YONDEN

Shikoku Electric Power Group

INTEGRATED REPORT 2021

Editorial Policy

This report has been compiled as an integrated report to provide all stakeholders including shareholders and investors with a better understanding of the Shikoku Electric Power Group by presenting our Group's basic approach to creating sustainable corporate value as well as an overview of the status of actual initiatives and the outlook for the future, including both financial and non-financial information.
Further detailed content that was not published in this report is available on our website.
We hope that this report will help build good relations between our Group and stakeholders.

Shikoku Electric Power Company Website

Investor Relations
https://www.yonden.co.jp/corporate/ir/index.html

Initiatives for Sustainability
https://www.yonden.co.jp/corporate/csr/index.html

Energy, the Environment and Power Generation
https://www.yonden.co.jp/energy/index.html

Data on environmental conservation is compiled in the "Environmental-Related Data Book (in Japanese only)."
https://www.yonden.co.jp/energy/environment/data/index.html

Corporate Governance
https://www.yonden.co.jp/corporate/ir/policy/governance.html

Shikoku Electric Power Group Information
https://www.yonden.co.jp/corporate/yonden/group/index.html

Reporting Period
Fiscal 2020 (April 1, 2020 – March 31, 2021)
However, when it is appropriate to show past historical data and recent cases, we report on matters that fall outside this period.

Scope of Reporting
This report covers Shikoku Electric Power Co., Inc. and its subsidiaries and affiliated companies.

Reference Guidelines for Presentation of Non-Financial Information
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry
International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
Sustainability Reporting Standards, Global Reporting Initiative (GRI)
Environmental Reporting Guidelines (2018 version), Ministry of the Environment
Recommendations of the Task Force on Climate-related Financial Disclosures, Task Force on Climate-related Financial Disclosures (TCFD)
SASB Standards for "Electric Utilities & Power Generators", Sustainability Accounting Standards Board (SASB)

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Caution Regarding Business Forecasts and Forward-Looking Statements
Forecasts included in this document are forward-looking statements based on data available at the time of their release and assumptions that are deemed reasonable. Actual results may differ substantially due to a number of factors.
The name "YONDEN" used in the Company logo is a combination of the first kanji characters (YON and DEN) of each of the two compound characters that make up the Company name. This is a company nickname familiar to local residents.

Contents

Shikoku Electric Power Group Vision

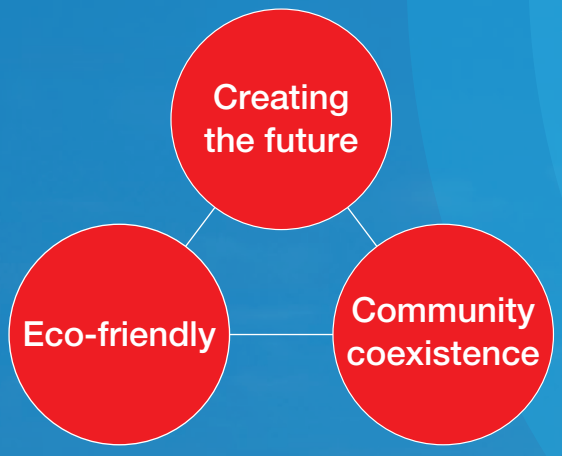
We, the Shikoku Electric Power Group, share with employees our desire to be a force for the happiness of our customers and community members and will contribute as a multi-utility corporate group supporting work and life to realize comfortable, safe, and secure living, and contribute to the Shikoku region's development.

Shikoku Electric Power Group's Mission and Ultimate Purpose

We are committed to the continuous provision of high-quality services, centered on energy, that interconnect with the lives that people lead. In this way, we contribute to comfortable, safe, and secure life as well as to the Shikoku region's development.

Corporate Message

Seeking to be a force for happiness



Three key points in realizing our group vision

Shikoku Electric Power Group's Future Vision

Aiming to be a multi-utility corporate group supporting work and life

By toughening and diversifying our infrastructure, technologies and services centered on the electric power industry, and entering new business and market areas, we will aim to increase our corporate value and contribute to the development of the Shikoku region as a "multi-utility corporate group supporting work and life."

Creation of affluent lifestyles through smart technology

We will promote DX and provide various services centered on the energy and telecommunications fields as a "platform in the Shikoku region"

Realization of a decarbonized society

We will promote the low carbonization and decarbonization of power sources, and the further use of electric energy, and take on the challenge of becoming "carbon neutral in 2050"

Issue resolution and economic revitalization in the Shikoku region

We will promote initiatives that contribute to the growth and revitalization of local communities and the expansion of the nonresident population

History of Shikoku Electric Power Group

Since our founding, we have fulfilled our public-interest mission as an energy supplier while expanding our business by solving social issues that change with the times, and digging up customer needs.

	1951 (founding) to 1970	1971 to 1999
Social situation	Surge in electric power demand due to postwar reconstruction and high economic growth	The oil crisis, the bubble economy and its collapse, and economic globalization
Our company's moves	< Development of power sources and systems that would support postwar economic growth > • At the time of its founding, the company was engaged in power source development centered on hydroelectric power, but during the period of high economic growth, this shifted to power development centered on oil-fired thermal power • Construction of transmission and distribution facilities in parallel with power source development	< Construction of a well-balanced power source configuration and th enhancement of main power transmission systems > • After the oil crisis, we promoted the development of coal-fired, nuclear and other power sources to realize a well-balanced power source configuration • We strengthened the resilience of the transmission and distribution network by switching to 500 kV main transmission lines and regional interconnectors connecting to Honshu via two routes

Electric Power Business

1953 Matsuogawa Daiichi Power Station (Hydropower) commenced operation

1962 180 kV operation of main power transmission system commenced in Shikoku

220 kV operation commenced on J-POWER's Chushi main line

1963 Anan Power Station (Oil) commenced operation

1965 Saijo Power Station (Oil) commenced operation

1970 Sakaide Power Station (Oil) commenced operation

1977 Ikata Power Station Unit No.1 (Nuclear power) commenced operation

1982 Ikata Power Station Unit No.2 (Nuclear power) commenced operation

1982 Hongawa Power Station (Hydropower) commenced operation

1994 Ikata Power Station Unit No.3 (Nuclear power) commenced operation

1994 500 kV operation commenced in all sections of the Shikoku-chuo main line

J-POWER interconnectors commenced operation between Honshu and Shikoku

1996 Matsuyama Solar Power Station commenced operation

1999 Awa main line / Minami Awa main line commenced 500 kV operation

Businesses Other than Electricity

1964 First in Japan to develop and sell small electric water heaters

1997 District heating supply business commenced

2000 to 2010

Changes in society in association with the spread of the internet and mobile phones

< Liberalization of electricity retailing and expansion of telecommunications business, etc. >

- Multiple reductions in electricity rates through increased efficiency of management
- Implementation of biomass co-firing with coal-fired power ahead of other companies in the same industry
- Sakaide Thermal Power Station introduced LNG
- Expansion of telecommunications services business and entry into international business

2011 to present

Great East Japan Earthquake, promotion of the introduction of renewable energy, and increasing momentum for decarbonization

< Sudden change in electric power business and challenging towards becoming a multi-utility company >

- After the Great East Japan Earthquake, Ikata Power Station was shut down for a long of time
- By the end of fiscal 2020, 3.21 million kW of solar and wind power were connected to the power transmission and distribution network in Shikoku with the spread and expansion of renewable energy by the introduction of the FIT system.
- Transmission & Distribution business was spun off in fiscal 2020

2000
Tachibana-wan Power Station (Coal) commenced operation

2005
Woody biomass and coal co-firing commenced at Saijo Power Station

2010
Construction of LNG base in Sakaide, replacement of Sakaide Power Station Unit No. 1 with LNG-CC

2016
Replacement of Sakaide Power Station Unit No.2 with LNG-CC

2010
Expansion of Matsuyama Solar Power Station

2016
Ikata Power Station Unit No.1 (Nuclear power) ceased operation

2018
Ikata Power Station Unit No.2 (Nuclear power) ceased operation

2000
The Kii Channel direct current interconnector equipment of Shikoku Electric Power, Kansai Electric Power and J-Power commenced operation

1996–2008
7 rate reductions through increased efficiency of management

2001–2011
Buy-back and cancellation of treasury stock to improve capital efficiency

2012
Commencement of Feed-in Tariff (FIT) system with fixed purchase price for renewable energy

Grid-connected capacity of solar and wind power (end of fiscal 2010)
Approx. **310** MW

→

Grid-connected capacity of solar and wind power (end of fiscal 2020)
Approx. **3,210** MW

2013
Rate increase following the stoppage of three reactors to Ikata Power Station

2020
Transmission & Distribution business was spun off

YONDEN T&D

Shikoku Electric Power Transmission & Distribution Company

2003
Overseas consulting business commenced

2004
Optical telecommunications service business to individual households commenced (STNet, Inc.)

2008
Overseas IPP business commenced

2013
Commencement of data center business (STNet, Inc.)

2017
Operating income from businesses other than electricity reached over ¥**10** billion

2019
2nd data center commenced business (STNet, Inc.)

Sustainable Value Creation Process

We will realize the creation of sustainable corporate value by forging stronger relationships of trust with every stakeholder who supports our Group's business, and by fulfilling our social responsibilities widely through business activities.

Revealing social issues

- Realization of low-cost and stable energy supply
- Realization of a decarbonized society in 2050 (decarbonization of power sources and promotion of the electrification of society)

Environment issues

- Lifestyle changes and diversification of work styles (coexsist with COVID-19)
- Declining population, dwindling birthrate and aging society
- Increase and intensification of natural disasters

Changes in society

Recognition of risks and opportunities for sustainable value creation

Changes in business climate

- Large-scale introduction of renewable energy power sources
- Stronger nuclear safety regulations
- Intensification of competition in electricity retailing
- Creation of a new electric power market

Changes in government policies, systems, and regulations

- Evolution of IoT, AI, and energy-saving technologies
- Promotion of DX

Technological innovation

Management Strategy/Business Strategy

Maximized use of management resources

Minimization of risks and maximization of opportunities

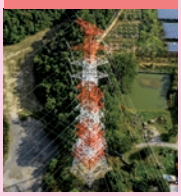
Value Creation through Business Activities

Shikoku Electric Power Group Medium-Term Management Plan 2025

Electric Power Business

Electric power generation

Transmission & Distribution



Sales

Business Management that Increases Sustainability

We will identify key ESG issues that are closely linked to business activities and promote initiatives towards their realization

Management Resources [Core Competence]

- Competitive and Well-balanced Power Generation Mix
- Highly Trusted Network
- Strong Credibility and Brand Power in Shikoku Region

Basic thinking in business activities

[Action Charter] Sustainable growth and development through the fulfillment of social responsibility

React to new social issues

Corporate Message
Seeking to be a force for happiness

Group Vision
Aiming to be a multi-utility corporate group supporting work and life

Create Sustainable Corporate Value

Business transformation and the creation of new value based on the strategic use of digital technology (promotion of DX)

[Sources of Sustainability]

~ Reforming and challenging towards sustainable growth and development ~

Businesses Other than Electricity

Telecommunications

International

LNG-related

E Environment

S Social

G Governance

Abundant Human Resources, Technologies, and Knowhow

Sound Financial Structure

[Corporate Philosophy] Living in the community, moving forward with the community, and prospering with the community

Offer value to stakeholders

Creation of social value

Customers
- Providing stable, high-quality, and low-cost energy
- Providing society with useful products and services

Shareholders and Investors
- Returning profits to shareholders by continuously improving corporate value
- Prompt and appropriate disclosure of information

Regional Society
- Coexistence and sustainable development with regional society
- Standing firmly against antisocial forces that menace civil society

Global Environment
- Minimizing environmental impact and contributing to the realization of a decarbonized society
- Advancing Environmental Preservation Activities

Employees
- Respect for individual personalities and individuality, and promotion of diversity
- Committed to providing safe and comfortable working conditions

Suppliers
- Implementation of fair and free trade

Group Strengths in the Value Chain

We deliver a wide range of value to customers and business partners by maximizing the Group's strengths, from fuel procurement to power generation, transmission, distribution, and energy services, focused on the electric power business.




Fuel Procurement

- We conduct the economical and stable procurement of coal, LNG, and oil in thermal power generation, and uranium used in nuclear power generation based on the characteristics of fuel types.
- After use, nuclear fuel is stored in the power plant and after that, it is sent to a reprocessing plant where it is processed and reused as fuel.

Electric Power Generation

- From a S (safety) +3Es (energy security, economic efficiency, and environment) perspective, we are aiming to realize a well-balanced power source configuration based on the individual characteristics of nuclear, renewable energy and thermal power sources, and conducting economic demand-supply operations.

Competitive and Well-balanced Power Generation Mix

Proportion of baseload power sources with low generation cost* Approx. 60%

Proportion of environmentally-friendly renewable energy and nuclear power among internal power sources* Approx. 40%

Resilience at times of disaster

Our large power plants are scattered along the Seto Inland Sea, far from the assumed epicenter of a major earthquake (Pacific).

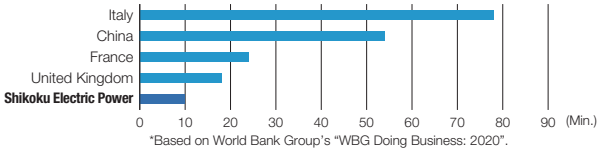
* Actual results for electricity generated and received in fiscal 2020 corrected assuming normal operation of Ikata Power Station Unit No. 3 (85% utilization). Baseload power sources means nuclear, hydro (run-of-river type) and coal.

Highly Trusted Network

World-leading quality electricity

The duration of power outages is equivalent to or shorter than those of its peers in various foreign countries, through appropriate maintenance and inspections.

Trend of annual power outage time per customer home compared to overseas



*Based on World Bank Group's "WBG Doing Business: 2020".

Resilience at times of disaster

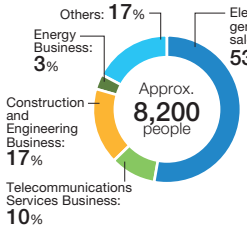
The main transmission lines are connected to Honshu via two interregional interconnectors.

Abundant Human Resources, Technologies, and Knowhow

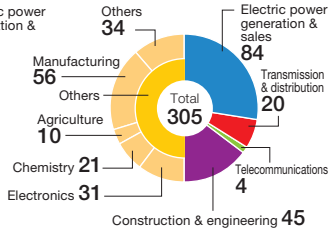
Wide-ranging business development and accumulation of technologies centered on electric power business

Number of employees by segment (consolidated)

[1] Number of employees



[2] Number of patents held



Strong Credibility and Brand Power in Shikoku Region

Business activities embedded in the region

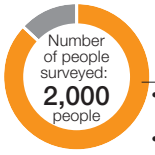
We have retained strong credibility and popularity through results and community coexistence as an energy utility in the Shikoku Region over many years.

Number of contracts for individuals and households *

Approx. 2 million

* Includes low voltage contracts for personal use. The total number of households in the Shikoku region is about 1.63 million. Source: Ministry of Internal Affairs and Communications "Census (October 2020)"

Reliability survey of our company



Reliability Approx. 87%

- Implementation period: October 2020
- Subjects: 18 to 69 year-old men and women living in Shikoku



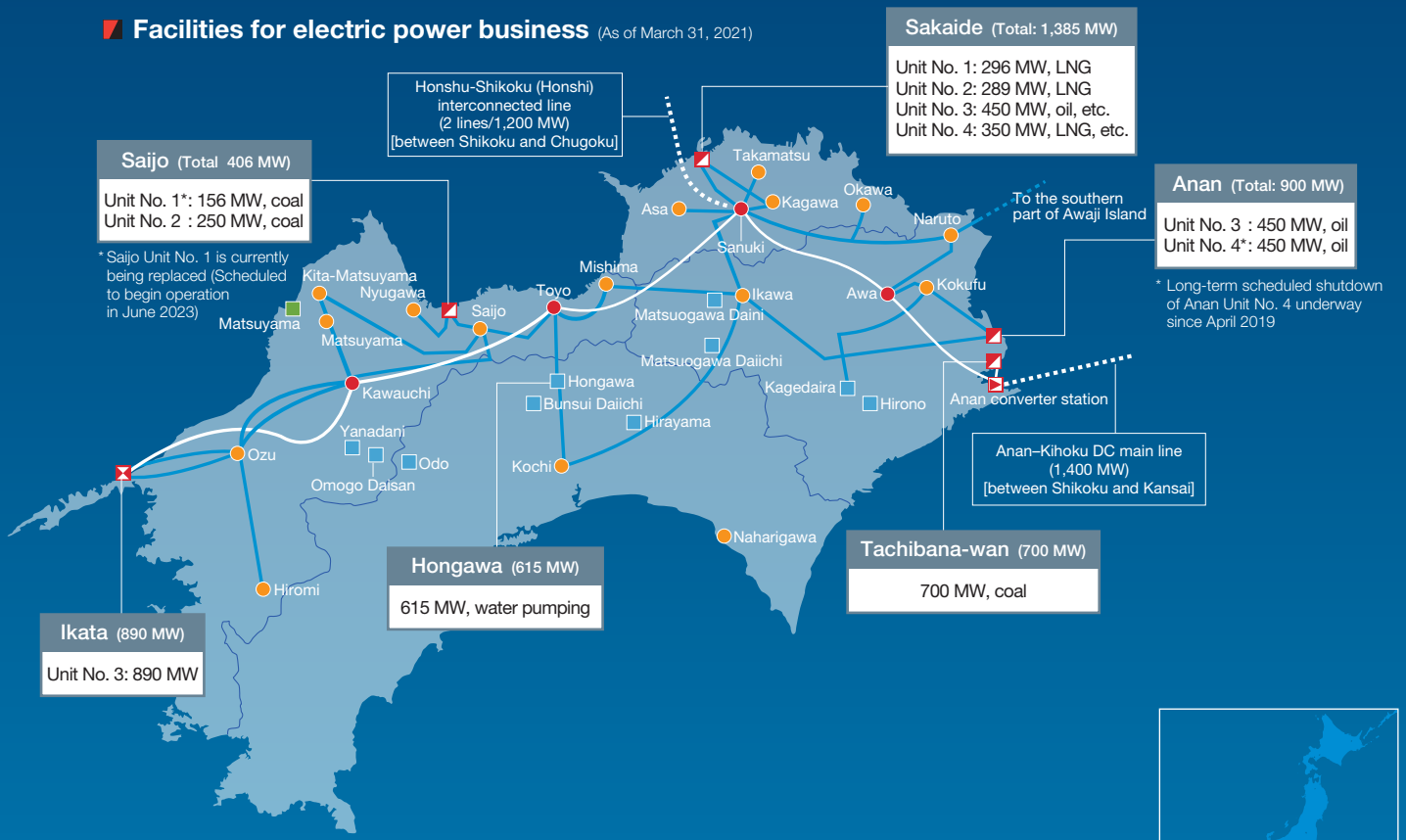

Transmission & Distribution

- We consistently deliver low-cost, high-quality electricity to our customers by improving the supply reliability of our transmission, transformation, and distribution equipment.
- To insure against large-scale disasters such as future Tonankai and Nankai earthquakes, we are preparing tsunami countermeasures and restoration systems for our equipment.

Providing Energy Services

- We offer a wide range of services in electric power business, telecommunications services business, LNG sales business and other fields, making full use of trust and brand power built over many years and the abundant human resources, technologies and knowhow of the Group.

Facilities for electric power business (As of March 31, 2021)



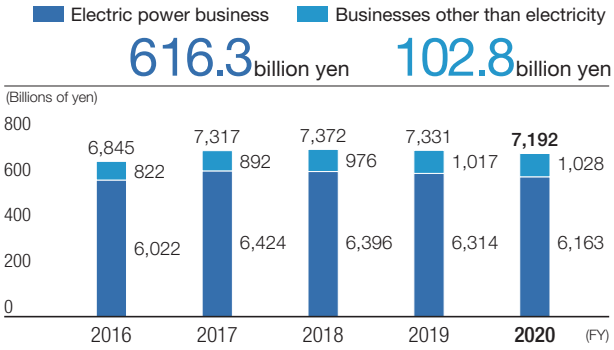
Transmission line length	3,383 km
Distribution line length	46,184 km
Substations 240 locations	23,058 MVA

Shikoku Electric Power Group by the Numbers

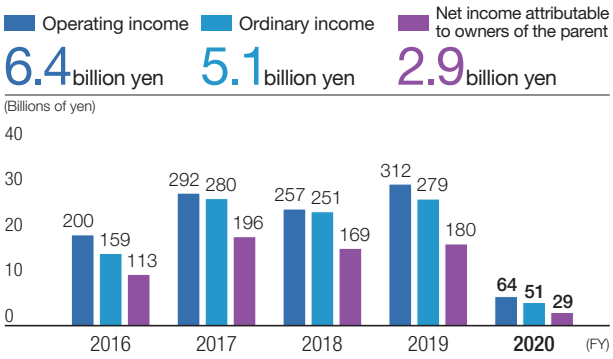
We are aiming for the realization of sustainable value creation by raising target indices not only in the financial aspect, but also in non-financial aspects related to the environment, society, and corporate governance.

Financial Highlights

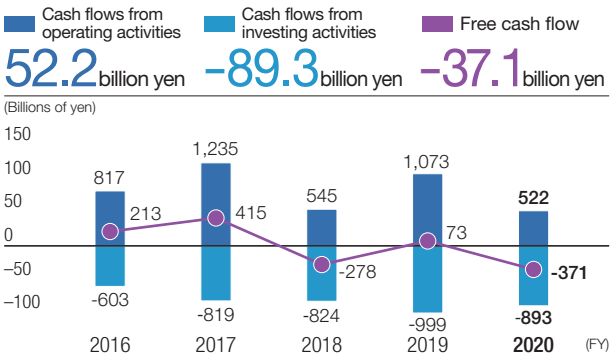
Operating Revenues



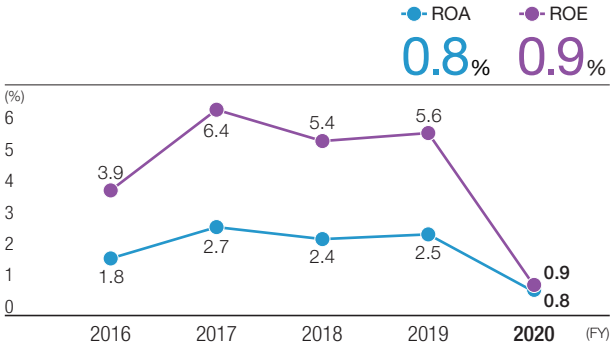
Operating Income / Ordinary Income / Net Income Attributable to Owners of the Parent Company



Cash Flows



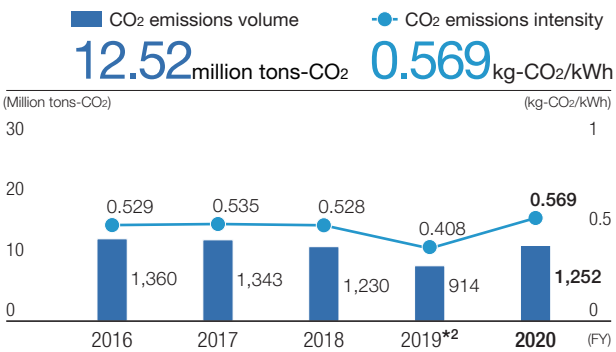
ROA* (Return on Assets) / ROE (Return on Equity)



* (Ordinary income + Interest expense) / Average total assets

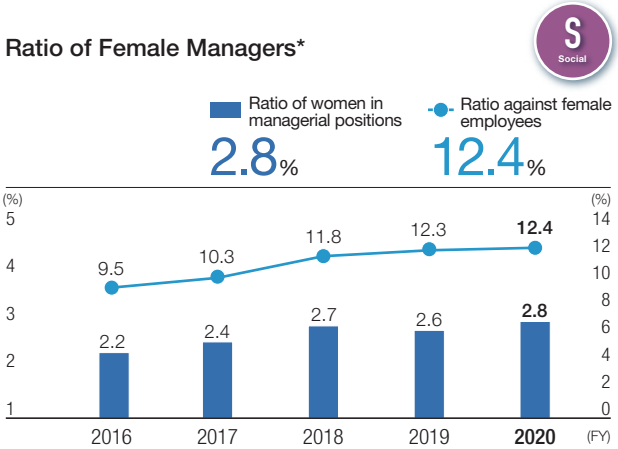
Non-financial Highlights

CO_2 Emissions Volumes*1 and CO_2 Emissions Intensity*1



*1 Values pertaining to retail sales based on the Act on Promotion of Global Warming Countermeasures (reflecting adjustments made under the feed-in tariff system)
*2 Without taking into account adjustments due to the allocation of surplus non-fossil value: 10.24 million t-CO2, 0.457 kg-CO_2/kWh.

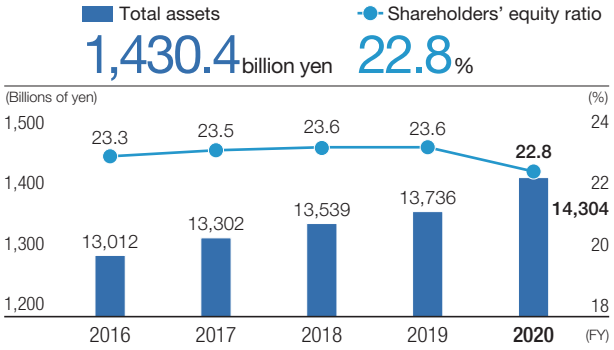
Ratio of Female Managers*



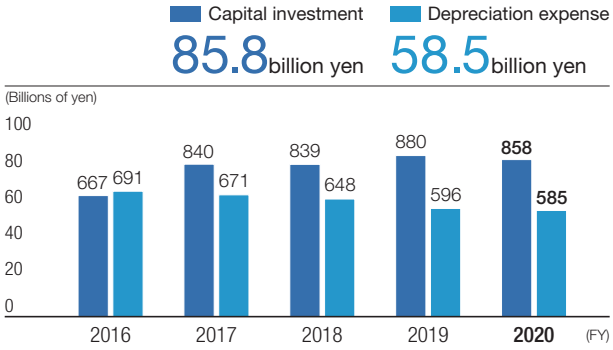
* Total for the company and Shikoku Electric Power Transmission & Distribution Co., Inc.

For financial information → See pages 67–68
For non-financial information (SASB Standards INDEX) → See pages 71–72

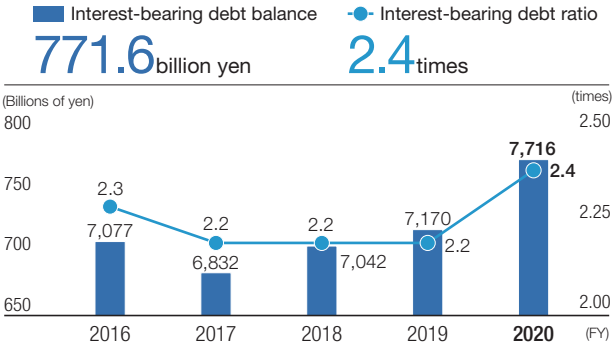
Total Assets / Shareholers' Equity Ratio



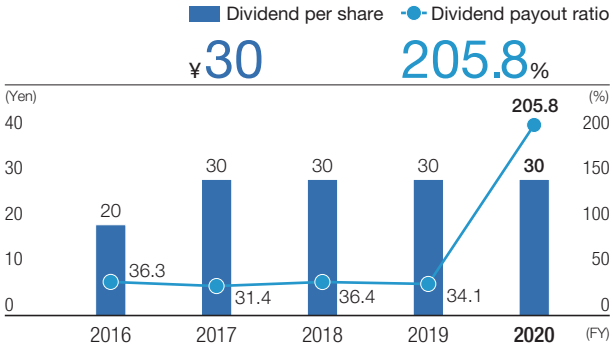
Capital Investment / Depreciation Expense



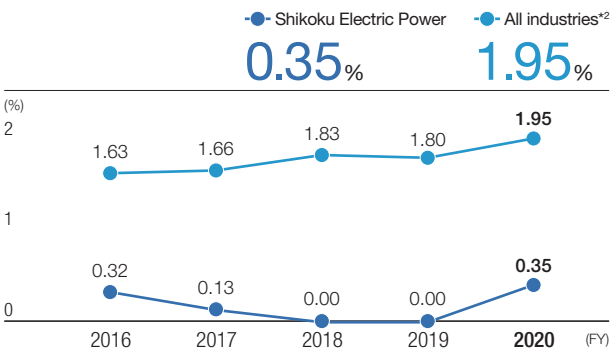
Interest-Bearing Debt / Interest-Bearing Debt Ratio



Dividend per Share / Dividend Payout Ratio



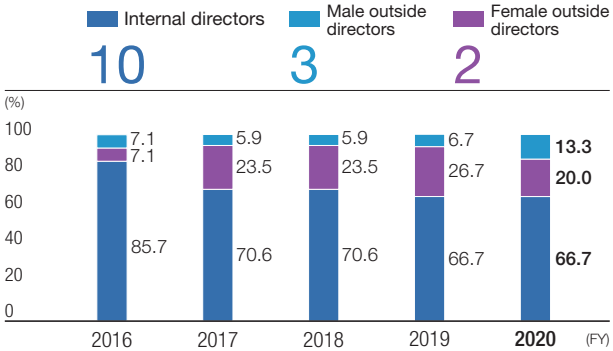
Labor Accident Frequency Rate*1



*1 The number of deaths and injuries per 1 million total working hours (requiring 1 day off or more) for our company is the total for the company and Shikoku Electric Power Transmission & Distribution Co., Inc. The data collection period is the fiscal year for Shikoku Electric Power and January to December for all industries

*2 Source: Ministry of Health, Labour and Welfare "Survey on Industrial Accidents"

Composition of Directors*



* Numbers after the General Meeting of Shareholders in June.

ESG Initiatives that Increase Sustainability

Based on the perspectives of E (Environment), S (Social) and G (Governance) and the SDGs in our Group's region, we have identified priority issues that are closely linked to our business activities and are advancing sustainable value creation initiatives while fulfilling our social responsibilities.

E: Environmental S: Social G: Governance

Priority Issues to Increase Sustainability (Materialities)		Targets and Future Initiatives ([ ] is the target year)	Major Achievements in Fiscal 2020	Relevant SDGs
E Promotion of Measures against Climate Change				
Realization of a decarbonized society	• Consideration and implementation of CO_2 emissions reduction measures in consideration of government energy and environmental policies	[Fiscal 2030] CO_2 emissions from the retail sector compared to fiscal 2013 **-50**%	Compared to fiscal 2013 **-36**%	
		Ratio of non-fossil power sources (Act on Sophisticated Methods of Energy Supply Structures) **44**% or more	**24**%	
Strategy planning and information disclosure	• Enhancement of strategy planning and information disclosure based on TCFD recommendations • Promotion of understanding of measures against climate change among stakeholders	Benchmark indicators (Act on the Rational Use of Energy) Indicator A: **1.00** or more Indicator B: **44.3**% or more	**1.02** **43.1**%	
		Renewable energy generation capacity developed **500**MW	**170**MW (cumulative)	
		[Fiscal 2021] • Enhancement of information disclosure based on the TCFD recommendations		
E Advancement of Environmental Preservation Activities				
Formation of a recycling-based society	• Promotion of the reduction, reuse and recycling of waste	[Fiscal 2021] Waste recycling ratio Approx. **99**%	**99.0**%	
		Coal ash recycling ratio **99**% or more	**99.7**%	
Promotion of regional environment preservation	• Appropriate implementation of environmental monitoring during construction work and release of results • Positive promotion of environmental preservation activities together with the community	SOx emissions intensity Less than **0.3** g/kWh	**0.1** g/kWh	
		NOx emissions intensity Less than **0.5** g/kWh	**0.3** g/kWh	
S Promotion of Coexisting in Harmony with Communities				
Communication with regional society	• Continuous implementation of activities to promote a relationship of trust to connect with regional people • Continuous implementation of energy education to the next generation including "Delivery Energy Class"	• Promotion of social contribution activities and regional coexistence activities that contribute to regional revitalization and issue resolution	■ Implementation of clean-up activities at each place of business ■ Dialogue with regional communities near Ikata Power Station (approx. 27,000 households) ■ Implementation of "Delivery Energy Class" (approx. 3,900 people participated) ■ Establishment of "Shikokuke Supporters Club" for regional and tourism promotion ■ Establishment of a new company to revitalize regional agriculture	*
Regional revitalization and issue resolution	• Continuous implementation of various activities that contribute to regional revitalization and issue resolution			

* The section on SDGs relating to S (Social) continues on the next page.

Priority Issues to Increase Sustainability (Materialities)		Targets and Future Initiatives ([ ] is the target year)	Major Achievements in Fiscal 2020	Relevant SDGs
S Fostering Employee Motivation				
Promotion of diversity and inclusion	• Fostering a work environment where diverse human resources including women and people with disabilities can play active roles	Female employees taking childcare leave **100**% [fiscal 2021]	**100**%	
Development of a comfortable work environment	• Improvement of productivity and workplace vitality based on workstyle reforms	Employees returning from childcare leave **100**% [fiscal 2021]	**100**%	
Thorough implementation of occupational health and safety measures	• Thorough implementation of basic rules through safety education • Promotion of disease control and mental healthcare	Ratio of female managers: **3.9**% [by fiscal 2022]	**2.8**%	
Acquisition and development of the human resources who will contribute to the company's growth	• Enhancement of education and training for human resource development • Pass on the necessary capabilities the electric power business	Ratio of employees with disabilities Legal requirement of **2.3**% or more	**2.6**%	
		Fatal occupational accidents including outsourcing partners **0** [fiscal 2021]	**0**	
S Maintenance and Improvement of Partnerships with Suppliers				
Coexistence and co-prosperity with Suppliers	• Continuous implementation of fair and free transactions as equal partners	• Building of fair and equitable relationships based on the "Declaration of Partnership Building"	■ Public announcement of the "Declaration of Partnership Building" (January 2021)	
G Practicing Transparent Management				
Enhancing Corporate Governance	• Securing of management transparency and improvement of management quality based on the strengthening of management supervision functions, etc.	• Response to Japan's Corporate Governance Code • Appropriate promotion of risk management • Timely and appropriate information disclosure	■ Securing of 1/3 Outside Directors on the Board of Directors	
Improvement of corporate value through IR activities	• Implementation of two-way communication with shareholders and investors		■ Implementation of briefings by the President	
G Promoting Compliance				
Promoting compliance	• Thorough implementation of legal compliance and corporate ethics	• Implementation of compliance education • Continuous strengthening of information security measures	■ Implementation of compliance and information security education using e-learning, etc.	
Ensuring of information security	• Promotion of measures to improve information security • Thorough implementation of personal information management and implementation of education		■ Strengthening of information security measures	

(Reference) Sustainable Development Goals (SDGs)

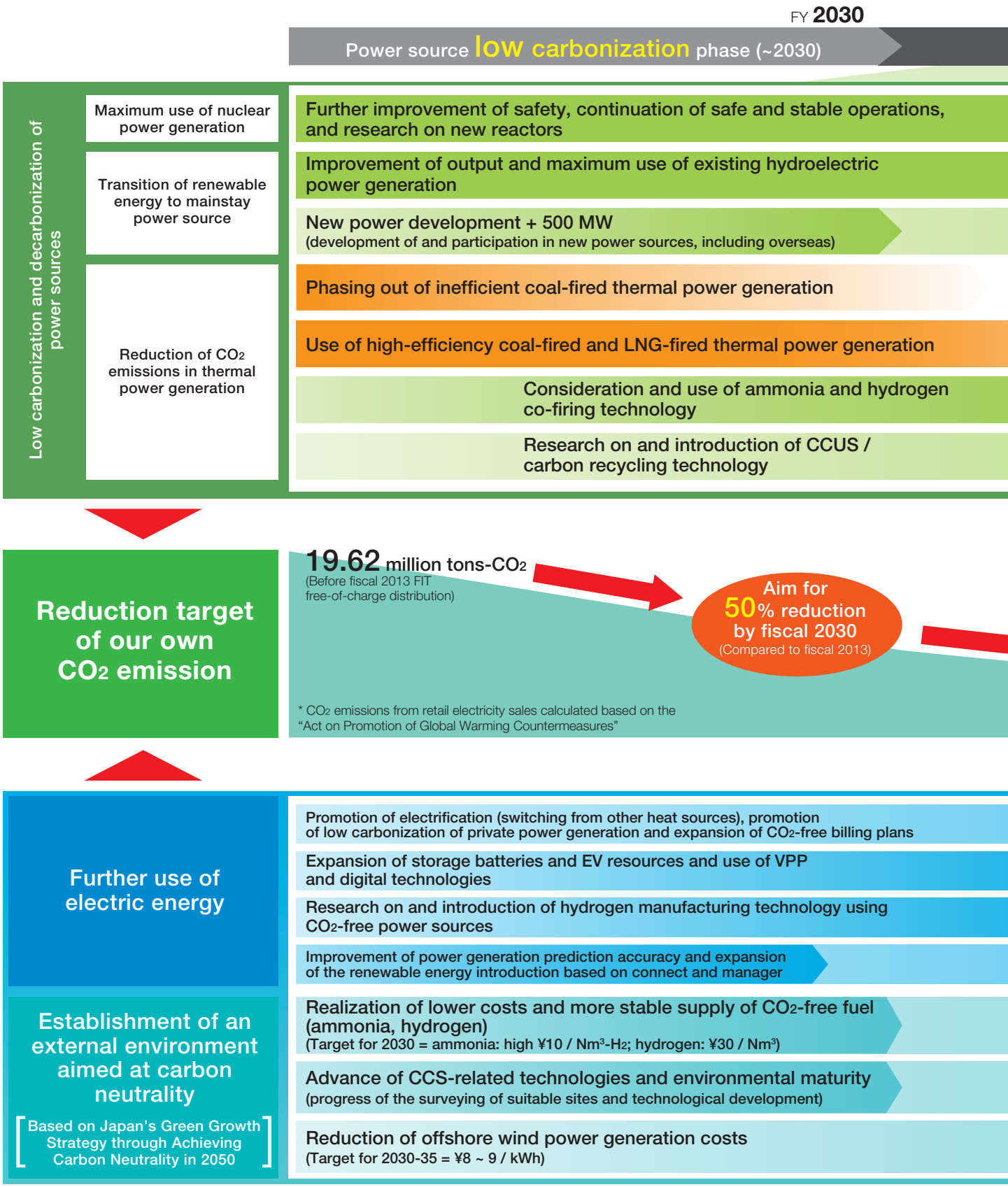
The SDGs are a set of 17 goals and 169 targets to be achieved by 2030 that were approved at the UN Sustainable Development Summit held in September 2015 and serve as an action plan for ensuring a prosperous future for people and the earth.

17 goals to transform our world (United Nations)

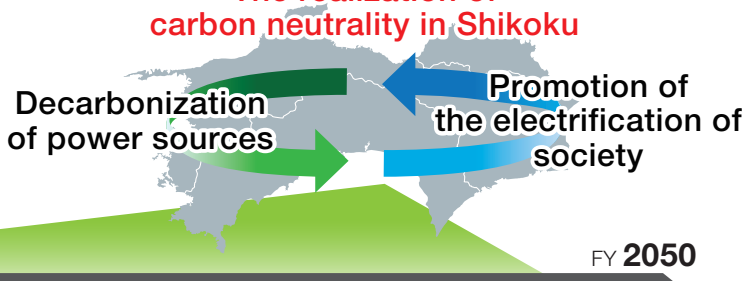
1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals

Carbon Neutral Challenge 2050

As a responsible supplier of energy, we will work on the low carbonization and decarbonization of power sources and expand the use of electric energy through electrification to contribute to the realization of carbon neutrality in 2050.



The realization of carbon neutrality in Shikoku



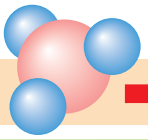
FY **2050**

Power source **low decarbonization** phase (~2050)

● Solar power generation

● Wind power generation

Efforts aimed at + 2,000 MW

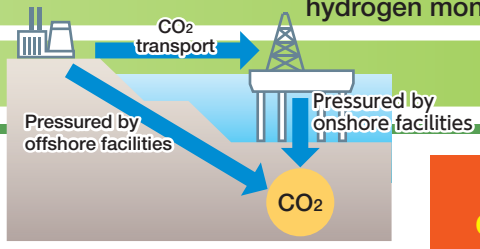


● Thermal power generation

● Ammonia

Consideration and use of ammonia and hydrogen mono-firing technology

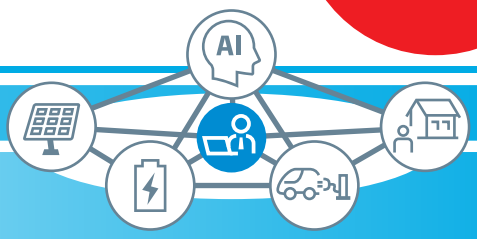
● Hydrogen



● CO_2 storage technology

Aiming for **carbon neutrality** in 2050

Actual zero CO_2

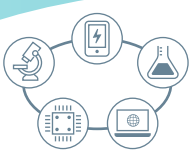


Provision of composite services related to energy

Optimization of transmission and distribution facilities and supply and demand operations

(Target for 2050 = hydrogen: ¥20 / Nm^3)

(Establishment of related laws and regulations and social acceptability)



Technology

Policies and regulations

Society and local communities

Keisuke Nagai
Director and President

Greetings

Our Group's mission is to contribute to comfortable, safe and secure lifestyles and regional development by continuing to provide various high-quality services relevant to people's lives centered on energy, and we are promoting business operations aimed at the realization of "a multi-utility corporate group supporting work and life." Japan has declared that it will be "carbon neutral in 2050," and in fiscal 2030, aims to reduce greenhouse gas emissions by 46% from its level in fiscal 2013. Moreover, Japan has also expressed its intention to challenge towards a high 50% reduction.

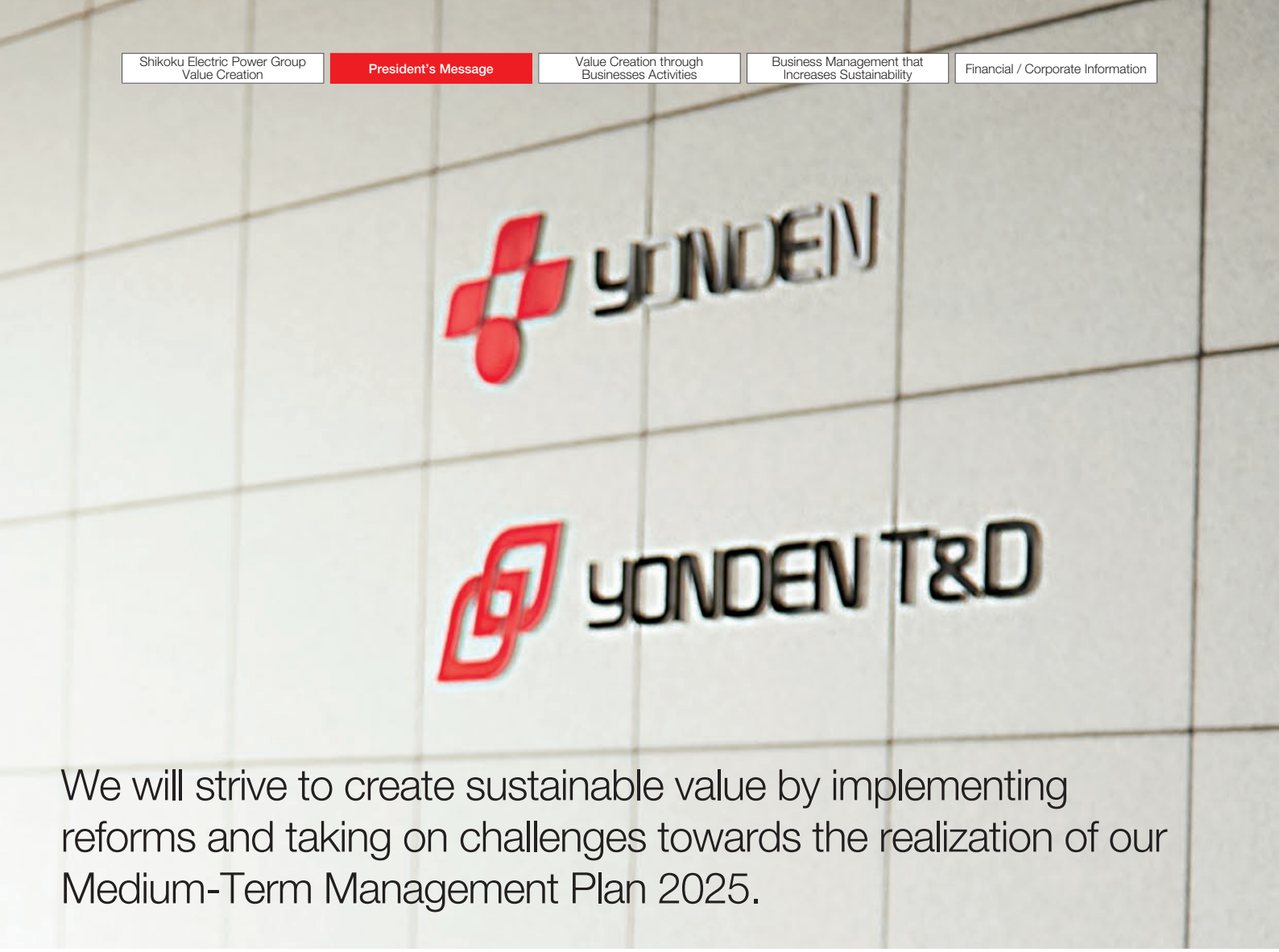
Meanwhile, in electric power business, in addition to decarbonization, liberalization, decentralization and digitalization are advancing, and a paradigm shift will occur in the conventional supply-demand structure in the near future as well. The birth of a new business model is forecasted, with operators integrating and controlling various decentralized resources such as solar power and storage batteries using digital technologies to coordinate the supply and demand of electric power.

Based on this recognition of the environment, in March 2021, we announced the "Shikoku Electric Power Group Medium-Term Management Plan 2025," which targets 2025, and the "Shikoku Electric Power Group Carbon Neutral Challenge 2050," which will aim for the realization of a sustainable society by 2050.

In fiscal 2021, the starting point for these efforts, the December resumption of operation of Ikata Power Station Unit No. 3 has good prospects to stabilize power supply and demand, and normalize management. In addition, looking to achieve Medium-Term Management Plan 2025, the Group has positioned the following as priority issues and has been working on them together from the beginning of this fiscal year.

- Improvement of profitability in electric power business;
- Expansion of growth businesses other than electricity, and the creation of new businesses and services; and
- Deepening of efforts related to ESG and the SDGs, including efforts towards the realization of a decarbonized society.

We celebrated our 70th anniversary in May 2021. The environment surrounding our Group is expected to change significantly from now on, but we will pursue further innovation and challenges and continue to aim for the creation of sustainable value as a corporate group chosen by customers.



We will strive to create sustainable value by implementing reforms and taking on challenges towards the realization of our Medium-Term Management Plan 2025.

Q Please tell us the thinking you put into Medium-Term Management Plan 2025.

A **By continuing to address the key issues of ESG taking "electric power business" and "businesses other than electricity" as the twin wheels of sustainable value creation, we will strengthen our foothold towards the realization of our vision.**

With the recent Medium-Term Management Plan 2025, we set the ideal image for the Group in 2030 and put together the management targets and business management policies for fiscal 2025, the halfway point, as well as the specific measures to realize those targets and policies.

There are two key points. Firstly, we will position "electric power business," our core business, and "businesses other than electricity," where growth can be expected, as the twin wheels of sustainable value creation, and will aim to build a business portfolio that acquires half of the targeted profit of the Group as a whole in each of those business areas.

To that end, we have raised the "strengthening of business foundations and improvement of profitability in electric power generation, sales, transmission and distribution business" as the key issue in electric power business, and the "expansion of growth business centered on telecommunications and international business" as the key issue in businesses other than electricity, and would like to invest management resources strategically to realize those goals.

Secondly, we rebuilt our initiatives for sustainable value creation centered on ESG and reset our priority issues. By doing so, we set out clearly our management stance of working on the improvement of sustainability internally and externally, and raised "Carbon Neutral Challenge 2050" and "Promotion of Digital Transformation" as our long-term priority issues.

Through such initiatives, we will provide new value to customers, ensure 35 billion yen in consolidated ordinary profit in fiscal 2025, and also achieve the following

- ROA of approx. 3%, ROE of approx. 7%;
- Shareholders' equity ratio of more than 25%, interest-bearing debt ratio of 2 times or less; and
- Cash flows from operating activities of approx. 110 billion yen.

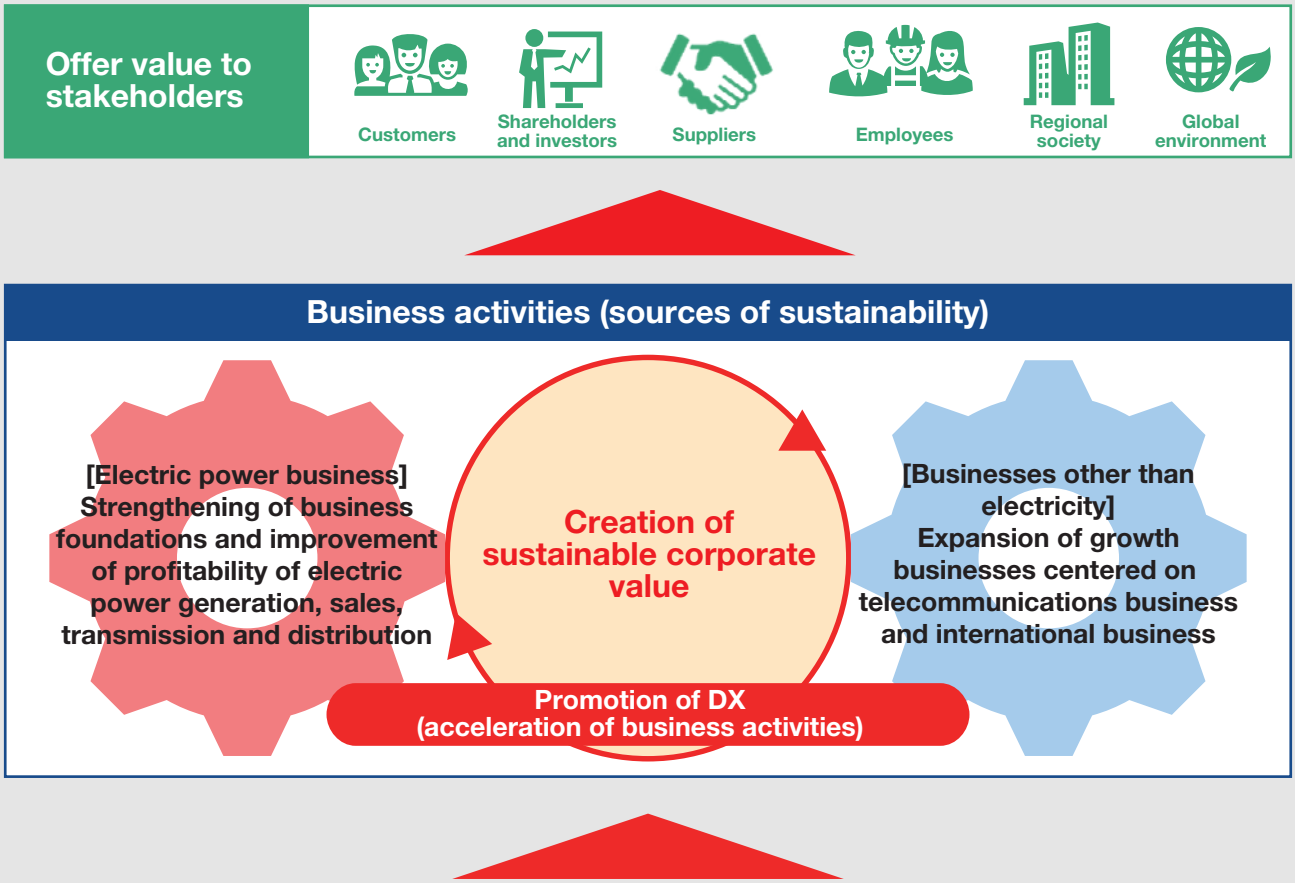
Moreover, in fiscal 2030, we will aim to secure consolidated ordinary profit of approx. 50 billion yen and further improvement of management indicators.

Shikoku Electric Power Group Medium-Term Management Plan 2025

~ Reforming and challenging towards sustainable growth and development ~

Policy for Initiatives Targeting Fiscal 2025

With our core electric power business and businesses other than electricity as our twin wheels, we will "strengthen the business foundations and improve the profitability of electric power generation, sales, transmission and distribution business" and "expand growth businesses centered on telecommunications and international business" while making maximum use of the Group's management resources and cooperating positively with the region and other businesses.

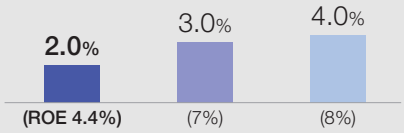


Management Indicators, Shareholder Returns

Management targets	FY2016 to 2020 (5-year-average)	FY2025 (target)	FY2030 (long-term target)

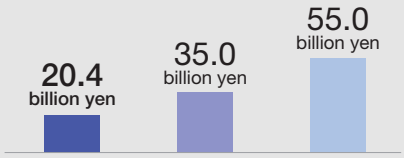
We will continue to acquire profits that exceed the cost of capital

ROA
Approx. 3%
(ROE: approx. 7%)



We will aim to maintain and expand business scale

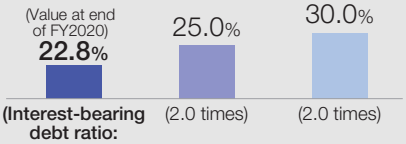
Ordinary income
Approx. 35 billion yen



Management targets	FY2016 to 2020 (5-year-average)	FY2025 (target)	FY2030 (long-term target)

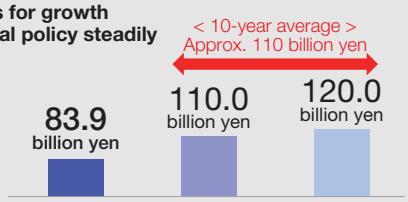
We will aim to balance securing financial soundness with the reduction of capital costs

Shareholders' equity ratio
More than 25%
(Interest-bearing debt ratio: less than 2.0 times)



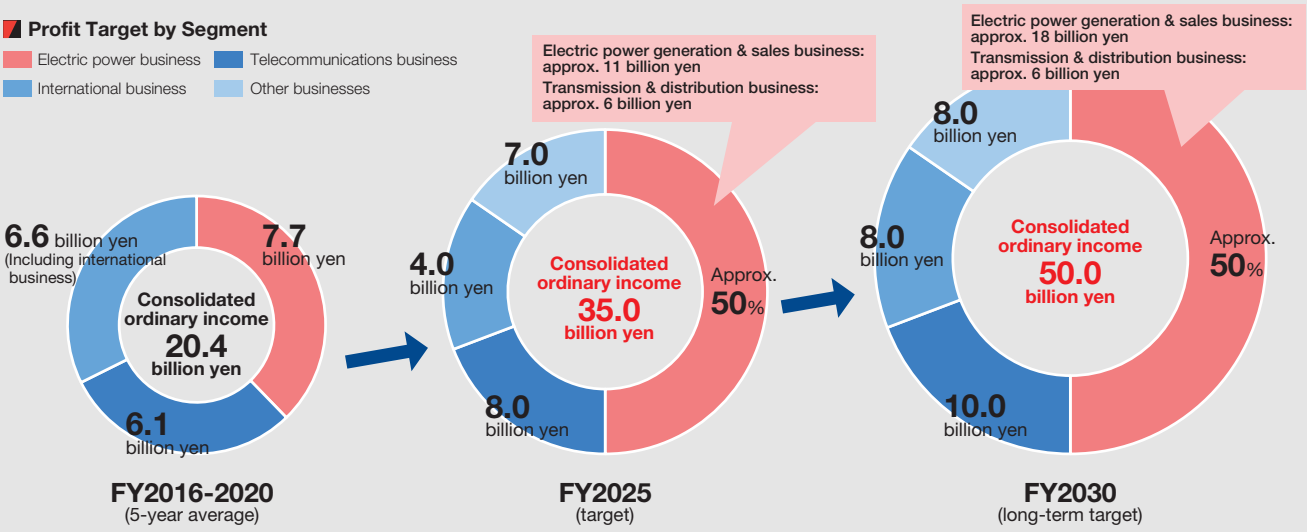
We will acquire funds for growth investment and capital policy steadily

Cash flows from operating activities
Approx. 110 billion yen



Profit Target by Segment

Electric power business | Telecommunications business | International business | Other businesses



Cash Flow Allocation (FY2021-2030)

Cash flows from operating activities 1.1 trillion yen → **Maintenance and renewal 700 billion yen** | **Strategic investment 200 billion yen** | **Capital policy 200 billion yen**

- Strategic investment 200 billion yen: Expansion of renewable energy, low carbonization of thermal power generation, investment in international and new businesses, etc.
- Capital policy 200 billion yen: Dividends, reduction of interest-bearing debt, etc.

Shareholder Returns

Basic policy	• Our basic policy for shareholder returns is to issue stable dividend payments. We will determine dividend levels based on thorough consideration of such factors as business performance, financial condition, and the medium- to long-term outlook for the operating environment.
Target to aim for	• We will work toward early dividend payments of 50 yen per share, assuming the safe and stable operation of Ikata Unit No. 3 leads to such outcomes as a normalized business environment and the securing of stable profits. • We will aim for the further expansion of shareholder returns by achieving the target profit level towards fiscal 2030.

Q How will you strengthen the business foundations of electric power business and improve its profitability?

A We will work on the issues for the strengthening of business foundations and the improvement of profitability with a view to 2030 in accordance with the situation in electric power generation, sales, transmission and distribution business.

In the Group's core business of electric power, we will work on the strengthening of business foundations and the improvement of profitability in each business based on the business environment and issues we face in electric power generation, sales, transmission and distribution.

The first thing with regard to power generation business will be to continue the stable operation of nuclear power generation while gaining the trust of the local community based on the major premise of securing safety. We will aim for the realization of a domestic top-level facility utilization rate. Next, we will aim for the new development of 500 MW of renewable energy in Japan and overseas by fiscal 2030, including increases to the output of existing hydropower plants. Moreover, we will use the various business opportunities that are generated by the renewable energy expansion policies raised by the state to expand the Group's business further. In thermal power generation, we will advance low carbonization and the optimization of the power source mix through the greater efficiency and cutting-edge conversion of facilities, and pursue the highest level of economy in Japan in fuel procurement.

In sales business, we will strengthen our relationships with customers by focusing on account sales, taking advantage of our proximity to customers, and promoting collaboration with other businesses that have a robust customer base. In addition, we will promote efforts to have customers choose us, such as the further expansion of alliances with other business operators, sales in combination with other companies' products, and the enhancement of value-added services and rate plans. We are also focusing on the development of demand for electrification in pursuit of growing needs for decarbonization, and would like to connect that to further business opportunities through solution activities.

In power transmission and distribution business, we will slim down the power transmission and distribution network by grasping opportunities to renew facilities, and optimize and streamline facility management based on the evaluation of risk. In addition, we would like to maintain and improve supply reliability, including disaster recovery measures, enhance resilience at times of disaster, and work on new value creation using power transmission and distribution facilities such as smart meters.

Indicators of Electric Power Business (Electric Power Generation, Retail Sales, Transmission and Distribution)

	FY2025 targets	Long-term targets (2030)
Electric power business total	• Ordinary profit: approx. 17 billion yen	• Ordinary profit: approx. 24 billion yen
Electric power generation & sales business	• Ordinary profit: approx. 11 billion yen	• Ordinary profit: approx. 18 billion yen • Total electricity sales: 30 billion kWh
Electric power generation	—	• Facility utilization rate: 55% (excluding pumped storage power plants), Ikata Unit No. 3 which holds a top spot in Japan • New development of renewable energy: 500 MW
Retail sales	• Regional sales: 21 billion kWh • Outside sales: 1 billion kWh	—
Power transmission and distribution business	• Ordinary profit: 6 billion yen	• Ordinary profit: 6 billion yen

Q What are the policies for initiatives in growth businesses and new businesses other than electric power?

A We will expand growth businesses centered on telecommunications business and international business, and work diligently on new business that corresponds to the increasing sophistication and diversification of energy use.

With regard to businesses other than electricity, firstly, we are expanding our business domains and market areas, allocating management resources focused on telecommunications business and international business, where future growth is expected in particular.

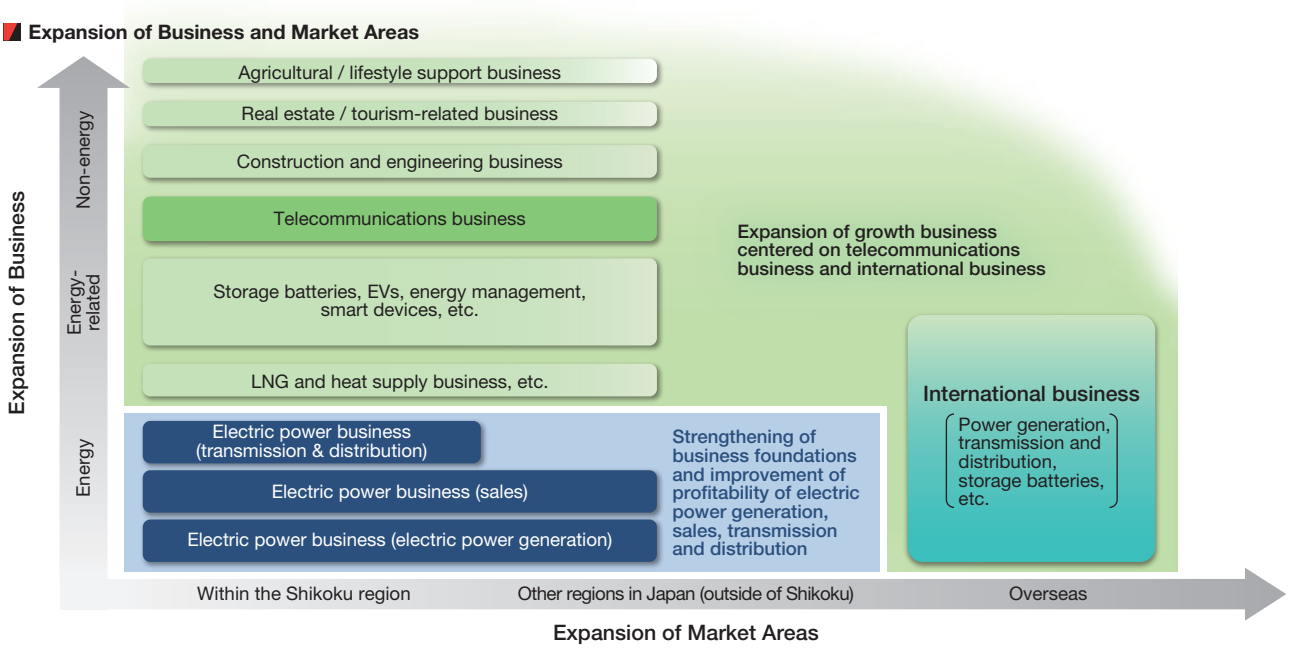
We will aim for further profit expansion in telecommunications business, by continuing to expand the growth areas of data center business and optical communications services for individuals, and by developing new businesses that use IoT and AI.

In international business, another growth business, we have made efforts centered on thermal power generation in the Middle East until now, but in future, we will expand our business areas to Asia, Europe and America, and in view of the global trend toward decarbonization, we will also focus on the acquisition of renewable energy projects. By doing so, we will secure profits while diversifying business risk, and aim for the acquisition of approx. 1.5MW of owned capacity in fiscal 2025 and approx. 2MW of owned capacity in fiscal 2030.

Next, we are promoting new business focused on the two areas of "business corresponding to the sophistication and diversification of energy use" and "business originating from the resolution of the regional issues of Shikoku."

With regard to business corresponding to the sophistication and diversification of energy use, because the expansion and growth of business can be expected with the progress of the decentralization of energy resources and the diversification of transaction formats, we will work on the creation of new business and services while fusing the resources of the Group with the technology and know-how of collaborating companies.

On the other hand, in "business originating from the resolution of the regional issues of Shikoku," we will work on agricultural business and lifestyle-related business that contributes to the creation of regional prosperity and the resolution of regional issues in cooperation with regional companies, taking into consideration the revitalization of the Shikoku region and improvement of the value of the Shikoku Electric brand.



Q What kinds of initiatives are you promoting towards the realization of carbon neutrality in 2050?

A We aim to reduce greenhouse gas emissions by 50% from their level in fiscal 2013 by 2030 and to achieve carbon neutrality by 2050 by advancing the low carbonization and decarbonization of power sources and the further use of electric energy.

As a responsible supplier of energy, our Group would like to contribute to the realization of a sustainable society by promoting initiatives from both electric power supply and demand, namely the "lower carbonization and decarbonization of power sources" and the "further use of electric energy," and taking on the challenge of carbon neutrality by 2050.

With regard to the low carbonization and decarbonization of power sources, we have positioned the period to fiscal 2030 as the "low carbonization phase of power supply" and set the target of reducing greenhouse gas emissions by 50% from fiscal 2013, and will work on realizing that target.

Moreover, we have set the period to fiscal 2050 as the "decarbonization phase of power supply" and would like to deepen our efforts still further.

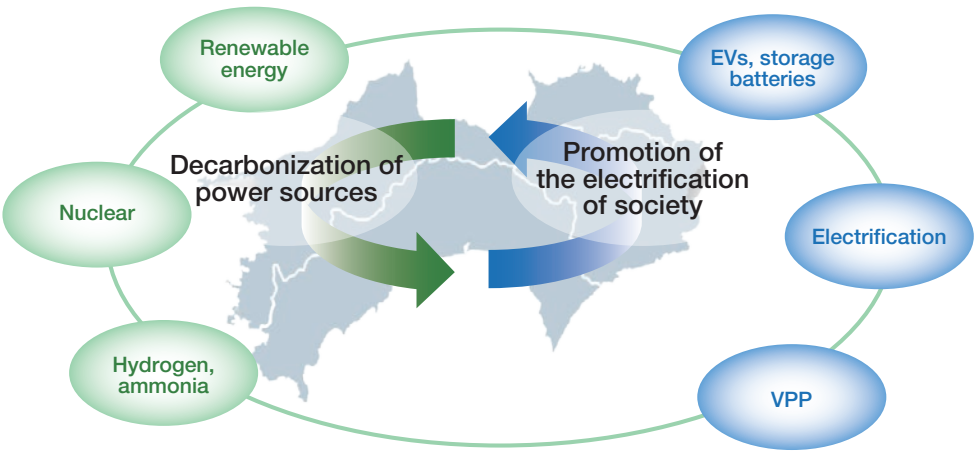
Specifically, we will make maximum use of nuclear power generation while obtaining the understanding of the region, aim for the new development of 500 MW of renewable energy in Japan and overseas by fiscal 2030, and for 2,000 MW by fiscal 2050, and identify and develop projects positively.

As renewable energy increases, the roles of thermal power generation as a power source for backing up and adjusting will increase. Consequently, we will gradually shutdown or decommission inefficient thermal power generation and promote the low carbonization of facilities through higher efficiency. In addition, we will consider a wide range of technological development, including hydrogen and ammonia co-firing and mono-firing technologies, and CCUS and carbon recycling technologies, and will consider equipment measures based on the state of establishment of technologies and the securing of economic efficiency.

On the other hand, with regard to the further use of electric energy, we will promote the electrification of society, including the industrial and transport sectors, on the premise of the low carbonization and decarbonization of power sources. Further, from the perspective of maximizing the use of renewable energy, we will work on upgrading our power generation forecasting technology, the formation of transmission and distribution facilities, and the optimization of supply and demand operations.

Realizing carbon neutrality in 2050 is an extremely challenging target premised on technological breakthroughs, but we would like to contribute to the reduction of greenhouse gases in Japan and around the world by continuing such efforts.

The Realization of Carbon Neutrality in Shikoku



Q Please tell us the aim of establishing the Sustainability Promotion Council?

A By reorganizing priority issues centered on ESG and rebuilding internal systems, we clarified our management stance of promoting sustainable value creation and aiming for the improvement of corporate value while fulfilling our social responsibilities.

To date, we have fulfilled our social responsibility as a public utility and implemented business management based partly on the perspective of the SDGs, which are aimed at the realization of a sustainable society. However, while environmental awareness is rising towards the realization of a decarbonized society and the trend emphasizing corporate governance is strengthening, we have clarified our management stance of aiming for sustainable value creation (sustainability) while fulfilling our social responsibility by reorganizing the priority issues of management from the E (environment), S (social) and G (governance) perspectives.

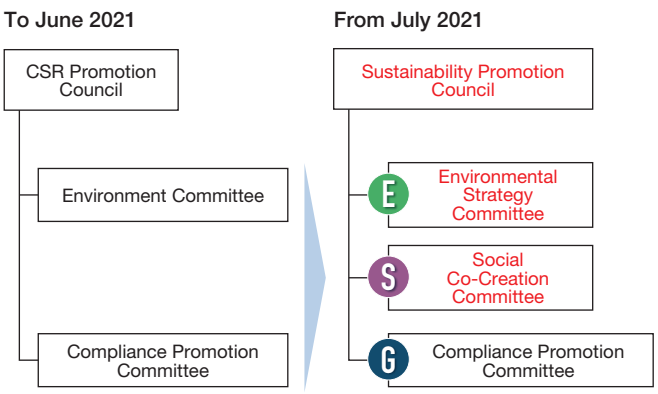
In combination with that, we reviewed our internal structure, abolished the previous CSR Promotion Council and newly established the "Sustainability Promotion Council." Under its umbrella, we established

- the "Environmental Strategy Committee," which will promote climate change countermeasures and environmental preservation activities comprehensively;
- the "Social Co-Creation Committee," which will promote the resolution of local issues and the revitalization of the region, and activities as a member of the community while emphasizing the relationship with business activities; and
- the "Compliance Promotion Committee," which will ensure implementation of compliance thoroughly and maintain and improve a sound corporate culture.

The Sustainability Promotion Council, chaired by myself and with the President of Shikoku Electric Power Transmission & Distribution as the vice-chair, is composed of the Executive Vice Presidents and Senior Corporate Officers of both companies and the executive officers in charge of each headquarters and division. The council has the functions of selecting important issues related to ESG, formulating action plans, supervising the status of their implementation by the committees, and giving instructions on improvements.

We believe that by strengthening the commitment of management to the handling of ESG issues based on a series of reviews, it will be possible to achieve the sustainable improvement of corporate value through the resolution of social issues.

Review of the Committee System related to ESG



Q What will be the capital policy from now on, including shareholder returns?

A **While maintaining the soundness of finances, we will work toward early dividend payments of 50 yen per share, assuming the operation of Ikata Unit No. 3 leads to such outcomes as the securing of stable profits.**

Our basic policy for shareholder returns is to issue stable dividend payments. Dividend levels are determined based on thorough consideration of such factors as business performance, financial condition, and the medium- to long-term outlook for the operating environment.

From now on, we will work toward early dividend payments of 50 yen per share, assuming the safe and stable operation of Ikata Unit No. 3 leads to such outcomes as normalized business operations and the securing of stable profits. In addition, we will aim for the further expansion of shareholder returns towards fiscal 2030 by achieving the long-term profit targets of the Medium-Term Management Plan 2025.

On the other hand, in consideration of environmental changes in electric power business, where liberalization, decarbonization, decentralization, and digitalization are advancing, as well as the risk of future interest rate increases, we would like to increase capital a little in the medium to long term. Accordingly, we have set a shareholders' equity ratio target of 25% or higher for fiscal 2025. We will aim for the realization of the optimal capital structure by reducing the capital cost ratio and improving capital efficiency while maintaining financial soundness.

I ask all shareholders and investors for their continued understanding and support and ask that you view our Group's business activities from a medium- to long-term perspective.

Keisuke Nagai
Director and President
December 2021

Value Creation through Businesses Activities

- Based in the Shikoku region, our Group is conducting business operations aimed at the sustainable improvement of corporate value as a multi-utility corporate group that supports customers' lifestyles.
- We have raised long-term targets for business management and images of the realization of the Group's vision looking ahead to fiscal 2030. We will establish targets and policies for electric power business and each other business on that basis and work collectively as a Group to realize them.

Electric Power Business

P.27 **(1) Optimization of Power Sources and Transmission and Distribution Facilities, and Improvement of Work Efficiency**

P.37 **(2) Improvement of Profitability in Electricity Sales**

Businesses Other than Electricity

P.41 **Expansion of Growth Business Centered on Telecommunications Services and International Business**

Electric Power Business (1) Optimization of Power Sources and Transmission and Distribution Facilities, and Improvement of Work Efficiency


Ikata Power Station (nuclear power)

Initiative Policy

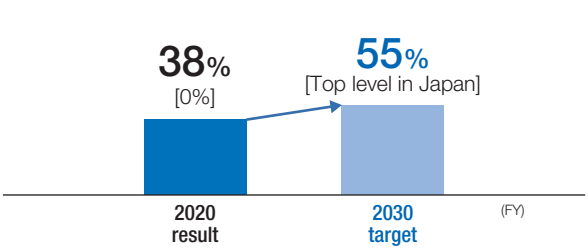
See pages 28–36

In electric power business, we are working on the following measures from the perspectives of building power supply facilities that can ensure our competitive advantage and efficient and robust power transmission and distribution facilities, and strengthening the foundations of our electric power generation and power transmission and distribution businesses.

- Continuation of safe and stable operations at Ikata Power Station Unit No. 3 (nuclear power)
- Development and maximized use of renewable energy
- Continuation of the stable operation of thermal power stations and the promotion of their higher efficiency and lower carbon emissions
- Optimization of transmission and distribution facilities based on systematic renewal and maintenance, and improvement of disaster response capabilities
- Improvement of work efficiency based on cost reductions and the promotion of DX

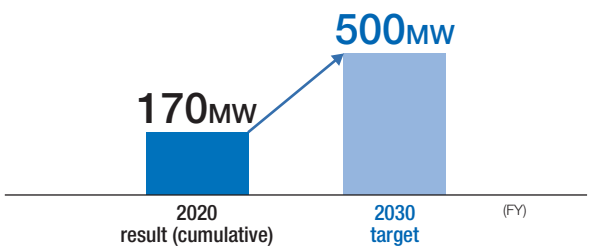
Targets

Power generation utilization ratio (excluding pumping)

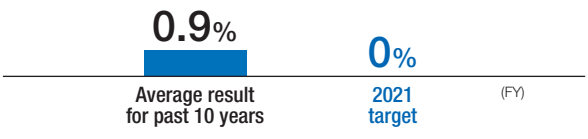


* Figure in [ ] is for Ikata Unit No. 3

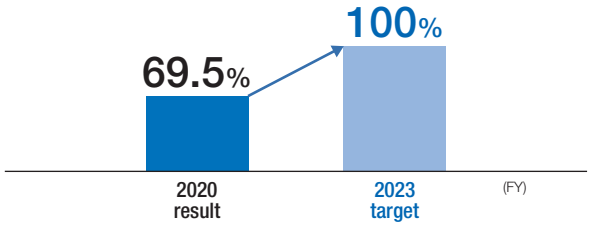
Development of renewable energy in Japan and overseas



Unscheduled outage ratio at thermal power stations



Smart meter installation rate



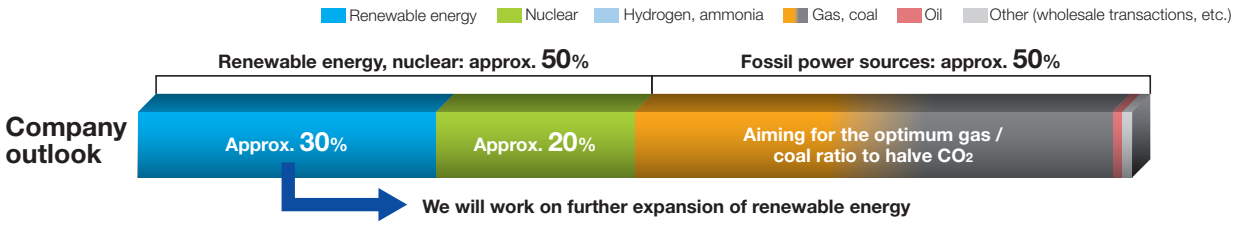
Approach to the Power Generation Mix

Approach to the power generation mix

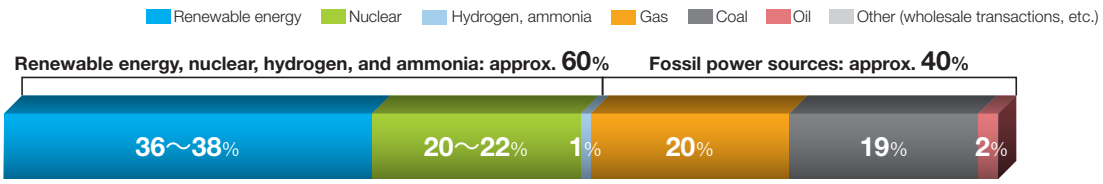
Aiming at the realization of carbon neutrality in 2050, Japan has revised its fiscal 2030 energy mix and formulated its 6th Strategic Energy Plan (Cabinet decision of October 2021) in a form consistent with the target of reducing fiscal 2030 greenhouse gas emissions by 46% compared to their level in fiscal 2013 (NDC: Nationally Determined Contributions).

Based on the national policy, the Company has set a target of reducing fiscal 2030 greenhouse gas emissions by 50% compared to their level in fiscal 2013 and is advancing initiatives to achieve this. We are aiming for the optimal power generation mix that takes advantage of the characteristics of each power source.

FY 2030 power generation mix



< Reference > Fiscal 2030 energy mix in Japan's long-term energy supply and demand outlook



Utilization policy for each power source

		Renewable energy	Nuclear	Gas	Coal	Oil
Japan's 6th Strategic Energy Plan	Positioning	• Decarbonization and promising power sources that can contribute to energy security	• An important baseload power source that contributes to the stability of the long-term energy supply and demand structure	• The power source that emits the least amount of CO_2 among fossil fuels and plays a central role in adjusting the output of renewable energy	• An important power source that has high CO_2 emissions, but also excellently stable fuel supply and economic characteristics • It is also expected to continue playing a role as an adjusting power source for renewable energy	• Although the geopolitical risks associated with procurement are high, this is a power source with excellent transportability and storage characteristics
	Usage policies	• On the basic premise of S+3E, Japan will convert renewable energy into a main power source and promote its maximum introduction under the principle of affording it highest priority while reducing the burden on citizens and aiming for coexisting with regional communities	• Japan will aim for sustainable use on the scale required on the basic premise of ensuring safety while reducing dependence as much as possible	• Japan will reduce the kWh ratio in the power mix on the basic premise of stable supply	• Japan will reduce the kWh ratio in the power mix on the basic premise of stable supply	• Oil will be used at times of emergency while there is no alternative power source
Our usage policies		• In addition to pursuing new development positively in Japan and overseas, we will expand introduced capacity by promoting the enhancement of existing hydropower output See page 31	• We will continue to use nuclear effectively as a core power source that supports stable and low-cost power supply based on the major premise of ensuring safety See pages 29–30	• We will continue to use LNG for its supply and adjustment capacity centered on Sakaide Power Station Units No. 1 and No. 2, which were replaced with LNG combined cycle systems	• We will use coal to a certain extent for its supply and adjustment capacity while improving efficiency and reducing environmental impacts, including replacing Saijo Unit No. 1 See page 33	• We will consider the handling of oil based on our ability to make adjustments and our need for supply capacity when power supply problems occur

*With regard to hydrogen and ammonia power generation, the government has stated that Japan will "accelerate social implementation by 2030" and the Company will also consider co-firing in thermal power generation.

Initiatives for the Safe and Stable Operation of Ikata Power Station

Enhancement of facilities to improve safety

In March 2021, the Hiroshima High Court determined the cancellation of a provisional injunction against the operation of Ikata Power Station Unit No. 3, the Company's core power source. In October of the same year, the construction of Specialized Safety Facility was completed and we resumed operations in December 2021.

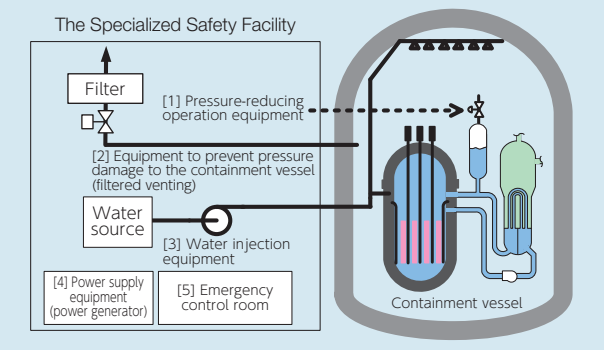
We will keep on continuing safe and stable operations, and by aiming for a facility utilization rate among the highest in Japan, we will stabilize power supply and demand in the Shikoku region and strengthen our management foundations.

Installation of Specialized Safety Facility

Specialized Safety Facility is a backup facility that functions to prevent damage to the reactor containment vessel caused by the impact of a large aircraft with the reactor building or terrorism, etc., and are required to be installed under the new regulatory standards.

When installing these facilities, we implemented measures such as advancing the start of construction and applying for a division of the construction plans aimed at shortening the construction process as far as possible under the basic premise of ensuring safety.

Mechanism of the Specialized Safety Facility



< Equipment overview >

[1] Pressure-reducing operation equipment
... Equipment that operates existing valves to reduce pressure within the reactor containment vessel

[2] Equipment to prevent overpressure damage to the containment vessel (filtered venting)
... Equipment that releases air inside the reactor containment vessel to reduce pressure (at the time of release, the quantity of radioactive materials discharged is reduced by filters)

[3] Water injection equipment
... Equipment that injects water into the reactor vessel or reactor containment vessel

[4] Power supply equipment (power generator)
... Equipment that provides electricity to the water injection equipment and other equipment

[5] Emergency control room
... Facilities to monitor plant conditions and operate the water injection equipment, etc.

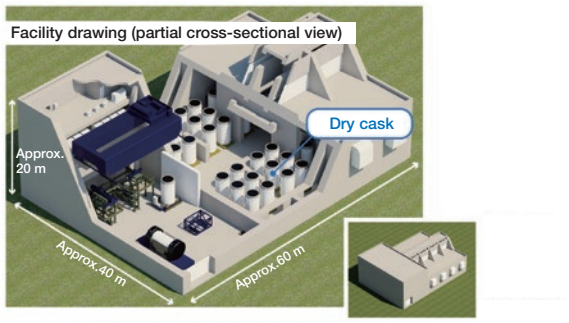
Installation of dry cask storage facility for spent fuel

We obtained prior approval locally at the end of 2020 for the installation of a dry storage facility to store Ikata Power Station's spent fuel temporarily until it is transported to a reprocessing plant.

Dry cask storage facility is very safe as spent fuel cooled in pools for more than 15 years is cooled using natural convection of the air.

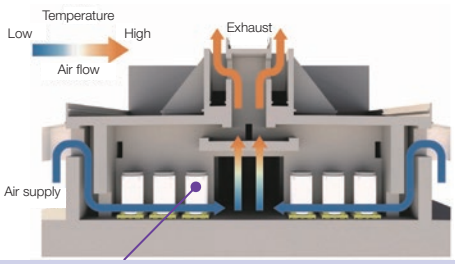
The design and construction plans were approved by the Nuclear Regulation Authority in July 2021, and we will proceed with work to install the buildings and equipment aiming for the start of operations in fiscal 2024.

Image of dry cask storage facility



(Birds-eye-view of entire facility)

Cooling mechanism



4 safety features of the dry casks (containers)

Containment of radioactive material	Prevention of nuclear fission chain reactions
Radiation shielding	Cooling by outside air

Initiative to continue safe and stable operations

Appropriate implementation of operational management and maintenance

At Ikata Power Station, operations are stopped once in no more than 13 months to implement regular statutory inspections. With this and by monitoring operations and patrolling facilities 24 hours a day, we implement planned operational management and maintenance to continue safe and stable operations.

Training programs for operational and maintenance staff

In order to improve the skills and knowledge of operational and maintenance staff at the Company, we implement training continuously at the Nuclear Safety Training Center in Matsuyama City, which has equipment equivalent to that at Ikata Power Station, so that they can take the best actions in response to various events.

Operational training at Nuclear Research & Training Center (simulator)

Strengthening of accident response preparedness (training and cooperation system)

At Ikata Power Station, we are raising the proficiency of emergency response personnel, including Group companies and cooperating companies, by repeatedly implementing individual training conducted for each individual response procedure and comprehensive training conducted together with related groups as training to respond to serious accidents.

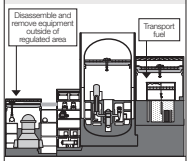
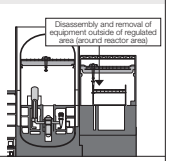
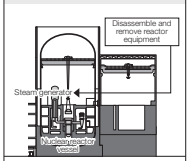
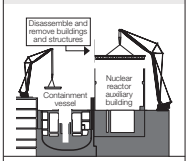
In addition, we have concluded agreements with 12 nuclear operators to provide human and material support, such as dispatching personnel and lending equipment, in preparation for a nuclear disaster. Apart from that, we have also concluded agreements for additional cooperation with 5 electric power companies in western Japan that are close geographically from the perspective of responding to accidents more quickly.

Comprehensive training

Safe decommissioning of Ikata Units No. 1 and No. 2

At Ikata Power Station Unit No. 1, we are currently advancing preparations for demolition work as the first phase in the decommissioning process. In addition, the decommissioning plan for Unit No. 2 was approved in October 2020 and we started first phase decommissioning measures in the same way as for Unit No. 1 from January 2021. The decommissioning work will extend over the long period of 40 years, but we will advance this work steadily while putting safety first.

Decommissioning work process of Ikata Unit No. 1

Phase 1 Preparation for disassembly	Phase 2 Disassembly and removal of equipment surrounding reactor	Phase 3 Disassembly and removal of reactor equipment	Phase 4 Disassembly and removal of buildings and structures
[Approx. 10 years (~Around FY2026)]	[Approx. 15 years (~Around FY2041)]	[Approx. 8 years (~Around FY2049)]	[Approx. 7 years (~Around FY2056)]
			
Commence transportation of fuel and disassembly and removal of secondary system equipment (pumps, tanks, etc.)	Commence disassembly and removal of primary system equipment (pumps, tanks, etc.)	Start of disassembly and removal of major components of primary system equipment (nuclear reactor vessel, steam generator, etc.)	Start of disassembly and removal of containment vessel and reactor auxiliary building

Development of protective clothing

Review meetings for decommissioning research that the Company held with Ehime Prefecture, Ehime University, etc., discussed the development of protective clothing with excellent durability and workability required in decommissioning work. This was developed and commercialized in cooperation with companies in Ehime Prefecture.

Developed protective clothing

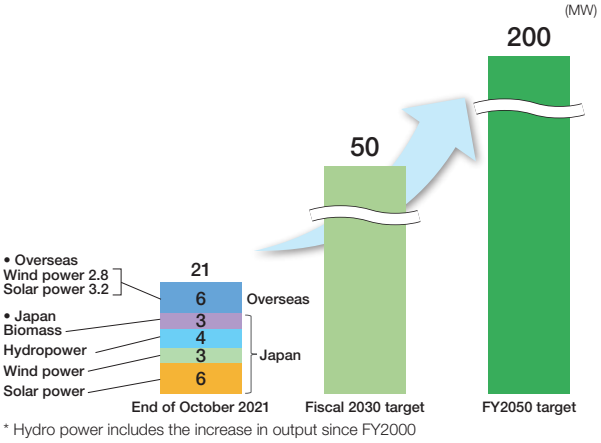
Increasing Introduction of Renewable Energy

New development of power sources / expansion of output

Our Group has set renewable energy development targets of 500 MW by fiscal 2030 and 2,000 MW by fiscal 2050 both in Japan and overseas. In Japan, we are working on

- Participation in various power development projects
- Studies towards the development of offshore wind power
- Increased output at existing hydropower stations etc.

Renewable energy development targets

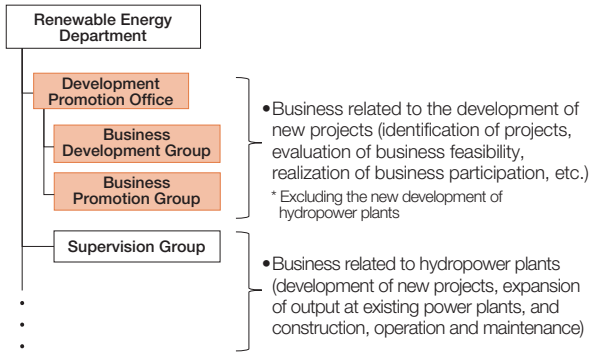


* Hydro power includes the increase in output since FY2000

Strengthening of systems for the promotion of renewable energy development

In November 2020, we established the “Development Promotion Office” within Renewable Energy Department as a dedicated organization responsible for the identification of renewable energy development projects such as wind power, solar power and biomass, as well as business evaluations and business promotion in Japan.

Strengthening of systems for the promotion of renewable energy development



New development of hydropower plants and expansion of output in Shikoku

At the Company’s 57 hydropower plants in the Shikoku region, we are increasing output continuously timed around equipment upgrades, etc., and in fiscal 2021, we plan to increase power output by a total of 1,800 kW.

Further, in June 2021, we started construction of a hydropower plant with a maximum output of 1,900 kW in Kumakogen Town, Ehime Prefecture. (This will use the FIT system)

* Renewable energy initiatives by Group companies See page 44

Fiscal 2021 enhancement and development projects

	Hydropower station	Scale of development / expansion
Enhancement	Kae	9,700kW→9,900kW
	Yusuharagawa Daini	6,000kW→7,500kW
	Kamo	1,700kW→1,800kW
Development	Kurofujigawa	1,900kW (To start operations in FY2024)

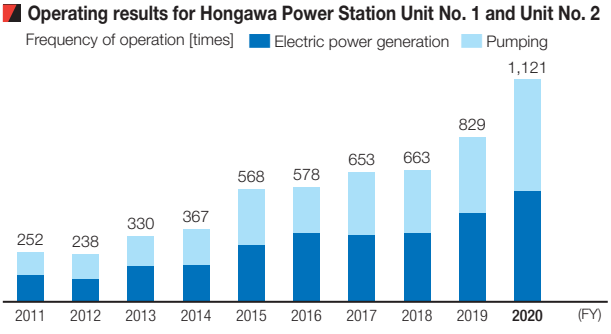
Appropriate equipment maintenance and ensuring of stable operation of pumped storage power stations

While the large-scale introduction of solar power generation, etc. advances, the roles of pumped storage power plants, which function as storage batteries and adjustment capacity in terms of supply and demand, have become more and more important each year.

More than 1,100 power generation and pumping operations were operated at the Company’s Hongawa Pumped Storage Power Station Unit No. 1 and Unit No. 2 (total of 615 MW), in fiscal 2020, an increase of approximately 4.5 times over the past ten years.

As a result, maintenance such as the replacement of consumable parts and repair of aging equipment is implemented in a timely manner to enable stable utilization.

Operating results for Hongawa Power Station Unit No. 1 and Unit No. 2

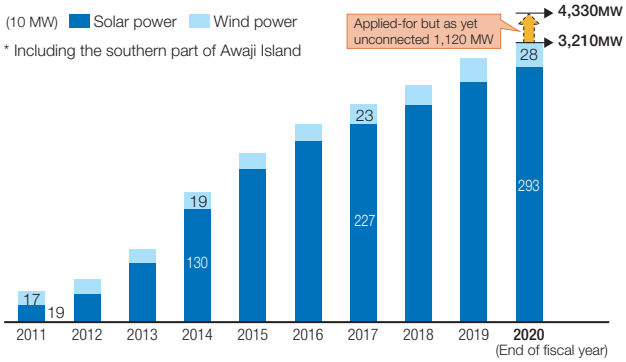


* The FIT system was introduced in fiscal 2012

Expansion of renewable energy grid connections

The introduction of solar and wind power generation has been expanding in Shikoku since the introduction of the FIT system in 2012. As of the end of fiscal 2020, installed capacity connected to the Shikoku Electric Power Transmission & Distribution grid had increased to 3,210 MW, and including applied-for but as yet unconnected capacity, the total is 4,330 MW.

Generation capacities of connected solar and wind power generation facilities in the Shikoku Region

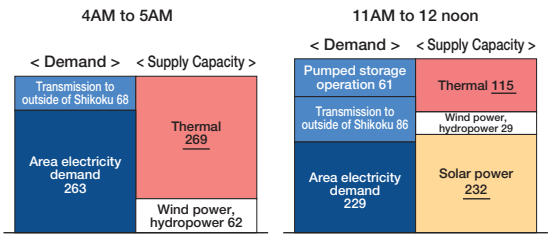


Measures for maintaining supply-demand balance

As connected solar power capacity increases, the importance of thermal power generation and pumping in maintaining the balance of power supply and demand is also rising. For example, on May 3, 2021,

- While no solar power was being generated from 4AM to 5AM in the morning, we maintained the supply-demand balance by increasing the output of thermal power generation to 2,690 MW, and on the other hand,
- As solar power generation (2,320 MW) exceeded area demand (2,290 MW) from 11AM to 12 noon the same day, we maintained the supply-demand balance by suppressing thermal power generation (1,150 MW), increasing power transmission to outside of the Shikoku area and maximizing pumped storage operations.

Composition of demand and supply capacity on May 3



Further renewable energy connection expansion measures

A lack of operational capacity in the existing grid has become apparent in association with the increasing introduction of renewable energy, so we are implementing various measures (a Japanese version of the "Connect & Manage" scheme).

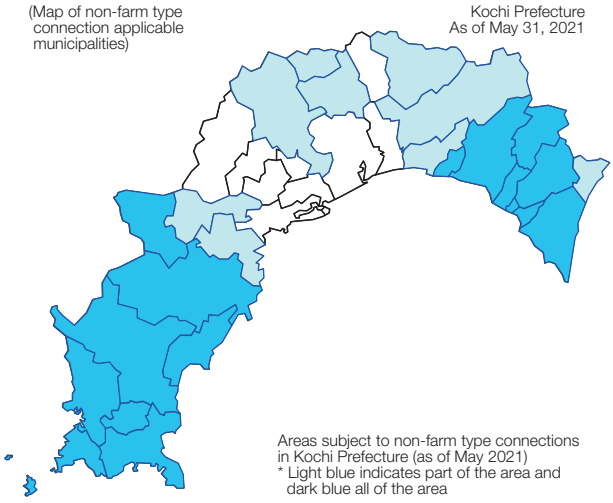
In the Shikoku region too, Shikoku Electric Power Transmission & Distribution discloses the available capacity of the grid on its website. The company began accepting non-farm type connections from January 2021. These allow connection to the grid if operating capacity is exceeded, conditional on output control.

In addition, we have expanded the operating capacity of the Honshi interconnector (1,200 MW x 2 lines, 1,200 MW operating capacity), which connects Honshu and Shikoku, to 1,450 MW from October 2021, if renewable energy output control is expected in the Shikoku area.

Initiatives to expand connection capacity (Japanese version of Connect & Manage)

Measures	Overview and results
Rationalization of current projections	Grid capacity increased due to projection of power source operation considering actual conditions
N-1 power source control	Grid capacity increased by making instant power source control possible at times of grid disruption
Non-farm type connections	Connectable capacity increased by allowing connection conditional on establishing restrictions on power generation output in accordance with the state of grid congestion

Disclosure of information on areas subject to non-farm type connections (website)



https://www.yonden.co.jp/nw/line_access/index.html

Stable Operation and Higher Efficiency of Thermal Power Stations

Initiatives aimed at stable operations

As renewable energy increases, the roles of thermal power generation as a backup power source and adjusting power source are increasing.

Because of this, we conduct daily inspections and patrols carefully, and if any sign of abnormality is seen in facilities, we implement repairs promptly timed with the suspension of operations on holidays to avoid suspensions due to trouble as much as possible. As a result of such efforts, we had only two days of unplanned shutdowns in thermal power generation in fiscal 2020.

In addition, based on our experience of tight supply and demand nationwide in the winter of fiscal 2020, we are managing fuel inventories in the heavy load seasons of summer and winter with plenty of room to spare.

Countermeasures against Tonankai and Nankai Earthquakes

We have taken facility measures assuming earthquakes and tsunamis at facilities where impacts would be expected if something like a Tonankai or Nankai earthquake occurred.

Recently, at the Tachibana-wan Power Station, our major power source , we constructed seawalls with a height of 2.5 to 3.5 meters and a total length of 1.5 km, and raised the level of facilities in preparation for flooding by a tsunami, completing work in February 2021.

Further, as measures for early recovery from damage caused by earthquakes and other disasters, we are making disaster prevention work plans, implementing disaster prevention training and strengthening cooperation with related organizations for times of disaster (see page 34).

Seawall surrounding the coastal part of Tachibana-wan Power Station

Raising of pumps at thermal power plants

Higher efficiency and lower carbon by replacing equipment

We are replacing the aging Saijo Power Station Unit No. 1 with a state-of-the-art, highly efficient ultra-supercritical generating equipment towards the start of operations in June 2023.

After the replacement, we will continue to use Saijo Power Station while reducing its environmental impact, including the use of woody biomass for some of its fuel.

Rendering of completed Saijo Unit No. 1

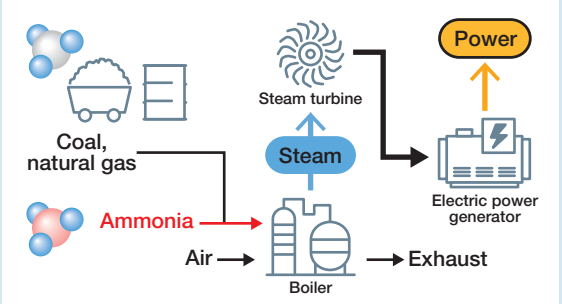
Initiatives aimed at the low-carbonization and decarbonization of thermal power generation

We will continue to use thermal power generation for the time being while making it highly efficient and advancing low carbonization, but it is thought that in the medium to long term, technological innovations related to hydrogen, ammonia, etc. will progress and we will use these to decarbonize.

Specifically, we are positioning the period to 2030 as a low-carbonization phase, and have started considering the potential for co-firing at thermal power stations. We are working on extraction of the technologies we will require and the issues to be resolved.

We will also advance consideration of CO_2 separation and recovery technologies while closely monitoring their progress.

Image of Co-Firing of Ammonia



Optimization of Transmission and Distribution Facilities, and Strengthening of Cooperation for Times of Disaster

Optimization of transmission and distribution facilities

Shikoku Electric Power Transmission & Distribution has been working systematically for some time on the upgrading and maintenance of aging transmission and distribution equipment based on inspection tours and inspection records and the state of diagnoses of deterioration compiled on a database.

We will continue to advance such initiatives further and are currently considering the introduction of systems (asset management) that allow us to judge the order of priority of equipment upgrades and maintenance in integrated fashion while giving quantitative and compound consideration to information such as the degree of impact if equipment does break down and the probability of breakdowns.

In addition, we are improving equipment efficiency and controlling costs by grasping information such as the timing of transmission and distribution equipment upgrades and working on the optimization of equipment based on demand trends.

Considering the introduction of new equipment management methods

[Method image being considered]

- Quantitative and compound consideration of information such as the degree of impact of equipment breakdowns x probability of breakdowns -> Transmission tower C judged to have high priority for equipment upgrading and maintenance

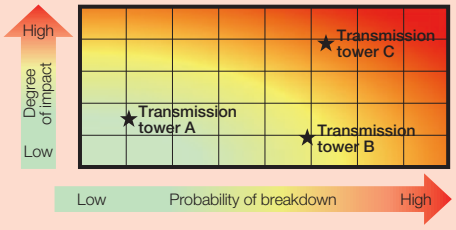
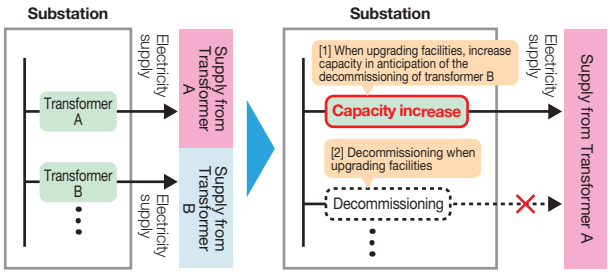


Image of streamlining (optimization) of facilities



Strengthening of cooperation at times of disaster

Based on the intensification of natural disasters such as typhoons, the Company and Shikoku Electric Power Transmission & Distribution introduced a disaster information system in June 2020 that allows both companies to grasp the state of damage and recovery, etc., centrally.

In addition, from the perspectives of disaster prevention and preservation, damage mitigation, and rapid recovery measures, we have concluded agreements on information sharing and mutual cooperation at times of disaster with all local governments in Shikoku as well as the Self-Defense Forces and the Japan Coast Guard Headquarters, and are advancing the strengthening of disaster response systems.

Moreover, based on the plan for cooperation at times of disaster formulated by ten power transmission and distribution companies, we have clarified the ideal form of cooperation with related organizations and are also strengthening disaster responses such as unifying recovery materials, equipment and methods among power transmission and distribution companies and implementing joint training.

Overview of agreements with related organizations

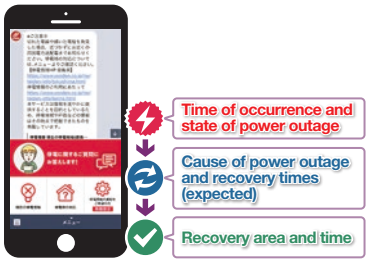
Local governments	• Rapid recovery of roads managed by municipalities for electric power restoration work • Provision of bases, material storage places, vehicle parking, etc., required for electric power restoration work • Oral acceptance, etc., of applications for permission for urgent restoration work
Public organizations such as the Self-Defense Forces and the Japan Coast Guard Headquarters	• Securing of roads, etc • Transportation of personnel and equipment * Implementation of joint training (once a year) with the Self-Defense Forces and the Japan Coast Guard Headquarters
Private corporations	• Rental of construction equipment, temporary toilets, etc • Procurement of boxed lunches, daily necessities, clothing, hygiene products, etc

Rapid transmission of power outage situations

Until now, it was necessary to specify your area of residence by pressing a button on your telephone when inquiring by telephone about a power outage, but we introduced a service in October 2020 whereby AI recognizes the area you are speaking from orally and responds automatically.

In addition, we also provide information via the website, SNS, etc., so that we can notify promptly about power outages.

Power outage information service on LINE by Shikoku Electric Power Transmission & Distribution



Improvement of Work Efficiency based on Cost Reductions and the Promotion of DX

Decreasing procurement costs for equipment and materials

The Company and Shikoku Electric Power Transmission & Distribution are advancing sustainable cost reductions through a Procurement Review WG consisting of Procurement Division and Business Division, towards the sustainable reduction of procurement prices. This WG decides procurement policies for individual projects based on reviews of items to be purchased and the proposal and consideration of purchasing method schemes. It is also implementing initiatives such as using improvement measures in the procurement and consideration of other projects based on procurement results.

From now on, we continue to intend to deepen initiatives further by having the Procurement Review WG participate in considerations from the rough design stage, where there is conceivably plenty of room for cost reductions.

Approach to reducing costs

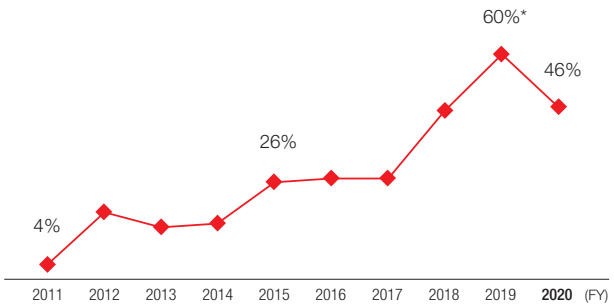
Reviews of the items we buy

- Deep plowing of the reviewing and simplification of product specifications and construction methods
- Promotion of cost reduction activities based on cooperation with suppliers, etc.

Ingenuity in procurement methods

- Increase open bids (development of new suppliers, separate ordering of items and construction, etc.)
- Bundled orders and expansion of joint procurement, etc.

Trends in the percentage of open bids



* In fiscal 2019, the ratio rose temporarily due to the impact of open bids for large amounts.

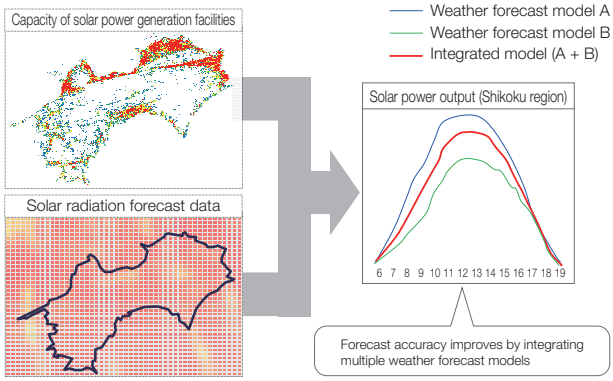
Reduction of supply and demand-related costs

Aiming for the optimal operation of economic supply and demand, we are working to reduce supply-demand related costs by improving the accuracy of solar power generation forecasts, selecting appropriate operating units based on market conditions, utilizing the market flexibly and coordinating regular inspections of our own power sources.

Improvement of the accuracy of solar power generation forecasts

We introduced a method for solar power generation forecasts that complements the incompleteness of individual models by combining multiple weather forecast models in May 2021, and are striving to improve forecast accuracy and select appropriate operating units.

Image of Solar Power Output Prediction



Extension of periodic inspection periods of our thermal power plants

By the end of fiscal 2020, for seven of our main thermal power plant units, we had acquired “System S,” enabling us to extend the period of regular inspections to up to six years in accordance with the safety capabilities of the operator.

From a medium- to long-term perspective, we will continue to strive for efficient facility operations to improve utilization rates and reduce supply-demand related costs and repair costs.

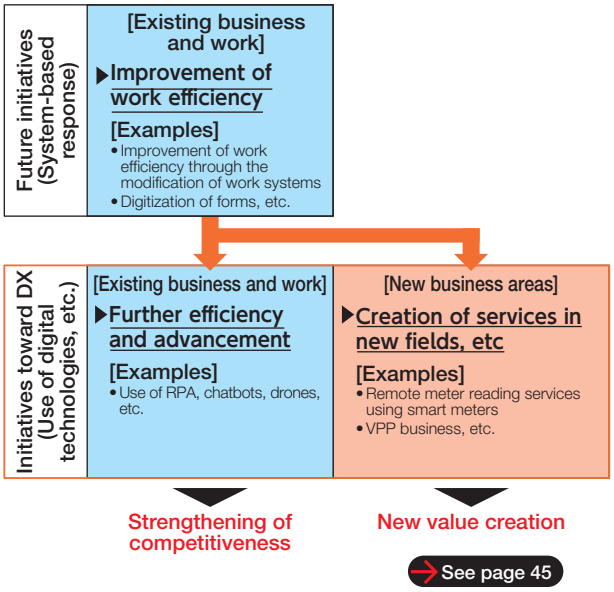
Decreasing procurement costs for fuel

In fuel procurement, we are working for both the stable securement of fuel and the reduction of procurement costs by diversifying countries of procurement and combining long-term contracts and spot purchasing.

Promotion of DX (Digital Transformation)

We are aiming to strengthen competitiveness and create new value by promoting DX that will transform work and business through the use of digital technology, improving the efficiency of existing business and work, and creating services in new business fields.

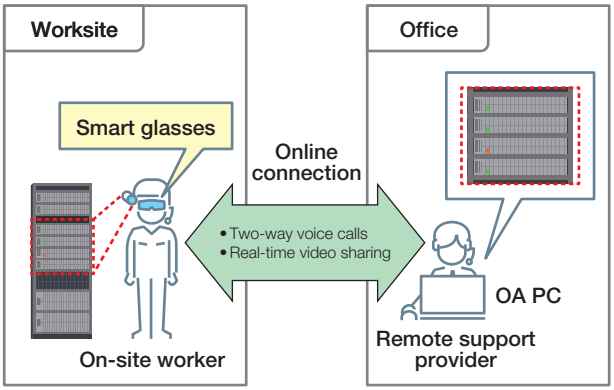
Image of the promotion of DX



See page 45

Support for remote work using smart glasses (DX case study [1])

We conducted a technical verification test of smart glasses, which enable support for remote work, and then implemented a full-scale introduction. By doing so, we are able to save labor and improve the level of on-site work, such as saving time for support providers to travel to worksites.



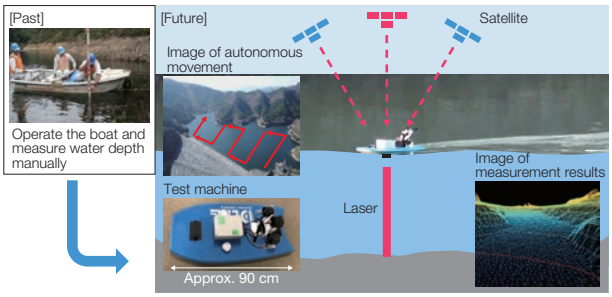
Greater work efficiency using drones, sensors and AI

We are increasing work efficiency and the precision of deterioration diagnosis by using drones, sensors and AI on inspection tours and inspection work of various facilities.

Dam sedimentation measurement by autonomous mobile drone (DX case study [2])

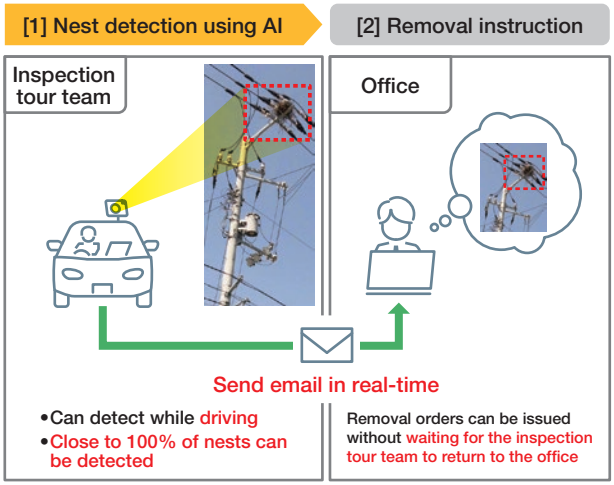
Through verification tests, we are advancing the development of drone models and systems that can acquire position information in real-time from many satellites to realize high-precision autonomous flight.

We are considering expanding such systems to also work on water and improving the efficiency of work measuring the sediment that has accumulated in dams.



Inspection tours of power distribution facilities using AI (DX case study [3])

We have introduced a crow's nest detection system using AI-based image recognition technology to prevent power outages and improve the efficiency of patrol work.



Electric Power Business (2) Improvement of Profitability in Electricity Sales

All-electric homes (IH cooking heater, EcoCute)

Initiative Policy

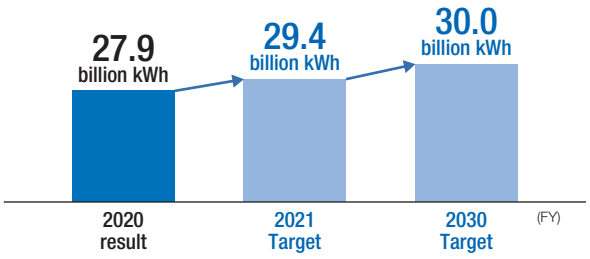
See pages 38–40

In electricity sales, while the difficult competitive environment continues, we are using the strengths of the Company, namely the trust we have accumulated with customers over the years and our proximity, and implementing the following measures to improve profitability.

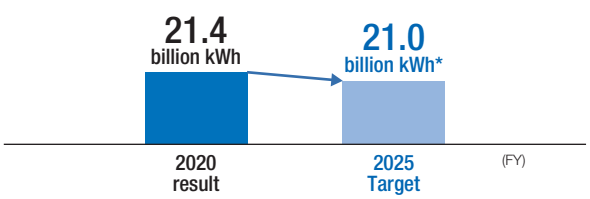
- Provision of various rate plans and services matched to customer needs
- Promotion of account sales, agency sales and combined sales with other products, and expansion of wholesale sales
- Development of demand by promoting electrification

Targets

Total electricity sales

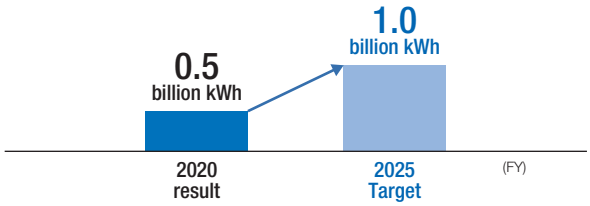


Electricity retail sales within the region



* We will minimize the impact of contract switching, etc.

Electricity retail sales outside the region



Enhancement of Rate Plans and Services

Setting of diverse rate plans, etc.

We have set rate plans and discount programs that allow customers to enjoy benefits in accordance with their lifestyles and needs. In addition, we are proposing CO_2-free rate plans based on growing environmental awareness.

In addition, we are also working to improve customer satisfaction by providing a variety of options, including a service to purchase surplus electricity generated by solar power for customers whose purchase period under the Feed-in Tariff (FIT) program for renewable energy has expired.

Main rate plans

Customers living in all-electric houses

Denka e-Plan and Denka e-Apartment Plan
Customers that can shift electricity use to nighttime or holidays

10% discount off electricity rates as a "Denka discount" for customers using both IH and an electric water heater

Customers not living in all-electric houses

Otoku e-Plan
Customers that use electricity at all times of the day

CO_2 Free Plans

Re-energy Premium Plan
A plan that supplies 100% renewable energy electricity generated at our hydropower plants

Re-energy Plus+
A plan for customers to use electricity as substantially 100% renewable energy by using non-fossil certificates

Region-limited 100% hydro power plan (Tokushima Prefecture, Kochi Prefecture)
A plan that provides corporate customers in Tokushima Prefecture and Kochi Prefecture with 100% renewable energy generated at hydropower plants operated by the prefectures

Main discount systems

Arigato Discount
This is a discount applied to electricity rates once a year for customers who contract with us.

Family e-Discount
This is a discount applied to the monthly electricity rates upon consolidated payment for electricity contracts for multiple locations.

Electric Floor Heating Discount
This is a discount applied to electricity rates for six months from November each year to April of the following year for customers who have joined the Denka e-Plan and installed electric floor heating.

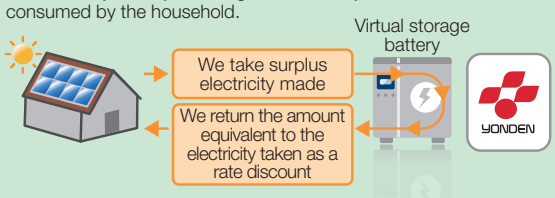
Region-limited Discounts (Tokushima Prefecture, Kochi Prefecture)

[1] Migrant plan
This is a discount applied to monthly electricity rates for one year for individual customers who move to either prefecture from outside.

[2] Business location support plan
This is a discount applied to monthly electricity rates for one year for corporate customers, etc., who are eligible for a subsidy program for corporate location, etc., designated by the prefecture from April 1, 2020.

Plan for the acceptance / purchase of surplus electricity generated by solar power

Yonden Tametoku Service (residential)
This is a plan for customers whose purchases under the FIT system have expired. We take surplus electricity generated by solar power (up to a monthly maximum of 150 kWh) and a discount is applied to the electricity rate by deeming that electricity to have been consumed by the household.



Yonden Energy Service Co., Ltd., a member of the Yonden Group, offers a "storage battery installation service" to customers who want to install storage batteries from the perspective of resilience at times of disaster.

Purchasing plans in collaboration with retailers
Plan for us to purchase surplus electricity generated by solar power. Since the environmental value included in purchased electricity is provided to Aeon and Fuji stores, customers receive WAON points or FCA Money that can be used at those companies' stores in addition to purchasing charges.

Improvement of Profitability in Electricity Sales

Sales Initiatives

In order to strengthen relationships with existing customers and acquire new customers, we implement sales activities such as account sales, collaboration with sub-users such as homebuilders and building contractors, and agency sales through partner businesses.

Account sales by dedicated personnel

We focus on account sales by assigning specialist personnel to corporate customers of a certain size or larger.

The specialist personnel work to strengthen relationships with existing customers and acquire new customers by making detailed proposals in price and non-price terms based on customer needs, the state of electricity use, etc.

Development of electrification demand in commercial fields

We are implementing proposal activities centered on the electrification of kitchens and hot water supply, including electrification proposals and design support for sub-users such as design offices that influence heat source decisions, and strengthening solution activities for end users.

In particular, from the HACCP* perspective, we are promoting the development of demand by appealing to the safety and convenience of electrified kitchens to medical and welfare facilities and school lunch cooking facilities.

* Hazard Analysis and Critical Control Point: A hygiene management method to remove and reduce hazard factors such as infection with food poisoning bacteria and other contamination with foreign substances.

All-electric kitchen with superior convenience and safety

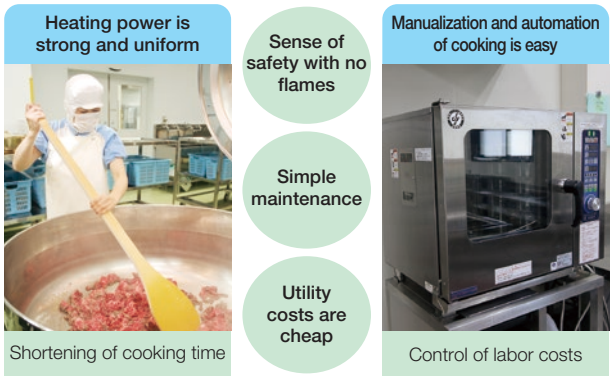
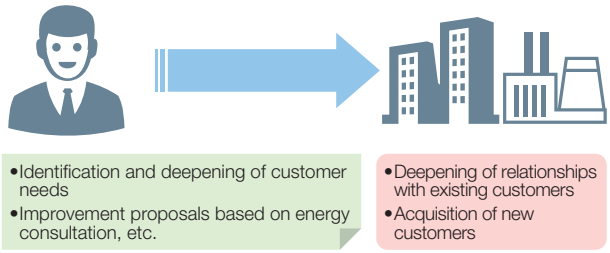


Image of proposal-type sales by specialist personnel



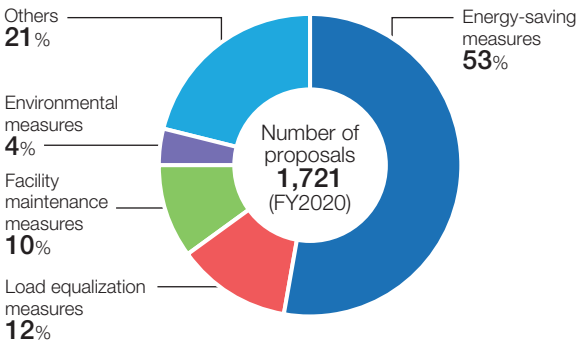
Energy consultation in industrial fields

Using our Group's technological capabilities and know-how, we provide energy consultation to customers in industrial fields based on the conversion of heat sources to electricity

- Energy saving measures and load leveling measures
- Cost reductions and productivity and quality improvements, etc.

In addition, by proposing a variety of highly specialized solutions, including environmental measures and efficient operating methods for existing facilities, we are developing electricity demand and strengthening relationships with customers.

State of solution proposals for customers



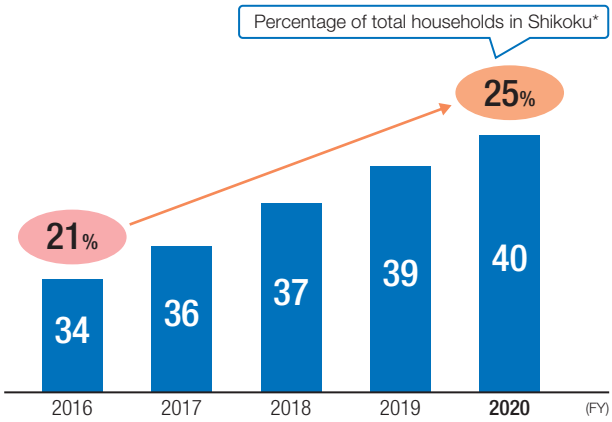
Promoting spread of all-electric houses

Our Group collaborates with sub-users such as homebuilders and building contractors to unearth demand by appealing to the comfort, convenience and economy of all-electric homes to customers considering new construction or renovation.

Further, we are also conducting intensive sales activities including promoting the switch to EcoCute through the Eco Replacement Campaign, and offering combination discounts on electricity rates and electrical equipment leases.

As a result of these activities, in fiscal 2020, approx. 76% of newly built detached houses were all-electric, and the percentage of all-electric houses among all houses in Shikoku rose to approx. 25%.

Number of all-electric house contracts (10 thousand houses)



* 1.63 million households (as of October 1, 2020, Population Census, Ministry of Internal Affairs and Communications)

Promotion of EV and PHV purchases

From the perspective of promoting the electrification of mobility, we offer a service that provides new purchasers of electric vehicles (EV or plug-in hybrid (PHV) vehicles) 500 points* per month for a maximum of three years.

* The points granted can be exchanged for specialty products of Shikoku or other companies' points on "Yonden Concierge," our membership web service. The application period for this service will last until the end of March 2022.

Use of agency sales and combined discount plans

We collaborate with business operators that have a strong customer base in the Shikoku region and manages agency sales of electricity through collaborating companies, and sell the services of other companies, including those of Group companies, or supply them as part of combined discount plans with our designated electricity rate plans.

In addition, we are accumulating new customers by using agencies, etc., outside of Shikoku centered on the Tokyo metropolitan area.

We will continue to expand the number of collaborating companies and build long-term stable relationships with customers, and will consider the provision and introduction of new added value and services so that we can exhibit the effects of collaboration to the maximum.

Discount plans combining electricity with lifestyle-related services

Provider	Combined services	Discount details*1
Yonden Energy Service Co., Ltd.	Leasing*2 of EcoCute, etc., electric water heaters and electric cookers (IH)	Monthly discounts of certain amounts
STNet, Incorporated	Telecommunications service, low-cost smartphones	
CATV Tokushima, Inc.	Cable TV	

*1. The subject electricity rate plans are the Otoku e-Plan, Denka e-Plan and Denka e-Apartment Plan.
*2. Leasing electric cookers only is ineligible.

Expansion of total electricity sales

We are working on expansion of the total amount of electricity sold through both retail and wholesale sales.

With regard to wholesale sales, we are aiming to maximize earnings by expanding sales volume through arm's length transactions that meet the diverse needs of business operators and spot markets and baseload markets on the wholesale electricity exchange, and combining transactions in the supply-demand adjustment market, which was created in April 2021.

Businesses Other than Electricity
Expansion of Growth Business Centered on Telecommunications Services Business and International Business


Powerico data center (server rooms)


Data center monitoring

Initiative Policy

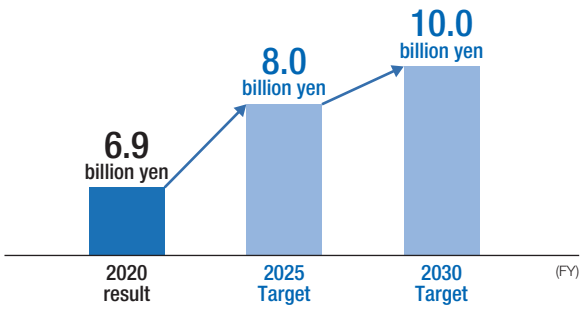
See pages 42–45

With regard to businesses other than electricity, we are expanding our business domains and market areas centered on telecommunications business and international business, where future growth is expected in particular, and we are aiming for significant increases in profits over the next ten years.

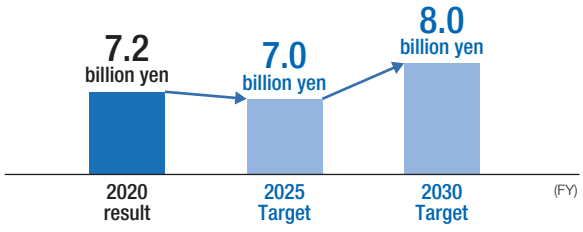
- Expansion of data center business, cloud business, telecommunications business for individuals in telecommunications business
- Acquisition and development of new projects in international business
- Steady profit expansion in gas sales business, construction and engineering business, etc.
- Creation of new business and services in distributed energy business

Targets

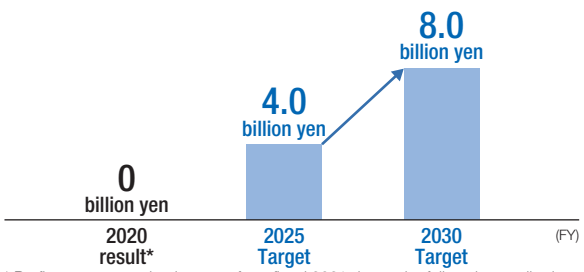
Telecommunications services business (ordinary profit)



Other business (ordinary profit)

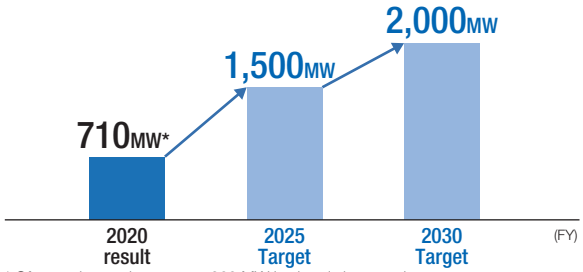


International business (ordinary profit)



* Profits are expected to increase from fiscal 2021 due to the full-scale contribution to profits of already-acquired projects

International business (owned capacity)



* Of owned capacity, approx. 300 MW is already in operation

Telecommunications Services Business

We are using management resources such as telecommunications-related human resources, technologies and facilities cultivated through electric power business to expand data center, cloud, and optical communications business centered on STNet, a Group company. In addition, we are also working on the consideration, etc., of new services using local 5G, AI and IoT in search of further profit expansion.

"Powerico" data centers for corporations and cloud business

STNet is expanding its data center and cloud business for corporate customers, having grasped the increase in corporate data volumes, DX needs and burden reduction needs in system operation and management.

In addition to the high specifications of its data centers, customers also have high regard for its proposal-style operational and management services, and STNet is being used by customers mainly in the Tokyo metropolitan area including financial institutions, local governments and companies in manufacturing and IT, etc.

Data center business (Powerico)

[1] Service overview

< Facilities services >

Provision of installation environments for servers, etc.
(Racks, space, power, air conditioning, etc.)

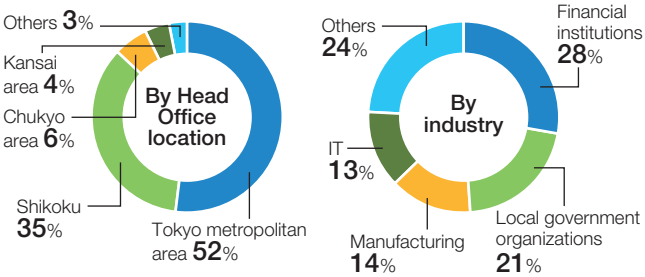
+

< Monitoring and operation support services (24 hours a day, 365 days a year) >

- **Premium support** (Host operation management, help desk, etc.)
- **Operational support** (Operation and maintenance including fault isolation, repair procedures, etc.)
- **Monitoring support** (Performance monitoring, confirmation of fault occurrence, etc.)
- **Basic maintenance support**

Combinations matched to needs are possible (Additional services)

[2] Customer attributes (as of March 31, 2021)



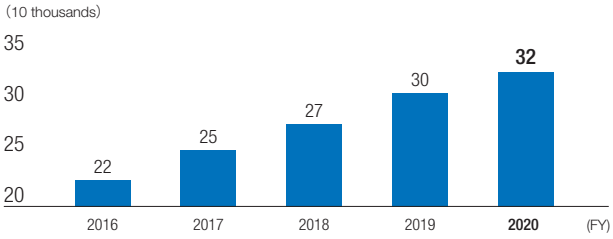
* All displayed as end-user attributes

"Pikara" fiber optic internet business for individuals

STNet provides optical communication services for individuals mainly in major cities in Shikoku where demand density is high. The number of contracts as of the end of fiscal 2020 had increased to approx. 320,000, and STNet received the number one ranking for customer satisfaction in the Shikoku area in the RBB TODAY Broadband Awards for that year.

Because market needs of optical communication business for individuals remain strong, we are strengthening our sales structure and cooperation with local cable TV companies, etc., and working on the further acquisition of contracts.

Trend in the number of Pikara contracts 10 thousand contracts



RBB TODAY Broadband Award* 2020 (carrier category)

Number 1 overall in Shikoku by area | Number 1 in Japan for Security Services | Number 1 for Home Wi-Fi in Shikoku

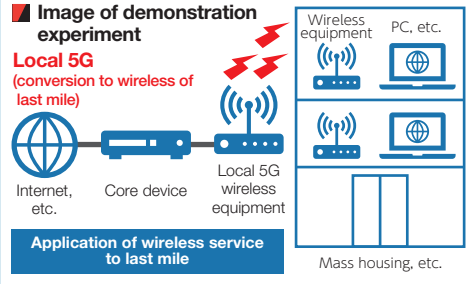
* Customer satisfaction survey of internet communication services conducted by a media marketing research company continuously since fiscal 2004.

Local 5G demonstration test ~ For the provision of new services ~

Local 5G, which can be used to build wireless networks independently within buildings or on premises, is attracting attention as a technology that will support the resolution of local issues and social infrastructure.

STNet, together with Shikoku Electric Power Transmission & Distribution, is conducting demonstration experiments using local 5G, including application experiments and on the last mile of telecommunication services, and is considering the provision of new services by combining the knowledge and know-how it has obtained with its own ICT services.

Image of demonstration experiment



International Business

We have positioned international business as one of our growth areas, and through the strengthening of relationships with business partners, we are advancing the acquisition and development of new projects based on projects with long-term electricity sales contracts.

In addition, for future business expansion, we are also considering participation in social infrastructure business such as power transmission and distribution, and energy-related services such as storage battery business, rather than just IPP* business.

* Independent Power Producer

Business participation

Since participating in our first IPP project in Qatar in 2008, we have worked mainly on thermal power generation in the Middle East. In recent years, we have expanded our business areas into Asia, Europe, and the United States while diversifying our risk profile. At the same time, we have focused on the acquisition of renewable energy projects where market expansion is expected. As a result, our total owned capacity of the projects in which we participate is currently 710 MW (as of March 31, 2021).

We will continue to expand profits by increasing the number of projects we acquire towards the realization of our targets for owned capacity of 1,500 MW in 2025 and 2,000 MW in 2030. In addition, from the perspective of strengthening international business, we are promoting the hiring of external human resources and expanding the range of internal human resources by increasing the involvement of technical employees from Renewable Energy Department and Thermal Power Department in the consideration of participation.

Business portfolio

* Figures are for owned capacity (as of March 31, 2021)

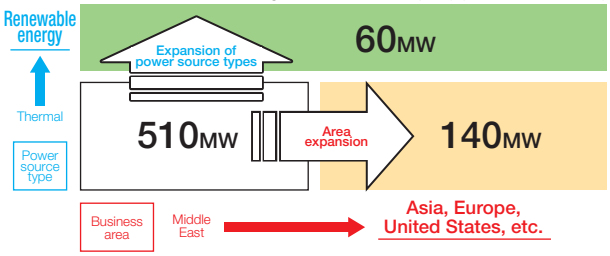
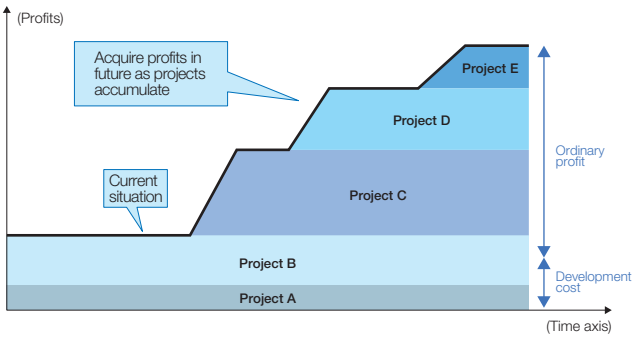
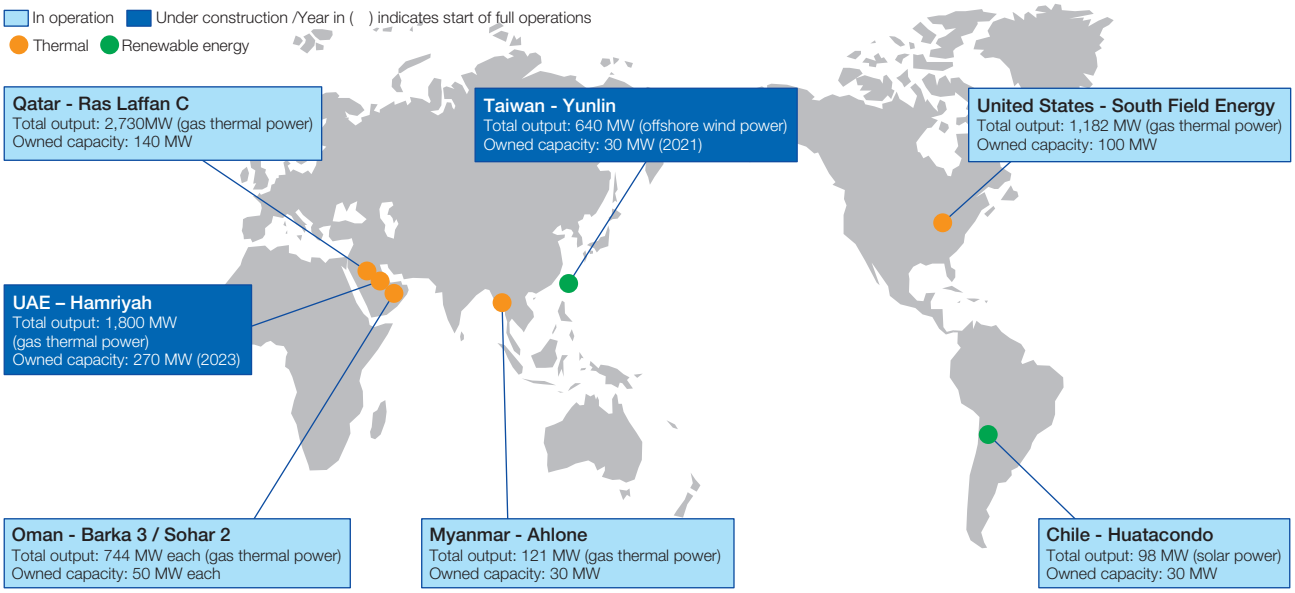


Image of profit acquisition in international business



State of main business participation



Special international business website - For the Next Generation
https://www.yonden.co.jp/corporate/yonden/international_activities/

Other Business

In addition to electric power business, our Group also operates gas (LNG) sales and heat supply business.

Further, we are using the technical capabilities we have cultivated in power-related construction to carry out various projects, including the receipt of orders for renewable energy-related construction projects throughout the country, and facility construction projects for government agencies and the private sector.

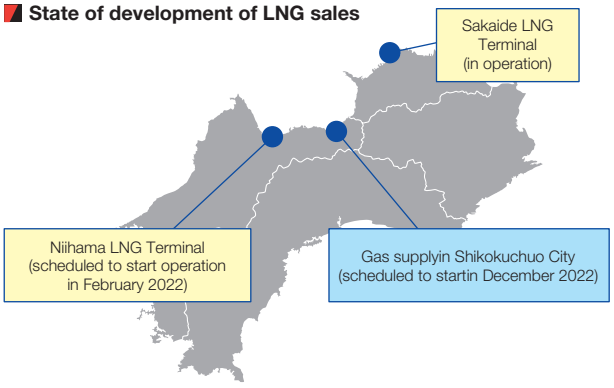
Gas sales business

The role of liquefied natural gas (LNG) has become more important in immediate measures towards the realization of carbon neutrality in 2050 from the perspective of converting fuel demand for heat away from oil and coal.

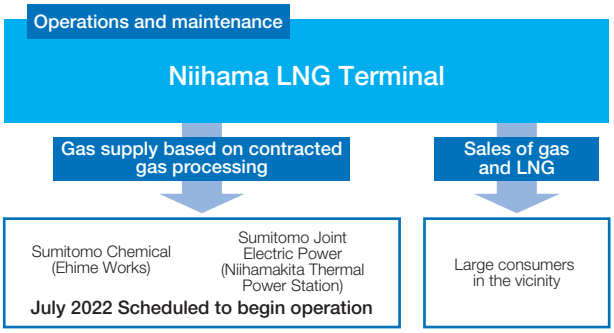
Our Group sells gas via gas pipelines and lorries using the Sakaide LNG terminal in Kagawa Prefecture. In addition, we plan to sell gas to Sumitomo Chemical Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., and other large consumers in the vicinity through the Niihama LNG terminal we are currently constructing in Ehime Prefecture from 2022 onwards.

Apart from the above, we will contribute to low carbonization and decarbonization in the Shikoku region by developing gas sales business in various areas of Shikoku, including participating in the gas supply business that other companies are planning in Shikokuchuo City.

State of development of LNG sales



Niihama LNG Co., Ltd. business scheme



Construction and engineering business

Construction, operation, maintenance, etc., of renewable energy electric power generation facilities

Our Group companies are expanding business related to the construction and operation of renewable energy.

Yonden Engineering Company, Incorporated is expanding orders received for EPC (engineering, procurement and construction) and O&M (operation and maintenance), such as wind power and biomass power generation, both within and outside the Shikoku region. In addition, Yonden Business Company, Incorporated established a new company in April 2021 that manages the operation of biomass power generation and is considering business within and outside the Shikoku region.

Shikoku Instrumentation Co., Ltd. is advancing sales of solar power output control systems and achieving sales steadily, including adoption by other power transmission and distribution companies.

Construction of solar power station (Agano City, Niigata Prefecture)

Construction business

Yondenko Corporation has worked on the acquisition of orders in the Tokyo metropolitan and Kansai areas for some time, but in recent years, has acquired orders more positively and expanded its business areas by strengthening its business base through M&A.

In addition, Yonden Consultants Co., Inc. is using its strengths as a comprehensive electric power-related consulting company to expand orders in the Shikoku region, centered on the design of roads and river structures for government agencies.

Distributed Energy Business ~ Creation of New Business and Services ~

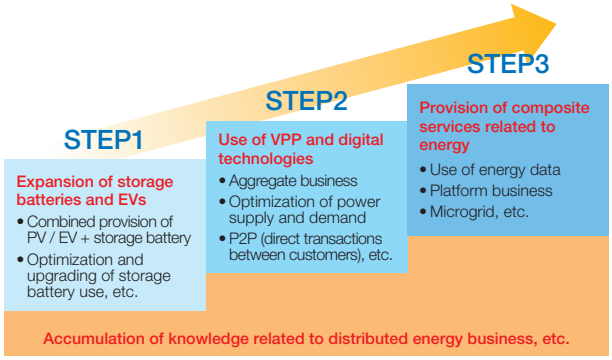
In energy business, our Group is working on the creation of new business and services while fusing its resources with the technology and know-how of collaborating companies, because of the advancing decentralization of energy resources on the consumer side and the diversification of transaction formats in association with technological innovation and changes in social and customer needs.

Initiative policy

In order to aggregate and control renewable energy sources such as solar and wind power, as well as energy resources on the consumer side including storage batteries and electric vehicles, our Group is advancing
• The expansion of distributed resources such as storage batteries and EVs that our Group can control (STEP1 below); and
• The development of systems and services that use distributed resources effectively (STEP2 below)

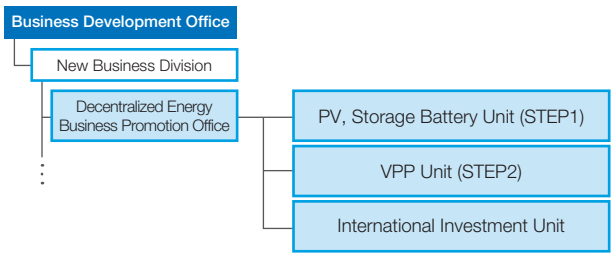
We are aiming in future for the provision of composite services related to energy (STEP3 below).
In order to promote the initiatives of STEPs 1 to 3, we established the "Decentralized Energy Business Promotion Office" in New Business Division in March 2021.

Image of business development



* PV (photovoltaic power generation), EV (electric vehicle), VPP (virtual power plant)

Consideration framework

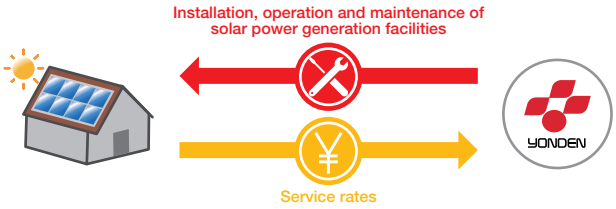


STEP 1 case study: solar power generation business using a third-party Model

We are conducting a "third party-owned solar power generation service" that installs solar panels on the roof of the factory or store of a high voltage or higher customer and then sell the electricity generated by those panels to the customer.

As this service contributes not only to CO_2 reductions, but also to the strengthening of resilience at times of disaster, we will work on its positive diffusion from now on.

"Third-party ownership model" service overview



Service rates = service rate unit price x self-consumption*

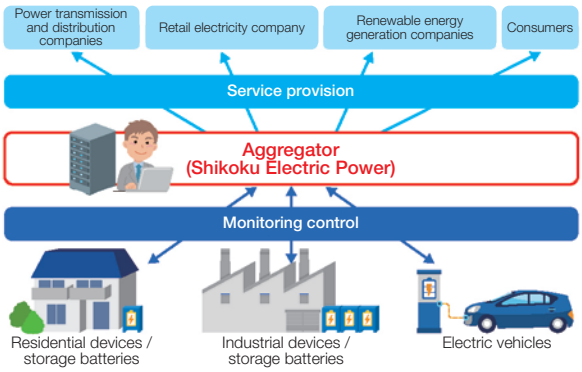
* Self-consumption: The amount of electricity supplied to customers from the electricity generated by the solar power generation facilities

STEP 2 case study: use of VPP and digital technologies

We are accumulating VPP-related knowledge using IoT technology, solar power generation, storage batteries, EVs, etc., with a view to the future optimization of power supply and demand and aggregation business.

Since 2020, we have been conducting demonstration tests on the remote control of charging and discharging in cooperation with other companies while using our EV buses and passenger cars as usual.

Diagram of VPP usage



Business Management that Increases Sustainability (ESG Initiatives)

Our Group will aim to increase corporate value by identifying ESG issues highly linked to business activities and promoting sustainable value creation while fulfilling its social responsibilities under the “Sustainability Promotion Council” chaired by the President of our company.

Initiatives that Increase Sustainability

Yonden Group Action Charter
https://www.yonden.co.jp/corporate/csr/policy/index.html

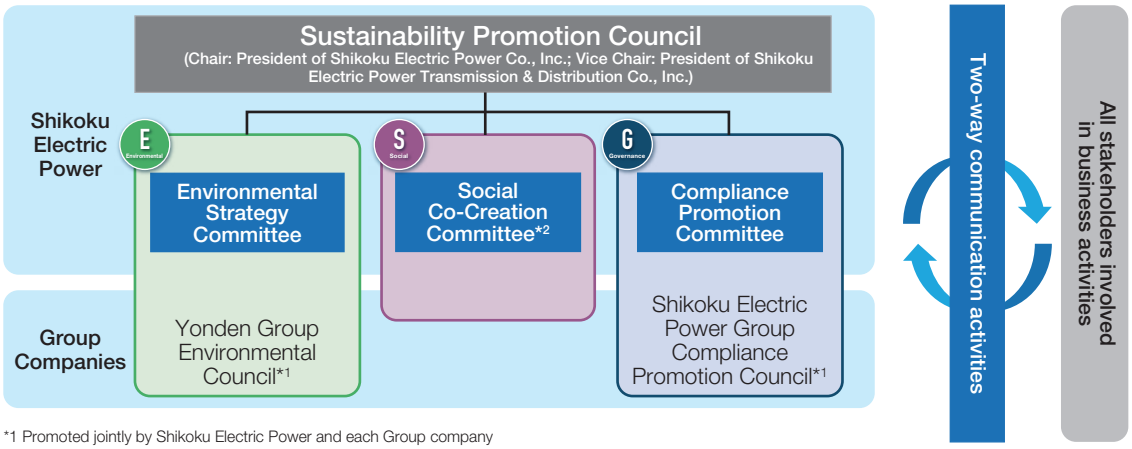
Sustainability Promotion System
https://www.yonden.co.jp/corporate/csr/management/index.html

Yonden Group Action Charter

In order to promote the creation of sustainable value through business activities, it is essential to strengthen relationships of trust with stakeholders and fulfill our Group's responsibilities to society at large. Accordingly, based on the "Yonden Group Action Charter," we place a high priority on building relationships of trust with stakeholders through the performance of transparent and open business activities.

ESG Promotion System

Our company has established a "Sustainability Promotion Council" chaired by the President of the company and vice-chaired by the President of Shikoku Electric Power Transmission & Distribution Co., Inc., to build a system that will supervise and promote ESG-related initiatives across the entire management hierarchy.



*1 Promoted jointly by Shikoku Electric Power and each Group company
*2 Held jointly with Shikoku Electric Power Transmission & Distribution Co., Inc.

Responding to Environmental Issues

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

Initiatives towards Climate Change Problems

We strive to grasp changes in social needs and risk factors and reflects these in business management from the ESG perspective in order to increase the effectiveness of efforts aimed at the sustainable creation of corporate value. As part of that, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD*) in September 2019, and will enhance our climate change-related information disclosures to fulfill our responsibility to explain such matters to stakeholders.

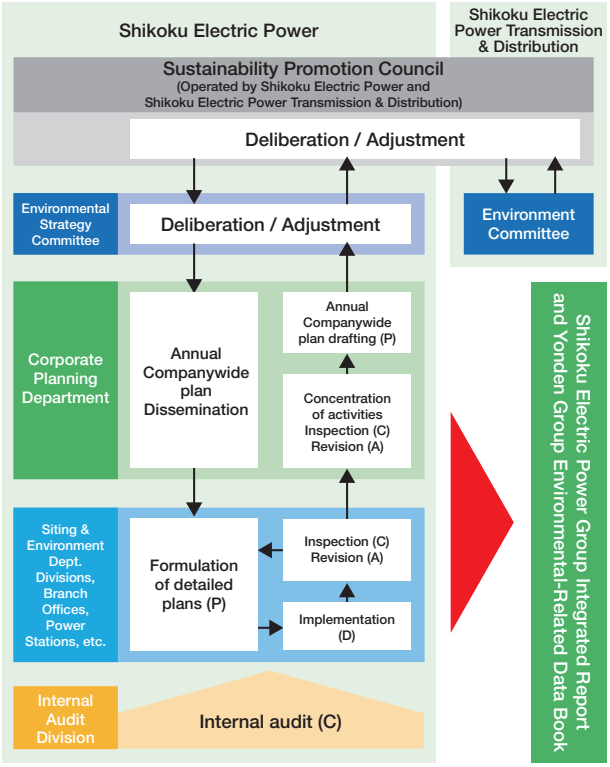
* Abbreviation for the Task Force on Climate-related Financial Disclosures. The Financial Stability Board (FSB), consisting of the financial authorities of major countries, was established in December 2015 at the request of the G20's Finance Ministers and Central Bank Governors. In June 2017, it published recommendations on how to disclose information on climate-related risks and opportunities.

Governance

Our company recognizes that responding to climate change and environmental conservation is an important management issue and is promoting effective measures against climate change based on an Environmental Management System (EMS) under the Sustainability Promotion Council chaired by the President and with the Environmental Strategy Committee playing a central role.

Chaired by the General Manager of General Planning Division, "Environmental Strategy Committee" assesses and manages various plans related to climate change measures and their state of implementation. Items considered particularly important in the process of deliberations on the Committee are referred to more senior committees, including the Board of Directors, and reflected in our company's management plans, etc., to improve and enhance initiatives.

PDCA cycle for climate change measures



Risk management

We understand strongly the importance of climate-related risk management. Every year, the management team conducts checks and reviews after extracting climate-related risks that have the potential to significantly impact management, taking into comprehensive account factors such as the probability of occurrence (short, medium and long-term), and their impact on earnings and expenses (cost increases, etc.). We strive to prevent the occurrence of risks and reduce their impact on the operation of our business by incorporating the results into our business plans for the following fiscal year. (For details of the risk management system, see "Risk and Opportunity Countermeasures" See page 6)

Strategy

Our company will analyze and evaluate what kinds of impacts climate-related risks and opportunities will have on our company's business operations under certain future scenarios, formulate the required measures based on the results and transit to execution.

Scenario Selection

We selected a scenario in which strict measures could be taken to suppress temperature increases (2°C scenario*1) and a scenario in which measures at the current level continues to be taken (less than 4°C scenario*2), and assumed the future image of electric power business under each scenario.

*1 See the Sustainable Development Scenario (SDS) presented by the International Energy Agency (IEA)
*2 See the Stated Policies Scenario (STEPS) presented by the International Energy Agency (IEA)

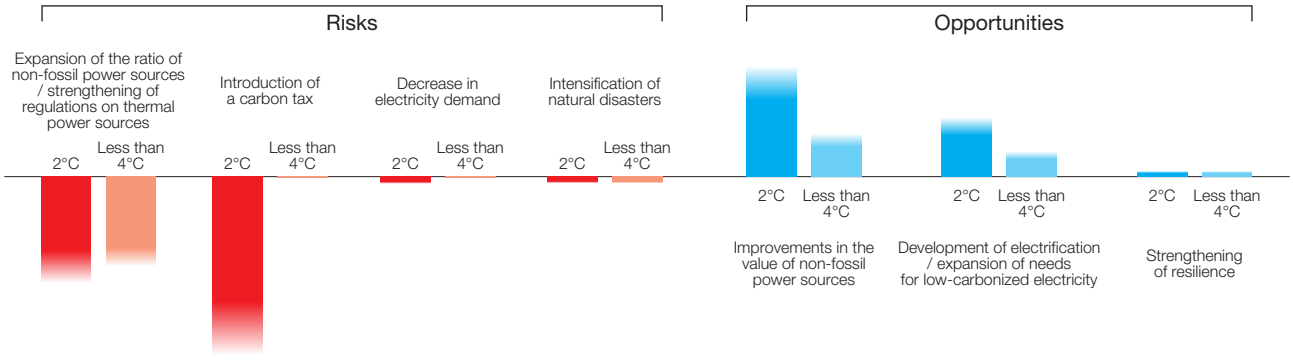
Future Image of the electric power business

Item		2°C scenario (SDS)	Less than 4°C scenario (STEPS)
Policies	Energy policy	• Rapid policy changes towards decarbonization • Promotion of the development of renewable energy, nuclear energy and hydrogen energy	• Gentle policy changes towards decarbonization • Thermal power is maintained while introducing renewable energy as an extension of current policy in consideration of stable supply and economic factors
	Other policies (carbon tax)	• Introduction of carbon taxes or emission trading schemes advances rapidly	• Introduction of carbon taxes or emission trading schemes advances gradually
Technology	Low carbonization and decarbonization technologies	• Technological innovation in low carbonized and decarbonized power generation progresses rapidly	• Technological innovation in low carbonized and decarbonized power generation progresses gradually
Fuel price	Fossil fuels	• Decarbonization advances globally so demand for fossil fuels decreases and fuel prices fall	• Fossil fuels continue to be used worldwide, but the volume of use in Japan decreases gradually, as do fuel prices
Demand trend	Energy demand	• Energy demand decreases gently	• Energy demand increases gradually
	Customer needs	• Needs for low carbonized and decarbonized energy increases	• While the need for low carbonized and decarbonized energy increases, needs diversify, including more emphasis on price

Evaluation of Business Impact

We extracted opportunities with reference to climate-related risks, and analyzed and evaluated what kinds of impacts the risks and opportunities would exert on our company's business under the 2°C and less than 4°C scenarios. We found that while there is a possibility of increased costs due to "expansion of the ratio of non-fossil power sources / strengthening of regulations on thermal power sources" and the "introduction of a carbon tax," on the other hand, we can also expect improvements in profitability due to "improvements in the value of non-fossil power sources" and the "development of electrification / expansion of needs for low-carbonized electricity," etc.

Evaluation of the impacts due to key risks and opportunities (FY2030, 2°C scenario, less than 4°C scenario)



Risk and Opportunity Countermeasures

In order to minimize risks and maximize opportunities related to climate change, we considered countermeasures for major risks and opportunities.

These countermeasures are reflected in "The Yonden Group Carbon Neutral Challenge 2050," announced in March 2021, and we will contribute to the realization of a sustainable society through their steady promotion.

Details of major risks and opportunities / countermeasures

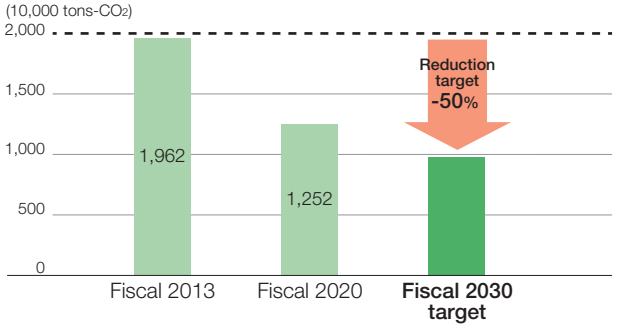
Classification			Details of risks and opportunities	Our company's countermeasures for risks and opportunities
Risks	Policies and regulations	Expansion of the ratio of non-fossil power sources / strengthening of regulations on thermal power sources	• Cost increases due to the expansion of the ratio of non-fossil power sources and the strengthening of regulations on thermal power sources	• R&D and introduction of new technologies such as hydrogen and ammonia power generation • Further expansion of the introduction of low-carbon power sources
		Introduction of a carbon tax	• Cost increases due to the introduction of a carbon tax	
	Technology	Improvement of energy-saving technology	• Reduction in electricity sales volumes due to improvements in energy-saving technologies	• Further use of electric energy such as the promotion of electrification
	Reputation	Lack of information disclosure	• A decline in investors' appetite for investment due to declining reputation and withdrawal of investment (divestment)	• Appropriate disclosure of information to stakeholders
	Resilience	Increased chronicity of abnormal weather	• Hindrance of stable supply in association with the increase in peak demand due to the rising and falling of temperatures and the lack of adjustment capacity due to the increase in renewable energy	• Ensuring of supply and adjustment power (while also using markets)
		Intensification of natural disasters	• Increases in the cost of recovery from typhoons and other natural disasters	• Strengthening of disaster response systems including the strengthening of cooperation with local governments, related organizations, etc.
Opportunities	Policies and regulations	Improvements in the value of non-fossil power sources	• Improvements in the superiority of nuclear power stations • Increases in profits due to the expanded introduction of renewable energy	• Continuation of the safe and stable operation of nuclear power stations • Further expansion of the introduction of renewable energy power sources
	Technology	Decarbonization of power sources	• Progress of research and development	• Expansion of the introduction of decarbonized power sources
	Market	Development of electrification / expansion of needs for low-carbonized electricity	• Increases in demand for electricity due to increased electrification needs • Increases in electricity sales volumes due to increases in low-carbon electricity needs	• Further use of electric energy, including further expansion of the introduction of low-carbon power sources and the promotion of electrification • Provision of various billing plans based on customer needs, including CO_2-free rate plans
	Resilience	Increased chronicity of abnormal weather	• Rising market prices due to a lack of supply and adjustment power nationwide	• Securing of supply and adjustment power based on the optimization of supply facilities
		Strengthening of resilience	• Faster restoration of damaged equipment by strengthening of resilience and loss reduction by prevention of major power outages	• Strengthening of disaster response systems including the strengthening of cooperation with local governments, related organizations, etc.

Indicators and targets

Halving of fiscal 2030 CO_2 emissions in our company's retail sales compared to fiscal 2013 (Moreover, we will challenge for carbon neutrality in 2050)

Our Group is promoting the "low carbonization and decarbonization of power sources" by maximizing the use of nuclear power and renewable energy, improving the efficiency of thermal power generation, and R&D and introduction of new technologies, as well as the "further use of electric energy" based on initiatives such as the promotion of electrification including the industrial and transportation sectors. By doing so, our company aims to reduce its CO_2 emissions in the retail sector by half in fiscal 2030 compared to fiscal 2013, and at the same time, to challenge towards carbon neutrality by 2050.

Reduction target for CO_2 emissions* related to retail sales



*Reflects adjustments due to the feed-in tariff system for renewable energy. However, because distribution of the amount equivalent to surplus non-fossils cannot be expected in the targeted fiscal 2030 cross-section, the reduction target was set based on the fiscal 2013 emission amount excluding that distribution.

Ratio of non-fossil power sources (Act on Sophisticated Methods of Energy Supply Structures) *1 Achievement of 44% or more*2 in fiscal 2030

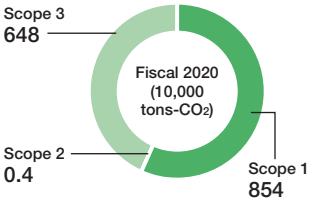
We are aiming to achieve the targets of the Act on Sophisticated Methods of Energy Supply Structures by working positively on the continuation of the safe and stable operation of Ikata Power Station, the increase of output at hydropower stations, etc., and using the non-fossil value trading market.

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Ratio of non-fossil fuel power sources (%)	30	39	24

*1 In order to promote the effective use of non-fossil power sources such as renewable energy and nuclear power, the Act on Sophisticated Methods of Energy Supply Structures (Act on the Promotion of Use of Non-Fossil Energy Sources and the Effective Use of Fossil Energy Materials by Energy Suppliers) sets a target for the ratio of non-fossil power sources for retail electricity providers, etc., who supply electricity.
*2 Notification No. 79 of the Ministry of Economy, Trade and Industry of 2020 "Judgment Standard for Electricity Utilities Concerning the Use of Non-Fossil Energy Sources" requires that, in fiscal 2030, 44% or more of the electricity supplied by retail electricity providers be derived from non-fossil power sources.

Greenhouse Gas Emissions in the Supply Chain (Scopes 1, 2, and 3)*

Calculated based on "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver. 2.3)" (Ministry of the Environment / Ministry of Economy, Trade and Industry)



Scope 1:
Emissions associated with direct emissions (fuel use for own power generation) (Including CO_2, SF_6 and N_2O)
Scope 2:
Emissions associated with the use of electricity purchased from other companies at our places of business (offices)
Scope 3:
Emissions contained in electricity purchased from other companies for sale, etc.

* This does not correspond with CO_2 emissions in retail sales, including CO_2 emissions in wholesale sales, etc.

Scope 3 emissions (fiscal 2020 breakdown)

Item	Emissions volume (10,000 tons-CO_2)
Purchased materials and equipment	0.6
Capital goods	12.6
Fuel and energy-related activities	631.6
Waste produced by business	2.6
Business trips	0.1
Employee commuting	0.1

* There are no emissions with respect to lease assets (upstream or downstream), sold products (used, processed, disposed) or franchises. No calculations have been carried out with regard to investment.

Achievement of the fiscal 2030 benchmark indicators (Act on the Rational Use of Energy)*1 (Indicator A: 1.00 or higher, Indicator B: 44.3% or higher)*2

The thermal efficiency of thermal power plants declines gradually, caused by operating time and the deterioration of facilities. We implement daily equipment inspections, operational management and equipment upgrades appropriately to make efforts to maintain the thermal efficiency of existing thermal power plants, and strive for the maintenance and improvement of the efficiency of power plants overall through the replacement of aging thermal power plants.

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Indicator A	1.04	1.03	1.02
Indicator B	42.8	43.1	43.1

*1 Under the Act on the Rational Use of Energy, an index (benchmark index) is set for a specific industry and field so that the state of energy saving of business operators in that industry can be compared.
Indicator A: Indicator of the rate of accomplishment of target for power generation efficiency by fuel source
Indicator B: Indicator of overall thermal power generation efficiency
*2 Notification No. 69 of the Ministry of Economy, Trade and Industry of 2021 "Judgment Standards for Business Operators Concerning Rationalization of the Use of Energy in Factories, etc." stipulates that the target level in fiscal 2030 for Indicator A is 1.0 or more and for Indicator B is 44.3% or more.

The Group as a whole will develop 500 MW of renewable energy by fiscal 2030

See page 31

Initiatives toward Environmental Issues (in Japanese only)
https://www.yonden.co.jp/energy/environment/index.html

Yonden Group Environmental Policies (in Japanese only)
https://www.yonden.co.jp/energy/environment/policy/index.html

Yonden Group Environmental-Related Data Book (in Japanese only)
https://www.yonden.co.jp/energy/environment/data/index.html

Advancing Environmental Preservation Activities

Effective use of waste

Our Group is working to reduce the output of waste associated with business activities and to expand effective use of the waste.

The waste output from our coal-fired thermal power stations includes coal ash as well as gypsum and metal scraps, and we are working to recycle these waste materials.

To this point, we have used virtually all coal ash effectively by using it in applications such as raw material for cement, concrete admixture, soil conditioner and lightweight embankment material.

In addition, in March 2020, "Porous Sand," which uses coal ash generated by our company's coal-fired power stations as a soil conditioner and lightweight embankment material, was adopted as a "certified recycled product" by Tokushima Prefecture. This is the second case this product has received recycling certification following Ehime Prefecture in fiscal 2012.

Construction work on a state road using "Porous Sand" soil conditioner, a lightweight embankment material (Tokushima Prefecture)

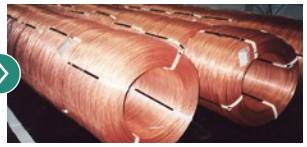
FY2020 performance
Coal ash recycling ratio **99.7%**

Recycling of remains of demolished structures

Our Group actively recycles 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.

Recycling status of power lines and concrete pillars

Power lines before recycling



Recycled power lines

Concrete pillars before recycling

Recycled construction aggregates

Environmental preservation activities together with the community

Our Group is working throughout the year on events with the local community to promote environmental preservation activities such as clean-ups and forest preservation activities, mainly through the "Environment Month" sponsored by the Ministry of the Environment.

Shimanto Yonden Forest activities

At Kochi Branch office, employees are participating in Kochi Prefecture's Forest Development Project in Collaboration with Environmentally Advanced Companies. In the agreed forest (Shimanto town) named Shimanto Yonden-No-Mori, they are carrying out forest preservation activities such as tree planting and cutting the undergrowth together with the local authority and people of the area.

Business activities that give consideration to biodiversity

Our Group is working on the reduction of the impact on biodiversity associated with its business activities.

As part of those efforts, we are working to protect storks, which are a special national natural treasure. When the birds start nesting on power poles, we strive for the preservation of their habitat by transferring the poles to the prefectural government as artificial nesting towers, and dispatching aerial work vehicles to survey the state of the storks' nests.

Nest preservation for storks (Tokushima Prefecture)

Business Management that Increases Sustainability

Coexisting in Harmony with Communities

Our Group works positively on coexistence with the Shikoku region, where our business is based, and support for its invigoration, under the corporate philosophy of "living in the community, moving forward with the community, and prospering with the community."

Communication with Regional Society

Dialogue and exchange activities with surrounding communities

Our Group conducts its business as a company rooted in the community, and by engaging positively in dialogue and exchange activities with regional societies, we are able to gain their understanding of our business activities.

In fiscal 2020, taking advantage of the Group's unique characteristics, we conducted relationship-building activities with local residents in various regions of Shikoku, including social contribution activities like electrical facility inspections and clean-up activities.

Cleaning of the Sakamoto Ryoma statue

Road cleaning volunteers

Energy education for children

In order to deepen understanding and interest in energy and environmental issues, our company implements "Delivery Energy Class" and science experience events continuously for elementary and junior high school students across the Shikoku region.

In fiscal 2020, the number of events was reduced compared to previous years due to COVID-19, but Tokushima Branch received an award from the Minister of the Environment in recognition of its support activities for environmental learning through the "Delivery Energy Class" and facility tours it has implemented to this point.

Delivery Energy Class

Presentation ceremony at Tokushima Prefectural Office (Governor of Tokushima Prefecture (right))

Positive disclosure of nuclear information and dialogue activities

Our company was the first in Japan to introduce a system whereby we would notify Ehime prefecture and the town of Ikata immediately of all events other than normal operations that occur at Ikata nuclear power station. We continue to operate this system. This kind of highly transparent information disclosure, known as the "Ehime method," contributes significantly to the building of relationships of trust with local communities.

Notifications to Ehime prefecture and town of Ikata based on safety agreements

(Unit: No. of notifications)

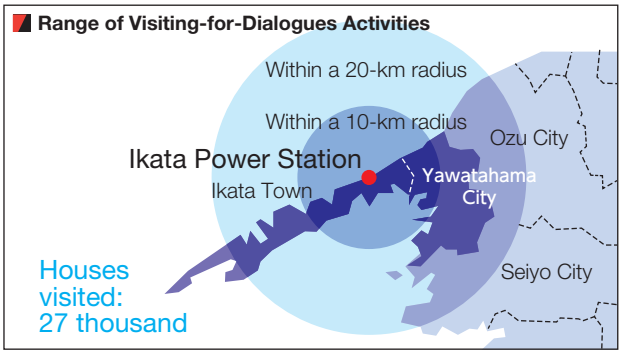
FY	2016	2017	2018	2019	2020
Class A	1	1	5	6	3
Class B	3	4	3	4	2
Class C	19	15	14	20	13
Total	23	20	22	30	18

* Overview of public notification in Ehime Prefecture
Class A (Trouble, etc., that needs to be reported to the government): Immediate public notification
Class B (An abnormal situation at a facility, etc., has occurred within the radiation control area): Public notification within 48 hours
Class C (Events other than those covered by classes A and B above): Public notification on the 10th of every month about the previous month's events

In addition, every year, our employees make individual visits to the 27,000 homes in Ikata Town and Yawatahama City within a 20 km radius of Ikata Power Station. They explain the safety measures and other initiatives being taken at the power station and engage in dialogue activities to hear opinions directly.

In fiscal 2020, due to COVID-19 visiting any homes directly by employees was unable, but we distributed leaflets to each one and received opinions through postcards and other means. We will continue to listen to the opinions of local residents in order to improve the safety of Ikata Power Station.

Range of Visiting-for-Dialogues Activities



Let's Learn About Energy
https://www.yonden.co.jp/energy/learn/index.html

Yonden Cultural Foundation (in Japanese only)
https://ycf.or.jp/

Agricultural Initiatives of Shikoku Electric Power Group
https://www.yonden.co.jp/cnt_yonden-agri/

Initiatives to Invigorate Local Communities and Resolve Local Issues

Creating a flourishing region by expanding the non-resident population

We are working in cooperation with other companies in Shikoku to invigorate the Shikoku region. Since 2018, together with Shikoku Railway Company and the Shikoku Branch of Japan Post Co.,Ltd, Shikoku Electric Power has rolled out various activities to invigorate Shikoku, such as the holding of a JR Line stamp rally and sales of souvenir sets combining products from Shikoku's four prefectures.

In March 2021, in order to expand the scope of these activities, we established the "Shikokuke (the Shikokus) Supporters Club" which aims for initiating invigorate events as acting one Shikoku together with 23 companies and organizations in Shikoku. The members are working to further invigorate and enliven the local community by unearthing tourist content and promoting coexistence in harmony with the community.

In addition, we are also working on activities that will lead to the expansion of the non-resident population of Shikoku through participation in organizations and groups that promote tourism across Shikoku (DMO, DMC).

"Shikokuke Supporters Club" kickoff meeting

Support for the arts, culture, and sports

Through the activities of the Yonden Cultural Foundation, we are supporting culture and the arts in Shikoku region 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 region aspiring to become artists • Honors for talented artists connected to Shikoku region • Concerts and art exhibitions by scholarship students • Assistance for arranging events featuring performing artists.

In addition, we support Shikoku-based professional sports teams in order to contribute to the development of local sports.


Hometown concert by scholarship students in Shikoku

Development of business that starts from the resolution of local issues

We are using the Group's technology, know-how and credibility to resolve regional issues and advance the creation and development of new businesses starting from that.

Agribusiness

We are using the Group's human resources and know-how to promote the development of local farmers while also ensuring profitability.

The Group company Agribbon Corporation (Kagawa Prefecture) produces high quality "Nyoho" strawberries with high scarcity value and sells them not only in Shikoku but also in the Tokyo metropolitan area.


Strawberry cultivation work


Gift strawberries

Aitosa Co., Ltd. (Kochi Prefecture), established in November 2020, is engaged in the production of sweet pepper (a variety of Capsicum annuum), a major local product, as well as the technology development of smart agriculture utilizing robots, AI, and the IoT, in an effort to establish efficient cultivation methods and to save labor in production operations.


Transplanting of sweet peppers(a variety of Capsicum annuum)


Trial robotic pesticide sprayer

Business Management that Increases Sustainability

S Social Fostering Employee Motivation

Our Group wants each and every employee to be motivated to work and feel satisfaction with their work. To this end, we strive to develop an open-minded and lively workplace environment.

Fostering Employee Motivation

Promotion of diversity and inclusion

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.

In addition, we are also developing positive initiatives to support the career development of female employees and to foster a workplace culture that supports this. We have set the target for the percentage of women in managerial positions of "1.5 times the level of fiscal 2019 (2.6%) by the end of fiscal 2022," and are promoting initiatives to achieve this.

Support for balancing work with childcare and nursing care

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

• Childcare / nursing care leave system • Measures to help employees secure time at home • Conference system that provides employees using the childcare / nursing care leave system with opportunities to have discussions with their supervisors before and after taking childcare / nursing care leave. In acknowledgment of these efforts, we received the Kurumin Mark from the Kagawa Labour Bureau for the fourth time in 2020 as a "company that is supportive toward child-rearing" based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Kurumin mark

Childcare support systems

From 6 weeks prior to birth to 8 weeks after	•Maternity leave •Childbirth leave (5 special paid leave days for birth by spouse) •Congratulatory monetary gift presented to celebrate childbirth
Until child's 2nd birthday	•Childcare leave (For employees raising children under 2 years of age)
Until child's 3rd birthday	•Exemption from overtime work (For employees raising children under 3 years of age)
Until child's graduation from elementary school	•Shortened work hour system for childcare support (Shorten work hours by up to 2 hours a day) •Childcare sick leave (15 paid leave days per year to care for sick child) •Deferred leave system (Used to care for injured or sick child or participate in school events)

Promoting employment of the challenged (people with disabilities)

We established Yonden Plus Corporation together with the Group's Yonden Business Co., Inc. from the perspective of expanding the employment of people with disabilities and providing positive support for their independence and social participation, and the company obtained approval as a special subsidiary for persons with disabilities in May 2020.

* The employment rate at the end of fiscal 2020 for a total of four companies, including Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution, using the "special subsidiary" system was 2.6%.

Development of a comfortable workplace environment

We set up a division to promote the Working Style Reform program, which is headed by the Director and Senior Corporate Officer of the Employee Relations & Human Resources Department, and is 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 addition, taking the opportunity of the response to COVID-19, we are advancing initiatives that will lead to more efficient work styles, such as the expansion of telecommuting and satellite work, and the introduction of free address workplaces.

Major initiatives aimed at working style reform

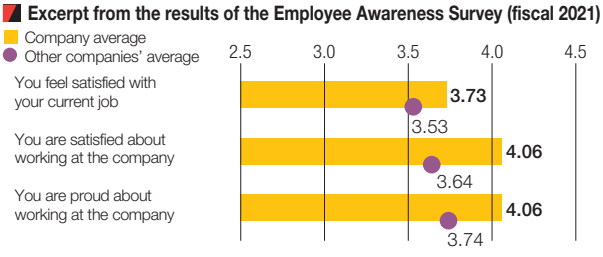
Item	Topics Covered
Development of workplace environments	Implementation of "eBoss (Ikuboss) declaration" by managers
Flexible ways of working	[By-hour leave system] System through which employees are able to acquire paid leave on a by-hour basis [Sliding shift system] Starting and finishing times can be brought forward or put back in 10 minute increments [Flextime system] Employees can set their starting and finishing times flexibly on a daily basis in each workplace [Taking of continuous leave] Promotion of consecutive days of leave to encourage employees to enjoy leisure time and come back to work physically and mentally refreshed [Telecommuting and satellite work systems] Employees can work at home or at other offices [Office casual] Development of an atmosphere that increases motivation and encourages innovative thinking
Interval-separated shift system	Secures a minimum of nine hours between finishing and starting times

Development of dynamic workplace environments

We conduct employee awareness surveys regularly aimed at grasping employees' understanding of management issues, their problem awareness, and the vitality of the organization over time, and to reflect the results in employee measures. The results of the most recent survey (fiscal 2021) showed that even while the work environment is changing, employees are satisfied with their jobs and take pride in working at the company.

We provide feedback on the survey results to each workplace and use them in initiatives aimed at workplace invigoration.

Excerpt from the results of the Employee Awareness Survey (fiscal 2021)



Employment Information (in Japanese only)
https://www.yonden.co.jp/corporate/recruit/index.html

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

Stringent occupational health and safety measures

We aim for zero industrial accidents throughout the Group and the Yonden Group Safety Committee has been established to help accomplish this goal. Guided by this committee, we are working to promote safety, also including Group companies and affiliated companies.

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 safety patrols and lectures, and various other safety improvement initiatives.

Number of occupational accidents requiring time off from work in the fiscal year ended March 31, 2021

	Shikoku Electric Power	Subcontractors*	Total
Labor	1	11	12
Transportation	2	3	5
Total	3	14	17

※ 請負・委託の災害件数は、当社からの発注・委託業務での発生件数

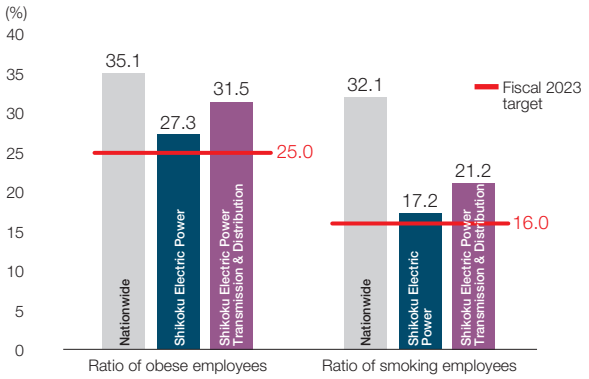
Initiatives toward promoting health

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

Furthermore, for mental health care, we have established 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.

In recognition of such initiatives, we have been recognized as an "Excellent Health Management Corporation" by the Ministry of Economy, Trade and Industry.

Numerical targets for reducing lifestyle disease risks



Sources: Figures for men aged 20 to 69, 2019 National Health and Nutrition Survey, Ministry of Health, Labor and Welfare (Nationwide)
* Shikoku Electric Power own data (fiscal 2020)

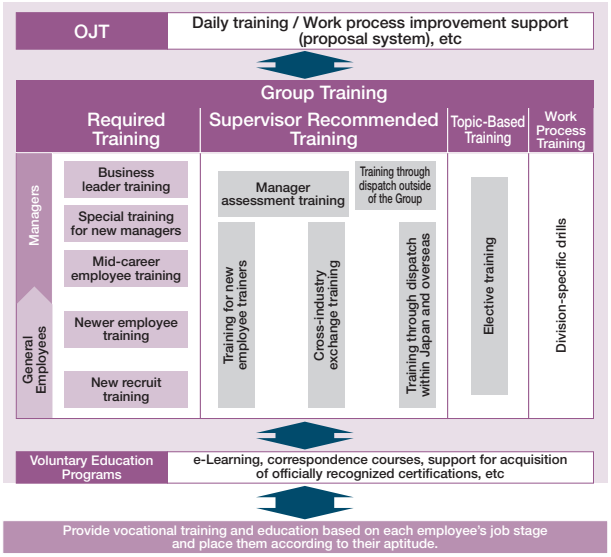
Acquisition and development of the human resources who will open up the future

Education and training for human resource development

Based on "daily education (OJT)" in each workplace, we promote human resource development combining "group education (OFF-JT)" through compulsory education, education recommended by superiors, and work education for each division, and "support for self-development" such as subsidies for the acquisition of official qualifications.

In addition, from the perspective of maintaining and improving the desire of young and mid-level employees to take on new challenges, we implement dispatch training in Japan and overseas, including cross-industry exchange programs with companies that conduct business globally, as well as subsidies for courses at graduate schools in Japan.

Education systems



Pass on the necessary capabilities at the site to support electric power business

In order to maintain an appropriate level of on-site technical capabilities in power generation business and transmission and distribution business, our Group is systematically acquiring and passing on knowledge of the technological capabilities necessary for the maintenance and operation of power facilities, and related laws and regulations, etc., based on practical educational programs formulated by each technology-related division.


Education and training in the power distribution sector


Education and training in the substation sector

Business Management that Increases Sustainability

Enhancing Corporate Governance

We are working on the strengthening of governance, the securing of management transparency through dialogue with shareholders and investors, and the promotion of compliance to improve corporate value.

Basic Policy on Corporate Governance

Our fundamental mission is to contribute to the development of local communities by providing our customers with a stable supply of low-cost, high-quality electricity. In order to realize sustainable improvement in our corporate value based on this mission, we are advancing efforts aimed at impartial, quick and bold decision-making, and the improvement of corporate value while take into consideration the key principles that contribute to effective corporate governance stated in the Yonden Basic Policy on Corporate Governance and Japan's Corporate Governance Code.

Yonden Basic Policy on Corporate Governance ~ Basic way of thinking on corporate governance ~

1. We will substantially ensure the rights and fairness of our shareholders.
2. We will cooperate with our various stakeholders in an appropriate manner.
3. We will actively disclose information promptly and fairly in an effort to ensure transparency.
4. We will reinforce business execution and management supervisory functions under a corporate governance system with an Audit & Supervisory Committee.
5. We will engage in constructive dialogue with our shareholders and other investors.

Message from outside director

Toward the realization of sustainable management

Directors (Audit & Supervisory Committee Member)
Ryohei Kagawa

Six years have passed since the corporate governance code focusing on "proactive governance" was adopted for listed companies. And, in June of this year, the second revision of the code was carried out, incorporating content that will contribute to the further strengthening of governance, including: [1] demonstration of the functions of the Board of Directors; [2] ensuring diversity in the core human resources of the corporation; and [3] initiatives aimed at issues around sustainability.

In such circumstances, starting with the formulation of the Yonden Basic Policy on Corporate Governance in 2015, we have proceeded steadily with the strengthening of "proactive governance," including the transition into a company with an Audit and Supervisory Committee, the establishment of the optional Nomination and Compensation Committee, and the introduction of a stock compensation system. In addition, by increasing the number of outside directors (five including two women), the functions of the Board of Directors have been strengthened and diversity has been improved.

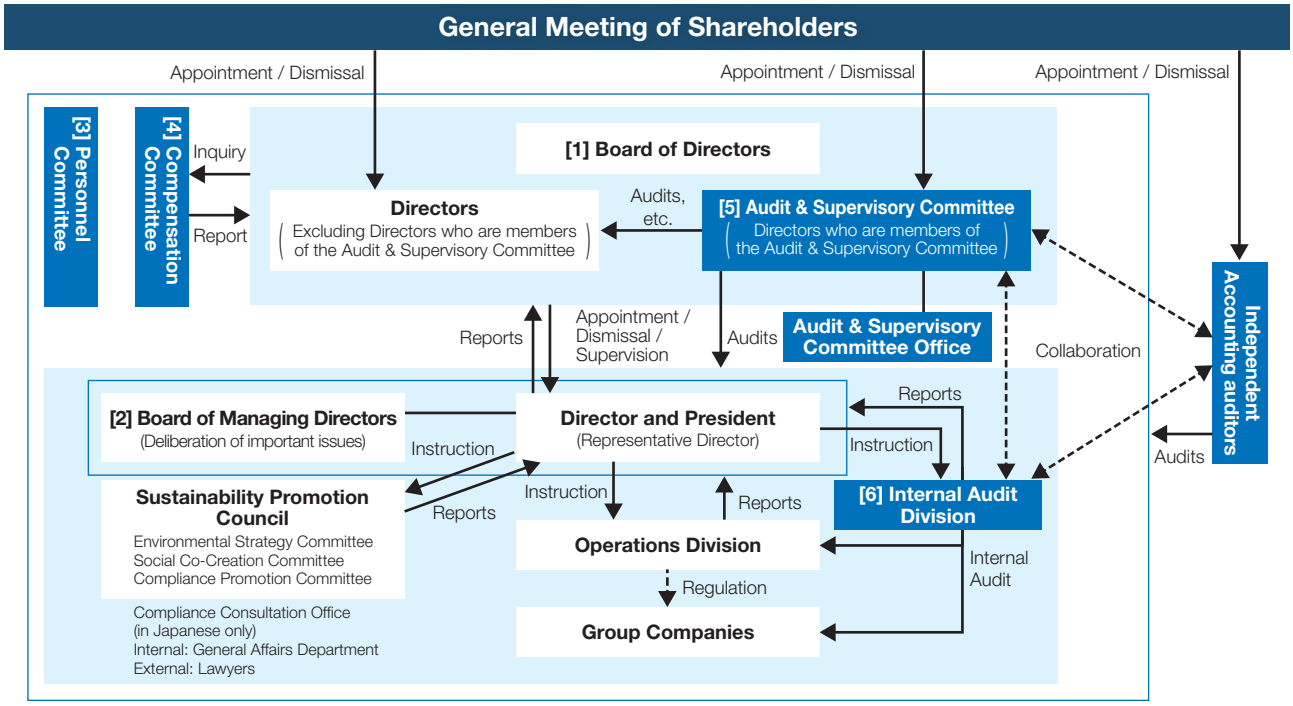
We announced the "Shikoku Electric Power Group Medium-Term Management Plan 2025" in March this year. The outside directors also participated in the formulation of that plan by receiving explanations from executive departments from the concept stage, exchanging opinions and holding discussions. This plan raises the realization of "a multi-utility corporate group supporting work and life" as the Group vision. We understand this as the roadmap towards the realization of the management of sustainability, namely "management that improves the sustainability of business by considering environmental, social, and economic sustainability," and we agree with its aim and direction.

As a general theory, the requirements placed on outside directors are said to be: [1] advice for management based on their own knowledge; [2] supervision of management and conflicts of interest; and [3] speaking for stakeholders. If we, as outside directors, can bring a variety of insights and provide the Board of Directors with the perspectives of various stakeholders, including customers and investors, from a position independent of management, we will surely be able to add depth to discussions and make significant contributions to the improvement of the quality of stakeholder engagement as a Board of Directors. I myself would like to contribute as much as possible to the realization of sustainability management by fulfilling the roles and responsibilities expected of me as an outside director.

The Yonden Basic Policy on Corporate Governance(in Japanese only)
https://www.yonden.co.jp/corporate/ir/policy/governance.html

Corporate Governance Report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/governance.html

Corporate Governance System



[1] Board of Directors

The Board is made up of 14 directors, five of whom are outside directors, including two who are female. This group is tasked with making decisions on important matters of business execution and supervising the individual directors in the performance of their duties. It meets once per month, as a general rule, with additional meetings held as necessary.

[2] Board of Managing Directors

The Board of Managing Directors is comprised of the Director and President as well as executive officers in charge of each headquarters and division. As an institution that deliberates matters to be discussed by the Board of Directors and important matters concerning business execution, in principle, it meets once weekly.

Furthermore, the Chairman of the Board and Director who is an Audit & Supervisory Committee member with investigative authority can also attend these meetings.

[3] Personnel Committee (Chairman: Hayato Saeki)

The Personnel Committee is comprised of five outside directors and two internal directors. The Personnel Committee deliberates on matters concerning the appointment and dismissal of the representative director, other directors and corporate officers, and matters concerning the appointment and dismissal of senior advisers and executive advisers.

[4] Compensation Committee

(Chairman: Ryohei Kagawa (outside director))

The Compensation Committee is comprised of five outside directors and one internal director. At the request of the Board of Directors, the Compensation Committee deliberates on the amount of director compensation and the details of shareholder meeting proposals related to director compensation. The committee then reports its findings to the board.

[5] Audit & Supervisory Committee

(Chairman: Hiroshi Kawahara)

The Audit & Supervisory Committee is comprised of five outside directors, including two who are female, and one internal director. The committee exchanges opinions and offers advice on management based on audit policies, plans, etc., through attendance at the Board of Directors and other important meetings, and regular exchanges of opinions with the Representative Director.

In addition, the committee also implements audits of the execution of duties by executive directors through interviews with executive directors and other employees, and the inspection and examination of important documents.

[6] Internal Audit Office

Internal Audit Office conducts internal audits of the implementation status of the management cycle under the Group's annual management plan, which describes the Group's basic policies and plans, as well as of appropriate business execution and effective business management based on the responsibilities and authority of each employment position.

Enhancing Corporate Governance

Composition of the Board of Directors and nomination policy

The Board of Directors is composed so as to establish a proper balance of insight, experience and ability throughout the board as a whole while maintaining diversity and an appropriate size by a plurality of executive directors from a variety of fields and backgrounds and multiple independent outside directors. In doing so, we hope to ensure ample discussion based on of a variety of opinions as well as expedited and rational decision-making.

* The number of Directors (excluding Directors who are members of the Audit & Supervisory Committee) must not exceed 13 and the number of Directors who are members of the Audit & Supervisory Committee Members must not exceed seven.

The Board of Directors nominates candidates for Director who meet the following criteria, and prior to the nomination of candidates, they are deliberated upon by the "Personnel Committee." Following which,

- Candidates for Director (excluding members of the Audit & Supervisory Committee) are explained at a meeting of the Audit & Supervisory Committee
- Candidates for Director who are members of the Audit & Supervisory Committee must obtain the consent of the Audit & Supervisory Committee.

Standards for Director candidates

[1] Candidates must excel in character, insight and ability, and have a high sense of ethics and law-abiding spirit
[2] Candidates must understand our fundamental mission and corporate philosophy and be able to contribute to the sustainable improvement of corporate value and regional development
[3] Candidates must be able to adequately carry out management decision-making and supervision from a company-wide perspective as a constituent member of the Board of Directors
[4] Candidates must meet the statutory qualification requirements as Directors

Process for nominating Director candidates

Optional Statutory

Organization / Subjects	Personnel Committee	Audit & Supervisory Committee	Board of Directors
Directors (excluding members of the Audit & Supervisory Committee)	Deliberation	• Decision-making on appointments, etc. • Statements of opinion at General Meetings of Shareholders	Resolution
Directors (Audit & Supervisory Committee Member)		Consent	

Way of thinking on compensation for Directors

Compensation for Directors is determined by a comprehensive assessment of several factors, including business performance, content and execution of duties, and compensation levels of other businesses with particular focus on listed companies. In doing so, we aim to provide appropriate compensation in light of each Director's responsibility to realize our mission and to facilitate sustainable improvement of corporate value.

Specific compensation levels are determined by the Chairman of the Board and the Director and President delegated by resolution of the Board of Directors to determination within the established limits based on reports from the "Compensation Committee," which is centered on outside directors.

- Compensation of Directors (excluding members of the Audit & Supervisory Committee)
  - Monthly compensation
  - Bonus determined at the General Meeting of Shareholders, taking into consideration business performance for each fiscal year (there are no standard indicators)
  - Stock compensation paid aimed at the improvement of medium-to long-term business performance and corporate value
- Compensation of Directors who are members of the Audit & Supervisory Committee
  - Monthly compensation only

Compensation amounts (FY2020)

(million yen)

Executive classification	Total amount of compensation, etc.	Total amount by type of compensation, etc. (million yen)			Number of subject executives
		Monthly compensation	Bonuses (results-linked compensation, etc.)	Stock compensation (non-monetary compensation, etc.)	
Directors (excluding members of the Audit & Supervisory Committee)	307	276	—	30	8
Directors who are members of the Audit & Supervisory Committee (internal)	66	66			2
Outside Director	42	42			5

Maximum compensation (total)

Executive classification	Monthly compensation	Stock compensation
Directors (excluding members of the Audit & Supervisory Committee)	38 million yen / month	• 160 million yen over 3 fiscal years • 50,000 points annually*
Directors who are members of the Audit & Supervisory Committee	10 million yen / month	

* 1 point = 1 share

Fiscal 2020 report (in Japanese only)
https://www.yonden.co.jp/assets/pdf/corporate/ir/library/report/report_to_shareholders_2020.pdf

Corporate governance report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/governance.html

Evaluation of the effectiveness of the Board of Directors

We conduct an annual questionnaire survey among all Directors on the effectiveness of the Board of Directors, and evaluate the composition, governance and management of the Board of Directors based on the results. We have judged that the effectiveness of the Board of Directors has been ensured adequately in fiscal 2020.

We will continue to take measures based on the opinions of Directors to optimize governance, and will strive for further improvement of the effectiveness of the Board of Directors.

Results of evaluation of the effectiveness of the Board of Directors (overview of FY2020)

< Reasons for judgment of appropriate effectiveness >

- Diversity has been ensured overall, with well-balanced knowledge, experience, and ability, a composition ratio of outside directors of one-third or more, and consideration given to gender and regional characteristics.
- An atmosphere conducive to the expression of opinions has been created and outside directors are providing advice from the perspective of the general public based on their own experiences and regional opinions.
- The date and time, frequency and number of items to be discussed are set appropriately, and the points for discussion on specialized matters are shared through prior explanations to promote the understanding of outside directors.

[Issues]

- It is desirable that explanations on the day of a meeting of the Board of Directors be made more concise by focusing on specific points, and that discussions be further stimulated by, for example, internal directors making statements actively on matters outside the scope of their own responsibility.

Frequency and attendance rates of meetings of the Board of Directors and Audit & Supervisory Committee (FY2020)

	Number of meetings held	Attendance rate
Board of Directors	11	98.2%
Audit & Supervisory Committee	17	99.1%

Appropriate internal controls

To ensure the effective functioning of internal controls so that day-to-day business operations can be executed appropriately and efficiently, we need to maintain a sound corporate culture, identify chains of authority and responsibility, and develop systems to manage risks. We also need to check the state of operation of such mechanisms regularly and make improvements.

We recognize the importance of winning the trust of society at large. Aiming to conduct business activities that are legal, appropriate, and efficient, the Board of Directors passed a resolution setting out our policy on a System for Ensuring Sound Business. Going forward, we will implement proper business management in accordance with this policy. Further, we will disseminate the policy continuously to gain the understanding of all our Directors and employees, in order to strengthen our initiatives for enhancing our internal control systems.

Way of thinking on cross-shareholdings

The shares that we hold are limited to shares in companies that contribute to the sustainable improvement of our Group's corporate value through stable fund procurement and the efficient operation of electric power business, etc.

In addition, the rationality of shareholdings is reconfirmed each year based on profitability and other factors, taking into account their necessity in business operations and capital costs. The results are reported to the Board of Directors.

Shareholdings (end of FY2020)

(million yen)

	Number of stocks	B/S recorded amount	Difference against previous year	
			Number of stocks	B/S recorded amount*1
Listed stocks	12	4,071	-4	-2,759
Unlisted stocks	66	28,703*2	0	108

*1 Change in association with fluctuation in number of stocks
*2 Including 25.68 billion yen of shares in Japan Nuclear Fuels Limited.

React to Risks and Opportunities

We grasp and manage “risks” anticipated in business operations based on social issues, the business environment, management resources, etc. In addition, we also respond to connect to new value creation by taking good advantage of “opportunities” generated in association with change.

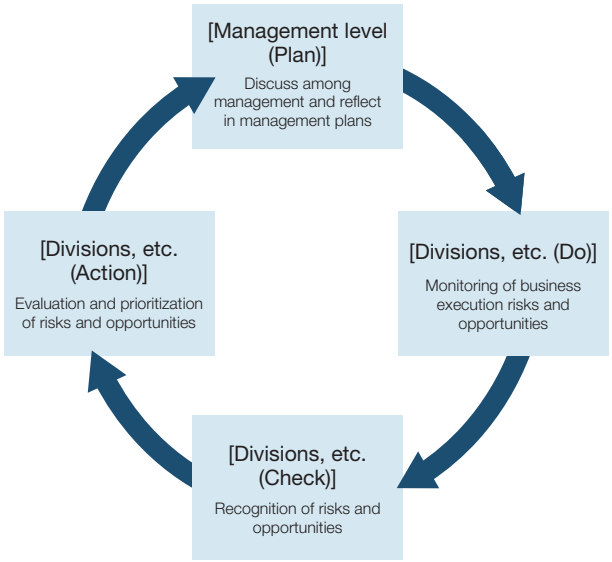
Risk management system

Based on the “Risk Management Rules” that define the basic aspects of risk management and action principles, management checks and reviews risks that have the potential to significantly impact operations every year, and incorporates the results into our management plans for the following fiscal year to ensure every effort is made to prevent or reduce the impact of risk.

For risks that cut across the entire Group, we set up expert committees as necessary and address such risks in an appropriate manner based on comprehensive assessments.

For emergency situations brought about by natural disasters or other circumstances, we have established individual rules and manuals and clarified the management structure so that damage is minimized and recovery expedited. Moreover, we share information appropriately by establishing a “crisis hotline” as a helpdesk that swiftly gathers crisis-related information to make all employees fully aware of the importance of crisis management.

The PDCA of risk management



Response to COVID-19

In order to secure the stable supply of electricity, we have established a BCP (a business plan for measures against novel influenza, etc.) that will enable the continuity of business even supposing that approx. 40% of employees are absent from work due to infection.

Based on this plan, if COVID-19 spreads, we will implement the following thoroughly.

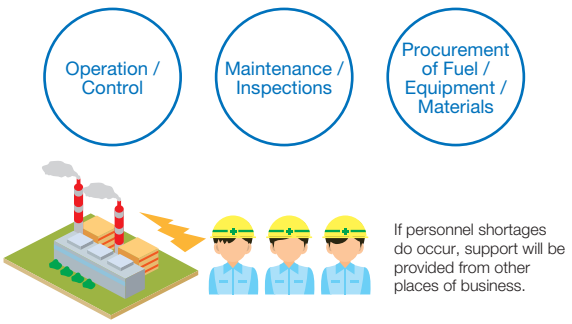
- Prevention of the spread of infection among shift workers in electric power generation, grid, supply and demand operations, etc.
- Measures for the entry of power station workers, etc.

In addition to the above, we will implement measures, such as the use of working from home by a maximum of 1,000 employees per day, to enable continuation of the stable supply of power even if a state of emergency is declared.

Response based on BCP

We will implement the following measures in advance based on the plan.

[1] Selection of work that is important to the continuation of stable supply
[2] Establishment of systems that enable the minimum number of personnel required to carry out work
[3] Listing of shift supervisors and personnel who can act on their behalf, and implementation of education and training as required



Key risks and opportunities

[→ How we will respond]

Main events		Assumed risk	Assumed opportunity
Electric power business	[1] Changes in energy policy or electric power business systems	• Strengthening of rules based on reviews of policies and systems → Grasping of the state of discussions on state councils, dialogue with policy authorities, etc.	• Occurrence of profit opportunities due to reviews of policies and systems → Grasping of the state of discussions on state councils
	[2] Strengthening environmental regulations	• Operating restrictions on thermal power generation and increased power generation costs, etc. due to the strengthening of regulations → Analysis and responses of risks and opportunities based on climate change scenarios See pages 49–50	• Expansion of the introduction of renewable energy → New development and expansion of the introduction of renewable energy See pages 31–32 • Improvement of the efficiency of supply facilities → Higher efficiency of thermal power generation See page 33 • Promotion of electrification and progress of energy saving → Promotion of electrification to customers See pages 39–40
	[3] Changes in the environment surrounding nuclear power business	• Increase in the cost of alternative thermal fuels associated with a long-term shutdown due to a lawsuit, changes in standards and laws, etc., increase in capital investment associated with additional measures, etc. → Initiatives for the safe and stable operation of Ikata Power Station See pages 29–30 • Review of state institutional measures related to the nuclear fuel cycle, etc.	• Realization of safe and stable operation based on the improvement of safety, etc. → Thorough information disclosure and communication with society through dialogue with local residents See page 53
	[4] Market trends	• Decline in electricity sales volumes or unit prices due to market competition • Decline in demand due to population decline, energy saving or the spread of storage batteries, etc. • Decline in wholesale sales unit prices due to the relaxation of supply and demand associated with the spread of renewable energy, decline of power generation facility operating rates → See "Expansion of profit opportunities" on the right • Significant fluctuations in fuel prices and exchange rates, etc.	• Expansion of profit opportunities ▪ Expansion of sales areas and diversification of sales methods and channels → Expansion of rate plans and alliances with other business operators See pages 38,40 ▪ Activation of market transactions and introduction of new markets → Expansion of total electricity sales See page 40 ▪ Creation of new services and business, etc. → DX, distributed energy business initiatives See pages 36,45
	[5] Facility and operation-related trouble, etc.	• Damage to facilities or occurrence of operating trouble due to a large-scale natural disaster or aging of supply facilities → Implementation of appropriate facility maintenance See pages 33,34,etc.	• Strengthening of resilience at times of disaster, efficient facility renewal and maintenance → Handling of hardware and software aspects in readiness for disaster occurrence, optimization of transmission and distribution facilities See pages 33,34,etc.
Businesses other than electricity	[1] Businesses outside electric power	• Changes in the market environment or materialization of country risk in an individual business → Grasping and management of assumed risks in business operation See page 61 • Structural changes in energy business associated with the spread of distributed power sources and technological innovation → See "Rise of new needs associated with changes in energy business" on the right	• Digitalization and DX trends in ICT business → Expansion of ICT business See page 42 • Expansion of global energy demand → Expansion of international business See page 43 • Rise of new needs associated with changes in energy business → Initiatives for DX and distributed energy business See pages 36,45
Mutual	[1] Compliance	• Decline of social credibility associated with the violation of laws and regulations, etc. → Dissemination of awareness of compliance among officers and employees See page 63	• Need for the enhancing of corporate governance → Enhancement and strengthening of corporate governance See pages 57–66
	[2] Other	• Impact on business due to the spread of COVID-19 → Response based on BCP See page 61	• Rise of new needs associated with social changes during and after COVID-19, etc. → Expansion of ICT business See page 42

Promoting Compliance

Thorough implementation of compliance

We have established the “Shikoku Electric Power Compliance Guidelines,” which establish specific rules to be observed by officers and employees, including legal compliance and respect for social norms as well as the building and maintenance of sound relationships with stakeholders, and are making them known thoroughly to all.

We are also promoting compliance across the entire Group after establishing the Shikoku Electric Power Group Compliance Council, which combines the Compliance Promotion Committees of each Group company.

For even more thorough implementation of compliance, we decided in March 2020 to prohibit the acceptance of gifts from business partners by all directors and employees in principle and are handling this as follows.

- Prohibition on the acceptance of gifts other than souvenirs such as confectionery or novelty items
- Establishment of a Consultation Office on the acceptance of gifts
- Obligation to report to the Consultation Office if a gift is accepted unavoidably

Implementation of continuous compliance education

Every year, we implement e-learning training for all employees, assuming various compliance issues. In fiscal 2020, 99.8% of employees undertook this training.

In addition, we also implement compliance training regularly for branches and other offices in Shikoku, and through such efforts, we are working continuously to diffuse and establish awareness of compliance among employees.

Stringent confidential information security

We established a “Confidential Information Security Committee” and are promoting company-wide efforts to protect personal information.

In addition, we have established a “Basic Policy on the Protection of Personal Information,” in accordance with which we disclose the purposes of use of personal information, etc., establish internal rules and implement education and enlightenment for employees, to implement the proper management of personal information, including that of customers, thoroughly.

Compliance consultation office

We have established a Compliance Consultation Office in General Affairs Department and an outside law office as a contact point to receive consultations from inside and outside the Group regarding actions that violate laws or corporate ethics.

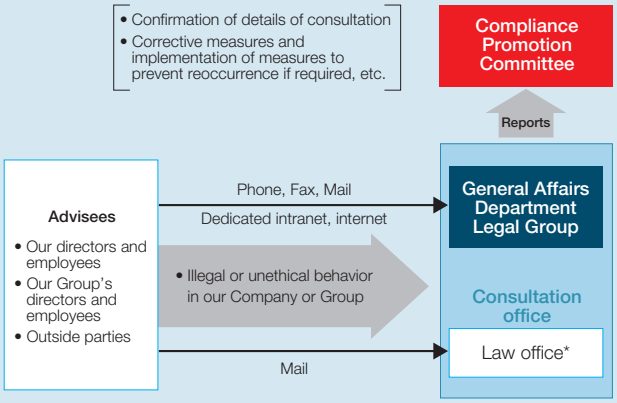
In addition, Audit & Supervisory Committee has also established an internal contact point to receive reports on violations of laws, regulations and corporate ethics directly involving Directors.

Each contact point implements surveys as required and responds appropriately.

Number of consultations with compliance consultation office

FY	2018	2019	2020
Number of consultations	9	6	2

Overview of the Compliance Consultation Office



* Matsumoto Law Office
5th Fl., Imon Takamatsu Bldg., 1-2-5 Kotobuki-cho, Takamatsu City, Kagawa 760-0023
(Limited, in principle, to the delivery of documents)

Shikoku Electric Power Compliance Guidelines (in Japanese only)
https://www.yonden.co.jp/corporate/compliance/guideline/index.html

Confidential Information Security Policies (in Japanese only)
https://www.yonden.co.jp/corporate/privacy/index.html

Yonden Basic Policy on Investor Relation (in Japanese only)
https://www.yonden.co.jp/corporate/ir/policy/irpolicy.html

Investor Relations
https://www.yonden.co.jp/english/ir/index.html

Ensuring of Information Security

Promotion of security measures

Massive quantities of information, including personal information, are processed using computers. We have established the "Yonden Group Information System Security Guidelines" and are working on information management measures to ensure security because such computer processing could exert great impacts on customers, such as information leakage, alteration, system crashes, etc.

Information security measures

Physical measures
- Implementation of crime prevention and disaster prevention measures such as entry and exit management at data centers

Technical measures
- Antivirus software, data encryption, network monitoring and blocking of unauthorized access

System and human-based measures
- Establishment of rules such as "Information System security management standards"
- Employee education on the importance of ensuring security and PC use

Further, in order to respond to increasingly sophisticated and complex cyber attacks, we have established a management system headed by the director in charge of Information Systems Department. Apart from this, we have established a Security Incident Response Team (SIRT) to collect security information and implement various measures on an everyday basis. In the event a security incident does occur, the SIRT can play a central role in grasping the situation and restoring operations quickly.

Enhancement of IR Activities and Information Disclosure

Constructive communication with shareholders and investors

Based on the "Yonden Basic Policy on Investor Relations," we emphasize communication with shareholders and investors by management and personnel in charge of IR, and apart from holding company briefings and facility tours regularly, we also hold individual meetings as needed.

Through such dialogue, we explain our management policies and business operations. Sharing the opinions and requests received in these discussions among management and using them in business management is leading to sustainable value creation.

Explanatory forum for analysts and institutional investors

Prompt and appropriate information disclosure

We provide stakeholders with management targets and financial information related to business operations in timely fashion, and publish ESG-related non-financial information, such as the Task Force on Climate-related Financial Disclosures (TCFD) and environment-related data, as appropriate.

In addition, we have established the "Rules for Timely Disclosure of Corporate Information" based on the Securities Listing Regulations, and disclose information promptly if any matter subject to disclosure occurs.

Enhancing Corporate Governance

Board of Directors

Hayato Saeki
Chairman of the Board

April 1977 Joined the Company
June 2011 Senior Corporate Officer, General Manager of Corporate Planning Dept., General Planning Division
June 2013 Managing Director, in charge of Public Relations Dept., General Affairs Dept., Plant & Facilities Siting Dept., and Tokyo Branch Office
June 2015 President and Director
June 2019 Chairman of the Board (to the present)

Keisuke Nagai
Director and President

April 1981 Joined the Company
June 2013 Senior Corporate Officer, General Manager of Corporate Planning Dept., General Planning Division
June 2015 Managing Director, General Manager of General Planning Division
June 2017 Executive Vice President and Director, General Manager of General Planning Division, in charge of Information Systems & Telecommunications Dept.
April 2018 Executive Vice President and Director, General Manager of General Planning Division, in charge of Renewable Energy Dept., Demand-Supply Operation & Power Trading Dept., and Information Systems Dept.
June 2019 Director and President (to the present)

Nobuhiko Manabe
Director and Executive Vice President
Division Manager of Thermal Power Division

April 1978 Joined the Company
June 2016 Senior Corporate Officer, Deputy Division Manager of Thermal Power Division, Thermal Power Dept.
June 2017 Managing Director, Division Manager of Thermal Power Division
June 2018 Executive Vice President and Director, Division Manager of Thermal Power Division
June 2019 Director and Executive Vice President, Division Manager of Thermal Power Division (to the present)

Kenji Yamada
Director and Executive Vice President
Division Manager of Nuclear Power Division, in charge of Civil & Architectural Engineering Dept.

April 1980 Joined the Company
June 2015 Senior Corporate Officer, Nuclear Power Dept., Nuclear Power Division
June 2016 Managing Director, Deputy Division Manager of Nuclear Power Division
June 2017 Managing Director, Deputy Division Manager of Nuclear Power Division, in charge of Civil & Architectural Engineering Dept.
June 2019 Director and Executive Vice President, Division Manager of Nuclear Power Division, in charge of Civil & Architectural Engineering Dept. (to the present)

Hisashi Shirai
Director and Senior Corporate Officer General Manager of Business Development Division, in Charge of Accounting & Finance Dept., Purchasing & Materials Dept., and Information Systems Dept.

April 1981 Joined the Company
June 2016 Senior Corporate Officer, Accounting & Finance Dept.
June 2017 Managing Director, in charge of Accounting & Finance Dept. and Purchasing & Materials Dept.
June 2019 Director and Senior Corporate Officer General Manager of Business Development Division, in Charge of Accounting & Finance Dept., Purchasing & Materials Dept., and Information Systems Dept (to the present)

[Director of STNet, Incorporated
Director and Audit & Supervisory Committee Member of YONDENKO CORPORATION]

Akifumi Nishizaki
Director and Senior Corporate Officer in charge of Accounting Dept., Siting and Environment Dept., Employee Relations & Human Resources Dept., General Education & Training Center, General Medical Services Center, and Tokyo Branch Office

April 1980 Joined the Company
June 2016 Senior Corporate Officer, General Manager of Tokyo Branch Office
June 2018 Managing Director, in charge of Secretary Dept., Employee Relations & Human Resources Dept., General Education & Training Center, General Medical Services Center, and Tokyo Branch Office
June 2019 Director and Senior Corporate Officer, in Charge of General Affairs Dept., Siting & Environment Dept., Employee Relations & Human Resources Dept., General Education & Training Center, General Medical Services Center, and Tokyo Branch Office (to the present)

[Director of Yonden Engineering Company, Incorporated
Director of Yonden Business Company, Incorporated]

Tassei Yamasaki
Director and Senior Corporate Officer
Division Manager of Marketing & Customer Relations Division

April 1984 Joined the Company
June 2018 Senior Corporate Officer, Deputy Division Manager of Marketing & Customer Relations Division
June 2019 Director and Senior Corporate Officer Division Manager of Marketing & Customer Relations Division (to the present)

[Director of SHIKOKU INSTRUMENTATION CO., LTD.
Director of Yonden Business Company, Incorporated]

New election

Yoshihiro Miyamoto
Director and Senior Corporate Officer
General Manager of General Planning Division, in charge of Renewable Energy Dept. and Public Relations Dept.

April 1985 Joined the Company
June 2019 Senior Corporate Officer, General Manager of Corporate Planning Dept., General Planning Division
June 2021 Director and Senior Corporate Officer, General Manager of the General Planning Division, in charge of Renewable Energy Dept. and Public Relations Dept. (to the present)

[Director of Sakaide LNG Co., Inc.]

[ ] : Concurrent Positions in our Group companies

(As of the end of June 2021)

Directors
Audit & Supervisory Committee Members

denotes Outside Director

Hiroshi Kawahara
Director Audit & Supervisory Committee Member
Chairman of the Audit & Supervisory Committee

April 1980	Joined the Company
April 2018	Senior Corporate Officer, Power Transmission & Distribution Company, in charge of Corporate Planning Dept. and Transmission and Substation Dept.
June 2019	Director and Audit & Supervisory Committee Member of the Company
June 2021	Director and Audit & Supervisory Committee Member of the Company Chairman of Audit & Supervisory Committee (to the present)

Corporate Auditor of Shikoku Electric Power Transmission & Distribution Co., Inc.
Corporate Auditor of STNet, Incorporated
Corporate Auditor of Yonden Engineering Company, Incorporated
Corporate Auditor of Yonden Business Company, Incorporated
Director and Audit & Supervisory Committee Member of YONDENKO CORPORATION

Ryohei Kagawa
Director
Audit & Supervisory Committee Member

April 2016	Director and Senior Managing Executive Officer of The Hyakujushi Bank, Ltd.
April 2019	Director and Senior Managing Executive Officer, and CCO of The Hyakujushi Bank, Ltd.
June 2019 – April 2021	Director and Audit & Supervisory Committee Member of the Company; Director, Vice President and CCO of The Hyakujushi Bank, Ltd. (to the present)

Fujiko Takahata
Director
Audit & Supervisory Committee Member

September 2007	Senior Managing Director of Tokiwa Co., Ltd.
September 2015 – June 2020	President and Director of Tokiwa Co., Ltd.; Director and Audit & Supervisory Committee Member of the Company (to the present)

New election

Iwao Otsuka
Director
Audit & Supervisory Committee Member

June 2011	Director and Managing Director of The Iyo Bank, Ltd.
June 2012	Director and President of The Iyo Bank, Ltd.
June 2019 – April 2020	Corporate Auditor of Shikoku Railway Company; Director and Chairman of The Iyo Bank, Ltd. (to the present)
June 2021	Director and Audit & Supervisory Committee Member of the Company

New election

Shoichi Nishiyama
Director
Audit & Supervisory Committee Member

June 1994	Director and Managing Director of Ujiden Chemical Industry Co., Ltd.
January 1999 – June 2021	Director and President of Ujiden Chemical Industry Co., Ltd.; Director and Audit & Supervisory Committee Member of the Company (to the present)

New election

Yachiyo Izutani
Director
Audit & Supervisory Committee Member

June 2011	Director of Nara Bureau, Japan Broadcasting Corporation (NHK)
June 2013	Head of Work Life Balance Promotion, Human Resources, Nara Bureau, Japan Broadcasting Corporation (NHK)
June 2015	Director of Matsuyama Bureau, Japan Broadcasting Corporation (NHK)
June 2017	Director of Announcers' Office, Japan Broadcasting Corporation (NHK)
June 2018	Director and General Manager, Course Promotion Division, NHK Culture Center, Inc.
June 2019	Director and President of NHK Culture Center, Inc. (resigned April 2021)
June 2021	Director and Audit & Supervisory Committee Member of the Company (to the present)

Number of directors	14
Internal directors	9
Outside directors	5

Financial / Corporate Information

Financial / Corporate Information

10-Year Financial Summary

Shikoku Electric Power Company, Incorporated and Consolidated Subsidiaries

Years ended March 31	FY2011	FY2012	FY2013	FY2014	FY2015
Financial Performance					
Operating Revenues	592,142	561,783	636,332	664,286	654,013
Electric	528,401	487,012	551,148	578,983	574,246
Other	63,741	74,771	85,184	85,302	79,767
Operating Expenses	586,352	612,121	633,617	635,292	629,311
Electric	528,258	543,797	554,653	556,858	559,685
Other	58,094	68,324	78,964	78,433	69,625
Operating Income	5,789	(50,337)	2,715	28,993	24,702
Ordinary Income *2	7,777	(47,538)	8,161	34,486	31,066
Income before Income Taxes	(3,675)	(59,415)	(426)	22,864	18,906
Net Income Attributable to Owners of the Parent	(9,357)	(42,886)	(3,289)	10,333	11,147
Financial Position					
Total Assets	1,375,197	1,385,440	1,397,277	1,401,189	1,401,750
Total Equity	326,815	285,201	287,439	300,897	286,177
Interest-Bearing Debt	671,800	734,684	737,449	711,832	719,754
Cash Flows					
Cash Flows from Operating Activities	81,605	15,781	65,734	100,164	91,739
Cash Flows from Investing Activities	(75,074)	(66,245)	(71,700)	(55,164)	(88,542)
Cash Flows from Financing Activities	(3,893)	56,651	2,725	(25,650)	3,699
Term-End Balance of Cash and Cash Equivalents	8,164	14,351	11,109	30,544	37,441
Per Share of Common Stock					
EPS (Earnings per Share)	(45)	(208)	(16)	50	54
Cash Dividends Applicable to the Year	60	0	0	20	20
Total Equity	1,586	1,384	1,394	1,460	1,388
Financial Indicators					
Return on Assets *3	0.6	(3.4)	0.6	2.5	2.2
Return on Equity *4	(2.8)	(14.0)	(1.1)	3.6	3.8
Shareholders' Equity Ratio	23.7	20.6	20.6	21.5	20.4
Interest-Bearing Debt Ratio	2.1	2.6	2.6	2.4	2.5
Dividend Payout Ratio	—	—	—	39.9	36.9

*1 U.S. dollar amounts are translated from yen at the rate of ¥111 = US$1 *2 Ordinary income + interest expenses *3 Ordinary income + interest expenses / average total assets
*4 Net income attributable to owners of the parent for fiscal year under review / average shareholders' equity

Consolidated Financial Statements and Notes
https://www.yonden.co.jp/english/assets/pdf/ir/tools/ann_r/fy2020_consolidated_financial_statements.pdf

Securities Report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/securities_report.html

				(millions of yen)	(U.S.$ thousands*1)
FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
684,537	731,775	737,274	733,187	**719,231**	**6,479,558**
602,243	642,495	639,601	631,479	**616,375**	**5,552,927**
82,293	89,279	97,673	101,708	**102,855**	**926,621**
664,528	702,510	711,544	701,899	**712,774**	**6,421,387**
589,589	621,899	623,640	611,308	**621,147**	**5,595,918**
74,938	80,610	87,904	90,591	**91,626**	**825,459**
20,009	29,265	25,729	31,288	**6,456**	**58,162**
24,485	35,621	32,125	34,069	**10,863**	**97,864**
15,689	28,032	25,145	26,180	**5,188**	**46,738**
11,349	19,675	16,995	18,092	**2,999**	**27,018**
1,301,267	1,330,226	1,353,941	1,373,640	**1,430,424**	**12,886,702**
303,879	312,564	321,189	326,648	**327,953**	**2,954,531**
707,756	683,249	704,261	717,062	**771,672**	**6,952,000**
81,739	123,512	54,507	107,313	**52,293**	**471,108**
(60,379)	(81,955)	(82,400)	(99,946)	**(89,331)**	**(804,783)**
(16,186)	(31,757)	14,541	6,318	**48,310**	**435,225**
42,518	52,218	40,681	54,289	**65,444**	**589,585**
				(yen)	(U.S.$ *1)
55	96	83	88	**15**	**0.13**
20	30	30	30	**30**	**0.27**
1,474	1,517	1,550	1,578	**1,583**	**14.26**
				(%)	
1.8	2.7	2.4	2.5	**0.8**	
3.9	6.4	5.4	5.6	**0.9**	
23.3	23.5	23.6	23.6	**22.8**	
2.3	2.2	2.2	2.2	**2.4**	
36.3	31.4	36.4	34.1	**205.8**	

Data on Electric Power Business

(million kWh)

	FY2016	FY2017	FY2018	FY2019	FY2020
Electricity Sales	30,435	29,988	27,944	29,855	**27,857**
Lighting	9,081	9,224	8,539	8,169	**8,210**
Power	16,615	15,896	14,757	14,226	**13,777**
Wholesale	4,738	4,868	4,648	7,460	**5,870**
Electric Supplied	33,278	32,710	30,453	32,320	**30,476**
Nuclear	4,945	4,055	3,339	5,894	**0**
Renewable Energy *1	2,248	2,326	2,214	2,344	**2,411**
Renewable Energy (Purchased Power) *1	4,054	4,351	4,829	5,035	**5,898**
Coal	8,382	7,891	7,595	6,658	**7,633**
Gas	3,616	3,954	3,453	3,818	**4,182**
Oil	2,134	2,033	970	323	**643**
Other (Purchased Power, Wholesale Exchanges, etc.)	7,898	8,099	8,052	8,248	**9,710**

(Thousands)

Number of Customers	2,866	2,815	2,760	2,700	**2,621**
Lighting (Residential)	2,519	2,489	2,449	2,402	**2,347**
Power (Industrial and Commercial)	347	326	312	297	**274**

(%)

Nuclear Power Plant Capacity Factor	63.4	52.0	42.8	75.4	**0.0**
Flow Rate	110.0	104.1	98.2	105.1	**98.9**

(People)

Number of Employees *2,*3	4,644	4,594	4,489	4,409	**4,374**

*1 "Renewable energy" in this document includes electricity that does not use non-fossil energy certificates and does not have value as renewable energy or CO_2 zero emissions value, and FIT electricity, part of the procurement cost of which is covered by a levy borne by users.

*2 From fiscal 2012, people who continue to be employed based on the "Act on Stabilization of Employment of Elderly Persons" are included in the number of employees.

*3 From fiscal 2020 on, the total for the company and Shikoku Electric Power Transmission & Distribution Co., Inc.

Main ESG Data

Major Item		Item		FY2016	FY2017	FY2018	FY2019	FY2020
E (Environment)	Promotion of Measures against Climate Change Advancing	CO_2 emissions volume (10,000 tons-CO_2) *1		1,360	1,343	1,230	914*2	1,252
		CO_2 emission coefficient (Kg-CO_2/kWh) *1		0.529	0.535	0.528	0.408*2	0.569
		Ratio of non-fossil fuel power sources (%) *3		34	29	30	39	24
		Greenhouse gases (10,000 tons-CO_2)	Scope 1 *4	—	—	—	739	854
			Scope 2 *5	—	—	—	0.0	0.4
			Scope 3 *6	—	—	—	669	648
		Thermal efficiency benchmark for thermal power plants *7	Indicator A	1.27*8	1.04	1.04	1.03	1.02
			Indicator B (%)	51.7*8	42.9	42.8	43.1	43.1
		Solar and wind power connection volume (10MW)		227	250	272	303	321
	Promotion of Environmental Preservation Activities	Waste recycling ratio (%) *9		99.5	99.5	95.5	88.7*10	99.0
		Coal ash recycling ratio (%)		99.8	99.8	99.8	99.8	99.7
		SOx emissions intensity (g/kWh)		0.1	0.1	0.1	0.2	0.1
		NOx emissions intensity (g/kWh)		0.4	0.4	0.4	0.4	0.3
		Violations of environment-related laws and regulations (cases)		0	0	0	0	1*11
S (Social)	Community Coexistence Activities	Number of visits for dialogue around Ikata Power Station (10,000 homes)		2.78	2.72	2.70	2.67	2.68*12
		Special-visit Energy Lessons at schools (times)		518	512	340	310	121
	Fostering Employee Motivation	Employee turnover rate (%) *13		0.51	0.29	0.46	0.43	0.34
		Return to work after childcare leave (%) *13		96	96	94	96	100
		Ratio of employees with disabilities (%)		2.1	2.1	2.2	2.3	2.6*14
G (Governance)	Corporate Governance	Number of directors (people) *15		14	17	17	15	15
		(Including) Outside directors (people)		2	4	4	4	5
		(Including) Female directors (people)		1	1	1	1	2
		Number of meetings of the Board of Directors (times)		12	12	11	11	11
		Number of meetings of Audit & Supervisory Committee (times) *16		13	13	13	18	17
	Compliance	Percentage of employees receiving compliance education (%) *13		99.8	99.7	99.9	99.9	99.8
		Number of consultations with Compliance Consultation Office (cases) *13		9	12	9	6	2

*1 Values pertaining to retail sales based on the Act on Promotion of Global Warming Countermeasures (reflecting adjustments made under the feed-in tariff system, etc.)
*2 Without taking into account adjustments due to the allocation of surplus non-fossil value: 10.24 million t-CO_2, 0.457 kg-CO_2/kWh.
*3 Indicator for retail sales based on the Act on Sophisticated Methods of Energy Supply Structures
*4 Emissions associated with direct emissions (fuel use for own power generation, etc.) based on national guidelines. Including CO_2, SF6 and N2O.
*5 Emissions associated with the use of electricity purchased from other companies at our places of business (offices) based on national guidelines
*6. Emissions contained in electricity purchased from other companies for sale, etc., based on national guidelines
*4 to *6 are recommended to be disclosed by TCFD
*7 Indicator based on the Act on the Rational Use of Energy
*8 According to the calculation method changed from fiscal 2017, Indicator A in fiscal 2016 was 1.04 and Indicator B was 42.6%
*9 In addition to the company and Shikoku Electric Power Transmission & Distribution Co., Inc., it includes waste generated by Group companies closely related to the electricity business
*10 Reduced due to the generation of difficult-to-recycle waste in the civil engineering work during the replacement of Saijo Unit No. 1
*11 Because the fluorine concentration in effluent at Saijo Power Station exceeded the standard value based on the Waste Management and Public Cleansing Act and the Water Pollution Prevention Act
*12 Due to the spread of COVID-19 in fiscal 2020, this activity was implemented by changing to the method of distributing leaflets instead of door-to-door visits
*13 Total for the company and Shikoku Electric Power Transmission & Distribution Co., Inc.
*14 Shows the employment rate for a total of 4 companies, including Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution, based on use of the "special subsidiary" system
*15 Numbers after the General Meeting of Shareholders in June
*16 The number for fiscal 2016, prior to the introduction of the Audit & Supervisory Committee is for meetings of the Board of Corporate Auditors

SASB Standards INDEX

From the perspective of enhancing information disclosure in light of growing environmental awareness, we are disclosing information based on “Electric Utilities & Power Generators,” a disclosure standard for the power industry prepared by the Sustainability Accounting Standards Board (SASB).

* Sustainability Accounting Standards Board (SASB): A non-profit organization established in the United States in 2011 aimed at the preparation of disclosure standards for sustainability information

TOPIC (Enviroment)		Unit	Topics Covered
Greenhouse Gas Related	Scope 1 Greenhouse Gas Emissions	t-CO_2	8,541,000 t-CO_2 (increased due to suspension of Ikata nuclear power station)
	Percentage covered under emissions-limited regulations	%	0% (no regulated market exists in Japan)
	Percentage covered under emissions-reporting regulations	%	100%
	Greenhouse gas (GHG) emissions associated with power deliveries	t-CO_2	12,520,000t-CO_2
	○Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions ○Emissions reduction targets ○Analysis of performance against those targets	—	Part of Scope 1 and Scope 3 are GHG emissions related to retail sales reported based on the “Act on Promotion of Global Warming Countermeasures.” Our company has raised the target of reducing CO_2 emissions associated with retail electricity sales in fiscal 2030 by 50% from their level in fiscal 2013. Actual emissions for fiscal 2020 were 12.52 million tons (36% reduction from the level in fiscal 2013). We aim to achieve these targets by 2030 by means such as maximizing the use of nuclear power, introducing and expanding the use of renewable energy, and improving the efficiency of thermal power generation.
	○Number of customers served in markets subject to renewable portfolio standards (RPS) ○Percentage fulfillment of RPS target by market	Number, %	N/A (RPS Act was abolished in Japan in 2012)
Air Related	Air emissions of NOx, SOx, particulate matter (PM10), lead (Pb) and mercury (Hg) and the percentage of each in or near areas of dense population	t, %	NOx: 4,014t, 100% SOx: 1,426t, 100% Figures not disclosed for particulate matter (PM 10), lead and mercury (because the measurement method recommended by the SASB standard has not been adopted)
Water Resources	Total water withdrawn, total water consumed, and the percentage of each in regions with High or Extremely High Baseline Water Stress	1,000m^3 %	Total water withdrawn: [fresh water] 10,425,444×10^3m^3 0% [Seawater] 2,336,889×10^3m^3 0% Total water consumed: 1,562×10^3m^3 0%
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Number	1 case
	Description of water management risks and discussion of strategies and practices to mitigate those risks	—	Our Group manages risks related to water resources by thorough observation of water withdrawn at hydroelectric power plants, temperature differences in water intake and discharge at thermal and nuclear power plants, and effluent standards. Water stress in the Shikoku area was confirmed using the “WRI Aqueduct Water Risk Atlas” tool. The level is “Low” (water stress of less than 10%) so it is assumed that the risk of drought and other events is low. In addition, the maximum impact for fiscal 2040 was “Medium-high” (water stress of 20 to 40%), indicating that the impact on our company’s business will be limited.
Coal Ash Management	Amount of coal combustion residuals (CCR) generated, percentage recycled	t, %	278,490t 99.7%
	Total number of coal combustion residual (CCR) impoundments	—	Not disclosed (We recycle coal ash thoroughly as described above and the proportion of landfill is about 0.3% of the total.)

TOPIC (Social Capital)		Unit	Topics Covered
Energy Affordability	Average retail electric rate for residential, commercial, and industrial customers	JPY/kWh	Residential: 24.32[JPY]/kWh, Commercial: 19.93[JPY]/kWh, Industrial: 20.96[JPY]/kWh
	Typical monthly electric bill for residential customers for 500 kWh and 1,000 kWh of electricity delivered per month	JPY	500 kWh: ¥13,061 1,000 kWh: 27,211[JPY]
	Number of residential customer electric disconnections for nonpayment, percentage reconnected within 30 days	Number, %	・Number of supply disruptions (household use): 52,355 cases (Number of contract cancellations due to non-payment of electricity changes) ・Percentage reconnected within 30 days: No results (If payment is not made even after the due date has passed, the contract is cancelled so there are no results.)
	Discussion of impact of external factors on customer affordability of electricity	—	Because we supply electricity to all customers who request it in principle, there is no difference in the ease of obtaining electricity.

TOPIC (Human Capital)		Unit	Topics Covered
Workforce Health & Safety	Total recordable incident rate (TRIR: number / 200,000 work hours)	%	Employees: 0.07%, Contractors/Consignors: 0.33%
	Fatality rate	%	Employees: 0%, Contractors/Consignors: 0%
	Near miss frequency rate (NMFR)	%	Not disclosed (Although they are managed at each place of business, figures are not disclosed because statistics are not kept for our Group as a whole.)

TOPIC (Business Model & Innovation)		Unit	Topics Covered
End-Use Efficiency & Demand	Percentage of electric utility revenues from rate structures that are decoupled and contain a lost revenue adjustment mechanism	%	Not applicable (No such customers exist in Japan.)
	Percentage of electric load served by smart grid technology	%	Smart meter installation rate: 69.5%
	Customer electricity savings from efficiency measures, by market	MWh	We disclose the following quantitative data instead of customer electricity savings. 〇Electricity saving solution services ・Number of proposals of electrification and energy saving solution services: 15,380 〇Energy-saving related information provision services (https://www.yonden.co.jp/y-con/index.html) ・Number of Yonden Concierge registrations: 439,159 Yonden Concierge is a service that provides customers with references to monthly electricity rates and amounts used, electrification simulations and energy-saving effect simulations, etc.

TOPIC (Leadership & Governance)		Unit	Topics Covered
Nuclear Safety & Emergency Management	Number of nuclear power units	Units	1 unit (Ikata Unit No. 3)
	Description of efforts to manage nuclear safety and emergency preparedness	–	We implement various safety measures and training to ensure that nuclear accidents do not occur and we have prepared thoroughly so that even in the event that a nuclear accident did occur, we could bring it under control quickly and appropriately. In addition, we summarize and report regularly to the Minister of Economy, Trade and Industry on the state of undertakings against nuclear accidents and efforts aimed at their further enhancement. (https://www.yonden.co.jp/energy/atom/safety/disaster_countermeasures/index.html) We will continue to strive for the improvement of our ability to respond to accidents by conducting improvement activities at all times, including the enhancement of training and response equipment.
Grid Resiliency	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Number	Not disclosed (because of the potential for new risks to occur by doing so)
	System Average Interruption Duration Index (SAIDI)	Minutes	SAIDI: 10 minutes (24 minutes) (Figure in brackets includes work)
	System Average Interruption Frequency Index (SAIFI)	Frequency	SAIFI: 0.14 times (0.28 times) (Figure in brackets includes work)
	Customer Average Interruption Duration Index (CAIDI)	Minutes	CAIDI: 69 minutes (86 minutes) (Figure in brackets includes work)

TOPIC (Others)		Unit	Topics Covered
Others	Numbers of residential, commercial, and industrial customers served	Number	Residential: 1,974,225, Low voltage excluding residential: 622,831 Commercial: 14,385, Industrial: 9,173
	Total electricity delivered to residential, commercial, industrial, all other retail customers, and wholesale customers	MWh	Residential: 7,849,443 MWh, Low voltage excluding residential: 1,530,135 MWh Commercial: 4,594,959 MWh, Industrial: 7,988,149 MWh Wholesale: 5,870,288 MWh
	Length of transmission and distribution lines	km	Transmission lines: 3,383 km (electric line length), Distribution lines: 46,184 km (electric line length)
	Total electricity generated, percentage by major energy source, percentage in regulated markets	MWh, %	・Electricity supplied: 30,475,798 MWh ・Percentage by power generation: internal coal 25.04%, internal oil 2.11%, internal LNG, etc. 13.72%, internal nuclear 0%, internal hydroelectric 7.89%, internal new energy 0.02%, and received from other companies 51.21% (repost hydropower and new energy 19.35%) ・Percentage in regulated markets: Not applicable.
	Total wholesale electricity purchased	MWh	Not disclosed (from the perspective of competition)

Management Discussion and Analysis

(Consolidated)

Fiscal 2020 Results

(April 1, 2020–March 31, 2021)

Analysis of Business Performance

Electricity Sales

Retail sales of electricity declined 1.8% year on year, to 22,000 million kWh, and wholesaling of electricity decreased 21.3% year on year, to 5,900 million kWh. As a result, total electricity sales were 27,900 million kWh, a year on year decrease of 6.7%.

Electricity Supply

Own generated hydro power increased 2.8% year on year, to 2,400 million kWh. Purchased power increased 17.5% year on year, to 15,600 million kWh. As a result, the amount of thermal power generated internally increased 15.4% year on year to 12,500 million kWh.

Operating Results

Operating revenues decreased 1.9% year on year to ¥719,200 million. Although there was an increase in wholesale revenues due to a sharp rise in market prices in January and an increase in renewable energy subsidies, retail revenues decreased due to a decrease in fuel cost adjustments, etc.

Operating expenses increased 1.5% year on year to ¥712,700 million due to the suspension of Ikata Unit No. 3 and an increase in supply-demand related expenses due to the impact of a sharp rise in market prices in January, etc.

As a result, operating income decreased 79.4% year on year to ¥6,400 million, ordinary income decreased 81.4% year on year, to ¥5,100 million, and net income attributable to owners of the parent decreased 83.4% year on year, to ¥2,900 million.

(Reference) Fiscal 2020 Results by Segment and Change Factors

			FY2020 (100 million yen)	Year on year difference (100 million yen)	Change (%)	Main reason for difference with previous year
Electric Power Business	Electric Power Generation & Sales	Operating revenues	5,807	(441)	(7.1)	・Decrease in retail sales revenue due to decrease in fuel cost adjustments, etc.
		Operating loss	(226)	(294)	–	・Cost increase due to the suspension of nuclear power plant operations and tight supply and demand in January, etc.
	Transmission & Distribution	Operating revenues	2,151	323	17.7	・Increase in renewable energy subsidies imbalanced revenue and a sharp rise in market prices in January, etc.
		Operating profit	161	49	44.6	・Impact due to tight supply and demand in January, etc.
Telecommunications Services Business		Operating revenues	454	7	1.6	・Increase in revenues from optical communications services and data center operations, etc.
		Operating profit	67	(1)	(1.7)	–
Construction and Engineering Business		Operating revenues	618	52	9.3	・Increase in contract work, etc.
		Operating profit	18	1	11.1	–
Energy Business		Operating revenues	201	(49)	(19.6)	・Decrease in sales volume and decrease in sales prices in LNG and coal sales business, etc.
		Operating profit	26	3	17.1	・Increase in profits due to sliding time lag of LNG prices
Other Business		Operating revenues	498	(33)	(6.2)	・Decrease in commercial business, etc.
		Operating profit	15	(6)	(28.2)	

Analysis of Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities decreased 51.3% year on year, to ¥52,200 million due to a decrease in profits, etc.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥89,300 million, down 10.6% year on year, due to a decrease in capital investment, etc.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥48,300 million, up 664.6% year on year, due to a net increase in the procurement of bonds and loans.

As a result, cash and cash equivalents at the end of fiscal 2020 increased ¥11,100 million compared to the previous fiscal year to ¥65,400 million.

Securities report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/securities_report.html

Fact books
https://www.yonden.co.jp/corporate/ir/library/fact.html

Analysis of Financial Position

Assets
Total assets stood at ¥1,430,400 million, up 4.1% year on year, due to increases in business assets and funds on hand, etc.

Liabilities
Liabilities amounted to ¥1,102,400 million, up 5.3% year on year, due to increases in bonds and loans, etc.

Total Equity
Total equity stood at ¥327,900 million, up 0.4% year on year, due to the securing of profits, etc.

Capital Investment

In power generation and sales business, additional safety measures were taken at Ikata Power Station and Saijo Power Station Unit No. 1 was replaced, resulting in a total of ¥55,600 million (before elimination of intersegment transactions).
In power transmission and distribution business, facilities were renewed to maintain the supply reliability of the power network, resulting in a total of ¥21,600 million (before elimination of intersegment transactions).
Consolidated capital investment for the entire Group, which includes telecommunications services, construction and engineering, energy, and other business segments, totaled ¥85,800 million (after elimination of intersegment transactions).

Dividend Policy

Our basic policy for shareholder returns is to issue stable dividend payments. Dividend levels are determined based on thorough consideration of such factors as business performance, financial condition, and the medium- to long-term outlook for the operating environment.
In fiscal 2020, in accordance with our basic policy for shareholder returns and based on business performance, financial conditions, and other factors, we decided on an interim dividend and a year-end dividend of ¥15 per share each, amounting to an annual dividend of ¥30 per share.

Research and Development

The Group works on R&D related to the supply and use of electricity aimed the improvement of its technological capabilities and competitiveness. In fiscal 2020, the R&D expenses of the Group as a whole were ¥4,000 million.
Major research projects were as follows:

(1) R&D that leads to reductions in electric power supply costs
R&D on technologies for extending the lifespan of equipment, technologies for increasing the functionality and efficiency of operation maintenance, and technologies for utilizing coal ash, etc.
(2) R&D aimed at the promotion of carbon neutrality
R&D on measures for the large-scale introduction of renewable energy, the use of storage batteries, and the use of technologies related to hydrogen, etc.

Outlook for Fiscal 2021

(April 1, 2021–March 31, 2022)

Electricity Sales (Announcement in October 29, 2021)
Retail sales of electricity are expected to increase 0.2% year on year to 22,000 million kWh, and wholesaling of electricity is expected to increase 42.5% year on year to 8,300 million kWh. Total electricity sales are expected to increase 9.1% year on year to 30,400 million kWh.

Operating Results (Announcement in October 29, 2021)
Because the accounting standard for revenue recognition will be applied from fiscal 2021, we will not record the levy related to the FIT scheme as sales, and will deduct subsidies from purchased electricity charges, etc. As a result, operating revenues are expected to decrease 19.4% year on year to ¥580,000 million.
Because of the resumption of operations at Ikata Power Station Unit No. 3, we expect operating income to increase 0.7% year on year to ¥6,500 million, ordinary income to increase 15.7% year on year to ¥6,000 million, and net income attributable to owners of the parent to increase 50.1% year on year to ¥4,500 million.

Cash Dividends (Announcement in April 28, 2021)
The interim dividend for FY2021 is 15 yen per share, and the year-end is assumed to be 15 yen per share.

Corporate Data and Stock Information

(As of March 31, 2021)

Shikoku Electric Power Group Information(in Japanese only)
https://www.yonden.co.jp/corporate/yonden/group/index.html

Shikoku Electric Power Organization Chart
https://www.yonden.co.jp/corporate/yonden/organization/index.html

Corporate Data

Corporate Name	Shikoku Electric Power Co., Inc.
URL	https://www.yonden.co.jp/english/
Location	2-5, Marunouchi, Takamatsu, Kagawa 760-8573, Japan
Date of Establishment	May 1, 1951
Paid-in Capital	¥145,551,921,500
Number of Employees	8,150 (Consolidated) 2,288 (Non-consolidated)

Stock Information

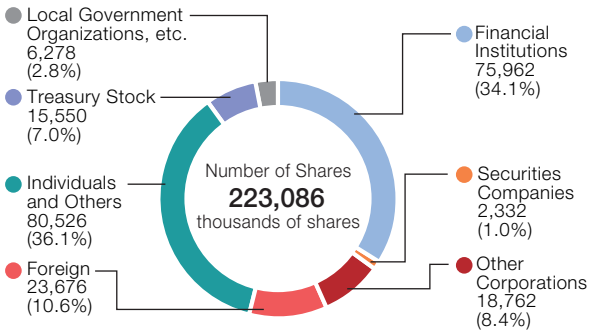
Total Number of Shares Authorized to be Issued	772,956,066
Total Number of Shares Issued	223,086,202
Number of Shareholders	81,306
Stock Exchange Listing	Tokyo Stock Exchange
Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Independent Auditors	Deloitte Touche Tohmatsu
Business Year	From April 1 to March 31 of the next year
General Meeting of Stockholders	June every year

Principal Shareholders (Top 10)

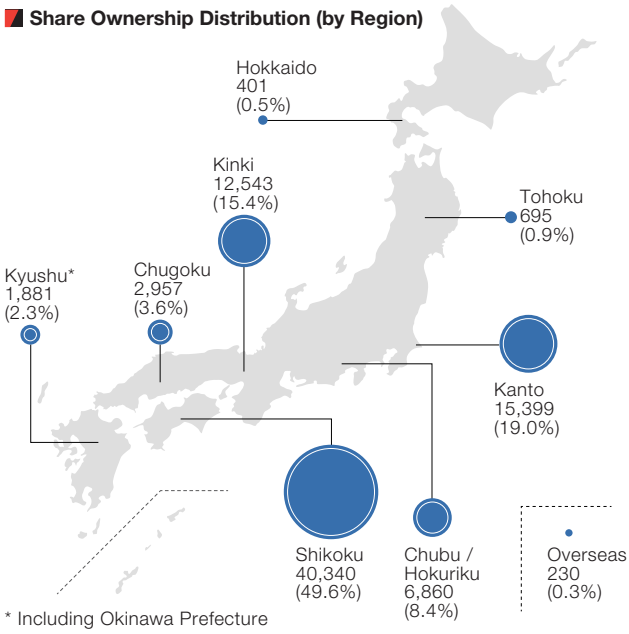
Name	Number of Shares (Thousands)	Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	13,131	6.33%
The Iyo Bank, Ltd.	8,851	4.26%
The Hyakujushi Bank, Ltd.	8,778	4.23%
SUMITOMO JOINT ELECTRIC POWER CO., LTD.	7,062	3.40%
Custody Bank of Japan, Ltd. (Trust account)	6,986	3.37%
Kochi Prefecture	6,230	3.00%
Nippon Life Insurance Company	5,923	2.85%
Shikoku Electric Power Employee Stock Ownership	4,693	2.26%
Meiji Yasuda Life Insurance Company	4,001	1.93%
The Shikoku Bank, Ltd.	2,749	1.32%

* Excluding treasury stock

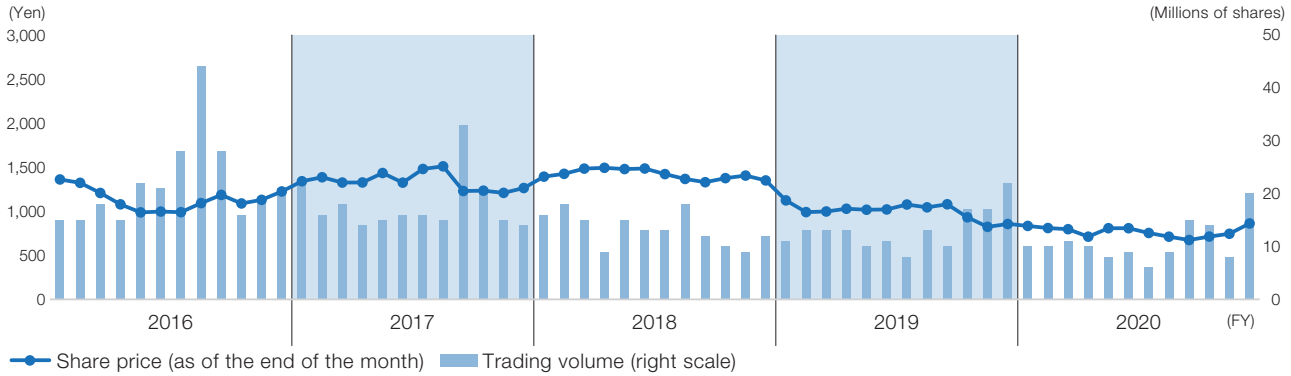
Share Ownership Distribution (by Investor Profile)



Share Ownership Distribution (by Region)



Monthly Share Price and Trading Volume



https://www.yonden.co.jp/english/index.html