



Shikoku Electric Power Group

Seeking to be a force for happiness

INTEGRATED REPORT 2022



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

Shikoku Electric Power Outline

<https://www.yonden.co.jp/corporate/yonden/index.html>

Investor Relations

<https://www.yonden.co.jp/corporate/ir/index.html>

Initiatives for Sustainability

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

Carbon Neutral Challenge

https://www.yonden.co.jp/corporate/carbon_neutral/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

FY2021 (April 1, 2021 – March 31, 2022)

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. (the Company) 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.

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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, as a multi-utility corporate group supporting work and life, contribute to comfortable, safe, and secure living, and 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**

**Creating
the future**

Eco-friendly

**Community
coexistence**

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

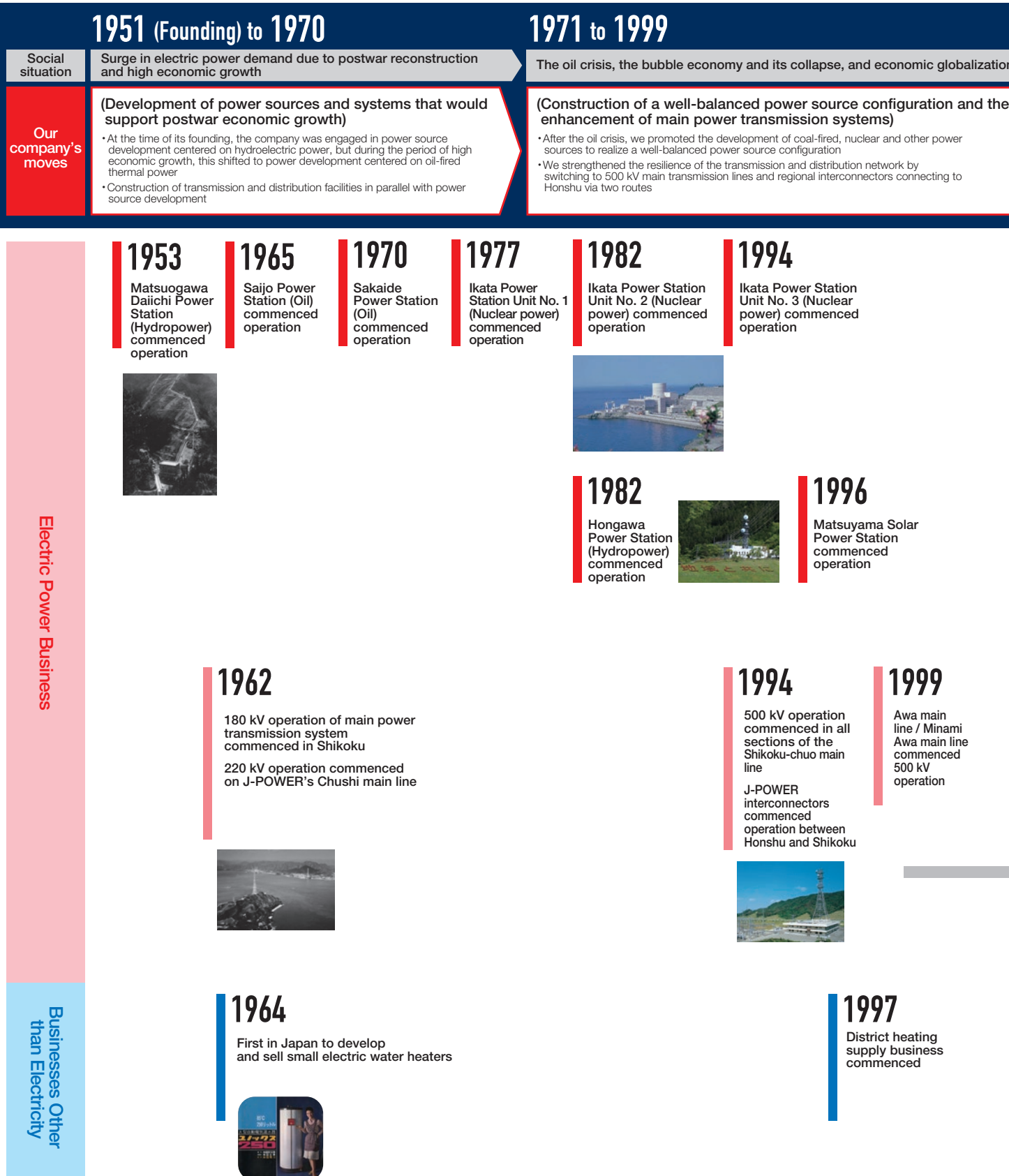
We will promote the low carbonization and decarbonization of power sources, the further use of electric energy, and take on the challenge of becoming "carbon neutral in 2050"

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.



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 IT/Communication 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 taking on the challenge of becoming a multi-utility company)

- After the Great East Japan Earthquake, the Ikata Power Plant was shut down for a long time
- By the end of fiscal 2021, 3.4 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 No. 2 (Nuclear power) ceased operation

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

2000

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

Grid-connected capacity of solar and wind power (End of fiscal 2010)
Approx. **310** MWGrid-connected capacity of solar and wind power (End of fiscal 2021)
Approx. **3,400** MW

1996-2008

7 rate reductions through increased efficiency of management

2001-2011

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

2013

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

2020

Transmission & Distribution business was spun off

Shikoku Electric Power
Transmission & Distribution Company(T&D)

2004

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

2008

Overseas IPP business commenced



2013

Commencement of data center business (STNet, Inc.)



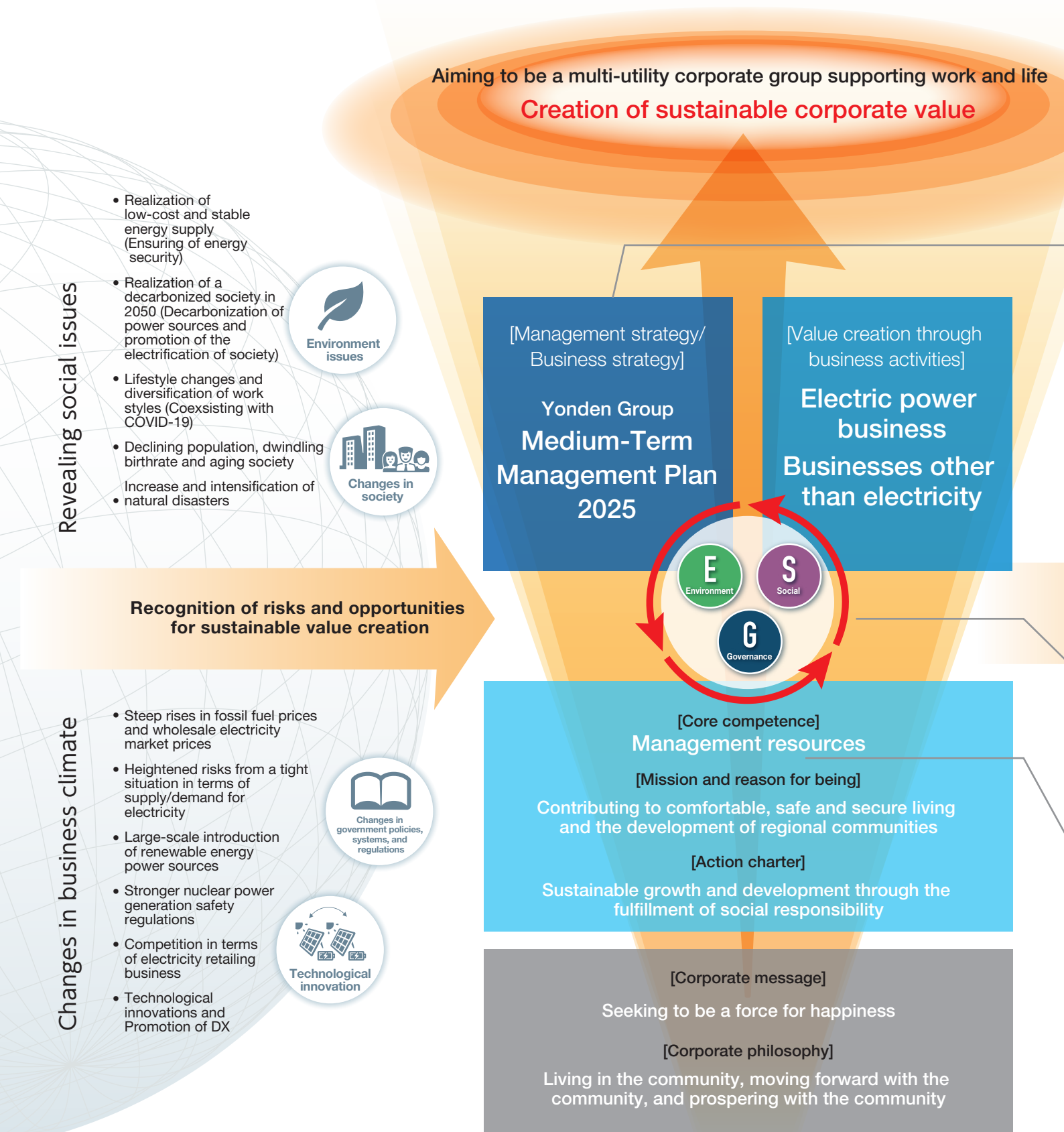
2021

Commenced operation of Niihama LNG Co., Ltd.

Ordinary profit for businesses other than electricity
Exceeded **18** billion yen

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 fulfilling our social responsibilities widely through business activities.



Management strategy/Business strategy

<Medium-Term Management Plan 2025> → See pages 9–10

Strive toward sustainable creation of value by combining the electric power business and businesses other than electricity

• Electric power business

Strengthening of earnings base and improvement of profitability for electric power generation, sales, and transmission and distribution

• Businesses other than electricity

Expansion of growth businesses centered on IT/Communication and international business

Offer value to stakeholders

Creation of social value

Business management that increases sustainability

<Continuous ESG Activities>

→ See pages 44–68

- Identify key issues (Materiality) that are closely linked to business activities and promote continuous initiatives through annual PDCA cycles

Management resources (Core competence)



Diverse and highly competitive power generation mix



Highly reliable transmission and distribution network



Abundant human resources, technologies, and knowhow



Strong credibility and brand power in Shikoku region



Sound financial structure



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 personalities and individuality, and promotion of diversity
- Committed to providing safe and comfortable working conditions



Suppliers

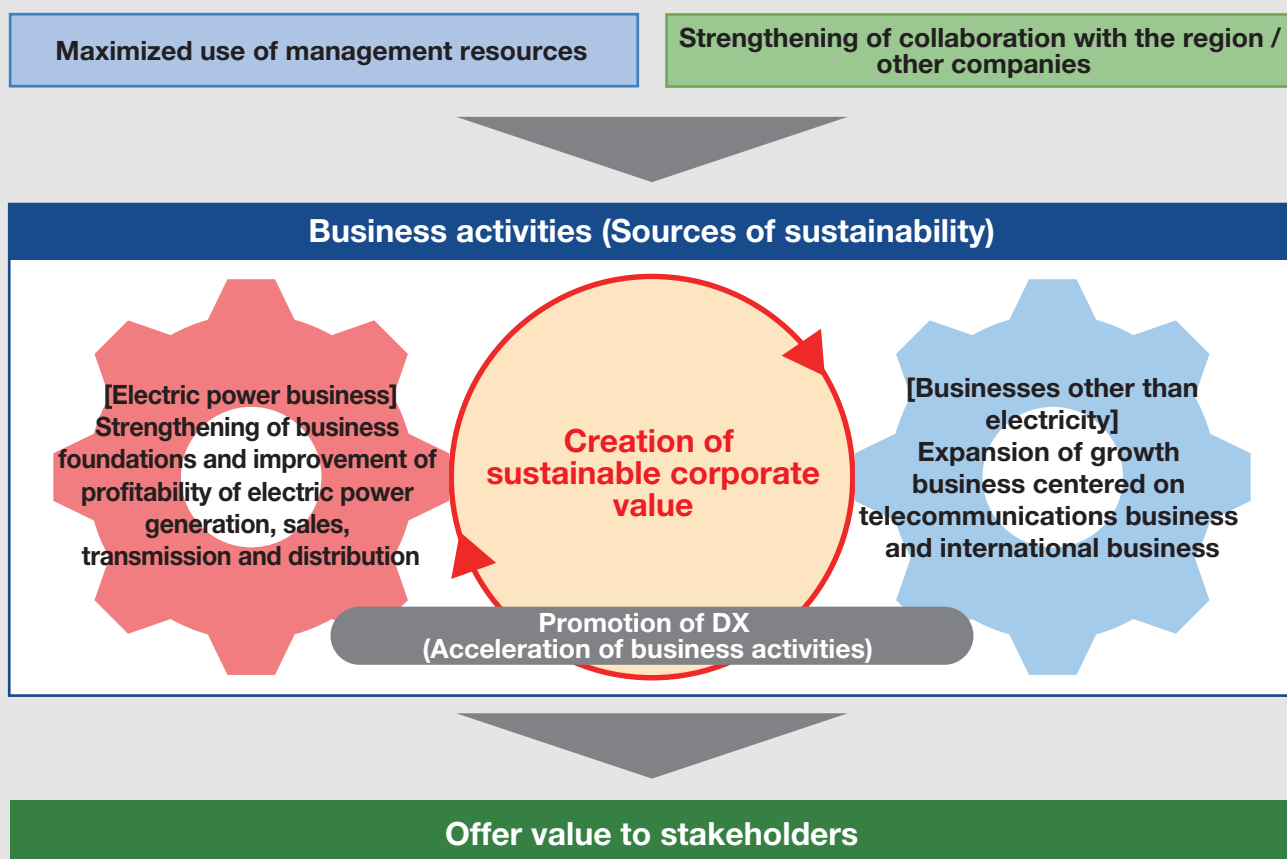
- Implementation of fair and free trade

Shikoku Electric Power Group Medium-Term Management Plan 2025

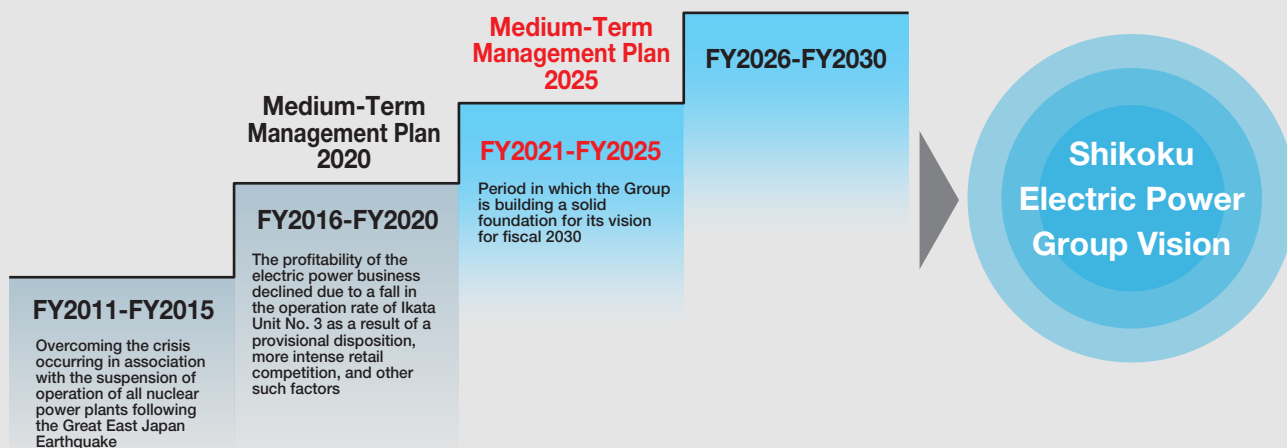
- Reforming and taking on the challenge of sustainable growth and development -

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 business 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.



<Reference> Positioning of Medium-Term Management Plan 2025

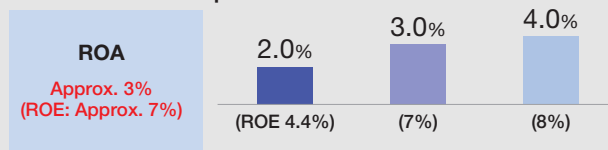


(Announced in March 2021)

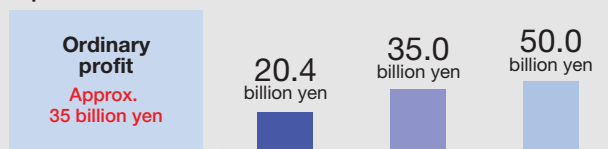
Management Indicators, Shareholder Returns

Management targets	FY2016-FY2020 (Average results for the past 5 years)	FY2025 (Target)	FY2030 (Long-term target)
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We will continue to acquire profits that exceed the cost of capital

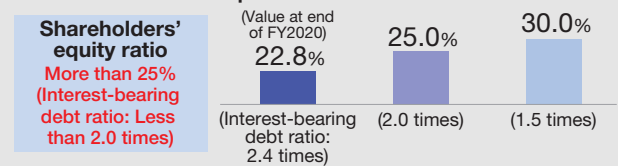


We will aim to maintain and expand business scale



Management targets	FY2016-FY2020 (Average results for the past 5 years)	FY2025 (Target)	FY2030 (Long-term target)
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We will aim to balance securing financial soundness with the reduction of capital costs

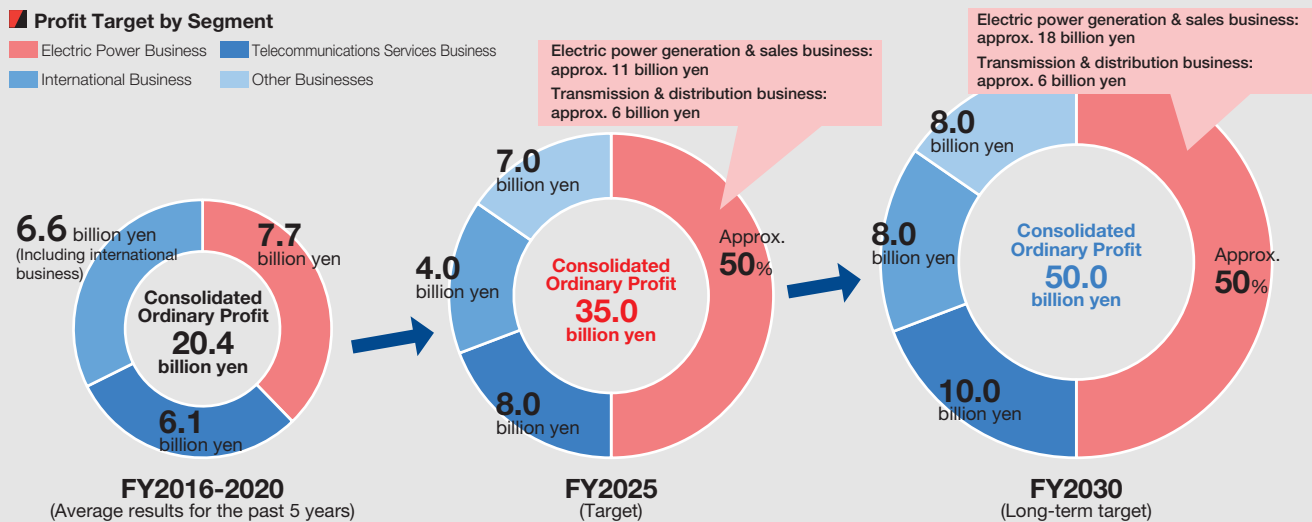


We will acquire funds for growth investment and capital policy steadily

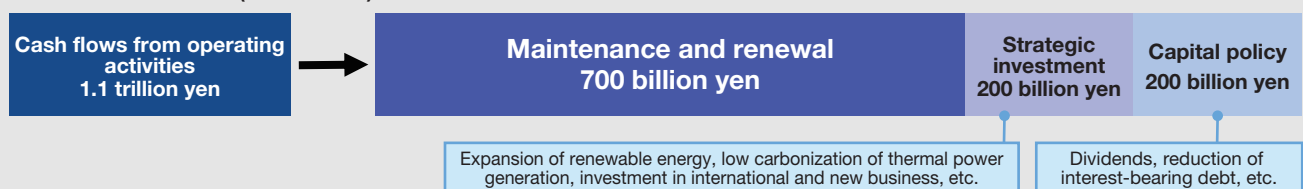


Profit Target by Segment

Electric Power Business Telecommunications Services Business
International Business Other Businesses



Cash Flow Allocation (FY2021-2030)



Shareholder Returns

Basic policy	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> We will work toward early dividend payments of 50 yen per share, assuming that 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 as we head towards fiscal 2030.

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 an 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 are 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).

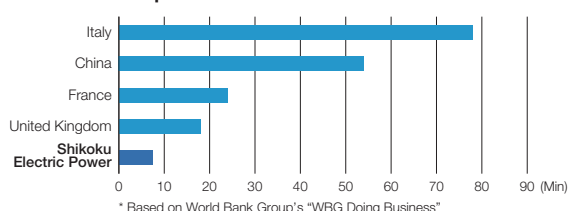
* Actual results for electricity supplied in fiscal 2021 corrected under the assumption of normal operation of Ikata Power Plant Unit No. 3 (85% utilization). Baseload power sources means nuclear, hydro (Run-of-river type) and coal.



Highly reliable transmission and distribution network

World-leading quality electricity

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



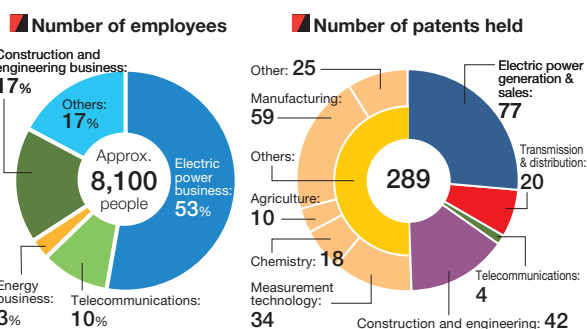
Resilience at times of disaster

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



Abundant human resources, technologies, and knowhow

Have a wide range of human resources primarily in the electric power business



Strong credibility and brand power in Shikoku region

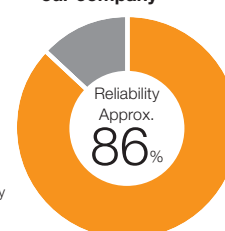
Maintain high reliability as an energy company that is closely rooted to the Shikoku region

Number of contracts for individuals and households*

Approx. **1.91 million**

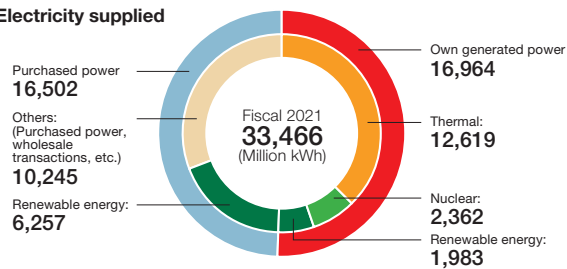
* Our share of low-voltage contracts for electricity sold in the Shikoku region: Approx. 85%

Reliability survey of our company

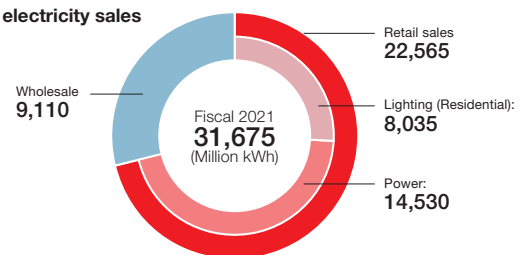


* Implementation period: March 2022
Subjects: 18 to 69 year-old men and women living in Shikoku (2,000 people)

Electricity supplied



Total electricity sales



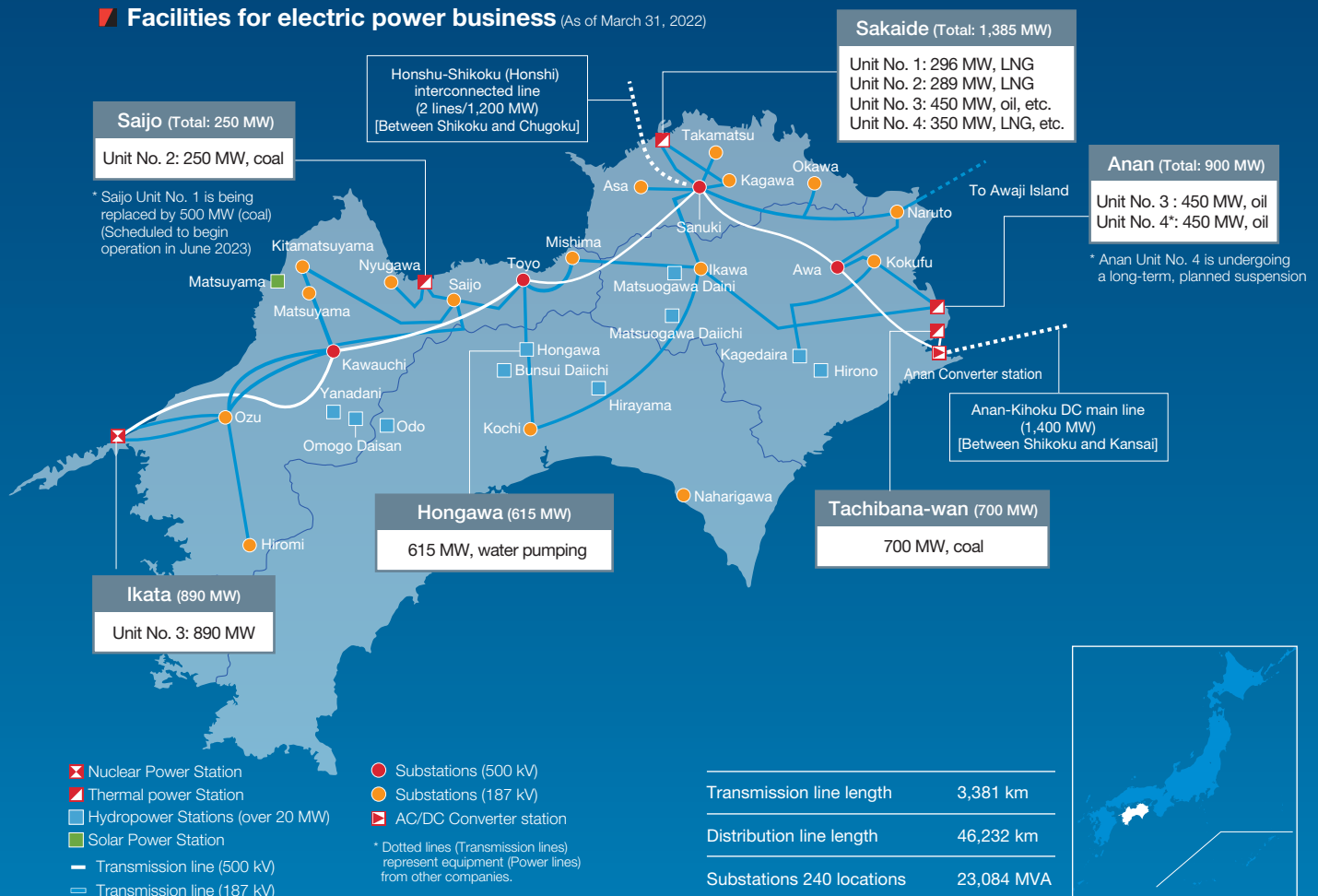
Transmission & distribution

- 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, 2022)



Business Management that Increases Sustainability (ESG Initiatives)

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.

Priority issues to increase sustainability (Materialities)				Related SDGs
E (Environment)	Promotion of measures against climate change	Realization of a decarbonized society	• Consideration and implementation of CO2 emission reduction measures in consideration of government energy and environmental policies	     
		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	
	Advancing environmental preservation activities	Formation of a recycling-based society	• Promotion of the reduction, reuse and recycling of waste	
		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	
S (Social)	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 for the next generation	          
		Regional revitalization and issue resolution	• Continuous implementation of various activities that contribute to regional revitalization and issue resolution	
	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	
		Development of a comfortable workplace environment	• Improvement of productivity and workplace vitality based on workstyle reforms	
		Stringent occupational health and safety measures	• Thorough implementation of basic rules through safety education • Promotion of disease control and mental healthcare	
		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 for the electric power business	
	Maintenance and improvement of partnerships with suppliers	Co-existence and co-prosperity with suppliers	• Continuous implementation of fair and free transactions as equal partners	
G (Governance)	Practicing transparent management	Enhancing of corporate governance	• Improvement of the transparency and quality of management through the strengthening of management supervision functions, etc.	 
		Improvement of corporate value through IR activities	• Implementation of two-way communication with shareholders and investors	
	Promoting compliance	Promoting compliance	• Thorough implementation of legal compliance and corporate ethics	
		Ensuring of information security	• Promotion of measures to improve information security • Thorough implementation of personal information management and implementation of education	

Examples of ESG initiatives undertaken within business activities

<Electric power business>

Power generation business

- Contributing to the maximization of the use of decarbonized power sources and the promotion of low carbonization and decarbonized thermal power generation



<Businesses other than electricity>

Telecommunications services business

- Contributing to the realization of a prosperous society by providing stable IT/Communications services



Transmission and distribution business

- Contributing through elements such as maximizing the connection of renewable energy power sources and strengthening the resilience of transmission and distribution facilities in the event of a disaster or other such occurrence



International business

- Contributing to elements such as the promotion of low carbonization and decarbonization in investing countries and to their economic development through the supply of electricity

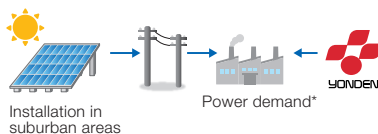


* Gas-fired power and water production facilities in the Middle East (investment project)

Electricity sales business

- Contributing through elements such as sales of CO₂-free electricity and promotion of solar PPA business

<Offsite PPA>



* Supplied at night, etc.
by our company

LNG sales business

- Contributing to the low carbonization and decarbonization of the Shikoku region through LNG sales



Vision and management targets, etc.

Shikoku Electric Power Group Vision

→ See page 3—4

Medium-Term Management Plan 2025: management targets

- Fiscal 2025 target
- Fiscal 2030 target

→ See page 9—10

Carbon Neutral Challenge 2050

<CO₂ emissions volume>

- Fiscal 2030 target
- Fiscal 2050 target

→ See page 15—16

E (Environment) → See page 46—52

S (Social) → See page 53—58

G (Governance) → See page 59—68

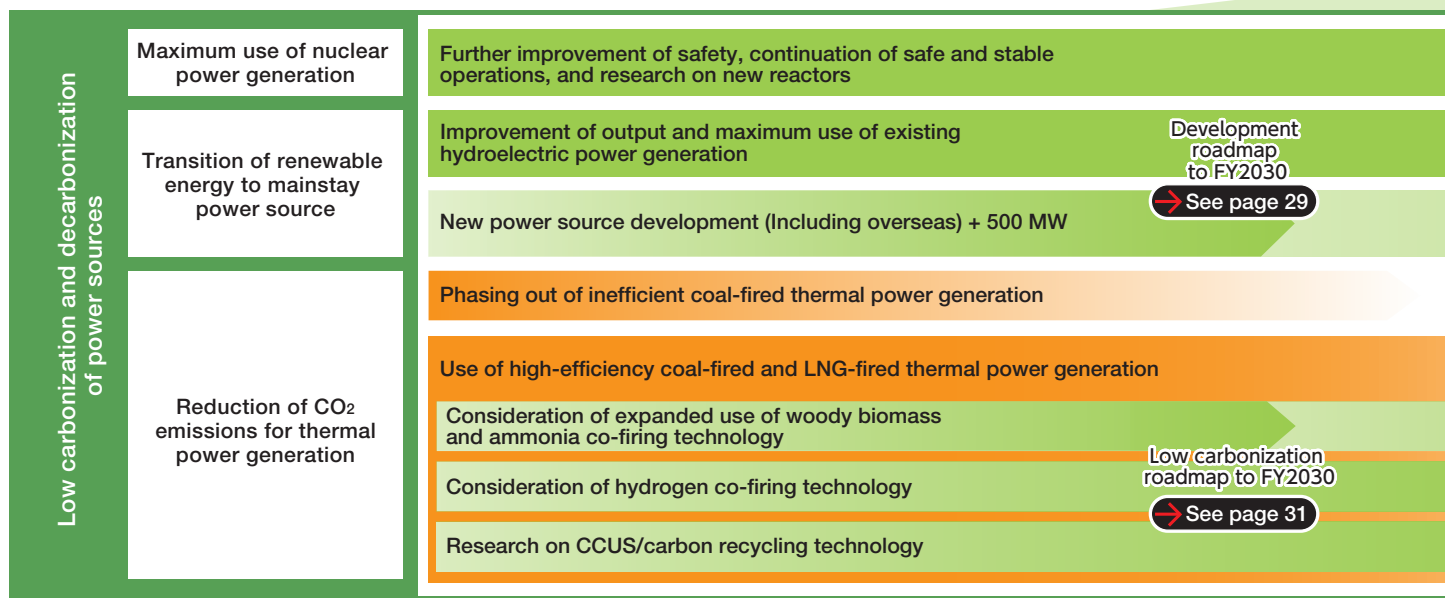
Carbon Neutral Challenge 2050

(Partially updated in August 2022)

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, etc., to contribute to the realization of carbon neutrality in 2050.

FY 2030

Power source **low carbonization** phase (~ 2030)



Reduction target for CO₂ emissions* by our company

19.62 million tons-CO₂
(Before fiscal 2013 FIT free-of-charge distribution)

Aim for 50% reduction in fiscal 2030
(Compared to fiscal 2013)

* The value obtained after excluding the FIT free-of-charge distribution from the amount of CO₂ emissions produced within retail electricity sales, as calculated based on the "Act on Promotion of Global Warming Countermeasures"

Further use of electric energy

Establishment of an external environment aimed at carbon neutrality

Based on Japan's Green Growth Strategy through Achieving Carbon Neutrality in 2050, Clean Energy Strategy, etc.

Promotion of electrification (Switching from other heat sources), promotion of low carbonization of private power generation and expansion of CO₂-free billing plans

Expansion of storage batteries and EV resources and the use of VPP and digital technologies

Experimental introduction of hydrogen manufacturing using CO₂-free power sources

Further expansion of demonstration scales

Improvement of the accuracy of power generation predictions and expansion of renewable energy introduction based on Connect & Manage

Lower prices for CO₂-free fuel (Ammonia, hydrogen) and progress in terms of the installation and maintenance of infrastructure (Target for 2030 = ammonia: higher ¥10 range / Nm³-H₂; hydrogen: ¥30 / Nm³)

Advances in CCS-related technologies and maturation of the environment (Progress in terms of appropriate site surveys and in terms of technological development)

Reducing the cost of offshore wind power generation (Target for 2030 to 2035 = 8 to 9 yen/kWh)

Reform of economic and social systems aimed at 2030 (Clean Energy Strategy, GX League, etc.)

The realization of carbon neutrality in Shikoku

Decarbonization
of power sources

Further use of
electric energy

FY 2050

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



Solar power
generation



Wind power
generation

2050 target: +2000 MW

Consideration of expansion of
co-firing rate of ammonia

Consideration of ammonia mono-fuel combustion technology

Consideration of expansion of hydrogen co-firing rate
and mono-fuel combustion technology

Consideration and utilization of CCUS/carbon recycling technology

Aiming for
carbon neutrality
in 2050

**Actual
zero CO₂**

Provision of composite services related to energy

Expansion of the introduction of renewable energy, optimization of transmission and distribution facilities
and supply and demand operations

Further lowering of fuel prices and
improvement of supply stability

(Target for 2050 = hydrogen: ¥20 / Nm³)

(Establishment of related laws and regulations and social acceptability)

Popularization and expansion of offshore wind power

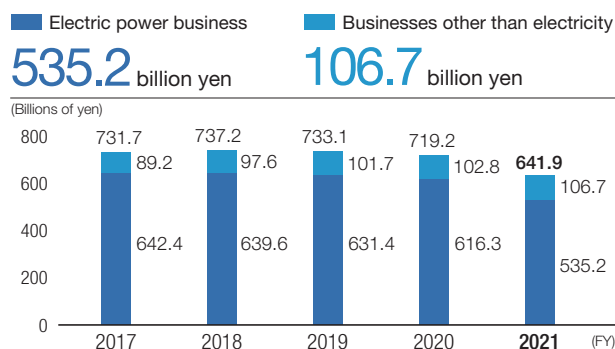
Reform of economic and social systems aimed at 2050

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.

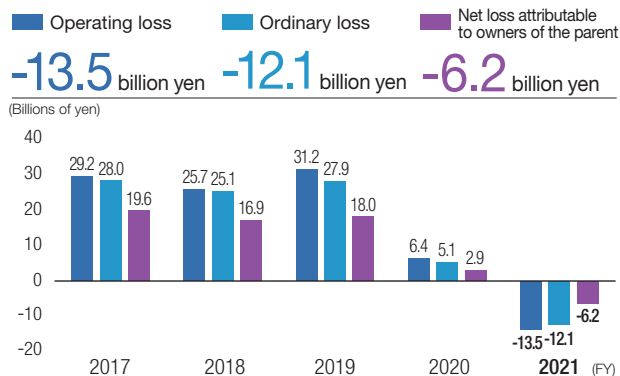
Financial Highlights

Operating revenues

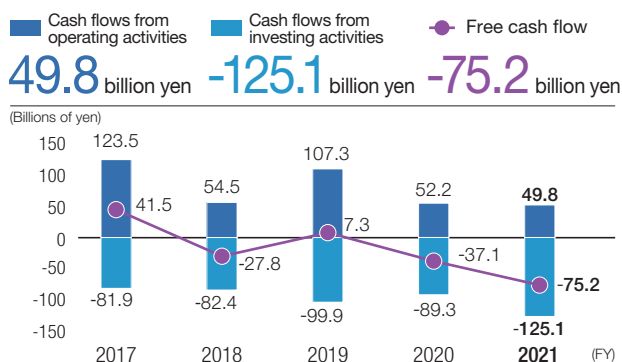


* As a result of the application of the Accounting Standard for Revenue Recognition in fiscal 2021, consolidated net sales decreased by 159.4 billion yen from the level before application of the standard

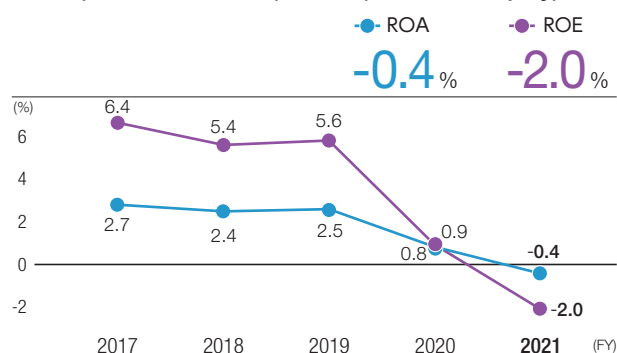
Operating profit / Ordinary profit / Net profit attributable to owners of the parent company



Cash flows

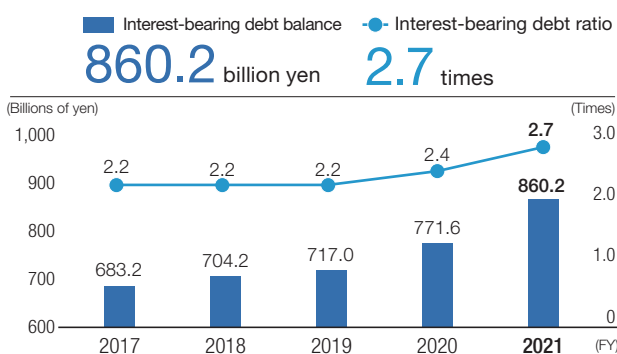


ROA* (Return on Assets) / ROE (Return on Equity)

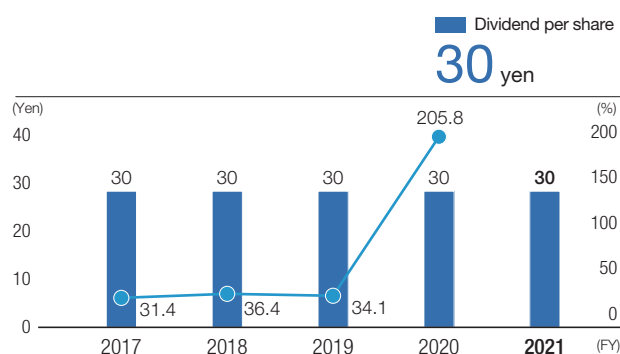


* ROA is calculated as: Business profit (ordinary profit + interest expense)/Average total assets (average for period start/end)

Interest-bearing debt balance / Interest-bearing debt ratio



Dividend per share / Dividend payout ratio

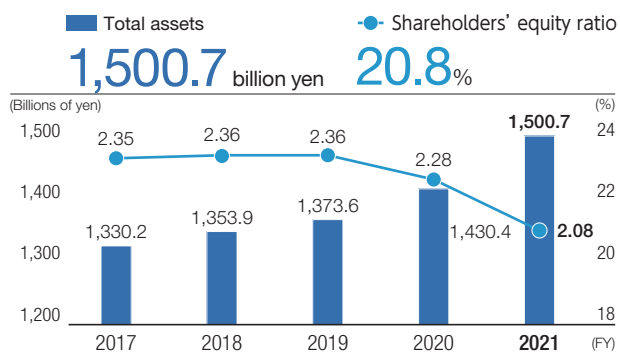


* The dividend payout ratio for fiscal 2021 cannot be calculated due to the recording of a net loss

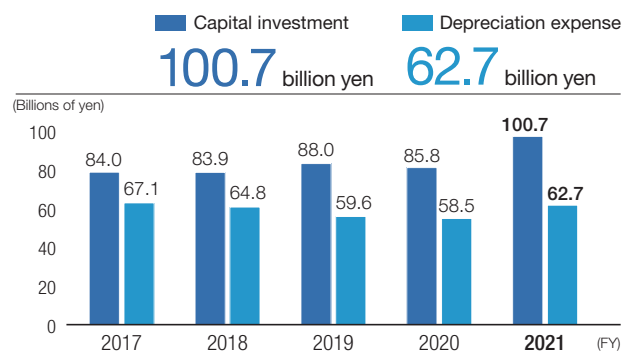
Financial Information → See pages 71–72

For non-financial information (Main ESG data, SASB Standards INDEX) → See pages 73–76

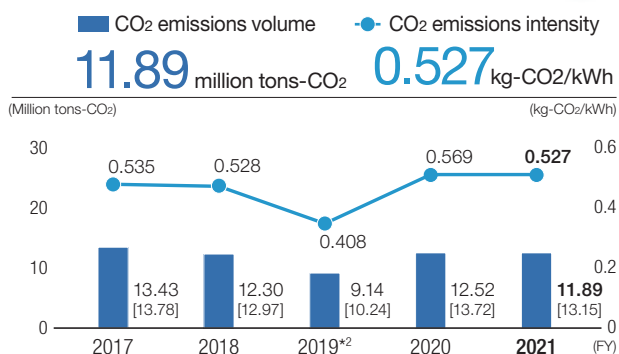
Total assets / Shareholders' equity ratio



Capital investment / Depreciation expense

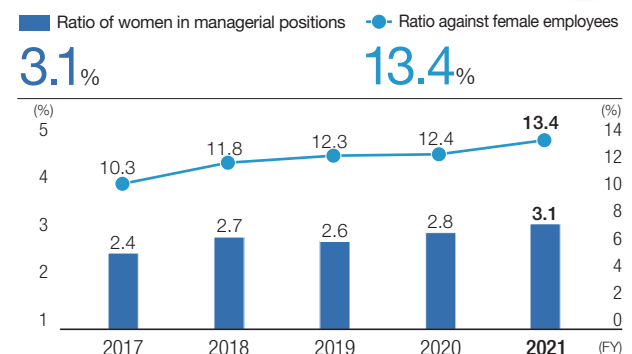


Non-financial Highlights

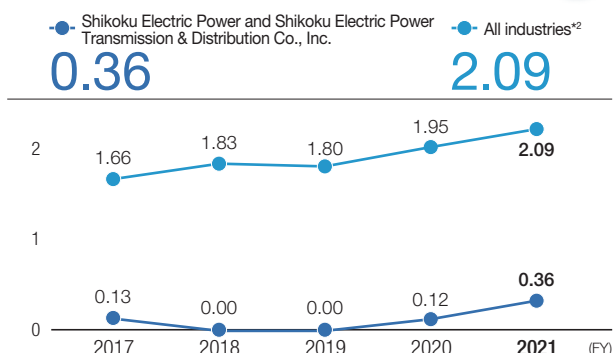
CO₂ emissions volumes^{*1,2} and
CO₂ emissions intensity^{*1}

^{*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} [] are ^{*1} values excluding Fit free-of-charge distribution (Same basis as the fiscal 2030 target of the Company)

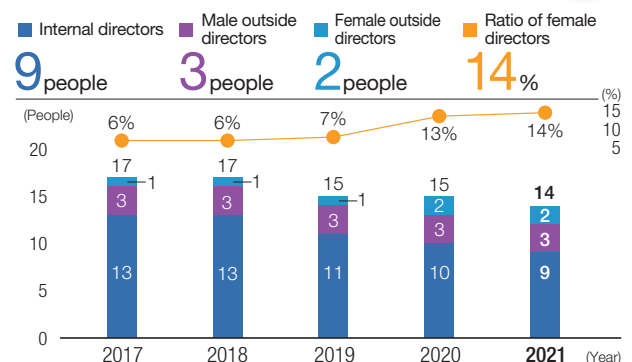
Ratio of female managers^{*}

^{*} Total for the Company and Shikoku Electric Power Transmission & Distribution Co., Inc.

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 Shikoku Electric Power Transmission & Distribution Co., Inc. January to December for all industries.

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

Composition of directors^{*}

^{*} People after the General Meeting of Shareholders in June

Keisuke Nagai
Director and President



Greetings

Our Group's mission is to contribute to people's comfortable, safe and secure lifestyles and regional development with a focus on energy. We are thus promoting business operations aimed at the creation of "a multi-utility corporate group supporting work and life."

In Japan, the importance of stable electricity supply and energy security has been reconfirmed amid the growing uncertainty being faced owing rising fossil fuel prices associated with the destabilization of the international situation, and amid concerns over the tight supply-demand situation being seen throughout Japan in terms of electricity.

Meanwhile, as digital technologies such as AI and IoT evolve and distributed power sources become more widespread, we are seeing business models in the electric power business changing in a manner that is having business operators provide new value through services such as the operation and management of facilities and aggregation.

Amid these circumstances, our Group places its top priority on the stable supply of electricity and while it goes without saying that this includes preventing problems with its own power sources, it also includes working with other areas to secure supply capacities. We are also taking steps to mitigate the impact of higher fuel prices.

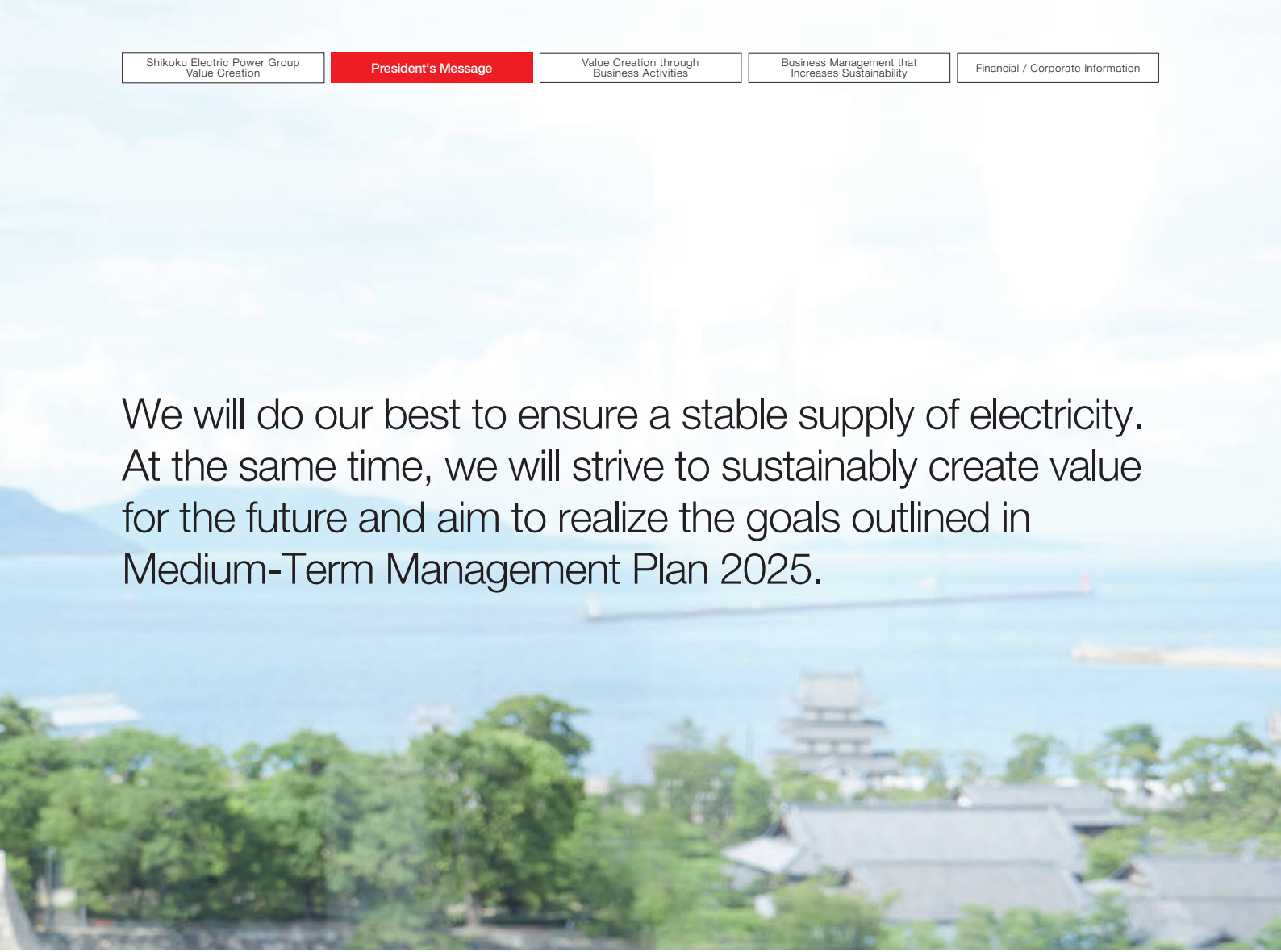
In parallel with the short-term responses, we are also

working diligently on the following initiatives with the aim of having our Group grow in a sustainable manner as we move toward the future.

- Strengthening our business base and improving profitability in the electric power business
- Accelerating efforts to expand our earnings in businesses other than electricity and to create new businesses and services
- Strengthening our foundation for the sustainable creation of corporate value (Measures related to ESG and SDGs, including responses to climate change-related issues)

With regard to the issue of climate change in particular, we are promoting various initiatives as a responsible business operator supporting energy supply. These initiatives are based on our roadmap for low-carbon thermal power generation and our roadmap for the new development of renewable energy, with fiscal 2030 being our immediate target.

Aiming to be a corporate group that supports the lifestyles and industries of the Shikoku region and a Group which customers continue to choose, we will conduct business operations based on the 3Cs: Change, Challenge, and Collaboration. To that end, we would like to humbly ask for the continued understanding and support of our stakeholders.



We will do our best to ensure a stable supply of electricity. At the same time, we will strive to sustainably create value for the future and aim to realize the goals outlined in Medium-Term Management Plan 2025.

Q

The rise in fuel prices seen since last year has brought about various problems when it comes to the stable supply of electricity. Given this situation, what are your policies for business operation during fiscal 2022?

A

In order to continue providing a stable supply of electricity in the Shikoku area, we will make every effort to ensure the stable procurement of fossil fuels, the stable operation of our power sources, and prevention of trouble. At the same time, we will strive to secure income that counterbalances our supply costs.

Our priority for fiscal 2022 is to ensure a stable supply of electricity and to mitigate the impact of rising fuel prices.

As a measure to ensure a stable supply of electricity, we are placing the highest priority on securing stability when it comes to the procurement of fossil fuels. We are also strengthening our risk management by further diversifying our suppliers, conducting early arrangement of ships, operating with a floating supply, and so on.

We pay close attention to the operation and maintenance of our power supply facilities, which of course includes the stable operation of Unit No. 3 of the Ikata Nuclear Power Plant, our baseload power source. When it comes to both thermal power and hydropower, it also includes the conducting of patrols and inspections on a daily basis and the conducting of inspections of each facility prior to periods of high demand in order to prevent power supply problems. Furthermore, Unit No.1 of the Saijo Power Plant is currently in the process of being replaced, with the trial operation of the facility being scheduled from December of this year. By thoroughly undertaking process control, we would like to utilize the unit as much as possible and have it provide supply capacity for the winter, when we see tight situations in terms of the

supply and demand of electricity. We are also working with other areas to secure the reserves necessary to maintain a stable supply.

In the event that we anticipate a severe supply and demand situation in advance, our Company's power generation and retail division, as well as Shikoku Electric Power Transmission and Distribution, will take the initiative in maintaining a balance between supply and demand. At the same time, we will make every effort to ensure a stable supply of electricity by combining various measures, such as asking customers to conserve electricity to a reasonable extent in accordance with the situation.

Since the beginning of the fiscal year, our whole company has been working to reduce and control costs at a level never previously experienced in order to mitigate the impact of rising fuel prices. Having done that, we are now taking measures such as asking customers to bear costs corresponding with the cost of supplying electricity.

In parallel with these current priorities, we will also be working diligently to implement various measures that will be necessary for our Group's growth in a sustainable manner as we move toward the future.



What is the state of efforts being undertaken to tackle the issue of climate change?



As a responsible company supporting the supply of energy, we are implementing various initiatives based on a roadmap to reduce carbon emissions by 2030 and a roadmap to become decarbonized in 2050.

Addressing climate change-related issues is an important pillar of business management that serves to enhance our sustainability. Our Group, as a responsible supplier of energy, has the following targets in mind:

- In fiscal 2030, reduce CO₂ emissions derived from retail electricity sales by 50% from fiscal 2013 levels
- Strive for carbon neutrality in 2050 and contribute to the realization of a sustainable society

With these targets in mind, we are moving forward with initiatives aimed at the low carbonization and decarbonization of power supplies when it comes to the supply side, and are working to further utilize electric energy when it comes to the demand side.

With regard to the low carbonization and decarbonization of power sources, we are promoting the maximum utilization of existing hydropower, the new development of renewable energy (Such as solar power and wind power), and the expansion of connections to electric power systems, all of which is done on the basis of stable operation of nuclear power facilities under the premise of ensuring safety. Our new development targets have been set at 500 MW by fiscal 2030 and 2,000 MW by fiscal 2050. In fiscal 2021, we added approx. 60 MW for a cumulative total of 230 MW. The entire Group will continue to make proactive efforts in line with the new development roadmap for the period leading up to fiscal 2030. As we move forward with the expansion of implementation of renewable energy, thermal power generation will play an increasingly important role as an adjustment force serving to

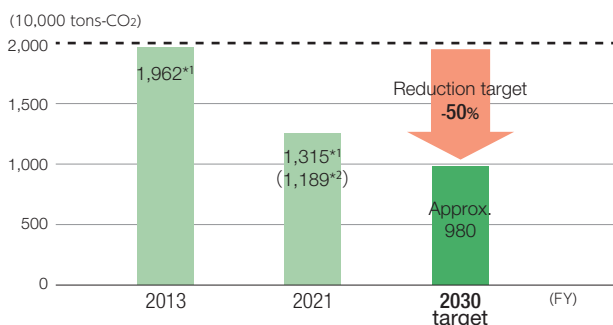
support the stable supply of electricity.

As such, we will be using thermal power generation while simultaneously promoting low-carbon and decarbonization. Our company is positioning years until fiscal 2030 as the phase of low-carbon thermal power generation. We are proceeding with the replacement of Unit No. 1 of the Saijo Power Plant with a high-efficiency unit. We will also be promoting further low-carbon thermal power generation by utilizing woody biomass and ammonia co-combustion in line with our roadmap. We are considering the possibility of implementation of hydrogen co-combustion, CCUS, and other such elements, in consideration of technical aspects and economic efficiency, with our aim being decarbonization by 2050.

When it comes to the further utilization of electric energy, we are promoting the launch of our solar PPA business and the creation of new businesses and services utilizing distributed resources such as EVs and storage batteries. This is in addition to, of course, the promotion of electrification done thus far. These efforts are being undertaken against the backdrop of an increasing need for renewable energy-based electricity in the manufacturing industry and technological innovations such as the IoT and AI.

We understand that Japan's clean energy strategy, which was put together in June 2022, will serve to support our Group's efforts when it comes to achieving this goal. As such we will further strengthen our efforts to achieve carbon neutrality by proactively utilizing effective support measures once they are implemented.

■ CO₂ emissions related to retail sales



*1 Emissions excluding free FIT allocation on the same basis as the fiscal 2030 target

*2 Emissions including free FIT allocation (Value based on the Act on Promotion of Global Warming Countermeasures)

■ Amount of investments related to low carbonization and decarbonization of power sources

Cumulative total for FY2021-2030	FY2021 result
350 billion yen	Approx. 70 billion yen

■ Various roadmaps

- Carbon Neutral Challenge 2050 → See pages 15–16
- Roadmap for new development of renewable energy leading up to 2030 → See page 29
- Roadmap for the low carbonization of thermal power by 2030 → See page 31

Q

What is the state of progress and future outlook in terms of Medium-Term Management Plan 2025?

A

While the electric power business has been affected by rising fuel prices, we have seen a steady expansion of businesses other than electric power business.

As a company, we will continue to work toward achieving our fiscal 2025 management targets.

Mid-Term Management Plan 2025 constitutes measures of our management targets for fiscal 2025 while bearing in mind what our Group is aiming to accomplish by fiscal 2030. The plan is built on the twin wheels of sustainable value creation for our electric power business and businesses other than electricity. As such, we are aiming to build a business portfolio which allows us to acquire half of our target profit for the Group as a whole within those two respective areas.

The electric power business is our core business. We will work on the strengthening of business foundations and the improvement of profitability in each business based on the business environments and issues we are facing when it comes to electric power generation, retail, and transmission and distribution.

In the power generation business, Specialized Safety Facility at Unit No. 3 of the Ikata Nuclear Power Station was completed and operation was recommenced in December 2021. When Saijo New Unit No. 1 (Which is currently being replaced) sees the commencement of operation in June 2023, we will have completed large-scale construction and can thus expect an increase in wholesale sales utilizing our excess supply capacity.

In light of the recent rise in fuel prices and wholesale transaction prices, we are taking measures in the retail business to ensure sustainable business management, such as asking customers to bear costs that counterbalance the cost of supplying electricity.

In the transmission and distribution business, we will promote the expansion of renewable energy connections, increase

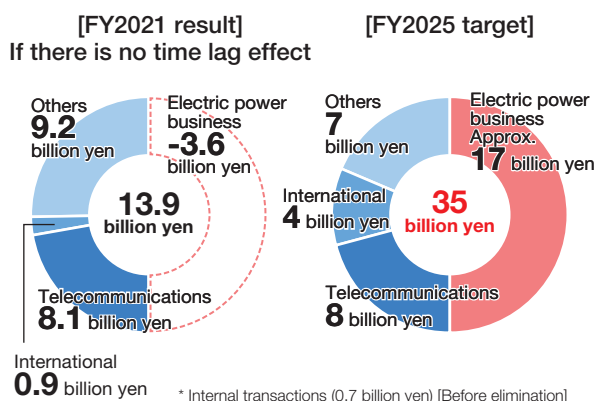
resilience against disasters, and optimize facilities under the new consignment fee system that will commence in fiscal 2023.

Meanwhile, when it comes to businesses other than electricity, we are expanding growth businesses, mainly in telecommunications and international business. In terms of new businesses, we are working on businesses related to the further utilization (Sophistication and diversification) of electricity energy as previously mentioned.

Within telecommunications, our optical communications business for individuals performed well due to elements such as an increase in time spent at home by customers due to the COVID-19. Going forward, we will be putting energy into the data center and cloud business as we pursue Digital Transformation. In the international business, our owned capacity increased to 890 MW at the end of fiscal 2021. Once existing projects are subject to the commencement of commercial operation, we can expect annual profits of approximately 3 billion yen. Furthermore, due to the strong performance of our construction and engineering businesses, the profitability of businesses other than electricity has already improved to a level corresponding to our profit target for fiscal 2025.

Our Group will continue to work to achieve its fiscal 2025 management targets while also working to resolve the issues we are currently dealing with. With regard to the shareholder returns, there has been no change to our previous policy. The Company is aiming to provide a dividend of 50 yen per share while keeping in mind the achievement of the targets of Medium-Term Management Plan 2025.

Profit by segment



Key activity indicators

	FY2020 result	FY2021 result	FY2025 targets [FY2030 targets]
Equipment utility rate (Excluding water pumping at the Hongawa station)	38%	46%	— [55%]
Ikata Unit No. 3	—	31%	— [Top level in Japan]
New development for renewable energy	170 MW	230 MW	— [500 MW]
Total electricity sales (Excluding electricity transmission and distribution)	28 billion kWh	30.5 billion kWh	— [30 billion kWh]
Retail within the Shikoku region	21.4 billion kWh	21.8 billion kWh	21 billion kWh
Retail outside the Shikoku region	0.5 billion kWh	0.7 billion kWh	1 billion kWh
Owned capacity within international business	710 MW	890 MW	1,500 MW [2,000 MW]

Q

What are the efforts you are making to improve corporate governance?

A

We have been doing some readjustments to contribute to improvements in transparency when it comes to management. For example, last fiscal year, the total number of directors was reduced to 14, and we had outside directors appointed as chairs of the Compensation Committee and the Personnel Committee.

We recognize that corporate governance is an important pillar of business management serving to enhance sustainability. We also recognize that corporate governance is becoming increasingly important.

In June 2021, our Company reduced the number of directors by one for a total of 9 internal directors and 5 (Including 2 women) outside directors in order to optimize the size of our Board of Directors and ensure that more than one third of the Board of Directors consists of outside directors. In December of the same year, we released a skill matrix in our corporate governance report which specifies the knowledge, capabilities, and experience that directors

should possess in light of elements such as corporate management and management strategies.

We have also established a Compensation Committee which deliberates on the compensation of directors, and a personnel committee, which deliberates on the appointment and dismissal of directors and executive officers, and other such matters. These are optional committees with the majority of their members being of outside directors. After having done the same with the Compensation Committee, we appointed an outside director to serve as chair of the Personnel Committee as well in March 2022 in an effort to further enhance transparency when it comes to governance.

Q

Please provide a message to your stakeholders.

A

As a corporate group that is rooted in the Shikoku region and supports people's lives and industries, we will strive to provide a stable supply of electricity and go about sustainably creating value so that we can be a company that brings happiness to everyone.

Our Group's fundamental mission is to provide customers in the region with a stable supply of affordable, high-quality electricity. We are a corporate group that supports the lifestyles and industries of the people of Shikoku based on the strength of our brand and our credibility in the region. Our strength is found in our ability to quickly respond to a variety of issues in a manner that is customer-oriented.

Recognizing our mission and strengths, we are committed to the development of the Shikoku region and to the sustainable creation of value for our Group. We will continue to carry out reforms and take on challenges under the 3Cs (Change, Challenge, and Collaboration) so that we can be a force which brings happiness to everyone.

To that end, we would like to humbly ask for the continued understanding and support of our stakeholders in relation to the business activities of our Group.

Keisuke Nagai

Director and President
August 2022



Value Creation through Business 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.25 **(1) Strengthening Business Foundations for Power Generation and Transmission and Distribution Businesses**

P.35 **(2) Strategic Electric Power Sales**

Businesses Other than Electricity

P.39 **Expansion of Growth Business Centered on International Business and Telecommunications**

Electric Power Business (1) Strengthening Business Foundations for Power Generation and Transmission and Distribution Businesses



Business Operation Policy

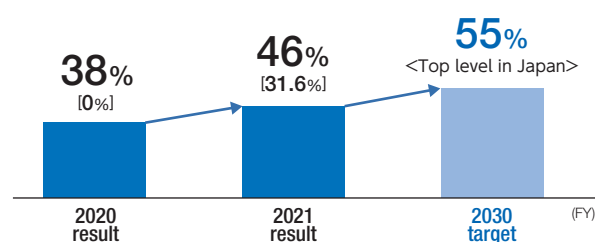
➔ See pages 26–34

In the electric power business, we are working on the following measures from the perspectives of ensuring low carbonization and decarbonization of power supply facilities, building robust, optimal power transmission and distribution facilities, and securing a competitive advantage by making stronger the foundations of our electric power generation business and our power transmission and distribution businesses.

- Continuation of safe and stable operations at Ikata Power Station Unit No. 3 (Nuclear power) and maximum utilization of the facility
- New development for renewable energy and expansion of energy grid connections
- Promotion of higher efficiency and lower carbon emissions at thermal power stations
- Optimization of transmission and distribution facilities based on systematic renewal and maintenance, and strengthening of resilience against disasters
- Economically optimal supply and demand management, stable fuel procurement, and continuous streamlining of management
- Sustainable creation of corporate value by promoting DX

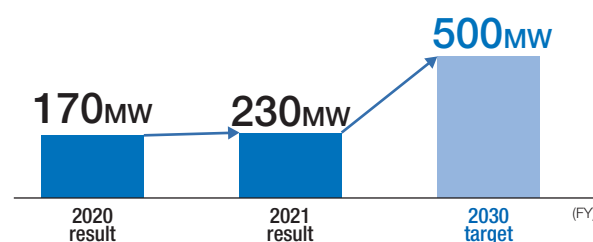
Targets

Power generation utilization ratio (excluding pumping)

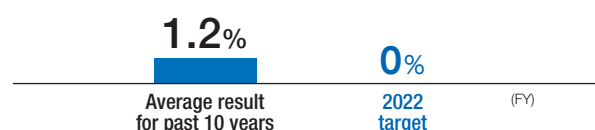


* Figure in [] is for Ikata Unit No. 3

Development of renewable energy in Japan and overseas

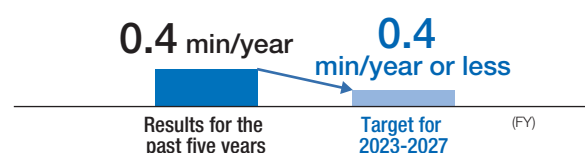


Unscheduled outage ratio at thermal power stations*



* Percentage of unplanned suspensions, excluding for periodic inspections, etc.

Power outage time due to accidents*



* Annual power outages per household
(Excluding natural disasters, work power outages, etc.)

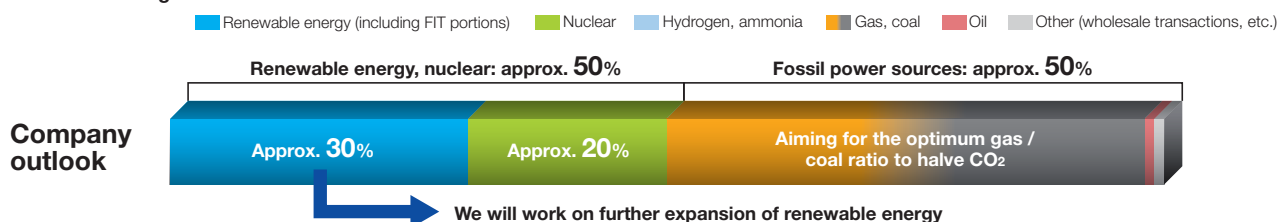
Approach to the Power Generation Mix

Approach to the Power Generation Mix

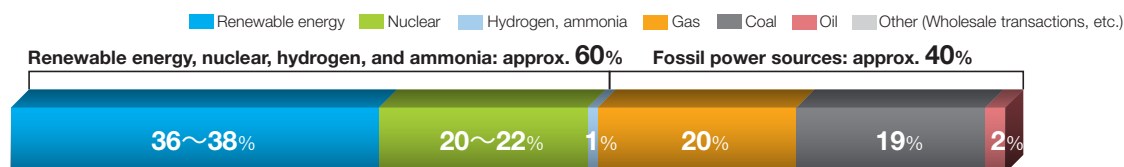
Aiming at the realization of carbon neutrality in 2050, Japan has revised its fiscal 2030 energy mix and formulated its 6th Strategic Energy Plan (Cabinet decision of October 2021) in a form consistent with the target of reducing fiscal 2030 greenhouse gas emissions by 46% compared to their level in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

FY2030 Power generation mix



< Reference > FY2030 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 CO2 among fossil fuels and plays a central role in adjusting the output of renewable energy	•An important power source that has high CO2 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	•Used at times of emergency when 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	•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	•We will continue to use LNG for its supply and adjustment capacity centered on Sakaiide 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	•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
		➡ See pages 29—30	➡ See pages 27—28		➡ See page 31	

* 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 Nuclear Power Plants

Continuation of safe and stable operation

As for Unit No. 3 of the Ikata Power Station, a core power source of ours, the construction of a series of safety measures under the new regulatory standards was completed as a result of the final completion of Specialized Safety Facility. In December 2021, the plant resumed operation for the first time in approx. 2 years.

By continuing with safe and stable operations, we will aim for a facility utilization rate among the highest in Japan, and will stabilize power supply and demand in the Shikoku region and strengthen our management foundations.

Appropriate implementation of operational management and maintenance

At the Ikata Power Plant, operations are stopped once in no more than 13 months to implement statutory periodic inspections. With this and by monitoring operations and patrolling facilities 24 hours a day during operation, we implement planned operational management and maintenance, thereby continuing safe and stable operations.

Enhancement of training programs for operational and maintenance staff

In order to go about improving the skills and knowledge of our operational and maintenance staff so that they can take the best actions in response to various kinds of events where trouble is involved, we continuously implement training at the Nuclear Safety Training Center in Matsuyama City (Ehime Prefecture), which has equipment equivalent to that found at the Ikata Power Station.



Operation at the Nuclear Safety Training Center (simulator)

Strengthening of serious accident response preparedness (training and cooperation system)

At the Ikata Power Station, we have the following training in place for responses to serious accidents:

- Individual training for each individual response procedure
- Comprehensive training carried out by all relevant parts in a unified fashion

By repeatedly implementing these training programs, we are improving the level of proficiency of our accident response personnel, including those at group companies and associate companies.

In addition, we have concluded agreements with 12 nuclear operators to provide 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.



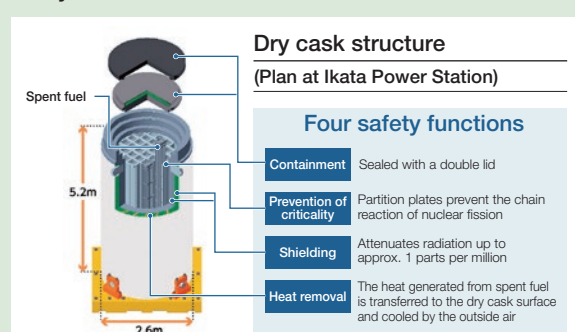
Comprehensive training taking place

Installation work for dry cask storage facility for spent fuel

Aiming to commence operations in fiscal 2024, we are proceeding with the installation and construction of a dry storage facility that will provide safe, temporary storage of spent fuel to be delivered to reprocessing plants.

The dry storage facility uses dry casks (containers) to store spent fuel that has been cooled for more than 15 years in the fuel pool of the Ikata Power Station. It uses the natural convection of air to cool the fuel, making it an incredibly safe facility.

Dry cask structure



Completion of multiple countermeasures against serious accidents

In October 2021, we saw the final completion of Specialized Safety Facility at the Ikata Power Station. With that facility being completed, it meant the completion of a series of safety measures to prepare ourselves against serious incidents. The outline of each facility is as follows.

<Facility overview>

(1) Specialized safety facility for dealing with occurrences such as specified major accidents

- This facility is designed to inhibit the release of radioactive materials resulting from damage to the reactor containment vessel in cases where existing facilities cannot be used due as the result of a serious incident, such as an aircraft collision or terrorism.
- This facility is equipped with equipment such as that which serves to reduce the pressure within the reactor via remote control, with vent equipment with filters which prevent damage to the reactor containment vessel, with equipment used to inject water into the reactor, etc., and power supply equipment for that.

(2) Hydrogen treatment device (18 units)

- In order to prevent explosions due to hydrogen accumulating within the containment vessel, a total of 18 units (5 catalytic units and 13 electric units) have been installed to decompose and reduce hydrogen.

(3) Alternate containment vessel spray pump

- In addition to the existing spray pump that supplies cooling water to the containment vessel spray which suppresses pressure rises within the reactor containment vessel, we have installed a spray pump which serves as a substitute for that function.

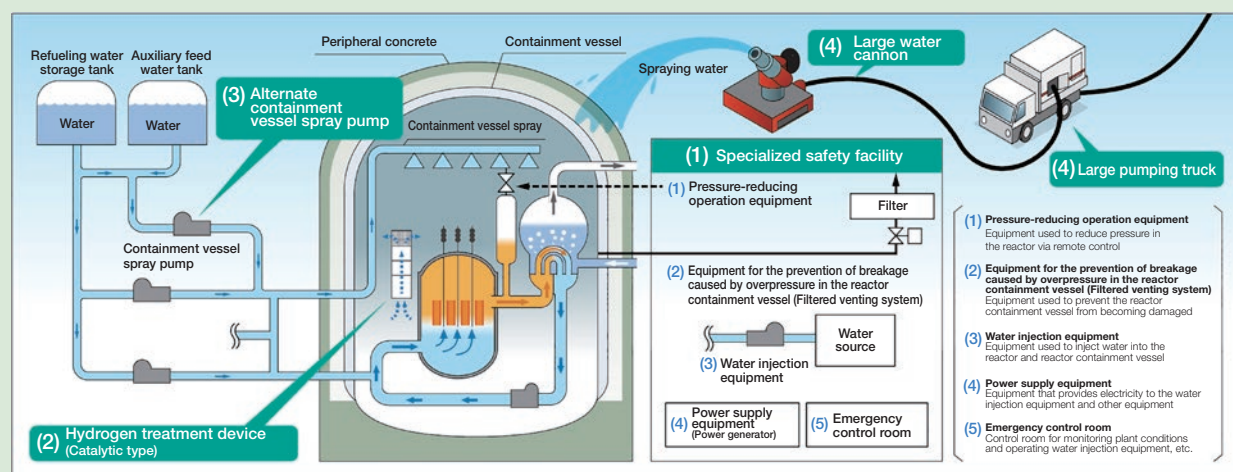
(4) Large water cannon and large pump vehicle (2 each)

- In order to prevent the release of radioactive materials in the event of a failure of the reactor containment vessel, we have installed large water cannons and pump trucks used to discharge water into the damaged areas.

(5) Others

- In addition to the above, a highly earthquake-resistant emergency response center equipped with communication equipment and equipment used to ascertain the power plant statuses (And which has been designed to shield occupants from radiation) has been additionally set up as a base for responding to major accidents. We have also deployed heavy equipment such as wheel loaders and backhoes (Excavators) for the removal of debris in order to respond quickly to incidents.

Conceptual diagram of facilities



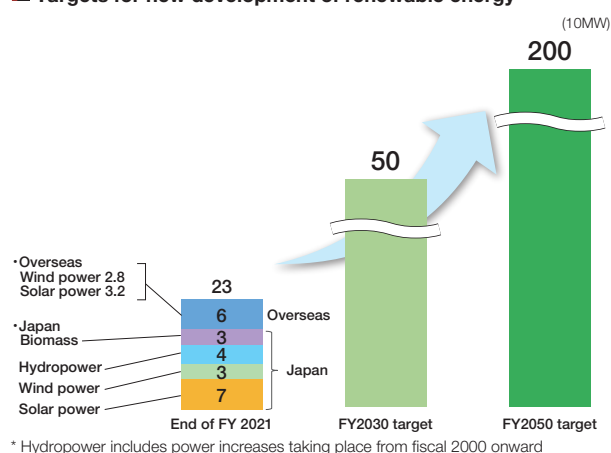
New Development for Renewable Energy and Expansion of Energy Grid Connections

Promotion of the development of new power sources

Our Group is aiming to develop 500 MW of renewable energy in Japan and overseas by fiscal 2030 and 2,000 MW of renewable energy by fiscal 2050. The entire Group is working together in unison on the development of various projects in Shikoku and elsewhere in accordance with our development roadmap for each power source leading up to fiscal 2030.

As of the end of fiscal 2021, our Group had approximately 230 MW in terms of newly developed renewable energy capacity (Up approx. 60 MW from the previous fiscal year), which increased our total renewable energy capacity to approximately 1,350 MW.

Targets for new development of renewable energy



Roadmap for new development of renewable energy

New development of renewable energy is based on our roadmaps for development by power source leading up to 2030. For example, with regard to hydropower, we are working on efforts such as the systematic improvement of the output of existing power plants and the discovery of new development sites. With regard to solar power, we are promoting new development and the acquisition of existing projects by utilizing reservoirs, degraded farmland, and so on.

As for wind power, in addition to participating in onshore wind power projects, finding new development sites, and replacing existing projects, we are preparing to participate in offshore wind power projects as well. In May 2022, we established a consortium with Vena Energy Holdings Ltd and Toho Gas Co., Ltd. in relation to a public tender pertaining to the area in the Sea of Japan (Southern side) off the coast of Aomori Prefecture. We are also working to identify and participate in various biomass projects both inside and outside the Shikoku region.

Power source type	2022	2025	By 2030
Hydropower	Improvement of output and maximum use of existing hydroelectric power plants		
	▼ Commencement of operation of the Kurofujigawa (Hydroelectric) power plant (Scheduled for 2024)		
	Discovery, planning and construction of new development sites		
Solar power	▼ Commencement of operation for the Nagatani-ike Floating Solar Power Project (2022)		
	Development involving the leveraging of reservoirs, degraded farmland, and so on		
	Purchase of existing power plants (Inquiries for this can also be made via our website)		
Wind power	▼ Commencement of operation at Imanoyama (Scheduled for 2027).		
	Participation in onshore wind power projects and discovery of new development sites		
	Replacement of existing onshore wind farms		
	▼ Consortium established to participate in a project off the coast of Aomori Prefecture (2022)		
	Participation in offshore wind power projects		
Biomass	▼ Hirata Biomass Commencement of operation No. 1: 2022 No. 2: Scheduled for 2023		
	▼ Commencement of operation for Ozu Biomass (Scheduled for 2024)		
	▼ Commencement of operation for Sakaide Biomass (Scheduled for 2025)		
	▼ Commencement of sewage sludge fuel conversion project (Scheduled for 2025)		
	Participation in the biomass power generation project		
	Discovery of new development sites		

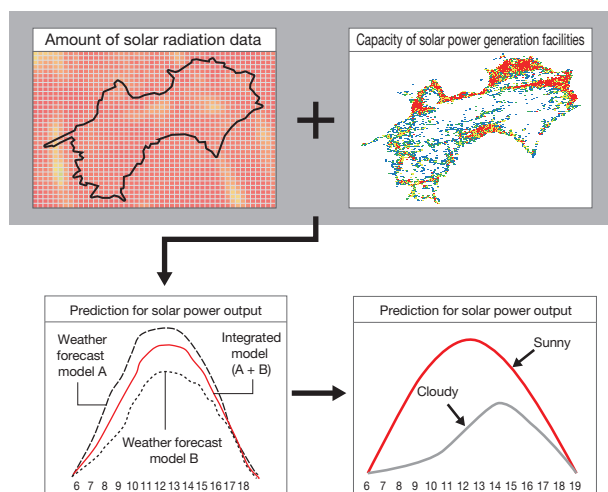
Introduction and expansion of renewable energy grids

The introduction of solar and wind power generation has been expanding since the introduction of the FIT system in 2012. As of the end of fiscal 2021, the installed capacity of solar power and wind power connected to the Shikoku Electric Power Transmission & Distribution power grid had increased to 3,400 MW. Including applied-for but as yet unconnected capacity, the total was 4,420 MW.

Improvement of the accuracy of solar power generation forecasts

When it comes to forecasts for solar power generation, we have introduced a method that supplements the imperfections of individual models by using multiple weather forecasting models in combination with each other. By improving the accuracy of forecasts for solar power generation, we are striving to optimize the selection of units to be operated (Such as thermal power generation) and output control amounts.

Image of solar power output prediction

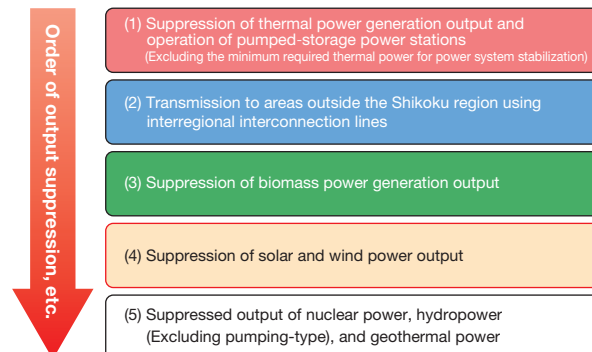


Maintaining a balance between supply and demand by controlling solar and wind power output

When the amount of solar and wind power connections increases (Something which varies greatly depending on weather conditions), there may be times when power output must be curbed during periods of low power demand.

This spring, in the Shikoku area, we controlled the output of solar and wind power for the first time based on the priority power supply rules, since it became difficult to maintain a balance between the supply and demand of power even when curbing thermal power generation, implementing pumping mode, and taking other such measures.

Corresponding order of output control based on the priority power supply rules



* The order in which output control is undertaken is specified in the rules of the OCCTO (Organization for Cross-regional Coordination of Transmission Operators, Japan)

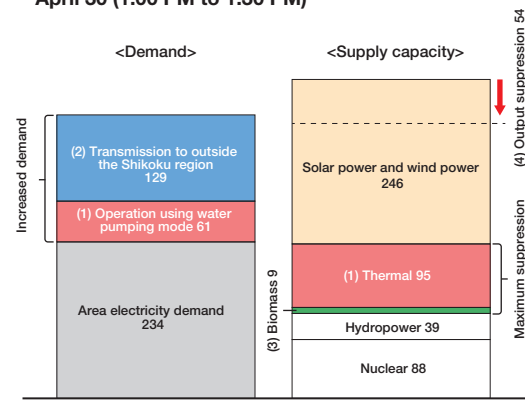
Balance of supply and demand in the Shikoku area during light load periods

As for the balance of supply and demand between 13:00 and 13:30 on April 30 (When the output of solar and wind power was at its maximum), the output of solar and wind power generation (2,460 MW) was high, with the supply capacity expected to exceed demand. Based on the priority power supply rules, we maintained a balance of supply and demand for electricity by doing the following:

- (1) increasing demand by suppressing the output of thermal power and using water pumping mode for operation (610 MW),
- (2) utilizing interconnection lines to transmit power to areas outside Shikoku as much as possible (1,290 MW),
- (3) suppressing the output of biomass power generation, and with respect to the surplus that still exceeded the demand,
- (4) suppressing the output of solar and wind power generation (540 MW).

* (1) to (4) correspond to the order of output control based on the priority power supply rules

Composition of demand and supply capacity on April 30 (1:00 PM to 1:30 PM)



Promotion of Low Carbonization and Decarbonization at Thermal Power Plants

Initiatives aimed at the low carbonization of thermal power generation

Thermal power generation is playing an increasingly important role as a backup power source and an adjustment power source amid the increase we are seeing in terms of the usage of renewable energy. As such, our Company intends to leverage thermal power while pursuing low carbonization and decarbonization. The period up to 2030 has been positioned as the low carbonization phase. The aging Saijo Unit No. 1 has been replaced with a state-of-the-art, high-efficiency, ultra-supercritical pressure (USC) unit. After the start of operation, the plant is scheduled to begin undertaking the co-combustion of solid fuel comprised of sewage sludge (biomass) in addition to woody biomass. We are also studying ways to expand the use of woody biomass in coal-fired thermal power plants and introduce ammonia co-combustion, which we are aiming to do by 2030.

We are also considering the possibility of introducing elements such as hydrogen and CCUS at thermal power plants based on conditions such as the establishment of these elements from a technical standpoint and whether economic efficiency can be secured.

Roadmap for low carbonization

Item	2022	2025	By 2030
Utilization of high-efficiency, coal-fired thermal power	Decommissioning of former Saijo Unit No. 1 ▼ Replacement work	Commencement of the operation of the new Saijo Unit No. 1 ▼ Utilization of high-efficiency, coal-fired thermal power	Commencement of co-combustion of solid fuel comprised of sewage sludge at the new Saijo Unit No.1 ▼ Utilization of high-efficiency, coal-fired thermal power
Expanding the usage of woody biomass	Feasibility study and review phase		
Ammonia co-combustion	Consideration of power generation facilities such as fuel-receiving storage facilities and boilers Study aimed at ensuring the stability and economic efficiency of fuel procurement	Detailed study	Design, production and construction Commencement of co-combustion
Hydrogen co-combustion	Consideration of possible collaborations with other companies		
CCUS and other research and implementation	Consideration of introduction of co-firing technology and consideration of supply chains		
	Research on and consideration of the introduction of CO ₂ separation and collection, and carbon recycling technologies		

Overview of the New Saijo Unit No. 1

	New unit no. 1	Former Unit No. 1 (Decommissioned)
Start of operation	Scheduled for June 2023	1965
Rated output	500 MW	156 MW
Power generation efficiency	43% or more	Approx. 38%
Fuel	<ul style="list-style-type: none"> • Coal • Woody biomass • Solid fuel comprised of sewage sludge 	<ul style="list-style-type: none"> • Coal • Woody biomass

Rendering of completed Saijo Unit No. 1



Initiatives for the stable operation of thermal power plants

Given the recent rise seen in the risk of a tight situation in terms of supply and demand throughout the country, our Company is paying close attention to the stable operation of thermal power generation. Because of this, we conduct daily inspections and patrols carefully at each of our electric power stations, and if any sign of abnormality is seen in our facilities, we implement repairs promptly in a manner 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 saw only three cases of unplanned shutdowns in terms of thermal power generation during fiscal 2021.

Optimization of Transmission and Distribution Facilities and Strengthening of Resilience against Disasters

Optimization of transmission and distribution facilities

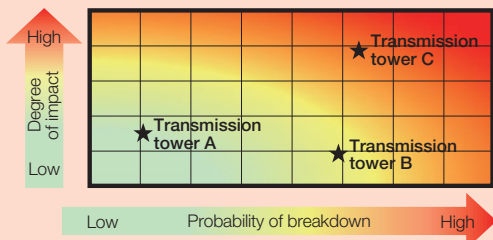
Shikoku Electric Power Transmission & Distribution has been working to formulate a facility renewal plan that takes into account construction capabilities in addition to the order of priority for responses undertaken based on risk assessments (Which are worked out based on the impact and probability of failure in the event of a facility failure). This is being formulated as a new facility management method given that many facilities constructed during the period of Japan's high economic growth are expected to see an advancement in their aging going forward.

In addition, we are improving equipment efficiency and controlling costs by grasping information such as the timing of obsolete equipment upgrades, and working on the optimization of transmission and distribution equipment based on the trends being seen in terms of demand and the linkage of renewable energy facilities.

New facility management methods

(1) Risk assessment

As a result of quantitatively and comprehensively taking into account the impact of equipment failures, the probability of failures, and other such elements, we have judged that Transmission Tower C is of a high priority in terms of the renewal and maintenance of equipment



(2) Conceptualization of the equipment update plan



Strengthening of resilience against disasters

Response for typhoons, etc.

We are seeing natural disasters such as typhoons becoming more intense. As such, we have introduced, based on the perspective of going about ensuring speedy recovery responses during times of disaster, a disaster information system that allows for both companies (The Company and Shikoku Electric Power Transmission & Distribution) to grasp the state of damage and recovery, etc., centrally. Moreover, we are also doing the following:

- Entering into agreements related to information sharing and mutual cooperation in the event of a disaster with all local governments in Shikoku, as well as with the Self-Defense Forces, the Japan Coast Guard Headquarters, and private companies
- In addition to formulating disaster cooperation plans together with power transmission and distribution companies and other such companies in other regions, and clarifying details concerning the mutual cooperation to be undertaken in the event of a disaster, we are strengthening our preparedness for disasters by unifying restoration equipment and methods of construction among power transmission and distribution companies, conducting joint drills, and undertaking other such measures

Overview of agreements with related organizations

Local governments	<ul style="list-style-type: none"> •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 •Verbal acceptance of applications for permission for urgent restoration work, etc.
Self-Defense Forces, Japan Coast Guard Headquarters, etc.	<ul style="list-style-type: none"> •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	<ul style="list-style-type: none"> •Rental of construction equipment, temporary toilets, etc. •Procurement of boxed lunches, daily necessities, clothing, hygiene products, etc.

Countermeasures against the Tonankai and Nankai earthquakes

In light of the increased risk of Tonankai and Nankai earthquakes and based on the perspective of enhancing the resilience of the electric power system, we are developing functions serving mutually to back up systems among system control stations in conjunction with the renewal of system control station systems which play the role of monitoring and controlling electric power systems. We are also working on measures against flood damage, such as raising the level of substation equipment.

Service to provide power outage information via LINE

We provide information on power outages via LINE, our website, and via other means so that we can quickly provide reports on the state of power outages occurring as a result of disasters and other such occurrences. Inquiries about power outages and transmission and distribution facilities can be made via telephone or using our Chatbot (An automated service available 24 hours a day).

From our website

You can start a chat via this banner.

Via LINE

We will answer your questions about power outages and facilities! Inquiry via chat!

Economically Optimal Supply and Demand Management, Stable Fuel Procurement, and Continuous Streamlining of Management

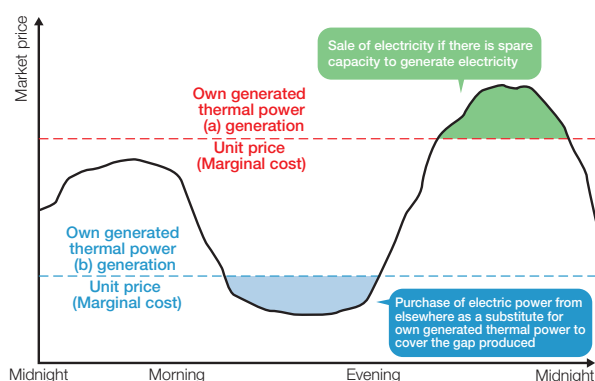
Economic optimization of supply-demand operation

While taking into account the power generation costs and mobility of each power source, we are striving to reduce supply-demand related costs by pursuing the most economical form of supply and demand operation based on elements such as supply and demand conditions (Such as in terms of electricity demand and solar power generation) and wholesale electricity prices.

* Advancement and optimization of power supply and demand operations which leverage AI

→ See page 34

Conceptualization of market utilization



* For own generated thermal power wherein the power generation unit price (Marginal cost) is between (a) and (b), we purchase and sell electricity based on individual power generation unit prices (Marginal cost), market prices, and so on

Stable fuel procurement

We have seen a sharp rise in the price of fossil fuels and with respect to prices in the wholesale electricity market, which is a reflection of the international situation. As such, priority is being given to securing a stable supply of fuel by further diversifying our suppliers and by diversifying our procurement methods. At the same time, we are strengthening our risk management through measures such as the early arrangement of ships and floating-supply-based operation.

Examples of initiatives

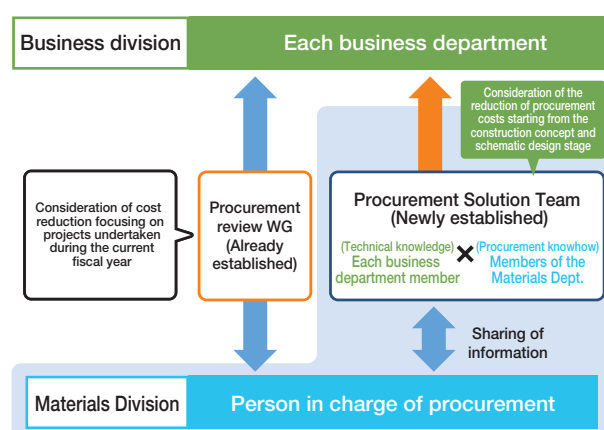
LNG	<ul style="list-style-type: none"> Stable procurement of required amounts based on long-term contracts Additional spot procurement based on market trends and other factors
Coal	<ul style="list-style-type: none"> Long-term contracts with reliable suppliers Procurement of coal (Provided as a mix of different kinds) from a local subsidiary in Australia Procurement from Russia was switched over to procurement from Australia, Indonesia, etc.
Oil	<ul style="list-style-type: none"> Procurement mainly through domestic transactions Expanding on suppliers to handle increased operation

Continuous improvement of management efficiency

Decreasing procurement costs for equipment and materials

In August 2021, the Procurement Solution Team was established as a new permanent organization within the Materials Department. It consists of members of the Materials Department and members of each business department. The team is working to further reduce procurement costs for materials and equipment by examining ways to reduce costs starting from the construction planning and schematic design stages.

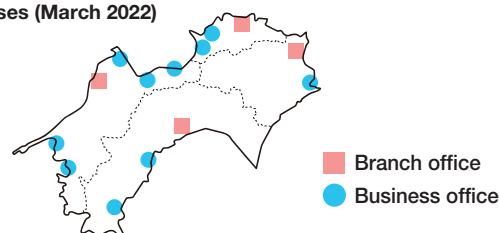
Framework for studying ways to reduce procurement costs



Elimination/consolidation of sales bases

In March 2022, we consolidated 3 business offices serving as sales bases into their superordinate branch office. Having done that, we undertook an organizational consolidation which resulted in a framework consisting of 4 branch offices and 10 business offices. We are improving on productivity while maintaining overall service levels by covering the areas of business sites that have been closed by superordinate branch offices.

Sales bases (March 2022)



	Number of branch offices	Number of business offices	Total
March 2018	8	15	23
March 2019	4	13	17
March 2022	4	10	14

Reduction of 9 bases

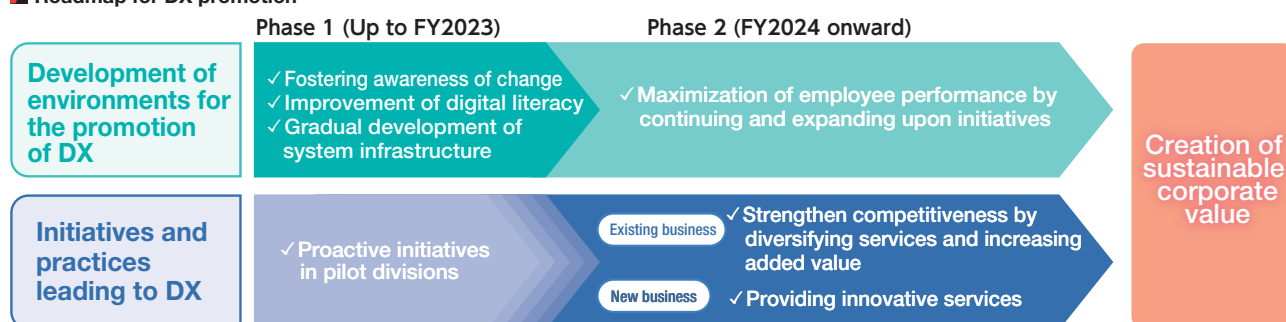
Promotion of DX (Digital Transformation)

Promotion of DX aimed at sustainable creation of corporate value

Our Group defines DX (Digital Transformation) as follows: The utilization of digital technologies and data to transform the entire business, which includes the transformation of business models, processes, corporate culture, and employee mindsets needed to enhance the competitiveness of existing businesses and create new value. As such, we have established an organization dedicated to Digital Transformation in March 2022 to promote company-wide initiatives.

When it comes to promoting DX, we have designated the period leading up to the end of fiscal 2023 as Phase 1, and are currently focusing on establishing and maintaining environments purposed with facilitating the promotion of DX. Additionally, in anticipation of Phase 2 starting in fiscal 2024 (Wherein initiatives leading to DX will be put into practice), we have selected thermal power plants and other businesses as pilot divisions for that. We are currently studying specific initiatives to achieve a Digital Transformation within business operations [such as the early detection of abnormalities in thermal power plants in the case (1) below].

Roadmap for DX promotion

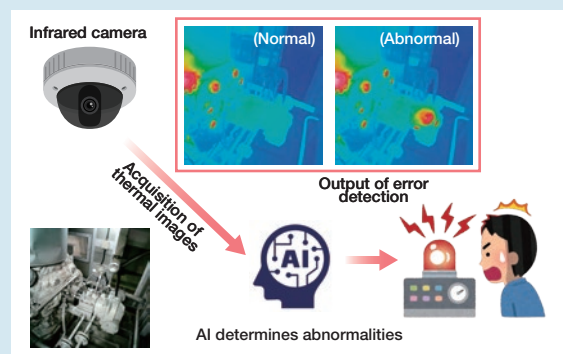


Examples of DX leveraging AI

Case (1): Early detection of abnormalities in thermal power plants

With respect to equipment failures resulting from the overheating of motors, pumps, and other such equipment, monitoring for some of these takes place using a temperature detector. The condition of other parts, however, was previously ascertained through patrols and inspections, meaning that early detection presented a challenge.

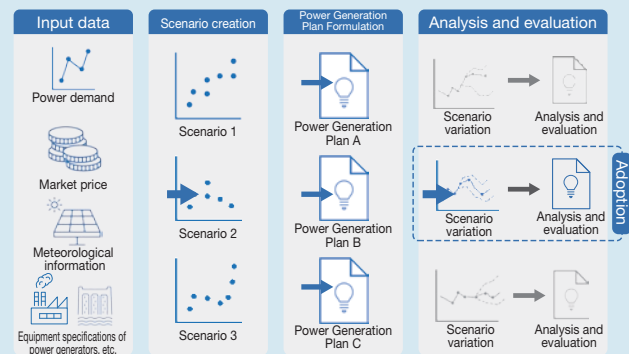
For this reason, we have been conducting verifications with a view to implementing mechanisms which allow for the detection of equipment malfunctions at an early stage by combining continuous monitoring with infrared cameras and thermal image analysis technology using AI.



Example (2): Advancement and optimization of power supply and demand operation

In order to plan the most economical power supply and demand plans, it is important to appropriately evaluate the effects of various fluctuations, such as those seen in terms of the demand for electricity, wholesale electricity market prices, and renewable energy generation.

In recent years, the formulation of power supply and demand plans has become complicated owing to the increase in the amount of connections of FIT for solar and due to the creation of multiple new markets. With that being the case, we introduced a power supply and demand planning system utilizing AI technology in July 2022 to improve and optimize power supply and demand operation.



Electric Power Business (2) Strategic Electric Power Sales



Business Operation Policy

➔ See pages 36—38

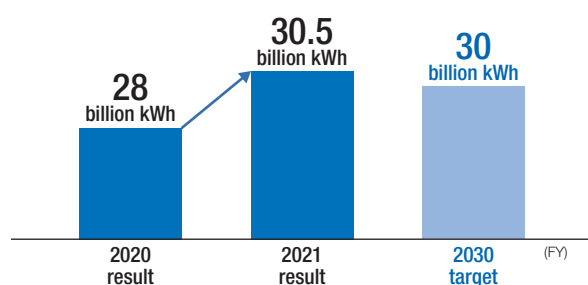
With the aim of ensuring appropriate rate levels, we are conducting electric power sales business while anticipating the future in terms of the fuel situation and other factors.

Leveraging the strengths in terms of our Company's relationships of trust and our proximity to customers, we are developing demand for electrification and supporting local decarbonization.

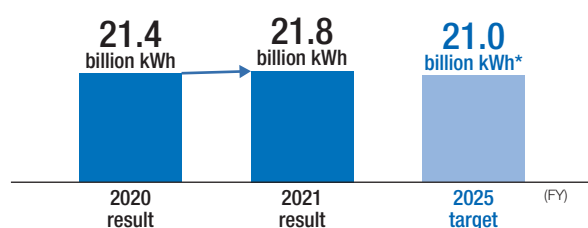
- Setting of various pricing plans in the retail sales business and expansion of set sales with other corporate products
- Strengthening relationships and promoting consultation-based sales through corporate account sales in the retail sales business
- Expanding revenue derived from wholesaling through a combination of arm's length transaction and market transactions
- Support for the decarbonization of local communities and promotion of solar PPA

Targets

■ Total electricity sales (Power generation and sales)

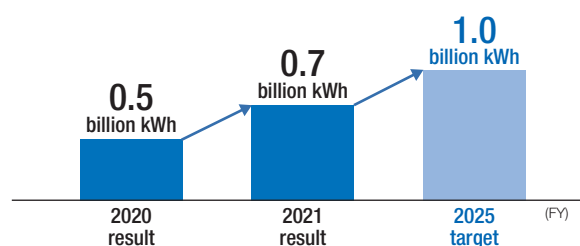


■ Electricity retail sales within the region



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

■ Electricity retail sales outside the region



Electricity Sales

Retail sales

Setting of diverse rate plans

For low-voltage customers, mainly individuals, we provide options for:

- Plans tailored to lifestyle and usage needs
- CO₂-free plans based on increasing environmental awareness

We are working to improve customer satisfaction by offering a variety of options such as these.

CO₂ Free Plans

Renewable energy Plus+

• Plan with an optional menu that utilizes non-fossil value certificates derived from solar power, hydroelectric power, wind power, etc., for base contracts related to low voltage

Base contract

Family and corporation rate plan

Options

Renewable energy Plus+

Zero CO₂ emissions from electricity use!

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

Expansion of set sales through tie-ups with other businesses

We are striving to acquire and retain customers by working together with companies having strong customer bases in the Shikoku region and selling our electricity together with the products of partner companies as a set via those partner companies.

We will enhance the added value of set sales by deepening our alliances and expanding upon the number of partners we have, as well as consider introducing additional services.

Partner businesses that have introduced set sales (13 companies in total)

Industry	Combined services*1
Energy (8 companies in total)	• Leasing of EcoCute, etc., electric water heaters and electric cookers (IH)*2 • Gas, oil, etc.
Telecommunications (1 company)	Telecommunications service, low-cost smartphones
Broadcasting business (4 companies in total)	Cable TV

*1 Requires a subscription to an electricity rate plan designated by our Company

*2 Leasing electric cookers only is ineligible

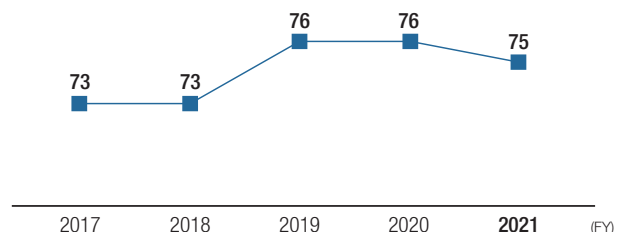
Promoting spread of all-electric houses

We collaborate with sub-users such as homebuilders and building contractors by approaching customers who are considering new construction or renovation. We appeal to the comfort, convenience and economy of all-electric houses, as well as to environmental aspects like carbon neutrality. In doing this, we are going about unearthing demand for electrification.

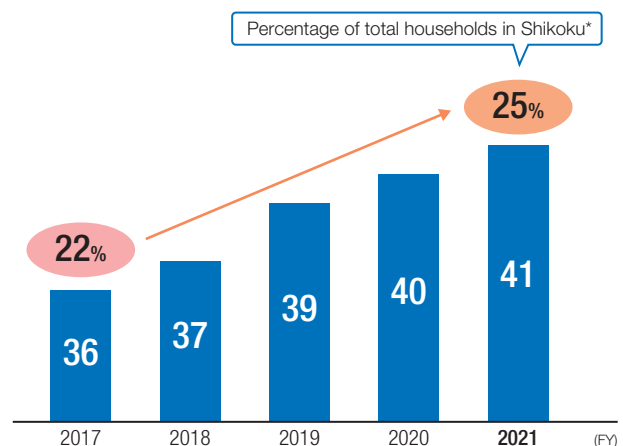
We also offer set-based discounts on electric rate plans provided by our Company and electric appliances provided by Group companies.

The accumulation of such activities means that we have seen approx. 75% of newly built detached houses being outfitted with all-electric systems in Shikoku. The percentage of all-electric houses among all houses rose to approx. 25% by the end of fiscal 2021.

Ratio of newly built detached all-electric houses (%)



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



* 1.60 million households (As of October 1, 2018 according to a Housing and land survey of Japan conducted by the Ministry of Internal Affairs and Communications)

Account sales by dedicated personnel

We assign dedicated staff to corporate customers of a certain size and are focusing on account sales involving the conducting of sales in a personalized manner.

Dedicated staff are working to strengthen relationships with customers by meticulously implementing fee proposals, technical proposals, and other such proposals based on elements such as customer needs and the state of their electricity usage.

And, for customers for whom it is difficult to assign dedicated staff, we respond by utilizing direct mail and other means, as well as by leveraging our business partners with strong sales bases in the Shikoku area.

Development of electrification demand in commercial fields

We are continuously 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, we are promoting the development of demand for electric power by appealing to the safety and convenience provided by electrification when approaching operators of facilities such as medical and welfare facilities and school lunch cooking facilities, which present a high level of heat demand.

■ All-electric kitchen with superior safety and convenience



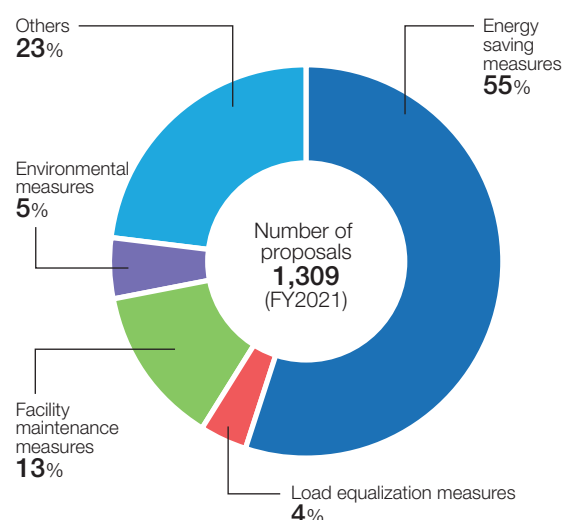
Energy consultation in industrial fields

Using our Group's technological capabilities and know-how, we provide to customers in industrial fields with proposals such as the following:

- Energy saving and low-carbon measures by switching to electricity as a heat source, as well as cost reductions and improvement of productivity and quality
- Environmental measures and efficient operation for existing facilities

By proposing a variety of highly specialized solutions such as these, we are working to develop demand for electricity and strengthen relationships.

■ State of solution proposals for customers



Wholesale

In addition to arm's length transactions that meet the needs of business operators, we combine together transactions in the baseload market and the spot market, and the gradually introduced supply-demand adjustment market, to go about expanding upon our earnings.

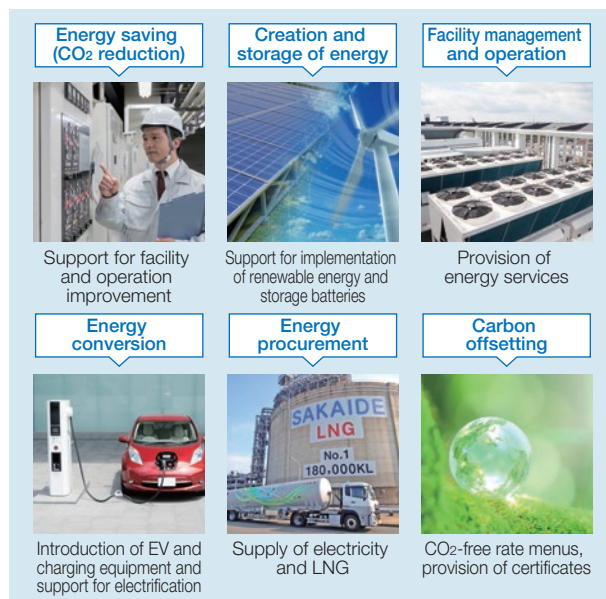
Support for the decarbonization of local communities and solar PPA

Implementation of decarbonization support consultations for local governments

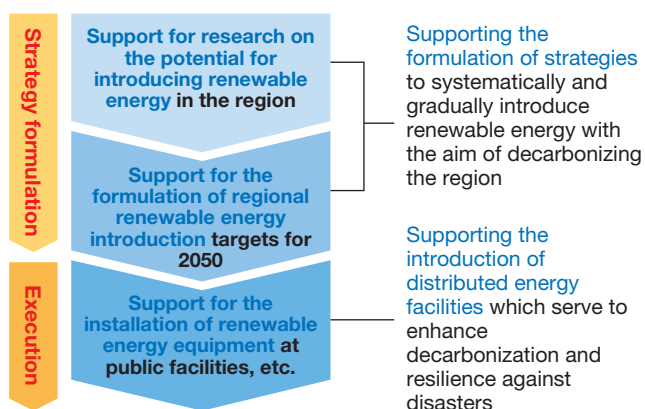
As we see growing momentum in terms of decarbonization in local communities, our Group has been providing consultations and solutions for local governments and schools, such as those related to solar power generation, storage batteries, and energy-saving measures.

In addition, we have entered into partnership agreements with several local banks to support efforts being made by local communities and local companies to achieve carbon neutrality. In doing so, we are supporting the decarbonization of local communities by combining respective products and services with the strengths of the Shikoku region.

Main decarbonization support services



Flow of consultation for local governments



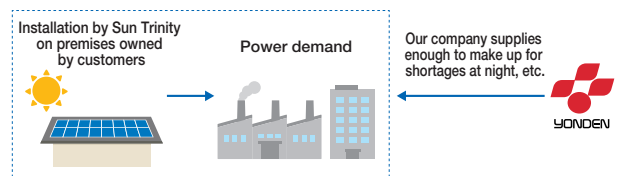
Promotion of solar power PPA business

In January 2022, in order to promote the solar PPA business (Which involves the installation and operation of solar power generation facilities for corporations and local governments [which use high voltage or higher] and the selling of electricity and environmental value to users), we established Sun Trinity, a new company in charge of this business, together with Sumitomo Corporation and the Sunseap Group* of Singapore.

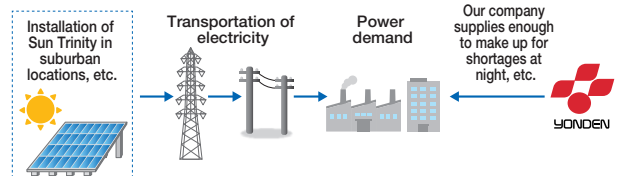
The knowledge possessed by our Company and Sumitomo Corporation when it comes to the electric power business and our broad-ranging business foundations in Japan, along with Sunseap's world-class technology and procurement capabilities for solar modules, combine to form a strength which allows us to provide users with optimal renewable electricity and environmental value utilizing solar power generation.

* Company with the top market share in terms of rooftop solar power generation in Southeast Asia

Onsite PPA



Offsite PPA



* Our Group's role in the PPA business: Maintenance and management of power generation facilities, transport of electricity, adjustment of supply and demand for electricity, etc.

Onsite PPA (Implementation examples)



Businesses Other than Electricity

Expansion of Growth Business Centered on International Business and Telecommunications



United States - South Field Energy (Gas fired power)



Powerico data center (Server rooms)

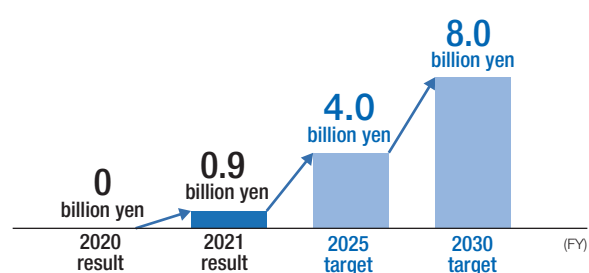
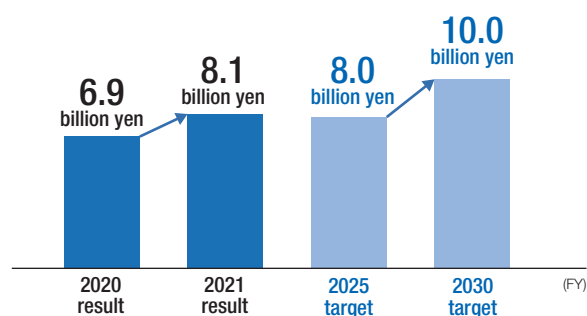
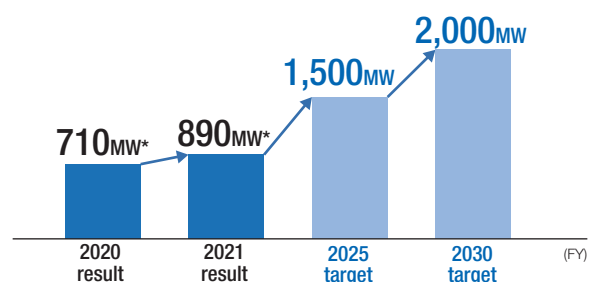
Business Operation Policy

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

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

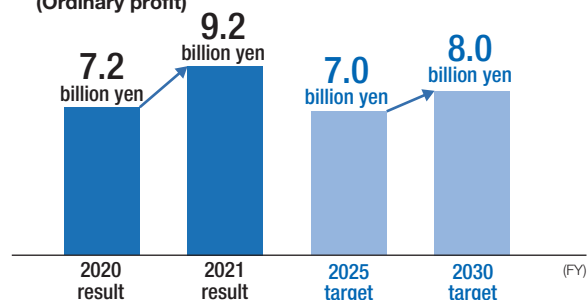
Targets

International business (Ordinary profit)

Telecommunications services business (Ordinary profit)

International business (Owned capacity)


* Of owned capacity, approx. 410 MW is already in operation

Other businesses

[Other than information and communications, and international]
(Ordinary profit)





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

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 to IPP* business, we are also considering the possibility of participating in new fields, meaning LNG terminal projects, regional heat supply projects, and other such projects where we can leverage our Group's technologies and experience in order to expand our business in the future.

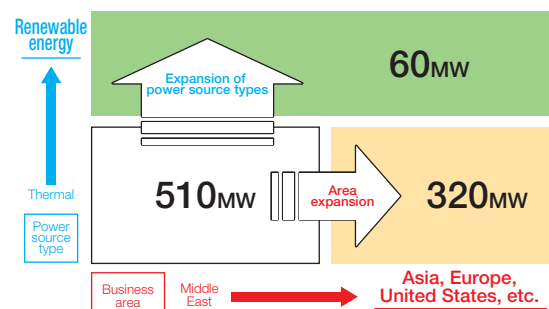
* Independent Power Producers

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 890 MW (As of the end of fiscal 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 fiscal 2025 and 2,000 MW in fiscal 2030.

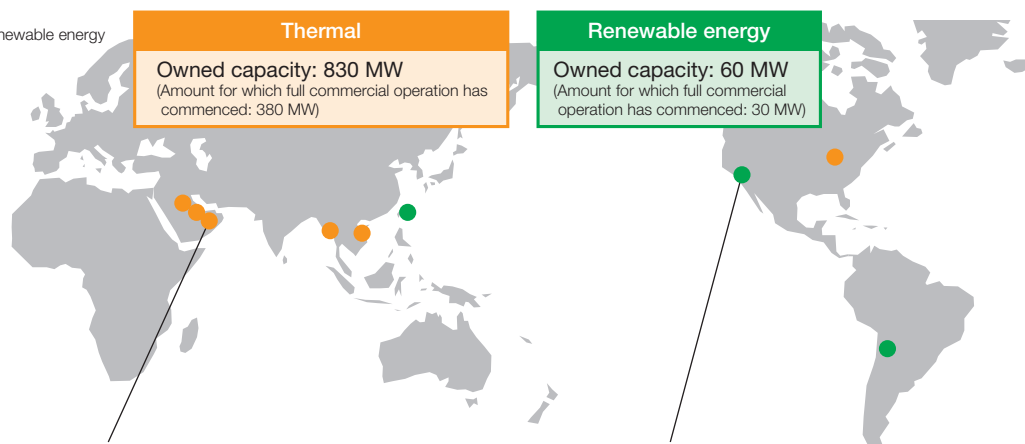
Business portfolio



* Figures are for owned capacity (End of fiscal 2021)

State of main business participation (End of fiscal 2021)

● Thermal ● Renewable energy



Oman - Barka 3 and Sohar 2 (Gas fired power)



Owned capacity: 744 MW for each (Owned capacity of our Company: 50 MW for each)

El Centro Solar in the US



Owned capacity: 20 MW (Owned capacity of our Company: 3 MW)

Telecommunications Services Business

Based on our strengths in technologies and human resources which we have cultivated within the electric power business when it comes to the fields of information and communications, our Group is working to expand its data center and cloud computing businesses, and optical communications businesses primarily through STNet, a group company. We are moving forward with the provision of ICT infrastructure serving to support business and the provision services that enable people to live comfortably in the Shikoku region.

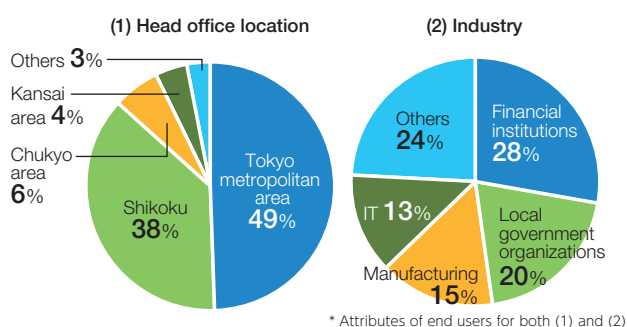
“Powerico” data center for corporations and cloud business

STNet is expanding its data center and cloud business for corporations (Which is the foundation of its business), taking advantage of the progress being seen in terms of digitalization, the move to cloud computing, the growing demand for DX, and other such elements.

Located in Takamatsu City, Kagawa Prefecture, the Powerico Data Center (one of the largest data centers in western Japan), features the strengths of a great location with a low risk of natural disasters, highly reliable facilities, and proposal-based operational services which cater to customer needs. The customers making use of this facility are mainly located in the Tokyo metropolitan area, and consist of financial institutions, local government organizations, manufacturers, IT companies, and so on.

To reduce its environmental impact, approx. 40% of Powerico's electricity consumption has come from renewable energy sources since April 2022.

Customer attributes in the data center business (end of fiscal 2021)

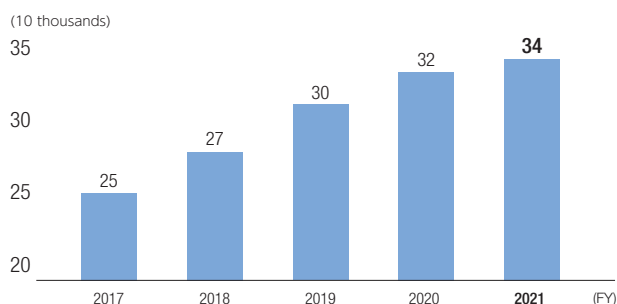


“Pikara (Pikara Hikari Network)” fiber optic internet business for individuals

STNet provides the Pikara Hikari Network, an optical communications service for individuals mainly in major cities in Shikoku where load densities are high. This means that stable communications environments and price balances are supported. The number of subscribers for this service has been steadily increasing.

In recent years, the need for ultra-high speed, high-capacity communications has also been growing when it comes to home usage as a result of increasing numbers of people telecommuting and due to the popularization of high-quality video content. In July 2022, STNet began offering the Pikara Optical Net 10 Gigabit Plan, which offers a maximum transmission speed of 10 Gbps. Market needs in the optical communication business for individuals remain strong. As such, we are aiming for the further acquisition of contracts while working together with collaborating CATV companies and other such companies.

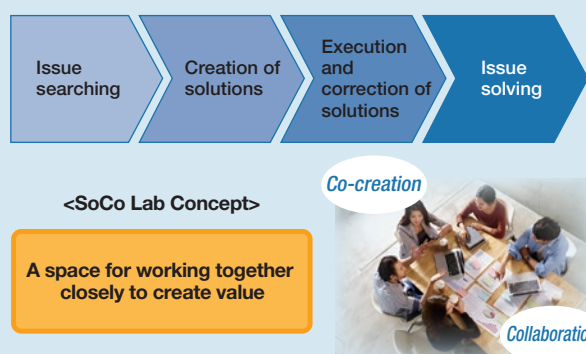
Trend in the number of Pikara contracts



Establishment of “SoCo Lab”, a place for co-creation

STNet has established the “SoCo Lab” as a place to provide customers with support for their Digital Transformation. In order to support customers, information and communications specialists propose solutions utilizing digital technologies.

As a co-creation partner able to provide new value, STNet will expand demand for information and communications services by solving customer issues.



Gas Sales, Construction and Engineering Business, Etc.

In addition to the gas sales business, our Group has also received orders for the construction and operation of renewable energy-related facilities and the construction of facilities for government agencies and the private sector in various parts of the country, which we have done by leveraging the technical capabilities in terms of construction and engineering (Developed through electric power-related construction). We are also developing real estate business, commercial business, and other such businesses.

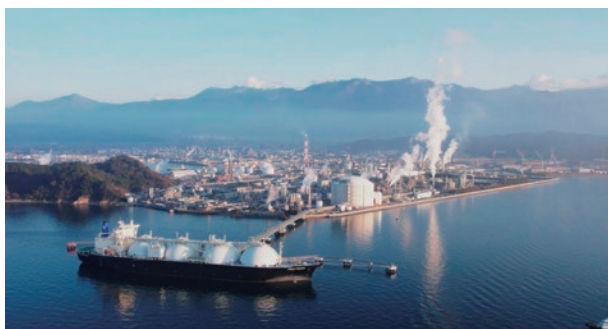
Gas sales business

Driven by the transition to decarbonization with the aim of achieving carbon neutrality in 2050, our Group is discovering new fuel conversion needs when it comes to thermal demand involving oil and coal in the Shikoku region and is moving forward with the sale of liquefied natural gas (LNG).

When it comes to business bases, in addition to the Sakaide LNG Station adjacent to the Sakaide Power Station, the Niihama LNG Station in Ehime Prefecture (Which is a joint venture undertaken with a subsidiary of Tokyo Gas Co., Ltd.), saw the commencement of operation in March 2022, resulting in the strengthening of our foundation in the gas sales business.

We are also participating in a gas supply project in Shikokuchuo City (Ehime Prefecture), which will begin in December of the same year. In doing so, we will contribute to the low carbonization and decarbonization of the Shikoku region.

Niihama LNG Terminal



Construction and engineering business

Yonden Engineering Company is expanding orders for items such as EPCs (Engineering, procurement, and construction) and O&M (Operation and maintenance) for wind and solar power generation in various parts of Japan. The company has recently participated in solar power generation projects in Agano City, (Niigata Prefecture) and Chita City (Aichi Prefecture).

YONDENKO CORPORATION is further consolidating its business base in the Tokyo metropolitan area and the Kansai region through M&A, and is proactively working to acquire more orders and striving to expand upon its business domains.

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

Solar power plant in Agano City (Niigata Prefecture) which our group company participated in



Real estate business

Yonden Business Company (A group company) is moving forward with the development of offices, rental residences, commercial facilities, and so on while mainly utilizing idle land belonging to our Company. The company plans to open a residential facility with services for the elderly in 2023, and aims to provide customers with facilities of their choice by leveraging our Group's credibility and the knowhow we have when it comes to the nursing care business.

We are also working to expand our real estate business in Shikoku and elsewhere, which includes the development of rental housing in the Tokyo metropolitan area.

Housing for the elderly (with services) that is currently under construction (Rendering of completion)



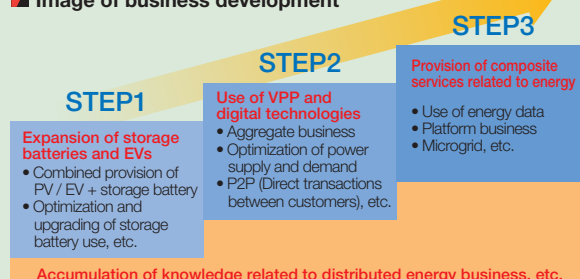
Distributed Energy Business

Our company is promoting the further utilization of electric energy to achieve carbon neutrality in 2050. In addition to the promotion of electrification that we have undertaken thus far, we are working to create new businesses and services by focusing on distributed energy resources, which are expanding as a result of the technological innovations and changes being seen in terms of society and customer needs. This is something we are doing based on the perspective of advancement and diversification of energy use.

Business development policy

As energy resources on the consumer side are expected to expand and the forms of transactions are expected to experience diversification, we are gradually upgrading our business by integrating our Group's resources with the technologies and knowhow of our partner companies. Ultimately, we are working on the distributed energy business with the development of energy-related multiservice in mind.

Image of business development



* PV (Photovoltaic power generation), EV (Electric vehicle), VPP (Virtual power plant)

Case for STEP 1: Popularization and expansion of EVs

Our Group is a one-stop destination for corporate and municipal customers when it comes to the provision of services such as leasing services involving electric passenger cars and chargers provided together as a set, and services involving the option of supplying CO₂-free electricity for the charging of EVs. We also plan to launch a service which provides individual customers with dedicated EV charging facilities and electricity as a set in each section of the parking lots found in existing condominiums. We will be gradually expanding the service to corporate customers as well.

Our Company and Shikoku Electric Power Transmission & Distribution have set a target, in principle, of 100% electrification of commercial vehicles by fiscal 2030.

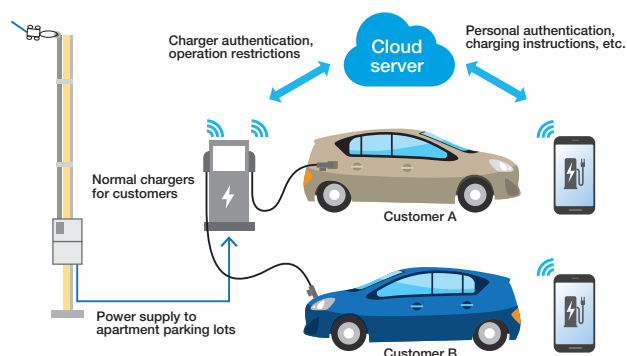
Case for STEP 2: Use of VPP and digital technologies

We are accumulating VPP-related knowledge by leveraging IoT technology and distributed energy resources (Hereinafter referred to as "DER") such as solar power, storage batteries, and EVs.

Within verification projects conducted up to present, we have obtained technical targets for market transactions leveraging DER and other such transactions. In the capacity market, we have already entered into transactions using DER.

In fiscal 2022, we acquired an aggregator license and are considering entering the supply and demand adjustment market. We will continue to collaborate with other companies while expanding upon our available resources.

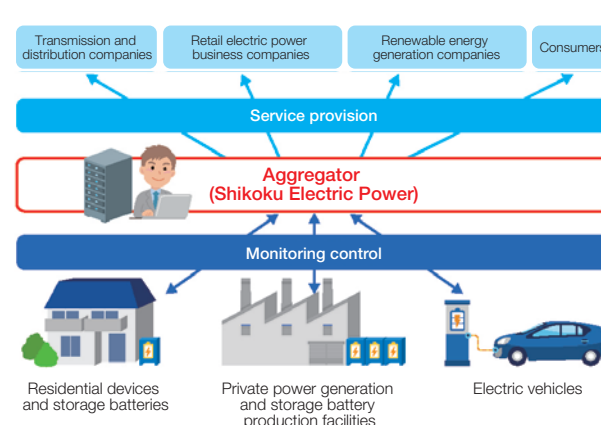
EV charger installation service for condominiums



100% electrification of commercial vehicles by fiscal 2030

* Target for the Company and Shikoku Electric Power Transmission & Distribution Co., Inc. Excluding emergency and construction vehicles, etc., that may interfere with smooth business operation

Image of aggregator utilizing VPP and digital technology



Business Management that Increases Sustainability (ESG Initiatives)

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

P.46 **Initiatives that Increase Sustainability**

P.47 **E : Responding to Environmental Issues**

P.53 **S : Coexisting in Harmony with Communities and Fostering Employee Motivation**

P.59 **G : Enhancing Corporate Governance**

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>

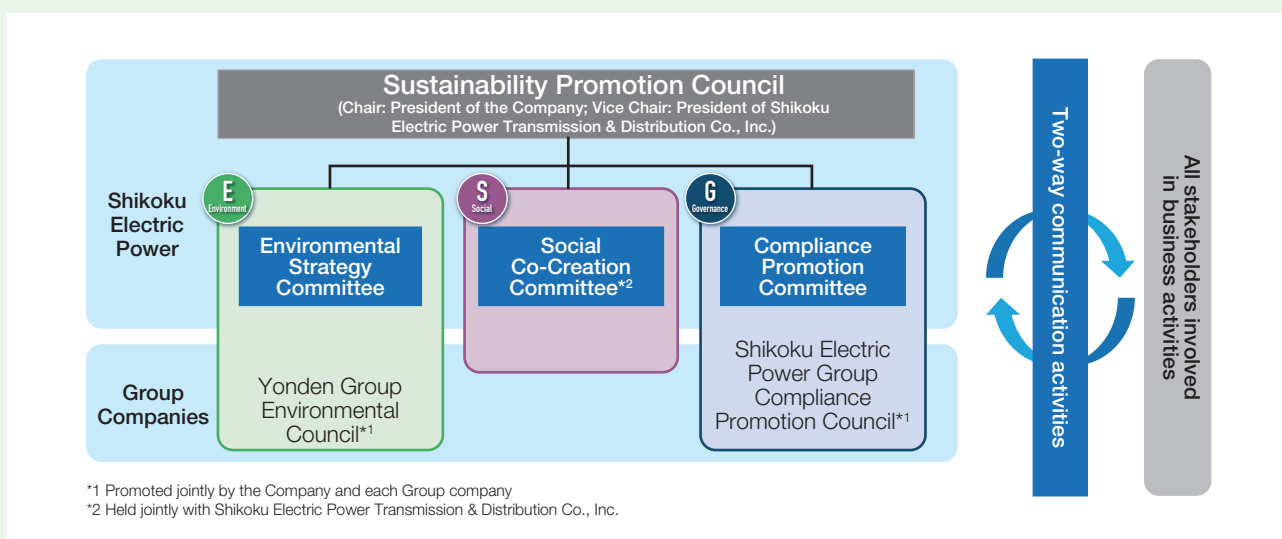
Yonden Group Action Charter

In order to promote the creation of sustainable value through business activities, we will fulfill our Group's responsibilities to society at large by strengthening relationships of trust with stakeholders and the performance of transparent and open business activities based on the "Yonden Group Action Charter."



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.





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 TCFD* in September 2019, and will enhance our climate change-related information disclosures to fulfill our responsibility to explain such matters to stakeholders.

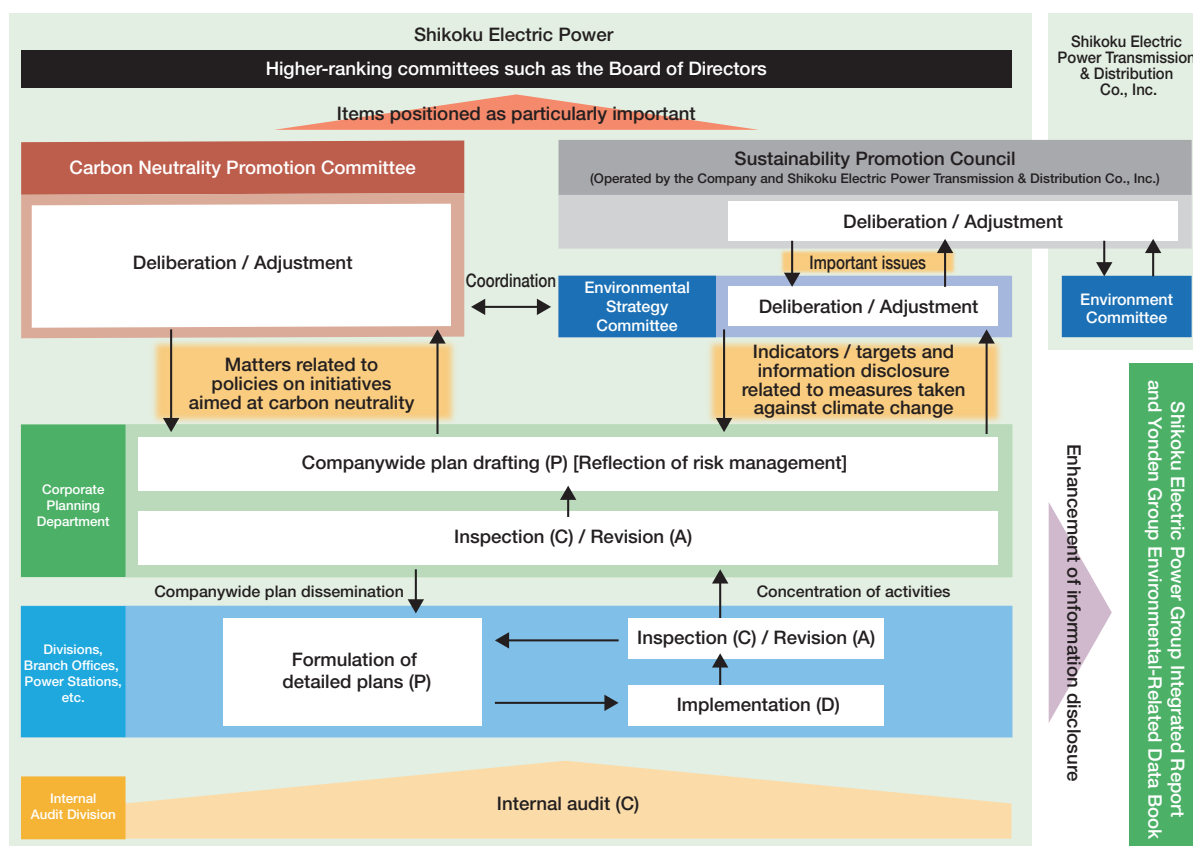
* Abbreviation for the Task Force on Climate-related Financial Disclosures. The Financial Stability Board (FSB), which is comprised of financial authorities from major countries, was established in December 2015 in response to a request provided by G20 Finance Ministers and Central Bank Governors. In June 2017, the TCFD issued recommendations on the disclosure of information concerning climate-related risks and opportunities.

Governance

Addressing the problem of climate change constitutes an important management issue. The Sustainability Promotion Council, the Environmental Strategy Committee (chaired by the General Manager of the General Planning Division), and the Carbon Neutrality Promotion Committee (chaired by the President) are taking the lead in promoting measures taken against climate change.

Items positioned as particularly important within the deliberation process of each committee are submitted to higher-ranking committees for discussion (including the Board of Directors). The results of those discussions are reflected upon the management plans for each fiscal year to improve and enhance the initiatives being undertaken.

Governance and promotion framework for measures against climate change



Environmental Strategy Committee	Deliberations that are focused on setting targets for measures against climate change, on assessing and managing the status of the achievement of said targets, and on enhancing information disclosure
Carbon Neutrality Promotion Committee	Deliberations that are focused on policies concerning various initiatives (in terms of supply and demand) with the aim of achieving carbon neutrality in 2050 → See pages 15–16

Risk management

We understand strongly the importance of climate change-related risk management. Every year, the management team conducts checks and reviews after extracting climate change-related risks that have the potential to significantly impact management, taking into comprehensive account factors such as the probability of occurrence, 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. [→ See page 63](#)

* Our climate change-related risk management system is integrated into our company-wide risk management system

Strategy

We will continuously evaluate and confirm what kinds of impacts climate change-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 then transit to the execution of those measures.

Scenario selection

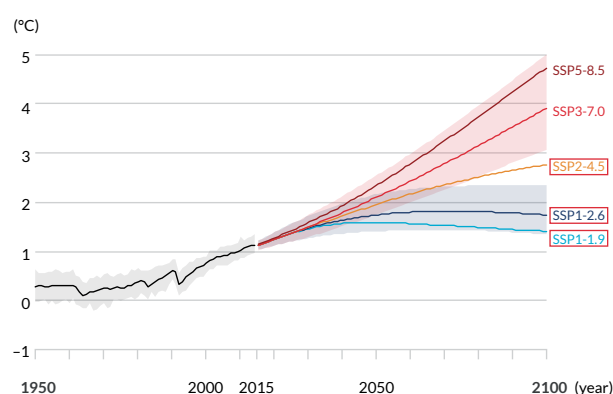
We selected a scenario in which measures at the current level could continue to be taken (Scenario involving less than 4°C*1), a scenario involving the taking of measures which are stricter in comparison with the current level (2°C scenario*2), and a scenario involving the taking of measures which are even stricter than those involved in the 2°C scenario (1.5°C scenario*3). We then assumed the future image of the electric power business under each scenario.

*1 See the Stated Policies Scenario (STEPS) presented by the International Energy Agency (IEA) and SSP2-4.5 of the IPCC Sixth Assessment Report

*2 See the Announced Pledges Scenario (APS) presented by the International Energy Agency (IEA) and SSP1-2.6 of the IPCC Sixth Assessment Report

*3 See The Net Zero Emissions by 2050 Scenario (NZE) presented by the International Energy Agency (IEA) and SSP1-1.9 of the IPCC Sixth Assessment Report

Change in global average temperature from 1850 to 1900



Source: IPCC AR6 WG I

Future image of the electric power business

Item		1.5°C scenario, 2°C scenario	Scenario involving less than 4°C
Policies	Energy policy	• Rapid change in policies aimed at decarbonization (promotion of the development of renewable energy, nuclear energy and hydrogen energy)	• Gradual change of policies aimed at 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	• Introduction of carbon taxes and emission trading schemes advances rapidly	• Introduction of carbon taxes and 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 gently
Fuel price	Fossil fuels	• Fossil fuel use declines and fuel prices fall	• Fossil fuel use gradually declines and fuel prices gradually fall
Market	Energy demand	• Increasing electrification undertaken in an effort to decarbonize will serve to increase demand for electricity	• The lack of societal momentum toward decarbonization and the lack of progress in terms of electrification will reduce demand for electricity
	Customer needs	• Needs for low carbonized/decarbonized power significantly increase	• The need for low carbonized/decarbonized electricity will increase to a certain extent
Disasters	Unusual weather	• Typhoons and other disasters occur, but the extent of the damage caused is not much different than the current situation	• Typhoons and other disasters will become more intense, causing more damage than seen currently

Risks and opportunities

Climate change-related risks and opportunities were identified for the 1.5°C scenario, the 2°C scenario, and the scenario involving less than 4°C. We conducted an evaluation and confirmation of the major factors which will affect our company's business in the future. As a result, we were able to confirm that while there is a possibility of increased costs due mainly to the "expansion of the ratio of non-fossil power sources / strengthening of regulations on thermal power sources" and the "introduction of a carbon pricing" when it comes to the 2°C scenario and a scenario involving less than 4°C, 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 / decarbonized electricity." The trends seen in terms of these effects may be more pronounced in the 1.5 °C scenario.

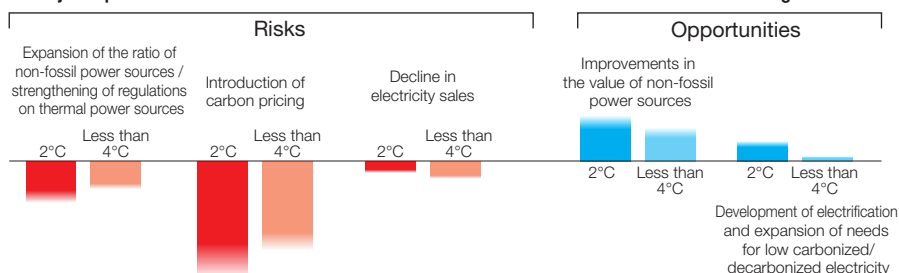
We also considered measures serving to minimize risks and maximize opportunities. Each of these measures has been reflected upon the Group's Medium-Term Management Plan. We will contribute to the realization of a sustainable society through the steady implementation of these measures.

■ Key risks, opportunities and responses as extracted from each scenario

Classification			Impact period*	Details of risks and opportunities	Main measures
Transition risks	Policies and regulations	Expansion of the ratio of non-fossil power sources / strengthening of regulations on thermal power sources	Short/ Medium/ Long	• Cost increases due to the expansion of the ratio of non-fossil power sources and the strengthening of regulations on thermal power sources	<ul style="list-style-type: none"> • R&D and introduction of new technologies such as hydrogen and ammonia power generation • Further expansion of the introduction of renewable energy power sources
		Introduction of carbon pricing	Short/ Medium/ Long	• Increase in costs resulting from the introduction of carbon pricing	
	Market	Decline in electricity sales	Short/ Medium/ Long	<ul style="list-style-type: none"> • Reduction in electricity sales due to the lack of electrification • Reduction in sales of electricity due to reduced acceptance of thermal power sources 	<ul style="list-style-type: none"> • Promotion of electrification • Promotion of low carbonization and decarbonization of power sources
	Reputation	Lack of information disclosure	Short/ Medium/ Long	• Decline in investors' appetite for investment and withdrawal of investments (Divestment) due to declining reputation	• Appropriate disclosure of information to stakeholders
Physical risks	Chronic	Increased chronicity of abnormal weather	Short/ Medium/ Long	• Insufficient supply and adjustment capabilities resulting from increases in peak demand arising due to rising and falling of temperatures and due to increases in renewable energy	• Securing supply and adjustment capabilities through the further utilization of electric energy
	Acute	Intensification of natural disasters	Short/ Medium/ Long	• Increases in the cost of recovery from typhoons and other natural disasters	<ul style="list-style-type: none"> • Strengthening of disaster response systems including the strengthening of cooperation with local governments, related organizations, etc. (Reference (1))
Opportunities	Energy sources	Improvements in the value of non-fossil power sources	Short/ Medium/ Long	<ul style="list-style-type: none"> • Improvements in the superiority of nuclear power stations • Increases in profits due to the expanded introduction of renewable energy 	<ul style="list-style-type: none"> • Continuation of the safe and stable operation of nuclear power stations (Reference (2)) • Further expansion of the introduction of renewable energy power sources
		R&D progress for new technologies	Long	• Commercialization of hydrogen power generation through progress in research and development	• Promotion of decarbonization of power sources
	Products/ services	Development of electrification and expansion of needs for low carbonized/ decarbonized electricity	Short/ Medium/ Long	<ul style="list-style-type: none"> • Increases in sales of electricity due to increased electrification needs • Increases in electricity sales volumes due to increases in low carbonized/ decarbonized electricity needs 	<ul style="list-style-type: none"> • Further expansion of the introduction of low carbonized and decarbonized power sources, promotion of electrification, and other such elements • Provision of CO₂-free rate menus, etc.
	Resilience	Increasing need to secure supply and adjustment capabilities	Short/ Medium/ Long	• Rising market prices due to a lack of supply and adjustment capabilities nationwide	• Securing of supply and adjustment capabilities based on the optimization of supply facilities
		Increasing need for disaster prevention and mitigation	Short/ Medium/ Long	• Improvement of corporate evaluations relating to disaster responses	• Strengthening of disaster response systems including the strengthening of cooperation with local governments, related organizations, etc.

* Short/medium term: Up to 2030; Long term: Up to 2050

■ Major impact assessment for fiscal 2030 in terms of the 2°C scenario and a scenario involving less than 4°C



Major financial impact (Reference)

(1) Responses to increasingly severe natural disasters Costs for recovery from the July in 2018 Japan floods Approx. 3 billion yen
(2) Safe and stable operation of nuclear power Improved balance of payments after one month of safe and stable operation of Ikata Unit No.3* Approx. 4 billion yen <small>* Effects in terms of improvement of the balance of payments related to supply and demand estimated based on fiscal 2021 results</small>

Transition plan: Carbon Neutral Challenge 2050

The Group has set up a challenge of becoming carbon neutral in 2050 as a long-term priority within its Medium-Term Management Plan.

With that being the case, we have formulated a roadmap and are promoting specific initiatives concerning the “low carbonization and decarbonization of power sources,” and the “further utilization of electric energy” with a view to fiscal 2030 and even further ahead to fiscal 2050 based on the measures serving to address climate change-related risks and opportunities which have been reflected within our Medium-Term Management Plan. [→ See pages 15–16](#)

Indicators and targets

We have set targets for various climate-related indicators, such as CO₂ emissions and ratios for non-fossil power sources. We will work to minimize climate change-related risks and maximize opportunities by promoting initiatives that are aimed at achieving these targets.

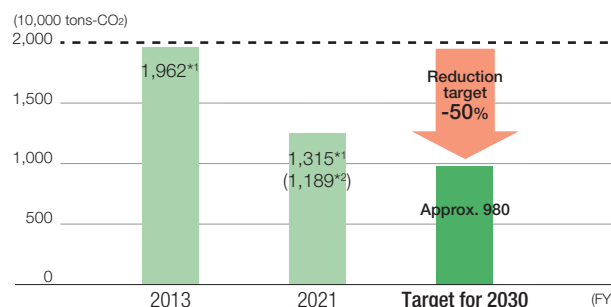
Halve CO₂ emissions produced by the Company's retail sector by fiscal 2030 (in comparison to fiscal 2013)

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 expanding upon the introduction of renewable energy, 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, we aim to reduce our CO₂ emissions in the retail sector by half in fiscal 2030 compared to fiscal 2013.

* CO₂ emissions for the most recent fiscal year

[→ See page 73](#)

CO₂ emissions related to retail sector

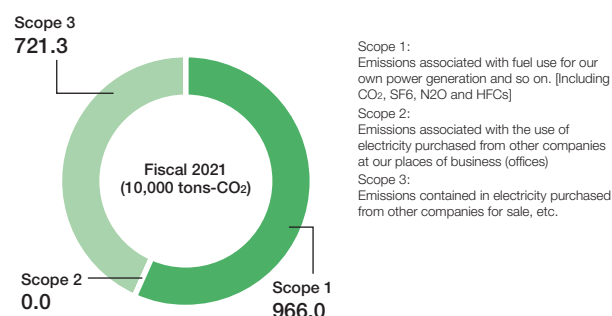


^{*1} Emissions excluding free allocation of FIT on the same basis as the fiscal 2030 target

^{*2} Emissions including free allocation of FIT (Value based on the Act on Promotion of Global Warming Countermeasures)

Greenhouse gas emissions in the supply chain (Scopes 1, 2, and 3)^{*1} and a breakdown of Scope 3

Calculated referred to documents such as the “Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver. 2.4)” (Ministry of the Environment / Ministry of Economy, Trade and Industry)



^{*1} This does not correspond with CO₂ emissions in retail sales, including CO₂ emissions in wholesale sales, etc.

Item ^{*2}	Emissions volume (10,000 tons-CO ₂)
Purchased materials and equipment	0.8
Capital goods	40.4
Fuel and energy-related activities	664.8
Transportation, delivery (upstream)	0.0
Waste produced by business	2.8
Business trips	0.1
Employee commuting	0.1
Investments	12.4

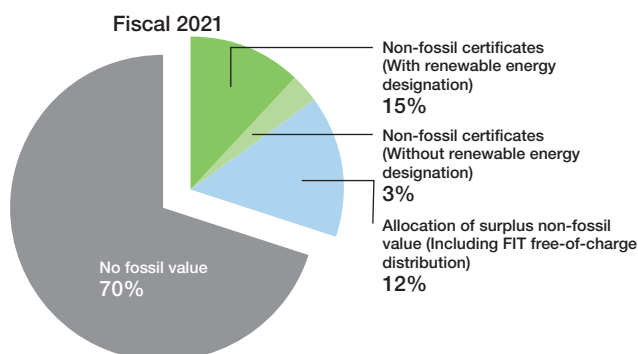
^{*2} There are no emissions with respect to lease assets (upstream or downstream), transportation and distribution (downstream), sold products (used, processed, disposed) or franchises.

Ratio of non-fossil certificates held by the retail sector of the Company in relation to the amount of electricity sold^{*1}
Achievement of 44% or more^{*2} in fiscal 2030

In order to respond to opportunities such as the increasing need for low carbonized and decarbonized electricity, we will aim to increase the ratio of non-fossil certificates held by the retail sector in relation to the amount of electricity sold (Equivalent to the ratio of non-fossil power sources derived from the Act on Sophisticated Methods of Energy Supply Structures^{*1}) to 44% or more^{*2} in fiscal 2030.

We will also proactively work on continuing the safe and stable operation of nuclear power plants, which are non-fossil power sources, increase the output of hydroelectric power plants, and other such efforts.

Ratio of non-fossil certificates held by the retail sector of the Company in relation to the amount of electricity sold



^{*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 electric power business operators, etc., who supply electricity

Actual non-fossil power ratio in the most recent fiscal year → See page 73

^{*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 electric power business operators be derived from non-fossil power sources.

Investments aimed at low carbonization and decarbonization of power sources
Cumulative total of 350 billion yen for the 10-year period spanning from fiscal 2021 to fiscal 2030

In order to respond to climate change-related risks and opportunities, we will invest a cumulative 350 billion yen over the 10-year period spanning from fiscal 2021 to fiscal 2030 to promote low carbon and decarbonization of power sources.

	FY2021 performance
Amount of investments related to low carbonization and decarbonization of power sources	Approx. 70 billion yen

Zero power plants that are inadequately prepared for conceivable flood risks

We have conducted risk assessments of power plants in relation to conceivable floods based on past disasters and other factors. As a result of these assessments, we have completed the construction works for countermeasures at power plants requiring countermeasures.

We will continue to make efforts to prepare for risks, including responding to disasters which had not been previously anticipated in the past. This is something that we will do by implementing measures in terms of equipment and providing responses with respect to elements of an intangible nature such as disaster drills.

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. We are also working on improving the efficiency of thermal power generation through the promotion of the replacement of aging thermal power facilities (See page 31).

Through these efforts, we aim to achieve the benchmark indicator targets of the Act on the Rational Use of Energy in fiscal 2030.

	FY2019	FY2020	FY2021
Indicator A	1.03	1.02	1.02
Indicator B (%)	43.1	43.1	42.1

^{*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.

Developing new renewable energy throughout the Group
500 MW by fiscal 2030
2,000 MW by fiscal 2050

* Results up to the end of fiscal 2021 → See page 29

Advancing Environmental Preservation Activities

Our Group is continuously working to reduce the environmental impact of our business activities and to protect the environment in cooperation with local communities.

Prevention of air pollution

In order to reduce the emission of sulfur oxides (SOx) and nitrogen oxides (NOx) by thermal power plants into the atmosphere, we are taking measures such as using fuels with low sulfur content, installing flue gas desulfurization and denitrification equipment, and implementing the thorough management of combustion.

We have also undertaken the planned replacement of the aging oil-fired thermal power facility at the Sakaide Power Station with an LNG combined cycle. This has resulted in our curbing of the amount of power generated by oil. In recent years, the intensity of SOx and NOx emissions has remained at low levels.

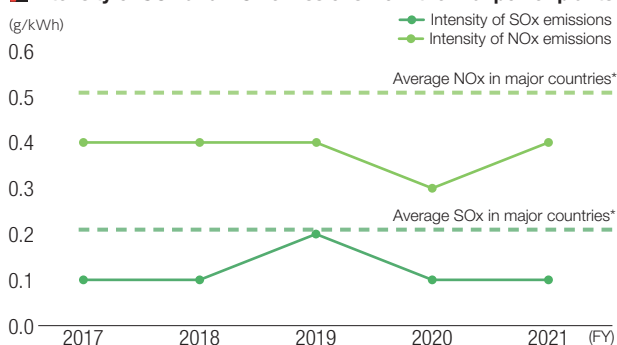
FY2021 result
Intensity of SOx emissions

0.1 g/kWh

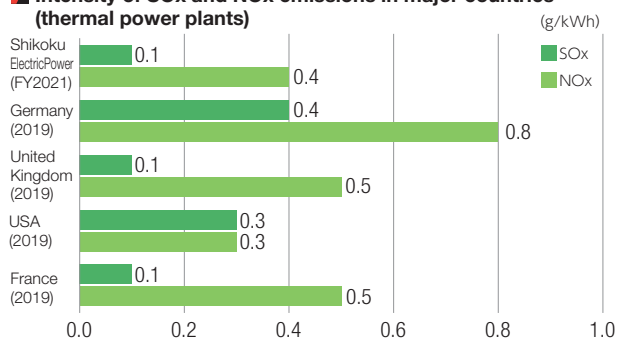
FY2021 result
Intensity of NOx emissions

0.4 g/kWh

Intensity of SOx and NOx emissions from thermal power plants



Intensity of SOx and NOx emissions in major countries (thermal power plants)



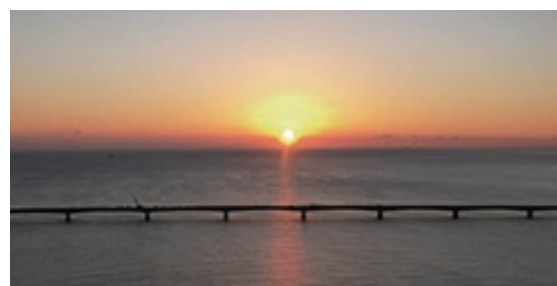
Promotion of recycling

Coal ash recycling

Coal ash generated at coal-fired power plants is used as a raw material for cement and as a concrete admixture in various applications, such as bridges, roads, and the exterior walls of buildings. Almost all of it is recycled.

Recent cases of utilization

Coal ash was used for the Yoshinogawa Sunrise Bridge (Opened in March 2022) in Tokushima Prefecture.



Source: NEXCO West Japan ("E55 Tokushima Nanbu Expressway, Tokushima JCT - Tokushima Okinosu IC")

FY2021 result
Coal ash recycling ratio

99.8%

Recycling of remains of demolished structures

All of the old and replaced copper and aluminum wires are recycled as new wires, etc.

All of the removed concrete columns are pulverized, separated from the reinforcing bars, and then reused as construction aggregate (Roadbed material for road paving).

Recycling status of power lines and concrete pillars



Power lines before recycling



Recycled power lines



Concrete pillars before recycling



Recycled construction aggregates



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 Data Book (in Japanese only)
<https://www.yonden.co.jp/energy/environment/data/index.html>

Conservation of water resources and biodiversity

Initiatives at electric power stations

To minimize the impact on river environments and to comply with laws and regulations concerning the amount of water intake, we have implemented measures for hydroelectric power plants such as:

- Installation of equipment able to take in water with less turbidity (At the time of intake) and return it downstream after using it for power generation
- Discharge of maintenance flow to improve the environments downstream from dams
- Removal of driftwood and dust from reservoirs to use as biomass fuel, etc.

At thermal and nuclear power plants, we are working to reduce the amount of water required for power generation, while at the same time strictly complying with laws, regulations and other standards* when discharging wastewater. In addition, when it comes to the seawater used to cool steam and so on, the temperature differences between the intake and discharge water is controlled in accordance with agreements with local governments.

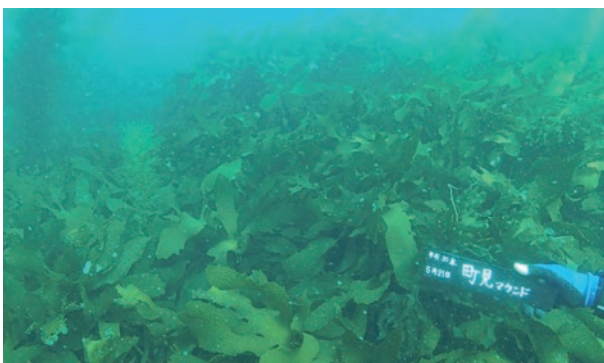
Through these efforts, we are striving to conserve both water resources and biodiversity.

* Water Pollution Control Law, etc.

Construction of substitute seaweed beds

During the site preparation work for the construction of Reactor #3 of the Ikata Power Plant, it was anticipated that part of the natural seaweed bed would disappear due to the reclamation of the sea surface. So, a substitute seaweed bed was created using the rocks generated during the construction work.

Vegetation similar to natural seaweed beds found in the vicinity has been confirmed to now exist in the area.



Substitute seaweed bed in the sea area in front of the Ikata Power Plant

Conservation activities for the oriental stork

From the viewpoint of conserving biodiversity, we are working to protect the Oriental stork, a bird designated as nationally protected species. We are donating nesting towers to local governments and also working to preserve the habitats of the Oriental stork by continuously undertaking efforts such as the conducting of inspections and maintenance using aerial work platforms.



Inspection and maintenance of nesting towers (Seiyo City)



Oriental stork which has swooped to the area (Seiyo City)

Environmental preservation activities together with the community

We are working throughout the year with local communities around Shikoku on environmental preservation activities (Such as clean-ups and forest preservation activities) mainly through "Environment Month", which is sponsored by the Ministry of the Environment.

Shimanto Yonden Forest activities

At our 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 authorities and people of the area.



Forest preservation activity



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.”

Revitalization of Local Communities and Enhancement of Communication

Creating a flourishing region by expanding the non-resident population

Our group is working with other companies to revitalize the Shikoku region, promote tourism, expand upon the number of visitors, and so on.

For example, the “Shikokuke (The Shikokus) Supporters Club” was established in 2021 with 23 companies and organizations with the aim of revitalizing The Shikoku region. The club is engaged in various activities with supporting companies purposed with energizing Shikoku, such as the sale of souvenir sets which combine products from each of Shikoku’s four prefectures, walks along Shikoku’s pilgrimage routes, and the holding of stamp rallies around local spots where visitors can enjoy nature, culture and so on. As of the end of fiscal 2021, the number of companies and organizations supporting the club has increased to 77, meaning the club’s circle of activities is expanding.



Set of confectionery products from the four prefectures of Shikoku



Leaflet for the stamp rally

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 a 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 related to Shikoku region
- Concerts and art exhibitions by scholarship students
- Assistance for arranging events featuring performing artists.

We also support Shikoku-based professional sports teams so that we can do our part in contributing to the development of local sports.



Hometown concert by scholarship students in Shikoku

Dialogue and exchange activities with surrounding communities

Our Group conducts its business as a corporate group rooted in the community. We believe that it is important to gain the understanding and support of members of local communities by engaging positively in dialogue and exchange activities with regional communities.

In fiscal 2021, 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.



Zenigata Sunae (Sand Picture shaped like old Japanese Coin) “Kan’ei Tsūhō” Sunazarae (Reforming the shape) [“Kotohiki Park” in Kanonji City, Kagawa Prefecture] (Kanonji sales office and business office, Yondenko Corporation)



Donation of emergency provisions (Kochi Branch Office/Regional Office)

Energy education for children

In order to increase children’s interest in energy and environmental issues and have them gain a correct understanding of those issues, we have been conducting “Delivery Energy Classes” which take into account the needs of educators and children throughout Shikoku. These classes are mainly for high-potential elementary and junior high school students in our society.

In fiscal 2021, we conducted in-person classes while thoroughly implementing measures against COVID-19. This was done in combination with online tours of our company facilities and was well received.



Delivery Energy Class



Online tours

Positive disclosure of nuclear information and dialogue activities

Information disclosure using the Ehime method

We were the first in Japan to introduce a notification system whereby we notify Ehime Prefecture and Ikata Town



Let's Think 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/

immediately of all events other than normal operations that occur at the Ikata Power Station. And 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

(Cases)					
FY	2017	2018	2019	2020	2021
Class A	1	5	6	3	7
Class B	4	3	4	2	4
Class C	15	14	20	13	17
Total	20	22	30	18	28

* 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

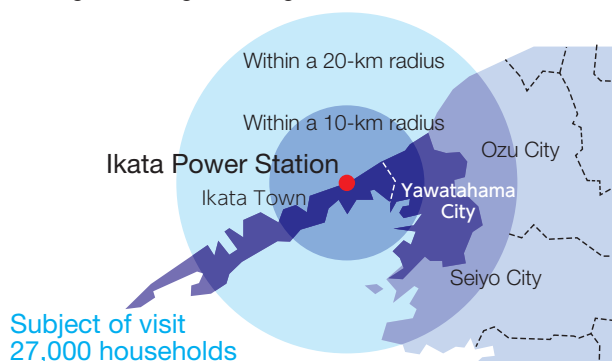
Visiting-for-dialogues activities

Our employees have made individual visits to the 27,000 households of Ikata Town and Yawatahama City found within a 20 km radius of the Ikata Power Plant. They continue to conduct activities involving the provision of explanations on safety measures and other elements at the power station and engage in dialogue activities to hear opinions directly.

In fiscal 2021, the COVID-19 pandemic meant that employees were unable to do any individual home visits. We did, however, distribute 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 Plant.

■ Range of visiting-for-dialogues activities



Development of business that targets on the resolution of local issues

We resolve regional issues leveraging the Group's technology, know-how and credibility, and this advances the creation and development of our new businesses.

Agribusiness

We are working to revitalize agriculture in the Shikoku region while acquiring profitability by utilizing the Group's human resources and our relations with local communities.

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

Aitosa (Kochi Prefecture), a group company, contributes to the maintenance and expansion of local production areas through a major local product of Shishito peppers. At the same time, the company is developing "smart agriculture" technologies which leverage robots, AI, and the IoT, and is working to establish efficient cultivation methods and save labor in production operations.



Strawberry harvesting work



Smart agriculture tour guested the Minister for Internal Affairs and Communications (Shishito peppers)

Operation of emergency medical service helicopters

SHIKOKU AIR SERVICE CO., LTD., a member of the Group, operates emergency medical service helicopters as part of its aircraft business. Following Kochi Prefecture, the company began providing service in Kagawa Prefecture in April 2022. In the event of an accident or disaster, including on islands where transportation is limited, doctors are dispatched to sites where emergency patients are, thereby contributing to the lifesaving work for local residents.



Emergency medical service helicopters owned by SHIKOKU AIR SERVICE CO., LTD.



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

We respect the diverse value systems, beliefs, and lifestyles of our employees. Capable and motivated employees are provided with opportunities to exercise their abilities and promoted to higher ranks, regardless of gender.

Support for balancing work with childcare and nursing care

We are developing and enhancing various systems so that employees who are raising children or caring for family members can balance their work and family lives regardless of their gender.

The Employee Relations & Human Resources Department has also established a dedicated desk for employees to consult with someone regarding our work-life balance support systems. The department distributed a handbook on work-life balance support and other materials to raise awareness of the system within the workplace and create an environment where the system is easy to make use of.

In recognition of these efforts, our company has received the Kurumin certification from Kagawa Labor Bureau four times as a company engaged in support for the raising of children. Currently, we are working to achieve an action plan applicable to the period leading up to fiscal 2022.

In recent years, there have also been many favorable comments in recruiting activities provided by students regarding the creation of an environment in which women can work for the long term. The number of female hires has also been increasing, particularly within corporate section.



2020 certification
Kurumin mark
We support child-raising

Changes in the number of female hired

(FY)

	2017	2018	2019	2020	2021
Female individuals hired as new graduates (Total number of individuals hired for corporate section and technical fields)	10	4	18	18	20
Ratio of women hired as new graduates (%)	13	5	20	17	18
Ratio of women hired as new graduates for corporate section (%)	42	14	46	42	44

Development and promotion of female managers

Regarding the percentage of women in managerial positions:

- We are aiming to have 1.5 times as many women in managerial positions by the end of fiscal 2022 in comparison with fiscal 2019 (2.6%)
- We are aiming for an even further increase in this ratio over the medium-to-long term with these goals in mind, we are working on supporting the career development of female employees, on promoting women to management positions, and on fostering a workplace culture conducive of such efforts. In fiscal 2021, the ratio of female managers was 3.1%.

Efforts to promote women's participation and advancement

Holding of seminars and encouragement of attendance	• Encourage employees to attend seminars aimed at enhancing their business skills, increasing their motivation, and improving their management skills.
Planned development and deployment of people	• With the aim of promoting female employees with high aptitudes and motivation to management positions, we promote the systematic development and placement of female employees in a manner involving an emphasis placed on individual characteristics in cooperation with divisions.
Conducting of follow-up interviews after promotion to management positions	• HR staffs conduct follow-up interviews to eliminate feelings of burden and anxiety while checking on statuses in terms of business performance.

Promoting employment of the challenged (People with disabilities)

We established Yonden Plus Corporation (A special subsidiary company for people with disabilities) based on the perspective of providing positive support for the independence and social participation of individuals with disabilities. In doing so, we are going about further expanding upon the employment of individuals with disabilities.

Respect for human rights

Our Human Rights Education Committee has been established to instill a high level of human rights awareness among employees. We hold group training at each workplace based on the policies set by this committee.

Prevention of harassment

The Employee Relations & Human Resources Department has set up a harassment consultation desk to protect the privacy of consulting individuals. We are working to create a healthy workplace environment by developing a system for fair and impartial responses to be undertaken.



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

YONDEN MOVIE SITE (in Japanese only)
 (Videos used to introduce viewers to business activities being worked on)
https://www.yonden.co.jp/cnt_movie/index.html

Acquiring and developing human resources to drive sustainable growth

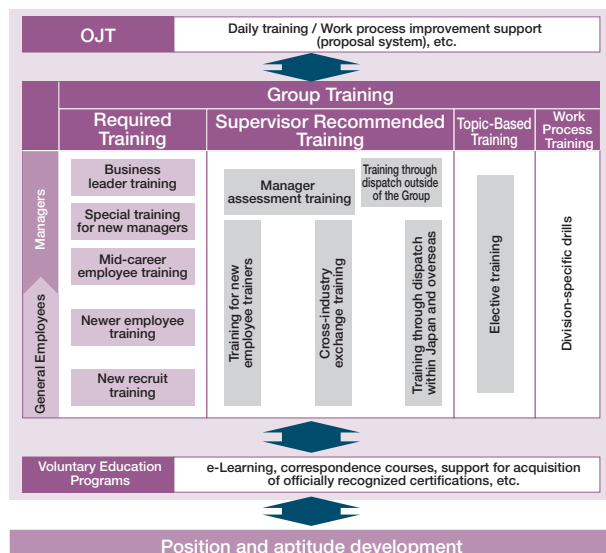
Education and training

With regard to human resource development, we are effectively combining the following three measures:

- Making daily education (OJT) at each workplace fundamental
- Group education (OFF-JT) implemented through efforts such as required training, supervisor recommended training, and operational education for each department
- Support for the self-development involving a focus on an individual's drive/can-do spirit and subsequent increase of motivation and willingness to take on challenges

Based on this education system, we are working to quickly develop the capabilities of young and mid-career employees. We are also steadily having individuals carry on our DNA, particularly having "strength in the field" and a "sense of mission," which are qualities that serve to support the stable supply of electricity and customer service. We are also actively promoting the discovery and development of talented human resources who will be responsible for our growth businesses.

Education systems



Succession of technological capabilities serving to support the stable supply of electricity

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

We also certify as specialists, human resources with abundant work experience and highly specialized knowledge. We then have such individuals work exclusively in specific fields. Moreover, we leverage senior employees with on-site technical capabilities to maintain and improve technical capabilities and to facilitate the passing on of expertise to younger employees.



Education and training in the power distribution sector



Education and training in the substation sector

* For education and training in the nuclear sector:

➔ See page 27

Development of human resources to promote growth businesses

Aiming to nurture promoters of our growth businesses, we flexibly allocate and nurture talented and qualified personnel across divisions.

We have also introduced training programs aimed at strengthening work execution skills in English and at acquiring business skills that can be used overseas in order for individual employees to acquire international sensibilities and the expertise needed to thrive in new business areas.

We are also expanding the number of opportunities available for employees to work outside the Company, such as by providing internships at overseas companies and work experience at entrepreneurial ventures to promote the growth of talented human resources.



Basic training for new recruits



Special education related to safety and health for low-voltage electricity

Development of a comfortable workplace environment

We have established an organization for reforming working style, which is headed by the Director and Senior Corporate Officer of the Employee Relations & Human Resources Department. We have introduced systems such as by-hour leave system and flexible work based on the diverse lifestyles and needs of employees. We are also working to create a work environment that is open and easy to work in through elements such as open plan offices where employees are free to choose where they sit and the adoption of office casual.

In order to prevent health problems caused by long working hours, we ensure a minimum of 10 hours of rest (interval) between closing time and the starting time of the next day.

Main systems which enable flexible working styles

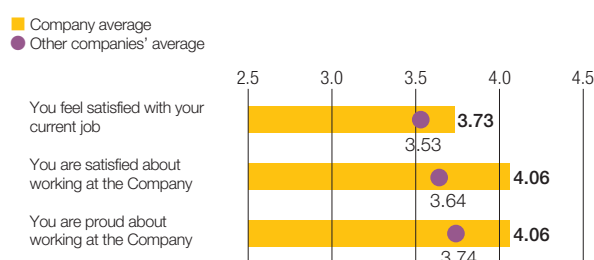
Item	Topics Covered
By-hour leave system	System through which employees are able to acquire paid leave on a by-hour basis
Sliding shift system	Starting and finishing times can be brought forward or put back in 10 minute increments
Flextime system	Employees can set their starting and finishing times flexibly on a daily basis in each workplace
Proactive promotion of acquisition consecutive 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

Employee consciousness surveys

We conduct employee consciousness 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 of those surveys upon HR and labor-related measures.

Looking at the most recent survey (Fiscal 2021), we were able to confirm that even though the business 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 Consciousness Survey (Fiscal 2021)



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, including at Group companies and affiliated companies.

In addition, we have designated July of every year as the Yonden Group Safety Reinforcement Period. We use this period as an opportunity to raise safety awareness among the entire Group and implement activities such as safety patrols and lectures.

Number of occupational accidents requiring time off from work (Fiscal 2021)

	The Company and T&D	Subcontractors*	Total
Labor	3	12	15
Transportation	0	1	1
Total	3	13	16

* The number of accidents involving subcontracting constitutes the number of accidents that occurred during work outsourced/contracted by the Company.

Initiatives aimed at health and productivity management

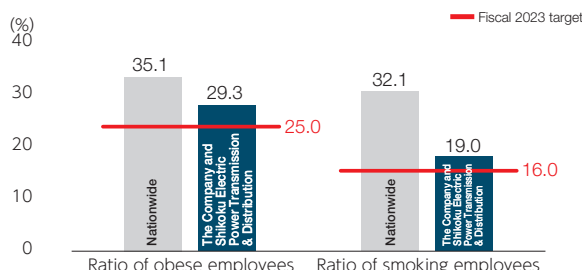
Aimed at improving and maintaining the health of employees, we conduct individual health guidance based on regular health exams. At the same time, we are working to achieve the health goals set up within our three-year plan in order to reduce risks such as those associated with lifestyle-related diseases.

Furthermore, for mental health care, we have established systems for employees to receive care from industrial physicians specialized in mental health care, counselors and occupational health staff, in addition to employee self-care through stress checks and a superior's occupationally adaptable care for one's subordinates focused on improving work environment.

In recognition of such initiatives, we have been recognized for three years in a row 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 60, 2019 National Health and Nutrition Survey, Ministry of Health, Labor and Welfare (Nationwide)
* FY2021 ratio for a total of two companies consisting of the Company and Shikoku Electric Power Transmission & Distribution Co., Inc.

Occupational COVID-19 vaccination and provision of facilities for wide-area mass vaccination centers

Based on the government's policy on COVID-19 vaccination, we implemented an occupational vaccination program to reduce the burden placed on local communities and accelerate the vaccination of our employees and their families.

In response to a request from Kagawa Prefecture, we provided a company facility for the general public to use as a wide-area mass vaccination center.



Kagawa Prefecture wide-area mass vaccination center established at a company facility

Status of initiatives for priority issues

* Actual values for the past five years: [→ See pages 73—74](#)

Priority issues (materiality)			FY2021 performance*1[Target]	
Coexisting in Harmony with Communities	Communication with regional society	•Continuous implementation of activities to promote a relationship of trust to connect with regional people	<ul style="list-style-type: none"> •Conducted dialogue with 27,000 households in the vicinity of the Ikata Power Plant •Cleanup activities at power plants and business sites •Exchange of opinions between branch managers and local opinion groups 	
		•Continued implementation of energy-related education for the next generation	•Holding of 183 "Delivery Energy Classes" with approx. 5,400 people participating	
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	Ratio of female managers:	3.1% [FY2022: 3.9%]
			Ratio of female employees taking childcare leave	100%
			Ratio of employees with disabilities*1	2.5% [2.3% or more]
	Development of a comfortable workplace environment	•Improvement of productivity and workplace vitality based on workstyle reforms	Number of annual paid vacation days	16.5 days*2 [16 or more days]
	Stringent occupational health and safety measures	•Thorough implementation of basic rules through safety education	Occupational accidents resulting in death (Including that involving contracting, etc.)	1 case [0 Cases]
		•Promotion of the enhancement of health and disease prevention measures	Ratio of obese employees	29.3% [FY2023: 25.0%]
			Ratio of smoking employees	19.0% [FY2023: 16.0%]

*1 The rate of employment of persons with disabilities is the total for four companies, including Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc., based on use of the "special subsidiary" system. Other indicators comprise the total for two companies: The Company and Shikoku Electric Power Transmission & Distribution Co., Inc.

*2 Managing supervisors, etc. are excluded.



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 taking 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 Views 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

Governance under Unpredictable Circumstances

Director Audit & Supervisory Committee Member

Fujiko Takahata



The COVID-19 pandemic, which began in early 2020, has had an impact which transcends the mold of what we were familiar with in terms of epidemics. It also has reached a level serving to drive a change in people's attitudes and the structures of industry. With no complete end to the pandemic in sight, new challenges have arisen since the end of 2021, including soaring oil prices. Given this, we would have to say that the situation surrounding companies and consumers remains uncertain.

It is under these very unpredictable circumstances that our Company has steadily strengthened its corporate governance system based on the recognition that enhancing corporate governance is essential. With respect to Shikoku Electric Power Group Medium-Term Management Plan 2025 (which was released in March 2021), 5 outside directors participated from the conceptual stage and provided recommendations on the formulation of content leading to the realization of multi-utility corporate group that supports the lifestyles of our customers as set out in the Group Vision. These individuals are also conducting audit and supervisory work through various opportunities, such as discussions at various committees and exchanges of opinions with the representative director. Proactive leveraging of the knowledge possessed by outside directors with diverse

backgrounds within the decision-making process is something that falls in line with our basic policy on corporate governance of appropriate cooperation with stakeholders.

Three years have passed since I became an outside director. I believe that our Company's business activities are worthy of recognition due to our efforts to enhance corporate value by aligning sustainable growth as a company together with our social mission as a company in the position of providing infrastructure to Shikoku, with that mission being to contribute to the development of local communities providing our customers with a stable supply of low-cost, high-quality electricity. At the same time, we are seeing the business environment change dramatically in the modern era, and I feel that there is room for improvement in the decision-making process, particularly in terms of speed.

In this age of turmoil, both a firm sense of mission along with the ability to respond to situations quickly and flexibly are desired. In terms of risk management, the responsibilities of Outside Directors when it comes to governance will become even heavier. I believe that I must make every effort to contribute to the sound growth of the Company and further increase its corporate value, and I am prepared to once again focus my energy on doing that.



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 (Chair: Hayato Saeki)

- Supervises decision-making and the execution of important business operations by directors (including with respect to climate change)
- Comprised of 14 members, including 5 outside directors (which includes 2 women)
- Held once a month as a general rule and also held on an temporary basis when necessary

(2) Audit & Supervisory Committee (Chair: Hiroshi Kawahara)

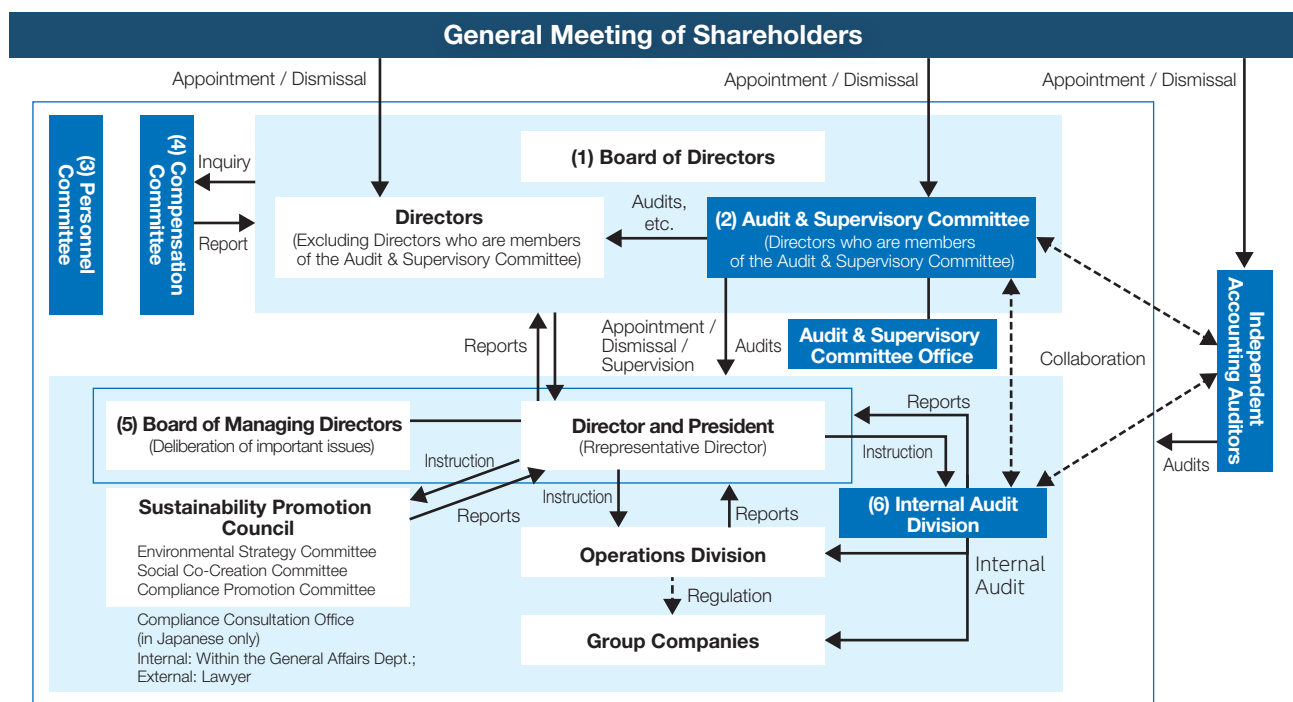
- Based on audit policies, plans and other elements, opinions and advice on management are exchanged through the attendance of important meetings such Board of Directors meetings and through regular exchanges of opinions with representative directors. Additionally, the execution of duties by executive directors is audited through hearings on the statuses of the execution of duties conducted with executive directors and other employees. These audits take place through tasks such as the inspection and investigation of important documents.
- Comprised of 5 outside directors (Which includes 2 women) and 1 internal director

(3) Personnel Committee (Chair: Fujiko Takahata [Outside director])

- 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
- Composed of 5 outside directors and 2 internal directors

(4) Compensation Committee (Chair: Ryohei Kagawa [Outside 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, with the committee then reporting its findings to the board.
- Composed of 5 outside directors and 1 internal director



(5) Board of Managing Directors

- Deliberates on matters to be submitted to the Board of Directors and on important matters related to business execution
- Comprised of the Director and President, and the Executive Officers in charge of HQs and divisions. Furthermore, the Chairman of the Board and Directors who are Audit & Supervisory Committee members with investigative authority, can also attend these meetings.
- Held once a week as a rule.

(6) Internal Audit Division

- The Internal Audit Office conducts internal audits of the implementation status of the management cycle under the Group's management plans for each fiscal year, which describe 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 upon having specified the skills they should be equipped with in light of elements such as management strategies. In doing so, we hope to ensure ample discussion based on a variety of opinions as well as expedited and rational decision-making.

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 this:

- 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.

* 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.

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

■ denotes the fact that it is optional ■ denotes designation by law

Organization Subjects	Personnel Committee	Audit & Supervisory Committee	Board of Directors
Director (Excluding members of the Audit & Supervisory Committee)	Deliberation	<ul style="list-style-type: none"> Decision-making on appointments, etc. Statements of opinion at General Meetings of Shareholders 	Resolution
Director 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.

The specific levels of compensation are determined by the Board of Directors based on reports provided by the Compensation Committee and within the amount limits determined by resolutions issued at General Meetings of Shareholders.

Compensation of Directors

<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 with the purpose thereof being the improvement of medium-to-long-term business performance and corporate value

<Directors who are members of the Audit & Supervisory Committee>

- Monthly compensation only

Compensation amounts (FY2021)

(Millions of yen)

Executive classification	Total amount of compensation, etc.	Total amount by type of compensation, etc.			Number of subject directors
		Monthly compensation [Annual amount]	Bonus (Results-linked compensation, etc.)	Stock compensation (Non-monetary remuneration, etc.)	
Director (Excluding members of the Audit & Supervisory Committee)	309	278	—	30	9
Director Audit & Supervisory Committee member (Internal)	39	39			2
Outside Director	45	45			8

* Including the total amount of compensation paid to directors retiring from their positions at the General Meeting of Shareholders held in June 2021 and the number of such directors.

Reference: Maximum monthly compensation, etc. [Total for all people]

(Millions of yen)

Executive classification	Monthly compensation [Monthly amount]	Stock compensation
Director (Excluding members of the Audit & Supervisory Committee)	38	<ul style="list-style-type: none"> 160 million yen over 3 fiscal years 50,000 points annually*
Directors who are members of the Audit & Supervisory Committee	10	

* 1 point = 1 share



Fiscal 2021 report (in Japanese only)

https://www.yonden.co.jp/assets/pdf/corporate/ir/library/report/report_to_shareholders_2021.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 2021.

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 FY2021)

<Reasons for judgment of appropriate effectiveness>

- The Board of Directors as a whole has a good balance of knowledge, experience, and abilities, and diversity has also been ensured
- A framework is being developed to improve governance functions, which includes increasing independence and checks and balances by appointing outside directors as chairs of the Personnel Committee and Compensation Committee (Which are optional committees)
- For specialized matters, measures are taken to promote the understanding of outside directors, such as sharing the important points of discussions in advance using summary documents

<Requests and future issues>

- Add further vitalization to discussions by efficiently explaining the main points of the materials
- Further enhancement of opportunities for sharing information with outside directors

Frequency and attendance rates of meetings of the Board of Directors and Audit & Supervisory Committee (FY2021)

	Number of meetings held	Attendance rate
Board of Directors	12	100.0%
Audit & Supervisory Committee	19	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, it is important for us to maintain a sound corporate culture, identify chains of authority and responsibility, and develop systems to manage risks. It is also important for us to check the state of operation of such mechanisms regularly and make improvements.

Having recognized the importance of winning the trust of society at large, the Board of Directors passed a resolution setting out our policy on a System for Ensuring Sound Business based on the perspective of conducting business activities that are legal, appropriate, and efficient. Going forward, we will implement 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 those of companies which contribute to the sustainable improvement of our Group's corporate value in terms of the efficient operation of electric power business, stable fund procurement, and other such elements.

In addition, the rationality of shareholdings in listed companies is verified each year in consideration of profitability and other factors while taking into account their importance in terms of business operations and capital costs. Having done that, the results are then reported to the Board of Directors. Shareholdings which have ceased to be recognized as necessary for us to own are then quickly sold.

Shareholdings (End of FY2021)

(100 million yen)

	Number of stocks	B/S recorded amount	Difference against previous year	
			Number of stocks	B/S recorded amount
Listed stocks	8	33	-4	-7
Unlisted stocks	67	288*	1	1

* In terms of shares we hold in unlisted companies, 26.7 billion yen accounts for 10 companies related to nuclear power. Of that amount, 25.6 billion yen accounts for our share of Japan Nuclear Fuel Limited. The company's business plays an important role in the nuclear fuel cycle. We have also invested in the project owing to its necessity for the stable operation of nuclear power plants.

React to Risks and Opportunities

We grasp and manage risks anticipated in business operations based on social issues (Including climate change), the business environment, management resources, etc. In addition, we are also moving forward with initiatives connected to new value creation by taking good advantage of opportunities generated in association with changes which come about.

Risk management system

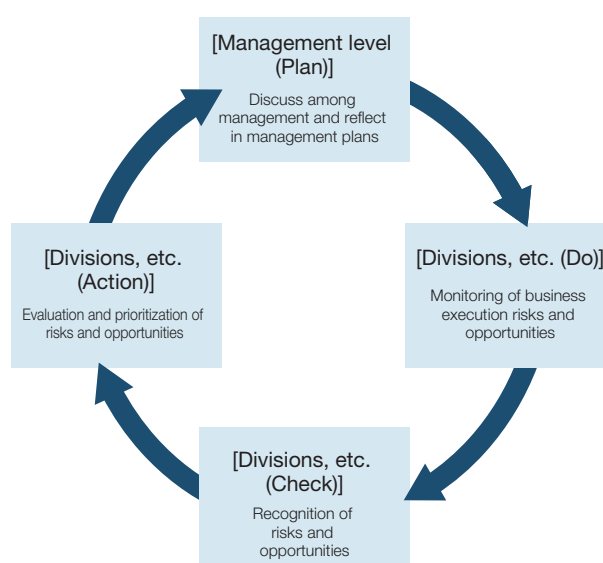
Based on the “Risk Management Rules” that define the basic aspects of risk management and action principles, management checks and reviews risks that have the potential to significantly impact operations every year (Including climate change), and incorporates the results into our management plans for 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



Business Continuity Plan (BCP) for responding to infectious diseases

We have established a BCP (A business plan for measures against novel influenza, etc.) that will enable continuity of business by securing stable supply of power, even supposing that approx. 40% of employees are absent from work due to infection.

Based on this plan, if an infectious disease spreads, we will implement the following thoroughly:

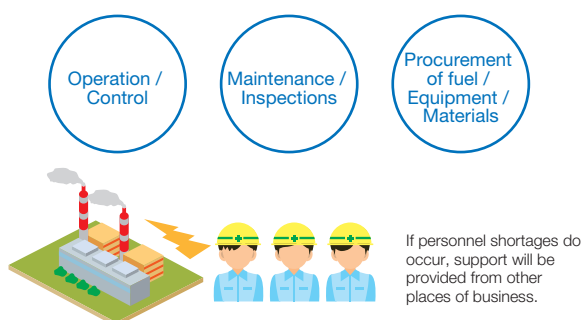
- Prevention of the spread of infection among shift workers in electric power generation, grid, supply and demand operations, etc.
- Measures for the entry, etc. of power station workers, etc.

At the same time, we are working to maintain a stable supply of electricity through efforts such as the support of other business sites.

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

[→ specifies how we will respond]

	Main events	Assumed risk	Assumed opportunity
Electric power business	(1) Changes in energy policy or electric power business systems	<ul style="list-style-type: none"> Strengthening of rules based on reviews of policies and systems → Grasping of the state of discussions on state councils, dialogue with policy authorities, etc. 	<ul style="list-style-type: none"> Occurrence of profit opportunities due to reviews of policies and systems → Grasping of the state of discussions on state councils
	(2) Strengthening environmental regulations	<ul style="list-style-type: none"> 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 47—48 	<ul style="list-style-type: none"> Expansion introduction of renewable energy → New development and expansion of connections for renewable energy → See pages 29—30 Improvement of the efficiency of supply facilities → Higher efficiency of thermal power generation → See page 31 Promotion of electrification and progress of energy saving → Promotion of electrification and support for the decarbonization of local communities → See pages 36—38
	(3) Changes in the environment surrounding nuclear power business	<ul style="list-style-type: none"> Increase in the cost of alternative thermal fuels associated with a long-term shutdown due to a lawsuit, changes in laws, etc., increase in capital investment associated with additional measures, etc. → See "Improvement of safety at the Ikata Power Station, continuation of safe and stable operation, etc." on the right Review of state systems related to the nuclear fuel cycle, etc. → Grasping of the state of discussions on state councils, dialogue with policy authorities, etc. 	<ul style="list-style-type: none"> Improvement of safety at the Ikata Power Plant, continuation of safe and stable operation, etc. → Implementation of safety measures in preparation for serious accidents and other such occurrences → Thorough information disclosure and communication with society through dialogue with local residents → See page 54
	(4) Market trends	<ul style="list-style-type: none"> Decline in retail electricity sales volumes and unit prices due to market competition Decline in wholesale unit price due to increase in FIT electricity → See "Expansion of profit opportunities" on the right Significant fluctuations in fuel prices and exchange rates → See "Stable fuel procurement" on the right Decline in grid power demand etc., due to population decline, energy saving, the spread of storage batteries, and so on → Refer to "Creation of new services and business" on the right 	<ul style="list-style-type: none"> Expansion of profit opportunities → Expansion of sales areas and diversification of sales methods and channels → Activation of market transactions and introduction of new markets → See page 37 Stable fuel procurement → Diversification of suppliers and diversification of procurement methods → See page 33 Creation of new services and business → Promotion of solar PPA and distributed energy business → See page 38
	(5) Facility and operation-related trouble, etc.	<ul style="list-style-type: none"> Damage to facilities or occurrence of operating trouble due to a large-scale natural disaster or aging of supply facilities → See description on the right 	<ul style="list-style-type: none"> Strengthening resilience and stable operation of supply equipment → Optimization of transmission and distribution facilities, handling of hardware and software aspects in terms of readiness for disaster occurrences, safe operation for thermal power, and so on → See pages 31—32
Businesses other than electricity	(1) Businesses other than electricity	<ul style="list-style-type: none"> Changes in the market environment or materialization of country risk in an individual business → Grasping and management of risks in terms of business operation → See page 63 Structural changes in energy business associated with the spread of distributed power sources and technological innovation → See "Rise of new needs in the energy business" on the right 	<ul style="list-style-type: none"> Response to changes and opportunities in the market environment Trend of digitization and DX → Expansion of IT/Communication → See page 41 Increase of global energy demand → Expansion of international business → See page 40 Rise of new needs in the energy business → Initiatives for DX and distributed energy business → See pages 34, 43 and so on
Mutual	(2) Compliance	<ul style="list-style-type: none"> Decline of social credibility associated with the violation of laws and regulations, etc. → Dissemination of awareness of compliance among officers and employees → See page 65 	<ul style="list-style-type: none"> Increased need for enhanced governance and transparency → Enhancing of corporate governance → See pages 61—62
	(3) Others	<ul style="list-style-type: none"> Impact on business due to the spread of infectious diseases → Response based on BCP 	<ul style="list-style-type: none"> Rise of new needs in a world where people are co-exist with COVID-19, etc. → Expansion of telecommunication service business etc.

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 thoroughly working on ensuring compliance across the entire Group after establishing the Shikoku Electric Power Group Compliance Council, which combines the Compliance Promotion Committees of each Group company.

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.

Continuous implementation of education

Compliance education

Every year, we implement e-learning training for all employees, assuming various compliance issues. In fiscal 2021, 99.9% of employees undertook this training.

In addition, we also implement compliance training regularly for business sites in the field, and through such efforts, we are working continuously to diffuse and establish awareness of compliance among employees.

Education on the protection of intellectual property rights

Our Group owns and utilizes intellectual property rights, such as patents, in the energy field, in information and communications, electronics, construction engineering, agriculture, and other fields. In addition, in order to prevent infringements on intellectual property rights held by third parties within the course of our business activities, we hold training sessions on legal systems related to patents and other such rights, training sessions dealing with cases of infringement, and so on. These training sessions are conducted mainly for individuals in charge of intellectual property, including those at group companies. In doing this, we are striving to disseminate and establish an awareness of compliance.

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.

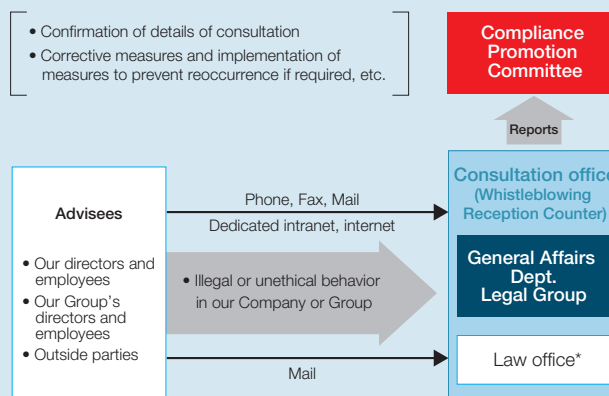
Each contact point implements surveys as required and responds appropriately.

Number of consultations with compliance consultation office

FY	2019	2020	2021
Number of consultations*	6	2	4

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

Overview of the Company's 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/corporate/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. Moreover, 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, we will strive to ensure that the SIRT plays a central role in grasping the situation and restoring operations quickly.

In addition, we are working to further improve security levels by incorporating the latest information and technologies through activities such as those of the Japan Electricity Information Sharing and Analysis Center (ISAC), an organization which shares information and provides analyses concerning cyber attacks and countermeasures among electric power business operators.

As a result of security measures such as these, the number of critical security incidents occurring during fiscal 2021 was zero.

Enhancement of IR Activities

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 conduct timely disclosure promptly if any matter subject to disclosure occurs.

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 in May 2022 (With both face-to-face participation and online participation taking place)

Business Management that Increases Sustainability

Enhancing Corporate Governance

List of Directors

Director

	Name	Attendance in fiscal 2021	Main expertise, experience, etc./ fields where expectations are particularly high							Significant concurrent positions
			C	F	L	T	M	I	E	
	Hayato Saeki Chairman of the Board HR	Board of Directors: 12 meetings / 12 meetings	●				●	●	●	Chairman, Shikoku Economic Federation
	Keisuke Nagai Director and President HR	Board of Directors: 12 meetings / 12 meetings	●			●		●	●	Chairman, Shikoku Productivity Center
	Kenji Yamada Director and Executive Vice President Division Manager of Nuclear Power Division, in charge of Civil & Architectural Engineering Dept.	Board of Directors: 12 meetings / 12 meetings				●			●	—
	Hisashi Shirai Director and Executive Vice President General Manager of Business Development Division, in charge of Accounting & Finance Dept., Purchasing & Materials Dept., and Information Systems Dept.	Board of Directors: 12 meetings / 12 meetings		●	●			●		—
	Akifumi Nishizaki Director and Senior Corporate Officer in charge of General Affairs Dept., Siting and Environment Dept., Employee Relations & Human Resources Dept., General Education & Training Center, General Medical Services Center, and Tokyo Branch Office Compensation	Board of Directors: 12 meetings / 12 meetings			●		●		●	Director of Yonden Engineering Company, Incorporated
	Yoshihiro Miyamoto Director and Senior Corporate Officer General Manager of General Planning Division, in charge of Renewable Energy Dept. and Public Relations Dept.	Board of Directors: 10 meetings / 10 meetings	●			●				Director of STNet, Incorporated
	New election Seiji Miyazaki Director and Senior Corporate Officer Division Manager of Marketing & Customer Relations Division						●		●	Director of SHIKOKU INSTRUMENTATION CO., LTD.
	New election Masahiro Ota Director and Senior Corporate Officer Division Manager of Thermal Power Division					●			●	Director of Sakaide LNG Company, Incorporated

* Concurrent positions, etc. at major companies subject to consolidated accounting

(As of the end of June 2022)

Director Audit & Supervisory Committee Member

refers to an Outside Director

Name	Attendance in fiscal 2021	Main expertise, experience, etc./ fields where expectations are particularly high							Significant concurrent positions
		C	F	L	T	M	I	E	
 Hiroshi Kawahara Director Audit & Supervisory Committee Member Chairman of the Audit & Supervisory Committee	Board of Directors: 12 meetings / 12 meetings Audit & Supervisory Committee: 19 meetings / 19 meetings			●	●				Corporate Auditor of Shikoku Electric Power Transmission & Distribution Co., Incorporated Corporate Auditor of STNet, Incorporated Corporate Auditor of Yonden Engineering Company, Incorporated Director and Audit & Supervisory Committee Member of YONDENKO CORPORATION
 Ryohei Kagawa Director Audit & Supervisory Committee Member Independent HR Compensation (Committee Chair)	Board of Directors: 12 meetings / 12 meetings Audit & Supervisory Committee: 18 meetings / 19 meetings	●	●	●					The Hyakujushi Bank, Ltd. Director, Vice President and CCO
 Fujiko Takahata Director Audit & Supervisory Committee Member Independent Compensation HR (Committee Chair)	Board of Directors: 12 meetings / 12 meetings Audit & Supervisory Committee: 19 meetings / 19 meetings	●					●	●	President and Director of Tokiwa Co. Ltd.
 Iwao Otsuka Director Audit & Supervisory Committee Member Independent HR Compensation	Board of Directors: 10 meetings / 10 meetings Audit & Supervisory Committee: 14 meetings / 14 meetings	●	●			●		●	Director and Chairman of The Iyo Bank, Ltd. Corporate Auditor of Shikoku Railway Company President of Matsuyama Chamber of Commerce and Industry
 Shoichi Nishiyama Director Audit & Supervisory Committee Member Independent HR Compensation	Board of Directors: 10 meetings / 10 meetings Audit & Supervisory Committee: 14 meetings / 14 meetings	●					●	●	Director and President of Ujiden Chemical Industry Co., Ltd. President of Kochi Chamber of Commerce & Industry
 Yachiyo Izutani Director Audit & Supervisory Committee Member Independent HR Compensation	Board of Directors: 10 meetings / 10 meetings Audit & Supervisory Committee: 14 meetings / 14 meetings	●				●		●	(Reference: Major past experience) Head of Work Life Balance Promotion, Human Resources, Nara Bureau, NHK (Japan Broadcasting Corporation) Director of Announcers' Office (Same Organization as Above) Director and President of NHK CULTURE CENTER, Inc. (Resigned from all positions.)

C Corporate Management & Business Strategy

F Finance & Accounting

L Legal & Risk Management

T Technology & Research and Development

M Marketing & Public Relations

I International Business & Business Development

E Environment & Society

Independent Independent Director
(Notification as an Independent
Director Specified by the Tokyo Stock Exchange)

HR Personnel Committee

Compensation Compensation Committee

Number of Directors: 14
 Of those, 9 are Internal Directors
 Outside Directors: 5

Financial / Corporate Information

- P.70 **Data on Electric Power Business**
- P.71 **10-Year Financial Summary**
- P.73 **Main ESG Data**
- P.75 **SASB Standards INDEX**
- P.77 **Management Discussion and Analysis (Consolidated)**
- P.79 **Corporate Data and Stock Information**



Consolidated Financial Statements and Notes
https://www.yonden.co.jp/corporate/ir/library/securities_report.html

Financial / Corporate Information

Data on Electric Power Business

(Million kWh)

	FY2017	FY2018	FY2019	FY2020	FY2021
Total Electricity Sales	29,988	27,944	29,855	27,857	31,675
Lighting	9,224	8,539	8,169	8,210	8,035
Power	15,896	14,757	14,226	13,777	14,530
Wholesale	4,868	4,648	7,460	5,870	9,110

Electricity Supplied*¹	31,686	29,541	31,407	29,762	33,466
Nuclear	3,885	3,191	5,651	0	2,362
Renewable Energy*²	2,306	2,194	2,325	2,394	1,983
Renewable Energy (Purchased Power)*²	4,351	4,829	5,035	5,898	6,257
Coal	7,332	7,064	6,167	7,113	7,677
Gas	3,797	3,299	3,679	4,038	3,132
Oil	1,916	913	302	609	1,810
Other (Purchased Power, Wholesale Exchanges, Etc.)	8,099	8,051	8,248	9,710	10,245

(Thousands)

Number of Customers	2,815	2,760	2,700	2,621	2,561
Lighting	2,489	2,449	2,402	2,347	2,295
Power	326	312	297	274	266

(%)

Nuclear Power Plant Capacity Factor	52.0	42.8	75.4	0.0	31.6
Flow Rate	104.1	98.2	105.1	98.9	84.7

(People)

Number of Employees*³	4,594	4,489	4,409	4,374	4,309
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*¹ The net actual generation amount excluding the electricity used on site*² "Renewable energy" in this document includes electricity that does not use non-fossil energy certificates and does not have value as renewable energy or CO₂ zero emissions value, and FIT electricity, part of the procurement cost of which is covered by a levy borne by users.*³ From fiscal 2020 on, the total for Shikoku Electric Power Company, Incorporated and Shikoku Electric Power Transmission & Distribution Co., Inc.

10-Year Financial Summary

	FY2012	FY2013	FY2014	FY2015	FY2016
Financial Performance					
Operating Revenues	561,783	636,332	664,286	654,013	684,537
Electric	487,012	551,148	578,983	574,246	602,243
Other	74,771	85,184	85,302	79,767	82,293
Operating Expenses	612,121	633,617	635,292	629,311	664,528
Electric	543,797	554,653	556,858	559,685	589,589
Other	68,324	78,964	78,433	69,625	74,938
Operating Profit	(50,337)	2,715	28,993	24,702	20,009
Ordinary Profit*4	(47,538)	8,161	34,486	31,066	24,485
Income before Income Taxes	(59,415)	(426)	22,864	18,906	15,689
Net income Attributable to Owners of the Parent	(42,886)	(3,289)	10,333	11,147	11,349
Financial Position					
Total Assets	1,385,440	1,397,277	1,401,189	1,401,750	1,301,267
Total Equity	285,201	287,439	300,897	286,177	303,879
Interest-Bearing Debt	734,684	737,449	711,832	719,754	707,756
Cash Flows					
Cash Flows from Operating Activities	15,781	65,734	100,164	91,739	81,739
Cash Flows from Investing Activities	(66,245)	(71,700)	(55,164)	(88,542)	(60,379)
Cash Flows from Financing Activities	56,651	2,725	(25,650)	3,699	(16,186)
Term-End Balance of Cash and Cash Equivalents	14,351	11,109	30,544	37,441	42,518
Per Share of Common Stock					
EPS (Earnings per Share)	(208)	(16)	50	54	55
Cash Dividends Applicable to the Year	0	0	20	20	20
Total Equity	1,384	1,394	1,460	1,388	1,474
Financial Indicators					
Return on Assets*5	(3.4)	0.6	2.5	2.2	1.8
Return on Equity*6	(14.0)	(1.1)	3.6	3.8	3.9
Shareholders' Equity Ratio	20.6	20.6	21.5	20.4	23.3
Interest-Bearing Debt Ratio	2.6	2.6	2.4	2.5	2.3
Dividend Payout Ratio*7	—	—	39.9	36.9	36.3

*1 U.S. dollar amounts are translated from yen at the rate of ¥122 = US\$1

*2 As a result of the application of the Accounting Standard for Revenue Recognition in fiscal 2021, operating revenue decreased by 159.4 billion yen from the level before application of the standard.

*3 As a result of the application of the Accounting Standard for Revenue Recognition in fiscal 2021, electric power business operating revenue decreased by 151.2 billion yen from the level before application of the standard.

*4 Ordinary profit + interest expenses

*5 (Ordinary profit + interest expenses) / total assets (average for period)

*6 Net income attributable to owners of the parent for fiscal year under review / shareholders' equity (average for period)

*7 Figures for fiscal 2012 to fiscal 2013 and fiscal 2021 cannot be calculated due to the recording of net losses.

				(Millions of yen)	(U.S.\$ thousands*1)
	FY2017	FY2018	FY2019	FY2020	FY2021
	731,775	737,274	733,187	719,231	641,948 ^{*2}
	642,495	639,601	631,479	616,375	535,241 ^{*3}
	89,279	97,673	101,708	102,855	106,707
	702,510	711,544	701,899	712,774	655,466
	621,899	623,640	611,308	621,147	560,663
	80,610	87,904	90,591	91,626	94,803
	29,265	25,729	31,288	6,456	(13,517)
	35,621	32,125	34,069	10,863	(6,535)
	28,032	25,145	26,180	5,188	(7,091)
	19,675	16,995	18,092	2,999	(6,262)
	1,330,226	1,353,941	1,373,640	1,430,424	1,500,744
	312,564	321,189	326,648	327,953	315,297
	683,249	704,261	717,062	771,672	860,290
	123,512	54,507	107,313	52,293	49,841
	(81,955)	(82,400)	(99,946)	(89,331)	(125,102)
	(31,757)	14,541	6,318	48,310	82,261
	52,218	40,681	54,289	65,444	72,928
	96	83	88	15	(30)
	30	30	30	30	30
	1,517	1,550	1,578	1,583	1,521
	2.7	2.4	2.5	0.8	(0.4)
	6.4	5.4	5.6	0.9	(2.0)
	23.5	23.6	23.6	22.8	20.8
	2.2	2.2	2.2	2.4	2.7
	31.4	36.4	34.1	205.8	—

Main ESG Data

Major Item		Item		Unit	FY2017	FY2018	FY2019	FY2020	FY2021		
E(Environment)	Promotion of measures against climate change	CO2 emission volume	Excluding FIT free-of-charge distribution*1	10,000 tons-CO2	1,378	1,297	1,024	1,372	1,315		
			Including FIT free-of-charge distribution*2	10,000 tons-CO2	1,343	1,230	914	1,252	1,189		
		CO2 emissions intensity*2			Kg-CO2/kWh	0.535	0.528	0.408	0.569	0.527	
		Ratio of non-fossil fuel power sources*3			%	29	30	39	24	30	
		Greenhouse gases	Scope 1 *4	10,000 tons-CO2	—	—	739	854	966		
			Scope 2 *5		—	—	0	0	0		
			Scope 3 *6		—	—	669	648	721 *7		
		Thermal efficiency benchmark for thermal power plants*8	Indicator A	—	1.04	1.04	1.03	1.02	1.02		
			Indicator B	%	42.9	42.8	43.1	43.1	42.1		
		Solar and wind power connection volume			10 MW	250	272	303	321	340	
	Advancing environmental preservation activities	Waste recycling ratio*9		%	99.5	95.5	88.7 *10	99.0	96.9		
				Coal ash recycling ratio	%	99.8	99.8	99.8	99.7	99.8	
		Intensity of SOx emissions			g/kWh	0.1	0.1	0.2	0.1	0.1	
		Intensity of NOx emissions			g/kWh	0.4	0.4	0.4	0.3	0.4	
		Violations of environment-related laws and regulations			Cases	0	0	0	1 *11	0	
		S(Social)	Community coexistence activities	Number of Visits for dialogue around the Ikata Power Plant*12		10,000 households	2.72	2.70	2.67	2.68	2.69
	Reliability level of our company*13			%	82.4	85.8	83.2	86.5	86.3		
	Delivery Energy Classes provided to schools, etc.			Number of meetings held	Times	512	340	310	121	183	
				Number of participants	People	14,229	10,081	10,195	3,945	5,413	
Fostering employee motivation*9	Number of Employees		Male	People	4,217	4,123	4,048	4,001	3,935		
			Female (Ratio)	People (%)	377 (8.2)	366 (8.2)	361 (8.2)	373 (8.5)	374 (8.7)		
	Years of service		Male	Year(s)	22.6	22.5	22.6	22.4	21.9		
			Female		19.7	19.3	19.4	18.7	18.2		
	Number of new hires		Male	People	70	73	74	89	92		
			Female (Ratio)	People (%)	10 (12.5)	4 (5.2)	18 (19.6)	18 (16.8)	20 (17.9)		
	Ratio of female managers			%	2.4	2.7	2.6	2.8	3.1		
	Ratio of female managers against the total number of female employees			%	10.3	11.8	12.3	12.4	13.4		
	Ratio of employees taking childcare leave		Male	%	0.6	0.6	0.6	3.3	5.7		
			Female		100.0	100.0	100.0	100.0	100.0		
	Number of paid vacation days*14		Male	Day(s)	17.0	16.3	15.8	15.9	16.5		
			Female		17.1	15.8	14.7	15.8	15.9		

(Continued on next page)

Major Item		Item		Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
S(Social)	Fostering employee motivation* ⁹	Employee turnover rate* ¹⁵	Male	%	0.2	0.3	0.3	0.3	0.2	
			Female		0.3	1.9	0.8	0.0	1.9	
		Ratio of employees with disabilities* ¹⁶		%	2.1	2.1	2.2	2.4	2.5	
		Labor accident frequency rate (employees only)* ¹⁷		—	0.13	0.00	0.00	0.12	0.36	
		Number of occupational accidents requiring time off from work	Employees	Cases	1	0	0	1	3	
			Number of fatal accidents		0	0	0	0	0	
			Subcontractors		11	14	16	14	13	
			Number of fatal accidents		0	1	0	0	1	
G(Governance)	Corporate Governance	Total number of Directors* ¹⁸		People	17	17	15	15	14	
				People	4	4	4	5	5	
				People (%)	1 (5.9)	1 (5.9)	1 (6.7)	2 (13.3)	2 (14.3)	
		Board of Directors	Number of meetings held	Times	12	11	11	11	12	
			Attendance rate	%	98.6	99.5	98.2	98.2	100.0	
		Audit & Supervisory Committee	Number of meetings held	Times	12	17	18	17	19	
			Attendance rate	%	100.0	97.9	98.1	99.1	99.2	
		Compliance* ⁹	Percentage of employees receiving compliance education		%	99.7	99.9	99.9	99.8	99.9
			Number of consultations with the Compliance Consultation Office		Cases	12	9	6	2	4

*1 The value obtained after excluding the FIT free-of-charge distribution from the value pertaining to retail sales based on the Act on Promotion of Global Warming Countermeasures (from the reflection of adjustments made under the feed-in tariff system) [same basis as the fiscal 2030 target of the Company]

*2 Values pertaining to retail sales based on the Act on Promotion of Global Warming Countermeasures (reflecting adjustments made under the feed-in tariff system)

*3 Indicator for retail sales based on the Act on Sophisticated Methods of Energy Supply Structures

*4 Emissions associated with fuel use for own generated, etc. Includes CO₂, SF₆, N₂O, and HFCs

*5 Emissions associated with the use of electricity purchased from other companies at our places of business (offices) } Calculated referred to government guidelines, etc.

*6 Emissions contained in electricity purchased from other companies (for electric power selling), etc.

*7 Including emissions related to investments

*8 Indicator based on the Act on the Rational Use of Energy

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

*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 infections in fiscal 2020 and fiscal 2021, this activity was implemented by changing to the method of distributing leaflets instead of door-to-door visits

*13 Surveyed 2,000 men and women aged 18 to 69 living in Shikoku

*14 Managing supervisors, etc. are excluded

*15 Voluntary resignation only

*16 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

*17 Number of deaths and injuries per 1million total working hours (wherein operations are suspended for one day or more)

*18 State after the General Meeting of Shareholders in June

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 (Environment)	Unit	Topics Covered
Greenhouse Gas Related	Scope 1: Greenhouse gas emissions	t-CO ₂	9,660,000t-CO ₂ (Increased due to suspension of the Ikata Power Plant)
	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	11,890,000t-CO ₂
	<ul style="list-style-type: none"> ○ 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 (excluding FIT free-of-charge distribution) in fiscal 2030 by 50% ratio from their level in fiscal 2013. Actual emissions for fiscal 2021 (excluding FIT free-of-charge distribution) were 13.15 million tons (33% reduction ratio from the level in fiscal 2013). We aim to achieve these targets in 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.
	<ul style="list-style-type: none"> ○ Number of customers served in markets subject to renewable portfolio standards (RPS) ○ Percentage fulfillment of RPS target by market 	Cases/%	N/A (RPS Act was abolished in Japan in 2012)
Air Related	Air emissions of NO _x , SO _x , particulate matter (PM ₁₀), lead (Pb) and mercury (Hg) and the percentage of each in or near areas of dense population	t/%	NO _x : 4,978t/100% SO _x : 1,254t/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	10 ³ m ³ /%	Total water intake: [Fresh water] 8,648,096×10 ³ m ³ ; 0% [Seawater] 3,572,920×10 ³ m ³ ; 0% Total water consumed: 1,815×10 ³ m ³ ; 0%
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	cases	0 case
	Description of water management risks and discussion of strategies and practices to mitigate those risks	–	Our company manages risks related to water resources by thorough observation of water withdrawn at hydroelectric power plants, temperature differences in water intake and 39 discharges 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/%	314,994t/99.8%
	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 0.2% 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 [JPY] 1,000 kWh : 27,211[JPY]
	Number of residential customer electric disconnections for nonpayment, percentage reconnected within 30 days	Cases/%	Number of supply disruptions (household use): 59,982 cases Percentage reconnected within 30 days: No results (Contracts are cancelled if there is no payment made by the payment due date)

	TOPIC (Human Capital)	Unit	Topics Covered
Workforce Health & Safety	Total recordable labor accident incident rate (TRIR: number / 200,000 work hours)	%	Employees: 0.07 - Contractors/Consignors: 0.31
	Fatality rate of labor accident	%	Employees: 0 - Contractors/Consignors: 0.02
	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	%	N/A
	Percentage of electric load served by smart grid technology	%	Smart meter installation rate: 80.6%
	Customer electricity savings from efficiency measures, by market	MWh	We disclose the following quantitative data instead of customer electricity savings: ○Electricity saving solution services • Number of proposals of electrification and energy saving solution services: 13,982 ○Energy-saving related information provision services (https://www.yonden.co.jp/y-con/index.html) • Number of Yonden Concierge registrations: 500,995 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: 7 minutes (23 minutes) * Figure inside brackets includes work
	System Average Interruption Frequency Index (SAIFI)	Frequency	SAIFI: 0.12 times (0.26 times) * Figure inside brackets includes work
	Customer Average Interruption Duration Index (CAIDI)	Minutes	CAIDI: 62 minutes (107 minutes) * Figure inside brackets includes work

	TOPIC (Others)	Unit	Topics Covered
Others	Numbers of residential, commercial, and industrial customers served	Number	Residential: 1,917,025; Low voltage excluding residential: 618,954 Commercial: 14,911; Industrial: 9,558
	Total electricity delivered to residential, commercial, industrial, all other retail customers, and wholesale customers	MWh	Residential: 7,677,110 MWh, Low voltage excluding residential: 1,467,636 MWh Commercial: 4,852,608 MWh; Industrial: 8,545,101 MWh Wholesale: 9,109,563 MWh
	Length of transmission and distribution lines	km	Transmission lines: 3,381 km (electric line length), Distribution lines: 46,232 km (electric line length)
	Total electricity generated, percentage by major energy source, percentage in regulated markets	MWh/%	Electric supplied: 16,963,720 MWh Power generation ratios: Thermal power (74%), nuclear (14%), hydroelectric power (12%), and renewable energy (0.04%) Percentage in regulated markets: Not applicable.
	Total wholesale electricity purchased	MWh	16,502,155 MWh (Amount of purchased power)

Management Discussion and Analysis

(Consolidated)

Fiscal 2021 Results

(April 1, 2021 - March 31, 2022)

Analysis of Business Performance

Electricity Sales

Retail sales of electricity increased 2.6% year on year, to 22,600 million kWh, and wholesaling of electricity increased 55.2% year on year, to 9,100 million kWh. As a result, total electricity sales were 31,700 million kWh, a year on year increase of 13.7%.

Electricity Supply

Due to Ikata Power Plant Unit No. 3 having resumed operation in December, there has been an increase in nuclear power generated by 2,400 million kWh, hydro power own generated decreased 17.3% year on year, to 2,000 million kWh due to drought. Purchased power increased 5.7% year on year, to 16,500 million kWh. As a result, the amount of thermal power own generated increased 7.3% year on year to 12,600 million kWh.

Operating Results

While there were increases seen in terms fuel cost adjustments and wholesale sales revenue, operating revenues decreased 10.7% year on year to ¥641.9 billion due to decreases resulting from the application of the Accounting Standard for Revenue Recognition.

While there was an increase in expenses in association with higher fuel prices and an increase in total electricity sales, operating expenses decreased 8.0% year on year to ¥655.4 billion due to a decrease in expenses occurring in association with the resumption of operation of Unit No. 3 at the Ikata Power Plant and due to a decrease in expenses associated with the application of Accounting Standard for Revenue Recognition.

As a result, operating profit (loss) decreased ¥19.9 billion to ¥13.5 billion, ordinary profit (loss) decreased ¥17.2 billion to ¥12.1 billion, and net profit (loss) attributable to owners of the parent decreased ¥9.1 billion to ¥6.2 billion.

(Reference) Fiscal 2021 Results by Segment and Change Factors (Before Elimination of Internal Transactions) (100 million yen, %)

			FY2021	Year on year difference	Change (%)	Main reason for difference with previous year
Electric power business	Electric power generation & sales	Operating revenues	5,082	(725)	(12.5)	• Decrease in income etc., due to application of the Accounting Standard for Revenue Recognition, etc.
		Ordinary loss	(402)	(182)	—	• Increase in supply-demand related costs due to the impact of higher fuel prices, etc.
	Transmission & distribution	Operating revenues	2,198	47	2.2	• Increase in revenue in association with increases in interconnection supply consignment revenue and supply-demand adjustment revenue, etc.
		Ordinary profit	105	(24)	(18.6)	• Increase in expenses in association with increases in electricity purchased from other companies, etc.
Telecommunications services business		Operating revenues	446	(8)	(1.8)	• Decrease in revenue in association with decreases in system development projects, etc.
		Ordinary profit	81	12	18.3	• Decrease in depreciation expenses in the data center business, etc.
Energy business		Operating revenues	264	63	31.7	• Increase in revenue in association with increases in sales volumes in the coal sales business, etc.
		Ordinary profit	29	(2)	(6.6)	• Increased costs associated with higher procurement unit prices in the LNG sales business, etc.
Construction and engineering business		Operating revenues	691	73	11.9	• Increase in contract work, etc.
		Ordinary profit	39	9	31.6	—
Others		Operating revenues	361	(137)	(27.5)	• Decrease in commercial business due to the application of Accounting Standard for Revenue Recognition, etc.
		Ordinary profit	31	17	123.3	—

Analysis of Financial Position

Assets

Total assets stood at 1,500.7 billion yen, up 4.9% year on year, due to increases in business assets.

Liabilities

Liabilities amounted to 1,185.4 billion yen, up 7.5% year on year, due to increases in bonds and loans, etc.

Total Equity

Net losses, dividend payments and other elements contributed to a 3.9% decrease year on year to 315.2 billion yen.



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 Cash Flows

Cash Flows from Operating Activities

Revenue decreased 4.7% year on year, to 49.8 billion yen due to net losses, etc.

Cash Flows from Investing Activities

Expenditures increased 40.0% year on year to 125.1 billion yen owing to elements such as the construction of safety measures at the Ikata Power Station and the replacement of Unit No. 1 at the Saijo Power Station.

Cash Flows from Financing Activities

Net cash was 82.2 billion yen, up 70.3% 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 2021 increased 7.4 billion yen year on year to 72.9 billion yen.

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 2021, we decided to pay an annual dividend of 30 yen, with an interim dividend and a year-end dividend of 15 yen per share.

Capital Investment

In power generation and sales business, additional safety measures were taken at the Ikata Power Plant and Saijo Power Station Unit No. 1 was replaced, resulting in a total of 65.5 billion yen (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 26.7 billion yen (Before elimination of intersegment transactions).

Consolidated capital investment for the entire Group, which includes telecommunications services, energy, construction and engineering, and other business segments, totaled 100.7 billion yen (After elimination of intersegment transactions).

Research and Development

The Group works on R&D related to the supply and use of electricity aimed at the improvement of its technological capabilities and competitiveness. In fiscal 2021, the R&D expenses of the Group as a whole were 4.1 billion yen. Major research projects were as follows.

- (1) R&D for areas such as technologies for extending the lifespan of equipment used for R&D leading to elements such as reduction in power supply costs, technologies for increasing the functionality and efficiency of operation maintenance, and technologies for utilizing coal ash, etc.
- (2) R&D for promoting carbon neutrality, for dealing with the large-scale introduction of renewable energy, for the utilization of distributed energy resources, for the utilization of hydrogen and other related technologies, and so on

Outlook for Fiscal 2022

(April 1, 2022 to March 31, 2023)

The outlook for fuel prices has become even more uncertain since the Russian invasion of Ukraine. Thus, our outlook is still undecided as it is difficult to provide a forecast for the full-year consolidated financial results and a dividend forecast for fiscal 2022.

We will provide forecasts as soon as it becomes possible to do so.

(Announced on April 27, 2022)

Corporate Data and Stock Information

(As of March 31, 2022)

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/
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	8,074 (Consolidated); 2,243 (Non-consolidated)

Stock information

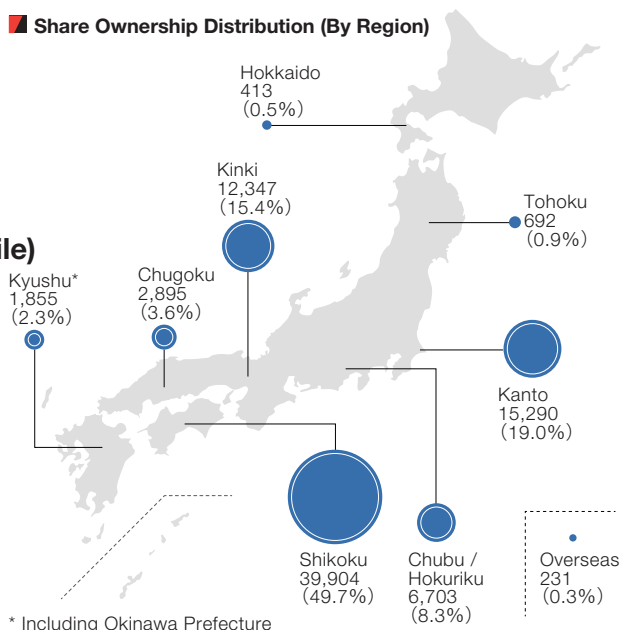
Total number of shares authorized to be issued	772,956,066 shares
Total number of shares issued	223,086,202 shares
Number of shareholders	80,330
Stock exchange listing	Tokyo Stock Exchange
Transfer agent	1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan Sumitomo Mitsui Trust Bank, Limited
Independent 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)

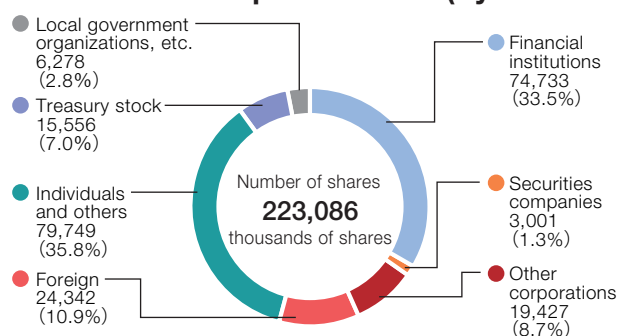
Name	Number of shares (Thousands)	Shareholding* (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	25,803	12.43
Custody Bank of Japan, Ltd. (Trust account)	9,161	4.41
The Iyo Bank, Ltd.	8,851	4.26
The Hyakujushi Bank, Ltd.	7,818	3.77
SUMITOMO JOINT ELECTRIC POWER CO., LTD.	7,062	3.40
Kochi Prefecture	6,230	3.00
Nippon Life Insurance Company	5,923	2.85
Shikoku Electric Power Employee Stock Ownership	4,768	2.30
Meiji Yasuda Life Insurance Company	4,001	1.93
The Shikoku Bank, Ltd.	2,749	1.32

* Excluding treasury stock

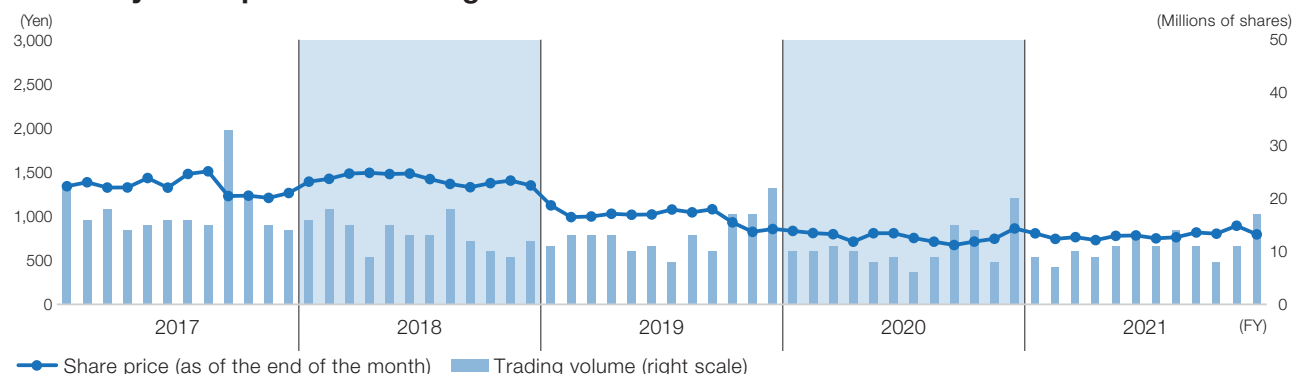
Share Ownership Distribution (By Region)



Share ownership distribution (By investor profile)



Monthly share price and trading volume





Shikoku Electric Power CO.,Inc.

Seeking to be a force for happiness

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