

# **Chubu Electric Power Group's Initiatives for Achieving Medium-term Management Plan and Reevaluation of Management Targets**

April 26, 2024

**Chubu Electric Power Co., Inc.**

# Chubu Electric Power Group's Initiatives for Achieving Medium-term Management Plan and Reevaluation of Management Targets

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# Introduction

In its Medium-term Management Plan announced in 2022, the Chubu Electric Power Group established Medium-term Management Targets for FY 2025 as the midpoint up to Management Vision 2.0. In FY2023, the second year of the Medium-term Management Plan, **consolidated ordinary income\* amounted to approximately 371 billion yen owing to such factors as a decrease in supply and demand adjustment costs at Chubu Electric Power Grid and a decline in power supply procurement prices at Chubu Electric Power Miraiz.**

Nonetheless, current conditions are unpredictable, as **the business environment remains uncertain** amid resource price volatility and revision to system, while profits in the previous fiscal year were also due to one-time profit-boosting factors. Meanwhile, we must firmly respond to **the diversifying needs of customers and society that include achieving carbon neutrality, transitioning to a circular economy, and resolving regional issues as well as address demands of capital markets such for improving PBR.**

**In response to these shifts in the environment, we will transform and accelerate its growth initiatives to maximize the value it provides to stakeholders.**

**To fulfill our “unwavering mission”** of providing high-quality energy in a safer, more affordable and more stable manner, we will promote DX and realize **stable supplies for a new era** such as by building optimal facilities tailored to regional characteristics. Concurrently, we will respond flexibly to changes in the environment while **leveraging the strengths of our model that splits off power generation and sales.**

On a different front, we will **promote decarbonization from both the supply and demand sides.** These efforts will include **developing and expanding renewable energy power sources, restarting the Hamaoka Nuclear Power Station based on the premise of assuring safety and gaining the understanding of local residents, and offering customers proposals that contribute to energy conservation and electrification.** Additionally, we will contribute to **decarbonization globally through our global business.**

We also aims **to “create new value” by providing services that enrich the lives of its customers and contribute to solving local issues and revitalizing communities.**

Realizing these initiatives is contingent on **strengthening our management foundation.** With this in mind, we will work to bolster various initiatives that include **undertaking management with an awareness of the cost of capital, raise the value of human capital, and further promote thorough going compliance.**

The Chubu Electric Power Group **believes that growing together with all stakeholders** that include customers, shareholders/investors, local communities, business partners, and employees as well as contributing to **the development of a sustainable society will lead to increased corporate value. As a new resolution, we have raised our Medium-term Management Targets to “consolidated ordinary income of 200 billion yen or more and ROIC\* of 3.2% or more.”**

We will continue to work in unison as a group to steadily realize Management Vision 2.0, which lies further into the future beyond these targets.

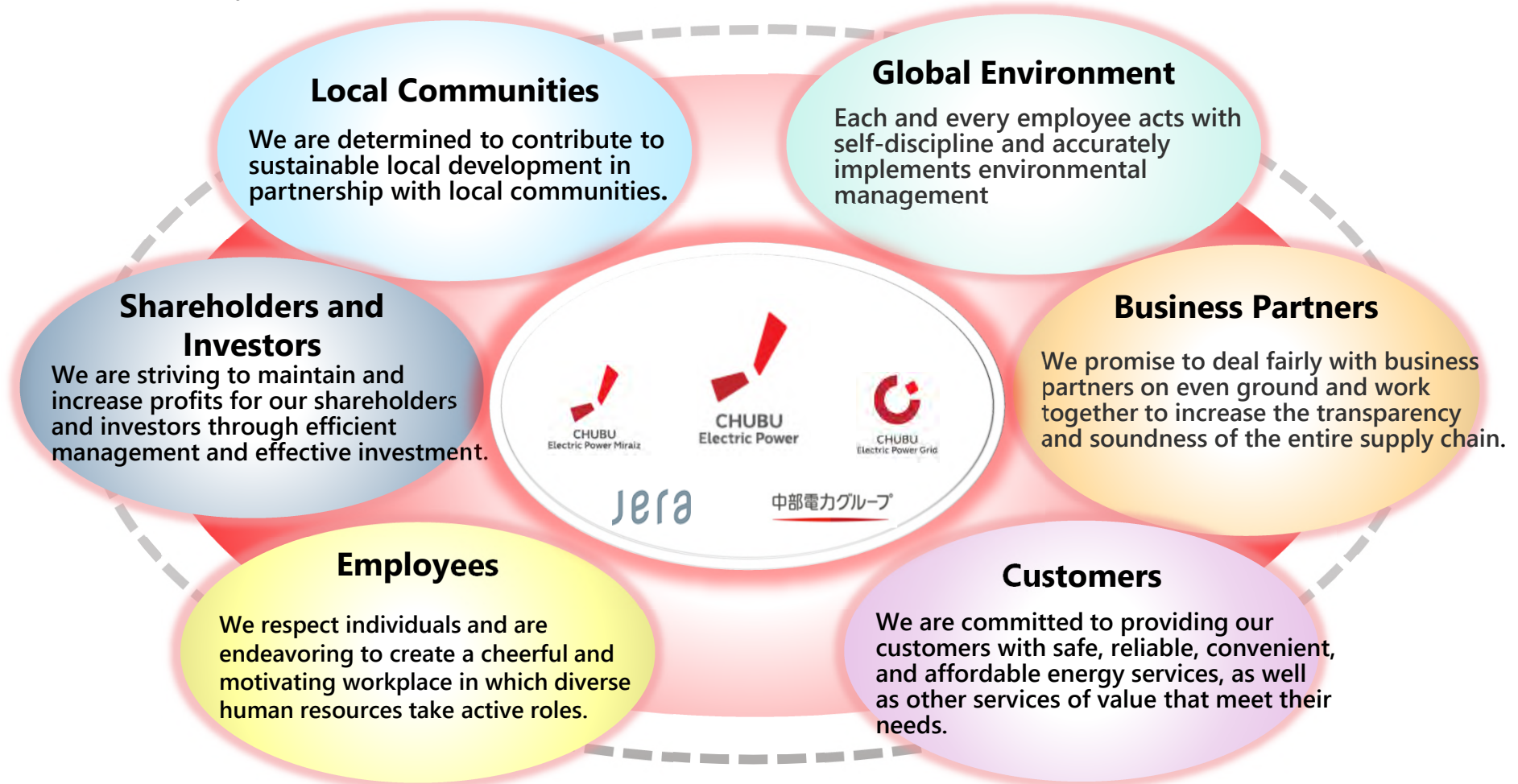


April 2024  
President and Director  
Chubu Electric Power Co., Inc.  
*Hayashi Kingo*

\*Consolidated ordinary income and ROIC exclude the time-lag impact

# Toward Providing Value Demanded by Stakeholders

- The Chubu Electric Power Group regards the further advance of GX/DX along with changes in customer needs, systems and the competitive environment as opportunities. By reliably meeting the expectations of our stakeholders, we aim to be a corporate group that achieves continuous growth and that contributes to the development of a sustainable society.

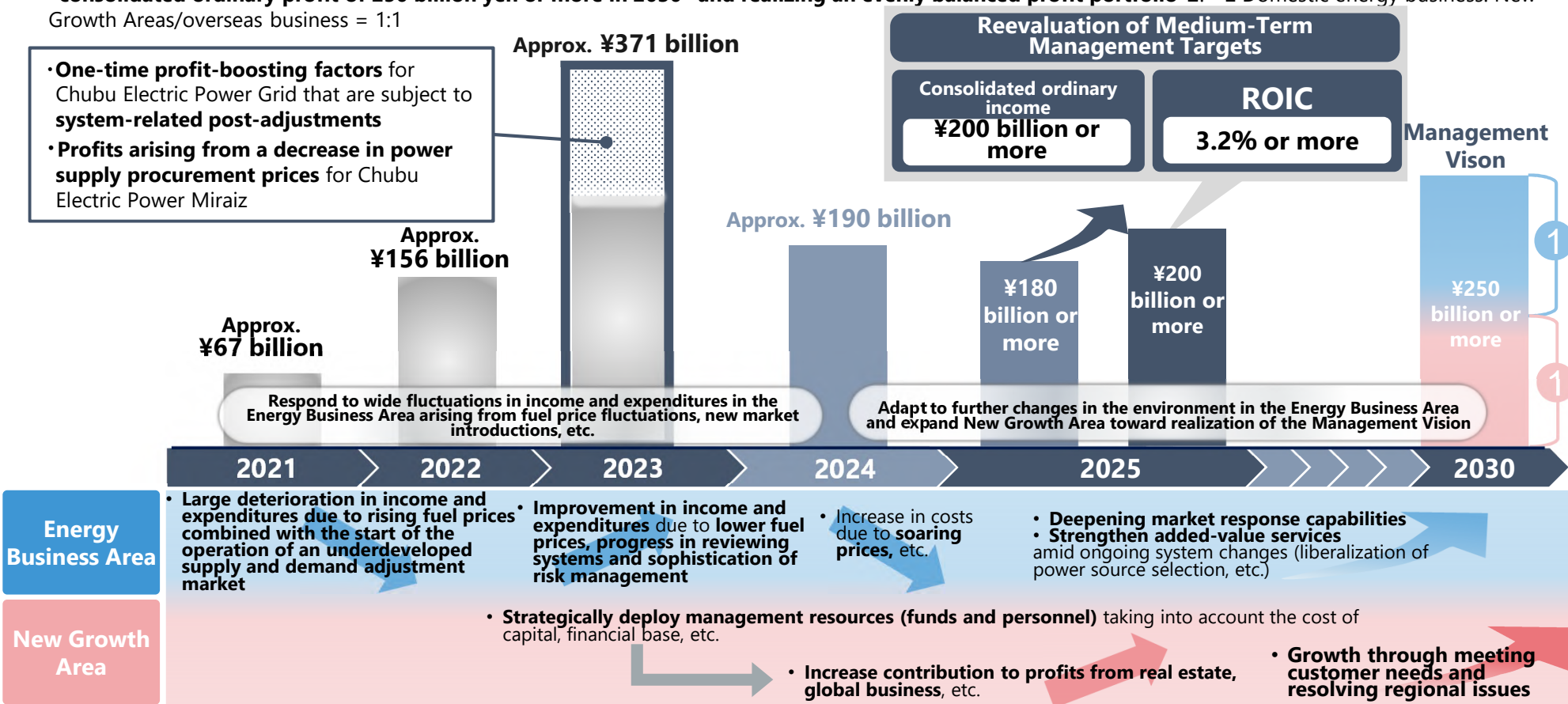


# I Review of the Medium-term Management Plan (FY2023) and Direction of Responses

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# Review of FY2023 and Reevaluation of Medium-term Management Targets

- In FY2023 consolidated ordinary income<sup>\*1</sup> amounted to approximately 371 billion yen, which exceeded our Medium-term Management Target of 180 billion yen. Nonetheless, this amount includes one-time profit-boosting factors that are subject to system-related post adjustment at Chubu Electric Power Grid. Accordingly, consolidated ordinary income is forecast to decline to around 190 billion yen in FY2024.
- Even amid ongoing uncertainty in the business environment that includes resource prices, we will strive to further strengthen our market response capabilities and added-value-services. Concurrently, we have raised our Medium-term Management Targets to “consolidated ordinary income of 200 billion yen or more and ROIC<sup>\*1</sup> of 3.2% or more” in accordance with our aim to increase earnings through strategic investments.
- Chubu Electric Power will continue to respond appropriately to changes in the business environment while working to attain its Management Vision 2.0 target of “consolidated ordinary profit of 250 billion yen or more in 2030” and realizing an evenly balanced profit portfolio<sup>\*2</sup>. <sup>\*2</sup> Domestic energy business: New Growth Areas/overseas business = 1:1



<sup>\*1</sup> Consolidated ordinary income and ROIC exclude the time-lag impact

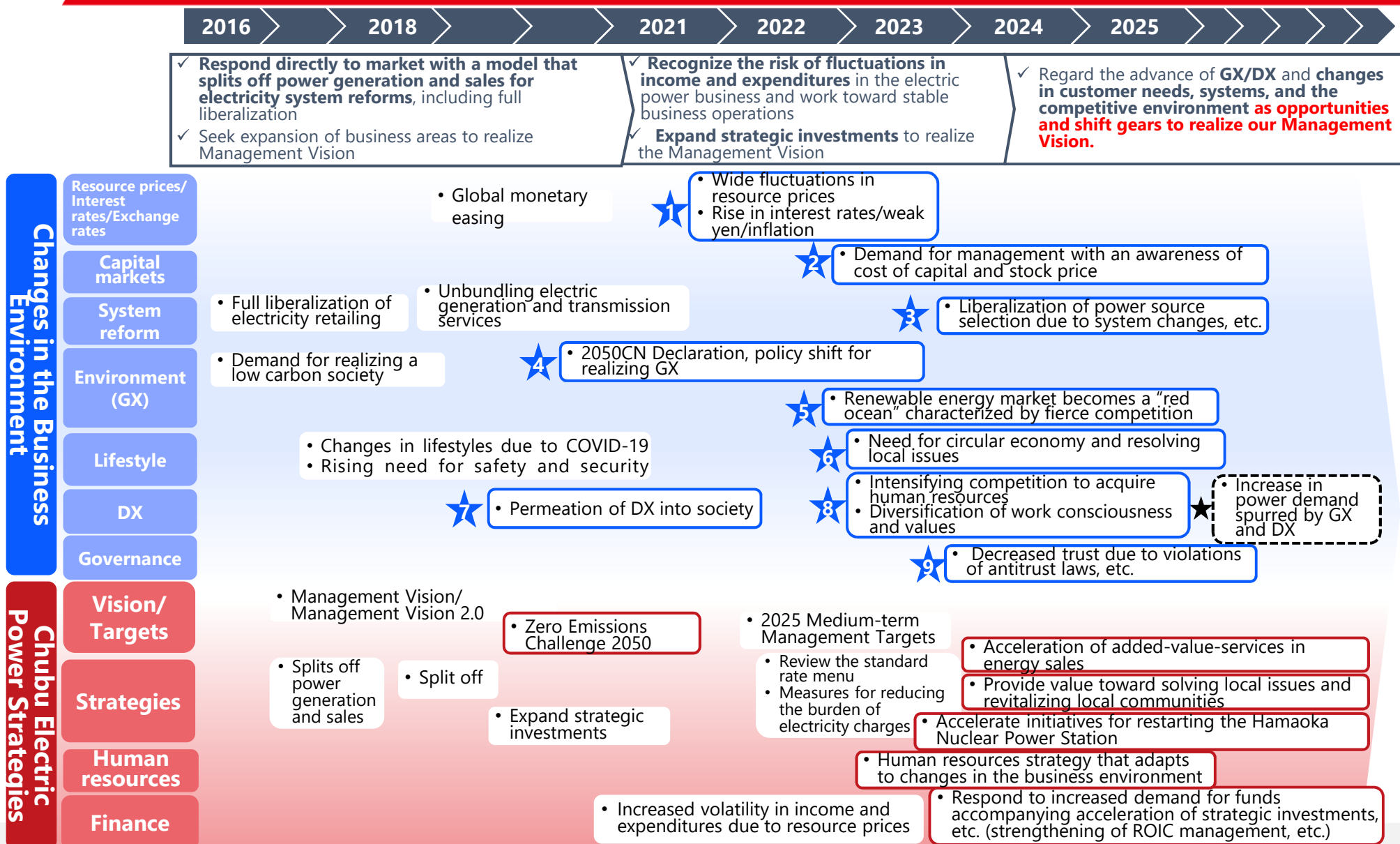


# Reevaluation of Medium-term Management Targets and Financial Indicators

Management Targets : Rough Guidelines

|                  | Management indicators                                 | FY2023 results  | Current target FY2025  | Reevaluation of target FY2025                              |
|------------------|---|---|--|--|
|                  | Consolidated ordinary income*1                        | Approx. ¥371 billion  | Management Targets<br>¥180 billion or more   | Management Targets<br>¥200 billion or more                 |
| Growth potential | Chubu Electric Power Miraiz                           | ¥191 billion  | ¥20-30 billion   | ¥40-50 billion   |
|                  | Chubu Electric Power Grid                             | ¥95.6 billion   | ¥20-30 billion   | ¥20-30 billion   |
|                  | JERA  | ¥54 billion   | ¥70-80 billion   | ¥70-80 billion   |
|                  | Others (Renewable energy, Global and Group companies) | ¥30.9 billion   | ¥50-60 billion   | ¥50-60 billion   |
|                  | CF from Operating Activities                          | Approx. ¥640 billion (cumulative from FY2022 to FY 2025)      | Approx. ¥900 billion (cumulative from FY2022 to FY 2025)   | Approx. ¥1,100 billion (cumulative from FY2022 to FY 2025) |
| Efficiency       | Strategic investment*2                                | Approx. ¥190 billion (cumulative from FY2022 to FY 2025)      | Approx. ¥450 billion (cumulative from FY2022 to FY 2025)   | Approx. ¥450 billion (cumulative from FY2022 to FY 2025)   |
|                  | ROIC*1  | 5.5%  | Management Targets<br>3.0% or more   | Management Targets<br>3.2% or more                         |
|                  | ROE*1   | 11.6%   | Approx. 7%   | Approx. 7%   |
| Financial health | Shareholders' equity ratio                            | 36.4%   | 30% or more  | 30% or more  |
|                  |   | *1 Excluding the time-lag impact                              | *2 Reevaluation of the breakdown of investment destination fields (cumulative total from FY2011 to FY2025) |  |
|                  |   | Before reevaluation   |  | After reevaluation   |
|                  |   | Global  |  | ¥150 billion   |
|                  |   | Renewable energy  |  | ¥100 billion   |
|                  |   | New form of community, Resource recycling businesses and etc. |  | ¥200 billion   |

# Changes in the Business Environment and Chubu Electric Power's Strategies





# FY2023 Results/Issues and Direction of Responses

| Area                         | Results and Issues  | Direction of Responses<br>(Refer to Chapter II)  |
|------------------------------|---|--|
| <b>Energy Business Area</b>  | <div> <div>Results</div> <ul style="list-style-type: none"> <li>● <b>Provide affordable energy</b> by implementing <b>measures for reducing the burden of electricity</b></li> <li>● <b>Realize stable supplies</b> by <b>managing optimal facilities tailored to regional characteristics</b></li> <li>● <b>Contribute to CN</b> by <b>expanding zero-emission power sources</b> <ul style="list-style-type: none"> <li>✓ <b>Progress with new regulatory standard conformity review</b> for the Hamaoka Nuclear Power Station</li> <li>✓ <b>Steadily develop</b> renewable energy power sources and <b>execute M&amp;A</b></li> </ul> </li> </ul> </div> <hr/> <div> <div>Issues</div> <ul style="list-style-type: none"> <li>● <b>Power procurement</b> considering <b>fuel price volatility and system changes</b></li> <li>● Growing <b>complexity of electricity flows</b> due to increase in renewable energy source</li> <li>● <b>Steady implementation of initiatives, including globally, toward CN</b></li> </ul> </div> | <ul style="list-style-type: none"> <li>● <b>Offering prices and services closely tailored to customer needs</b></li> <li>● <b>Building optimal facilities tailored to regional characteristics</b></li> <li>● <b>Contributing to the realization of a CN society by developing and expanding decarbonized power sources</b></li> <li>● <b>Initiatives toward restarting the Hamaoka Nuclear Power Station</b></li> </ul> |
| <b>New Growth Area</b>       | <div> <div>Results</div> <ul style="list-style-type: none"> <li>● <b>Diversify business areas by upgrading and expanding service lineup</b></li> <li>● <b>Promote creation of regionally based communities</b>, including the development of “<b>iiNE town Mizuho</b>”</li> <li>● <b>Collaborative agreements for resource recycling with local governments and companies</b></li> </ul> </div> <hr/> <div> <div>Issues</div> <ul style="list-style-type: none"> <li>● <b>Quickly secure earnings and provide value to customers and local communities</b></li> <li>● <b>Build a new business foundation toward becoming a multi-utility</b></li> </ul> </div>  | <ul style="list-style-type: none"> <li>● <b>Provide new services that respond to customer needs and regional issues</b></li> <li>● <b>Regional revitalization through the real estate business</b></li> <li>● <b>Contribute to customers and local communities by providing multi-utility services</b></li> </ul>  |
| <b>Management Foundation</b> | <div> <div>Results</div> <ul style="list-style-type: none"> <li>● <b>Formulate human resource strategies</b> for the utilization of diverse human resources</li> <li>● Enhance <b>management efficiency</b> through <b>the advancement of DX</b> that utilizes AI and other technologies</li> </ul> </div> <hr/> <div> <div>Issues</div> <ul style="list-style-type: none"> <li>● Responses for realizing <b>management with an awareness of cost of capital and stock prices</b></li> <li>● <b>DX and safety</b> initiatives in collaboration and coordination with business partners</li> <li>● <b>Responses with consideration of compliance violation events</b></li> </ul> </div>  | <ul style="list-style-type: none"> <li>● <b>Realizing management with an awareness of cost of capital and raising PBR</b></li> <li>● <b>Further raising the value of human capital</b></li> <li>● <b>Compliance and governance-related initiatives</b></li> </ul>  |

# **II** Initiatives for Achieving Medium-term Management Targets

Chubu Electric Power's strategies for responding to changes in the business environment

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# Priority Items for FY2024

## Energy Business Area

- Providing Prices and Services Closely Tailored to Customer Needs <P11>
- Build Optimal Facilities Tailored to Regional Characteristics <P12>
- Contributing to the Realization of a CN Society by Developing and Expanding Decarbonized Power Sources <P13-15>
- Initiatives for restarting the Hamaoka Nuclear Power Station <P16>

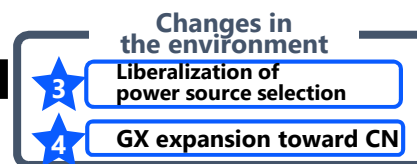
## New Growth Area

- Providing New Services that Respond to Customer Needs and Local Issues <P17>
- Regional Revitalization through Real Estate Business <P18>
- Contributing to Customers and Local Communities by Providing Multi-utility Services <P19>

## Management Foundation

- Realizing Management with an Awareness of Cost of Capital and Raising PBR <P20>
- Further Increase the Value of Human Capital <P21>
- Compliance and Governance Initiatives <P22>

# Providing Prices and Services Closely Tailored to Customer Needs

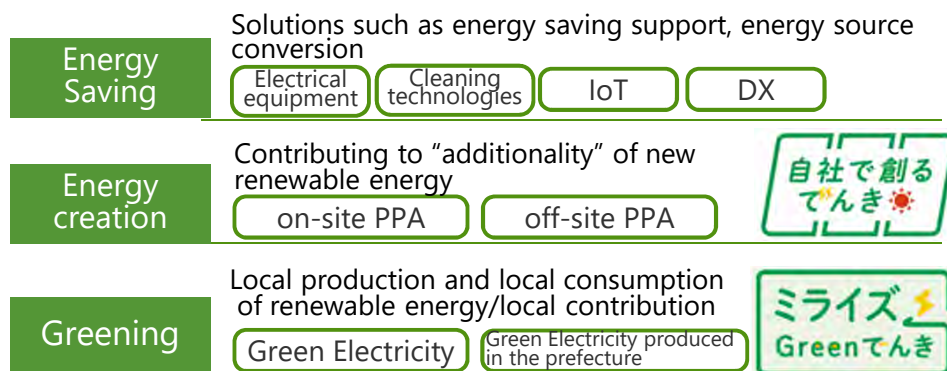


## Providing our customers with safe, reliable, convenient, and affordable energy services

- Amid a **diversification of customer needs** along with a changing social environment, we will **further solidify relationships forged with customers** to the present and **offer prices and services closely tailored to their needs**.

### Business (commercial/industrial use)

- Deliver affordable energy by **continuously implementing burden-reduction measures**
- Enhance service lineup** in consideration of rising needs for decarbonization



## Optimization of procurement portfolio/Sophistication of risk management

- The business environment remains unstable due to volatility of fuel prices and the liberalization of power source selection accompanying system changes. Despite these circumstances, we will leverage its strengths that include **flexible response-capabilities** gained through its model that splits of generation and sales to deliver safe, affordable and stable energy.

### Optimization of procurement portfolio

- We will build a procurement portfolio by **combining optimal procurement sources and power source types** giving consideration to **customer needs (economic efficiency, price stability, environmental friendliness)**.

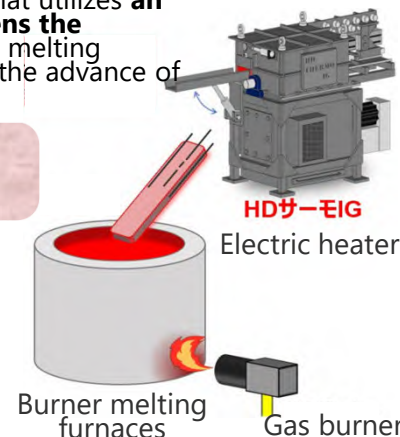
### Realizing customer productivity improvements and decarbonization

- By **developing a preheating device** that utilizes an **electric heater**, we significantly **shortens the heating time**, a long-standing issue in melting aluminum, and thereby contributes to the advance of customers and society.

- ✓ **Shortens heating times** while **maintaining quality**
- ✓ **Reduces CO2 emissions**

### Realizes productivity improvements and decarbonization

Jointly developed with Nihon Kohnetsu Industrial Co., Ltd. and Yutaka Electronics Industry Co., Ltd.



- We will leverage its knowledge in the aluminum field to accelerate expansion into other materials and fields.

### Sophistication of risk management

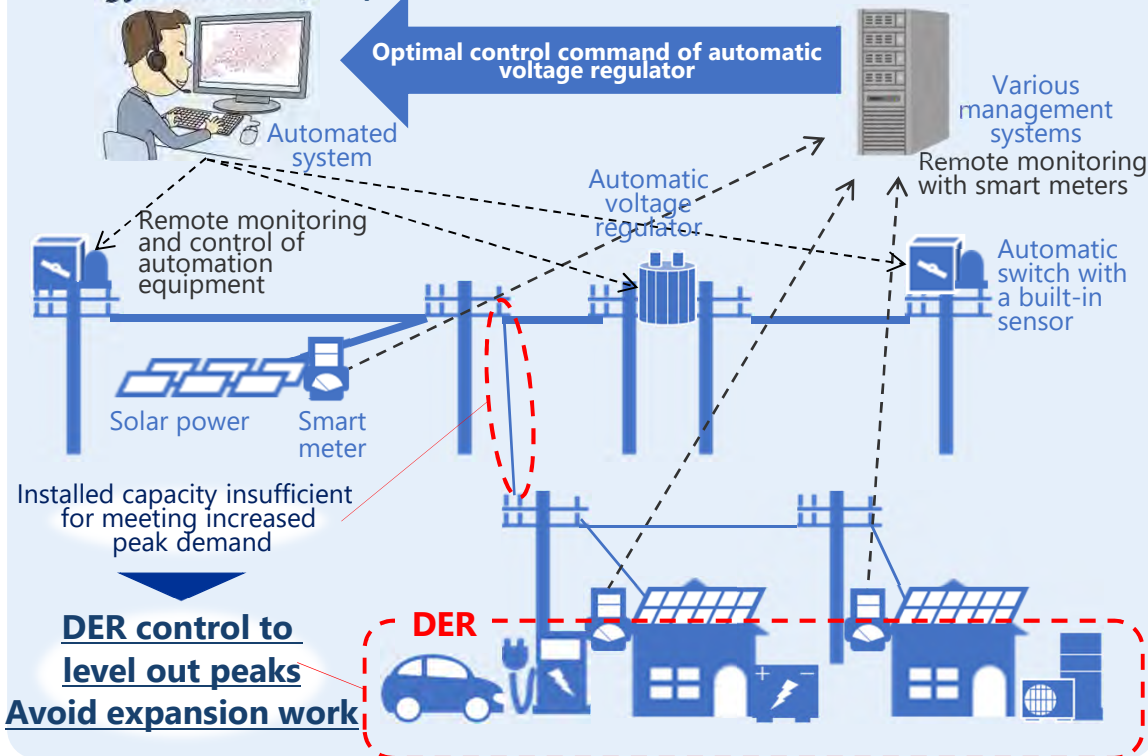
- Amid major changes in the environment for power supply procurement, we will sophisticate its risk management by implementing countermeasures, including **quantification and evaluation of risks**, as well as swap and option transactions.

## Build Optimal Facilities Tailored to Regional Characteristics

- Chubu Electric Power Group will fulfill its mission of providing a stable supply of energy by progressing **with optimal equipment configuration tailored to the characteristics of each region** with consideration of differences in energy demand and volumes of power sources, such as solar power, in each region, including urban, mountainous, and coastal areas.

### Visualizing networks using ICT and assuring electric power quality

- We will implement **remote monitoring and optimal control** of grids utilizing smart meter information in response to **flows of electricity that are becoming increasingly complex** along with the spread of solar power and EVs.
- Looking toward the future, we will consider the possibility of **curtailing facility expansion work by leveling demand using remote control of distributed energy resources (DER)** such as EVs.



### Development of grid stabilization system that utilizes AI

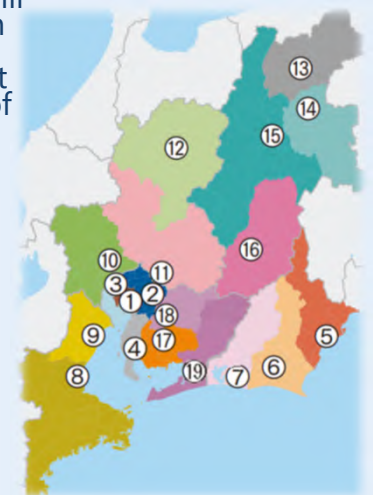
- System utilizes AI to optimally control voltage fluctuations due to changes in solar power generation output



### Structure consisting of 19 branches for regional optimization

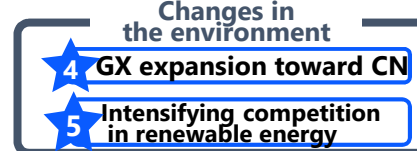
- Chubu Electric Power Grid will set up branch offices in each region and promote autonomous operations that address the characteristics of each region.

- |              |             |
|--------------|-------------|
| ① Nagoya     | ⑪ Tajimi    |
| ② Asahimeito | ⑫ Takayama  |
| ③ Ichinomiya | ⑬ Nagano    |
| ④ Handa      | ⑭ Ueda      |
| ⑤ Shizuoka   | ⑮ Matsumoto |
| ⑥ Kakegawa   | ⑯ Iida      |
| ⑦ Hamamatsu  | ⑰ Okazaki   |
| ⑧ Mie        | ⑱ Toyota    |
| ⑨ Yokkaichi  | ⑲ Toyohashi |
| ⑩ Gifu       |             |

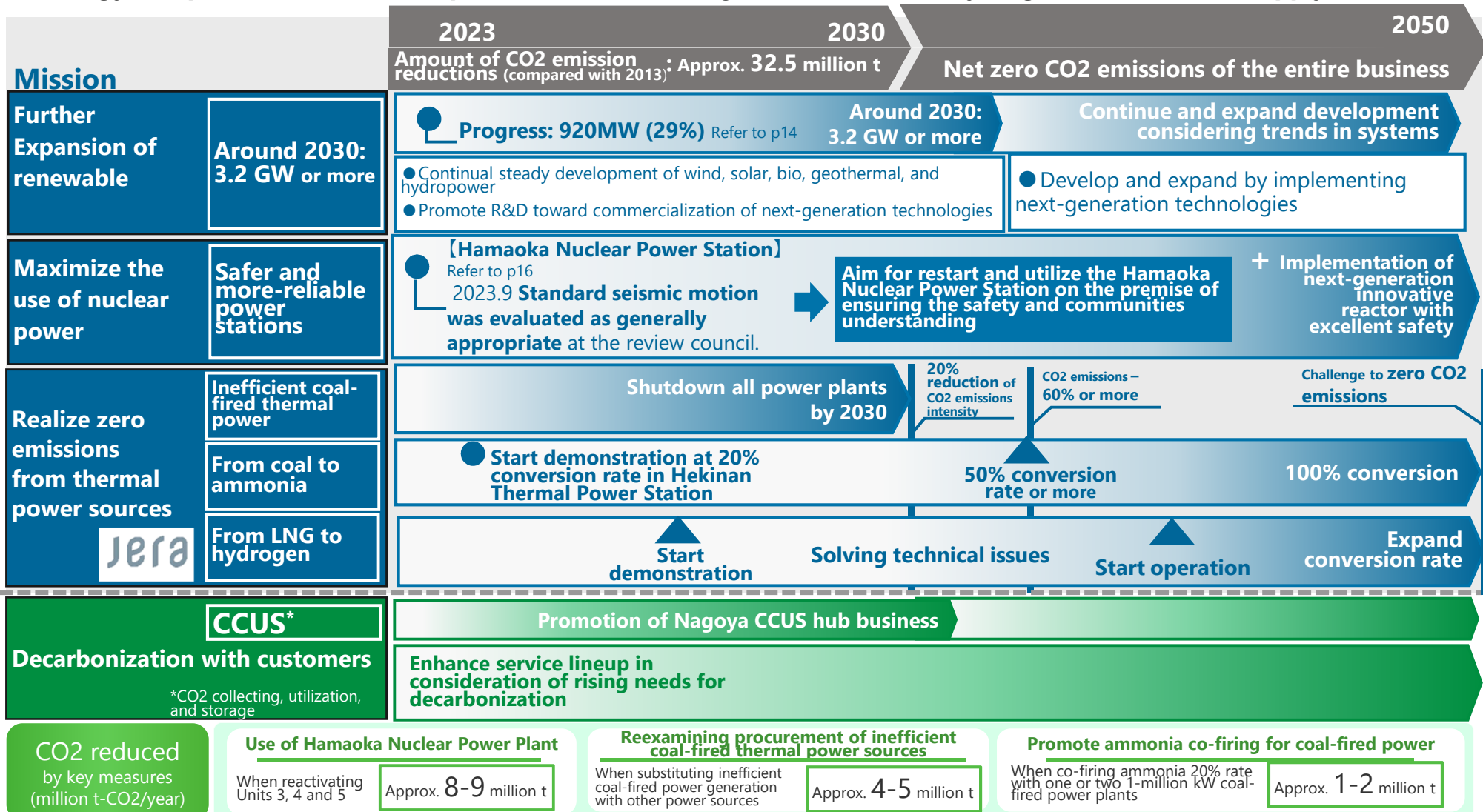




# Contributing to the Realization of a CN Society by Developing and Expanding Decarbonized Power Sources (1/3)



- In working **toward realizing a decarbonized society**, the Chubu Electric Power Group makes efforts to **expand renewable energy and pursue zero emission power sources** including **establishment of hydrogen and ammonia supply chains**.





# Contributing to the Realization of a CN Society by Developing and Expanding Decarbonized Power Sources (2/3)

Changes in the environment

- 4 GX expansion toward CN
- 5 Intensifying competition in renewable energy

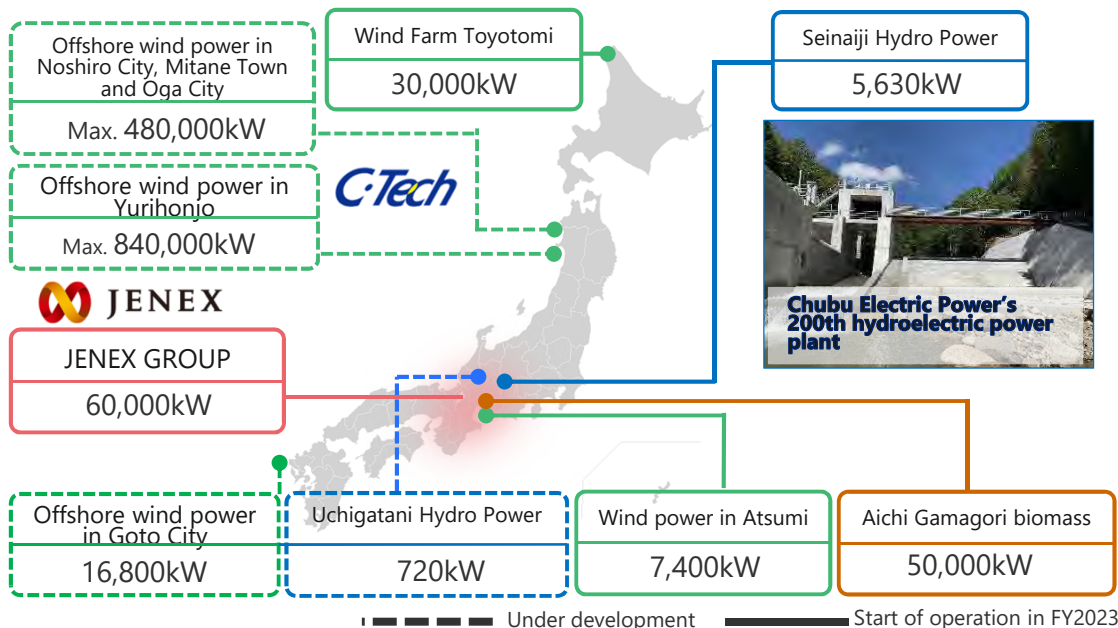


- Continue to proactively develop power sources with the aim of developing and expanding to **3.2 GW or more** of renewable energy by **around 2030**

State of progress **920MW (29%)** <sup>\*1</sup>  
As of the end of March 2023

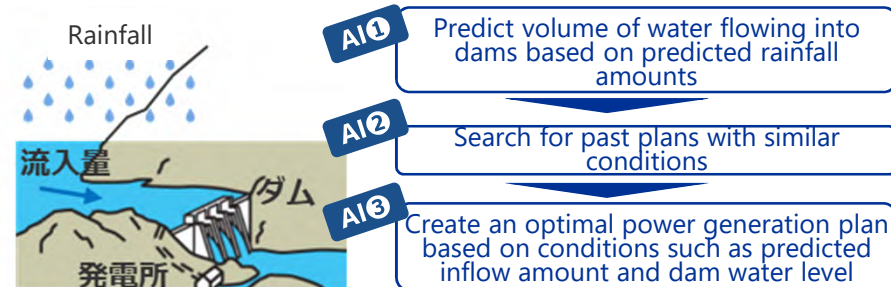


## Main locations starting operations in FY2023/ Sites under development

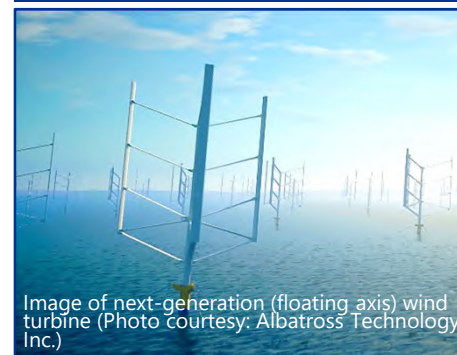


## Promoting DX that Utilizes AI

Develop a system that utilizes three types of AI to support the formulation of optimal power generation plans at hydroelectric power plants



## Technology Development



Participate in **joint research on next-generation wind turbines** expected to reduce costs and increase domestic production rates

We aim to position offshore wind power generation as a main power source and contribute to the realization of a CN society.

## Aiming for safe and secure power plants

In developing and operating power plants, we will work to provide easy-to-understand explanations, including details of our operations to local residents, with the assurance of safety as our main premise.

# Contributing to the Realization of a CN Society by Developing and Expanding Decarbonized Power Sources (3/3)

Changes in  
the environment

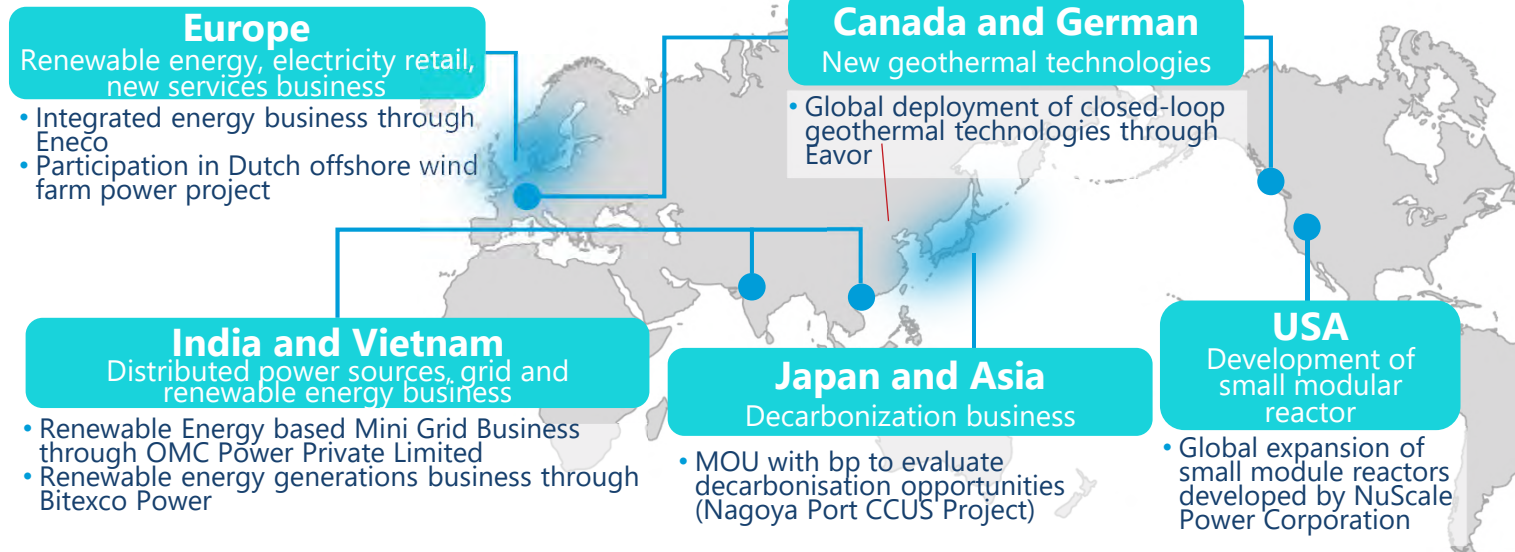
4 GX expansion toward CN

5 Intensifying competition  
in renewable energy



## Toward becoming a carbon-free energy company mainly in Europe and Asia

- We will **focus on building relationships with partners** and strive to **secure and expand earnings** through investments linked to decarbonization
- We will develop our business and contribute to the local community by **combining businesses** that create, deliver, and use energy **across this domain**



## Participation in offshore wind farm power project in the Netherlands

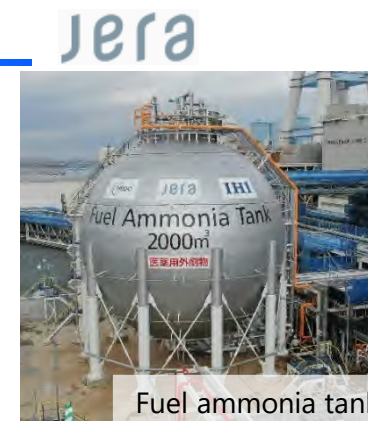
### Outline

|               |  |
|---------------|--|
| Project name  | Hollandse Kust West Site VI                                  |
| Schedule      | 2024 Construction begins<br>2026 Commercial operation begins |
| Grid capacity | 760 MW   |
| Sponsors      | Shell(60%), Chubu Electric Power(30%), Eneco(10%)            |



## Start of World's First Demonstration Testing of 20% Ammonia Substitution at a Large-Scale Commercial Coal-Fired Power Plant

- In preparation for the conversion of fuel from coal to ammonia, **JERA commenced large-scale demonstration testing of fuel ammonia substitution (20% of the heating value)**. Because it does not emit carbon dioxide when burned, fuel ammonia has the major benefit of reducing greenhouse gas emissions.
- By establishing ammonia substitution technology, we will **provide a clean energy supply infrastructure that combines renewable energy and low-carbon thermal power and thereby contribute to the healthy growth and development of the world, mainly in Asia.**



# Initiatives for restarting the Hamaoka Nuclear Power Station

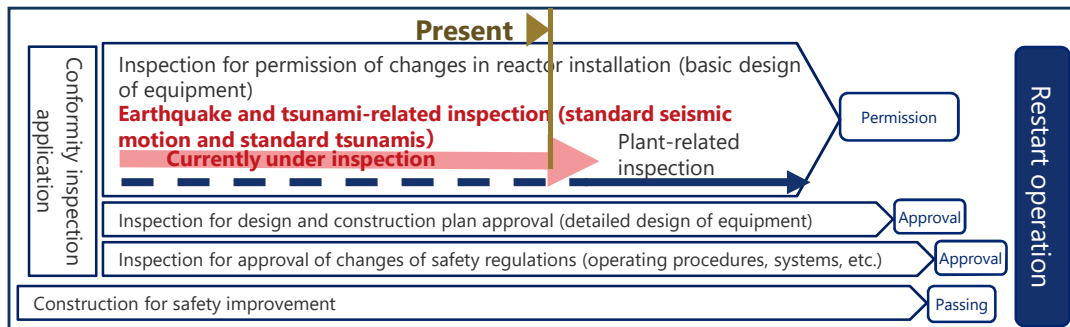
Changes in  
the environment

4 GX expansion toward CN

CHUBU  
Electric Power

- We aim for the quick restart of operations based on the major premise of obtaining understanding and assuring safety for the realization of stable power supplies and decarbonization.
- The Hamaoka Nuclear Power Station underwent an inspection by the Nuclear Regulatory Commission to confirm compliance with the new regulatory standards while **the standard seismic motion was evaluated as generally appropriate at the review board meeting held in September 2023. We will respond earnestly to receive confirmation of compatibility as quickly as possible through the steadily progressing standard tsunami inspection and plant-related inspection.**

## Responding to inspections checking compliance with new regulatory standards



## Standard seismic motion

Received assessment as generally appropriate by the Nuclear Regulatory Commission in September 2023.

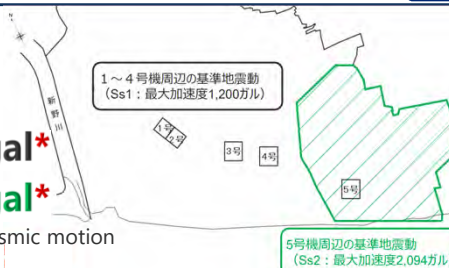
Area around Units 1 to 4

1,200 gal\*

Area around Unit 5

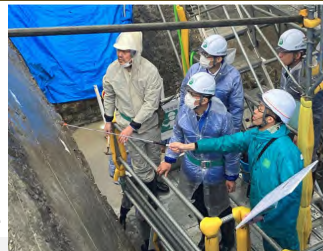
2,094 gal\*

\* Maximum acceleration among standard seismic motion



## On-site investigation implemented by the Nuclear Regulation Commission (March 2024)

Nuclear Regulation Commission members confirmed through actual on-site observations the details, including details on boring cores related to tsunami deposits and the status of additional examinations related to site geology and geological structures, which Chubu Electric Power had previously explained at review meetings to the present.



Confirming the status of Chubu Electric Power's additional examination regarding the geology and geological structure of the premises.

## Aiming for a Safer and Trustworthy Hamaoka Power Station

~Communication with community residents~

We communicate our safety improvement initiatives to community residents as well as continuously implement activities to earnestly address the concerns, questions, and opinions of residents.

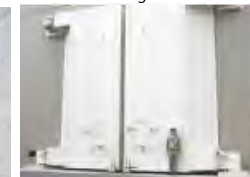
## Power station tours

We offer actual on-site observations of safety improvement measures for people in surrounding communities and businesses.

**Preventing the flooding of the premises**  
Installing tsunami protection wall



**Preventing the flooding of the buildings**  
Installing reinforced doors and watertight doors



**Securing alternative means of supplying power sources**  
Installing gas turbine generators for emergencies



## "REAL! – What's Taking Place at the Hamaoka Nuclear Power Station"

REAL! is a series of videos showing what is taking place at the Hamaoka Nuclear Power Station now, such as emergency drills and routine inspection conducted at the power station.

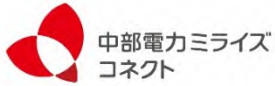




# Providing New Services that Respond to Customer Needs and Local Issues



## Life Services that nurture family bonds and connections



- Chubu Electric Miraiz Connect will continue to provide a connected and expanding world that will be near your side and serve as source of assistance for the future.

### Connecting local food with the future



- We reduce food loss by purchasing tasty and bargain-priced products that would otherwise be discarded even though there are no quality problems.

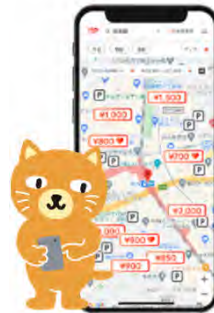


- We sell at bargain prices out-of-specification vegetables that cannot be sold due to shape or color issues.

### "toku-p" parking share service



- This service matches people wishing to rent out their vacant parking spaces with users searching for parking lots.
- By collaborating with local governments, this service will also contribute to solving local issues, such as resolving parking space shortages and traffic congestion during events.



### Strengthen relationships with customers by creating face-to-face contact points



- Sales of and consultation for housing equipment
- Electricity/gas administrative procedures
- Consultation for newly built structures/window renovation

(Miraiz Shop (image)  
Opened in April 2024  
AEON MALL Nagoya Dome Mae)

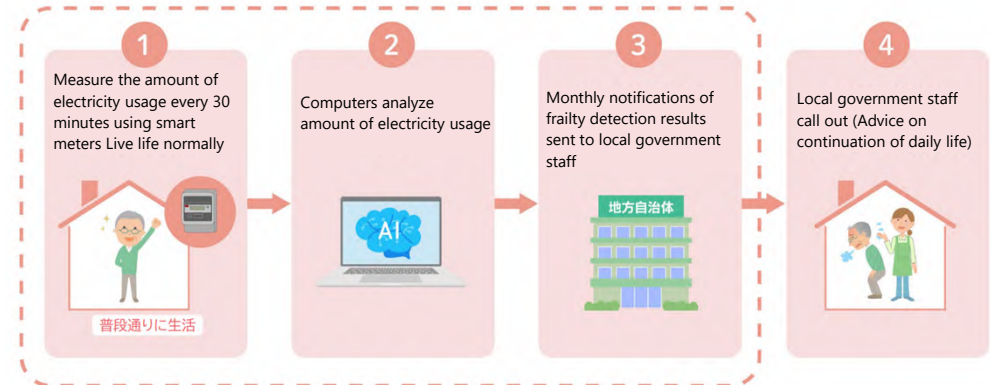
## Providing a frailty detection service for local governments

- As the aging of the population progresses and increases in medical costs and nursing care benefits become a social issue, we have begun providing services that utilize electricity data to enable local governments to efficiently and quickly detect frailty and intervene appropriately with limited personnel.

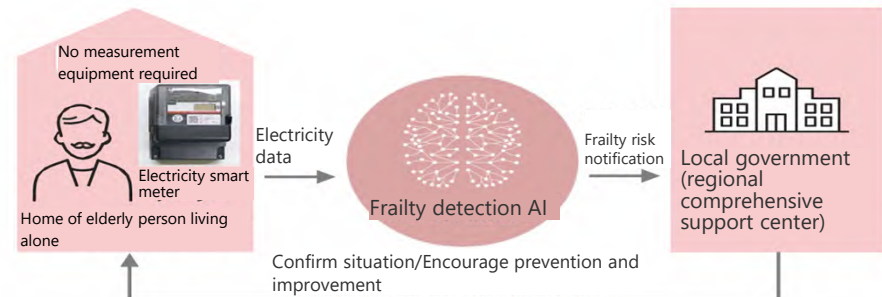


Received the "Selection Committee Special Award" at the 6th Japan Open Innovation Prize

### First service in Japan for local governments that utilizes smart meter electricity data



- We will efficiently and continuously promote individual support for the elderly.
  1. Early detection of elderly who have become frail
  2. Creating continuous points of contact with the elderly



# Regional Revitalization through Real Estate Business

Changes in  
the environment

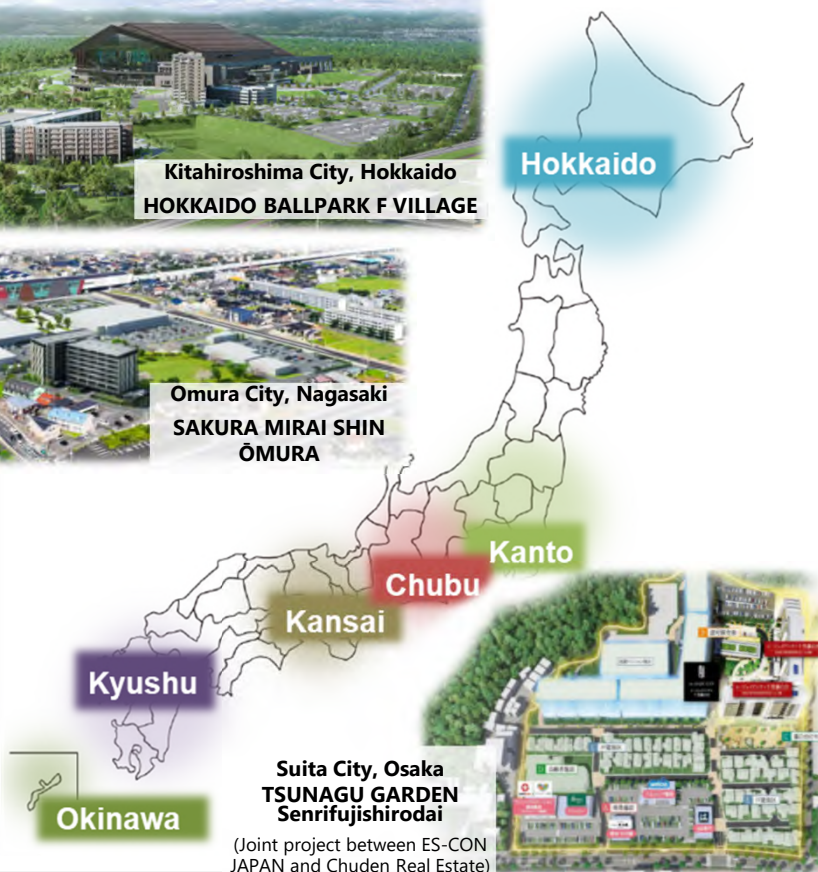
6 Recycling and  
regional issues



## Growth through wider regionalization × genre diversification



- We operate our real estate business in six areas nationwide with the aim of **providing value to customers in all locations.**
- We aim to achieve further growth by promoting the **development of diverse asset types and increasing their value** while **stabilizing our earnings structure.**



## Creating locally based communities centered on the Chubu area



- We contribute to regional revitalization through the creation of **multi-generational inclusive communities** that feature “living, business, and relaxation” with enhanced facilities and services essential for daily life.
- We contribute to the creation of **safe and secure communities** such as by developing **facilities shared by the community** based on **the needs of local customers** and **design facilities with a view toward times of disasters.**

### iiNE town Mizuho



\* A multipurpose facility that includes a commercial market, restaurants, medical facilities, elderly care facilities, childcare support facilities, and condominiums (commercial facility opened in April 2024)

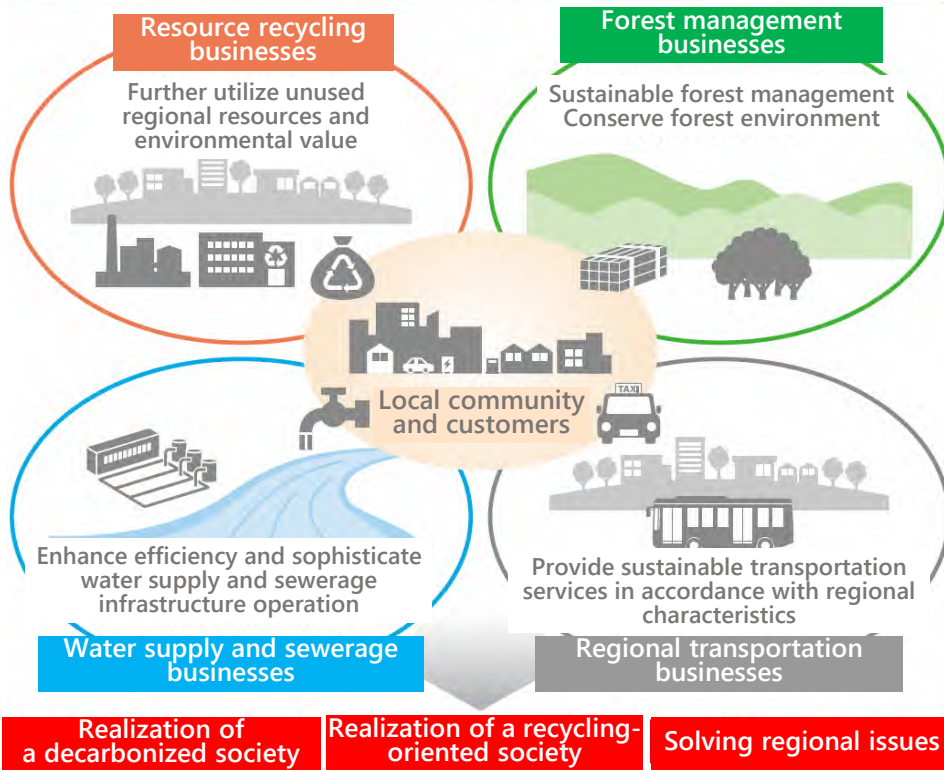


# Contributing to Customers and Local Communities by Providing Multi-utility Services

## Further promotion of regional infrastructure projects

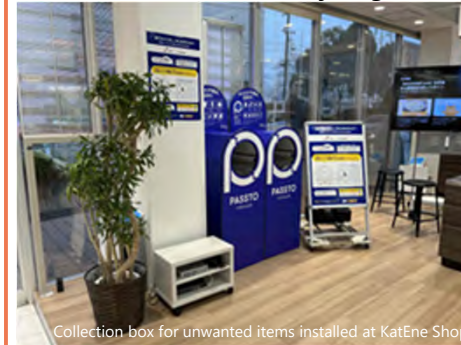
- Utilizing the Chubu Electric Power Group's strengths such as connections with local communities, infrastructure management know-how, and environmental technologies, we will promote **regional infrastructure projects** such as **resource recycling, water supply and sewage, forestry, and regional transportation**, and provide multi-purpose businesses that transcend the boundaries of each business area to contribute to the realization of a decarbonized society, a recycling-oriented society, and a circular economy as well as to solving the problems faced by local governments and customers.

### Areas of regional infrastructure business initiatives and the value we seek to provide



### Resource recycling

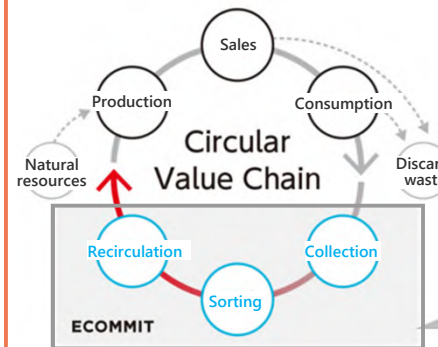
We will leverage the Chubu Electric Power Group's **connections with local residents** and **build infrastructure** that supports "resource recycling-based lifestyles."



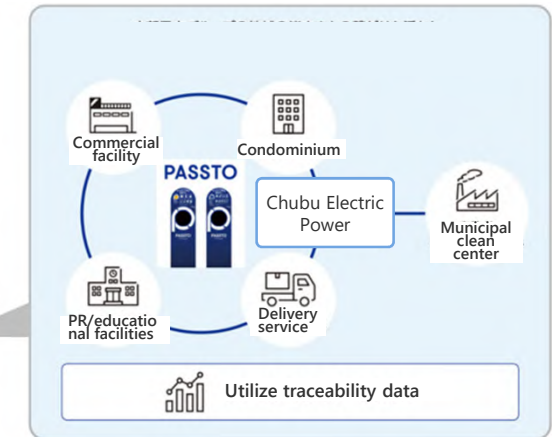
### Chubu Electric Power Group Connections with local residents



**PASSTO resource recycling service**  
Resource recycling services provided by ECOMM Co., Ltd.

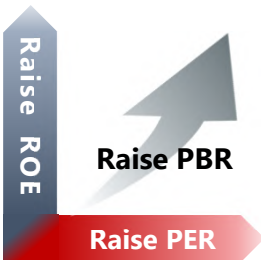
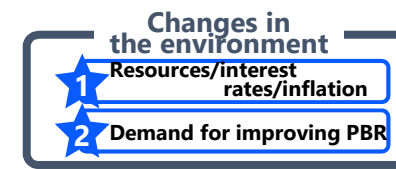


Reduce waste through  
resource recycling



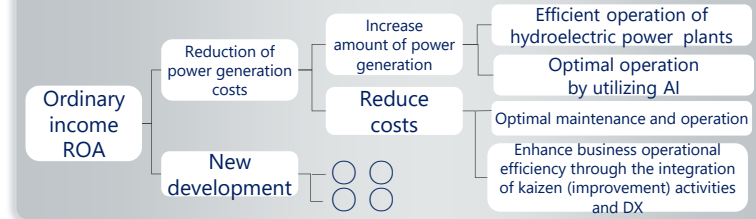


# Realizing Management with an Awareness of Cost of Capital and Raising PBR



- We aim to achieve **capital efficiency that exceeds cost of capital** through **autonomous management** of each business and **optimal allocation and monitoring of resources**.
- We aim to **raise PBR** through **active dialogue and disclosure** with shareholders and investors, **stable dividends**, and **increased returns commensurate with profit growth**.

## Example of ROIC tree : Renewable energy business



## Elements

## Perspective

## Direction of Responses

### ROIC



### Financial leverage

- Improve profit margin

- Improve asset efficiency

- Optimize financial leverage

- ✓ Secure stable earnings by **promoting cost reductions and setting appropriate sales prices**
- ✓ Raise asset utilization rate and reduce unnecessary assets
- ✓ Optimize management resource allocation
- ✓ Capital structure based on ratings, risk volume, and capital efficiency

## Current concrete initiatives

- Review standard rate menu at Chubu Electric Power Miraiz
- Increase hydropower generation (raise utilization rate, etc.)
- Reduce cross-shareholdings
- Review investment plans in accordance with the investment environment (selective investment in global business, etc.)
- Continuously consider medium-to-long-term optimal capital structure

### Improve predictability for shareholders and investors\*

\*Also contribute to reducing WACC

### Shareholder return

### Promote ESG management

- Dialogue and disclosure with capital markets
- Reduce performance volatility
- Steady returns in accordance with shareholder return policy
- Improve corporate value and reduce management risk by promoting ESG management

- ✓ Dialogue with investors and enhance disclosure
- ✓ Stabilize income and expenditures through **sophistication of risk management**
- ✓ Stable dividends and payout ratio of 30%
- ✓ Steady initiatives for each ESG item and disclosure of non-financial information

- Dialogue with **institutional investors and analysts** (2023 results)
  - Financial results and management plan briefings (4 times)
  - Meetings with IR department (150 times)
  - Meetings with the president, CFO, outside directors (49 times)
- **Risk hedging in power supply procurement** (options/swap transactions, etc.)
- Announcement of **increased dividends** (2024 forecast: 60 yen/share)
- Transition to a company with an Audit and Supervisory Committee
- Incorporating items\* for responding to climate change into executive compensation



\* Degree of attainment of "2025 targets registered with GX League" for CO<sub>2</sub> emissions

# Further Increase the Value of Human Capital



- We will promote investment in human resources to create environments where human resources with diverse abilities can with reassurance demonstrate their full potential and play active roles over the long term in accordance all their life events and career stages.

Increasing demands for assuring employee diversity (experience, knowledge, orientation, views, gender, age, nationality, etc.)

Diversification of work awareness and values

Intensifying competition to acquire human resources

Changes in the business environment

## Creating an Environment Where Diverse Human Resources Can Take Active Roles

### Promote flexible workstyles

- Flex time system without core time
- Minus Flex\*1/Telework
- Intermittent work

**Upgrade and expand system in FY2024**

**Introduce an actual three-day work week**

### Improve knowledge and experience

- Utilize advanced training, etc.
- Development through strategic placement

### Childcare leave system

Rate of male childcare leave taken\*2

**FY2023 results**

**104%**

**FY2025 target**

**100% maintained**

**System upgrading and expansion in FY2024**

**Introduce childcare leave for grandchildren**

### Mid-career recruitment

**FY2023 results**

**24%**

**FY2025 target**

**Maintain at around 20%**

### Number of women in managerial positions

**FY2023 results**

**2.5 times that of FY2014**

**FY2025 target**

**3 times that of FY2014**

## Providing opportunities and support to employees who take on challenges

### Expansion of internal recruitment system

**FY2023 results**

**169 posts**

**FY2025 target**

**300 posts**

### Introduce in-house second jobs and in-house internships (Commenced in December 2023)

### Expand learning opportunities

- Expand and upgrade online learning services
- Expand and upgrade financial incentives for acquiring qualifications

**Max. 50,000 yen**

**Max. 300,000 yen**

## Improve work environment and employee treatment

### Wages/bonuses

**FY2024**

**Full amount of pay request in response union demands**

**Wage revision: 12,000 yen increase/month (model \*3 value)**

**Average annual bonus: 1.83 million yen**

### Employee engagement \*4

**FY2023 results**

**BBB**

**(4th highest rating out of the 11 ratings)**

**FY2025 target**

**A**

**(3rd highest rating out of the 11 ratings)**

## Promoting safety and health activities

**Workplace safety and health activities based on the occupational safety and health management system**  
**Utilize safety activity support system**

**Centralization of information**  
**Horizontal deployment**



### Promotion of health management

**Regular health checks through comprehensive medical examinations for all employees**

**Individual health guidance by occupational health staff**

**Support for behavioral changes in exercise and sleep using wearable devices**

**Positive mental health initiatives aimed at preventing mental disorders**

\*1: A workstyle in which the daily flexible settlement time is negative. Utilize extra time generated to enrich lives

\*2: Childcare leave and percentage of childcare leave taken

\*3: 29-year-old high-school graduate, 11 years of service, spousal support

\*4: Measured by engagement survey provided by Link and Motivation Inc.

# Compliance and Governance Initiatives



## Measures to strengthen compliance measures (announced in March 2024)

- We take seriously the recent payment surcharge order received from the Japan Fair Trade Commission and will strive to **further implement thorough compliance**.

### ➤ Compliance Headquarters established at Chubu Electric Power

- Along with the establishment of this headquarters, we will establish a CLO<sup>\*1</sup> and appoint an external lawyer well-versed in antitrust laws as an executive legal advisor.

### ➤ Review the organization of Chubu Electric Power Miraiz, strengthen and expand training

- Strengthen mutual check functions by reviewing the gas sales organization.

### ➤ Implement education and enforce stricter rules regarding contact with competitors

- Implement education aimed at compliance with antitrust laws at Group companies, establish rules regarding contact with competitors.

\*1 Chief Legal Officer

## Fair transactions with business partners

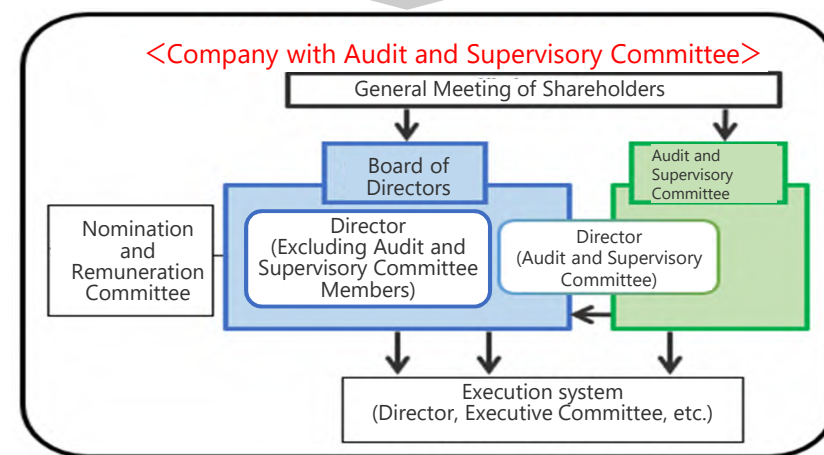
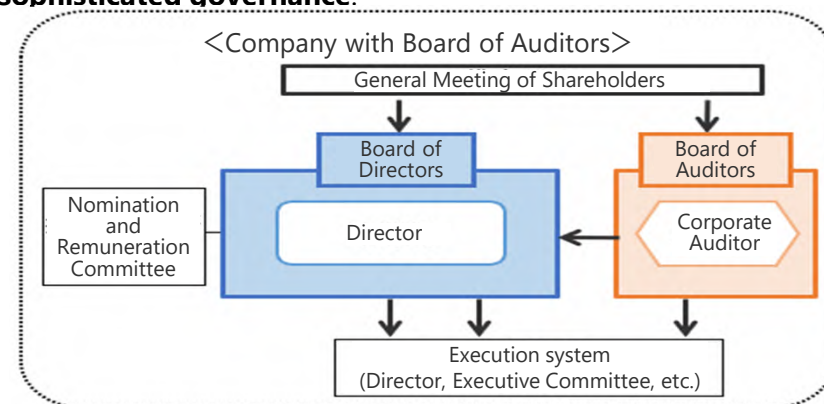
- We conduct **fair transactions** on **equal footing** with **our business partners** based on the **Chubu Electric Power Group Basic Procurement Policy** and the **Declaration of Partnership**.
- Given that Group companies received the lowest rating regarding price negotiations in a survey by the Small and Medium Enterprise Agency, **we will respond seriously to increases in transaction prices due to higher labor costs and prices and will reflect these appropriately after thorough consultation** based on the Guidelines for Price Negotiations for Appropriate Transfer of Labor Costs<sup>\*2</sup> and other related laws and regulations.



\*2 November 2023 Cabinet Secretariat/Japan Fair Trade Commission

## Transition to a Company with an Audit and Supervisory Committee

- Amid major changes in the business environment, we will **transition** from a Company with a Board of Corporate Auditors **to a Company with an Audit and Supervisory Committee** with the dual imperatives of achieving **flexible decision-making and sophisticated governance**.



\*3 To be implemented subject to approval at the 100th Ordinary General Meeting of Shareholders (scheduled to be convened in June 2024)



# Management Vision 2.0 and Medium-term Management Plan

- Chubu Electric Power Group companies express initiatives starting with solving local and social issues to **achieve sustainable growth together with all stakeholders**. (formulated in November 2021)



Click here for details. 



- Chubu Electric Power has specifically expressed its **Medium-term Management Targets** as a midpoint toward **the realization of Management Vision 2.0** and as well as its initiatives for attaining these targets. (formulated in April 2022)



Click here for details. 