

# CSR Activities



Efforts in CSR Activities (in Japanese only)  
<http://www.yonden.co.jp/corporate/csr/index.html>

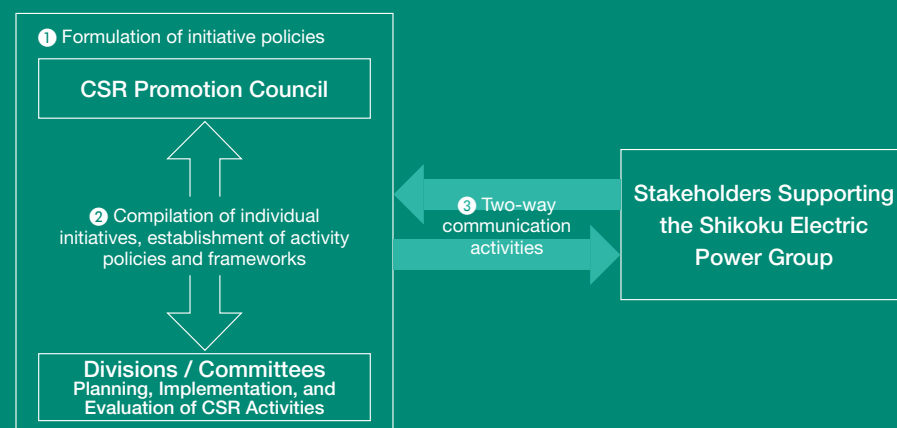
At SEPCO, frameworks are in place to facilitate corporate social responsibility (CSR) activities advanced through a concerted Group effort under the guidance of the CSR Promotion Council, which was established in March 2006 and is chaired by the president.

The basic policies for these activities are defined in the Yonden Group Action Charter, which was established in September 2006, and specific priorities are set based on the important areas represented by the 7 CSR Pillars.

In this section, we will report on the CSR activities incorporated into our business as well as the activities implemented based on the 7 CSR Pillars.

Yonden Group Action Charter	39
The 7 CSR Pillars	40
CSR Action Plans	41
Promoting Compliance	43
Advancing Environmental Preservation Activities	45
Practicing Transparent Management	55
Fostering Employee Motivation	57
Coexisting in Harmony with Communities	63
Main Communication Methods at a Glance	66
Outside Opinions	67

## Activities of the CSR Promotion Council



## Yonden Group Action Charter

To fulfill our social responsibility through our various business activities, while building strong bonds of trust with all of our stakeholders, we effort to advance CSR activities concertedly with our Group based on the Yonden Group Action Charter. We practice strict compliance and work to preserve the environment and contribute to the local community to meet our missions.

## Yonden Group Action Charter

Our Group is committed to its basic stance: coexisting with the community, moving forward with the community, and prospering with the community. In accordance with this stance, we recognize the importance of strengthening the bonds of trust with stakeholders who play an important role in supporting our operations and fulfilling our responsibility to the greater society, which is crucial to our ongoing growth and progress as a Group.

### Our Commitment to Our Customers

- We are committed to providing society with useful products and services, with full consideration for public safety, while placing our number one priority on customer satisfaction.
- We provide safe, stable, reliable, and low-cost electric energy according to our social mission as an electric power supplier.

### Our Commitment to Our Investors

- We are dedicated to improving our corporate value continuously over the long term while operating our business in a sound and transparent manner.
- We are committed to the proactive disclosure of accurate information to our investors.

### Our Commitment to Our Suppliers

- We treat our suppliers as good and reliable partners of equal standing with whom we engage in free and fair trade.

We have defined the following principles to serve as guidelines for our directors and employees in practicing corporate activities that emphasize compliance, corporate ethics, and transparency. Based on these principles, the Group will strive to live up to the high expectations of society and gain greater levels of trust.

### Our Commitment to Our Employees

- We respect the personality and individuality of each employee.
- We are committed to providing safe and comfortable working conditions and to creating a cheerful and open corporate culture.

### Our Commitment to Society

- As a full member of society, we shall contribute to the progress of communities.
- We shall maintain sound and normal relations with statesmen and government administrators.
- We shall stand firmly against antisocial forces that menace civil society.

### Our Commitment to the Planet

- We recognize the importance of environmental preservation and shall strive to minimize the environmental impacts caused by our business operations.

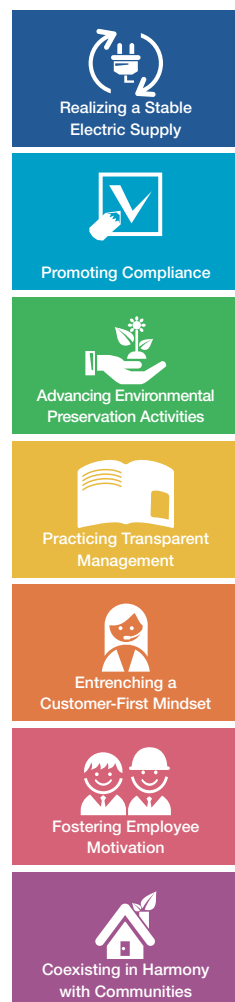


Yonden Group Action Charter (in Japanese only)  
<http://www.yonden.co.jp/corporate/csr/policy/index.html>

## The 7 CSR Pillars

We aspire to engage in effective CSR activities based on the 7 CSR Pillars, which represent priority initiative areas, and that are founded on employee awareness of the significance of each pillar. At the same time, we are advancing initiatives to contribute to the accomplishment of the United Nations Sustainable Development Goals (SDGs), a set of goals for 2030 that were adopted in September 2015.

### The 7 CSR Pillars



**Toward The Year of  
2030**

### Seventeen Sustainable Development Goals of the United Nations for Changing the World

#### SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



#### Sustainable Development Goals

The SDGs are a set of 17 goals and 169 targets that were approved at the UN Sustainable Development Summit held in September 2015 and serve as an action plan for ensuring a prosperous future for people and the earth.

All members of the United Nations have pledged to promote sustainable development in order to contribute to accomplishing the SDGs, which pertain to such issues as poverty, hunger, energy issues, climate change, and peace, by 2030.



The 7 CSR Pillars (in Japanese only)




<http://www.yonden.co.jp/corporate/csr/subject/index.html>

## CSR Action Plans





Our Group established CSR action plans to guide our CSR activities, and we communicate these activities to a wide range of stakeholders through this report.

We create a wide range of opportunities to communicate to all of our stakeholders and take into consideration the valuable opinions and requests from these stakeholders in our CSR activities. We also confirm the progress of each CSR activity. The findings of these efforts are consequently incorporated into action plans for subsequent years to enhance future CSR activities.

The following is a look at our plans and objectives for fiscal 2018 formulated based on prior CSR activities and arranged in accordance with the 7 CSR Pillars.

Activity Areas		Major Activities in the Fiscal Year Ended March 31, 2019	Relevant UN SDGs
 Realizing a Stable Electric Supply	Energy mix that enables stable supply and efficient balance between supply and demand	<ul style="list-style-type: none"> <li>Adequately implement supply and demand measures, such as securing control capabilities according to the status of renewable energy introduction</li> <li>Utilize sales to other utility companies and Japan Electric Power Exchange prefaced on securing power reserves and adjustment capacities</li> </ul>	7. AFFORDABLE AND CLEAN ENERGY 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE 12. RESPONSIBLE CONSUMPTION AND PRODUCTION
	Nuclear power generation	<ul style="list-style-type: none"> <li>Respond earnestly to the temporary injunctions and litigations regarding the halt on operations at Ikata Unit No. 3 with the goal of stable power supply</li> <li>Steadily implement safety measures over the medium to long term</li> <li>Continue to implement independent initiatives to improve safety</li> <li>Move forward with decommissioning of Ikata Unit No. 1 and Unit No. 2</li> <li>Continue conducting activities with local communities to deepen understanding of the Ikata Nuclear Power Station</li> </ul>	
	Thermal power generation	<ul style="list-style-type: none"> <li>Verify the reliability of equipment to maintain safe and reliable operation</li> <li>Continue conducting stable and economical fuel procurement</li> </ul>	
	Renewable energy	<ul style="list-style-type: none"> <li>Use hydropower, solar power, wind power, and other renewable energy sources to the greatest degree possible</li> </ul>	
	Power network	<ul style="list-style-type: none"> <li>Maintained and strengthened infrastructure for ensuring a stable electricity supply by addressing aged power network facilities and conducting appropriate maintenance and management</li> <li>Introduced smart meters for all corporate customers and steadily advanced a shift toward automatic meter readings</li> </ul>	
 Promoting Compliance	Compliance	<ul style="list-style-type: none"> <li>Steadily conduct compliance training based on social trends</li> <li>Promote thorough compliance throughout the entire Shikoku Electric Power Group</li> <li>Continue thorough observations for compliance with behavior regulations</li> </ul>	16. PEACE, JUSTICE AND STRONG INSTITUTIONS
	Stringent confidential information security Comprehensive information management	<ul style="list-style-type: none"> <li>Implement e-learning and other educational programs as well as initiatives for raising awareness to strengthen confidential information management</li> <li>Ensure confidential information management by subcontractors</li> <li>Steadily institute measures throughout our Group to facilitate information security improvements</li> </ul>	
 Advancing Environmental Preservation Activities	Climate change prevention measures	<ul style="list-style-type: none"> <li>Formulated and instituted further CO<sub>2</sub> emissions reduction measures in consideration of trends in government energy and environmental policies</li> </ul>	7. AFFORDABLE AND CLEAN ENERGY 11. SUSTAINABLE CITIES AND COMMUNITIES 12. RESPONSIBLE CONSUMPTION AND PRODUCTION 13. CLIMATE ACTION 14. LIFE BELOW WATER
	Regional environment preservation activities	<ul style="list-style-type: none"> <li>Smoothly conducted environmental assessment following the replacement of Saijo Unit No. 1</li> <li>Systematically carry out detoxification treatments on waste containing PCBs</li> </ul>	
	Promotion of a recycling-based society	<ul style="list-style-type: none"> <li>Continue promoting effective use of waste</li> </ul>	
	Environmental management	<ul style="list-style-type: none"> <li>Implemented more efficient and effective environmental education through environmental lectures and e-learning</li> </ul>	
	Communication with society	<ul style="list-style-type: none"> <li>Hold events related to "Environmental-related Activity Month" in an effective manner</li> </ul>	

## CSR Action Plans

Activity Areas		Major Activities in the Fiscal Year Ended March 31, 2019	Relevant UN SDGs
 Practicing Transparent Management	Strengthening of corporate governance	<ul style="list-style-type: none"> <li>Respond appropriately to Japan's Corporate Governance Code</li> <li>Promote appropriate risk management</li> <li>Steadily implement countermeasures in response to the legal separation of the power transmission and distribution sectors</li> </ul>	10. REDUCED INEQUALITIES 16. PEACE, JUSTICE AND STRONG INSTITUTIONS
	Substantial information disclosure	<ul style="list-style-type: none"> <li>Continue conducting timely and appropriate information disclosure</li> </ul>	
	Improvement of corporate value through IR activities	<ul style="list-style-type: none"> <li>Communicate with investors and analysts through explanatory forums led by the president and other activities</li> <li>Continue practicing timely and appropriate information disclosure to investors and analysts</li> </ul>	
 Entrenching a Customer-First Mindset	Customer-oriented sales activities	<ul style="list-style-type: none"> <li>Further expand new rate menus and services based on customer needs</li> <li>Promote electrification proposals and solution activities</li> </ul>	7. AFFORDABLE AND CLEAN ENERGY 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE 17. PARTNERSHIPS FOR THE GOALS
	Creation of new value	<ul style="list-style-type: none"> <li>Create intricate, value-added services that leverage the comprehensive power of our Group and alliances with different industries</li> </ul>	
 Fostering Employee Motivation	Respect for employee individuality and diversity	<ul style="list-style-type: none"> <li>Foster a corporate culture that encourages employees to take on new challenges so that they can feel fulfilled and motivated in their work</li> <li>Steadily implement action items from the employer action plan to promote the active participation of women</li> </ul>	3. GOOD HEALTH AND WELL-BEING 5. GENDER EQUALITY 8. DECENT WORK AND ECONOMIC GROWTH 10. REDUCED INEQUALITIES 16. PEACE, JUSTICE AND STRONG INSTITUTIONS
	Development of a comfortable workplace environment	<ul style="list-style-type: none"> <li>Continue to implement workstyle reform initiatives (Yonden e-Work)</li> <li>Pursue the creation of workplaces where employees can work energetically and healthily by reducing overtime work through improvements in business efficiency</li> <li>Continued and improved trust between management and employees by enhancing meetings and information exchanges</li> </ul>	
	Stringent occupational health and safety measures	<ul style="list-style-type: none"> <li>Reaffirm and promote daily observance and enforcement of basic safety rules through employee training on safety perception and safe driving techniques</li> <li>Implement measures to promote mental healthcare and prevent illness</li> </ul>	
	Proactive promotion of employee education	<ul style="list-style-type: none"> <li>Cultivate human resources and next-generation leaders to drive organizational management during periods of change</li> <li>Pass on the necessary on-site capabilities to support stable operation of the electric power business</li> </ul>	
 Coexisting in Harmony with Communities	Promoting initiatives to invigorate local communities	<ul style="list-style-type: none"> <li>Continue conducting activities to help invigorate the region</li> </ul>	4. QUALITY EDUCATION 11. SUSTAINABLE CITIES AND COMMUNITIES 17. PARTNERSHIPS FOR THE GOALS
	Promoting communication with the public	<ul style="list-style-type: none"> <li>Continue contributing to society</li> <li>Continue implementing activities to promote a relationship of trust to connect us with local customers</li> </ul>	
	Support for the education of the next generation	<ul style="list-style-type: none"> <li>Continue to provide energy education to the next generation through Special-visit Energy Lessons</li> </ul>	

## Promoting Compliance

To further strengthen bonds of trust with our stakeholders and improve corporate value, our Group practices stringent compliance and acts in accordance with a high standard of corporate ethics. All employees are made well aware of the importance of compliance as we work to meet the expectations of society.



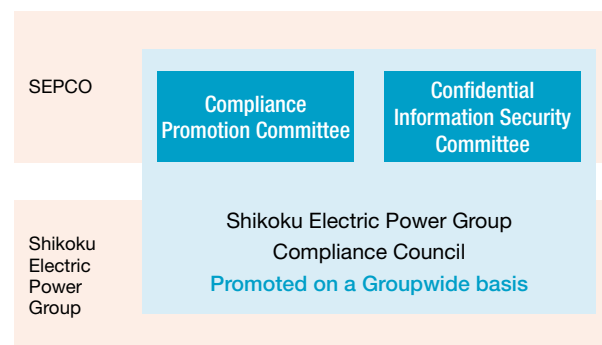
### Promoting Compliance

#### Compliance Promotion System

At our Group, compliance is promoted on a Groupwide basis. As such, we have established a Compliance Promotion Committee in each Group company and the Compliance Council of the Shikoku Electric Power Group at the Groupwide level.

Further, we have formulated compliance guidelines to serve as a roadmap for all directors and employees in observing the law and respecting social norms as well as building and maintaining healthy relationships with stakeholders. We are actively spreading awareness with regard to these guidelines and taking steps to make sure they are adhered to. We also conduct a variety of education programs designed to establish and instill a compliance-based mindset in employees. These include online compliance training courses provided for all employees.

#### Compliance Promotion System



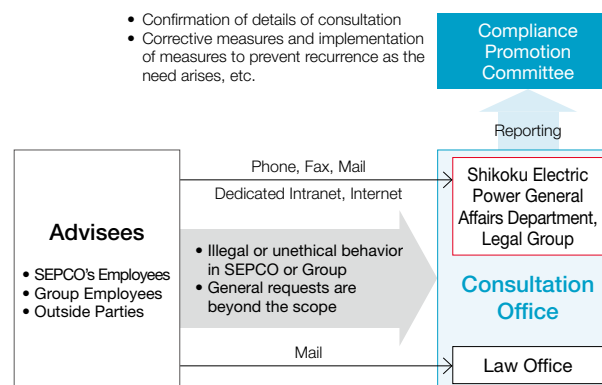
#### Compliance Consultation Office

Our Group has also established a compliance consultation office to serve as a venue for employees to consult with specialized in-house staff or outside lawyers. Through this office, we enable employees to consult with in-house and outside representatives in the event that they have become aware of illegal or unethical behavior within our Group. Reports that are received are responded to in an appropriate manner.

#### Number of Consultations

Fiscal 2017	12
Fiscal 2016	9

#### Overview of the Compliance Consultation Office



**Shikoku Electric Power's Compliance Guidelines (in Japanese only)**  
[http://www.yonden.co.jp/corporate/activity/compliance/page\\_02.html](http://www.yonden.co.jp/corporate/activity/compliance/page_02.html)

**Compliance Consultation Office (in Japanese only)**  
[http://www.yonden.co.jp/corporate/activity/compliance/page\\_03.html](http://www.yonden.co.jp/corporate/activity/compliance/page_03.html)

### VOICE

#### Aiming to Further Foster Trust in the Group

In addition to my work offering legal advice for Group divisions, my job also entails promoting compliance through means such as providing compliance training at Group companies.

A variety of cases arise during the course of everyday work. I naturally identify legal risks before they arise and search for the optimal way to address these risks. I also approach my daily duties from the perspective of exercising the responsibility required of our Group and living up to expectations society has for us.

I will continue to be mindful of compliance in my work going forward as I aim to foster even greater trust for our Group.



**Kenta Fukushima**  
 Legal Group  
 General Affairs Department

## Promoting Compliance

### Stringent Confidential Information Security

#### Establishment of Management Systems and Education of Employees

Our Group has established the Confidential Information Security Committee as a body for formulating and advancing confidential information security measures. Further, we have developed internal guidelines and are otherwise working to ensure that confidential information, including customer information, is managed in a stringent and appropriate manner.

The Internal Audit Office periodically evaluates these management systems and reports findings to management.

In addition to these initiatives, we educate employees with regard to the management of confidential information through training programs and other efforts geared toward spreading awareness.

#### Confidential Information Security Policies

Our Group has formulated confidential information security policies. In these policies, we publicize the purpose for which our Group uses confidential information, and we have also established a confidential information consultation office. In these ways, we have made our confidential information efforts public, and we are responsive toward opinions and questions.

### Comprehensive Information Security

Our Group realizes that information security is an exceptionally important task that needs to be addressed in business operations. As such, we have developed systems for guaranteeing comprehensive information security on a Groupwide basis and have formulated the Yonden Group Information System Security Guidelines.

Massive quantities of information are processed using computers, some of which is confidential. Such computer processing includes exposure to risks such as leakage, alteration, system crashes, etc., and these risks could have serious social repercussions should they materialize. To prevent the materialization of such risks, we are implementing various information management measures and taking steps to foster information security awareness among employees.



**Confidential Information Security Policies (in Japanese only)**  
<http://www.yonden.co.jp/corporate/activity/privacy/index.html>

#### Confidential Information Consultation Office

**SHIKOKU ELECTRIC POWER**  
**Legal Group General Affairs Department**

2-5, Marunouchi, Takamatsu, Kagawa 760-8573, Japan  
 Tel: 090-1320-2208 E-mail: [privacy@yonden.co.jp](mailto:privacy@yonden.co.jp)

### Information Security Measures (SEPCO)

#### • Physical Information Security Measures

Implemented crime and disaster prevention measures such as access control at specialized data centers that house computers and other IT equipment

#### • Technological Information Security Measures

Identity verification measures, antivirus software, data encryption, and monitoring of networks to prevent unauthorized access

#### • System and Human-Based Information Security Measures

Established rules such as information system security management standards to ensure security education, training, and programs to foster awareness regarding the importance of information security and cautionary guidelines for computer usage

## Advancing Environmental Preservation Activities

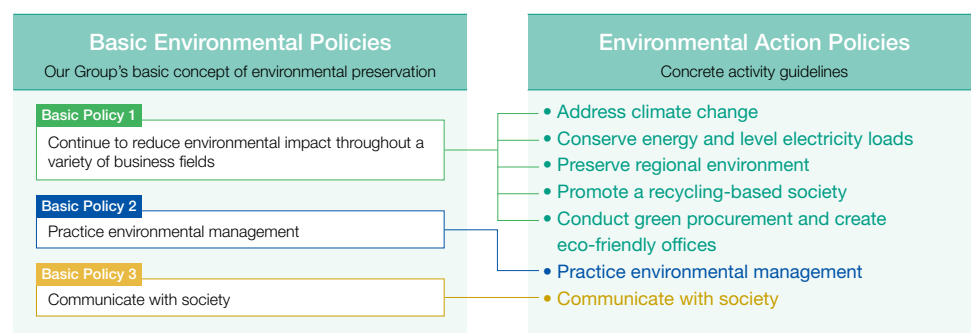
Our Group is devoted to preserving the planet, the community, and ensuring a bright future for all. For this reason, we actively pursue efforts in environmental conservation and continuously work to reduce our environmental footprint.



### Yonden Group Environmental Policies

In accordance with the Yonden Group Environmental Policies, we have positioned environmental preservation among the most important tasks of management, and are advancing Groupwide environmental protection activities as such.

#### Yonden Group Environmental Policies



### Environmental Preservation Activity Promotion System

The CSR Promotion Council, which is chaired by the president, guides SEPCO in conducting environmental preservation activities, which are primarily managed by the Environment Committee.

In addition, our Group has established the Yonden Group Environmental Council, which meets regularly. By receiving reports on environmental protection plans and the progress of initiatives, and then deliberating on these reports, the committee helps realize uniform improvements in the quality of environmental preservation activities throughout our Group.



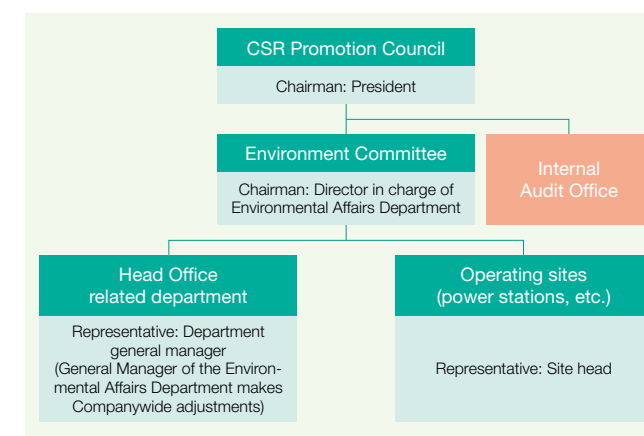
**Yonden Environmental Policies (in Japanese only)**  
[http://www.yonden.co.jp/energy/environ/policy\\_01/index.html](http://www.yonden.co.jp/energy/environ/policy_01/index.html)

**Yonden Group Environmental Policies (in Japanese only)**  
[http://www.yonden.co.jp/energy/environ/policy\\_02/index.html](http://www.yonden.co.jp/energy/environ/policy_02/index.html)

#### Environmental Topics (SEPCO fiscal 2017)

December 25	Report on CO <sub>2</sub> emission intensity used in greenhouse gas emissions reports (calculations of fiscal 2017 emissions)
November 19	Receipt of award for promoting greenification of Kagawa Prefecture by Takamatsu Branch Office during 41st nationwide tree-planting ceremony
October 6	Report on CO <sub>2</sub> emission intensity (fiscal 2016) based on the Law Concerning the Promotion of Measures to Cope with Global Warming
August 31	Published the fiscal 2017 edition of the <i>Environmental Safety Activity Report</i> Published the fiscal 2017 edition of the <i>Environmental-Related Data Book</i>
June 20	Conducted a volunteer clean-up activity
June 1–30	Conducted Environmental-Related Activity Month
May 1–October 31	Started “Cool Biz”

#### Environmental Preservation Activity Promotion System (SEPCO)





## Advancing Environmental Preservation Activities

### Environmental Goals and Performance (SEPCO)

We are establishing management targets for environmental preservation and continuously working to decrease environmental impact.



**Initiatives toward Environmental Issues (in Japanese only)**  
<http://www.yonden.co.jp/energy/environ/index.html>

**Yonden Group Environmental-Related Data Book (in Japanese only)**  
<http://www.yonden.co.jp/energy/environ/data/index.html>

Basic Environmental Policies / Environmental Action Policies	Environmental Indicator		FY2017			FY2018
			Unit	Target	Performance	Evaluation
Continue to reduce environmental impact throughout business fields	Address Global Warming	CO <sub>2</sub> emissions intensity* <sup>1</sup> (CO <sub>2</sub> emissions volume)	kg-CO <sub>2</sub> /kWh (10,000 tons)		0.514/0.535* <sup>2</sup> (1,290/1,343* <sup>2</sup> )	—
		Utilization ratio of nuclear power generation facilities	%	Ensure safe and reliable operation of Ikata Nuclear Power Station, reduce CO <sub>2</sub> emissions on supply and demand sides of all business areas.	31.8	
		Ratio of non-fossil fuel power sources* <sup>3</sup>	%		29	
		Thermal efficiency of thermal power plants	%	More than 38	39.6	Ⓒ
		Benchmark indicators* <sup>4</sup>	Indicator A	—	1.04	—
			Indicator B	—	42.9	—
		Transmission and distribution loss	%	Minimize loss	4.8	Ⓒ
		Contracted capacity of heat pump thermal energy storage systems	MW (cumulative)	Approx. 494	515	Ⓒ
		Office electricity usage reduction	% MW (cumulative)	1% YOY reduction	(3.7) (20,350)	Ⓒ
		Rate of low-emission vehicle introduction* <sup>5</sup>	%	Maximize introduction	91	Ⓒ
		Renewable energy used* <sup>6</sup>	Solar Power Generation 10 MW (cumulative)	Increase purchases	211.5	Ⓒ
			Wind Power Generation 10 MW (cumulative)	Increase purchases	18.5	Ⓒ
		Renewable energy generation capacity developed	10 MW (cumulative)	—	116.1	—
		SF <sub>6</sub> gas recovery ratio	%	Maximize recovery	99.2	Ⓒ
	Preserve regional environment	SO <sub>x</sub> emissions intensity	g/kWh	0.5	0.1	Ⓒ
		NO <sub>x</sub> emissions intensity	g/kWh	0.5	0.4	Ⓒ
Promote a recycling-based society	Waste recycling ratio		%	Approx. 99	99.5	Ⓒ
		Coal ash recycling ratio	%	99	99.8	Ⓒ
	Green purchasing ratio (office supplies)		%	More than 85%	91	Ⓒ

Evaluation ratings	Ⓐ : Accomplished
	Ⓑ : Nearly accomplished
	Ⓒ : Unaccomplished

\*1 In February 2016, member companies of the Federation of Electric Power Companies of Japan, including SEPCO, Electric Power Development Co., Ltd., The Japan Atomic Power Company, and cooperating power producers and suppliers established the Electricity Business Council for a Low-Carbon Society, which aims for a CO<sub>2</sub> emissions intensity of around 0.37 kg-CO<sub>2</sub>/kWh by fiscal 2030.

\*2 After adjusting for domestic systems credits and the Excess Electricity Purchasing Scheme for Photovoltaic Power and the feed-in tariff scheme for renewable energy.

\*3 Ratio of all power generated by SEPCO (including power procured from other power providers but excluding power supplied to other providers through means other than retail) from non-fossil fuel sources, such as nuclear power and renewable energy (hydro, solar, wind, and biomass power) calculated as stipulated by regulations pertaining to usage of non-fossil fuel sources.  
(Decision standards based on the Law for Promoting Use of Non-Fossil Energy Resources and More Effective Use of Fossil Energy Resources by Energy Providers dictate that, in principle, a ratio of 44% or more should be targeted by fiscal 2030.)

\*4 Indicators based on benchmarking systems pertaining to the Act on the Rational Use of Energy  
Indicator A: Indicator of rate of accomplishment of target for thermal power generation efficiency by fuel source  
(Decision standards based on the Act on the Rational Use of Energy dictate that, in principle, a level of 1.0 or more should be targeted by fiscal 2030.)  
Indicator B: Indicator of overall thermal power generation efficiency  
(Decision standards based on the Act on the Rational Use of Energy dictate that, in principle, a ratio of 44.3% or more should be targeted by fiscal 2030.)

\*5 Rate of introduction of electric vehicles, hybrid vehicles, plug-in hybrid vehicles, fuel-efficient vehicles, and low-exhaust vehicles.

\*6 Capacity of facilities connected to Shikoku area power grid

For long-term trends and specific details on various environmental data, please see pages 28 and 29 of the *Yonden Group Environmental-Related Data Book 2018*.

## Advancing Environmental Preservation Activities

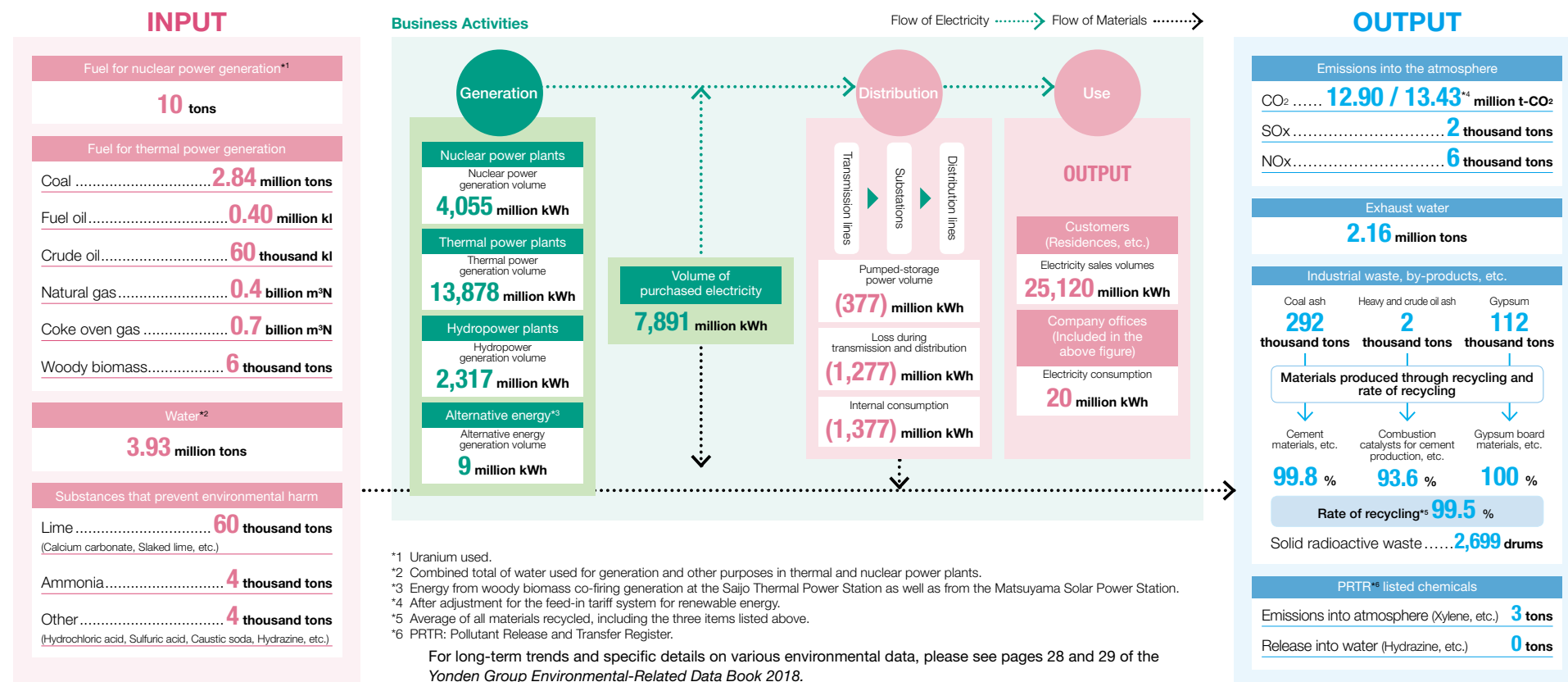
### Relationship between Business Activities and the Environment (Fiscal Year Ended March 31, 2018)

Power plants consume fuel and other resources to generate electricity, which results in the production of by-products such as CO<sub>2</sub> and industrial waste. This is a given, but we are implementing an array of initiatives to minimize the impacts of its operations on the environment.



Initiatives toward Environmental Issues (in Japanese only)  
<http://www.yonden.co.jp/energy/environ/index.html>

Yonden Group Environmental-Related Data Book (in Japanese only)  
<http://www.yonden.co.jp/energy/environ/data/index.html>



## Advancing Environmental Preservation Activities

### Promotion of Measures Against Climate Change

The Paris Agreement was adopted in December 2015 at the 21st session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 21) and went into effect in November 2016. In response to this, Japan began formulating new plans to combat climate change in May 2016.

In February 2016, member companies of the Federation of Electric Power Companies of Japan, including SEPCO, Electric Power Development Co., Ltd., The Japan Atomic Power Company, and cooperating power producers and suppliers established the Electricity Business Council for a Low-Carbon Society, which aims for a CO<sub>2</sub> emissions intensity of around 0.37 kg-CO<sub>2</sub>/kWh by fiscal 2030.

At SEPCO, we are taking steps to ensure safe and stable operation at Ikata Unit No. 3. At the same time, we are working to curtail our CO<sub>2</sub> emissions amounts by implementing measures from the perspective of both power supply and power demand.

In fiscal 2017, the number of days on which we were able to operate Ikata Unit No. 3 decreased, but the impact of this development was offset by the continued introduction of renewable energy. As a result, CO<sub>2</sub> emissions volume was 13.43 million tons and CO<sub>2</sub> emissions intensity was 0.535kg-CO<sub>2</sub>/kWh. Both figures were relatively unchanged year on year.

### CO<sub>2</sub> Emissions Reduction Policies and Initiatives

Acting in accordance with its Environmental Action Policies, we strive to reduce CO<sub>2</sub> emissions while working to simultaneously preserve the environment, realize economic benefits, and ensure energy security. Our initiatives on this front are varied, including the promotion of the Cool Biz movement encouraging employees to wear cooler clothing during the summer months, energy-saving activities, and education for improving environmental awareness among employees.

#### Initiatives for Reducing CO<sub>2</sub> Emissions (SEPCO)

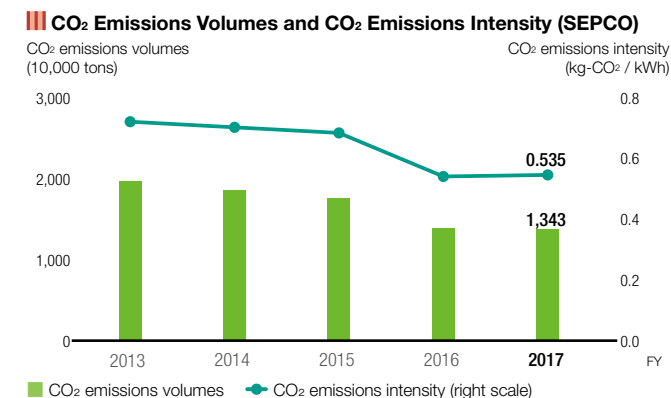
- Diversification of power sources even as we use Ikata No. 3 as an important base-load power source, while ensuring safe and reliable operation, and reduction of CO<sub>2</sub> emissions by installing LNG combined cycle systems at Sakaide Unit No. 1 and Unit No. 2 and ultra-supercritical generation equipment at Saijo Unit No. 1
- Reduction of transmission losses by employing low-loss transmission lines and transformers
- Use of solar power, wind power, hydropower, and other renewable energy sources and improvement of generation output at hydropower plants by introducing high-efficiency turbines (Bunsui Daiichi, Kira, Omogo Daiichi, Hirono) and utilizing surplus capacity of aqueducts and other facilities (Komura, Deai)
- Promotion of energy conservation through energy usage consultation and expanded use of heat pump thermal storage air-conditioning systems
- Investigation and research of carbon dioxide capture and storage and other technologies for combating climate change



High-efficiency turbine runners at Bunsui Daiichi Power Station



Yonden Group Environmental-Related Data Book (in Japanese only)  
<http://www.yonden.co.jp/energy/environ/data/index.html>



Note: Both CO<sub>2</sub> emissions volumes and CO<sub>2</sub> emissions intensity reflect Kyoto mechanism credits and adjustments for the feed-in tariff system for renewable energy until fiscal 2015. Figures from fiscal 2016 reflect adjustments for the feed-in tariff system for renewable energy.

## Advancing Environmental Preservation Activities

### Electricity Supply Side Measures

#### Maintaining and Improving the Thermal Efficiency of Thermal Power Plants

The thermal efficiency of thermal power plants declines the longer the plants are in use. We work to maintain thermal efficiency through appropriate daily equipment inspections, repairs, and operational management. These efforts enable us to limit use of fossil fuels such as coal, oil, and liquefied natural gas (LNG), and thereby minimize CO<sub>2</sub> emission volumes.



Replaced with highly efficient LNG combined cycle system (Sakaide Unit No. 2)

#### Promotion of Renewable Energy

Our Group is promoting the use of solar power, wind power, and other forms of renewable energy out of recognition of the contributions these power sources make to reducing CO<sub>2</sub> emissions.

In their solar power and wind power generation operations, Group companies take part in open bids for generation projects by local government bodies and also receive orders for facility construction and maintenance and management services.

Meanwhile, we are contributing to increased use of renewable energy inside of Japan as well as overseas, as seen in its participation in a solar power generation project in Chile.

### Electricity Demand Side Measures

#### Tracking of Energy Data

We are promoting the introduction of smart meters as their ability to track energy data helps customers use energy more efficiently. In fiscal 2016, we completed installing smart meters into systems for all customers using high-voltage power. Our goal is to have smart meters in place for all low-voltage customers by fiscal 2023. As of March 31, 2017, approximately 30% of this goal had been achieved.

In addition, we provide the Yonden Concierge free membership online service to support customers' energy conservation efforts and thereby contribute to lower CO<sub>2</sub> emissions across society. Yonden Concierge allows users to view their monthly electricity bills and usage amounts, receive emails when their bill for that month has reached a predetermined level, and calculate their CO<sub>2</sub> emissions simply by inputting the amount of electricity, gas, and gasoline they have used.



Services offered through Yonden Concierge



Yonden Concierge Free Membership Online Service  
(in Japanese only)  
<http://www.yonden.co.jp/y-con/>

### VOICE

#### Striving to Help Combat Climate Change

Our climate change task force tracks climate change countermeasure trends in Japan and monitors the movements of the global society, such as the Conference of the Parties, where the United States shocked the world by withdrawing from the Paris Agreement. We share this information with relevant divisions to promote climate change countermeasures within the Company.

My job involves making reports to national and local government bodies based on regulations pertaining to climate change countermeasures and energy conservation. I accomplish this task by collecting information on the results of the climate change countermeasures conducted by Company divisions and compiling data on our emissions of CO<sub>2</sub> and greenhouse gases and our usage of fuel and other resources.

I am dedicated to helping SEPCO conserve energy and combat climate change into the future, and I plan to continue collecting information and proposing measures to aid in this quest.



**Takumi Kadowaki**

Global Warming Solution  
Group  
Environmental Affairs  
Department  
General Planning Division

## Advancing Environmental Preservation Activities

### Spreading Usage of Heat Pump Thermal Storage Air-Conditioning Systems

As consulting activities focus on the efficient use of energy and proposal activities for more effective and less wasteful ways to use electricity, as well as other initiatives, we are pursuing activities to spread the use of heat pump air-conditioning systems as one of the measures on the electricity demand side.

Moreover, we are encouraging developers to create centralized heat supply bases by collecting the heat pumps that would normally be installed in individual buildings in a centralized location. These heat supply centers can then centrally heat and cool water to be pumped to different buildings to meet air-conditioning needs. We are currently operating such heat supply bases in three regions\* of Takamatsu City, Kagawa Prefecture.

Concentrating equipment in this manner will contribute to reductions in energy consumption by making use of unutilized energy sources, such as ground and ocean water, and leveraging thermal storage units.

\* Marunouchi-Uchimachi, Bancho, and Sunport Takamatsu areas of Takamatsu City



Energy consulting activities

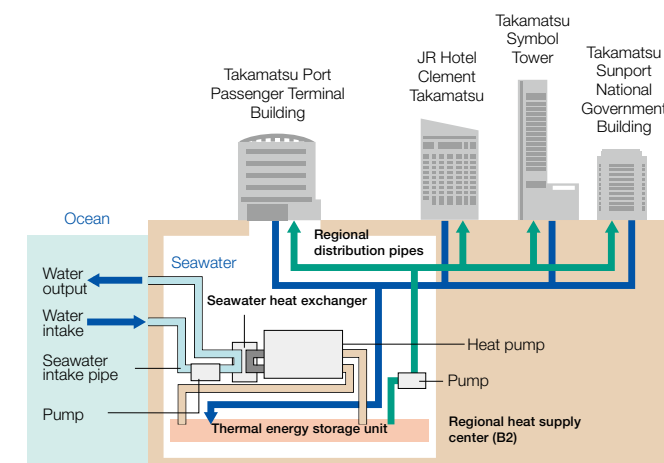


Exhaust heat recovering heat pump (machine room)

### Offering Energy and CO<sub>2</sub> Reduction Services and Information (SEPCO fiscal 2017)

Consulting on the effective use of energy for clients involved in business and manufacturing	1,507 consultations
Energy and environment lectures for the general public at SEPCO facilities and community centers	110 lectures 1,778 attendees
Energy and environment classes given by lecturers dispatched to schools	512 classes 14,299 attendees

### Regional Heat Supply System (Regional Heat Supply System in Place in the Sunport Takamatsu)





## Advancing Environmental Preservation Activities

### Global Environment Preservation Activities

#### Air and Water Pollution Prevention

To prevent air and water pollution, we are installing flue gas desulfurization and denitrator systems at our thermal plants, and also using low-sulfur fuel and carefully managing combustion processes. These measures help limit the release of SOx and NOx into the atmosphere at plants.

In recent years, we have introduced more eco-friendly combined cycle power generation facilities that use LNG as fuel (Sakaide Power Plant No. 1 and No. 2) instead of using conventional facilities that use heavy oil. As a result, per unit emissions of SOx and NOx are decreasing.

Both thermal and nuclear power stations decontaminate wastewater using comprehensive effluent processing facilities. Meanwhile, sea water used to cool the steam resulting from turbine rotation is released back into the ocean at a temperature similar to that of the surrounding water. To minimize the difference between water exhaust and the ocean, we use cold water from close to the ocean floor for cooling purposes. Moreover, we continue to monitor exhaust vapors and water, and report measured emissions volumes to local government bodies.

#### Radiation and Radioactive Waste Management

We continuously measure and monitor radiation levels inside and outside the Ikata Nuclear Power Station, as well as in the surrounding areas, to confirm that there are no abnormalities.

Meanwhile, radioactive waste is generated at the Ikata Nuclear Power Station in gas, liquid, and solid form. Of these, waste in liquid form is disposed of using distillation equipment and filters. The concentrated liquid that remains after disposal is packed into metallic drums and stored safely within the power station. By utilizing disposal methods in line with each type of waste, we dispose of radioactive waste in a way that does not impact the environment.

In addition, metallic drums used to store radioactive waste are systematically carried out of the facility and taken to the Low Level Waste Disposal Center in Rokkasho Village in Aomori Prefecture, where they are then buried.

#### Environmental Assessment

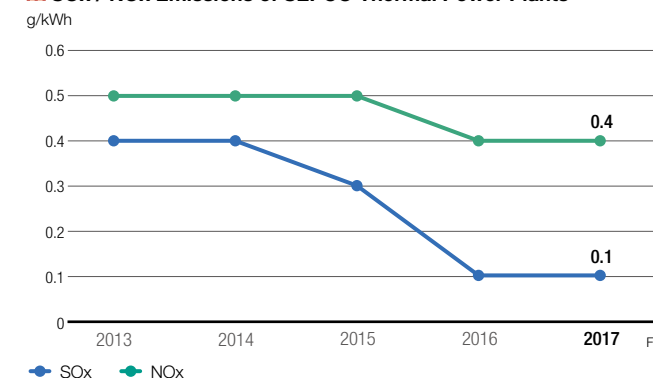
Prior to initiating our power plant construction projects, we conduct environmental assessment procedures, which are a series of estimations and evaluations into the environmental impact of construction and plant operation on the surrounding areas based on studies into air quality, noise pollution, vibrations, maritime areas, and plant and animal life. The results of these assessments are reflected in subsequent environment conservation measures.

In 2016 we began the appropriate environmental assessment procedures as stated previously for replacing Saijo Unit No. 1. We have submitted a draft environmental impact statement which summarizes this assessment to METI and related organizations that is currently under review.

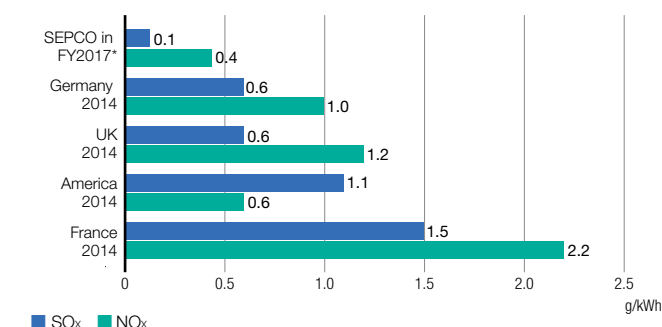


Yonden Group Environmental-Related Data Book (in Japanese only)  
<http://www.yonden.co.jp/energy/environ/data/index.html>

#### SOx / NOx Emissions of SEPCO Thermal Power Plants



#### SOx and NOx Emissions of SEPCO and Major Developed Nations



Source: OECD Statistics

IEA ENERGY BALANCES OF OECD COUNTRIES 2016 EDITION

\* SEPCO's own data.

## Advancing Environmental Preservation Activities

### Business Activities that Give Consideration to Biodiversity

In April 2011, we incorporated preserving biodiversity into our Environmental Action Policies. Since then, we have been conducting activities aimed at reducing adverse impacts on biodiversity and sustainable use of the riches a biodiverse environment provides.

One such activity is our pursuit of harmony between our business and the local environment and nature that surrounds us, achieved in such ways as conducting planting to make local species the dominant plant life on the premises of our power stations.

We are also cooperating with local governments to conduct forest maintenance through planting and thinning in neglected areas as part of our forest preservation activities.

In addition, when performing construction work for the premises of Ikata Unit No. 3, we carried out land reclamation. As it was anticipated that this land reclamation would destroy a certain amount of natural seaweed beds, we used rubble created from construction work to build a replacement seaweed bed. As a result, it has been confirmed that the amount of vegetation growing around the replacement seaweed bed is equal to that of a natural seaweed bed.

Moving forward, we will continue to conduct a variety of initiatives to benefit biodiversity, including environmental and forestry education, as well as forest maintenance.



Creating green spaces on Sakaide Thermal Power Station property



Replacement seaweed bed in the ocean area in front of the Ikata Nuclear Power Station

### Polychlorinated Biphenyl Management\*

We test all facilities for polychlorinated biphenyls (PCBs) when they are retired, and appropriately store and manage those items found to contain this substance. We have also been detoxifying hazardous substances.

In fiscal 2009, we began detoxifying electrical equipment and materials that contain high amounts of PCBs in an appropriate manner, such as transformers and capacitors. Nearly all of them have been detoxified.

For equipment with low concentrations of PCBs, we are proceeding with processing via incineration and charge deprivation treatment. Starting from April 2018 we have begun the detoxifying treatment of 20 large PCB-contaminated transformers across all of the prefectures in Shikoku using heat treatment methods.

We will move ahead with these initiatives going forward with the aim of treating all applicable articles prior to the prescribed deadline.

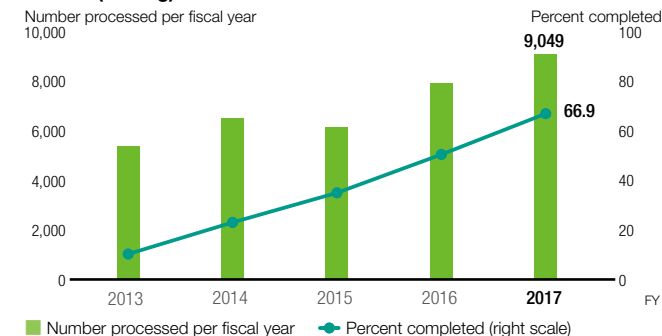
\* Organic chlorine compounds that are hazardous to human beings.



#### Environmental Action Policies (in Japanese only)

[http://www.yonden.co.jp/energy/environ/policy\\_01/page\\_02.html](http://www.yonden.co.jp/energy/environ/policy_01/page_02.html)

### Processing of Our Pole Transformers with Trace Amounts of PCB (Casing)



\* This percentage is a calculation using the estimated total number of SEPCO's pole transformers with traces of PCB.

### Treatment of Equipment Containing High Amounts of PCBs

Type	Articles Treated
Transformers, capacitors	1,085 unit
PCB oils	0.319 kl
Stabilizers, etc.	9,367 unit
Other contaminated articles	1,837 kg



Detoxification of large-scale transformers through heat treatment

## Advancing Environmental Preservation Activities

### Promotion of a Recycling-Based Society

We work to limit the output of waste from the activities of all Group companies, and are actively recycling those wastes that are output.

Waste output by SEPCO includes coal ash, as well as gypsum and metal scraps. We are working to recycle these waste materials while taking other steps to increase the percentage of material effectively reused. In doing so, we have successfully realized a high recycling rate.

### Recycling of Remains of Demolished Structures

We actively recycle the remains of demolished structures. When replacing aged copper and aluminum power lines, the materials from these lines are used to create new power lines. Likewise, concrete pillars are pulverized, and the resulting concrete materials are separated from the metal framework and converted into construction aggregates, for uses such as in the foundations of road pavement. In this manner, we recycle any materials we can.

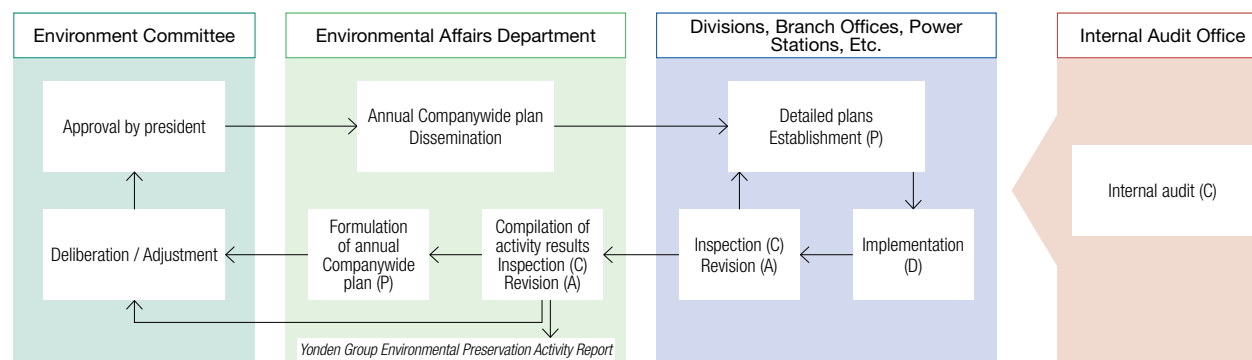
For long-term trends in the effective utilization of coal ash, please see P. 24 of the *Yonden Group Environmental-Related Data Book 2018*.

### Environmental Management

We have implemented environmental management systems (EMSs) that entail applying the plan-do-check-act (PDCA) cycle to concrete plans based on business conditions. We are continuously improving our environmental preservation initiatives through these systems.

In our business activities, we promote high levels of environmental awareness among our employees through effective and ongoing environmental education. This awareness contributes to compliance with environmental laws and regulations and with our environmental agreements with local government bodies.

#### Environmental Preservation PDCA Cycle



*Yonden Group Environmental-Related Data Book (in Japanese only)*  
<http://www.yonden.co.jp/energy/environ/data/index.html>

#### Waste Output and Recycled Volumes\* in the Fiscal Year Ended March 31, 2018 (SEPCO)

Waste	Output (Tons)	Recycled Volume (Tons)	Recycling Ratio (%)
Coal Ash	291,879	291,397	99.8
Gypsum	111,967	111,967	100.0
Rubble	14,603	14,599	99.9
Metal Scraps	4,157	4,147	99.8
Mud	4,234	2,735	64.6
Heavy and Crude Oil Ash	1,586	1,484	93.6
Waste Plastic	128	55	43.0
Other	2,938	2,723	92.7
Total	431,492	429,107	99.5

\* Figures are for the volume of waste for which SEPCO is considered the waste generator. However, volumes of waste concrete from pillars (rubble) and insulating covers (waste plastic) for which the waste generator is a subsidiary or affiliated company are included as these are intrinsically related to the electric power business.

#### Examples of Waste Recycling





## Advancing Environmental Preservation Activities

### Promoting Communication with Society

Through exchange activities with community members and the publishing of printed materials, we are working to inform the community with regard to the importance of our environmental preservation activities and the act of environmental preservation itself.

### Environmental-related Activity Month Initiatives

Our Group has designated each June as “Environmental-related Activity Month,” and we hold various events related to the environment throughout the Shikoku region during the month.

In fiscal 2018, the theme for Environmental-related Activity Month was “Eco activities giving compassion to the future.” Under this theme, we encouraged people to play a part in environmental preservation through cleanup activities, planting and spreading seeds for trees and plants, and other events.

In addition, we are working within SEPCO to raise environmental awareness among our employees with activities like composing and compiling Environmental Senryu (Japanese comic poetry) and events like the Yonden Group Environmental Photo Contest. The best photos are used in our monthly environmental poster.



Yonden Group Environmental-Related Data Book (in Japanese only)  
<http://www.yonden.co.jp/energy/environ/data/index.html>

### Environmental-related Activity Month Themes

FY	Themes
2018	“Eco activities giving compassion to the future.”
2017	“A future to nurture the heart through kindness and compassion for the planet.”
2016	“The future of the world—what color shall we make it?”
2015	“The environmental circle, bringing us all together as one.”
2014	“Eco-awareness, the bridge to a better future.”
2013	“Saving the environment one step at a time, for the future and for Shikoku.”



Environmental-related activity month themes poster 2018



Employees cleaning Zuizan Takechi statue (Suzaki City, Kochi Prefecture)

Employees from the Suzaki Branch together with other Shikoku Electric Power Group employees use cherry pickers to clean the statue of Zuizan Takechi each year.



Streetlight cleanup activities (Matsuyama City, Ehime Prefecture)

The Matsuyama Distribution Center conducts cleanup activities in which employees clean streetlights and curb mirrors in Amayama and other districts of Matsuyama City.

## Practicing Transparent Management

Our Group actively communicates with its shareholders and other investors, customers, community members, business partners, employees, and other stakeholders to ensure the transparency of management.



## Enhancement of Communication Activities

Our Group promotes two-way communication with stakeholders and endeavors to enhance this communication through various communication methods. We also work together with stakeholders to install an extra element of CSR into our business activities.

### Shareholders and Investors

We promptly disclose impartial information to shareholders and other investors through our website. We also provide our investor relations (IR) email service to shareholders or other investors wishing to subscribe. In addition to financial information, we actively disclose non-financial information that has been deemed to be highly valuable to shareholders and other investors. Such information includes that related to management plans, corporate governance, and CSR activities. We thereby aim to ensure transparency in our management.

We value mutual understanding with shareholders and other investors and aim to enhance mutual communication. To this end, we arrange individual meetings with domestic and overseas investors led by members of management and IR representatives as well as explanatory forums, small meetings, and facility tours for analysts and institutional investors. The input and requests solicited through these activities are reflected in our business to drive ongoing improvements in corporate value.



Explanatory forum for analysts and investors led by senior management



**IR and Shareholder Information (in Japanese only)**  
<http://www.yonden.co.jp/corporate/ir/index.html>

**IR E-mail Newsletter Service (in Japanese only)**  
<http://www.yonden.co.jp/corporate/ir/mail/index.html>

**The *Light & Life* Magazine (in Japanese only)**  
[http://www.yonden.co.jp/cnt\\_landl/index.html](http://www.yonden.co.jp/cnt_landl/index.html)

### Explanatory Forums Held for Analysts and Institutional Investors

	Fiscal 2017	
	Six-month Financial Results Briefing	Full-year Financial Results Briefing
Date	November 2, 2017	May 2, 2018
Attendees	Approximately 60	Approximately 80
Presenters	President and Director Hayato Saeki, and others	
Topics Covered	<ul style="list-style-type: none"> <li>Financial results for the six-month period ended September 30, 2017</li> <li>Initiatives for accomplishing the goals of Medium-Term Management Plan 2020</li> </ul>	<ul style="list-style-type: none"> <li>Explanation of financial results for fiscal 2017</li> <li>Objection submitted to the Hiroshima High Court*</li> <li>Priority measures for fiscal 2018</li> <li>Progress toward the accomplishment of management targets</li> </ul>

\* Formal objection submitted with regard to the temporary injunction halting operations at Ikata Unit No. 3

### Customers and Community Members

We have introduced an advisory system to our business. Under this system, advisors are appointed by us from opinionative demographics of the surrounding communities. We receive valuable input and requests from these advisors at meetings held at business sites, during tours of power plants, and on other occasions. Furthermore, we hold yearly customers' roundtable meetings at which the president and other members of management speak directly with the community members from various demographics.

We also publish our *Light & Life* magazine every month with the aim of providing information for the purposes of facilitating understanding with regard to the activities of the Group and explaining the history, culture, and traditional industries of Shikoku as well as the various initiatives implemented to invigorate the region.

Another communication initiative is the "Ikata System," which we implement at the Ikata Power Station based on safety agreements. This system entails prompt disclosure of highly transparent information as well as visiting-for-dialogues activities in which we visit the homes of people living within a 20- km radius of the power station.



The *Light & Life* Magazine

## Practicing Transparent Management

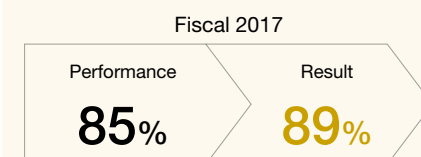
### Business Partners

SEPCO's Basic Principles of Procurement define eight principles, including openness, equity and fairness, and observance of laws and social ethics. These principles guide us in practicing social responsibility in our procurement activities.

In addition, the Group has established Green Procurement Guidelines in relation to consideration for the environment, which is one of the eight principles. Based on these guidelines, we receive proposals from suppliers for eco-friendly office supplies and electricity generation-related supplies and equipment. In this manner, we are working together with business partners to reduce our environmental footprint. We target a green purchasing ratio for office supplies of 85% or more, and we will continue to work toward this target in fiscal 2018.

Our corporate website includes information on major articles procured and procurement-related consultation venues. We also post requests directed toward business partners on our website to encourage them to practice socially responsible corporate activities throughout their organizations.

#### Green Purchasing Ratio (Office Supplies)



### Employees

Each month we publish the in-house magazine *YONDEN Terrace*, which contains information related to the Group, and distribute it to Group companies. In addition, we transmit information appropriately via our Groupware bulletin board, which allows information to be shared in a timely manner. Starting with the improvement of employee awareness, we believe this magazine helps share information as well as promote communication among Group employees, thereby further fostering Groupwide unity.



Material Procurement Information (in Japanese only)  
<http://www.yonden.co.jp/business/dealing/supply/index.html>

### Basic Principles of Procurement [YONDEN procures materials and equipment ("Materials") based on the following eight principles.]

#### 1. Openness

YONDEN does business with reliable suppliers of high-quality materials and services in Japan and other countries.

#### 2. Equity and Fairness

YONDEN impartially selects new suppliers in view of materials quality and performance, price, delivery date, term of construction, operating conditions of the company, availability of after-sales services, consideration for the environment, and safety.

#### 3. Observance of Laws and Social Ethics

YONDEN respects human rights and protects personal information and secret matters. In addition, YONDEN observes all relevant laws, spirit, and social ethics in Japan and other countries.

#### 4. Priority of Safety

YONDEN makes a point of safety as its first priority. YONDEN prevents industrial and workforce accidents and endeavors to secure public safety and hygiene.

#### 5. Consideration for the Environment

YONDEN promotes to procure Materials with less environmental impact (YONDEN Green Procurement Guidelines), and endeavors to create a society based on resource-recycling in collaboration with valued suppliers.

#### 6. Observance of the Contract

YONDEN observes the contract with suppliers and executes it sincerely.

#### 7. Establishment of Mutual Trust

YONDEN builds partnerships with its suppliers through equal and fair business. In addition, YONDEN aims at the mutual development.

#### 8. Contribution to the Community

YONDEN contributes to the development of the local community through procurement of Materials under the following basic corporate philosophy: "Living in the community, moving forward with the community, and prospering with the community".

## Fostering Employee Motivation

Our Group wants all of its employees to be motivated to work in an active and creative manner and feel satisfaction with their work. To this end, we strive to develop an open-minded and lively workplace environment that encourages respect for employee individuality and diversity.



## Respect for Employee Individuality and Diversity

### Diversity Promotion

Our Group respects the diverse value systems, beliefs, and lifestyles of its employees. Capable and motivated employees are provided with opportunities to exercise their abilities and promoted to higher ranks, regardless of gender.

### Human Rights Education

We have a Human Rights Education Committee to foster proper understanding and recognition among all employees with regard to workplace harassment of all kinds and various other human rights problems.

Each year, this committee formulates policies for human rights education programs and, based on these policies, we actively hold Group training sessions as well as workplace seminars and lectures at our offices, working to cultivate even higher levels of human rights awareness.

Furthermore, the Yonden Group Human Rights Education Committee has been established to facilitate the exchange of information regarding human rights issues and other pertinent information with our Group companies.

### Employee Evaluation and Reward Systems to Recognize Employee Efforts

We have developed a human resource evaluation system that evaluates the extent to which employees contributed to performance and exercised their skills during work processes.

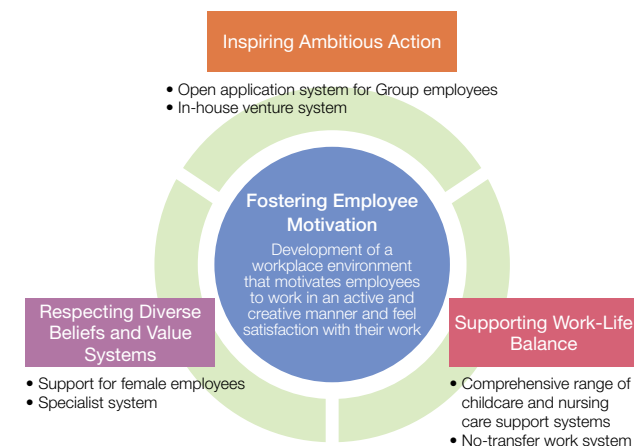
Moreover, in fiscal 2017 we introduced a system of awards given to encourage employees to tackle challenges in new fields and areas. These awards, which include a prize for taking on challenges and one for diligence, act as a positive means of evaluating personnel who go beyond their usual duties.

### Employment of People with Disabilities and Older Persons

As of March 31, 2018, we employed a total of 89 people with disabilities, or 2.12% of its employees. This level exceeds the legally mandated level of 2.0%. Going forward, we will continue to support people with disabilities in achieving independence and participating in society.

In April 2006, we introduced the Senior Employment System, which enables employees that have reached the regular retirement age of 60 to continue working until 65, should they choose to do so. As of March 31, 2018, a total of 150 employees over 60 were participating in this system.

### Diversity Promotion Initiatives (SEPCO)



### Employee Data (SEPCO, as of March 31, 2018)

	Employee Numbers		Average Age	Average Years of Employment
	People	%		
Male	4,217	91.8	44.1	22.6
Female	377	8.2	42.5	19.7
Total	4,594	100.0	43.9	22.4

### Employment of People with Disabilities (SEPCO)

Fiscal Years Ended March 31	2014	2015	2016	2017
Percentage of total employees	2.09	2.14	2.10	2.12

### Employment of Senior Employees (SEPCO)

Fiscal Years Ended March 31	2014	2015	2016	2017
Number of senior employees	155	163	159	150



## Fostering Employee Motivation

### Development of a Comfortable Workplace Environment

#### Working Style Reform

Along with pursuing more efficient and productive working styles that fit in with changes in the business environment, our executive vice president and director of the Employee Relations & Human Resources Department became its division manager and instituted a system to promote the Working Style Reform (Yonden e-Work) program in April 2017 in order to prevent overwork and enable work-life balance. We are taking steps to create and establish various systems and frameworks that satisfy employees' diverse lifestyles and needs as well as to change the way employees think about work.

In fiscal 2017, we introduced flexible work systems, including a by-hour leave system on a trial basis. Full-scale introduction of this system was commenced in April 2018.

In addition, we have also introduced an interval-separated shift system in order to prevent excessive work hours and to preserve the health of personnel. This system ensures that there is at least a nine-hour rest period between the end of one shift and the next.

#### Details on Key Initiatives for Working Style Reform [Yonden e-Work] (SEPCO)

Purpose	Item	Details
Cultivation of a corporate culture that motivates employees	Exchanges of opinion between management and frontline employees	Exchanges of opinion between senior management and frontline managers for developing workplaces that keep employees healthy and energetic (held 17 times, attended by approx. 1,000 managers)
Enable work-life balance	e-Boss promoting the participation of male employees in child-rearing, and promotion of the participation of female employees in the workplace	<p><b>e-Boss</b> e-Boss declaration by all members of upper management, including the president, to increase the number of e-Bosses, managers, and supervisors who elevate job performance while supporting their subordinates' private lives and achieving their work-life balance, and also for e-Bosses themselves.</p> <p><b>Women's participation in the workplace</b> Promotion of deliberate efforts to nurture women by expanding career options and actively increasing work responsibilities to enable them to participate more in the workplace and display their skills without discrimination in addition to encouraging added skills and promotion to management positions, depending on their individual abilities and desires.</p>
	Institution of flexible working systems (April 2018)	<p><b>[By-hour leave system]</b> System through which employees are able to acquire paid leave on a by-hour basis</p> <p><b>[Sliding shift system]</b> System through which employees are allowed to adjust the start and end times of their shifts by 10-minute increments</p> <p><b>[Flextime system]</b> System that enables employees to freely adjust the start and end times of their workday on a daily basis</p>
	Active promotion of taking an at least five consecutive day vacation (e-Holiday) each year	Promotion of consecutive days of leave to encourage employees to enjoy leisure time and come back to work physically and mentally refreshed
Raise time management awareness	"Leave work on time month" (August)	Companywide initiatives implemented on top of the once weekly "no overtime day" to encourage employees to leave work on time conducted for the entire month of August, which was designated as "leave work on time month."
Prevention of excessive work hours and protection of employee health	Introduction of interval-separated shift system (April 2018)	Introduction of framework that ensures employees have a rest period (interval) of at least nine hours between the end of one shift and the start of another

### VOICE

#### Balancing Job and Family through Childcare Support Systems

I am currently using our childcare support systems to help care for my second child. I want to raise our children together with my wife, and I used these systems when our first child was born as well.

As our two kids are only a year apart, taking care of them is no easy task, and time is gone before you know it, but I still enjoy every day of it.

I am also trying to do more and more household chores, although I am still not on the same level as my wife in this area. Nonetheless, I want to lay the groundwork and set forth the divisions of responsibility that will allow me to continue sharing the work of caring for our home and children as a couple even after I return to work.

It may be a handful, but I recognize that the time I can spend all day with my kids is limited, and I truly enjoy watching them grow on a daily basis.

I am highly thankful for the understanding of both my superiors and my coworkers and their understanding in my use of the childcare leave systems. When I go back to the job, I plan to work with a renewed vigor.



**Keisuke Oonishi**  
Generation Section  
Tachibana-wan Thermal  
Power Station  
Thermal Power Division



## Fostering Employee Motivation

### Childcare Support Systems

We offer the following childcare support systems to help employees raising children balance their work life and home life, regardless of gender.

- Childcare leave system
- Measures to help employees secure time for child-rearing
- Conference system that provides employees using the childcare leave system with opportunities to have discussions with their supervisors before and after taking childcare leave.

We were acknowledged for these initiatives with the Kurumin Mark from the Kagawa Labour Bureau for the third time in May 2015. This mark is awarded to companies that are supportive toward child-rearing in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children.

In addition, we conduct a survey regarding work-life balance and contributions by female employees every other year. Based on the analysis of employee awareness and issues highlighted by the survey, we investigate measures to address the needs brought to light. These surveys have found that satisfaction as it pertains to child-rearing support is generally high, regardless of gender or age.



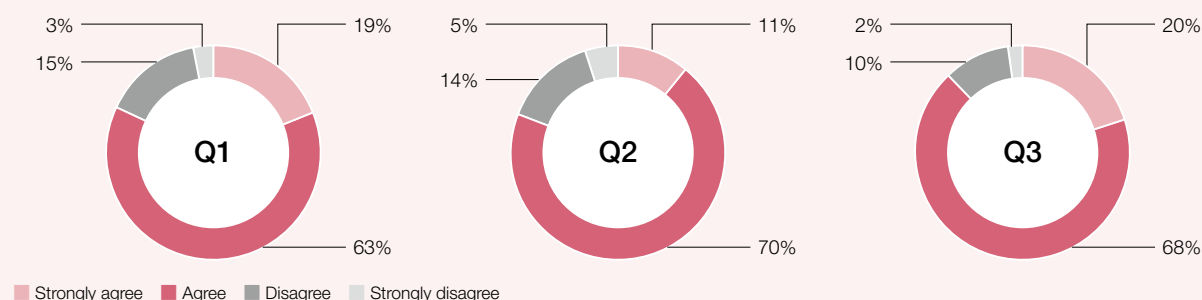
Kurumin mark

### Excerpt of Employee Survey on Work-Life Balance and Ability for Female Employees to Contribute and Exercise their Talents (SEPCO, November 2017)

Q1. I feel satisfied with the current balance between my work and private life.

Q2. I am satisfied with the Company's childcare support systems.

Q3. I feel comfortable talking with my supervisor about aspects of my private life that may impact my work, such as raising children or caring for family members.



### Principal Support Systems for Childbirth and Rearing (SEPCO)

From 6 weeks prior to birth to 8 weeks after	<ul style="list-style-type: none"> <li>• Maternity leave</li> <li>• Childbirth leave (5 special paid leave days for birth by spouse, which are separate from normal paid leave days)</li> <li>• Congratulatory monetary gift presented to celebrate childbirth</li> </ul>
Until child's 2nd birthday	<ul style="list-style-type: none"> <li>• Childcare leave (For employees raising children under 2 years of age)</li> </ul>
Until child's 3rd birthday	<ul style="list-style-type: none"> <li>• Exemption from overtime (For employees raising children under 3 years of age)</li> </ul>
Until child's graduation from elementary school	<ul style="list-style-type: none"> <li>• Shortened work hour system for childcare support (Shorten work hours by up to 2 hours a day)</li> <li>• Childcare sick leave (15 paid leave days per year to care for sick child)</li> <li>• Deferred leave system (Used to care for injured or sick child or participate in school events)</li> </ul>

### Usage of Major Childbirth and Childcare Support Systems (SEPCO, fiscal 2017)

Childbirth leave	137
Childcare leave	24 (Taken by 100% of female employees giving birth)
Childcare support flextime system	10
Shortened work hour system for childcare support	49
Childcare sick leave	9
Deferred leave system (Used to care for child or participate in school events)	173

## Fostering Employee Motivation

### Initiatives to Support Female Employees

In March 2010, we established a specialized female employee support team in the Employee Relations & Human Resources Department. We support female employees in exercising their talents and skills and balancing their work life with home life. This support team plays a central role in our proactive efforts to assist female employees in developing their careers and establish a fair workplace environment.

Presented by the director of the Kagawa Prefectural Labor Standards Bureau, we were acknowledged for these initiatives in October 2015 with the Equal Employment and Work-Life Balance Promotion Commendation (Promotion of Gender Equality category) for companies that actively promote environments where women can display their skills.

Furthermore, we are proceeding with initiatives aimed at achieving the objective to double the fiscal 2014 ratio of women in management positions laid out in our general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and targeted for the four year period from April 2016 to the end of March 2020.

### Measures to Prevent Harassment

We conduct online education programs for all employees geared toward preventing every type of harassment. In addition, a harassment consultation and reporting office has been established to respond to these complaints in a fair and appropriate manner, while protecting the privacy of the employee that issued the complaint. In fiscal 2017, management engaged in a series of workplace visits to educate supervisors about what constitutes harassment and how to approach subordinates in a professional manner.



Tour of workplaces by senior management

### Accurate Management of Work Hours

We have introduced a system that allows work hours to be accurately tracked and are taking other steps to prevent the occurrence of unpaid overtime. Through these efforts, management is working together with employees to ensure that their work hours are accurately managed.

In addition, we are actively working to reduce total working hours and facilitate work-life balance through promoting working styles flexible to simplification, streamlining, and prioritization of duties.

### Construction of a Favorable Relationship between Management and Employees

We have adopted a union shop system under which all employees are enrolled except ones designated on our labor agreement. Moreover, we encourage proactive communication between management and employees, and are working to provide opportunities for such communication. For example, representatives from management and labor unions meet to discuss and exchange opinions with regard to important matters pertaining to management. These exchanges of opinion are conducted at meetings of the Central Management and Employee Cooperative Committee and forums held at business sites.

### Practices To Promote the Active Participation of Women in the Workplace (SEPCO)



Expectations for Support and Encouragement Equal to that Given to Men

### Various Pamphlets to Raise Awareness (SEPCO)



## Fostering Employee Motivation

### Stringent Occupational Health and Safety Measures

#### Basic Policies on Occupational Health and Safety

Committed to exercising respect for human rights, we implement various occupational health and safety measures to create healthy and pleasant workplaces. With this regard, we strive to eliminate any dangers that natural disasters might pose to employees, subcontractors, or the general public, prevent accidents, and create comfortable work environments.

#### Occupational Health and Safety Management System

Occupational health and safety managers\* have been appointed to each business site to promote health and safety management. In addition, safety committees and health committees have been established at all business sites over a certain size. These committees are headed by employees appointed by us and labor unions and are responsible for discussing important matters related to safety and health, respectively.

\* Safety managers, safety drive managers, health managers, industrial physicians, etc.

#### Safety Management Initiatives

Our Group aims to reduce the number of industrial accidents through the Group to zero, and the Yonden Group Safety Committee has been established to help accomplish this goal. Guided by this committee, we will work to strengthen the safety management systems of Group companies and affiliated companies alike.

In addition, we have designated the 10-day period from July 1–10 of every year as the Yonden Group Safety Reinforcement Period, and we use this period as an opportunity to raise safety awareness. During this period, we implement various safety improvement initiatives including safety patrols and lectures.

#### Initiatives toward Promoting Health

In the hopes of improving and maintaining the health of employees, we will conduct individual health guidance based on regular health exams. At the same time, we are actively working to achieve the health goals of our three-year plan, based on the PDCA cycle, in order to reduce risks such as those associated with lifestyle-related diseases.

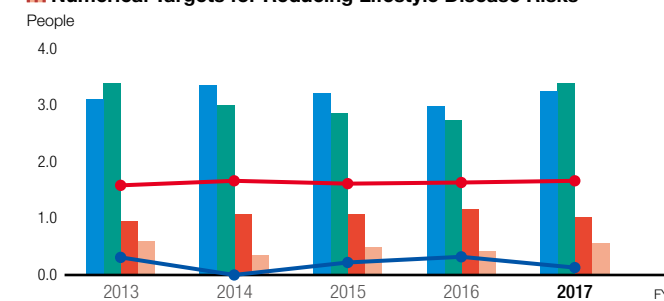
For mental health care, we are establishing systems for employees to access external specialist organizations in addition to measures including mental health care focused on improving work environments, access to counselors and occupational health staff, and employee self-care through stress checks.

### Number of Occupational Accidents Requiring Time Off from Work in the Fiscal Year Ended March 31, 2018 (SEPCO)

	SEPCO	Subcontractors*	Total
Labor	1	7	8
Transportation	0	4	4
Total	1	11	12

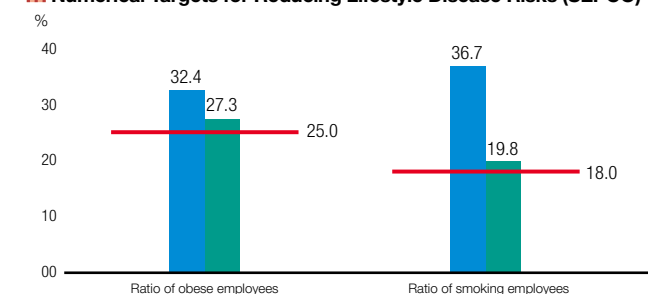
\* Accidents by subcontractors represent the number of accidents when performing tasks contracted from SEPCO.

### Numerical Targets for Reducing Lifestyle Disease Risks



Frequency: Number of accidents resulting in casualties per 1 million work hours  
Source: Survey on Industrial Accidents, Ministry of Health, Labor and Welfare

### Numerical Targets for Reducing Lifestyle Disease Risks (SEPCO)



■ Nationwide ■ SEPCO\* — FY2020 targets

Sources: Figures for men aged 20–69, 2016 National Health and Nutrition Survey, Ministry of Health, Labour and Welfare (Nationwide)

\* SEPCO's own data.



## Fostering Employee Motivation

### Proactive Promotion of Employee Education

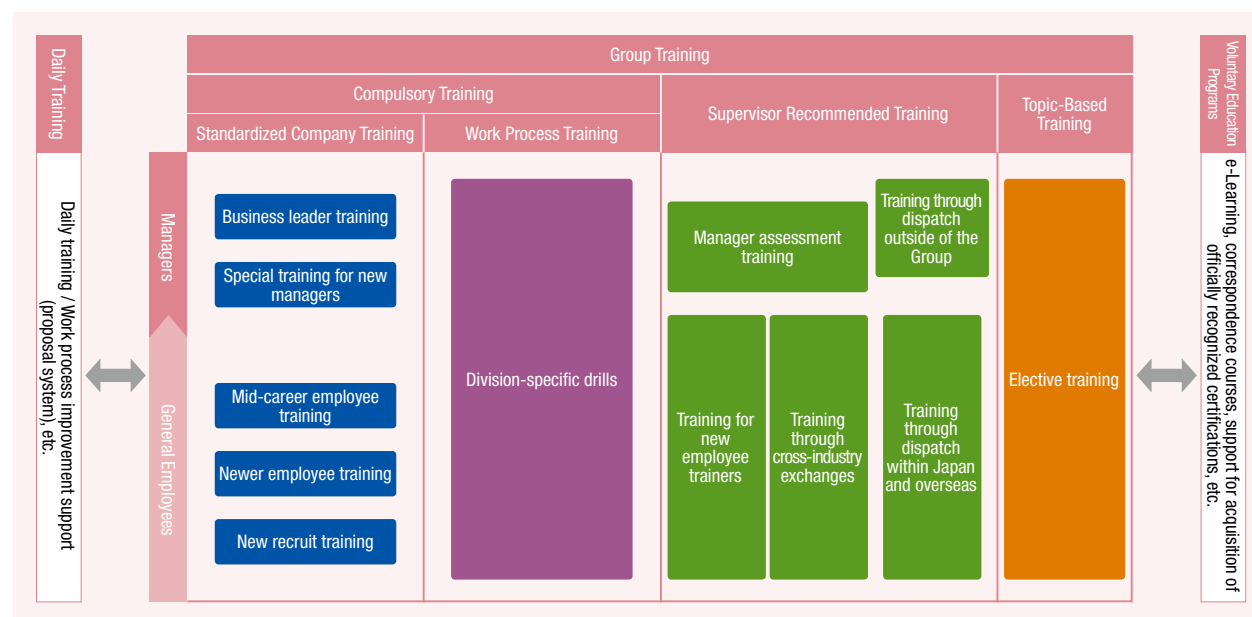
At each office, by exercising on-the-job training (OJT), we effectively combine group training of new recruits, mid-career employees, and managerial staff with employee self-awareness programs. We also support employees in the acquisition of outside certifications to promote the cultivation of human resources that will support stable operation of the electric power business.

Additionally, in the face of an increasingly intense competitive environment, we are working to cultivate managers that will revolutionize organizational management and make use of inter-industry exchanges and domestic and overseas dispatches to nurture next-generation business leaders.



Mid-career employee training session

### Education Systems (SEPCO)



**SEPCO Recruitment Information (in Japanese only)**  
<http://www.yonden.co.jp/corporate/saiyo/index.html>

**YONDEN MOVIE SITE (website containing videos about the stance of employees toward their work) (in Japanese only)**  
<http://www.yonden.co.jp/movie/index.html>

### VOICE

#### Contributing to the Community with Skills Gained at Business School

I used our system for supporting nighttime learning at domestic graduate schools to study regional management research for two years through a graduate program at Kagawa University.

I mainly went to school on week-days after I was finished with work, and I often found myself engaged in discussions and research with passionate individuals active in various fields from private-sector companies, government bodies, NPOs, and other organizations.

Together with my colleagues, I studied management and also gained insight into and learned about methods for stimulating regional economies and contributing to communities. The knowledge I gained will be a powerful asset as I, with my lack of experience, attempt to broaden the range of processes and initiatives in which I can contribute.

I am grateful to the Company for giving me this opportunity and for the support and understanding of my supervisors and coworkers, which was integral to my ability to take advantage of this system.

I plan to utilize what I learned during my two years of study and continue to learn going forward so that I can contribute to the Company and to communities with my knowledge.



**Kouhei Ono**  
 Strategic Management Group  
 Accounting & Finance  
 Department

## Coexisting in Harmony with Communities

Our Group is committed to living in the community, moving forward with the community, and prospering with the community. Guided by this basic stance, we actively support and contribute to efforts to invigorate Shikoku, the region in which we operate.



### Promoting Initiatives to Invigorate Shikoku Region

#### Initiatives for Invigorating Industry

We are working to vitalize local industries and create new ones through collaborations with the Shikoku Industry & Technology Promotion Center and Shikoku Productivity Center and by cooperating with local industrial support funds.

#### Aid for Tourism Promotion Efforts

Through collaboration with the Shikoku Economic Federation and the Shikoku Regional Development Bureau, we are promoting cultural heritage programs in all four of Shikoku's prefectures to help make Shikoku's rich cultural heritage more accessible to all.

Furthermore, on March 14, 2018, SEPCO, with Shikoku Railway Company and the Shikoku branch of Japan Post, signed a collaborative agreement as three companies that serve the whole region of Shikoku. Through this agreement, these three companies are working to revitalize the region well into the future by creating prosperity in Shikoku and both improving and maintaining services throughout.

#### Shikoku Professional Storytellers Meeting

We held the Shikoku Storytellers Meeting for storyteller associations from all over Shikoku in an effort to promote cultural heritage. All storytellers were able to tour the Awaodori Kaikan and Teramachi (Temple Village) in Tokushima City as part of the event in fiscal 2017.



#### Support for Sports, Culture, and the Arts

Through the activities of the Yonden Cultural Foundation established in 1991, we are supporting culture and the arts in Shikoku and contributing to the realization of a local society with an even richer cultural heritage.

The foundation conducts the following projects on an ongoing basis.

- Scholarships for students from Shikoku aspiring to become artists
- Honors for talented artists connected to Shikoku
- Local concerts and art exhibitions by scholarship students
- Assistance for arranging events featuring performing artists.

In addition, we support teams such as the J2 soccer team, the B2 basketball team, and the Shikoku Island League plus baseball league, all of which are located in Shikoku, in order to contribute to the development of local sports.



**Efforts in Social Contribution Activities (in Japanese only)**  
<http://www.yonden.co.jp/corporate/activity/social/index.html>

**Yonden Cultural Foundation (in Japanese only)**  
<http://www.pikara.ne.jp/yonden-f/>



Ceremony commemorating conclusion of alliance between three companies

#### Efforts by the Yonden Cultural Foundation



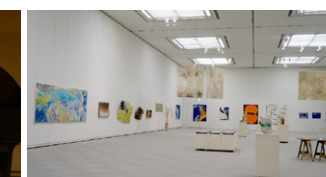
Ceremony for conveying notice of acceptance to education support system



Ceremony for conferring honors



Shikoku hometown concert by scholarship students



Shikoku hometown art exhibit by scholarship students

## Coexisting in Harmony with Communities

### Support for Employees' Social Contribution Efforts

#### Yonden Group Interaction Month

Every October has been designated Yonden Group Interaction Month. Under the slogan of “Yonden Group, living together today and tomorrow,” this period is for conducting communication and exchange activities with customers in the community. We hope these efforts will help cultivate a sense of community, foster additional trust, and cement the position of the Group as a community-rooted organization.

In fiscal 2017, Group companies collaborated with the Shikoku Electricity Safety Organization to conduct an array of engagement activities with local customers in the Shikoku area that capitalized on our unique expertise. These activities included inspections of electrical equipment, cleanup and other social contribution activities, tours of facilities, and science classes.

### Support for the Next Generation

#### Energy Education

Since the fiscal year ended March 31, 2003, we have been conducting Special-visit Energy Lessons, with the aggregate total number of people participating in these lessons exceeding 283,000 (18,932 lessons) as of fiscal 2017. We hope that these lessons will heighten knowledge with regard to energy and environmental issues among children, who will assume an important role in the future of society, and inspire them to work toward the resolution of these issues. These lessons are widely known among educators and community members alike.

We also support children's education related to energy and the environment in various other ways. We have established a Kids' Museum webpage designed for children and the Yonden Energy Study Support webpage geared toward education professionals.



Special-visit Energy Lesson



**Yonden Group Interaction Month (in Japanese only)**  
<http://www.yonden.co.jp/corporate/activity/social/fureai/index.html>



Cleaning of Kanenaga Raccoon Statue in Komatsu, Tokushima Prefecture, using cherry pickers



Science classes held for local elementary school students at a branch in Takamatsu, Kagawa Prefecture



**Kids' Museum Webpage (in Japanese only)**  
<http://www.yonden.co.jp/life/kids/museum/>

**Yonden Energy Study Support Webpage (in Japanese only)**  
<http://www.yonden.co.jp/life/kids/teacher/>



Kids' Museum webpage



Yonden Energy Study Support webpage

#### Special-visit Energy Lessons Held (SEPCO)

	Number of Lessons	Number of Participants
FY2017	512	14,299



## Coexisting in Harmony with Communities

### Internships

We provide internship programs for students at universities, graduate programs, and technical colleges with the aim of helping encourage these students to pursue professional careers and fostering understanding with regard to the electricity industry. In addition, we also offer internships and other work-study programs for students ranging from elementary school to high school level.



Driving test using simulators



Transmission tower climbing workshop using training tower



Cherry picker ride

## Support for Employees' Social Contribution Efforts

### Various Volunteer Leave Systems

We provide our employees with various systems enabling them to acquire leave to conduct volunteer activities. We introduced an extended period volunteer leave system, which allows employees to be absent from work for extended periods of time to participate in long-term social contribution programs conducted by the Japan International Cooperation Agency or local or national public service organizations.

In addition, we offer a volunteer leave system that provides employees with up to seven special paid leave days that can be taken for volunteer purposes and are separate from standard paid leave days. We have also introduced a special leave system that enables employees to be absent from work without depleting paid leave days should they be called to participate in court proceedings as a lay judge or potential candidate for being a lay judge under the saiban-in (lay judge) system.

### Awards for Employees' Social Contributions

We have received a variety of awards for our contributions to local communities, including social welfare activities and accident prevention activities, such as traffic safety and security initiatives.

In fiscal 2017, public institutions and organizations presented three awards to our offices and 18 awards to individual employees.

Among these awards was a "Matsuyama My Road Supporter" letter of appreciation from Matsuyama City. This letter was presented to the Matsuyama Branch and the Nuclear Research & Training Center out of recognition for their contributions to pleasant and beautiful roads and the high level of concern for roads exhibited in the monthly cleanup activities these facilities conducted along city roads in Matsuyama City.



Letter of appreciation from Matsuyama City

## VOICE

### Using Volunteer Leave to Participate in Social Contribution Activities

In October 2017, I used the volunteer leave system to help staff the first World Rafting Championship held in Japan as a volunteer. My more experienced coworker joined me in the expedition, which took place in Miyoshi City, Tokushima Prefecture.

Rafting is an outdoor sport in which competitors race downstream in rubber rafts. The event took place in the Oboke and Koboke gorges along the Yoshino River, which are among Japan's most turbulent sections of river.

On the day of the event, I was tasked with helping interpret for competitors and tourists from overseas and with carrying the rubber rafts. Through this invaluable experience, I was filled with a sense of accomplishment, knowing I played a role in supporting the event, and I also got to witness the power of the competitors from close by.

I am thankful for the warm reception of my supervisors and colleagues of my choice to volunteer.

In the future, I hope I will be able to take part in such events to make further contributions to the community.



**Hisatoshi Akiyama**  
Technical Solution Group  
Customer Service Proposals  
Center  
Sales & Customer Services  
Department  
Tokushima Branch



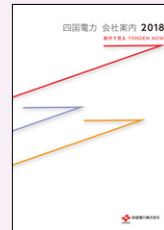





## Main Communication Methods at a Glance

Other than this report, the Shikoku Electric Power Group uses the following communication methods.



### Main Communication Methods at a Glance (in Japanese only)

<http://www.yonden.co.jp/corporate/csr/communication/index.html>

	Main Methods of Communication	Main Communication Tools	
		Booklets, etc.	Other
<b>Community Members</b>	<ul style="list-style-type: none"> <li>• Solution services based on integrated Group operations</li> <li>• Customer support center, network call center, helpdesks</li> <li>• Electricity meter reading, visits</li> <li>• Meetings with external advisors</li> <li>• Customers' roundtable meetings</li> <li>• Community-building facilities (Yonden Plaza, etc.)</li> <li>• Study tours of facilities (power generation facilities, etc.)</li> <li>• Community-building activities (cleanup initiatives and community photo exhibition)</li> <li>• Participation in local events</li> <li>• PR activities for energy, visiting-for-dialogues initiative</li> <li>• Conducting questionnaire surveys, etc., about customer attitudes</li> </ul>	<ul style="list-style-type: none"> <li>• <b>YONDEN GROUP</b> (pamphlet summarizing Group companies)</li> <li>• <i>Shikoku Electric Power Corporate Profile</i></li> <li>• <i>Light &amp; Life</i> (PR magazine)</li> <li>• Guide to All-Electric Homes, various pamphlets promoting understanding of nuclear power generation</li> </ul> <div>   </div> <p><i>Shikoku Electric Power Corporate Profile</i>      <i>Light &amp; Life</i></p>	<ul style="list-style-type: none"> <li>• Websites of Shikoku Electric Power Group companies</li> <li>• Television commercials</li> </ul>
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>• Business transactions</li> </ul>	<ul style="list-style-type: none"> <li>• Publication through helpdesk of material procurement information</li> </ul>	<ul style="list-style-type: none"> <li>• Websites of Shikoku Electric Power Group companies</li> </ul>
<b>Shareholders and Other Investors</b>	<ul style="list-style-type: none"> <li>• General Meeting of Stockholders</li> <li>• Briefings for individual investors</li> <li>• Briefings for analysts and institutional investors</li> <li>• Study tours of power generation facilities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results reports</li> <li>• Financial statements</li> <li>• Fact books</li> <li>• Reports for shareholders</li> <li>• Documents from Company briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Websites of Shikoku Electric Power Group companies</li> <li>• Email delivery service</li> </ul>
<b>Environmental Communication</b>	<ul style="list-style-type: none"> <li>• Environmental roundtable meetings</li> <li>• Special-visit Energy Lessons</li> <li>• Tree-planting initiatives</li> <li>• Local area cleanup initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Let's ECO LIFE!</i> (pamphlet introducing environmental preservation initiatives)</li> <li>• <i>A Message to You from the Last Polar Bear in the North Pole</i> (booklet for children)</li> </ul> <div>   </div> <p><i>Let's ECO LIFE!</i>      <i>A Message to You from the Last Polar Bear in the North Pole</i></p>	<ul style="list-style-type: none"> <li>• Websites of Shikoku Electric Power Group companies</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Tours of workplaces by senior management team</li> <li>• Surveys of employees' attitudes</li> <li>• Labor-management roundtable meetings, workplace roundtable meetings organized by unions</li> <li>• Recreational activities at workplaces</li> <li>• Various consultation services related to life plans and mental health</li> </ul>	<ul style="list-style-type: none"> <li>• <b>YONDEN GROUP</b> (pamphlet introducing Group companies)</li> <li>• <i>YONDEN Terrace</i> (in-house magazine)</li> </ul> <div>   </div> <p><i>YONDEN GROUP</i>      <i>YONDEN Terrace</i></p>	<ul style="list-style-type: none"> <li>• Websites of Shikoku Electric Power Group companies</li> </ul>

## Outside Opinions

### Customer Opinions

We create a variety of opportunities for the proactive exchange of opinions with community members, including customers' roundtable meetings and tours of power plants. We also practice two-way communication through our website. We work to reflect the opinions solicited through these venues in our business operations.

At customers' roundtable meetings held across all four prefectures of Shikoku, the president and other members of senior management meet with a variety of stakeholders, including representatives from municipal government agencies, economic and industrial organizations, women's groups, consumer organizations, educational institutions, members of the media, and large-volume customers. At these forums, we provide explanations on current business topics and respond to questions and feedback while also exchanging valuable opinions with the attendees. In this section, we introduce some of the opinions solicited from customers attending these forums.



Customers' roundtable meeting (Takamatsu branch office)

### Overall Business Activities

"I hope the Yonden Group will effectively divide its duties between its various associates and join in city development efforts."

"I think a major strength of the Yonden Group is the flexibility created by its connections with customers and its numerous bases through Shikoku."

"The development of the Yonden Group will also spur the development of the Shikoku region. I therefore think the Group should invest in new businesses that will generate earnings outside of Shikoku, and even outside of Japan."

"I believe SEPCO should focus on initiatives that are linked to its main business and avoid straying too far from its base."

### Electricity Rates and Services

"It would be nice if SEPCO would consider pricing plans that contribute to the peace of mind of seniors living alone or that allow for savings to be had by sharing bills with family members living separately."

"I want SEPCO to expand the range of venues for the use of its points service to include major e-money providers and online stores. This would make the service more convenient."

### Stable Supply and Community Involvement

"I suspect that SEPCO's power transmission businesses lack profitability in certain areas. Regardless, I hope SEPCO will continue to offer a stable supply of power in those areas."

"Participation in the activities of local organizations and in local events is a good way to maintain an understanding of the issues the community faces. I think it is important to continue working together with the community through steadfast involvement in such activities."

## Outside Opinions

### Third-Party Opinion Shikoku Electric Power Group's CSR Activities

In July 2018, heavy rains hit a wide area of West Japan, including Shikoku. These rains persisted for days and wrought much damage. Recently, we have seen that disasters of unprecedented scale can strike at any time. This reality has reminded me of the important corporate social responsibility of maintaining a reliable supply of power, something we tend to take for granted. I would like to take this opportunity to extend my condolences to victims of this most recent disaster and also to request that the Shikoku Electric Power Group prepare systems that will ensure it can respond to various unforeseen circumstances.

It is desirable for the Shikoku Electric Power Group to conduct appropriate disclosure of information on business activities in pursuit of that basic mission. As a conglomerate serving the public interest, activities in contribution to local communities have also come to be expected of the Group, so it should also conduct CSR activities that reflect both those expectations.

Looking at the Yonden Group's business as a whole, the Group established Medium-Term Management Plan 2020 in fiscal 2016 as a step toward becoming a multi-utility corporate group supporting work and life. The Group has defined three priority measures for advancing this plan, and I have much praise for efforts with this regard.

The first priority measure is the expansion of electricity sales. I have a high opinion of the Yonden Concierge free membership online service as it is a viable means of cultivating electricity conservation awareness, but I think there is room for this service to be further promoted to customers. I also give praise to the Yonden Group's initiatives for contributing to safety and security in today's aging society, such as the Anshin Support Service and the Everyday Trouble Dispatch Service. I hope the Group will continue to spread usage of these services.

The second priority measure is the exhaustive improvement of business efficiency. As SEPCO has decided to decommission Ikata Unit No. 1 and Unit No. 2, I expect that the Company will practice extreme caution and endeavor to ensure safety and prevent damage to the local economy and the surrounding environment as it moves ahead with the decommissioning procedures. Even as SEPCO continues to use Ikata Unit No. 3 to secure a reliable supply of power while guaranteeing safety, I hope it will look at diversifying its power sources over the medium-to-long term. Efforts to provide information to municipal government bodies

(see P.25) and earn the understanding of the community through the Ikata System are incredibly important. Such efforts should always be a priority. From the perspective of achieving improvements with regard to the "S+3Es" (safety + energy security, economic efficiency, and environment), SEPCO was a bit dependent on thermal power during fiscal 2017 (see P.8). Given the rapid spread of solar power (see P.30), it would be ideal for SEPCO to bolster its portfolio to include more diverse power sources, including renewable energy sources, in order to establish the best possible energy mix over the long term.

The third priority measure is the creation and growth of profit sources outside of the electric power business. On this topic, I was most intrigued by Powerico, the cutting-edge data center located in Takamatsu City, and how this facility will become the largest facility in the West Japan area in 2019, after its expansion (see P.33). I have great anticipation for the future of the Group's agricultural businesses and Shikoku pilgrimage support service, both projects in which the Group's management resources are being used to contribute to society. At the same time, the Yonden Accelerator 2018 open innovation program launched in May 2018 seems to have great potential. I understand that this project will be advanced through collaboration with a Tokyo-based company. It will thus be important to promote effective operation and coordination with local business operators in Shikoku with consideration for such factors as how the successes of this project will benefit the region.

The Shikoku Electric Power Group's various CSR activities are explained based on the 7 CSR Pillars. Perhaps most notable are the new explanations on initiatives aimed at contributing to the accomplishment of the United Nations Sustainable Development Goals (SDGs, see P.40). In future CSR activities, the Group will want to examine the relationship between the United Nations' 17 SDGs, which are to be achieved by 2030, and its own 7 CSR Pillars, determining their overlap and what new perspectives the SDGs bring.

The Shikoku Electric Power Group seeks to keep its employees energized by promoting work-life balance. In addition, the Group implemented a range of flexible working systems in fiscal 2018, namely the by-hour leave system, the sliding shift system, and the flextime system. I think it would be beneficial for the Group to take steps to further entrench these systems in its organization, such as by com-

municating examples of employees using these systems.

In terms of efforts to coexist in harmony with communities, this report informed me that SEPCO signed a collaborative agreement with Shikoku Railway Company and the Shikoku branch of Japan Post as three companies that serve the whole region of Shikoku in March 2018. I look forward to seeing how these three companies will respond to contemporary needs by promoting regional development in a manner that blurs the boundaries between Shikoku's four prefectures.

The Voice segments feature comments from employees, including individuals that had used the Group's childcare support systems (see P.58), business school financial support system (see P.62), and volunteer leave systems (see P.65). The photographs accompanying these articles made for an added impact.

In closing, I hope to see the Yonden Group utilizing its distinctive characteristics, including its trustworthiness, economic capacities, and closeness with the community, to support the community by taking on challenges that other companies cannot.



**Shinji Hara**

Dean and Professor  
Graduate School of Management  
(Regional Management Research)  
Kagawa University

Born in 1965. Completed a doctoral program without a doctoral degree at the Graduate School of Arts and Sciences at the University of Tokyo in 1995. Worked as a full-time lecturer and assistant professor at the Faculty of Economics at Kagawa University before taking on his current position. Served as a visiting researcher through the Fulbright Program at the University of California, Los Angeles, in the United States from 2011 to 2012. Currently conducts research on economic geography related to global projects in industrial clusters and the film industry, as well as research related to creativity-based regional revitalization.