally, in July 2022, we launched JERA Digital Academy (JEDI), a DX human resources development program for all group company employees, and are expanding the program to include sites overseas. Digital technology is an essential tool for energy companies to achieve decarbonization, and we will lay the groundwork for all employees to use it for their own purposes.

Closing Words for Stakeholders

Contributing to society is in the DNA of our company, which generates power to support the development of local communities. To us, nothing is more important than providing a safe, affordable, stable power supply to underpin industry and daily life. We have also crafted a vision to build a clean energy platform to combat climate change and expand our business into Southeast Asia and other parts of the world. However, we also recognize the need to contribute to the sustainable development of Southeast Asia, not by simply generating profits but by creating industries, providing job opportunities, and taking other steps to enrich the lives of the people who live there. When conveying these ideas to JERA employees, I often refer to the story of Japanese engineer Yoichi Hatta. He contributed so much to the development of Taiwan under Japanese rule through the construction of the Wushantou Dam that a bronze statue was erected in honor of him. Still today, he remains one of the most revered Japanese people in Taiwan. I hope that our employees—especially the younger ones—will aim to contribute to society through their work and earn respect wherever we operate, much as Hatta did.

We will continue to expend every effort to create working environments where employees can devote themselves to their work with peace of mind and contribute more to our stakeholders than ever before. We ask that you continue to support us in our endeavors.

The World Around JERA

The Impact of Global Trends on JERA—Challenges and Opportunities

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

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

Resolute in Our Mission of Providing a Stable Energy Supply and Leading in the Energy Transition

JERA is facing a number of longer-term and nearer-term global trends that could impact its business. While it is impossible to predict exactly how these trends will play out, JERA is well positioned to fulfill its role of providing cleaner, affordable, and reliable energy for today while investing in the energy of the future.

Global Trends: Ever-Changing Supply and Demand in the Electricity Market

Over the next few decades, world-wide total primary energy demand is expected to increase as the global population approaches 10 billion people. Much of this population growth is in developing areas of the world where people aspire to improve their lifestyle through the acquisition of energy consuming devices like cook stoves, air conditioners, motor scooters and automobiles. The demand for electricity is forecast to increase in all sectors (e.g. residential, commercial, industrial, and transportation) and to outpace population growth.

While fossil fuels are expected to continue to supply the largest share of total primary energy, renewables are forecast to grow at a faster annual rate than all other sources of energy to the point where their share of the energy mix nearly matches that of fossil fuels in 30 years time. The growth of renewables has historically been driven by government policies but it is increasingly being driven by economics as the costs of wind and solar power generation in particular continue to decline.

The demand and supply of energy, and electricity in particular, will also be impacted by technological advances. While demand is primarily driven by population growth and lifestyle choices, newer forms of energy consumption could impact the pace of this growth (e.g. faster electrification of the transport and space-heating sectors). Technological advancements in large-scale, low-cost energy storage could enable intermittent renewables to be less dependent upon more conventional forms of energy such as thermal power generation, creating the opportunity for renewables to play an even larger role in the overall energy mix. The digitization of the grid and power generation facilities could enable more efficient use of power generation and transmission resources.

The Challenge of Balancing Decarbonization and Stable Supply While Facing an Uncertain Future

One of the largest trends that will impact the energy business is the push to decarbonize all aspects of society to address the concerns of climate change. This is expected to be enacted primarily through direct and indirect government policies (e.g., carbon prices, emission caps, building standards, etc.). While the overall direction towards a less-carbon intensive society is clear, the pace at which various jurisdictions enact the necessary policies is quite difficult to predict. During this time, there could be tension between the push to decarbonize and the need to ensure a stable supply of energy (as witnessed recently during the Russian/Ukraine crisis).

In addition to the longer-term trends outlined above, there are nearer-term trends that are also

The Impact of Global Trends on JERA

impacting the energy sector. The Russian/Ukraine crisis has disrupted the traditional energy flows, increased commodity prices, and caused governments to rethink their dependence on certain sources of non-domestic energy. While some of these effects – such as the commodity price spikes – may be transitory others may have a longer lasting impact. Also, after over a decade of strong economic growth, many developed countries around the world are seeing significantly higher levels of inflation, higher interest rates, and a greater likelihood of entering into an economic recession.

Finally, a nearer-term trend with both short- and long-term implications is the growing importance of Environmental, Social, and Governance (ESG) matters for companies. Investors, customers, employees, and civil society have growing expectations of a company's role in society. This includes not only specific actions companies should take on issues such as: climate change; water usage; diversity, equity, and inclusion; human rights; and corporate governance; but also how much they should publicly disclose about these actions.

JERA's Contribution to Decarbonization: An Unparalleled Position with Unrivaled Strengths

The global trends and uncertainties create opportunities for companies that have robust and diverse portfolios, a strong balance sheet, and the ability to invest in a variety of options for the future; JERA is such a company.

JERA recognizes that it has a critical role in society to continue to provide cleaner, affordable, and reliable energy to its customers. It does this through its enviable portfolio of assets in Japan and overseas, including power generation facilities, upstream and midstream assets, and an organization with a long legacy of operation and optimization experience.

The existing portfolio provides the funds and expertise to make additional investments for the future. JERA will continue to invest wisely in current facilities to maintain their safe and reliable operation. In addition, there are many new and attractive opportunities in the energy transition that JERA is evaluating and in which it is investing. These include onshore and offshore wind facilities, ammonia and hydrogen value chain assets, and upstream and midstream natural gas assets.

JERA also has opportunities to use and monetize the operating know-how it has developed over the past many years while developing new processes to operate even better. It can provide energy management solutions to customers to help them operate and maintain their power generation facilities more efficiently and assist with their own decarbonization plans. JERA is continuing to refine its own operations including digitizing many of its facilities. This will become another offering of energy management solutions provided to customers of the future. JERA will also continue to share its expertise with host governments of the countries in which it operates to help them as they develop policies that facilitate their own energy transition.

Finally, all these future uncertainties also have the potential to create volatility in the energy market. JERA has a strong and growing global trading organization that is able to ensure a secure supply of energy to customers while generating value and mitigating risks.

JERA Plays a Vital Role in Helping Japan Write a Realistic Roadmap to Decarbonization

Despite being one of the world's largest energy consumers, Japan is not blessed with domestic resources and is dependent on imports from overseas for almost all of its energy needs.

The geography of Japan also makes it more difficult than in other countries to develop renewable energy sources such as solar and wind on a large scale. Also, unlike the European Union, for example, Japan and its neighboring countries cannot share an energy distribution network on the scale they could if sharing a landmass.

In this context, JERA must accomplish incremental and mid- and long-term decarbonization of its Japanese assets while providing a stable energy supply to realize the government's goal for Japan to reach carbon neutrality by 2050.

As Japan's largest power generation company, JERA can leverage strategies to achieve zero CO_2 emissions by 2050 and lead the way to a low-carbon society. These strategies include complementing "zero-emission thermal power" with the introduction of renewable energy and green fuels, as well as adopting measures at the decision stage that combine the most innovative and reliable technologies available (i.e., "smart transition").

Conclusion: The Energy Transition Creates Opportunities for JERA

While there are always a number of uncertainties about the future that companies face, the uncertainties that are forecast presently – particularly those associated with decarbonization and the energy transition – are more numerous and potentially more impactful than normal. These uncertainties also create opportunities for companies that are well-positioned. JERA plans to play its role in the energy transition, making investments in the energy of the future while meeting the needs of customers today.

Value Creation Process

Contributing to Sustainable Corporate Value Growth and a Sustainable Society

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

Vision for 2035 To scale up our clean energy platform of renewables and low greenhouse gas thermal power, sparking sustainable development in Asia and around the world

The World Around JERA

- Rapid changes in power supply and demand
- Increased future uncertainty →Leading to difficulties in providing a stable power supply and promoting decarbonization

Business Capital Supporting JERA's Growth (Input)

Human Capital
Number of employees (consolidated) 5,062

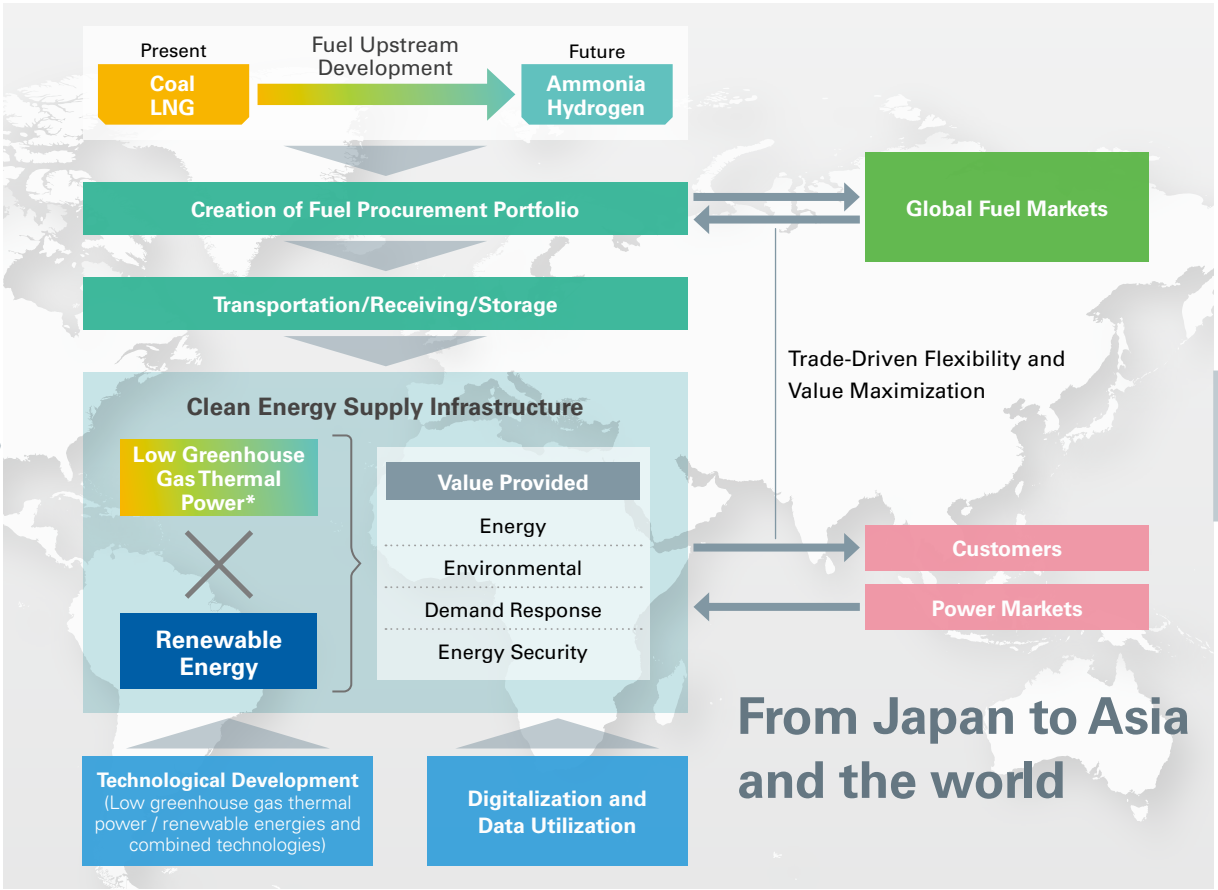
Intellectual Capital
Investment in professional development (including digital and administrative initiatives)

Natural Capital
Total energy consumption 50.80 million kl (crude oil equivalent)

Financial Capital
Shareholders' equity 1,688.1 billion yen

Manufacturing Capital
26 power plants in Japan
≈ 30 overseas projects in more than 10 countries

Social/Relational Capital
World leader in LNG trade volume
Dominant presence in domestic power generation



JERA's Infrastructure for Value Creation

Governance (outside and non-Japanese directors) **Diverse Talent** (women, highly specialized personnel, non-Japanese employees) **Safety** (Safety Philosophy)

Value Created by JERA (Output)

Economic Value (FY2025)

Profitability
Consolidated net profit: 200 billion yen (60% from overseas)
EBITDA: 500 billion yen

Capital Efficiency
ROIC: ≈4.5% (ROE: ≈9%)

Growth Potential
CFI: 1,400 billion yen (650 billion yen related to decarbonization)

Social and Environmental Value

Stable Energy Supply Infrastructure Development
- Growth in LNG transaction volume
- Replacement of domestic thermal plants
- Stable fuel procurement

Adoption and Expansion of Renewable Energies
- Renewable energy development target: 5 GW

Decarbonization of Thermal Power and Fuel Supply Chain
- Ammonia co-firing demonstration tests
- International competitive bidding for fuel ammonia

* Thermal power generation facilities designed for co-firing with zero-emission fuels such as hydrogen and ammonia

Value Creation Process

JERA's Goals (Outcome)

Sustainable Corporate Value Growth

- A business portfolio that enables a stable and sustainable energy supply
- Maximizing the value proposition of energy

Contributing to a Sustainable Society

- Forming viable decarbonization processes
- Solutions for energy challenges facing Japan and the world

Our value creation process aims to build a business model that provides a clean energy supply infrastructure combining low greenhouse gas thermal power and renewable energy sources. This model will allow us to achieve sustained corporate value growth and contribute to a sustainable society with zero emissions by 2050. Furthermore, by expanding this business model to Asia and the world, we will participate in healthy growth and development on a global scale.

Specifically, we will support the introduction of renewable energy via thermal power solutions able to generate power in any environment, along with zero-emission thermal power green options that use ammonia and hydrogen. This marriage of renewable energy and zero-emission thermal power will enable us to achieve decarbonization and secure a stable power supply.

We must pursue the best solutions in order to attain a carbon-free future. The types of energy and power grid options available vary by country and region, so it is necessary to formulate roadmaps suited to each situation. We already have initiatives underway overseas, including research and support toward developing a decarbonization roadmap for Indonesia's power sector (FY2021) and collaboration with Summit Power International on developing a decarbonization roadmap for Bangladesh (FY2022).

We will drive the adoption and expansion of green fuel by building a value chain in the same way we have for LNG, from fuel upstream operations and procurement to transportation, receiving, storage, power generation, and sales. Power generation efforts, for example, include ammonia commercialization demonstration tests at Hekinan Thermal Power Station and projects exploring co-firing rates of more than 50%.

In offshore wind power, we are acquiring know-how through participation in several overseas projects and establishing a base of operations in Akita Prefecture to prepare for developing the business in Japan. In addition, we are developing solar power solutions in Japan as we progressively accelerate our renewable energy initiatives.

We will also use the trading market to maximize the value we generate through various power sources, namely our energy and environmental value.

Through these efforts, we continue to define the optimal business model for our entire value chain and business portfolio, one that is responsive to both time and place. The many kinds of capital that comprise the JERA Group are what underpin the realization of our mission and vision.

Hisahide Okuda
Corporate Vice President, Managing Executive Officer, Director, Corporate Strategy

JERA Zero CO_2 Emissions 2050: Committed to Achieving Zero CO_2 Emissions across Domestic and Overseas Operations

JERA Zero CO_2 Emissions 2050

> JERA's mission is to provide cutting-edge solutions to the world's energy issues.
> JERA is rising to the challenge of achieving net-zero CO_2 emissions from its domestic and overseas operations in hopes of creating a more sustainable society for us all.

* JERA Zero CO_2 Emissions 2050 is premised on steady advances in decarbonization technology, economic viability, and consistency with government policy. JERA is developing its own decarbonization technologies and taking the initiative to ensure economic viability.

The Three Approaches of JERA Zero CO_2 Emissions 2050

1

Combining Complementary Renewable Energy with Zero-Emission Thermal Power

JERA will achieve net-zero emissions by adopting an approach that supplements renewable energy with zero-emission thermal power generation, which is capable of generating electricity regardless of natural conditions. JERA will promote the adoption of greener fuels and pursue thermal power that does not emit CO_2 during power generation.

2

Establishing Country and Region-Specific Roadmaps

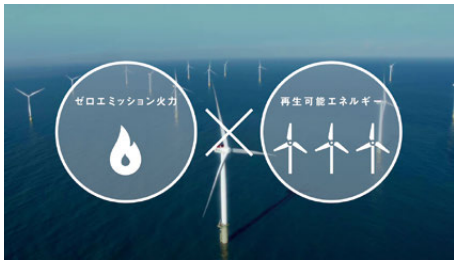
JERA will achieve zero CO_2 emissions by establishing roadmaps that chart optimal solutions for each country and region. Since the energy situation varies by country and region, with different solutions available based on the feasibility of renewable energy options and the presence of pipelines and transmission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

3

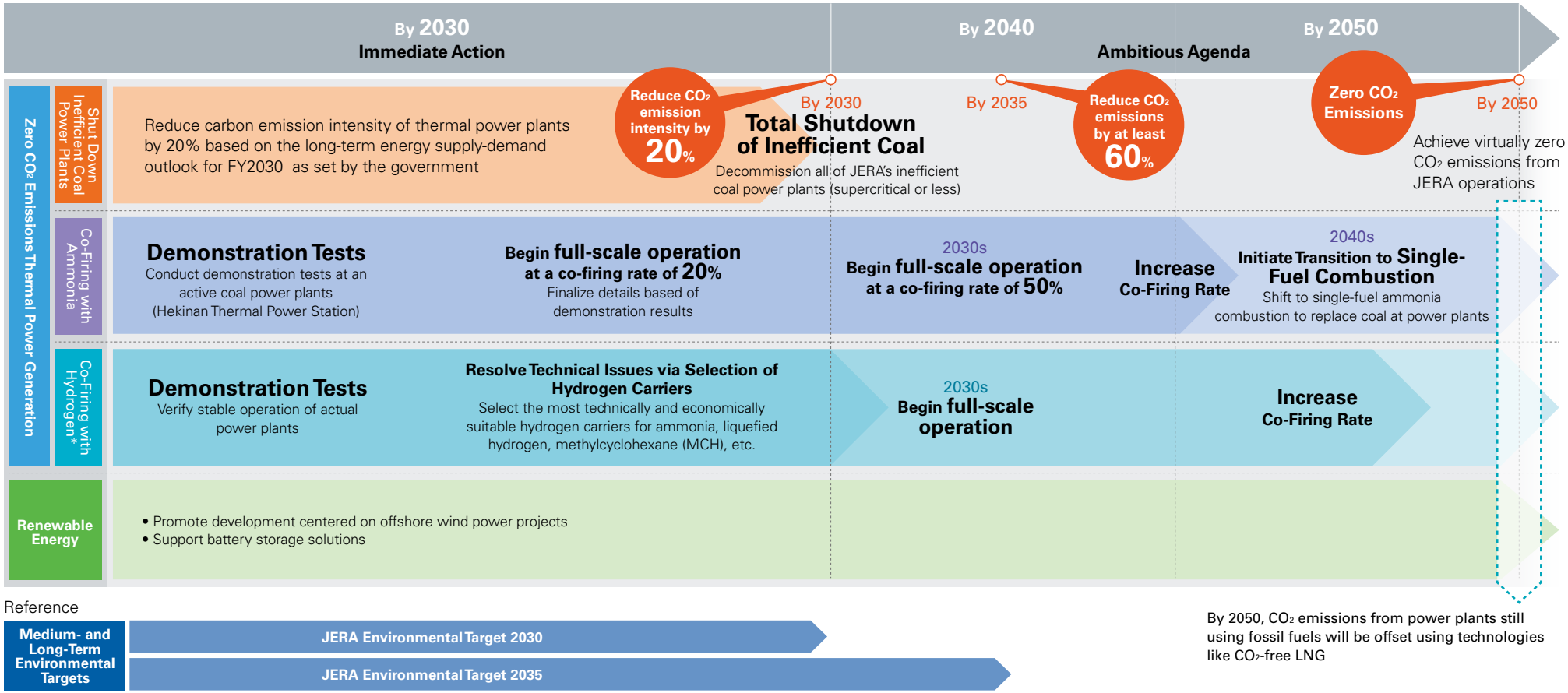
Ensuring a Smart Transition

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

TV/Web Ad: "Changing the Way We Think About Energy"



JERA Zero CO_2 Emissions 2050 Roadmap for its Business in Japan



This roadmap will evolve incrementally, adapt to changes in government policy and other relevant conditions, and be revised as needed.
* We are also considering the use of CO_2-free LNG.

JERA Environmental Target 2030

JERA is actively working to reduce CO_2 emissions. For domestic operations, we will achieve the following by FY2030:

- Decommission all inefficient coal power plants (supercritical or less) and conduct demonstration tests of mixed combustion with ammonia at high-efficiency (ultra-supercritical) coal power plants
- Promote the development of renewable energy centered on offshore wind power projects and work to further improve the efficiency of LNG thermal power generation
- Reduce carbon emission intensity of thermal power plants by 20% based on the long-term energy supply-demand outlook for FY2030 as set by the government

JERA Environmental Target 2035

JERA aims to reduce CO_2 emissions from domestic operations relative to FY2013 by at least 60% by FY2035 through the following initiatives:

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

"JERA Zero CO_2 Emissions 2050 for Its Business in Japan" and the JERA Environmental Targets are premised on steady advances in decarbonization technology, economic rationality, policy consistency, and the business climate under which these goals will be realized.

Zero-Emissions Thermal Power

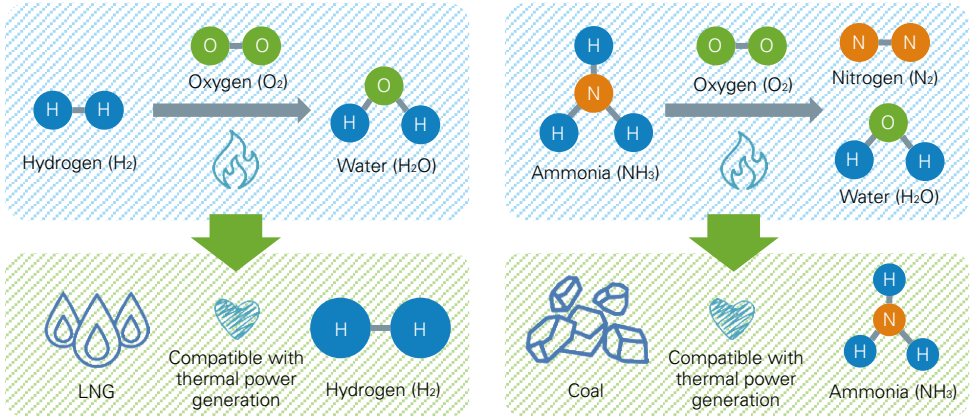
As stated in JERA Zero CO_2 Emissions 2050, we will rise to the challenge of achieving decarbonization by combining renewables with zero-emissions thermal power.

Generating power with solar, wind, and other renewables involves no greenhouse gas emissions, and the energy sources are available in perpetuity. Thus, they should be adopted whenever and wherever possible to prevent global warming and use energy most effectively. However, output from these natural energy sources fluctuates widely due to season, weather, and other natural factors, making it difficult to ensure a stable power supply when and where it is needed. To mitigate this problem, we leverage one of the defining characteristics of thermal power generation: adjustable output.

Toward that end, we will introduce zero-emissions thermal power by replacing conventional fuels like coal and LNG with ammonia and hydrogen, which emit no CO_2 when combusted. Our aims with this shift are to complement renewables with thermal power and vice versa and to achieve carbon neutrality by 2050.

Utilizing Ammonia and Hydrogen

Hydrogen is often called the ultimate clean energy, garnering attention worldwide for its complete lack of carbon emissions.



Ammonia, a hydrogen-based form of energy, is an energy carrier that efficiently transports and stores hydrogen energy. Ammonia is an apt fuel for clean thermal power generation because it emits no CO_2 when combusted, meaning we can use it in its normal state. Accordingly, it should become commercially viable as a fuel for thermal power generation in short order.

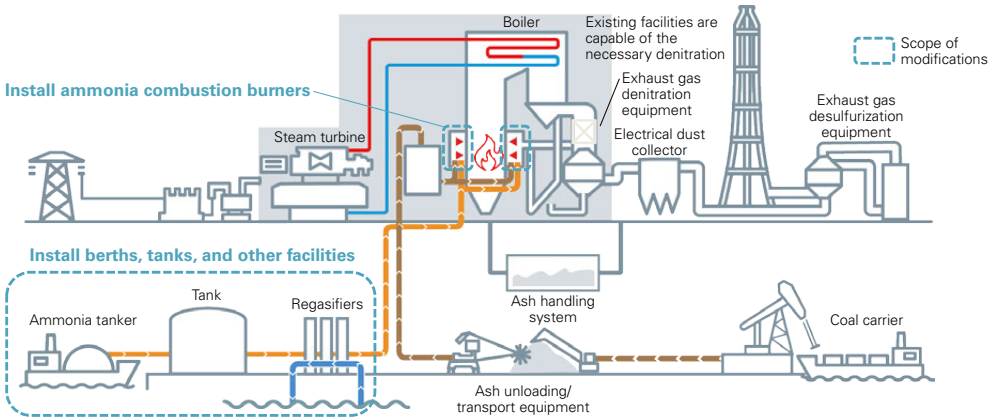
Using Existing Facilities to Reduce Costs and Expedite Installation

We believe that gradually replacing the fuels used in thermal power generation facilities with ammonia and hydrogen is an effective option for reducing costs and deploying zero-emissions thermal power rapidly while maintaining a stable power supply.

Thanks to their compatibility in terms of combustion speed and quantity of heat, we plan to use both ammonia and hydrogen in our power generation. Ammonia is compatible with the boiler-type systems used in coal-fired thermal power, while hydrogen is compatible with the gas turbine-type systems used in LNG-fired thermal power.

Notably, the Japanese government's Sixth Strategic Energy Plan also calls for the promotion of co-firing with non-carbon fuels and other thermal power generation efforts by 2030 while ensuring facility capacity is sufficient for a stable supply. And for the first time, the plan includes hydrogen and ammonia in its composition of power sources.

Ammonia Co-Firing in Boiler-Type Thermal Power (Coal-Fired) Generation

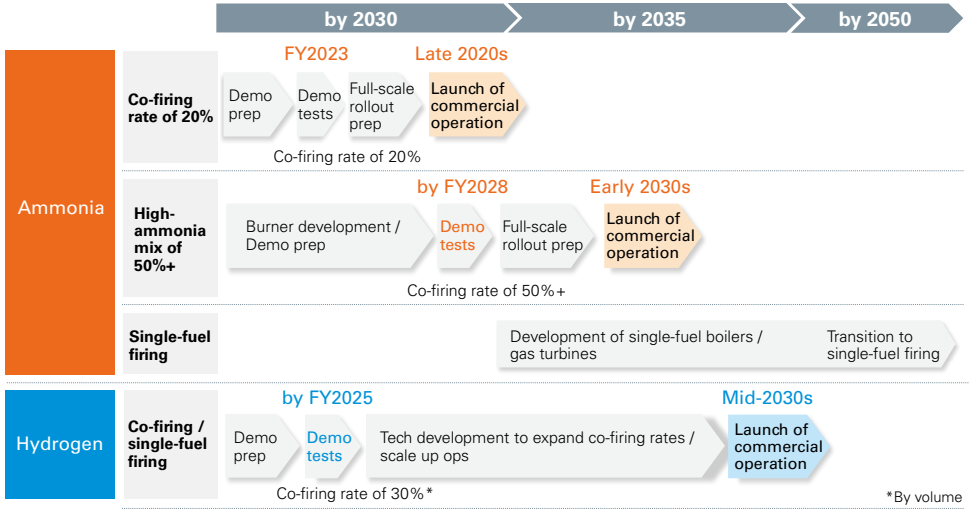


Zero-Emissions Thermal Power

Ammonia and Hydrogen Introduction Plan

In FY2023, we plan to start demonstration tests in which we replace 20% of the existing fuel mix with ammonia at Hekinan Thermal Power Station Unit 4. We will increase the ammonia component to at least 50% by FY2028 and conduct more demonstration tests with the aim of making high-ammonia mixes (50%+) commercially viable in the early 2030s.

We also plan to conduct demonstration tests with a co-firing rate (by volume) of 30% hydrogen at our gas turbine-type LNG-fired thermal power plants by FY2025 to make hydrogen mixes commercially viable in the mid-2030s.



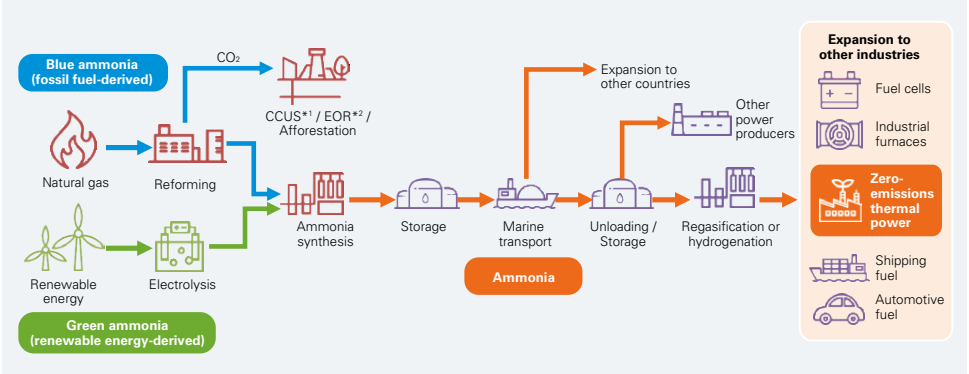
Building a Supply Chain

If we replace 20% of the fuel at a 1 GW thermal power plant with ammonia, we would need roughly 0.5 million tons of ammonia each year, equivalent to half the current annual consumption in Japan, which is mainly for industrial use and fertilizers.

Therefore, it is essential to establish a new supply chain for fuel ammonia to ensure a reliable supply for thermal power generation. We will also consider expanding our business domain beyond power generation to include the development of clean fuels for other industries.

The process of producing ammonia and hydrogen will be one of the keys to unlocking a decarbonized society. We are exploring a wide range of possibilities, including green ammonia and hydrogen produced via electrolysis of water with electricity derived from renewables, as well as blue ammonia and hydrogen, which store CO_2 separated and captured in fossil fuel-powered manufacturing processes.

Ammonia Supply Chain



*1 CCUS: Carbon dioxide capture, utilization, and storage
*2 EOR: Enhanced oil recovery

Expansion into Asia

We believe that zero-emission thermal power with ammonia and hydrogen is a realistic approach to achieving both a stable power supply and decarbonization. By offering this approach as one of our solutions to people in burgeoning economies in Asia and the rest of the world, we hope to contribute to the power supply and pursuit of decarbonization that underpins economic growth in those countries and regions.

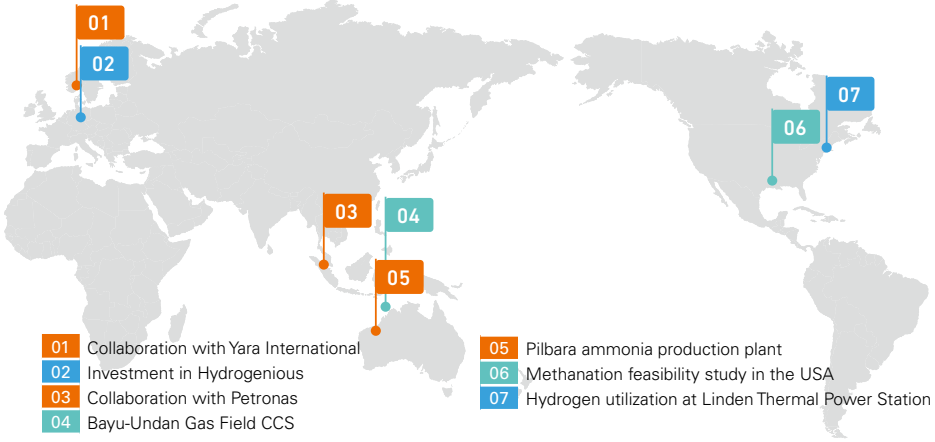
Zero-Emissions Thermal Power

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

Together with many partners, JERA has established a full value chain—from power generation to gas field development, liquefaction, and fuel transport and storage—to realize stable and economical procurement of LNG. We will apply this concept of full value chain utilization to hydrogen and ammonia to drive the promotion and expansion of green fuels.

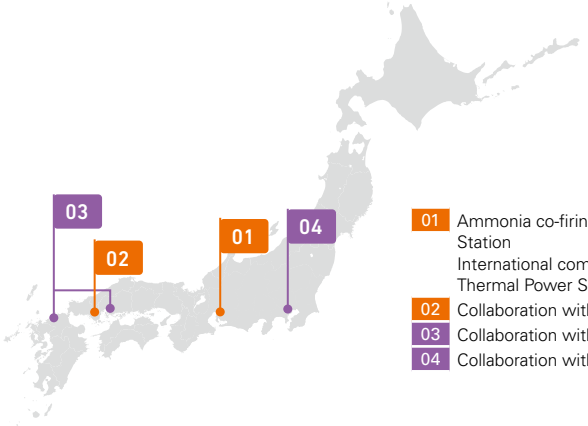
Initiatives to Achieve a Full Value Chain

Worldwide (excluding Japan) ■ Ammonia ■ Hydrogen ■ CCS and others



01 Collaboration with Yara International
02 Investment in Hydrogenious
03 Collaboration with Petronas
04 Bayu-Undan Gas Field CCS
05 Pilbara ammonia production plant
06 Methanation feasibility study in the USA
07 Hydrogen utilization at Linden Thermal Power Station

Japan ■ Ammonia ■ Ammonia + Hydrogen



01 Ammonia co-firing demonstration test at Hekinan Thermal Power Station
International competitive bidding to procure fuel ammonia for Hekinan Thermal Power Station Unit 4
02 Collaboration with Yara International and Idemitsu Kosan
03 Collaboration with Kyushu Electric Power and Chugoku Electric Power
04 Collaboration with ENEOS and JFE Holdings

SPOTLIGHT

Investment in Hydrogenious

In September 2021, JERA entered into an investment agreement and a shareholders' agreement with Hydrogenious LOHC Technologies GmbH, a developer of hydrogen storage and transport technology headquartered in Erlangen, Germany. Hydrogenious has proprietary technology for liquid organic hydrogen carriers (LOHC), a type of hydrogen carrier.

Hydrogen is widely considered to be a next-generation replacement for fossil fuels at thermal power plants because it emits no CO_2 when it is combusted. However, large-scale marine transport of hydrogen involves challenges, and technological development for hydrogen carriers is ongoing. JERA intends to assist in resolving technical issues and select cost-competitive carriers.

The company's LOHCs stand apart because their carrier medium choice of benzyltoluene—to which hydrogen is added through a chemical reaction—results in a liquid that can be transported and stored at ambient temperature and pressure and is easy to handle because it is flame resistant and non-explosive. Hydrogenious is constructing the world's largest LOHC plant in Dormagen, Germany, and plans to bring the facility online in 2023.

By investing in Hydrogenious, JERA intends to acquire insight into LOHC technology—a potential game-changer for hydrogen energy carriers—and assist in the development of LOHC plants in Europe, North America, and Asia to help establish a global hydrogen supply chain.

WEB JERA ZERO CO_2 Emissions 2050 Website
https://www.jera.co.jp/english/corporate/zeroemission/


JERA
Zero CO_2
Emissions
2050

Material Issues

JERA identified and published our material issues starting in 2020 based on the goals set forth in our April 2019 business plan. We review our material issues every year in response to changes in the internal and external environment, and this year we pinpointed nine issues guided by the new corporate vision and JERA Environmental Target 2035, which were both announced in May 2022. In addition, we map out the issues, follow the Plan-Do-Check-Act (PDCA) cycle toward realizing our mission and vision, and implement materiality-conscious management processes.

How We Identify Material Issues

Mission (p.1) → **Vision** (p.1) → **Material Issues** → **Major Initiatives** (p.26)

New Material Issues

- Establish a stable energy supply
- Create customer value through cutting-edge solutions
- Adopt and expand renewable energies
- Decarbonize thermal power and fuel supply chains
- Establish global corporate governance
- Coexist and thrive alongside local communities in Japan and abroad
- Realize new, zero-carbon energy models through digital transformation
- Empower diverse talent
- Create a safe and comfortable work environment

How We Set Our Material Issues

We address material issues accordingly as they evolve by reassessing the issues and adjusting KPIs, among other efforts.

STEP 1 Identify Issues

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

STEP 2 Assess Importance and Relevance

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

STEP 3 Identify Material Issues

Taking into account Step 2 assessments, the Sustainability Promotion Committee (chaired by the company president) designates material issues.

STEP 4 Revise Material Issues

Guided by the new corporate vision and JERA Environmental Target 2035 announced in May 2022, we abstracted and reorganized the material issues first formulated in 2020 into nine issues, which were considered and approved by The Sustainability Promotion Committee.

Material Issues

● Initiatives ◎ KPIs

	Material Issues	Major Initiatives	Related Pages	Related SDGs
1	Establish a stable energy supply	● Stabilize supply and demand management ◎ Replace domestic facilities representing 7–9 GW of energy (at 5–7 sites) ● Optimize security measures and monitoring systems in line with global standards ● Enhance JERA's business continuity plan (BCP) and business continuity management (BCM) ● Improve disaster preparedness through systematic education and training ● Build a disaster prevention infrastructure by maintaining reserves	Business Development (p.31) Optimization (p.33) O&M Engineering (p.35) Initiatives at Thermal Power Plants in Japan (p.37) Response to TCFD Recommendations (p.45) Risk Management (p.72) Information Security (p.75)	1, 3, 7, 9, 10
2	Create customer value through cutting-edge solutions	● Develop new technologies that can spearhead a sustainable society ● Further innovate by combining new technologies with power generation technology ● Strategically acquire intellectual property in Japan and abroad and apply it to new business ● Develop and deliver solution selling that ties in with company business	JERA Zero CO_2 Emissions 2050 (p.19) Zero CO_2 Emissions Thermal Power (p.21) Business Development (p.31)	9, 12
3	Adopt and expand renewable energies	◎ Target renewable energy development representing 5 GW of energy by 2025 ● Acquire essential know-how about offshore wind power	JERA Zero CO_2 Emissions 2050 (p.19) Zero CO_2 Emissions Thermal Power (p.21) Business Development (p.31) O&M Engineering (p.35) Response to TCFD Recommendations (p.45) Environment (p.53)	7, 13
4	Decarbonize thermal power and fuel supply chains	● Establish hydrogen and ammonia supply chains ◎ Utilize ammonia effectively, with demonstration tests of co-firing rates of 20% at Hekinan Thermal Power Station Unit 4 planned for FY2023, commercial operation of co-firing rates of 20% targeted for the late 2020s, and commercial operation of co-firing rates of 50% intended to begin in the early 2030s ◎ Utilize hydrogen effectively, with commercial operation planned for the 2030s ● Pursue carbon capture and storage (CCS) know-how and project opportunities	JERA Zero CO_2 Emissions 2050 (p.19) Zero CO_2 Emissions Thermal Power (p.21) Business Development (p.31) O&M Engineering (p.35) Response to TCFD Recommendations (p.45) Environment (p.53)	7, 9, 12, 13
5	Establish global corporate governance	● Improve board effectiveness ● Instill and put into practice a compliance culture and strengthen the JERA Group compliance system ● Make improvements to reporting of financial and non-financial information ● Initiate phased and joint decarbonization efforts with regional business partners, especially in Asia, that emphasize our power plant O&M and engineering technologies	O&M Engineering (p.35) ESG Management (p.51) Stakeholder Engagement (p.68) Corporate Governance (p.69) The Strong Board of Directors Behind JERA's Autonomous Management System (p.71) Compliance (p.76)	7, 16, 17
6	Coexist and thrive alongside local communities in Japan and abroad	● Take action to coexist with the environment, educate the next generation, and resolve issues in local communities based on our Social Contribution Activity Policy ● Build good relationships with stakeholders through cooperative efforts with the community ● Strengthen systems for the prompt and proper reaction in response to domestic and international crises ● Practice global corporate social responsibility (CSR) founded on the needs of overseas sites	Environment (p.53) Coexisting with Local Communities (p.64) Safety and Health (p.66) Stakeholder Engagement (p.68) Risk Management (p.72)	3, 8, 10, 11, 17
7	Realize new, zero-carbon energy models through digital transformation	● Acquire cutting-edge IT technologies through upgrading the R&D environment and building relationships with leading technology companies, among other efforts ● Set up data infrastructure and promote data governance ● Introduce apps featuring data protection and privacy (DPP) ● Offer digital education to all employees	Information Technology (IT) / Digital Transformation (DX) (p.27) O&M Engineering (p.35)	9, 12, 13
8	Empower diverse talent	● Develop and implement human resource strategies linked to business strategies and goals ● Evolve and expand mechanisms to attract diverse talent (e.g., broaden the pool of new graduate and mid-career candidates and strengthen partnerships with educational institutions) ● Establish systems that promote self-driven career development (e.g., create structures for skill advancement and career paths, provide consultation services, and expand internal promotion efforts) ● Build an attractive workplace (e.g., better define employee jobs and expectations, introduce new remote work options) ● Realize borderless human resources (e.g., unify policies across all JERA Group companies and increase global mobility irrespective of hiring location) ● Emphasize diversity and inclusion (e.g., foster activities that empower women, employ persons with disabilities, and promote LGBTQ+ understanding) ◎ Increase the percentage of women in leadership positions, targeting 15% in officer positions and manager representation equivalent to the overall employee gender ratio ● Improve global engagement across group companies, establishing and spreading an employee value proposition (EVP) that resonates within and beyond the company	Talent Development (p.56) Diversity and Inclusion (p.57) JERA Work Design (p.62) Human Rights (p.63)	5, 8, 10, 16
9	Create a safe and comfortable work environment	● Improve safety levels and work toward zero accidents ● Boost safety awareness among all employees ● Build a robust safety infrastructure that promotes safety at JERA Group companies in Japan and abroad and reinforces collaboration with stakeholders ● Implement the measures needed for a safe workspace (e.g., augment safety information available online, construct a database of safety incidents, and design effective procedures targeting a zero-accident environment) ● Establish contingency plans for overseas operations ● Formulate safety management system standards for normal operations ● Promote work-life balance ◎ Maintain stress check levels for employees in Japan below the 100-point national average ● Strive to reduce the number of abnormal test results during periodic employee health checkups	Communication with Employees (p.61) JERA Work Design (p.62) Safety and Health (p.66) Stakeholder Engagement (p.68) Risk Management (p.72)	3, 8

Information Technology (IT) / Digital Transformation (DX)

Accelerating JERA Group's DX to Achieve a Zero-Carbon Society

JERA aims to become a Japan-based global energy company through the promotion of operational efficiency, work sophistication, and creation of new business value by utilizing cutting-edge technologies and data in order to realize a carbon-free society.

Over the past several years, we have focused on developing common global infrastructure, including the first attempt at full cloud migration in Japan's energy sector, consolidating legacy systems inherited from shareholder companies, developing systems needed to respond to key business issues, and improving operational efficiency.

Going forward, we will continue to drive digital transformation within the JERA Group by building platforms capable of launching new business models conducive to realizing a carbon-free society and acquiring cutting-edge technologies through partnerships and investments.

Digital talent is essential to realize these goals. We will work as "One Team" to strengthen the recruitment and development of digital talent not only for ICT division but for the entire group.

Sami Ben Jamaa
Senior Managing Executive Officer
Global CIDO (Chief Information and Digital Officer)
ICT

Key Initiatives and Topics

Digital Transformation (DX)

Initiatives that contribute to the creation of new business value

Establish service infrastructure for developing renewable energy (PV, offshore wind, battery storage, etc.)

Invest in cutting-edge technology companies

Obtain DX certificate authorized by the Ministry of Economy, Trade and Industry (METI) of Japan

*DX certification verifies that the company is ready to transform its business digitally (DX Ready)

Digital Transformation Certification

Digital Integration (DI)

Initiatives that contribute to the advancement of existing businesses

Consolidate and modernize legacy systems inherited from shareholder companies

Visualize the entire value chain for supply-demand optimization and energy stability

Promote digital power plant project to advance power plant operations

Visualize entire investment-related business portfolio

IT System Infrastructure

Initiatives that contribute to the operational efficiency and work style reforms across the entire group

Full cloud computing (cloud-first)
Strengthen cybersecurity

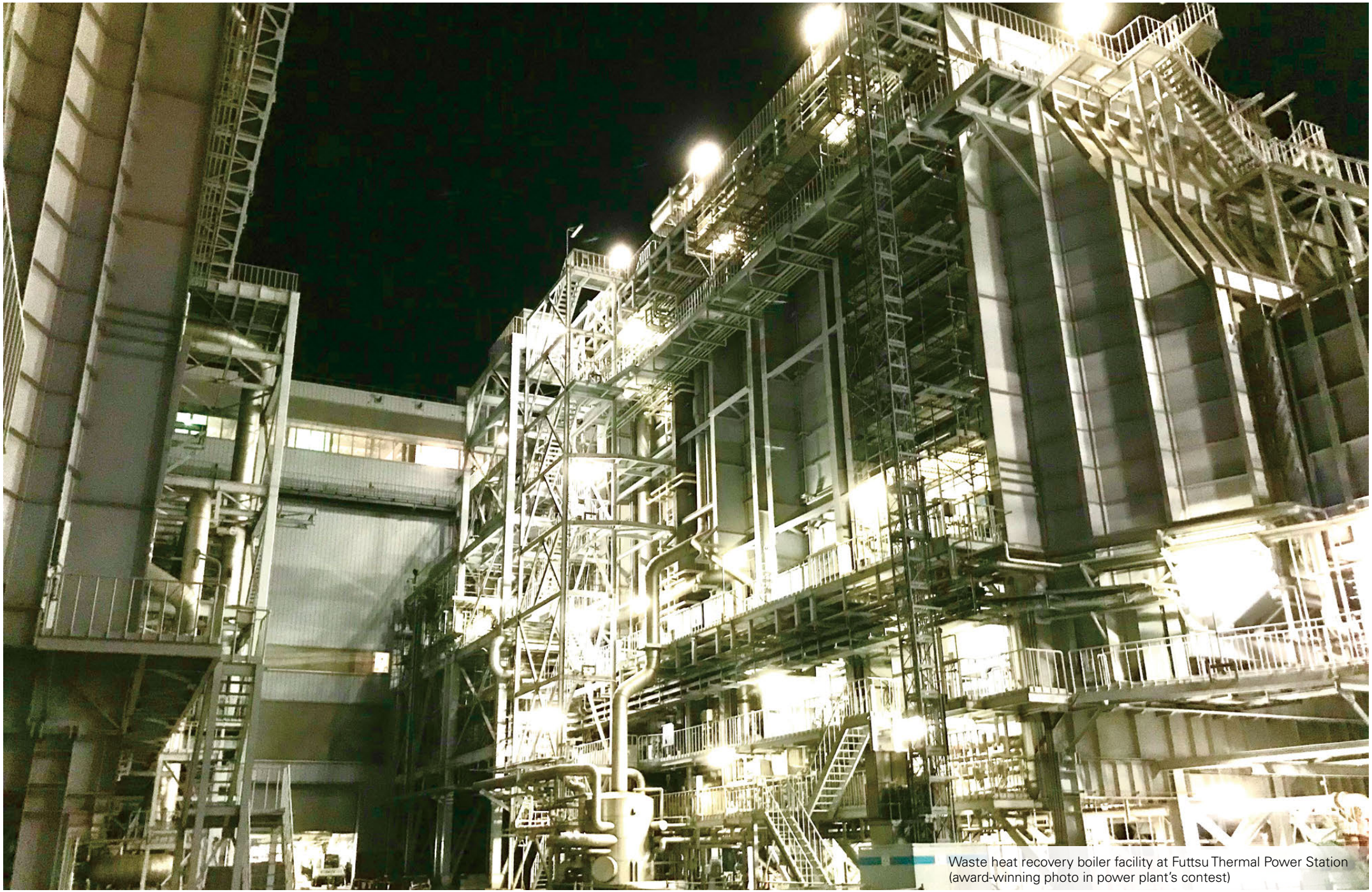
Build corporate management infrastructure
Redesign payroll system
Introduce electronic contract

Build data platforms and system-to-system data linkage

Talent Development

Establish DX talent education program targeting all employees of more than 5,000 employees including JERA Group company employees

JEDI JERA DIGITAL ACADEMY



Waste heat recovery boiler facility at Futtsu Thermal Power Station (award-winning photo in power plant's contest)