

JERA's ESG

> JERA Business and ESG Management

As a global company, JERA has established as its "Mission" the provision of cutting-edge solutions to the world's energy issues. We seek to advance ESG management throughout the entire value chain based on fully grasping and managing the impact of our business activities on society and the environment as well as the effects of changes in the business environment on our business.



E Environmental aspects S Social aspects G Governance aspects (grasping and managing the value chain impact on environmental and social aspects)

> Sustainability Management System

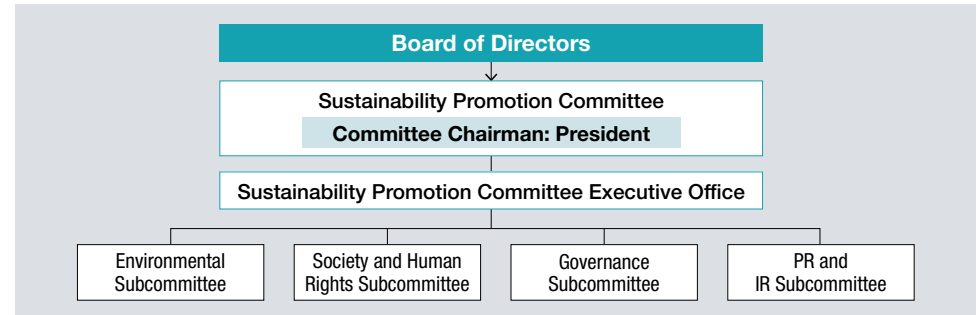
In May 2019, we established the Sustainability Promotion Committee to oversee sustainability across departments throughout the company. The committee is under the direct control of the Board of Directors and is chaired by the company president.

Under the Sustainability Promotion Committee, four subcommittees investigate issues and promote measures in four areas: the "environment"; "society and human rights"; "governance"; and "public and investor relations" in terms of ESG. All departments have been involved in making progress in the consideration of matters relating to sustainability through the activities.

We continue to promote sustainable activities that are integrated with our business activities and move forward with initiatives aiming to develop business and resolve social issues in addition to contributing to the achievement of SDGs.

Diagram of Sustainability Management System

(as of August 31, 2021)



Actual number of Sustainability Promotion Committee held in FY2020

In FY2020, the Sustainability Promotion Committee was held twice. In the first meeting, the committee discussed the activities of its subcommittees in the previous fiscal year as well as directions for activities for the current fiscal year.

In the second meeting, the committee discussed JERA's Materialities and the content of "the Corporate Communication Book 2020," publicly announcing the Materialities after identifying and approving them.

SUSTAINABLE DEVELOPMENT GOALS



JERA's Priority Issues (Materialities)

In order to sustain growth while adapting flexibly to changes in the business environment amid the increasing uncertainty of the modern world, it is important to fully understand and manage the impact of the external environment on us and the effects of our business activities on stakeholders and society. We have identified priority issues that we need to address—which we call “Materialities” —for resolving society’s issues and enhancing our corporate value over the medium and long term.

Process of Identifying Materialities

(See “Corporate Communication Book 2020” p. 12–13 for more information.)

STEP 1 Identify issues

We analyzed the external environment, our business strategies, and other factors to create a list of 59 issues relevant to our company.

STEP 2 Assess the significance of the issues

Assess the significance of the 59 issues from Step 1 on stakeholders and society on the one hand, and on the company on the other.

STEP 3 Assess relevance

Verify the validity of the issues assessed in Step 2 in terms of the corporate strategies and stakeholders’ perspectives.






STEP 4 Identify Materialities

Regarding the issues considered in Step 3, obtain approval from the Sustainability Promotion Committee (chaired by the company president).



JERA's Materialities

● Initiatives ○ KPI

Category	Materiality	Relevant SDGs	Main initiatives	Relevant pages
Environment	Decarbonization/expansion of renewable energy		<ul style="list-style-type: none"> ● Promotion of "JERA Zero CO₂ Emissions 2050" ○ LNG thermal power replacement development in Japan: 7–9 GW (5–7 sites in 2025) ○ Equity ownership in renewable energy output: 5 GW (2025) ○ 20% reduction in CO₂ emission intensity for thermal power generation compared to the Japanese government's outlook for FY2030 	P15-22
	Improved efficiency of thermal power generation		<ul style="list-style-type: none"> ● Implementation of environmental conservation based on environmental laws and regulations, ordinances, and agreements with local governments ○ Zero violations of environmental laws and regulations, etc. 	P43-46
	Compliance with environmental legislation			
Human Resources	Respect for diversity		<ul style="list-style-type: none"> ● Career awareness-enhancing leadership and management position training for women ○ Increasing the ratio of women in leadership positions (executives: 15%, management positions: equivalent to woman employee ratio) ● Establishment in April 2021 of JERA Miraiful (a special subsidiary for the employment of people with disabilities) and promotion of employment of people with disabilities 	P48
	Securing and developing global, strategic human resources		<ul style="list-style-type: none"> ● Flexible employment of new and mid-career hires in accordance with business needs ● A diverse variety of training supporting independent career development 	P49
	Securing and developing skilled workers		<ul style="list-style-type: none"> ● Promotion of technology in-sourcing ● Certification of knowledge, technologies, and skills that should be acquired by all technical employees 	P29-30, P49
	Management of employee health and workplace safety and sanitation		<ul style="list-style-type: none"> ● The formulation of "Safety Philosophy and Policies and Principles of Conduct" in March 2021, fomenting safety awareness, including in Group companies ○ Zero fatal accidents ○ Setting a new record for number of continuous days without an accident ● Continuous education on mental health ○ Stress check total health risk scores at or below 100 points (the national average) 	P51-52
	Promotion of work-life balance		<ul style="list-style-type: none"> ● Promotion of "JERA Work Design" to design workplaces, structures, and corporate culture in order to realize new working styles 	P50
Society	Energy supplied in pursuit of customer satisfaction		<ul style="list-style-type: none"> ● Selling electricity and gas that can flexibly meet the diverse needs of customers, such as long-term/large-scale to short-term demand 	P27-28
	Application of digital technology		<ul style="list-style-type: none"> ● Global development of cloud computing, network maintenance, and system sharing ● Promotion of digital power plants that combine our Kaizen (constant improvement) and technological capabilities with digital technology 	P24, P30
	Leveraging our technology to make contributions in various fields		<ul style="list-style-type: none"> ● Promotion of decarbonization utilizing renewable energy and contributing to local communities by strengthening disaster resilience 	P54
	Communication with local communities		<ul style="list-style-type: none"> ● Formulation of "Social Contribution Activity Policy" in July 2021 and the implementation of social contribution activities inside and outside Japan ● Establishment of systems and implementation of measures aimed at strengthening coordination with local communities, such as periodically exchanging information with local governments and administrative bodies 	P53-54
	Improvement of energy infrastructure in developing countries		<ul style="list-style-type: none"> ● Promotion of zero CO₂ emissions in accordance with the conditions of individual countries ● Promotion of the Philippine project to relieve unelectrified communities (contributing to the Philippine government's target of achieving a 100% household electrification by 2022) 	P15-20, P54
Human Rights	Consideration of the human rights of local community members		<ul style="list-style-type: none"> ● Respecting human rights, including the development of working environments and safety for all parties concerned in Japan and overseas. ● Promotion of human rights education through seminars and other means 	P40
Governance	Enhancement of corporate governance		<ul style="list-style-type: none"> ● Enhancing Board of Directors deliberations based on the results of Board effectiveness evaluations ● Ensuring diversity in the Board of Directors (appointment of woman and foreign national directors) 	P35-37
	Risk identification, management, and response		<ul style="list-style-type: none"> ● Accurate awareness and advance prevention of risks accompanying business activities 	P38-39
	Strengthening of earning power		<ul style="list-style-type: none"> ○ Consolidated net income of 200 billion yen (2025) ○ Credit rating: A or higher (2025) ○ Synergy effect of 100 billion yen/year within 5 years from integration 	P11-12, P21-22
	Stable supply of electricity		<ul style="list-style-type: none"> ● Response to variation in demand and supply through optimization of entire value chain (from fuel procurement to power generation) ● Improvement of equipment availability and detection of predictors of power-generation abnormalities utilizing the IoT 	P27-30
	Safety of facilities (process safety, disaster prevention and response measures)		<ul style="list-style-type: none"> ● Advanced BCP/BCM enabling continuation and restoration of stable supply ● Implementation of coordinated drills with relevant local governments and neighboring companies in preparation for a fire on power plant grounds 	P39,
	Response to large-scale disasters and pandemics		<ul style="list-style-type: none"> ● Implementation of emergency recovery drills in preparation for power plant operation stoppages caused by a large-scale earthquake, etc. 	P51-52
	Rigorous compliance		<ul style="list-style-type: none"> ● Further inculcation of Compliance Policy and Compliance Code of Conduct ● Strengthening of transmission of information on compliance starting with top messages ● Implementation of e-learning for executive officers and employees 	P41-42
	Bilateral communication with stakeholders		<ul style="list-style-type: none"> ● Proactive, interactive communication with all stakeholders ● Timely, accurate disclosure of information and opinion exchange for shareholders and investors ● Timely, accurate disclosure of information via a variety of media 	P55