Shikoku Electric Power Group

Seeking to be a force for happiness

INTEGRATED REPORT 2023

Shikoku Electric Power Group INTEGRATED REPORT 2023



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

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

Initiatives for Sustainability (in Japanese only)
https://www.yonden.co.jp/corporate/csr/index.html

Carbon Neutral Challenge (in Japanese only)
https://www.yonden.co.jp/corporate/carbon_neutral/index.html

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

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

Reporting Period
FY2022 (April 1, 2022—March 31, 2023)
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.

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Shikoku Electric Power Group Vision

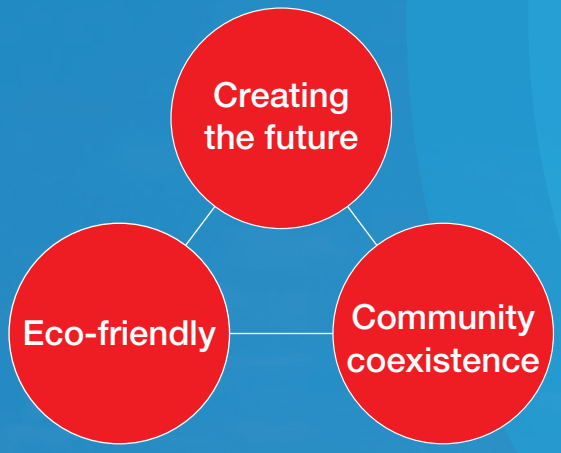
We, the Shikoku Electric Power Group, share with employees our desire to be a force for the happiness of our customers and community members, and will, as a multi-utility corporate group supporting work and life, contribute to comfortable, safe, and secure living, and to the Shikoku region's development.

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



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 business, 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 services 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.

	1951 (Founding) to 1970	1971 to 2000
Social Situation	Surge in electric power demand due to high economic growth	The oil crisis, the bubble economy and its collapse, and economic globalization
Our company's moves	<Power supply development and grid development> • Shift in power sources development away from hydroelectric power generation, mostly towards oil-fired power generation • Construction of transmission and distribution facilities in parallel	<Construction of a well-balanced power source configuration and the enhancement of main power transmission systems> • After the oil crisis, we promoted the development of coal-fired, nuclear and other power sources to realize a well-balanced power source configuration • We switched to 500 kV main transmission lines and regional interconnectors connecting to Honshu via two routes

<Electric power business>

1953
Matsuogawa Daiichi Power Station (hydropower) commenced operation



1962
220 kV operation commenced on J-POWER's Chushi main line



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

1965
Saijo Power Station (oil) commenced operation

1970
Sakaide Power Station (oil) commenced operation

1977
Ikata Power Plant Unit No. 1 (nuclear power) commenced operation



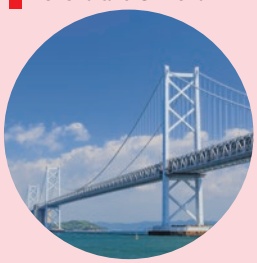
1982
Hongawa Pumping Power Station commenced operation



1994
Ikata Power Plant Unit No. 3 (nuclear power) commenced operation



1994
J-POWER interconnectors commenced operation between Honshu and Shikoku



* The Honshu-Shikoku interconnectors are attached to the bridge girders of the Seto Ohashi Bridge.

1994
500 kV operation commenced on the Shikoku-chuo main line

1997
District heating supply business commenced



* The Sunport area of Takamatsu City, where Shikoku Electric Power supplies heat.

2000
Tachibana-wan Power Station (coal) commenced operation



2000
Operations commenced at Anan-Kihoku DC main line



* Anan Converter Station, which is the entry point on the Shikoku side.

<Businesses other than electricity>

2001 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.>

- After liberalization, electricity rates were reduced multiple times
- Biomass co-firing with coal-fired power ahead of competitors
- Expansion of IT/Communication business and entry into international business

2011 to present

Great East Japan Earthquake, expansion of renewable energy introduction, crisis in Ukraine, and promotion of GX

<Sudden changes in electric power business environment and taking on the challenge of becoming a multi-utility company>

- Rapid increase in renewable energy sources linked to the power system
- Higher efficiency and low carbonization of thermal power generation through replacement
- Expanding operations in businesses other than electricity

2010
Replacement of Sakaide Power Station Unit No. 1 with LNG-CC
Commencement of operation at Sakaide LNG terminal

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



2023
Replacement of Saijo Power Station Unit No. 1



2010
Expansion of Matsuyama Solar Power Station



2005
Woody biomass co-firing commenced at Saijo Power Station



2020
The transmission & distribution business was spun off

YONDEN T&D

Shikoku Electric Power Transmission & Distribution Company

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

Grid-connected capacity of solar and wind power

Approx. **490** MW (end of fiscal 2012) → Approx. **3,610** MW (end of fiscal 2022)

1996–2008 7 rate reductions through increased efficiency of management

2001–2011 Buy-back and cancellation of treasury stock (cancellation of approx. 57 million shares)

2022
Commencement of operations at Niihama LNG Co., Ltd.



2013
Commencement of data center business



2008
Overseas IPP business commenced



* Qatar—Ras Laffan C Power and Water Project

2004
Optical telecommunications services business supplying individual households commenced (STNet, Inc.)

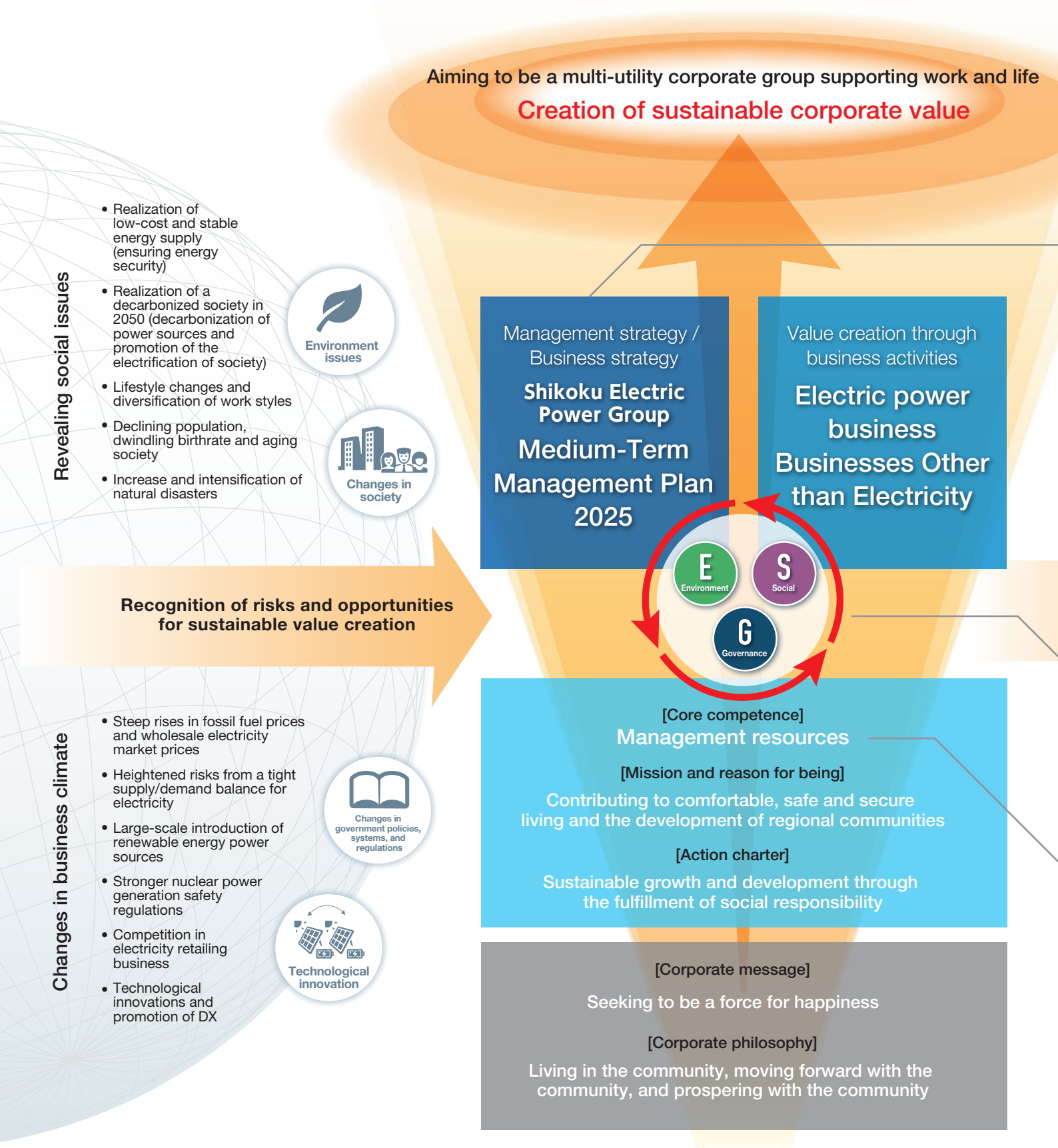
Pikara ピカラ光ねっと

Businesses Other than Electricity

Fiscal 2011 operating profit - **5.6** billion yen → Growth in profits → Fiscal 2021 ordinary profit in - above **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 business foundations and improvement of profitability in electric power generation, sales, and transmission and distribution
- **Businesses other than electricity**
  Expansion of growth businesses centered on IT / Communication business and international business

Business management that increases sustainability

<Continuous ESG Activities> See pages 48—70

- Identify key issues (Materialities) 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

Offer value to stakeholders

Creation of social value

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

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

Regional Society
- Coexistence and sustainable development with regional society
- Thorough implementation of compliance

Global Environment
- Minimizing environmental impact and contributing to the realization of a decarbonized society
- Promoting environmental preservation activities

Employees
- Respect for personalities and individuality, and promotion of diversity
- Commitment 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 challenges for 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 business and international business,” while making maximum use of the Group’s management resources and cooperating positively with the region and other businesses.

Maximized use of management resources

Strengthening of collaboration with the region / other companies

Business activities (Sources of sustainability)

[Electric power business]
Strengthening of business foundations and improvement of profitability of electric power generation, sales, transmission and distribution

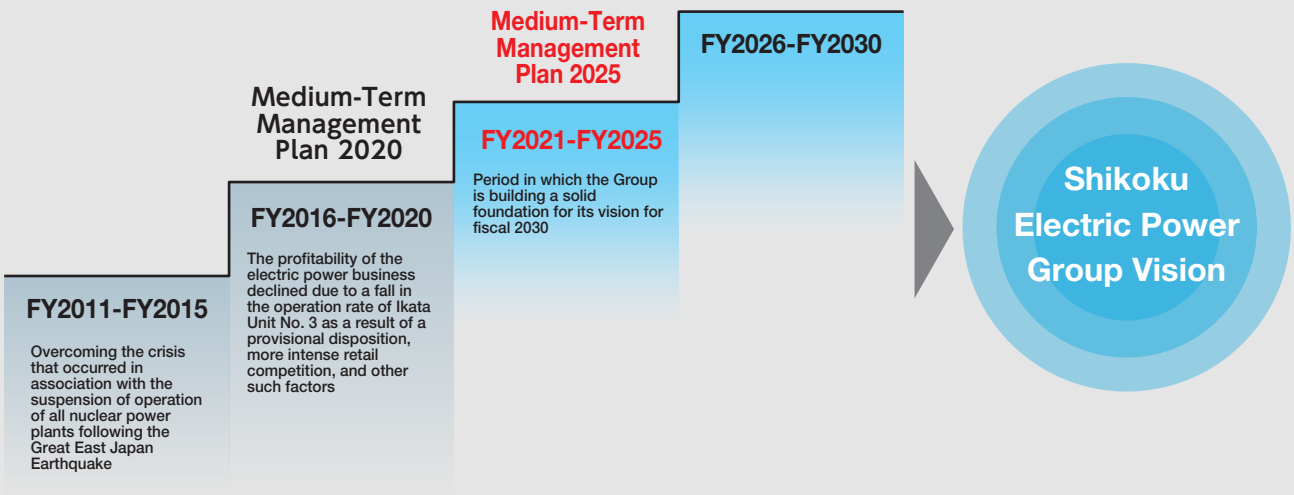
Creation of sustainable corporate value

[Businesses other than electricity]
Expansion of growth businesses centered on IT / Communication business and international business

Promotion of DX
(Acceleration of business activities)

Offer value to stakeholders

<Reference>
Positioning of Medium-Term Management Plan 2025



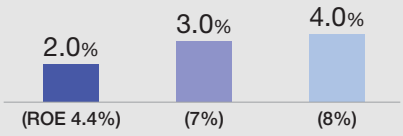
(Announced in March 2021)

Management Indicators, Shareholder Returns

Management targets	FY2016 to FY2020 (average results for the past 5 years)	FY2025 (targets)	FY2030 (long-term targets)

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

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



We will aim to maintain and expand business scale

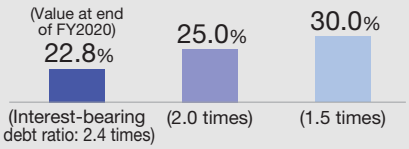
Ordinary profit
Approx. 35 billion yen



Management targets	FY2016 to FY2020 (average results for the past 5 years)	FY2025 (targets)	FY2030 (long-term targets)

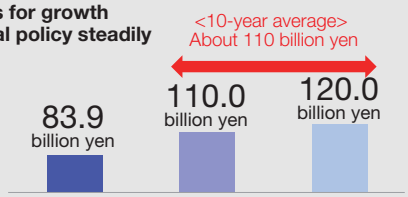
We will aim to balance securing financial soundness with the reduction of capital costs.

Shareholders' Equity Ratio
More than 25%
(Interest-bearing debt ratio: Less than 2.0 times)

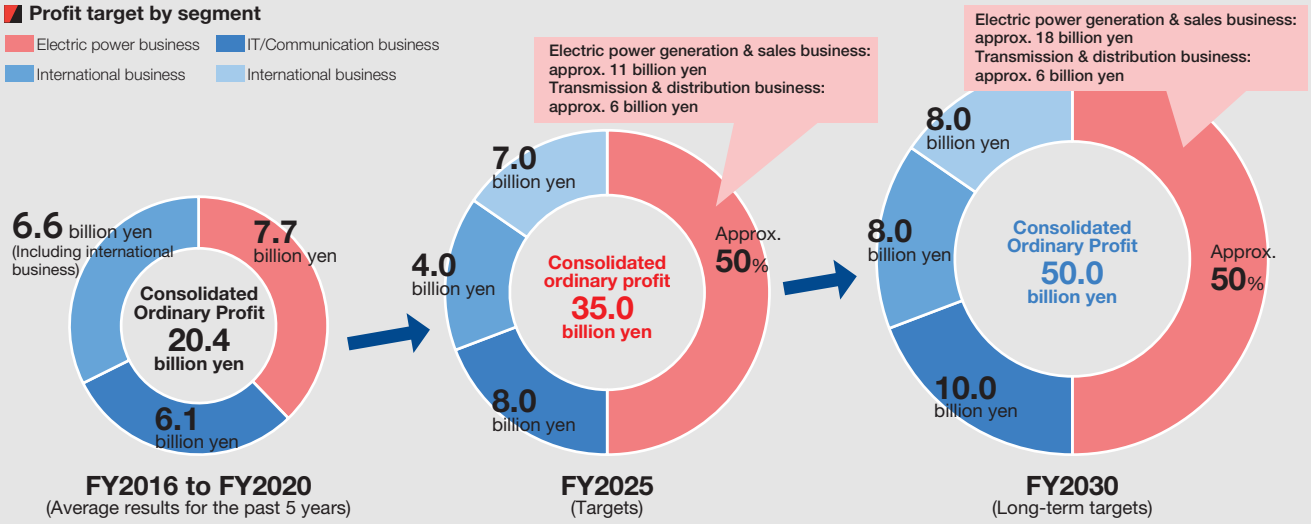


We will acquire funds for growth investment andcapital policy steadily

Cash flows from operating activities
Approx. 110 billion yen



Profit target by segment



Cash flow allocation (FY2021 to FY2030)

Cash flows from operating activities
1,100 billion yen

→

Maintenance and renewal 700 billion yen	Strategic investment 200 billion yen	Capital policy 200 billion yen

Expansion of renewable energy, low carbonization of thermal power generation, investment in international and new business, etc.

Dividends, reduction of interest-bearing debt, etc.

Shareholder Returns

Basic policy	• Our basic policy for shareholder returns is to issue stable dividend payments. We will determine dividend levels based on thorough consideration of such factors as business performance, financial condition, and the medium-to long-term outlook for the operating environment.
Target to aim for	• We will work toward early dividend payments of 50 yen per share, assuming 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.
- Used nuclear fuel is stored at the power station and then sent to a reprocessing plant, where it is reused as fuel after processing.

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 we are conducting economic demand-supply operations.

Competitive and well-balanced power generation mix

Proportion of baseload power sources with low generation cost*

Approx. 50%

Proportion of environmentally-friendly renewable energy and nuclear power among internal power sources

Approx. 40%

Resilience during disasters

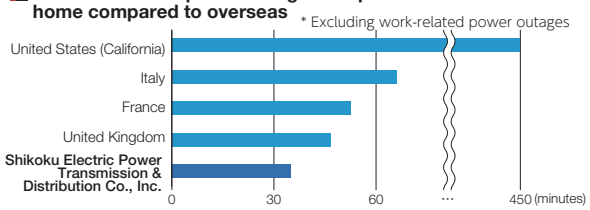
Our large power stations are distributed along the Seto Inland Sea, far from the assumed epicenter of a major earthquake (in the Pacific Ocean).

* Baseload power sources means nuclear, hydro (run-of-river type) and coal.

Highly reliable transmission and distribution network

World-leading quality electricity

Trends in annual power outage time per customer home compared to overseas



Source: "Overseas Electric Power Industry Statistics 2022," Japan Electric Power Information Center

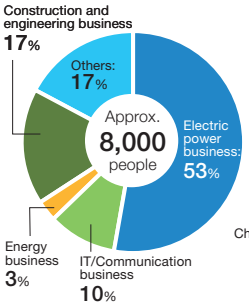
Resilience during disasters

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

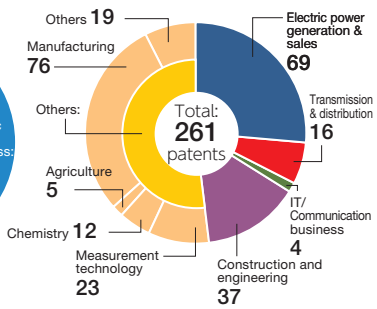
Abundant human resources, technologies, and knowhow

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

Number of employees



Number of patents held



Strong credibility and brand power in Shikoku region

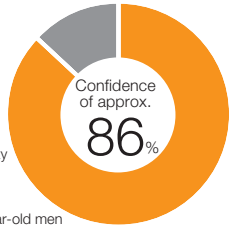
Maintain high reliability as an energy company that is closely rooted to the Shikoku region

Number of contracts for individuals and households

Approx. 1.90 million

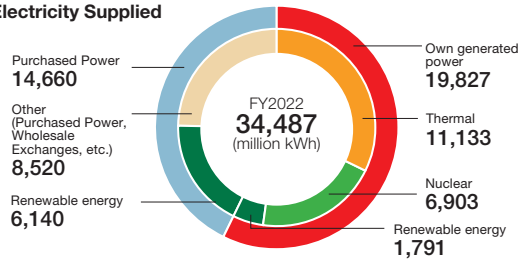
Note: Our share of low-voltage contracts for electricity sold in the Shikoku region: Approx. 85%

Reliability survey of Shikoku Electric Power

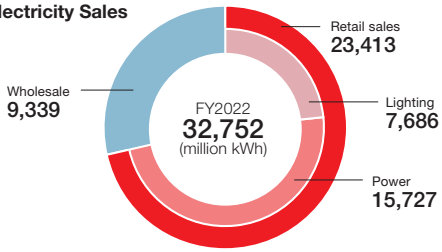


Note: Implementation date: October 2022
Subjects: 2,000 people 18 to 69 year-old men and women living in Shikoku

Electricity Supplied



Total Electricity Sales







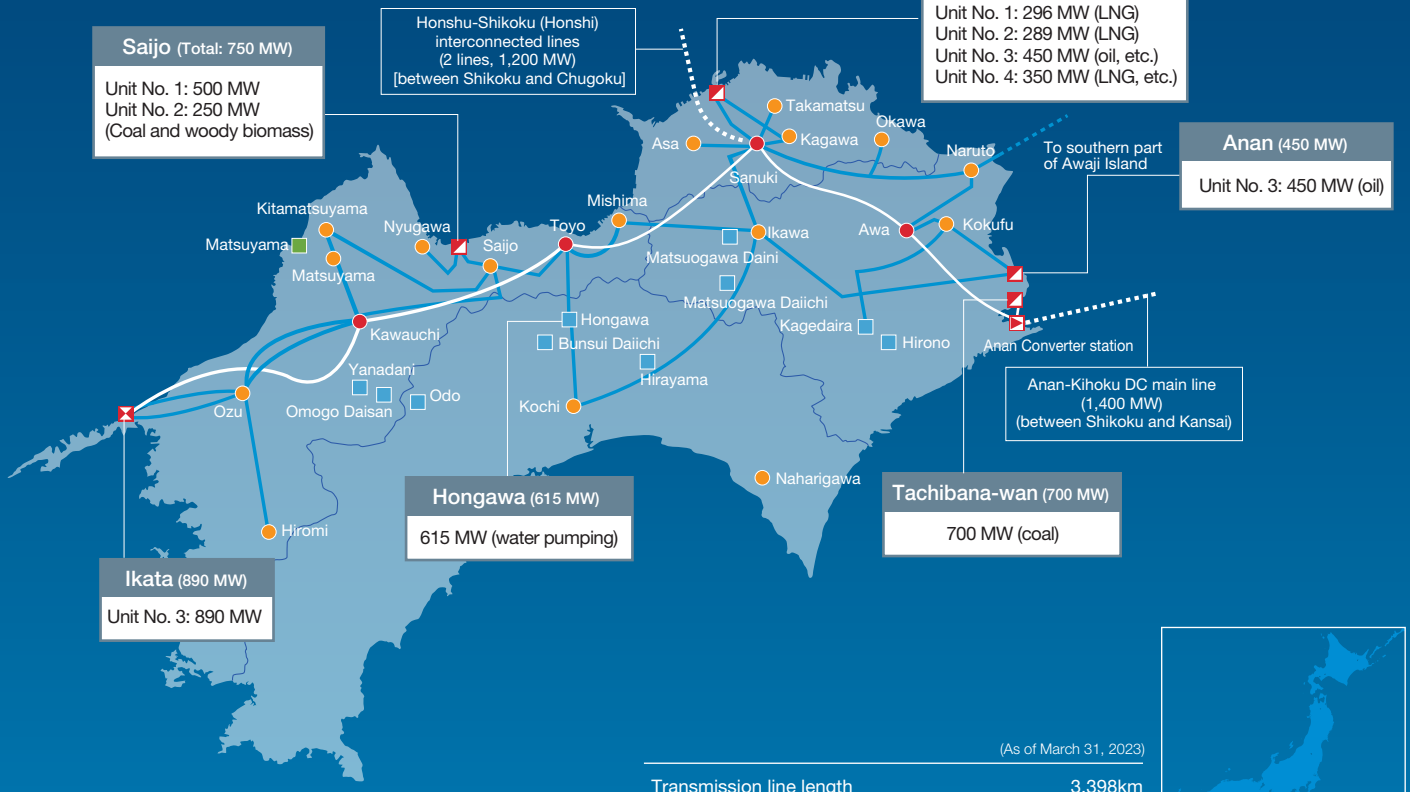

Transmission & distribution

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

Providing energy services

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

Facilities for electric power business (As of September 30, 2023)



- Nuclear Power Station
- Thermal power Station
- Hydropower Stations (over 20 MW)
- Solar Power Station
- Transmission line (500 kV)
- Transmission line (187 kV)
- Substations (500 kV)
- Substations (187 kV)
- AC/DC Converter station

* Dotted lines (transmission lines) represent equipment (power lines) from other companies.

(As of March 31, 2023)

Transmission line length	3,398km
Distribution line length	46,357km
Substations 240 locations	23.26 million kVA

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 CO_2 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 ・Promoting understanding of climate change measures among stakeholders	
	Advancing environmental preservation activities	Formation of a recycling-based society	・Promoting the reduction, reuse and recycling of waste	
		Promotion of regional environment preservation	・Appropriate implementation of environmental monitoring during construction work and publication 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 local people ・Continuous implementation of energy-related education for the next generation	
		Regional revitalization and issue resolution	・Continuous implementation of various activities that contribute to regional revitalization and resolutions to local issues	
	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	
		Creating comfortable working environments	・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 human resources who will contribute to the company's growth	・Enhancement of education and training for human resource development ・Passing 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 corporate governance	・Improving the transparency and quality of management by strengthening 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 education	

Key Indicators and Initiatives

See pages 75-76

Please refer to "Main ESG Data" for the definition of ESG indicators and changes over time.

	Fiscal 2022 Results	Numerical targets and fiscal 2023 policies
CO_2 emissions from the retail sector (values excluding the FIT free allocation)	11.70 million tons-CO_2	<FY2030 target> Approx. 9.8 million t-CO_2 (down 50% from FY2013)
Capacity from development of new renewable energy sources	Total: 300 MW	<FY2030 target> Total 500 MW
Coal ash recycling ratio	99.6%	<FY2023 target> 99% or more
Intensity of SOx/NOx emissions	SOx 0.1 g/kWh NOx 0.3 g/kWh	<FY2023 target> SOx 0.3 g/kWh or less NOx 0.5 g/kWh or less
Implementation of visiting-for-dialogues activities at Ikata Power Plant	Implemented for 27,000 homes	Continued on the same scale
Activities at Shikoku-ke Supporters Club	Implementation of various lively events	Expanding activities in cooperation with other companies
Ratio of female managers	3.5%	<FY2025 target> 5% or more
Rate of taking childcare leave (when also including vacation taken for the purposes of childcare)	100% for female employees and 9.6% for male employees (89%)	<FY2025 target> 100% for female employees and 15% or more for male employees
Promotion of health management	Certified as an Health and Productivity Management Organization (four consecutive years)	Health and Productivity Management Organization
Acquisition and development of human resources	Implementation of training for acquisition and succession of technical skills in the electric power business; expanding work experience outside the company, etc.	In addition to continuing the initiatives described on the left, enhancing mid-career recruitment
Maintaining and enhancing efforts to improve partnerships with suppliers	Compliance with the Declaration of Partnership-Building	Continuous implementation
Frequency and attendance rates of meetings of the Board of Directors and Audit & Supervisory Committee	Board of Directors: 11 meetings, 98.7% Audit & Supervisory Committee: 18 meetings, 97.7%	Further enhancement of content
Implementation of IR activities	Company briefings by the President: twice 1 on 1 meetings by IR Secretariat: 70 times, etc.	Further enhancement of content
Promoting compliance	Participation rate in compliance education - 100%	Continuous implementation of employee education activities; strengthening of internal controls by Conduct Policy Compliance Project; establishing rules for contact management with competitors
Serious security incidents	0 cases	Preventing security incidents and minimizing impact through rapid response

Long-term management targets

Shikoku Electric Power Group Vision

See pages 3-4

Management targets of Medium-Term Management Plan 2025

- FY2025 targets
- FY2030 targets

See pages 9-10

Carbon Neutral Challenge 2050

<CO_2 emissions>
- FY2030 targets
- FY2050 targets

See pages 17-19

E (Environment) See pages 48-54
S (Society) See pages 55-60
G (Governance) See pages 61-70

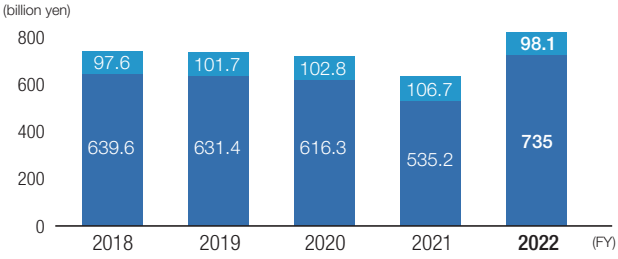
Shikoku Electric Power Group by the Numbers

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

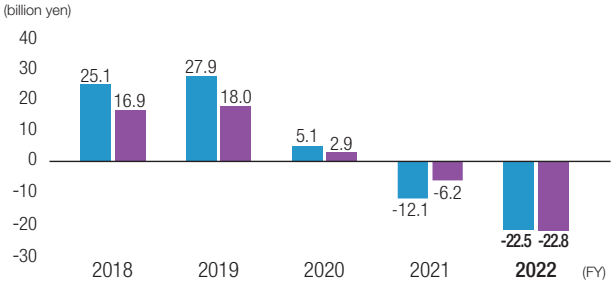
Electric power business **735** billion yen
Businesses other than electricity **98.1** billion yen



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

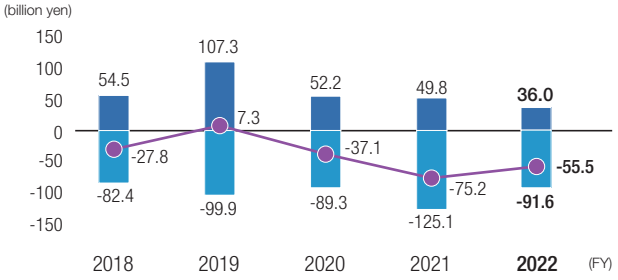
Ordinary profit (loss) / Net profit (loss) attribute to owners of the parent company

Ordinary profit (loss) **-22.5** billion yen
Net profit (loss) attribute to owners of the parent company **-22.8** billion yen



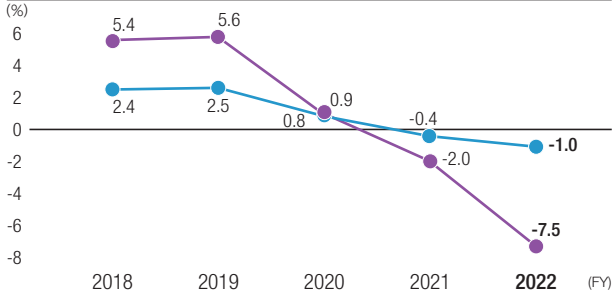
Cash flows

Cash flows from operating activities **36** billion yen
Cash flows from investing activities **-91.6** billion yen
Free cash flow **-55.5** billion yen



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

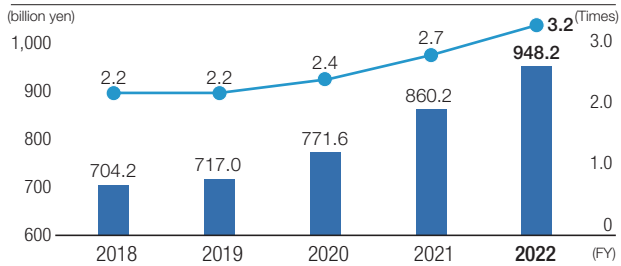
ROA **-1.0** %
ROE **-7.5** %



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

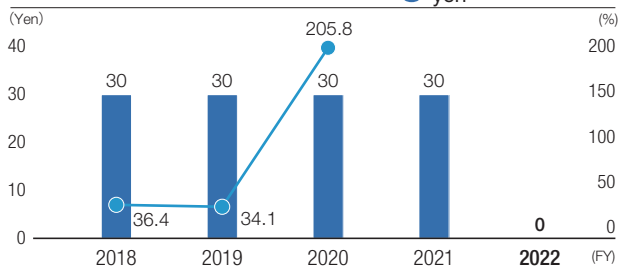
Interest-bearing debt balance / Interest-bearing debt ratio

Interest-bearing debt balance **948.2** billion yen
Interest-bearing debt ratio **3.2** times



Dividend per share / Dividend payout ratio

Dividend per share **0** yen

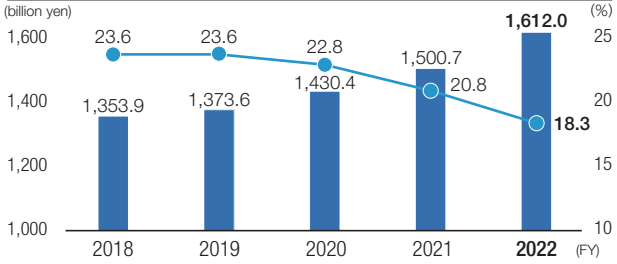


* The dividend payout ratios for fiscal 2021 and fiscal 2022 cannot be calculated due to the recording of net losses.

Financial Information → See pages 73-74
Non-financial Information (Main ESG Data, SASB Standards Index) → See pages 75-78

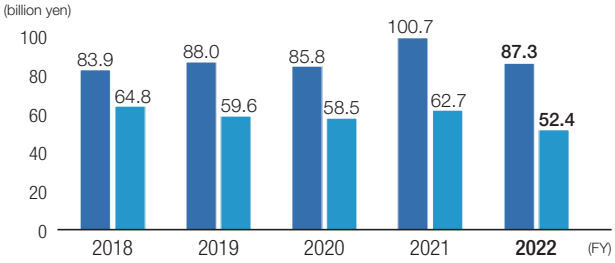
Total assets / Shareholders' equity ratio

Total assets: 1,612 billion yen
Shareholders' equity ratio: 18.3%



Capital investment / Depreciation expense

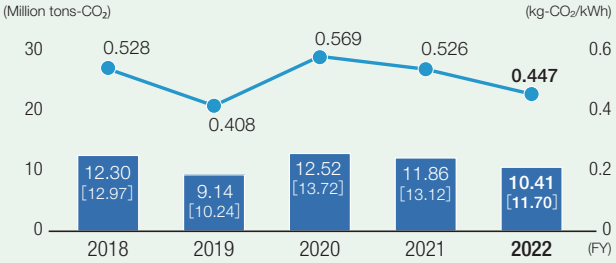
Capital investment: 87.3 billion yen
Depreciation expense: 52.4 billion yen



Non-financial Highlights

CO_2 emissions volumes*1-2 and CO_2 emissions intensity*1-2

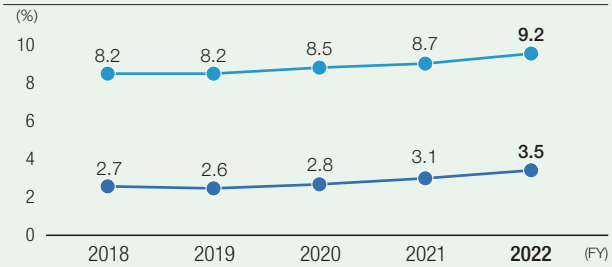
CO_2 emissions volume: 10.41 million tons-CO_2
CO_2 emissions intensity: 0.447 kg-CO_2/kWh



*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 Values in parentheses are the values for *1, excluding the FIT free allocation (same basis as Shikoku Electric Power's FY2030 targets).

Ratio of female managers* / ratio of female employees*

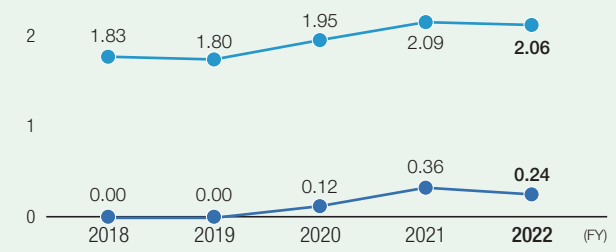
Ratio of women in managerial positions: 3.5%
Ratio of female employees: 9.2%



Combined total for Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.

Labor accident frequency rate*1

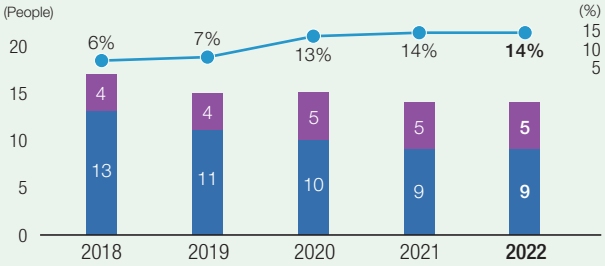
Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.: 0.24
All industries*2: 2.06



*1 The number of deaths and injuries per one million working hours (requiring one day or more off work), is the total for Shikoku Electric Power and Shikoku Electric Power Transmission and Distribution Co., Inc. The data collection period is the fiscal year for Shikoku Electric Power and Shikoku Electric Power Transmission and Distribution Co., Inc. January to December for all industries.
*2 Source: Ministry of Health, Labour and Welfare "Survey on Industrial Accidents"

Composition of directors*

Internal directors: 9 people
Outside director: 5 people
Ratio of female directors: 14%

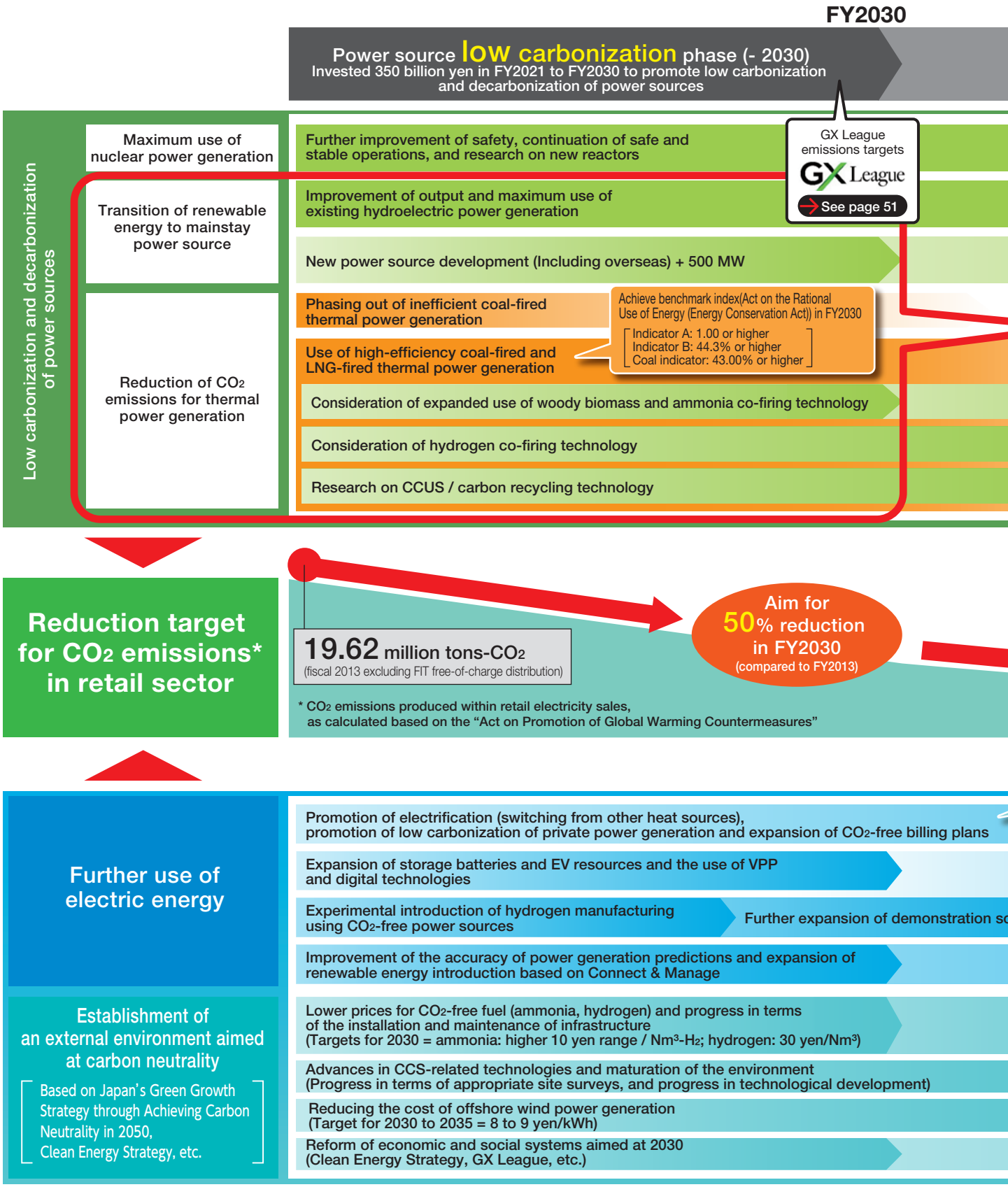


* People after the General Meeting of Shareholders in June

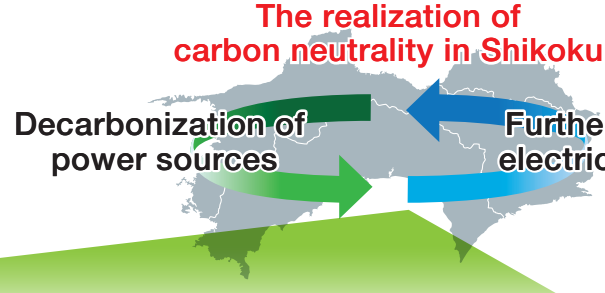
Carbon Neutral Challenge 2050

(Partially updated in September 2023)

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.



The realization of carbon neutrality in Shikoku



FY2050

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

Solar power generation

Wind power generation

2050 target: +2000 MW

Detailed roadmap to FY2030

See page 19

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 CO_2

Ratio of non-fossil certificates in the retail sector to electricity sold Achievement of 44% or more in fiscal 2030

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 yen/Nm^3)

(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

(Reference) Individual Roadmaps to 2030

Shikoku Electric Power Group has designated the period up to 2030 as the phase for low-carbonization of power sources, and has drawn up roadmaps for renewable energy and thermal power generation up to 2030. Our Group is making concrete efforts in accordance with these plans.

Transition of renewable energy to mainstay power source

Based on the development roadmap, we are systematically improving the output of existing hydropower stations and excavating new development sites for each power source.

Power source type		2022	2025	To 2030
Existing hydropower		Improvement of output and maximum use of existing hydropower stations		
Development of new power sources	Hydropower		▼Commencement of operation of the Kurofujigawa power station (hydropower) (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)	▼Commencement of operation for the Hazama Kami-ike and Naka-ike Floating Solar Power Project (scheduled for 2025)	
		Development involving the leveraging of reservoirs, degraded farmland, and so on		
			▼ Acquisition of Bizen Kumonoue and Yumesaki Yumefurusato solar projects (2023) ▼Acquisition of Phu Yen Solar Photovoltaic Power Generation Project, Vietnam (2023)	
		Purchase of existing power stations (inquiries for this can also be made via our website)		
	Wind power		▼Commencement of operations at Otoyo wind power facility (scheduled for 2025)	
		Participation in onshore wind power projects and discovery of new development sites		
		Replacement of existing onshore wind farms		
		Participation in offshore wind power projects		
	Biomass	▼ Hirata Biomass Start of operation No. 1: 2022 No. 2: 2023	▼ Commencement of operations for Ozu Biomass project (scheduled for 2024) ▼ Commencement of operations for Sakaide Biomass project (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		

Reduction of CO_2 emissions in thermal power generation

We have positioned the period up to 2030 as the low-carbonization phase in order to improve the efficiency of thermal power stations, and we are considering the co-firing of biomass and ammonia at existing power stations.

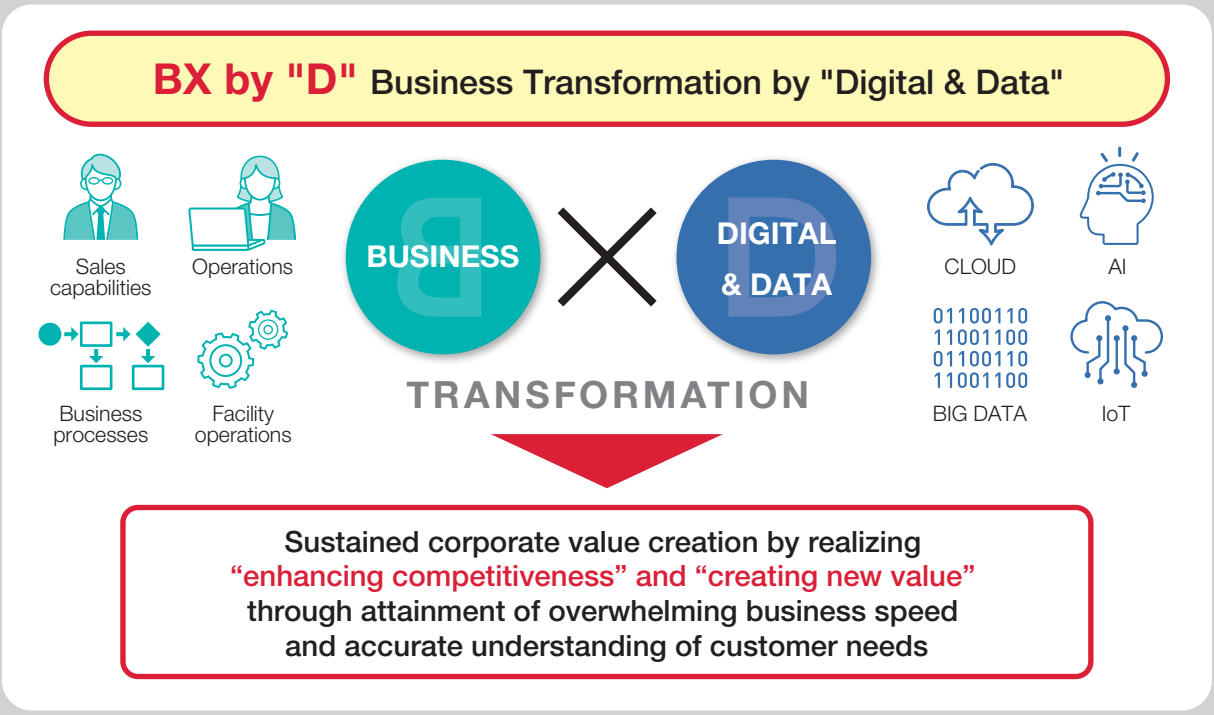
Item	Power source low carbonization phase (up to 2030)		
	2022	2025	- 2030
Utilization of high-efficiency, coal-fired thermal power	Decommissioning of former Saijo Unit No.1 ▼ Replacement work	Commencement of the operation of the new Saijo Unit No. 1 ▼ Utilization of high-efficiency, coal-fired thermal power	Commencement of co-combustion of solid fuel comprised of sewage sludge at the new Saijo Unit No. 1 ▼
Expanding the usage of woody biomass Ammonia co-combustion	Feasibility study and review phase	Execution phase	
	Consideration of power generation facilities such as fuel-receiving storage facilities and boilers Consideration to ensure the stability and economic efficiency of fuel procurement	Detailed study	Design, production and construction Commencement of co-combustion
	Consideration of collaborations with other companies		
Hydrogen co-combustion	Consideration of introduction of co-combustion technology and consideration of supply chains		
CCUS and other research and implementation	Research on and consideration of the introduction of CO_2 separation and collection, and carbon recycling technologies		

Promotion of Digital Transformation (DX)

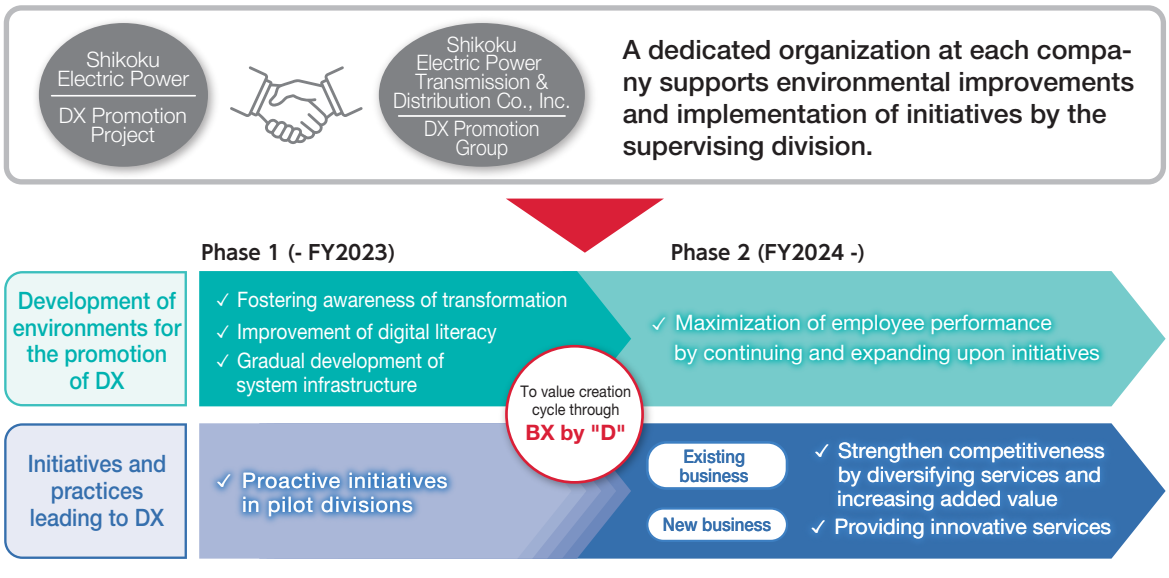
Shikoku Electric Power Group positions DX as a means to strengthen competitiveness and realize new value creation in its business activities. We are promoting the transformation of business models and processes through environmental improvements and the implementation of initiatives to promote DX.

BX by "D"

DX is defined as **BX by "D"** (= using digital technology and data to transform business model processes, corporate culture, employee mindset, etc.), and efforts are being made at the Group level.



Roadmap for DX promotion



* See "Upgrading maintenance operations for power generation, transmission and distribution facilities" for details explanations of initiatives. See page 40

We aim to achieve Medium-Term Management Plan 2025 while restoring our business foundation and strengthening our risk management and resilience.

Greetings

Shikoku Electric Power Group's mission is to contribute to people's comfortable, safe and secure lifestyles, as well as to regional development, with a focus on energy. We pursue our business operations with the aim of establishing "a multi-utility corporate group supporting work and life."

The global energy situation changed drastically after Russia's invasion of Ukraine. Accordingly, Japan's Cabinet approved The Basic Policy for the Realization of GX (Green Transformation), which aims to bring about a decarbonized society based on the premise of stable energy supply. In May 2023, the GX Promotion Act and the GX Decarbonization Power Supply Act were enacted. In addition, the recent rise in energy prices has led to growth of business models that provide new value, such as off-site PPAs for renewable energy, local production and consumption of energy, and distributed energy resource that incorporate demand-response from the consumer side.

Under these circumstances, as a responsible energy supplier and once again recognizing the importance of S+3E and risk management and resilience in business management, Shikoku Electric Power is accelerating efforts to consider low carbonization and decarbonization of power sources for realizing GX, while supplying electricity stably. At the same time, we are making progress in responding to distributed energy resource business, which is expanding in line with changes in society and customer needs.

We have defined fiscal 2023 as a "year in which we restore our business foundation by normalizing management of our electric power business and restart efforts to achieve the targets of the Medium-Term Management Plan 2025." Accordingly, we have set out the following management policies:

- Improving profitability in the electric power business
- Expanding profits in businesses other than electricity
- Strengthening our platform for sustainable corporate value creation (continuing and deepening ESG and SDGs)

We will strive to improve business performance while strengthening our risk tolerance, and we will promote sustainable value creation for the future.

Based on our strong brand and credibility in the region, Shikoku Electric Power Group will contribute to regional development and the realization of a sustainable society as a corporate group that can be chosen by all. To that end, we would like to humbly ask for the continued understanding and support of our stakeholders.



Keisuke Nagai
Director and President

Q Please tell us about the Business Operation Policy for fiscal 2023 and the challenges to achieve Medium-Term Management Plan 2025.

A **In the electric power business, we are working to strengthen risk tolerance and improve profitability in both power generation and retail.Meanwhile, in businesses other than electricity, we are largely on track to achieve the goals of Medium-Term Management Plan 2025.**

Under Medium-Term Management Plan 2025, Shikoku Electric Power Group aims to achieve consolidated ordinary profit of 35 billion yen by accelerating growth through value creation in both the electric power and other business. In addition, we build a business structure that allows us to sustainably secure half of our targeted profits through each side.

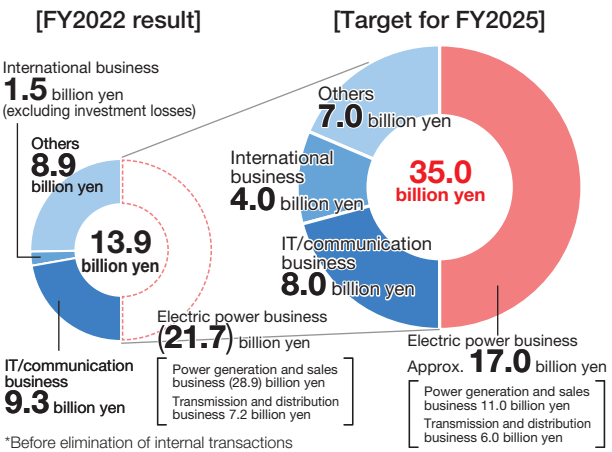
In the electric power business, the transmission and distribution business has remained relatively stable. On the other hand, in power generation and retail, we recognize that strengthening risk tolerance and improving profitability are ongoing challenges amid rising volatility in wholesale electricity market prices due to concerns about supply shortages nationwide and soaring fuel prices.

In the power generation business, the competitiveness of Ikata Unit No. 3 has been increasing amid soaring fuel prices. However, we would be exposed to significant budgeting risks if these aging thermal power plants, which continue to operate at a high rate, were to be suspended due to trouble or other reasons, and this forced us to purchase alternative power from the market. Accordingly, in fiscal 2023, we are strengthening our risk resilience by thoroughly implementing the repairs postponed under the stringent business environment of recent years, thereby maintaining and improving the reliability of thermal power supply. We will also utilize the increased supply capacity resulting from the opening of the new Saijo Unit No. 1 to maximize profits from wholesale by skillfully combining direct sales with market sales.

Conditions were challenging in the retail business due to high fuel prices and other factors, but with the approval of a new transitional rates (regulated retail rates) in May 2023, we are now on the verge of normalizing our operations. In fiscal 2023, we are striving to strengthen risk tolerance by seeking sales volumes to match available supply capacity. Under our newrate, we are working to further strengthen relationships with customers through consulting activities and other means of retaining customers and promoting electrification.

Meanwhile, in businesses other than electricity, we have steadily expanded businesses targeting general consumers such as the IT/communication business and the construction and engineering business, and we can now expect stable earnings. In the international business, we expect to make approximately 80% of our profit target, and we intend to continue expanding our business while thoroughly managing risks based on our experience. In businesses other than electricity, we are largely on track to achieve the goals of Medium-Term Management Plan 2025, and we will continue making steady efforts.

Profit by segment



*Before elimination of internal transactions

Key activity indicators

	FY2020 result	FY2022 result	Target for FY2025 [Target for FY2030]
Equipment utility rate (excluding water pumpingat the Hongawa PowerPlant)	38%	54%	– [55%]
Ikata Unit No. 3	–	92%	[Top level in Japan]
New development for renewable energy	170 MW	300 MW	– [500 MW]
Total electricity sales (Excluding electricity transmission and distribution)	28 billion kWh	31.3 billion kWh	– [30.0 billion kWh]
Retail within the Shikoku region	21.4 billion kWh	22.1 billion kWh	21.0 billion kWh
Retail outside the Shikoku region	0.5 billion kWh	1.2 billion kWh	1.0 billion kWh
Owned capacity within the international business	710 MW	890 MW	1,500 MW [2,000 MW]

Q Recently, there has been a growing interest in corporate sustainability information. Could you please tell us about your approaches to climate change and human capital?

A **With regard to measures against climate change, we are accelerating considerations into upgrading our existing thermal power facilities by 2030. As for human capital, we are working to promote diversity and inclusion, and to develop and secure human resources.**

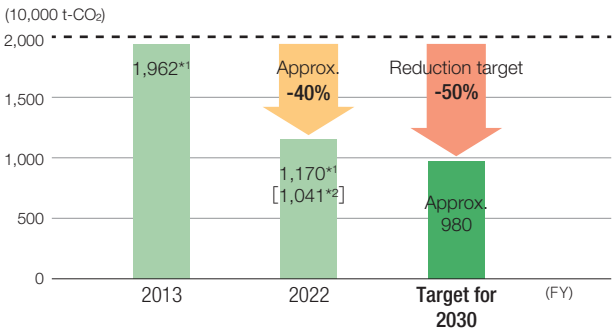
As a responsible energy supplier, Shikoku Electric Group recognizes that addressing climate change is a crucial issue. We aim to become carbon neutral by 2050, based on policies of low-carbonization and decarbonization of power sources on the supply side, while further utilizing electric energy on the demand side.

As a concrete approach, we have set an initial target of reducing CO_2 emissions from the retail sector by 50% in fiscal 2030 compared to fiscal 2013. As part of this approach, we are promoting the maximum use of nuclear power generation and expanded development of renewable energy sources. Increased renewable energy means that thermal power generation is playing a greater role as an adjusting force, in addition to being a supply source. This is why we intend to continue using thermal power generation while working to achieve low carbonization and decarbonization. At the end of June 2023, the Saijo New Unit No. 1 was replaced with state-of-the-art high-efficiency equipment and began operations. The unit co-fires wood biomass and is also scheduled to co-fire solid fuel comprised of sewage sludge starting in 2025, which is expected to further reduce CO_2 emissions. As for existing thermal power, we are accelerating internal considerations with the aim of expanding the co-firing of wood biomass and introducing ammonia co-firing by 2030. In addition, in cooperation with other companies, we are examining the introduction of hydrogen and ammonia and the establishment of supply chains.

On the other hand, Shikoku Electric Power Group recognizes that human resources are the greatest driver of sustainable value creation. In order to maximize the value of human resources, we are committed to diversity and inclusion, the development and securement of future-leading human resources, and improving employee engagement.

From the perspective of human resources strategy, it is important to maximize the performance of the entire organization by securing and developing human resources in response to changes in the business environment and business portfolio, and allocating people to the right places. For this reason, in addition to systematically developing human resources who will inherit the DNA needed to support stable electricity supplies, we are making efforts to secure and developing human resources who will lead growth businesses by generating attractive ideas and innovation, and to create new value by promoting DX. We also promote the career development and promotion of female employees to managerial positions. Our aim is to create sustainable value by establishing work environments where diverse human resources can play active roles and by promoting work style reforms.

CO_2 emissions from the 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 (values based on the Act on Promotion of Global Warming Countermeasures)

Exchanging views with power plant staff



Q What is your approach to improving corporate governance and compliance?

A Enhancing corporate governance is the foundation for sustainable value creation. We take a serious view of the incident where information was viewed for other than the intended purposes. Accordingly, we are working to enhance compliance awareness and strengthen internal control for conduct policy.

Enhancing corporate governance provides the foundation for sustainable value creation. At Shikoku Electric Power, the ratio of outside directors to directors is as high as 36%. The outside directors include two women, and all five outside directors are independent directors who meet the requirements of the Tokyo Stock Exchange. The Personnel Committee is a voluntary committee chaired by an outside director, and the majority of its members are outside directors. It deliberates on matters such as the appointment and dismissal of the President, directors, and executive officers, and the hiring and dismissal of senior advisors and executive advisors. The Compensation Committee, which has a similar structure, deliberates on the level of compensation for directors. In fiscal 2019, we introduced stock compensation as an incentive to improve corporate value over the medium to long term, and in fiscal 2023, we introduced performance-linked compensation based on consolidated ordinary profit as an incentive to improve short-term performance.

Shikoku Electric Power believes that the most important role of outside directors is to monitor and supervise management from a standpoint that is independent of business execution. For this reason, all outside directors are appointed as Audit and Supervisory Committee Members. In fiscal 2022, the Audit and Supervisory Committee met 18 times and received opinions on important matters related to business execution. The quality of governance at Shikoku Electric Power Group has been improved and new perspectives and ideas on our business management have been expressed through the exchange of views and discussions with internal directors and executive officers at regular meetings, in addition to Board of Directors meetings.

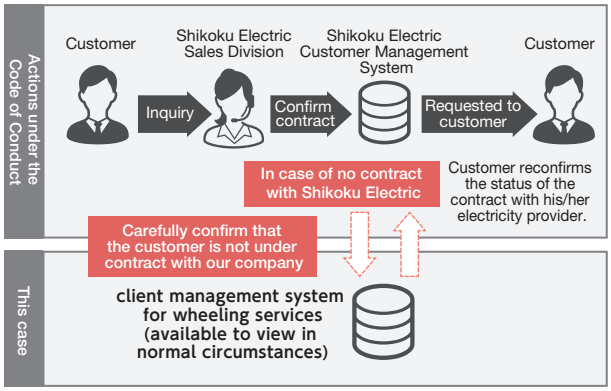
On the other hand, from a compliance perspective, we take a serious view of the incident in which customer information was viewed for purposes other than intended, which was discovered in February 2023. In this incident, Shikoku Electric Power employees viewed customer information belonging to another company managed by Shikoku Electric Power Transmission and Distribution Co., Ltd. for purposes other than disaster response. The employees viewed the information to check the status of contracts in response to various inquiries from the customer. Although there were no cases where information was viewed for sales purposes, both Shikoku Electric Power and Shikoku Electric Power Transmission and Distribution Co., Ltd. have taken measures to prevent recurrence in order to ensure thorough awareness of compliance, and we have strengthened internal control systems for conduct policies to restore trust.

Furthermore, in light of the fact that violations of the Antimonopoly Act by electric power companies have become a social issue, in April 2023, Shikoku Electric Power established Rules on Contacting Competitors in order to prevent cartels, bid-rigging, and other suspicious behavior. We set out rules on the measures to be taken when compliance issues or problems are seen in our contacts with competitors, as well as rules on internal reporting. In order to raise awareness of compliance among the directors and senior managers at our sales and planning departments, we hold lawyer-led study sessions on Antimonopoly Act to remind ourselves of the key points for preventing cartels.

Key initiatives to strengthen governance

- 2023: Introduction of performance-linked compensation
- 2020: Establishment of Personnel Committee
  : Increase in the number of outside directors (from 4 to 5)
- 2019: Introduction of stock compensation system
- 2017: Transition to company with an audit and supervisory committee
  : Increase in the number of outside directors (from 2 to 4)
- 2015: Formulation of the Yonden Basic Policy on Corporate Governance (in Japanese only)
  : Establishment of Compensation Committee
  : Start to assess the effectiveness of the Board of Directors

Outline of incident where customer information was viewed for unintended purposes



Actions to prevent recurrence of unauthorized access to customer information

In light of incidents such as the viewing of customer information managed by Shikoku Electric Power Transmission and Distribution Co., Ltd. for purposes other than authorized, both Shikoku Electric Power and Shikoku Electric Power Transmission and Distribution Co., Ltd. are taking measures to prevent recurrence, strengthening their internal control systems for conduct policy, and working to restore trust.

Initiatives to prevent recurrence

Measures taken by YONDEN T&D	• Shikoku Electric Power employees are not permitted to access the client management system for wheeling services* except in the event of disaster or other emergencies. (We have implemented physical partitioning in the same system for some time.) • Maintaining access logs to the client management system for wheeling services and analyzing them on a periodic basis
Measures taken by Shikoku Electric Power	• Continuously raising employee awareness through implementing training on conduct policies and dialogs with employees by having the President and other sales division executives visit workplaces, etc. • Conducting a comprehensive review of business manuals and reviewed and improving work flow

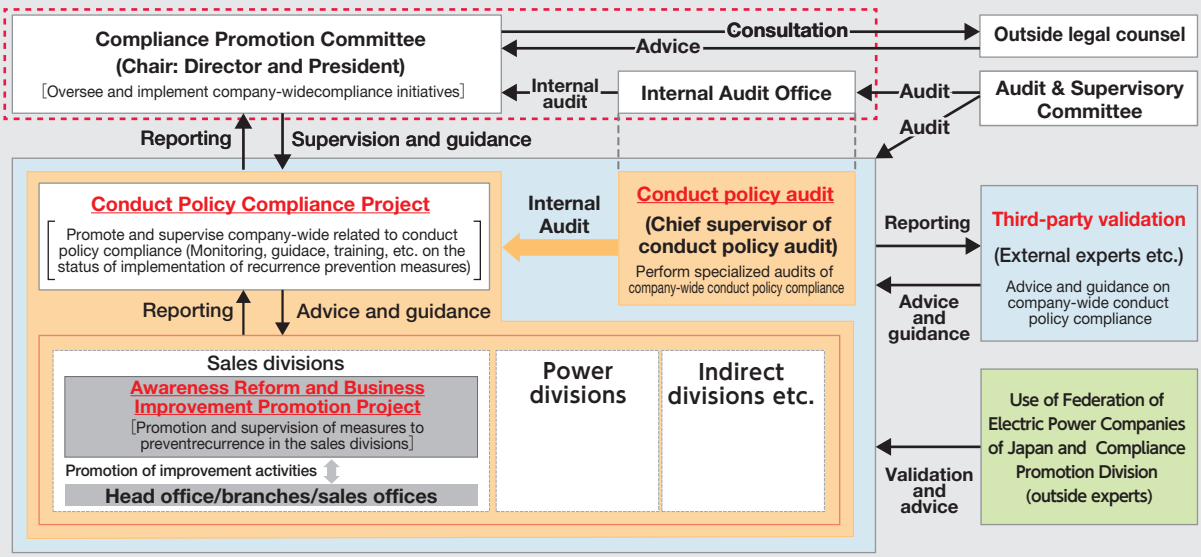
Strengthening the internal control system for conduct policies

Shikoku Electric has strengthened its internal control system for conduct policies. New initiatives included:
- Established the “Awareness Reform and Business Improvement Promotion Project” within the Sales Division to promote and oversee measures to prevent recurrence.
- Established the “Conduct Policy Compliance Project” to promote and oversee company-wide conduct policy compliance initiatives

Established the “Conduct Policy Compliance Audit” within the Internal Audit Office to perform specialized audits of company-wide conduct policy compliance.
Furthermore, by adding a framework for receiving advice and guidance from outside experts and other third parties, we have established an objective and highly effective system and are firmly committed to preventing recurrence.

* YONDEN T&D has also implemented measures such as the establishment of a committee to oversee and evaluate company-wide efforts to comply with conduct policy and a dedicated implementation organization. It has also assigned a director in charge of conduct policy compliance to the internal audit office, which performs internal audits.

Strengthening internal control functions at Shikoku Electric Power (New organizations and functions are marked in red)



Q How will you achieve management that is "conscious of the cost of capital and stock prices," as required by the Tokyo Stock Exchange?

A We believe it is important to raise near-term profitability while being conscious of capital costs and asset efficiency, and to present a solid path for Shikoku Electric Power Group's sustainable growth into the future.

Our group has set ROA and ROE management targets. We have been working to continuously secure profits above the cost of capital and reduce the cost of capital, with an eye toward improving asset efficiency. At the same time, we have been managing our business with the goal of increasing the efficiency of shareholders' equity, while maintaining a sound financial platform. We believe this meets the requirements of the Tokyo Stock Exchange for listed companies to be managed with awareness of the cost of capital and stock prices.

In recent years, we have faced difficult business conditions due to the effects of high fuel prices and other factors. However, in the electric power business, we have been able to normalize our business operations by carrying out a rate revision, while seeking the understanding of our customers. Going forward, we believe it will be important to increase profitability while restoring our business bases in both power generation and retail. We will also need to firmly chart a path for our group's sustainable future growth, in conjunction with strongly-performing businesses other than electricity. We will continue to meet the expectations of our shareholders and investors, while remaining conscious of capital costs and asset efficiency.

Q What is your future capital policy and shareholder returns policy?

A We aim to achieve an annual dividend of 50 yen per share by fiscal 2025, the final year of our Medium-Term Management Plan, while steadily improving our financial position.

Regarding shareholder returns, our basic approach will be to issue stable dividend payments and determine dividend levels based on overall consideration of such factors as business performance, our financial position, and the medium-to long-term outlook for the operating environment.

Our consolidated shareholders' equity ratio was 18.3% at the end of fiscal 2022 due to a deterioration in our financial position, reflecting recent business conditions. However, from fiscal 2023, we will move to a phase where interest-bearing debt will decrease and our financial position will improve, as operating cash flow recovers due to the normalization of our electric power business management, and free cash flow becomes profitable due to the conclusion of large-scale investments in the electric power business. To this end, we intend to provide stable dividends while steadily improving our financial structure. We aim to realize an annual dividend of 50 yen by achieving consolidated ordinary profit of 35 billion yen by fiscal 2025, the final year of the Medium-Term Management Plan, and by ensuring we achieve our target of realizing half of our profits from the electric power business, and half from businesses other than electricity.

To that end, we would like to humbly ask our shareholders and investors for their continued understanding and support of our Group's business activities.



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.
- When conducting business management, we will establish targets and policies for the electric power business and businesses other than electricity, and work collectively as a Group to realize them, based on our group vision, which prepares us for fiscal 2030.

Electric power business

P.31 **Electric power generation**
P.37 **Sales**
P.39 **Transmission and distribution**

Businesses other than electricity

P.42 **Expansion of growth businesses**
P.45 **New business and services**

Value Creation through Business Activities

Electric power business

In the electric power business, which is our core business, we will work to achieve stable power supplies and GX, while improving profitability in each of the fields of electric power generation, electricity sales, and transmission and distribution.

Business Operation Policy

Electric power generation (nuclear, renewable energy, thermal power, and supply-demand management)

See pages 31—36

We are working to strengthen our business foundation while promoting low carbonization and decarbonization of our power supply facilities.

- Safe and stable operation of nuclear power plants
- New development of renewable energy
- Promotion of stable operations, low carbonization and decarbonization at thermal power plants
- Stable fuel procurement and pursuit of the most economical supply-demand management

Sales (retail and wholesale)

See pages 37—38

For retail sales, we will work to further strengthen relationships with customers and promote electrification under new pricing plans. We will maximize profits in wholesale by taking into account trends in fuel prices and wholesale electricity market prices.

- Strengthening relationships through account sales in retail, and through consulting activities
- Improving customer satisfaction in retail sales and promoting residential electrification
- Maximizing profits in wholesale
- Expanding profit opportunities through solar PPA business,etc

Transmission & distribution

See page 39

We will make the necessary investments to maintain supply reliability consistent with improving cost efficiency while making maximum use of renewable energy sources such as solar power, which are becoming more widespread.

- Maintaining supply reliability and improving cost efficiency
- Measures to maintain supply-demand balance

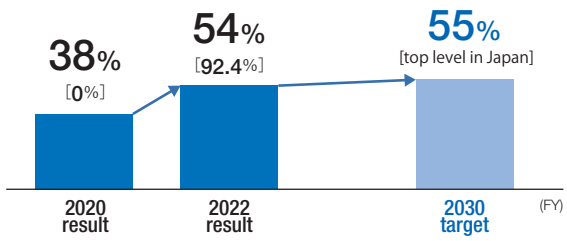


Targets

See pages 31—40

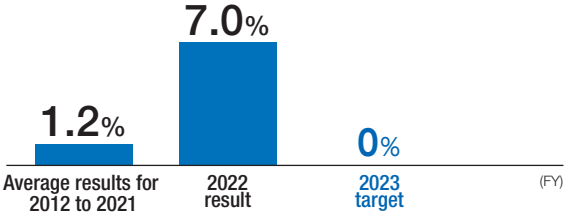
Electric power generation

Power generation utilization ratio (excluding pumping)



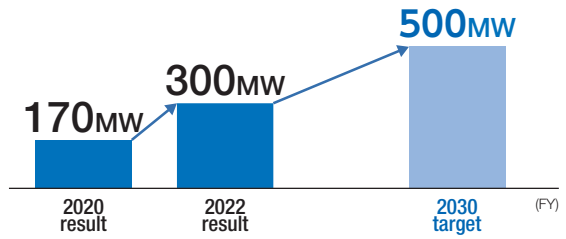
* Figure in brackets [ ] is for Ikata Unit No. 3

Unplanned shutdown rate of thermal power plants*



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

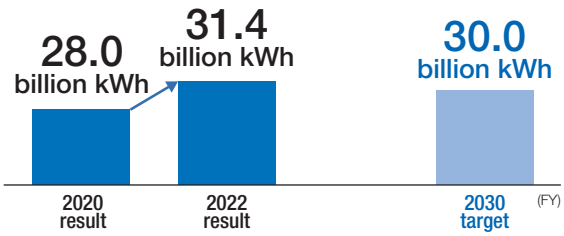
Development of renewable energy in Japan and overseas



Sales

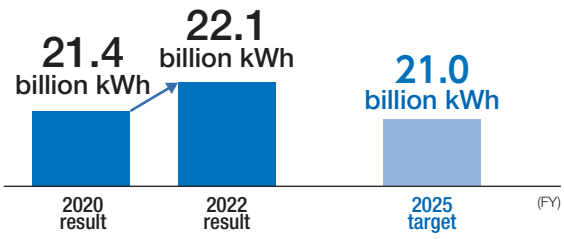
Total electricity sales * (excluding sales by Shikoku Electric Power Transmission and Distribution Co., Ltd.)

* Domestic and overseas retail electricity sales + wholesale electricity sales



[Temporarily increased due to changes in the business environment brought by high energy prices, etc.]

Electricity retail sales within the region

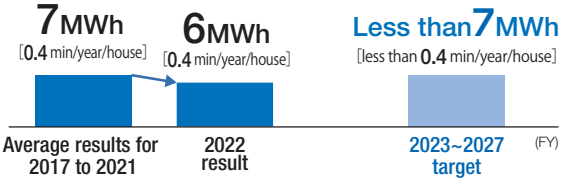


[Temporarily increased due to changes in the business environment brought by high energy prices, etc.]

[We plan on minimizing the impact of contract switching, etc.]

Transmission & distribution

Annual power outage*



* Annual power outages excluding natural disasters and work outages

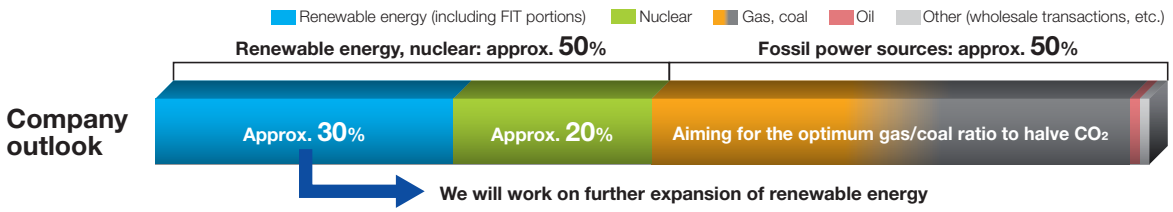
Approach to the Power Generation Mix

Approach to the Power Generation Mix

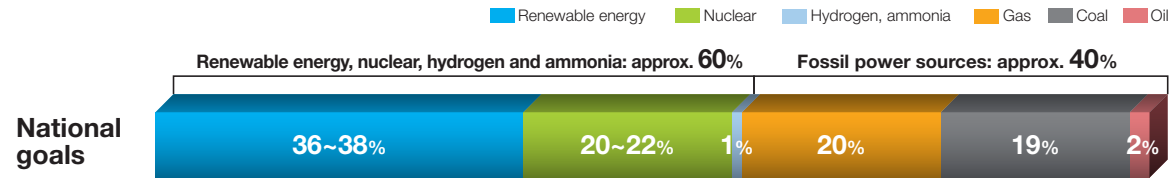
Under the 6th Strategic Energy Plan (approved by the Cabinet in October 2021), Japan has set out targets of "achieving net-zero by 2050" and "reducing its greenhouse gas emissions by 46 percent in fiscal year 2030 from fiscal year 2013 levels" (NDC: Nationally Determined Contributions). In February 2023, in light of the changing international political situation, the Cabinet approved the Basic Policy for the Realization of GX, which aims to realize a decarbonized society based on the principle of ensuring a stable supply of energy; related bills were enacted in May of the same year.

In light of this national policy, we have set a goal of reducing CO_2 emissions from the retail sector by 50% in fiscal 2030 from fiscal 2013 levels. In order to achieve a stable supply of electricity and realize GX, we aim to establish a well-balanced power generation mix that is not overly dependent on specific power sources.

Fiscal 2030 power generation mix



<Reference> FY2030 energy mix in Japan's long-term energy supply and demand outlook [6th Strategic Energy Plan]



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 lowest CO_2 emissions of any fossil fuel •A power source that plays a central role in adjusting renewable energy output	•An important power source that has high CO_2 emissions, but also highly stable fuel supply and excellent economic characteristics •Also expected to continue playing a role as a adjusting power source for renewable energy	•Despite high geopolitical risks associated with procurement, as a power source has excellent transportability and storage characteristics
	Usage policies	•Thorough implementation of mainstay power supply based on "S+3Es" •Encouraging maximum introduction, while reducing the burden on the public and coexisting with local communities	•Aiming for sustainable use on the scale required, on the basic premise of ensuring safety while reducing dependence as much as possible	•Reducing the kWh ratio in the power generation mix on the basic premise of stable supply	•Reducing the kWh ratio in the power generation mix on the basic premise of stable supply	•Used during emergencies when there is no alternative power source
Usage policies at Shikoku Electric Power		•In addition to actively pursuing new developments in Japan and overseas, expand introduced capacity by promoting the enhancement of existing hydropower output See pages 33-34	•Continue to use effectively as a core power source that supports stable and low-cost power supply, on the basic premise of ensuring safety See page 32	•Continue to use LNG for its supply and adjustment capacity, centered on Sakaide Power Station Units No. 1 and No. 2, which were replaced with LNG combined cycle systems	•Use to a certain extent for its supply and adjustment capacity, while improving efficiency and reducing environmental impacts, including replacing Saijo Unit No. 1 See page 35	•Consider handling based on our ability to make adjustments and our need for supply capacity when power supply problems occur

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

Initiatives for the Safe and Stable Operation of Nuclear Power Plants

Appropriate implementation of operational management and maintenance

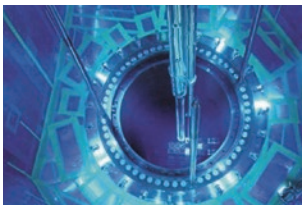
During operation, Ikata Power Plant conducts operational monitoring and patrols of facilities 24 hours a day. It suspends operations at least once every 13 months, and conducts statutory periodic inspections. During statutory periodic inspections, approx. 2,500 workers, up to 1.5 times the normal number, work on the plant premises to carry out intensive checks on whether the reactor itself, fuel handling equipment, and reactor storage and cooling equipment meet the statutory technical standards through disassembly inspections and test runs.

By implementing planned operation management and maintenance in this way, we are able to continue safe and stable operation.

Periodic inspection at Unit No. 3 of Ikata Power Plant



Lifting the high pressure turbine



Loading fuel into the reactor

Ongoing training to prepare for serious accidents

In order to enhance the proficiency of our accident response personnel, we repeatedly conduct "task by task training" for each individual response procedure and "comprehensive training", which covers all related areas together. In the comprehensive training, participants are trained using an “unpresented scenarios” approach to conceal the events that occur. This improves their skills in handling changing situations calmly and appropriately.

In order to be prepared for a possible nuclear disaster, twelve Japanese nuclear operators, as well as five electric power companies from western Japan, have concluded agreements to provide mutual support for dispatching personnel and leasing materials and equipment, etc. They are strengthening their disaster response systems and conducting joint training, etc.

Implementing comprehensive training



Fire extinguishing training in preparation for fire disasters



Handling accident controls at the emergency response center

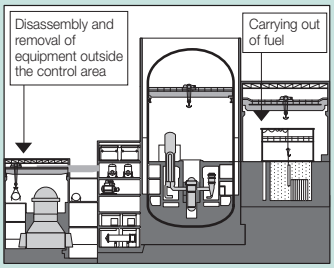
Safe decommissioning of Units No.1 and No.2 at Ikata Power Plant

We are in the first phase of decommissioning work for Unit No. 1 at Ikata Power Plant (the preparation period for dismantling work). All spent fuel is being transported to the spent fuel pit at Unit No. 3, and we are dismantling and removing equipment outside the radiation control area. The amount of dismantled waste and the state of contamination are being investigated in the radiation control area. Based on the results, a dismantling plan is being considered in preparation for implementation of the second phase of decommissioning work.

We are decommissioning Unit No. 2 approx. three years later than Unit No. 1. In order to improve efficiency and reduce costs, dismantling and removal of equipment outside the control area is being carried out at the same time as for Unit No. 1 equipment as far as possible.

Decommissioning work process

<Phase 1> Preparation for disassembly
[From fiscal 2017 until around fiscal 2026]
✓Carrying fuel out of spent fuel pits
✓Disassembly and removal mainly of secondary systems (pumps, tanks, etc.)



<Phase 2> Disassembly and removal of equipment from areas surrounding the reactor
[until around fiscal 2041]
✓Dismantling and removing primary systems (pumps, tanks, etc.)

<Phase 3> Disassembly and removal of reactor equipment, etc.
[until around fiscal 2049]
✓Dismantling and removing reactor vessels, steam generators, etc.

<Stage 4> Disassembly and removal of buildings and structures, etc.
[until around fiscal 2056]
✓Disassembly and removal of containment vessel and reactor auxiliary building, etc.

Note: The work plan for Unit No. 1 is shown in brackets [ ].
The plan for Unit No. 2 will follow three years behind that of Unit No. 1.

New development of renewable energy

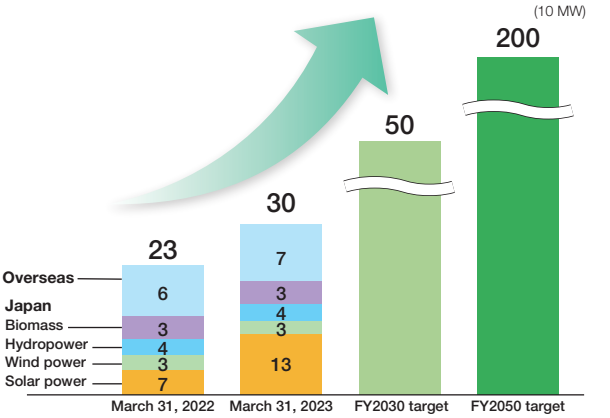
Promoting the development of new power sources

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 accordance with our development roadmap for each power source, leading up to fiscal 2030.

See page 19

Newly developed renewable energy capacity was approx. 300 MW at the end of fiscal 2022 (up approx. 70 MW from the previous fiscal year). As a result, our group's cumulative renewable energy capacity has increased to approx. 1,420 MW.

Targets and progress in new development of renewable energy



Note: 1.All projects are recorded when the investment decision is made.
2.Hydropower includes power increases that have taken place since fiscal 2000.

Examples of initiatives

Solar power generation

In March 2023, we acquired existing solar power plant businesses (60 MW in total) in Okayama and Hyogo prefectures jointly with Prominet Power Co., Ltd., a subsidiary of Tokyo Gas Co., Ltd.


Bizen Kumonoue Solar Power Plant


Yumesaki Yumefurusato Solar Power Plant

Biomass power generation

At Fukushima Hirata Village Biomass Power, which we operate in Fukushima Prefecture along with Okumura Corporation and others, commercial operation of Unit No. 1 was launched in May 2022, followed by Unit No. 2 in April 2023. (Total owned capacity: 1.5 MW)


Fukushima Hirata Biomass Power Unit No. 1


Fukushima Hirata Biomass Power Unit No. 2

Hydropower generation

Output was increased by a total of 34 MW (as of the end of fiscal 2022) by replacing the existing power plant facilities with high-efficiency water turbines.

In Kumakogen Town, Ehime Prefecture, we are building a new hydroelectric power plant, Kurofujigawa Power Plant (output 1.9 MW).


Illustrative image of the panorama of Kurofujigawa Power Plant

Wind power generation

At Mihara Village, Hata County, in Tosashimizu City, Kochi Prefecture, we are carefully proceeding with environmental assessment procedures for the construction of the Imanoyama Wind Power Plant, which will become the largest scale onshore wind power plant in Japan. In Otoyo Town, we are building a wind power plant with an output of 0.9 MW.


Illustrative overview of Otoyo Wind Power Plant

Effective utilization of pumped-storage power plants and maintenance of facilities

Pumped-storage power plants, which function to store electricity and adjust supply and demand, are becoming increasingly important along with the sharp increase in solar power generation.

Previously at the Hongawa Pumped Storage Power Plant (615 MW for Units No. 1 and No. 2 combined), water was mostly pumped using nighttime electricity (with a single unit in operation) to prepare for the generation of electricity during the peak hours of the daytime. However, in recent years, in order to create demand to absorb surplus solar power generation during the daytime, we have switched to operation using two units to pump water and generate electricity from the evening onwards. The number of annual operations has increased to about 1,000, which is approx. four-fold increase on ten years ago.

For this reason, proper maintenance of facilities under high levels of operation has become important. During the large-scale disassembly inspection of Unit 1 at Hongawa Power Plant in fiscal 2022, we collected and analyzed data on the status of the facilities and worked to identify the appropriate inspection and replacement cycle for the facilities.

Disassembly inspection of Unit 1 at Hongawa Power Plant (overhaul)



Hanging the generator rotor

Issuing green bonds

With the aim of realizing a sustainable society, Shikoku Electric Power has been promoting efforts to achieve carbon neutrality by 2050. From the viewpoint of diversifying our financing, in 2022 we issued the first Shikoku Electric Power Green Bond, a corporate bond that limits the use of funds to projects that improve the environment, such as the development of renewable energy sources.

At the time of the initial issuance, we received an evaluation from DNV Business Assurance Japan Co., Ltd., a third-party evaluation organization, confirming that our financing conforms to the principles of green finance.

Overview of issuing of Shikoku Electric Power green bonds

	Issue date	Term	Issue amount	Interest rate	Use of funds
Part 1	October 25, 2022	10 years	10 billion yen	0.889% per annum	Development, construction, operation and renovation of renewable energy sources

Appropriation of funds (as of March 31, 2023)

Amount to be raised	10 billion yen
Appropriated amount	10 billion yen
Refinancing	9.5 billion yen
Unappropriated balance	None

Environmental improvement effects (as of March 31, 2023)

Generation type	Amount of renewable energy development*1 (MW)	Amount of CO_2 emission reductions*2 (1,000 tons)
Hydropower	19.3	16,714
Wind power	58.8	-
Biomass	28.6	1,950
Solar power	14.4	35
Total	121.1	18,699

*1 Amount of renewable energy development includes projects already in operation and projects under construction.

*2 Calculated using power generation records and CO2 emission factors for renewable energy in development projects that have already been launched.

Promotion of stable operations, low carbonization and decarbonization at thermal power plants

Efforts for stable operation

Shikoku Electric Power's thermal power plants continue to operate at high levels, in part due to the recent rise in the risk of tighter supply and demand nationwide. For this reason, we strive to ensure stable operation at each power plant by operating and maintaining facilities, while paying close attention to operational monitoring, including careful daily inspections and patrols by power plant personnel.

We are working to raise the sensitivity for detecting abnormal signs by creating lists and sharing information about past cases of problems at all power plants. We are also introducing a system that combines accumulated operational data with AI and sensors to detect abnormal signs at an early stage.
If any abnormal signs are observed in the facilities, repairs are made as soon as possible when operations are stopped on holidays due to low electricity demand, to avoid sudden operational suspensions arising.

Inspecting and patrolling thermal power plants



Inspections surrounding a steam turbine



Visual inspection of a condenser

Promotion of low carbonization and decarbonization at thermal power plants

As renewable energy increases, in addition to its previous role as a power supply source, thermal power generation is increasingly playing a role as an adjustment capacity. This is why we intend to continue using thermal power generation while working to achieve low carbonization and decarbonization. Shikoku Electric Power has defined the period to 2030 as our "low-carbonization of power sources phase." In June 2023, operations were launched at new Unit No. 1 of Saijo Power Plant, which has been newly replaced by a state-of-the-art, high efficiency, ultra supercritical pressure unit. In order to reduce CO2 emissions at the unit, there are plans to newly introduce co-firing of wood biomass, as well as sewage sludge solid fuel.

With regard to existing thermal power, we are accelerating the study of related equipment technologies with the aims of introducing ammonia co-firing and expanding the use of biomass during the 2020s. At the same time, we are actively looking into cooperation with other businesses, including building supply chains, as part of our efforts to introduce ammonia and hydrogen fuels.

Cooperation with other businesses

Investigations into cooperation with building and expanding hydrogen and ammonia supply chains

We are discussing cooperation on the joint procurement of hydrogen and ammonia for domestic power plants and establishing means of transportation and storage with JERA Co., Inc., Kyushu Electric Power Co., Inc., The Chugoku Electric Power Co., Inc., Tohoku Electric Power Co., Inc., Hokuriku Electric Power Company, and Hokkaido Electric Power Co., Inc.,.

Investigation into introduction and utilization of fuel ammonia using Namikata Terminal at Imabari City

We are considering converting the existing LPG tank at Namikata Terminal in Imabari City, Ehime Prefecture, into an ammonia tank to handle approximately one million tons of ammonia per year by 2030 in collaboration with Taiyo Oil Co., Ltd., Taiyo Nippon Sanso Corporation, Mazda Motor Corporation, Namikata Terminal Co., Ltd., and Mitsubishi Corporation (the local governments of four local cities and Ehime Prefecture are also participating as observers) Looking ahead, we plan to go into further depth on legal and regulatory issues and measures to utilize the terminal, etc.



Overview of Namikata Terminal

Initiatives in fuel procurement and supply and demand management

Stable fuel procurement

Amid increased volatility in fossil fuel prices and the wholesale electricity market due to changes in the international energy situation, we are working to secure stable volumes by further diversifying our suppliers and procurement methods, while paying attention to compatibility with economic efficiency. We also conduct risk management on the procurement side by arranging shipping early and properly managing inventories.

Examples of initiatives

Coal	・Conclusion of long-term contracts with highly reliable suppliers ・Procuring unbranded spec coal from YN Energy, an Australian subsidiary with a short procurement lead times ・Increasing trial procurement of new coal brands
LNG	・Stable procurement of the majority of annual consumption under long-term contracts ・Spot procurement based on market trends and other factors
Oil	・Maintaining a system to secure a certain amount of supply capacity and non-international coastal trading vessels through annual contracts in order to cope with increased operations

Pursuing maximum profits in supply and demand management

When formulating our supply and demand plans, it is important to properly assess the impact of changes in electricity demand, wholesale electricity market conditions, and amount of renewable energy generation.
Shikoku Electric Power uses an AI-powered supply and demand planning system to analyze multiple scenarios and optimize fuel consumption and the starting and stopping of generators, thereby achieving the most economical operation and reducing supply-demand costs.

Illustration of supply and demand planning system

Create scenario

AI analyzes weather information, electricity demand, and other data to create multiple scenarios



Formulating a power generation plan

Formulate a power generation plan using simulation on the digital twin



Calculating expected return

Calculate the expected revenue of each power generation plan to achieve the most economical operation

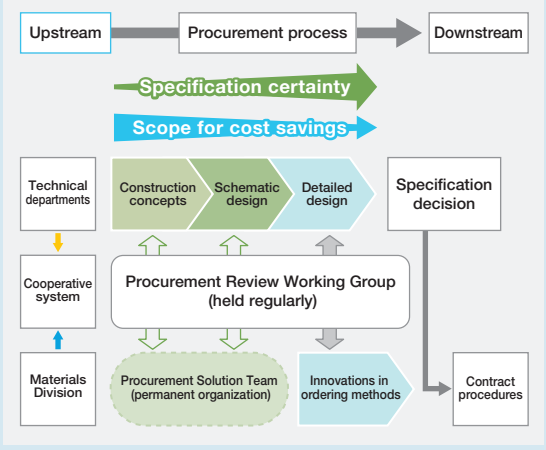


Strengthening procurement of materials and equipment (initiatives applicable to power generation, as well as transmission & distribution)

A Procurement Review Working Group has been established for each technical department to work together with the Materials Department to strengthen our ability to procure materials and equipment and to reduce procurement prices, thereby achieving the following.
・Improving efficiency at the design stage by reviewing specifications
・Continuously examining ways to improve efficiency at the procurement stage by coming up with new innovations for placing orders.

In addition, in order to further strengthen these efforts, the Procurement Solution Team was established within the Materials Department as a permanent organization made up of a mix of members of technical departments and the Materials Department. The Materials Department is also involved in upstream processes, including the construction concepts and schematic design stages, which were previously handled only by the technical departments. This has deepened and accelerated the review of specifications and the development of new business partners.

Purpose of establishing the Procurement Solution Team



Strengthening relationships with customers in retail sales and promoting electrification

Retail sales to corporations

Proposals to customers through account sales, etc.

We are strengthening our relationships with our customers by assigning dedicated staff to corporate customers of a certain size or larger, and by promoting account sales, through which we offer pricing plans and make technical proposals based on electricity usage and customer needs.

When we cannot assign dedicated staff to a customer, we offer proposal sales through our partner companies with strong sales bases in the Shikoku region, and we also use direct mail.

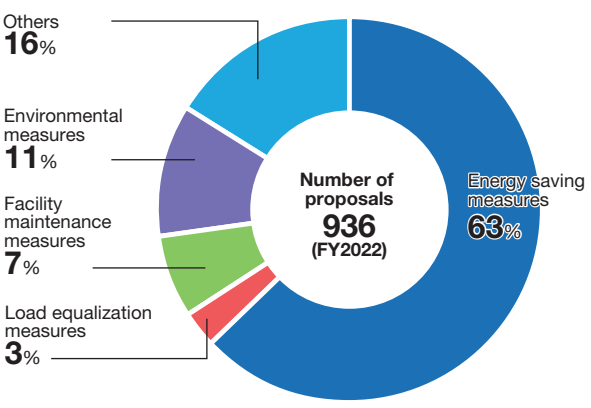


Developing demand and strengthening relationships through consulting activities

In commercial fields, we offer electrification proposals to end users, such as medical and welfare facilities and school lunch cooking facilities with high heat demand, as well as sub-users such as design offices, in order to develop new demand while highlighting the convenience and safety we can offer.

In industrial fields, we are working to strengthen relationships with customers and expand profit opportunities by proposing solutions for energy-saving and CO2-saving measures, and achieving cost reductions and productivity improvements by converting existing heat sources to electricity.

State of solution proposals in industrial fields



Retail sales to households

Improving customer satisfaction

Shikoku Electric Power offers a range of electrification options and CO2-free sales plans to match customers' lifestyles and needs. We offer family discounts and thank-you discounts (loyalty discounts), as well as bundle sales of electricity and products from partner companies.

In addition, in order to improve customer satisfaction, points are refunded to online members and cashback campaigns are provided regularly for EcoCute and IH buyers.

Shikoku Electric Power has been evaluated for its efforts in offering above plans and providing energy-savings information via the Web. In recognition of these efforts, we received the highest rating of “Five Stars” in the Energy Conservation Communication Ranking System* of the Agency for Natural Resources and Energy.

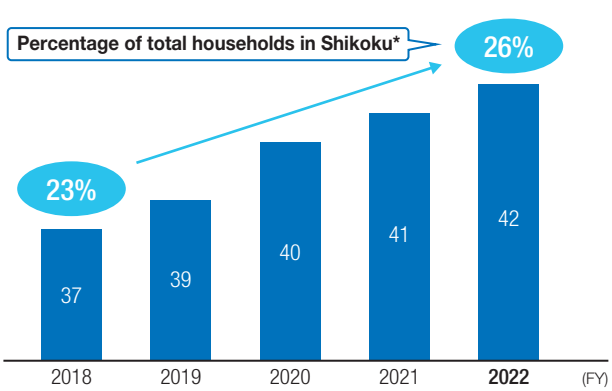
* A system operated by the Agency for Natural Resources and Energy to annually evaluate and publicize the level of information and services provided by energy retailers to consumers about energy conservation

Promoting spread of all-electric houses

In cooperation with sub-users such as homebuilders and building contractors, we are continuously promoting the electrification of houses by approaching customers who are considering new construction or renovation, and we appeal to the comfort, convenience and economy of all-electric houses, as well as to environmental aspects, such as carbon neutrality.

As a result, the ratio of all-electric housing in new detached houses in Shikoku continues to exceed 70%, and the percentage of all-electric housing among all houses was approx. 26% at the end of fiscal 2022.

Number of all-electric house contracts (10,000 units)



* 1.6 million households (as of October 1, 2018 according to a housing and land survey of Japan that was conducted by the Ministry of Internal Affairs and Communications)

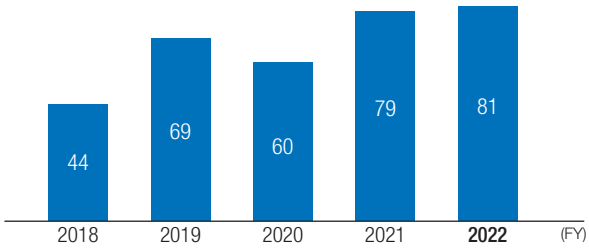
Maximizing revenue in wholesale

Wholesale initiatives

In recent years, the volatility of wholesale electricity market prices has increased due to tight electricity supply and demand conditions across Japan. Accordingly, in wholesale, we conduct direct trading with equal treatment of subsidiary retailers and third-party retailers, taking into account trends in electricity supply and demand, fuel prices, and wholesale electricity market prices, and we conduct spot sales onJEPX.

In addition to the capacity market, we are actively utilizing new markets such as the base load market, the supply-demand adjustment market, and the non-fossil value trading market to maximize profits.

Trends in wholesale electricity sales (100 million kWh)



Note: Excluding sales by Shikoku Electric Power Transmission and Distribution Co., Ltd.

Expansion of profit opportunities

Promotion of solar power PPA business

With regard to solar PPA, the number of inquiries has been increasing as a result of increasing momentum behind decarbonization, the need to strengthen resilience in the event of disasters, and the promotion of local production and consumption of energy.

Shikoku Electric Power Group is promoting on-site and off-site solar PPA business in Shikoku and elsewhere for corporations and local governments using high voltage. The business is being led by Sun Trinity, a joint venture established with Sumitomo Corporation For this business, Sun Trinity installs and operates solar power generation facilities to sell electricity and environmental value to customers. This has the advantage of eliminating customers' initial investment and management costs.

Case Study
[Okami Power Plant, Hiratsuka City, Kanagawa Prefecture]
(Introduced facility: THE OUTLETS SHONAN HIRATSUKA)



Support for customer decarbonization

Local governments and companies are rapidly formulating action plans for decarbonization and introducing renewable energy. Shikoku Electric Power Group supports decarbonization efforts by conducting consultations on the introduction of solar power generation and storage batteries, energy conservation measures, and energy switching, based on regional characteristics and individual companies' circumstances.

In April 2023, a project in Kitagawa Village, Kochi Prefecture, for which we supported the development of a decarbonization plan as a co-sponsor, was adopted as a decarbonization priority area for the Ministry of the Environment.

Project overview at Kitagawa Village

Decarbonizing the entire village by utilizing abundant potential to introduce renewable energy

Achieve net-zero CO2 emissions from electricity consumption in the consumer sector by fiscal 2030

<Major initiatives to decarbonize electricity in the consumer sector>

- Introducing small hydroelectric power generation
- Introducing solar power generation and storage batteries at public facilities
- Realizing ZEB for public facilities and ZEH for detached houses

* ZEB and ZEH: Buildings that aim to achieve a zero energy consumption balance by introducing energy savings and renewable energy

Efficient facility formation and operation in the power transmission and distribution business

Maintaining supply reliability and improving cost efficiency

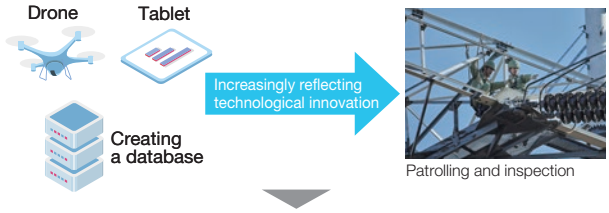
At Shikoku Electric Power Transmission and Distribution Co., Ltd., we evaluate the probability of failure and the degree of impact based on the results of patrols and inspections utilizing new technologies, etc., as well as the evaluation of deterioration conditions, in order to prioritize the renewal of facilities constructed during periods of high growth, demand for which is expected to increase in the future. We are also able to level out updated quantities based on the capacity to carry out construction.

Furthermore, when expanding transmission and distribution facilities, we have determined the details and scope of work based on future demand trends, prospects for renewable energy capacity linked to the electric power system, and the economics of investment, and we have consolidated and slimmed down facilities as far as possible in order to both maintain supply reliability and improve cost efficiency.

Renewal flow for aging facilities

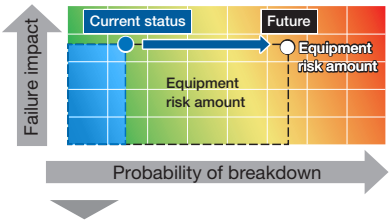
(1) Patrolling and inspection

Checking the deterioration status of equipment using visual inspections, drones, etc., and creating databases



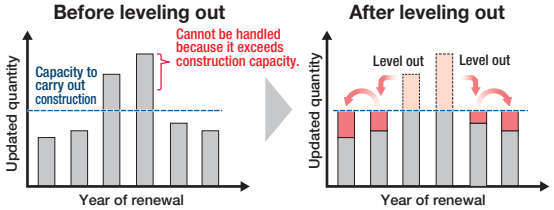
(2) Calculating updated quantities based on risk assessment

Assessing the amount of equipment risk based on the data, and calculating the amount of equipment renewal required over the medium to long term



(3) Formulation of facilities renewal plan

Leveling out the updated quantity based on the capacity to carry out construction, and formulating the facilities renewal plan



Measures to maintain supply-demand balance

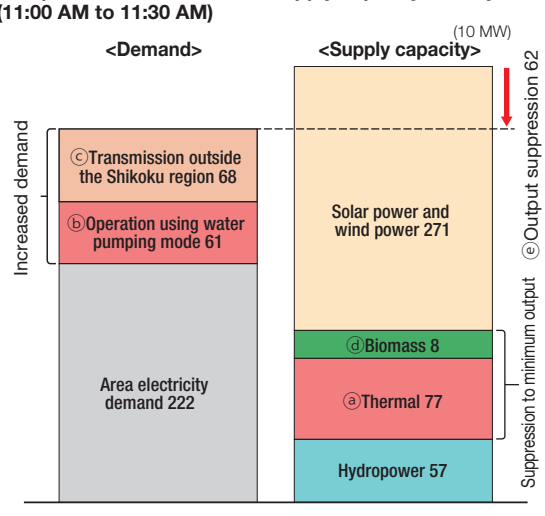
The introduction of solar and wind power generation in the Shikoku region has been expanding since the introduction of the FIT system in 2012. As of the end of fiscal 2022, the installed capacity of solar power and wind power had increased to 3,610 MW. Including applied-for but as yet unconnected capacity, the total was 4,380 MW.

As a result, supply capacity exceeds demand in the spring and autumn, when electricity demand is relatively low. However, based on the priority power supply rules of the Organization for Cross-regional Coordination of Transmission Operators, Japan, we maintain supply-demand balance while utilizing solar power and other electricity as much as possible.

For example, at shown in the below profile for 11:00 AM to 11:30 AM on May 3, 2023, when solar and wind power output accounted for the largest share of demand to date, based on the priority power supply rule, it was possible to adjust supply and demand in the Shikoku Area by taking the following steps:

(1) Suppress thermal power output to as low as possible (770 MW in (a) below) and create demand by operating pumped storage power plants (610 MW in (b) below);
(2) Maximize power transmission outside Shikoku utilizing interconnection line (680 MW in (c) below)
(3) Suppress the output of biomass power generation (80 MW in (d) below), and if there is still any surplus;
(4) Suppress the output of solar and wind power (620 MW in (e) below).

Composition of demand and supply capacity on May 3 (11:00 AM to 11:30 AM)



Use of digital technology (DX)

Upgrading maintenance operations for power generation, transmission and distribution facilities

Using drones to save labor and shorten the duration of inspections

The use of aerial drones to inspect power generation facilities has eliminated the need to install large-scale inspection scaffolds, saving labor and shortening inspection periods. We are also piloting an water drone for dam sedimentation surveys and an underwater drone for inspecting long-distance waterways. We aim to start practical operation in fiscal 2024.

Drones can be used during ordinary patrols and inspections of power transmission and distribution facilities, but also in times of disasters, such as heavy rains when roads have been cut off, to quickly and safely check the site, thereby contributing to the early restoration of facilities and the elimination of power outages.

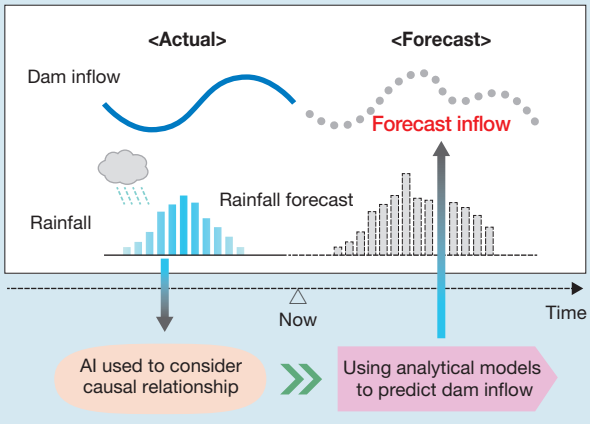


One of the aerial drones we use

Using AI to predict dam inflow

When releasing dams, in the past we used to predict the amount of inflow into the dam several hours ahead based on weather data and the experience of the operators to determine whether to release the dams. However, this work has become more complicated due to the increased frequency of local torrential rainfall in recent years. In this way, we are using AI to predict changes in the amount of inflow into the dam several hours ahead in order to improve this work and increase our ability to respond to heavy rain disasters, etc.

Illustration of the prediction method

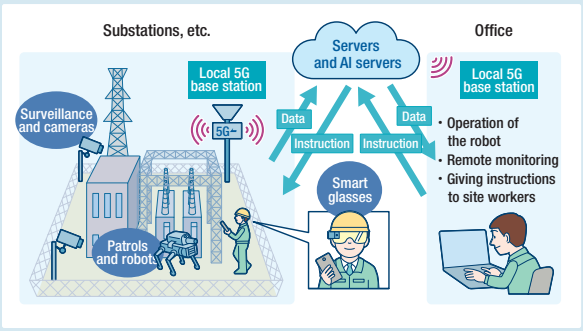


Upgrading maintenance operations using local 5G (demonstration test)

We are conducting demonstration tests on a system that remotely monitors and controls power facilities by connecting a number of cameras, sensors, microphones and other devices via local 5G at substations and other facilities.

The use of local 5G will enable high-security, real-time, high-speed, large-capacity communications. This means that by carrying out demonstration experiments, we will accumulate a range of knowledge and know-how and upgrade our facility maintenance operations.

Upgrading equipment maintenance operations



Using smart meters to service communication lines for IoT

Shikoku Electric Power Transmission and Distribution Co., Ltd. is making use of its own infrastructure and creating new value through DX by using the platform provided by its highly stable and reliable smart meter system used for meter readings, etc. It provides communication line services for IoT that enable monitoring and control of remote meter readings, such as gas and water meters, as well as sensor equipment.

Communications link service for IoT (example)



Value Creation through Business Activities

Businesses other than electricity

We will work to expand our growth businesses, mainly in IT/communication and international business, and to expand new business and services with a focus on distributed energy.

Business Operation Policy

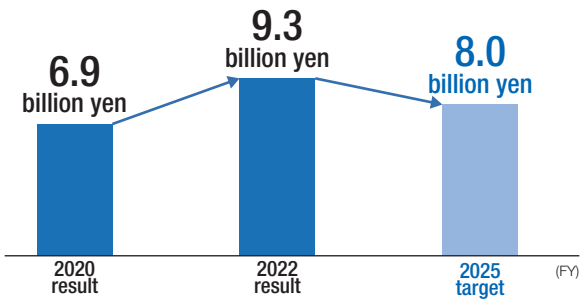
See pages 42-45

With regard to businesses other than electricity, we are expanding our business and market areas with a focus on the IT/communication and international businesses, which we consider to be growth areas. We aim to steadily increase profits while paying close attention to risk management.

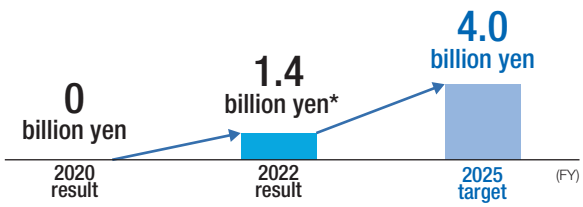
- Expanding optical communications business for individuals, data center and cloud business in the IT/communication business, etc.
- Acquiring and developing new projects in the international business
- Steadily expanding profits in the construction and engineering business, and the gas sales business, etc.
- Creating new businesses and services utilizing distributed energy resources

Targets

IT/communication (ordinary profit)

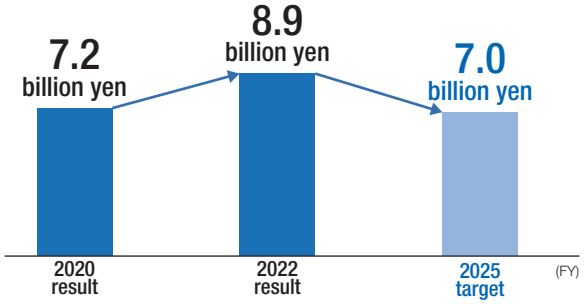


International business (ordinary profit)

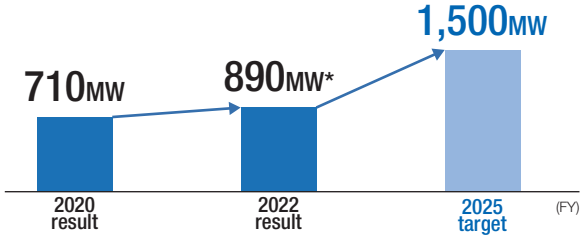


* Excluding investment losses

Other business [construction and engineering, etc.] (ordinary profit)



International business (owned capacity)



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

Special website for international business - "For the Next Generation"
https://www.yonden.co.jp/english/profile/international_business/

IT/Communication

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

Pikara (Pikara Hikari Network), optical communications business for individuals

STNet Co., Ltd. provides the Pikara Hikari Network service for individuals, mainly in major cities in Shikoku. We expanded our service area and began operations in Niihama and Saijo cities in Ehime Prefecture in November 2022, and in ShikokuChuo City in March 2023, thereby covering areas with high load densities across Shikoku.

In addition, sales of the ultra-high-speed Pikara Optical Net 10 Gigabit Plan, which offers a maximum transmission speed of 10 Gbps, have led to an increase in new subscriptions and switching from the previous 1 Gigabit Plan. We have supported a balance between a reliable communication environment and reasonable prices. For example, in the RBB TODAY Broadband Awards*, we achieved the highest customer satisfaction rating in the Shikoku region.

* The RBB TODAY Broadband Awards are hosted by IID, Inc. to select telecommunications carriers offering high customer satisfaction levels, based on user surveys.

RBB TODAY Broadband Awards 2022 achievements

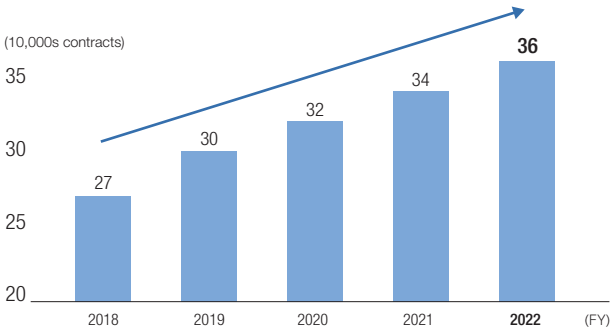


Ranked No. 1 in customer satisfaction among Shikoku Area carriers



The percentage of customers indicating their intention to renew their contracts with us ranked No. 1 among carriers nationwide

Trend in the number of Pikara Hikari Network contracts



"Powerico" data center for corporations and cloud business

STNet is expanding its data center and cloud business for corporations, taking advantage of the progress being seen in terms of digitalization, the transition to cloud computing, growing demand for DX, and similar developments.

Located in Takamatsu City, Kagawa Prefecture, the Powerico Data Center (one of the largest data centers in western Japan), offers 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 Shikoku area, and consist of IT companies, financial institutions, and local government organizations, etc.

In response to the growing need for cloud services, it also offers ST-WAN Direct Connect, a service that enables users to use a dedicated network to connect Powerico and MegaCloud.

Customer attributes in the data center business (end of fiscal 2022)

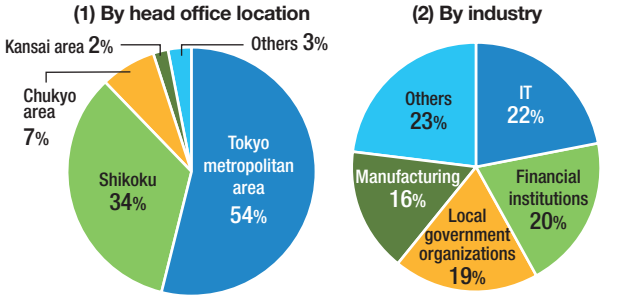
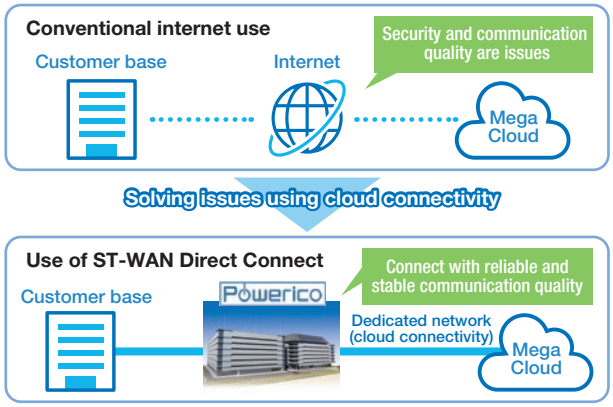


Image supplied by ST-WAN Direct Connect



International Business

We have positioned our international business as one of our growth fields and are actively promoting the development and discovery of new IPP* projects based on projects with long-term electricity sales contracts, while thoroughly managing risks.

In order to further expand our business, we are considering participation in business areas such as regional heating supplies and storage batteries, where we can utilize our group's technologies and experience.

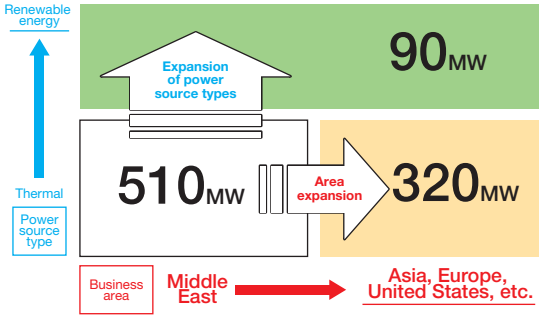
* Independent Power Producer

State of business participation (June 30 2023)

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, in order to diversify our risk, we have expanded our business areas into Asia, Europe, and the United States. 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 at the projects in which we participate is currently 920 MW (as of June 30, 2023).

We will continue to expand profits by increasing the number of projects we acquire, as we work towards realization of our targets for owned capacity of 1,500 MW by fiscal 2025, and 2,000 MW by fiscal 2030.

Business portfolio



* Figures are for owned capacity (as of June 30, 2023)

State of main business participation

Thermal

Owned capacity: 830 MW (fully operational: 650 MW)

Examples of projects we are involved in:
Hamriyah Gas-Fired Thermal Power Generation Project, UAE



Output: 1,800 MW (Shikoku Electric Power's share: 270 MW)

This is a combined cycle natural gas-fired thermal power plant with high-efficiency gas turbine that became fully operational in May 2023. Under a long-term power purchase agreement with the Sharjah Electricity & Water Authority ("SEWA") in the UAE, we will sell the total volume through to 2046.

Renewable energy

Owned capacity: 90 MW (fully operational: 60 MW)

Example of a project we are involved in:
Phu Yen Solar Photovoltaic Power Generation Project, Vietnam



Output: 214 MW (Shikoku Electric Power's share: 32 MW)

This solar photovoltaic power generation project was launched in Vietnam in 2019. A long-term power purchase agreement of Vietnam Electricity until 2039 made Shikoku Electric Power expect stable earnings and participated in the business in May 2023.

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

Construction and engineering business, gas sales, etc.

Shikoku Electric Power 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 our technical capabilities in construction and engineering (developed through electric power-related construction). We also operate gas sales and nursing care businesses.

Construction and engineering business

Yonden Engineering Company, Inc. is engaged in EPC (engineering, procurement and construction) and O&M (operation and maintenance) projects for wind, biomass and solar photovoltaic power generation in various parts of Japan. Recently, we have been steadily increasing orders for construction work for substations with storage batteries (output 240 MW/capacity 720 MWh) at a "specified zone for concentrated wind power preparation" located in northern Hokkaido, and for electrical construction at Kawaminami Wind Farm (capacity 80 MW), which is located in the same area.

YONDENKO CORPORATION is further consolidating its business base in the Tokyo metropolitan area and the Kansai region through M&A. It 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, etc. for government agencies.

Northern Hokkaido's Kitatoyotomi Substation, which is equipped with storage batteries



Kawaminami Wind Farm turbine site



Gas sales business

Shikoku Electric Power Group has identified the need to switch from oil and coal to cover heating demand in the Shikoku region, and is promoting the sale of liquefied natural gas (LNG) to meet this need.

Specifically, we sell gas via gas pipelines and lorries at the Sakaide LNG terminal in Kagawa Prefecture. At the Niihama LNG Terminal in Ehime Prefecture (operation launched in 2022), gas sales have been launched to Sumitomo Chemical's Ehime Works, and gas pipelines to the neighboring city of Saijo are being gradually expanded to customers along the line. In addition, in ShikokuChuo City, Shikoku Central Energy Co., Ltd., in which we have jointly invested with Osaka Gas Co., Ltd., etc. sells to industrial customers through gas pipelines.

Niihama LNG Terminal



Nursing care business

Through its subsidiaries, Yonden Business Co., Inc. operates Yonden Life Care, a fee-based nursing home for the elderly (three facilities in total in Shikoku) and provides nursing care services. It is expanding its nursing care business to meet the needs of an aging society.

Utilizing the know-how we have accumulated through our business, in fiscal 2023 we opened Grace Base Takamatsu, a new residential facility for the elderly with additional services* that utilizes our unused land.

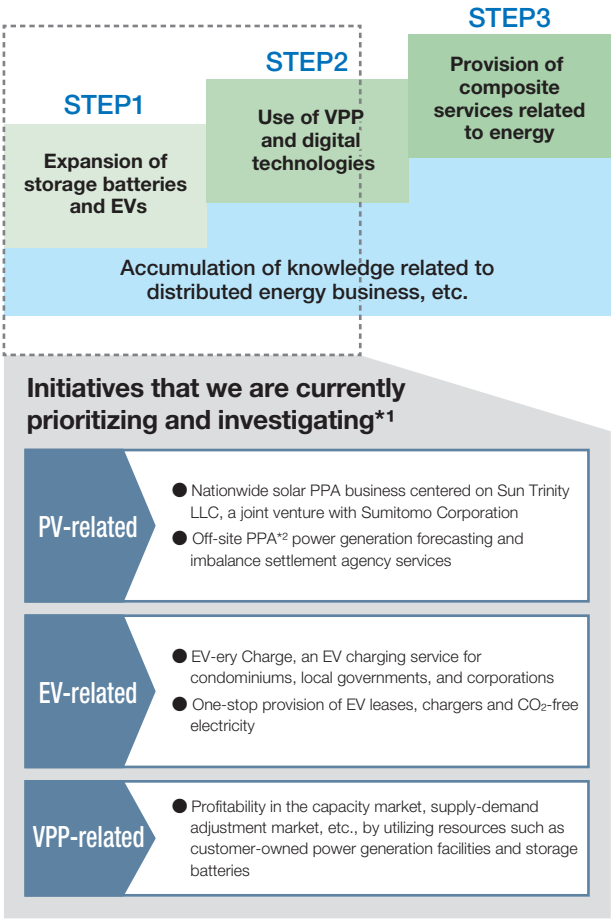
* The housing has an accessible structure, and the facility offers care and medical services etc. to support the elderly.

Distributed Energy Business

Shikoku Electric Power Group 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 society and customer needs. This is something we are doing based on the perspective of advancement and diversification of energy use.

Business development policy

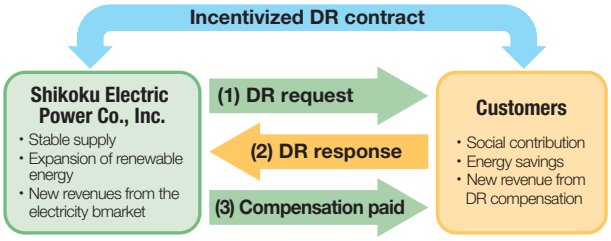
As energy resources on the consumer side are expected to expand and the forms of transactions are expected to experience diversification, we are gradually upgrading our business by integrating our Group's resources with the technologies and knowhow of our partner companies. Ultimately, we are working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



*1 PV (Photovoltaic power generation), EV (Electric vehicle), VPP (Virtual power plant)
*2 Off-site PPA is a system that supplies electricity from renewable energy sources installed in not-demand site to demand site via a general power grid.

Demand Response (DR)

Incentivized DR is a system that aims to improve the balance between electricity supply and demand by requiring customers to reduce their electricity consumption on dates and times specified by our company, while also compensating customers for the amount of reduced electricity use. Both Shikoku Electric Power and our customers will benefit from these initiatives, and we plan to continue developing them.



Storage battery business

In June 2023, in collaboration with CHC Japan K.K., we established Matsuyama Mikan Energy LLC in Ehime Prefecture as a company that will execute the storage batteries business.

As part of this business, a power storage plant (rated output 12 MW/rated capacity 35.8 MWh) will be constructed adjacent to Shikoku Electric Power's Matsuyama Solar Power Plant, and revenues will be obtained from the supply-demand adjustment market and other sources. Operation is scheduled to begin in fiscal 2025.

Efforts to build a hydrogen supply chain model

We have concluded cooperation agreements with Ehime Prefecture and Miura Co., Ltd., and are working on Shikoku's first ever hydrogen supply chain model construction project on the premises of the Matsuyama Solar Power Plant. For this project, hydrogen will be produced using CO_2-free electricity generated at the Matsuyama Solar Power Plant and supplied to Miura Co., Ltd's hydrogen boilers, thereby accumulating know-how on green hydrogen production and hydrogen utilization.

Business Management that Increases Sustainability (ESG Initiatives)

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

P.47 **Initiatives that Increases Sustainability**

P.48 **E : Responding to environmental issues**

P.55 **S : Coexisting in Harmony with Communities and Fostering Employee Motivation**

P.61 **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.htm

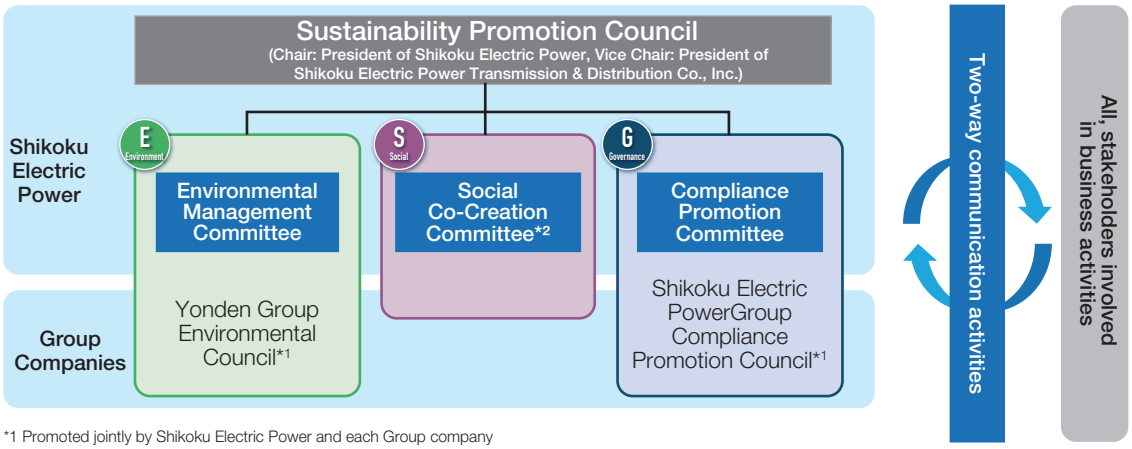
Yonden Group Action Charter

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



ESG Promotion System

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



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

Responding to Environmental Issues

Our Group is devoted to preserving the planet and local communities, 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 reflect these in business management from an ESG perspective in order to increase the effectiveness of efforts aimed at the sustainable creation of corporate value. As part of these efforts, we expressed our support for the recommendations of the TCFD* in September 2019, and we will enhance our climate change-related information disclosures to fulfill our responsibility to explain such matters to stakeholders.

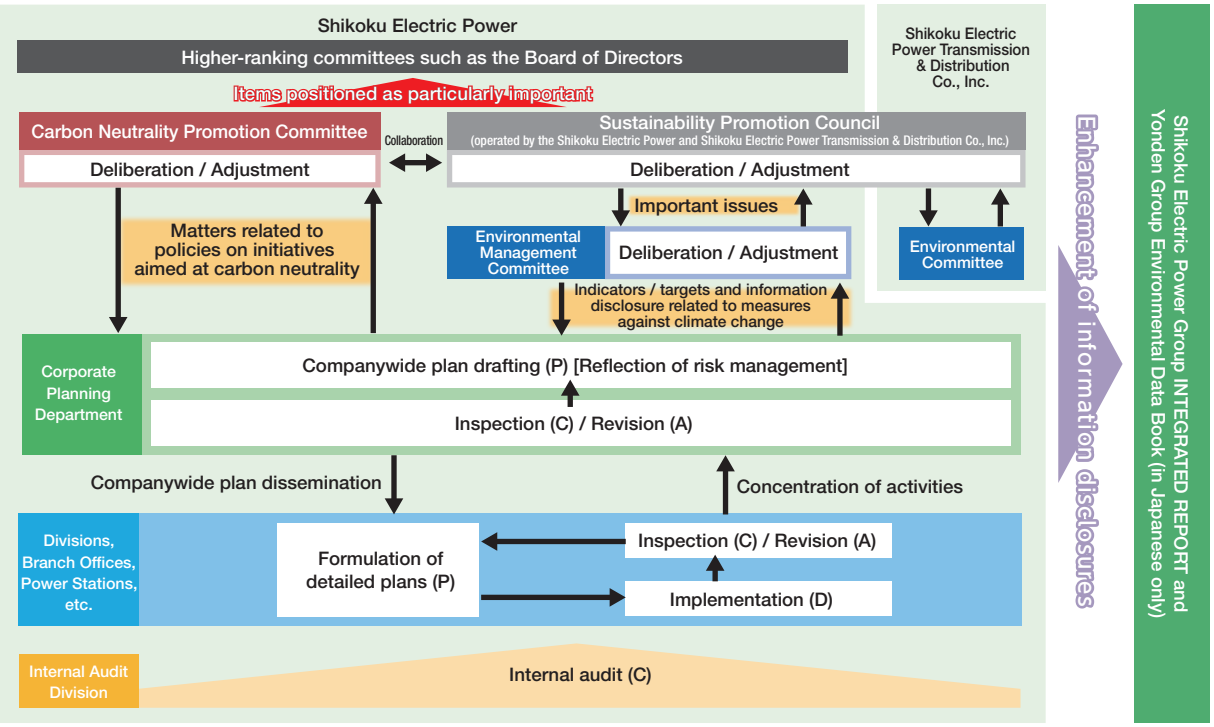
* Abbreviation for the Task Force on Climate-related Financial Disclosures. The Financial Stability Board (FSB), which is comprised of financial authorities from major countries, was established in December 2015 in response to a request provided by G20 Finance Ministers and Central Bank Governors. In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

Governance

Governance and promotion framework for measures against climate change

Addressing climate change is an important management issue. The Sustainability Promotion Council, the Environmental Management 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 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 these discussions are incorporated into the management plans for each fiscal year to improve and enhance the initiatives being undertaken.



Environmental Management Committee	Deliberations that are focused on setting targets for measures against climate change, on assessing and managing the status of the achievement of the targets, and on enhancing information disclosure
Carbon Neutrality Promotion Committee	Various initiatives in both supply and demand to achieve carbon neutrality in 2050 Focused discussion on policy See pages 17-19

Performance-linked remuneration system in consideration of climate change measures

Shikoku Electric Power will introduce a new “performance-linked remuneration system” See page 63 for directors, etc.
In order to promote low carbonization and decarbonization, the status of initiatives to address climate change will be reflected in remuneration.

Risk management

We are well aware of the importance of climate change-related risk management. Every year, the management team conducts checks and reviews after extracting climate change-related risks with the potential to significantly impact management, comprehensively taking into account factors such as the probability of the occurrence of risk, 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.

Note: Our climate change-related risk management system is integrated into our company-wide risk management system. See page 65

Strategy

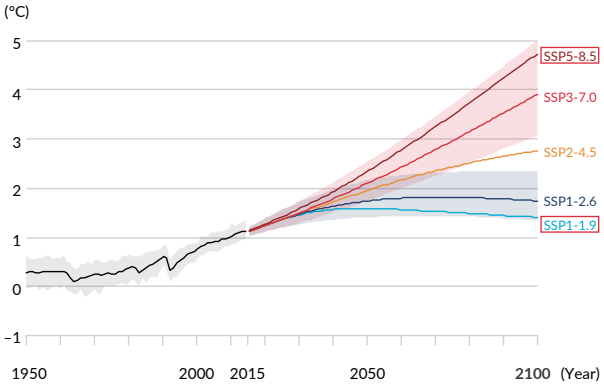
We will continuously evaluate and confirm the kinds of impacts that climate change-related risks and opportunities will have on our business operations under certain future scenarios, formulate the required measures based on the results, and then move on to execution of those measures.

Scenario selection

We selected a scenario in which no additional measures beyond current measures are taken to control temperature rise (4°C Scenario*1) and a scenario in which further measures are taken (1.5 °C Scenario*2) after fully achieving the currently announced measures, and then assumed a future of the electric power business under each scenario.

*1 See the Stated Policies Scenario (STEPS) presented by the International Energy Agency (IEA) and SSP5-8.5, etc. of the IPCC Sixth Assessment Report
*2 See The Net Zero Emissions by 2050 Scenario (NZE) presented by the International Energy Agency (IEA) and SSP1-1.9, etc. of the IPCC Sixth Assessment Report

Changes in global average temperature, using 1850 to 1900 as a baseline



Source: IPCC AR6 WG I

Future image of the electric power business

Item		1.5°C Scenario	4°C Scenario
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 advance rapidly	• Introduction of carbon taxes and emission trading schemes advance gradually
Technology	Low carbonization and decarbonization technologies	• Technological innovation in low carbonized and decarbonized power generation progress rapidly	• Technological innovation in low carbonized and decarbonized power generation progress gradually
Fuel price	Fossil fuels	• Fossil fuel use declines and fuel prices fall	• Fossil fuel use gradually declines and fuel prices gradually fall, but prices increase for some fuel types
Market	Energy demand	• Increasing electrification in an effort to decarbonize, thereby increasing demand for electricity	• A lack of societal momentum toward decarbonization and a lack of progress in terms of electrification reduces demand for electricity
	Customer needs	• The need for low carbonized/decarbonized power significantly increases	• The need for low carbonized/decarbonized electricity increases 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 become more intense, with damage becoming more severe than seen currently

Risks and opportunities

Climate change-related risks and opportunities were identified for the 1.5°C Scenario, and the 4°C scenario. 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" under each scenario, 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."

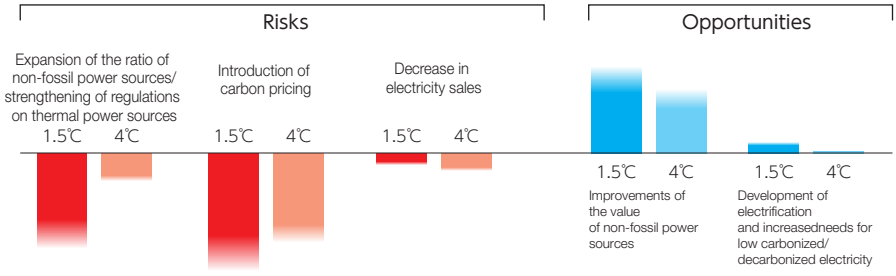
We also considered measures serving to minimize risks and maximize opportunities. Each of these measures has been incorporated into the Group's Medium-Term Management Planand we will contribute to the realization of a sustainable society through the steady implementation of these measures.

Key risks, opportunities and measures 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	• R&D and introduction of new technologies such as hydrogen / ammonia power generation • Further expansion of the introduction of renewable energy power sources • Advocacy and involvement in energy policy
		Introduction of carbon pricing	Short/ Medium/ Long	• Increase in costs resulting from the introduction of carbon pricing	
	Market	Decrease in electricity sales	Short/ Medium/ Long	• Reduced electricity sales due to the spread of distributed power sources • Reduced acceptance of sales contracts with low environmental value derived from thermal power sources, resulting in reduced electricity sales	• Consideration of profit opportunities through business utilizing distributed power resources • Promotion of low carbonization / decarbonization of power sources
	Reputation	Lack of information disclosure	Short/ Medium/ Long	• Decline in investor appetite, reputational damage resulting in higher funding costs, lower stock price, and divestment	• Appropriate disclosure of information to stakeholders
Physical risks	Chronic	Increased chronicity of unusual weather	Short/ Medium/ Long	• Lack of supply and adjustment capacity due to severe weather conditions, etc. • Reduced hydropower generation due to a decrease in the flow rate associated with changes in precipitation patterns	• Securing supply and adjustment capacity through the further utilization of electric energy, etc. • Improved power generation efficiency and optimized operations
	Acute	Intensification of natural disasters	Short/ Medium/ Long	• Large increase in the cost of recovery from typhoons and other natural disasters	• Strengthening of disaster countermeasures systems, including the strengthening of cooperation with local governments and related organizations (Reference (1))
Opportunities	Energy sources	Improvements in the value of non-fossil power sources	Short/ Medium/ Long	• Increased advantages of nuclear power stations • Increased profits due to the expanded generation of renewable energy	• Continuation of the safe and stable operation of nuclear power stations (Reference (2)) • Increased investment in renewable energy sources
		R&D progress for new technologies	Medium/ Long	• Commercialization of hydrogen utilization technologies, etc. through progress in R&D	• Conducting joint R&D and demonstration tests with manufacturers and other electric power companies
	Products/ services	Development of electrification and increased needs for low carbonized/ decarbonized electricity	Short/ Medium/ Long	• Increased electricity sales due to greater needs for electrification • Increased electricity sales due to greater needs for low carbonized / decarbonized electricity	• Further expansion of the introduction of low carbonized / decarbonized power sources, promotion of electrification. • Offering of CO2-free pricing contracts, etc.
	Resilience	Increasing need to secure supply and adjustment capacity	Short/ Medium/ Long	• Rising market prices due to a lack of supply and adjustment capacity nationwide	• Securing supply and adjustment capacity based on the optimization of supply facilities
		Increasing need for disaster prevention and mitigation	Short/ Medium/ Long	• Strengthening trust relationships with customers and society and improving corporate reputation through disaster-resilient business operations	• Further enhancing disaster countermeasures by strengthening equipment measures and increasing cooperation with local governments and related organizations

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

Major impact assessment for fiscal 2030 in each scenario



Major financial impact (Reference)

(1) Responses to increasingly severe natural disasters

Cost of recovery from the July 2018 floods in Japan

Approx. 3 billion yen

(2) Safe and stable operation of nuclear power

Improvement of the earnings and expenses after one month of safe and stable operation at Ikata Unit No. 3*

Approx. 10 billion yen

* Effects in terms of improved earnings and expenses related to supply and demand, as estimated based on fiscal 2022 results

Transition plan: Carbon Neutral Challenge 2050

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

With this in mind, based on the measures serving to address climate change-related risks and opportunities incorporated in our Medium-Term Management Plan. We have formulated a roadmap and are promoting specific initiatives concerning the "low carbonization / decarbonization of power sources," and the "further utilization of electric energy" with a view to fiscal 2030 and even further ahead to fiscal 2050, also taking the environmental conservation and other factors into account.

See pages 17—19

Indicators and targets

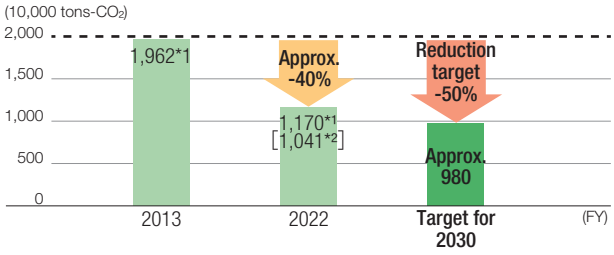
We have set targets for various climate-related indicators, including CO_2 emissions from the retail sector. We will work to minimize climate change-related risks and maximize opportunities by promoting initiatives that are aimed at achieving these targets.

Halve CO_2 emissions from the retail sector by fiscal 2030 in comparison to fiscal 2013

Shikoku Electric Power is promoting the "low carbonization / decarbonization of power sources" by maximizing the utilization of nuclear power, making renewable energy a main source of power, 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 promoting electrification, including in the industrial and transportation sectors. By doing so, we aim to reduce CO2 emissions from the retail sector by half in fiscal 2030 compared to fiscal 2013.

Note: CO_2 emissions from the retail sector in recent fiscal years See page 75

CO_2 emissions from the 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 throughout the supply chain

In fiscal 2022, greenhouse gas emissions throughout the supply chain amounted to 14.44 million t-CO2. We will work to reduce emissions in order to achieve the targets newly set in the GX League, which we joined in April 2023.

* Greenhouse gas emissions in recent fiscal years See page 75

Emissions throughout the supply chain in FY2022*1

	Scope 1*2	Scope 2*3	Scope 3*4
Emissions volume [10,000 tons-CO_2]	809	0	635

Scope 3 breakdown	Emissions volume [10,000 tons-CO_2]
Capital goods	14.1
Fuel and energy-related activities	590.0
Investments	27.4
Other	3.3

Shikoku Electric Power's targeted emissions in the GX League*5

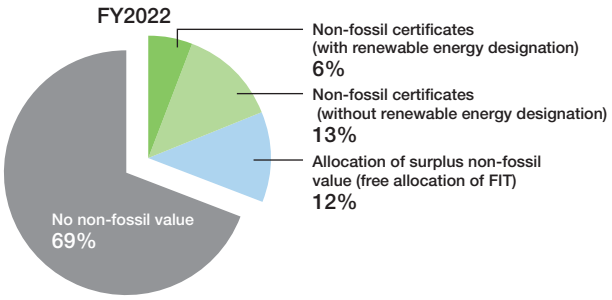
Emissions volume [10,000 tons-CO_2]	Criteria	Targets		
	FY2013	FY2025	Total for FY 2023-FY2025	FY2030
Scope 1	1,221	950	2,850	850
Scope 2	0.0465	0.0240	0.0720	0.0240

*1 Calculated for Shikoku Electric Power and consolidated subsidiaries (excluding companies with negligible emissions) in reference to documents such as the "Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain (ver. 2.5)" (Ministry of the Environment / Ministry of Economy, Trade and Industry)
*2 Direct emissions from the use of fuel for in-house power generation, etc. In addition, emissions in fiscal 2022 decreased significantly from 9.66 million t-CO2 in fiscal 2021 as a result of the shutdown of Saijo Power Plant Unit No. 1 due to its replacement.
*3 Indirect emissions associated with the use of electricity purchased from other companies at our places of business (offices), etc.
*4 Indirect emissions contained in electricity purchased from other companies (for electricity sales), etc.
*5 Shikoku Electric Power's emissions are calculated based on the GX League rules.

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

In order to respond to opportunities such as the increasing need for low carbonized / 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 in fiscal 2030*2.
We will also proactively work on continuing the safe and stable operation of nuclear power plants, which are non-fossil power sources, increasing the output of hydropower plants, and similar efforts.

Ratio of non-fossil certificates held by the retail sector 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 Applicable Environmental Use of 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 electricity retailers, etc.

Ratio of non-fossil power sources in recent fiscal years → See page 75

*2 Notification of the Ministry of Economy, Trade and Industry "Judgment Standard for Electricity Utilities Concerning the Applicable Environmental Use of Energy Sources" requires that, in fiscal 2030, 44% or more of the electricity supplied by electricity retailers be derived from non-fossil power sources.

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

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 carbonization / decarbonization of power sources.

	Result in FY2021 to FY2022
Amount of investments related to low carbonization / decarbonization of power sources	Approx. 120 billion yen

Introducing internal carbon pricing

Shikoku Electric Power has introduced an internal carbon price and is using this to make investment decisions in order to accelerate capital investment for low carbonization / decarbonization, such as renewable energy development.

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. This is something we will do by implementing "hard" measures, as well as "soft" measures such as disaster drills.

Achieve benchmark index (Act on the Rational Use of Energy (Energy Conservation Act)) in FY2030*1 (Indicator A: 1.00 or higherIndicator B: 44.3% or higher Coal indicator: 43.0% or higher)*2

The thermal efficiency of thermal power plants declines gradually as a result of operating time and the deterioration of facilities, etc. We implement daily equipment inspections, operational management and equipment upgrades as appropriate 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 by promoting the replacement of aging thermal power facilities. → See page 35

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

	FY2020	FY2021	FY2022
Indicator A	1.02	1.02	1.04
Indicator B (%)	43.1	42.1	43.5
Coal indicator (%)*3	—	—	39.43

*1 Under the Act on the Rational Use of Energy and Non-Fossil Energy Conversion, etc, an index (benchmark index) is set for each specific industry and field so that energy saving conditions among business operators in that industry can be compared.
Indicator A: Indicator of the rate of accomplishment of targets for power generation efficiency by fuel source
Indicator B: Indicator of overall thermal power generation efficiency
Coal indicator: Indicator of coal-fired power generation efficiency

*2 According to a notification of the Ministry of Economy, Trade and Industry - "Standards of judgment for business operators using energy at factories," - the target level in fiscal 2030 for Indicator A is 1.0 or more, while for Indicator B is 44.3% or more, and for the Coal indicator is 43.0% or more.

*3 Reported based on results for fiscal 2022 in line with revisions to the Act on the Rational Use of Energy (Energy Conservation Act)

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

Note: Results up to the end of fiscal 2022 → See page 33

Advancing Environmental Preservation Activities

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

Prevention of air pollution

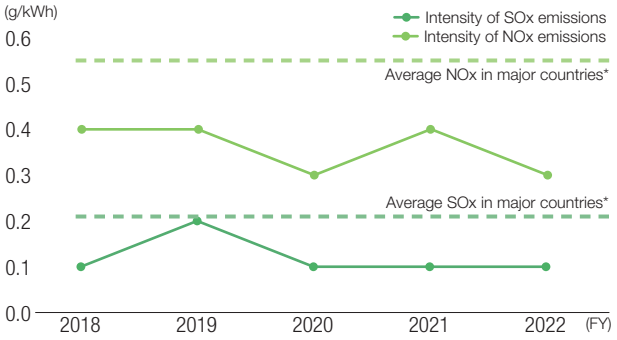
In order to reduce the emission of sulfur oxides (SOx) and nitrogen oxides (NOx) by thermal power plants into the atmosphere, we are taking measures such as using fuels with low sulfur content, installing flue gas desulfurization and denitrification equipment, and implementing the thorough management 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, and curbed of the amount of power generated by oil. As a result, the intensity of SOx and NOx emissions has remained at low levels in recent years.

Result in fiscal 2022
Intensity of SOx emissions **0.1g/kWh**

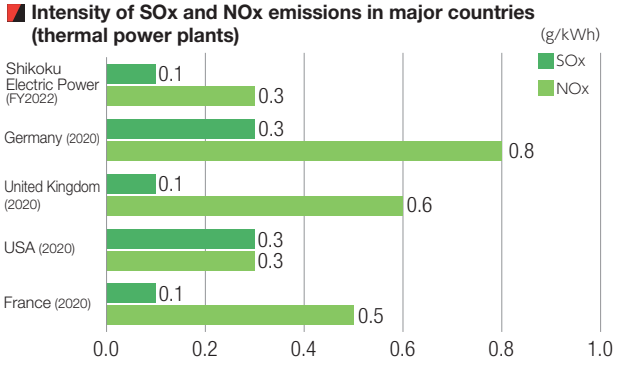
Result in fiscal 2022
Intensity of NOx emissions **0.3g/kWh**

Intensity of SOx and NOx emissions from thermal power plants



* Derived from 2019 data of four major countries (Germany, United Kingdom, USA, and France)

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



* Compiled based on the website of the Federation of Electric Power Companies of Japan ("Energy and the Environment")

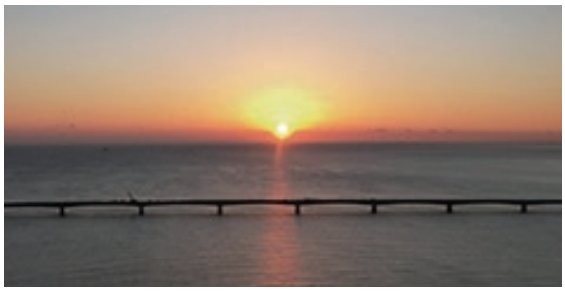
Promotion of recycling

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")

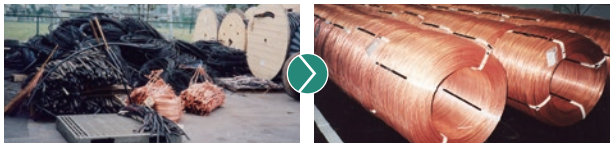
Result in fiscal 2022
Coal ash recycling ratio **99.6%**

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 biodiversity

Amid growing interest in biodiversity and nature, the Taskforce on Nature-related Financial Disclosures (TNFD) was established in June 2021. The TNFD is developing a framework for assessing and disclosing risks and opportunities related to nature, and its final recommendations will be published in September 2023.

The dependence on nature of corporate activities, and the impact of such activities on nature, can be seen as risks and opportunities related to nature. Shikoku Electric Power will continue to monitor TNFD trends and work to contribute to building a nature-positive society.



Inspection and maintenance of nesting towers (Seiyo City)



Oriental stork flying into the area (Seiyo City)

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, including:

- Installation of equipment able to take in water with low turbidity and return it downstream after use 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 etc., the temperature differences between the intake and discharge water is controlled in accordance with agreements with local governments.

When constructing power plants, environmental assessments are carried out to predict and evaluate the impact of construction work and the operation of power plants on the surrounding area in advance, and the results are reflected in environmental conservation measures.

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.

Environmental conservation activities together with the community

We are working throughout the year with local communities around Shikoku on environmental conservation 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 (in 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."

Enhancing communication with local communities

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 2022, we conducted relationship-building activities with local residents in various regions of Shikoku, including social contribution activities, such as electrical facility inspections and clean-up activities.



Cleaning the Ryoma Sakamoto Statue [Katsurahama, Kochi Prefecture] (Kochi Branch & Yondenko Corporation)



Tokushima Machinaka Hana Road Project "Hana Planting Association" (Tokushima Branch & Yonden T&D Tokushima Branch)

Energy education for children

In order to increase children's interest in energy and environmental issues and have them gain a correct understanding of these issues, we have been conducting "Delivery Energy Classes" based on the needs of educators and children throughout Shikoku. The classes are for elementary and junior high school students, who will be responsible for our future.

In fiscal 2022, in response to the needs of each school, in addition to the "Delivery Energy Classes", which make effective use of power generation models and videos, we also conducted online tours of our company facilities, which have been well received.



Delivery Energy Class



Online tours

Positive disclosure of nuclear information and dialogue activities

Information disclosure using the Ehime method

In 1999, we were the first power company in Japan to introduce a notification system, through which we notify Ehime Prefecture and Ikata Town immediately of all events other than normal operations that occur at the Ikata Power Plant, and we have continued to operate this system ever since. 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 Ikata Town based on safety agreements

(Unit: number of notifications)

FY	2018	2019	2020	2021	2022
Class A	5	6	3	7	7
Class B	3	4	2	4	4
Class C	14	20	13	17	18
Total	22	30	18	28	29

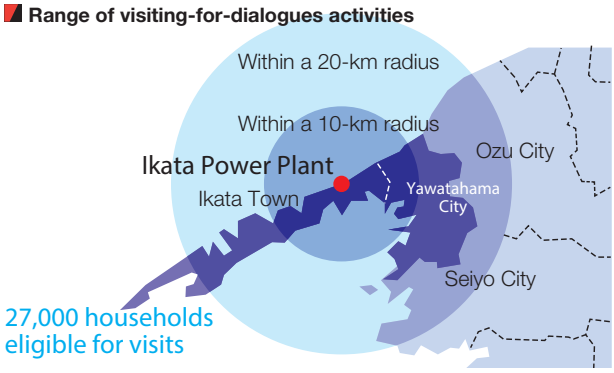
* Overview of public notifications in Ehime Prefecture
Class A (Trouble, etc., that needs to be reported to the government): Immediate public notification
Class B (An abnormal situation at a facility, etc., has occurred within the radiation control area): Public notification within 48 hours
Class C (Events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

Visiting-for-dialogues activities

Since starting visiting-for-dialogue activities in 1988, our employees have made individual visits to approximately 27,000 households in Ikata Town and Yawatahama City within a 20 km radius of Ikata Power Plant. They continue to conduct activities, including giving explanations on safety measures etc. at the power plant, and to engage in dialogue activities to listen to opinions in person. Over the past three years, the COVID-19 pandemic has meant that employees were unable to do any individual home visits. However, we distributed leaflets to all homes and received opinions through postcards and other means.

We will continue to listen carefully to the opinions of local residents in order to further improve the safety of Ikata Power Plant.

Range of visiting-for-dialogues activities



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/

Efforts to resolve local issues

Creating a flourishing region , working to increase the non-resident population

Shikoku Electric Power Group is working with other companies to revitalize the Shikoku region, promote tourism, and expand the number of visitors, etc.

For example, the SHIKOKU-KE SUPPORTERS CLUB (established by 23 companies and organizations in 2021 with the aim of revitalizing the Shikoku region) conducts events such as the Pilgrimage Walk to inspect the Shikoku Pilgrimage (approximately 5,600 participants) and the Marugame Nigiwai (Activity) Project (approximately 7,700 participants). We are also working on various activities to revitalize Shikoku, such as creating a calendar to introduce Shikoku's festivals online, and plan to sell souvenir sets combining products from Shikoku's four prefectures.

As of the end of fiscal 2022, the number of companies and organizations supporting the club has increased to 104, and the club's circle of activities is expanding.


One-day Welcome Pilgrimage Walk



Festivals Online Calendar leaflet

Support for the arts, culture, and sports

Yonden Cultural Foundation supports improvements in art and culture in the Shikoku region and the realization of prosperous and comfortable local communities. Activities include scholarship support for students from Shikoku who aspire to become artists, honoring outstanding artists associated with Shikoku, holding concerts and art exhibitions by scholars, and providing support for the dispatch of musicians.

Shikoku Electric Power Group also supports professional soccer and basketball teams in the region to promote regional sports.


Hometown concert by scholarship students in Shikoku

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 on agribusiness that will contribute to the revitalization of agriculture in the Shikoku region by utilizing human resources and connections with local communities possessed by Shikoku Electric Power Group.

Agribbon Corporation (Kagawa Prefecture), a group company, contributes to the maintenance of production areas by growing the rare and valuable strawberry "Nyoho" and jointly shipping it in cooperation with local producers.

Group company Aitosa Corporation (Kochi Prefecture) develops and sells "sixth sector" products that use "Shishito peppers", a leading local product. Aitosa also develops "smart agriculture" technologies, leveraging robots, AI, and the IoT, and is working to establish efficient cultivation methods and save labor in production operations.


"Nyoho" strawberries harvested by Agribbon



"Shishito Miso" made using Aitosa's shishito peppers

Operation of emergency medical service helicopters

SHIKOKU AIR SERVICE CO., LTD., a member of the Group, operates emergency medical service helicopters in Kagawa and Kochi prefectures as part of its aircraft business. The importance of emergency medical service helicopter operations has increased, as evidenced by the conclusion of wide-area cooperation agreements among the four prefectures of Shikoku, etc. The safe and reliable operation of emergency medical service helicopters contributes to local disaster response and emergency medical care.


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

Fostering Employee Motivation

Shikoku Electric Power Group wants all of our employees 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.

Implementing human capital management

Based on the belief that “people” are the greatest driving force (greatest asset) for promoting sustainability, we are working to create vibrant work environments in which employees can engage in work with a sense of fulfillment and achievement, and maximize their abilities. We define the “promotion of diversity and inclusion” and “promoting the acquisition and development of future-leading human resources” as key human capital issues.

Note: The following measures focus on the efforts of Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.

Promotion of diversity and inclusion

We respect the personalities, diverse sense of values and lifestyles of our employees. Capable and motivated employees are provided with opportunities to exercise their abilities and they are promoted to higher ranks, regardless of gender etc.

Support for balancing work with childcare and nursing care

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

In addition, from the viewpoint of promoting understanding and dissemination of our systems, we have established a dedicated consultation office and distributed a “Work-Life Balance Support Handbook”. We also promote awareness among managers and foster a workplace culture that makes it easy to use our systems.

In recognition of these efforts and as a company engaged in supporting child-rearing, Shikoku Electric Power has received the Kurumin certification* from Kagawa Labor Bureau four times. In recent years, we have also received many favorable comments in our recruiting activities from students, who have described our working environment as one that encourages women to remain in long term work. The number of female hires has also been increasing, particularly within our corporate section.

* Kurumin certification is granted to companies that meet certain criteria and achieve the targets specified in the General Employers' Action Plan based on the Act on the Promotion of Measures Supporting the Growth of the Next Generation (Next-Generation Act).

Under our General Employers' Action Plan, which is based on the Next-Generation Act and which we are implementing until fiscal 2025, we have set goals for increasing the rate of male employees taking childcare leave so that they can balance work and family life, regardless of gender. We also aim to support male employees' participation in housework and childcare.

Certified in 2020 Kurumin Supporting childcare “Kurumin” certification mark



An employee on childcare leave

Promoting the careers of female employees

In the electric power business, there are many organizations with a high percentage of male employees and few female managers. This is because most of the workplaces are power plants, transmission and distribution sites.

For this reason, we will actively work to expand the recruitment of women and make efforts to systematically develop and actively promote female managers through career development support, etc. based on the following targets.

- 5.0% ratio of female managers by the end of fiscal 2025* (result in fiscal 2022: 3.5%)
- In the medium to long term, aim for a similar ratio to that for female employees.

(The ratio of female employees in fiscal 2022 was 9.2%.)

* Combined total for Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.

We are currently working towards these goals.
In April 2023, Shikoku Electric Power was awarded "Eruboshi” certification* as a company that has excelled in promoting women’s careers.

*Certification is granted to companies that meet certain standards and have excellent performance in promoting women's careers, based on the Act on the Promotion of Women's Active Engagement in Professional Life.

Supporting women’s careers! “Eruboshi” certification mark

Efforts to promote women's careers

	Topics Covered
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 with an emphasis on individual characteristics, in cooperation with our divisions.
Conducting follow-up interviews after promotion to management positions	HR staff conduct follow-up interviews to eliminate feelings of burden and anxiety while checking on status in terms of business performance.
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.

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)
https://www.yonden.co.jp/cnt_movie/index.html

Active use of seniors

We give specialist certifications to skilled technicians at the forefront of their fields and personnel with highly specialized knowledge, offering career opportunities in specific fields.

We are also working to maintain and improve our technical capabilities in the field, and improve our ability to pass on technological knowhow to future generations, through the use of employees rehired after retirement with extensive work experience.

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 help to expand employment opportunities for individuals with disabilities. As a result, our employment rate for individuals with disabilities is 2.7% (as of June 2023)*, which is higher than the statutory employment rate (2.3%).

* Total employment rate at four companies, including Shikoku Electric Power and Shikoku Electric Power Transmission and Distribution Co., Inc.

Development of a comfortable workplace environment

We have established an organization for reforming working styles, which is headed by the Senior Corporate Officer of the Employee Relations & Human Resources Department. We operate hourly leave system, flexible work, open plan offices where employees are free to sit where they choose, and casual dress codes based on the diverse lifestyles and needs of employees.

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 the next day.

Main systems enabling flexible working styles

Item	Topics Covered
Hourly leave system	System through which employees are able to acquire paid leave on an hourly 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
Proactively promoting the acquisition of 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

Improving employee engagement

It is important for employees to increase employee engagement in work, with a sense of fulfillment and achievement, and to display their full potential.

For this reason, we share Shikoku Power Company’s direction with our employees by disseminating information from the management and by holding meetings to exchange opinions in the workplace. We also strive to provide various opportunities for active participation and growth, and to foster a comfortable work environment based on the opinions of employees.

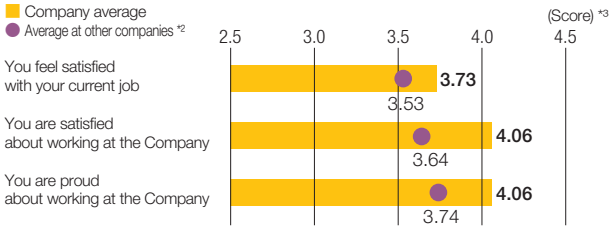
Conducting employee engagement surveys

An employee awareness survey is conducted once every three years with the aims of tracking employees' understanding of management issues, their willingness to take on new challenges, and the state of organizational vitality over time, and reflecting this in our personnel and labor policies. The most recent survey (fiscal 2021) confirmed that employees feel a sense of satisfaction at work and pride in working for Shikoku Electric Power.

In addition, we conducted an engagement survey targeting young employees up to the fifth year of employment, focusing on aspects such as job satisfaction and work environment. Based on the survey results, the Employee Relations & Human Resources Department conducted individual interviews, allocated personnel to training based on individual characteristics and aptitudes, and provided opportunities for employees to challenge themselves. Our retention rate for recent graduates after three years was 97.5%.

Since fiscal 2023, we have expanded the scope of this engagement survey to include all employees. Improving the vitality of our organization in this way will lead to a sustainable increase in our corporate value.

Excerpt from the results of the employee awareness survey (fiscal 2021) *1



*1 The next survey is scheduled for fiscal 2024.
*2 Average at other companies: Average of 80 companies with 1,000 or more employees using survey contractors.
*3 Scores out of 5

Developing and securing human resources to open up the future

Passing on our DNA to support the stable supply of electricity

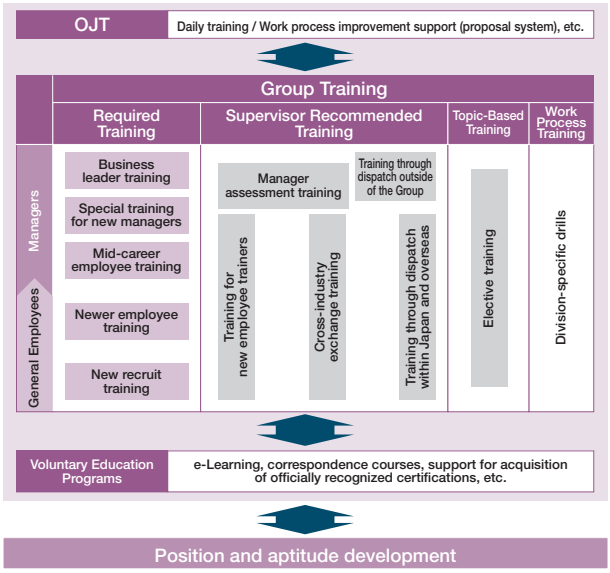
Education and training

With regard to human resources 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 training for each department
- By focusing on individuals' motivation and willingness, we are effectively combining self-development support to increase motivation and the drive to take on challenges, and we are working to make young and mid-career employees capable as early as possible.

In addition, based on practical education programs developed by each technical department, we are systematically acquiring and passing on knowledge of the technical capabilities required for the maintenance and operation of electric power technology, as well as related laws and regulations. We are steadily passing on our DNA of "strength in the field" and "a sense of mission" to support stable power supply and customer service.

Education systems




New recruit training


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

Human resources development based on the growth strategy

Securing and developing human resources to promote growth businesses

We have established a new "Business Development Course" to recruit people with a certain level of work experience, which we will adopt from our regular hiring campaigns from fiscal 2024 onwards, and we will make efforts to secure people with a high aptitude and motivation to take on challenges in growth fields, alongside ongoing efforts to hire staff with a certain level of workplace experience. In addition, we flexibly assign people with motivation, ability, and aptitude across our divisions in order to promote our growth businesses.

In order to promote the growth of talented human resources, in addition to business communication training to strengthen business performance in English and acquire overseas business skills, we are also expanding opportunities for outside employment, such as internships at overseas companies and work experience at venture companies.

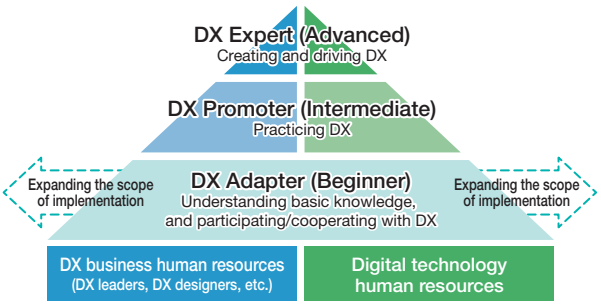

Business communication training

Initiatives for DX human resources development

In order to nurture DX human resources, we have established the "Yonden DX Learning Program", and we have developed an education system that enables trainees to acquire the knowledge and skills needed at each individual level.

In addition, we have established an internal DX portal website to improve DX literacy among employees by providing content, including introductions of internal and external DX case studies and explanations of new digital technologies.

Training levels for DX human resources



Basic policy of materials procurement information
https://www.yonden.co.jp/business/supply/policy/index.html

Initiatives as a company that respects people

Raising awareness of respect for human rights

Our company's corporate philosophy is to be "A Company that Respects People," and we have declared respect for human rights in our business activities in the Shikoku Electric Power Compliance Guidelines (in Japanese only). We are promoting group-wide efforts to create a society in which each person's human rights and character are respected, so that people can live and work in a humane and prosperous manner.

Human rights education and harassment prevention

We have established a "Human Rights Education Promotion Committee" 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. In addition, we have established the Yonden Group Liaison Committee for the Promotion of Human Rights Enlightenment to promote human rights across our group.

As part of efforts to prevent harassment, we have 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.

Respect for human rights in the supply chain

In accordance with our "Basic Policy on Procurement of Materials", we conduct procurement activities that take account of human rights in supply chains by requiring suppliers to comply with laws and regulations related to labor and human rights, and to ensure safety during work.

In addition, we are promoting fair and free trade under the "Declaration of Partnership Building", which aims for coexistence and co-prosperity on an equal footing with our suppliers.

Requests to suppliers based on the Basic Policy on Procurement of Materials (excerpt)

- ○ **Compliance with laws and social norms**
  - Laws, regulations and social norms related to labor and human rights that must be observed in order to fulfill social responsibilities
- ○ **Ensuring safety**
  - Preventing industrial accidents and ensuring safe and hygienic work environments
- ○ **Consideration for the environment**
- ○ **Ensuring appropriate prices and quality, etc.**

Stringent occupational health and safety measures

Led by the "Yonden Group Safety Committee", we aim for zero industrial accidents across Shikoku Electric Power Group, and we work 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 2022)

	Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.	Subcontractors	Total
Occupational accidents	2	13	15
Traffic accidents	0	0	0
Total	2	13	15

Initiatives aimed at health and productivity management

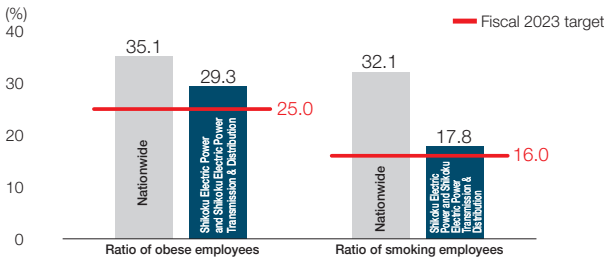
Under our "Declaration on Health Management", we are working to reduce the risks of lifestyle-related diseases such as obesity and smoking through individual health guidance. In addition, as a mental health support measure, we are working to prevent illness and create comfortable working environments for our employees by providing care from professional occupational physicians and occupational health staff.

In recognition of such initiatives, Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc. have been recognized for four years in a row as an "Excellent Health Management Corporation"* by the Ministry of Economy, Trade and Industry.

* This is a system to honor corporations engaged in strategic "health management" for their employees from a management perspective.

Excellent Health Management Corporation Heath and productivity

Numerical targets for reducing lifestyle disease risks



Source: Nationwide figures are for men aged 20 to 60, "2019 National Health and Nutrition Survey", Ministry of Health, Labor and Welfare
* Combined ratio for Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc. (fiscal 2022)

Enhancing Corporate Governance

We are working to strengthen governance, secure management transparency through dialogue with shareholders and investors, and promote 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”. Based on this mission, we are advancing efforts aimed at impartial, quick and bold decision-making, and achieving sustainable increases in 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



Iwao Otsuka
Director Audit & Supervisory Committee Member

The aim of corporate governance is to realize the “development of companies, investors and the economy as a whole” by handling the “sustainable growth of the company and improvements in corporate value over the medium to long term”.

In other words, the aim is to identify the social issues and changes in customer needs that result from changes in the environment and social structure within a timeframe. Through communication and collaboration with stakeholders, such as shareholders, customers, employees, and local communities, the company will quickly and decisively practice “attack and defense” while being aware of transparency and fairness, and then grow and develop alongside our stakeholders.

At Shikoku Electric Power, efforts have been made to strengthen governance, including the formulation of the “Yonden Basic Policy on Corporate Governance” in 2015 and the subsequent transition to a company with an Audit and Supervisory Committee. In the current fiscal year, a “performance-linked compensation system” for directors, etc. has been introduced after deliberation by the Compensation Committee.

At a time when transitioning to a decarbonized society is a major theme, there are strong expectations for Shikoku Electric Power Group to strengthen and stabilize its management and financial bases, and to use this as a platform for securing the necessary power sources and stable electric supply to industries and households in Shikoku in accordance with each stage of transition to a decarbonized society. In addition, with decarbonization, the need for electricity-related support from industry is expanding, and it is important to respond firmly to this with the technologies and knowledge possessed by Shikoku Electric Power Group. In addition, the comprehensive strengths and human resources of the Shikoku Electric Power Group have an extremely important role to play and expectations to meet for ensuring the sustainability of Shikoku, where there is a declining population, dwindling birthrate and aging society. Going on the “offensive” to enhance sustainability will lead to the growth and sustainability of the Shikoku region, as well as growth and increased value for Shikoku Electric Power Group. As an outside director, I will be asked to make recommendations based on my experience of managing a regional bank in Shikoku.

On the other hand, the occurrence of a case where customer information is used for purposes other originally intended shows that there is a problem in “defense”. The outside directors have held discussions with the management based on their knowledge at the Board of Directors and the Audit and Supervisory Committee. We have examined the causes and problems, as well as the organizational culture, including the level of awareness among officers and employees, and worked to develop systems to prevent recurrence. In the future, I will work to further strengthen my supervision as an outside director in order to enhance internal control systems and improve transparency.

As a power company and leading company in Shikoku, the responsibilities and roles of the Shikoku Electric Power Group are heavy and significant. As an outside director, my responsibilities are extremely high, too. With this in mind, I plan to contribute to the “attack and defense” of the Shikoku Electric Power Group.

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)

- Comprised of 14 members, including 5 outside directors (including 2 women)
- Supervises decision-making related to the execution of important business operations and the performance of directors' duties

[2] Audit and Supervisory Committee (Chair: Hiroshi Kawahara)

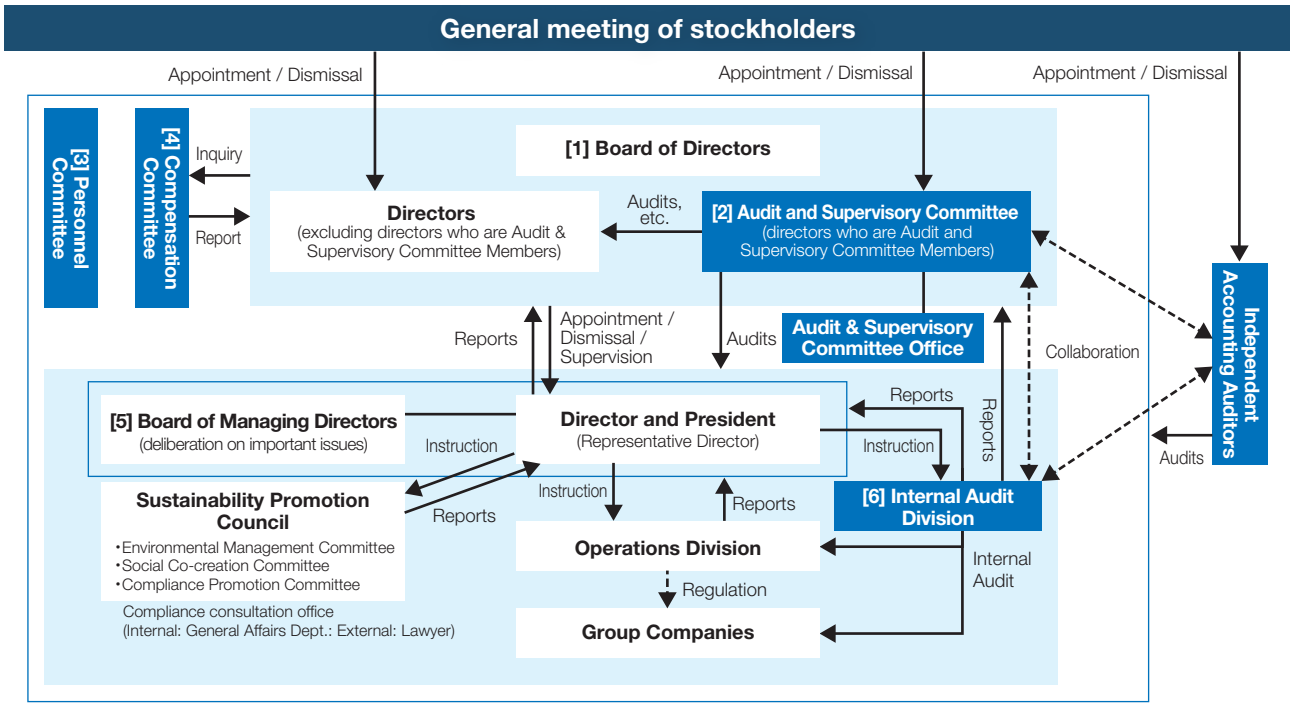
- Comprised of 5 outside directors (including 2 women) and 1 internal director
- Exchanges opinions and provides advice on management through attendance at important meetings of the Board of Directors and regular meetings with representative directors
- Audits the execution of duties by executive directors through inspection and investigation of important documents

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

- Comprised of 5 outside directors and 2 internal directors
- Deliberates on matters concerning the appointment and dismissal of the representative director, other directors and corporate officers, and the appointment and dismissal of senior advisers and executive advisers

[4] Compensation Committee (Chair: Ryohei Kagawa [Outside director])

- Comprised of 5 outside directors and 1 internal director
- At the request of the Board of Directors, the Compensation Committee deliberates on the amount of director compensation and the details of shareholder meeting proposals related to director compensation, then reports its findings to the board.



[5] Board of Managing Directors

- 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 can also attend these meetings.)
- Deliberates on matters to be submitted to the Board of Directors and on important matters related to business execution

[6] Internal Audit Office

- 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 job grade.

Enhancing Corporate Governance

Composition of the Board of Directors and nomination policy

It is important for the Board of Directors to conduct full deliberations and make prompt and rational decisions based on diverse opinions.

For this reason, Shikoku Electric Power has built its Board of Directors so as to establish a proper balance of the insight, experience and abilities needed for business management across the board as a whole, while maintaining diversity and an appropriate size by appointing executive directors from a variety of fields and backgrounds and multiple independent outside directors, after first identifying the skills they should be equipped with in consideration of matters such as management strategy.

The Board of Directors nominates candidates for Director who meet the following criteria. Prior to their nomination, candidates are deliberated by the "Personnel Committee." Following this:

- Explanations about candidates for director (excluding members of the Audit & Supervisory Committee) must be given at a meeting of the Audit & Supervisory Committee
- The consent of the Audit & Supervisory Committee must be obtained for candidates for director who are members 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 applied to candidates for director

[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 for 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
Directors (excluding members of the Audit & Supervisory Committee)	Deliberation	• Decision-making on appointments, etc. • Statements of opinion at General Meeting of Shareholders	Resolution
Director Audit & Supervisory Committee Member		Consent	

Approach to directors' compensation

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 limits determined by resolutions issued at General Meetings of Shareholders.

Directors' compensation

<Directors (excluding members of the Audit & Supervisory Committee)>

- Monthly compensation [approximately 70%]
- Performance-linked compensation [approximately 10 to 20%] (short-term performance improvement incentive)

  (Consolidated ordinary profit and dividends are set as standard indicators, and the amount paid is determined by taking into account the status of ESG initiatives.)
- Stock compensation [approximately 10%] (incentive to increase corporate value over the medium to long term)

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

- Monthly compensation [100%]

Compensation amounts (FY2022)

(millions of yen)

Executive classification	Total amount of compensation, etc.	Total amount by type of compensation, etc.			Number of eligible directors
		Monthly compensation [annual amount]	Bonuses (results-linked compensation, etc.)	Stock compensation (non-monetary compensation, etc.)	
Director (excluding members of the Audit & Supervisory Committee)	280	250	—	29	10
Director Audit & Supervisory Committee Member (internal)	28	28			1
Outside Director	43	43			5

Note:Including the total amount of compensation paid to directors retiring from their positions at the General Meeting of Shareholders held in June 2022 and the number of such directors.

(Reference) Maximum monthly compensation of directors [total for all directors]

(millions of yen)

Executive classification	Maximum monthly compensation	Stock compensation
Directors (excluding members of the Audit & Supervisory Committee)	456 [Annual amount]	• 160 million yen over three fiscal years • 50,000 points annually*
Directors who are members of the Audit & Supervisory Committee	10 [monthly amount]	

* 1 point = 1 share

Fiscal 2022 report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/report.html

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.

Based on the results of the questionnaire in fiscal 2022, our company considers that the effectiveness of the Board of Directors has been appropriately ensured. In addition, a third -party law office have expressed the view that our questionnaire items, evaluation results, and future actions are appropriate.

We will continue to optimize governance based on the opinions of directors and strive for further improvements in the effectiveness of the Board of Directors.

Evaluation of the effectiveness of the Board of Directors (summary of questionnaire survey in fiscal 2022)

<Reasons why effectiveness was judged to be appropriate>

- The Board of Directors as whole has a good balance of insight, experience and abilities, while ensuring diversity and an appropriate size.
- By appointing outside directors as the chairs of voluntary committees (Personnel Committee and Compensation Committee), a system has been established to ensure independence and a checking function for the Board of Directors, thereby improving the governance function.
- Adequate time for discussion at the Board of Directors meetings is ensured by preparing more detailed advance explanations of proposals.

<Requests and future issues>

- Further enhance opportunities for outside directors to share information and exchange opinions

Frequency and attendance rates of meetings of the Board of Directors and Audit & Supervisory Committee (FY2022)

	Number of meetings held	Attendance rate
Board of Directors	11	98.7%
Audit & Supervisory Committee	18	97.7%

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 the System for Ensuring Sound Business, which is our basic policy on internal controls, so that we can conduct business activities that are legal, appropriate, and efficient. Going forward, we will implement business management in accordance with this policy.

Further, we will disseminate this policy continuously to gain the understanding of all our Directors and employees, in order to strengthen our initiatives for enhancing our internal control systems.

Strengthening the internal control system for conduct policy

In response to the use for unintended purposes of customer information managed by Shikoku Electric Power Transmission and Distribution Co., Inc., we are strengthening our internal control systems for conduct policy in order to prevent recurrence and restore trust.

See page 26

New internal control systems for conduct policy

	Name	Role
Internal	Project team for conduct policy compliance	・Supervising the whole company ・Promoting and supervising company-wide activities related to conduct policy (monitoring and guidance of sales departments, company-wide education on conduct policy, risk review, and rule design)
Internal	Awareness Reform and Business improvement Promotion Project	・Supervising sales departments ・Promotion and management of recurrence prevention measures at the sales departments (training on conduct policy, inspection of business flows, etc., workplace patrols, etc.)
Internal	Conduct policy audit	・Established at the Internal Audit Office ・Perform specialized audits of company-wide conduct policy compliance
Outside	Third-party checks	・Audits by external experts ・Advice and guidance on overall company-wide activities related to conduct policy compliance

Establishment of rules on managing contact with competitors

In light of the fact that violations of the Antimonopoly Law by electric power companies have become a social issue, in April 2023, our company established the Rules on Contacting Competitors in order to prevent cartels, bid-rigging, and other acts that could lead to suspicion. Also, we set out rules on measures to be taken when there are matters or problems observed in our contact with competitors, as well as rules on internal reporting.

In addition, for directors and senior managers of our sales and planning departments, we hold study sessions with lawyers specializing in anti-monopoly law in order to remind ourselves of key points for preventing cartels.

Approach to cross-shareholdings

The shares that we hold are limited to those of companies which contribute to the sustainable improvement of Shikoku Electric Power Group's corporate value in terms of the efficient operation of electric power business, etc.

In addition, the rationality of our holdings 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. The results are then reported to the Board of Directors. Stocks that have reduced meaning are then quickly sold.

On the other hand, in order to strengthen business relationships and build cooperative relationships for new businesses, in fiscal 2022 we increased the number of unlisted stocks we hold.

Shareholdings (end of FY2022)

(billions of yen)

	Number of stocks	B/S recorded amount	Difference against previous year	
			Number of stocks	B/S recorded amount
Listed stocks	2	7	▲6	▲26
Unlisted stocks	68	284*	1	▲4

* In relation to nuclear power, we hold stocks of 0.3 billion yen in one listed company, and 26.5 billion yen in stocks in 9 unlisted companies, for a total of 26.9 billion yen in 10 companies. Of that amount, 25.6 billion yen is accounted for by our stocks in Japan Nuclear Fuel Limited. Japan Nuclear Fuel Limited's business plays an important role in the nuclear fuel cycle, and we have made this investment owing to its necessity for the stable operation of our nuclear power plants.

React to Risks and Opportunities

Risk management system

In light of social issues, including climate change, the business environment, and management resources, risks that may have a significant impact on business operations are checked and reviewed annually by the management in accordance with the "Risk Management Rules". The results are reflected in the following fiscal year's management plan to prevent and reduce risks. We also work to create new value by taking advantage of opportunities that arise as a result of changes.

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



Key risks and opportunities

[→ specifies how we will respond]

	Major events	Assumed risk	Assumed opportunity
Electric power business	[1] Changes in energy policy or electric power business systems	• Strengthening of rules based on reviews of policies and systems → Grasping the state of discussions at state councils, dialogue with policy authorities, etc.	• Profit opportunities arise due to reviews of policies and systems → Grasping of the state of discussions at state councils, etc.
	[2] Strengthening environmental regulations	• Operating restrictions on thermal power generation and increased power generation costs, etc. due to the strengthening of regulations → Analysis and responses to risks and opportunities based on climate change scenarios See pages 49-52	• Expansion introduction of renewable energy → New development and expanded introduction of renewable energy See pages 33-34 • Improvement of the efficiency of supply facilities → Higher efficiency of thermal power generation See page 35 • Promotion of electrification and progress with energy saving → Promotion of electrification consulting, solar PPAs, and decarbonization support for local communities See pages 37-38
	[3] Changes in the environment surrounding nuclear power business	• Increase in the cost of alternative thermal fuels associated with long-term shutdowns due to lawsuits, changes in laws, etc., and increase in capital investment associated with additional measures, etc. → See "Improvement of safety at the Ikata Power Plant, continuation of safe and stable operation, etc." on the right • Review of state systems related to the nuclear fuel cycle, etc. → Grasping the state of discussions at state councils, dialogue with policy authorities, etc.	• 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 pages 32 and 55
	[4] Market trends	• Significant fluctuations in fuel prices and exchange rates → See "Stable fuel procurement" on the right • Decline in retail electricity sales volumes and unit prices due to market competition, and decline in wholesale unit prices due to increase in FIT electricity → See "Expansion of profit opportunities" 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	• Stable fuel procurement → Diversification of suppliers and diversification of procurement methods See page 36 • Expansion of profit opportunities → Expansion of sales areas and diversification of sales methods and channels → Maximizing profits by utilizing multiple markets See pages 37-38 • Creation of new services and business → Promotion of solar PPA and distributed energy business See pages 38, 45, etc.
	[5] Facility and operations-related trouble, etc.	• Damage to facilities or the occurrence of operating trouble due to a large-scale natural disaster or aging of supply facilities → See description on the right See page 65	• The appropriate inspection of supply facilities, maintenance and enhancing the recilience → Safe operation for thermal and hydroelectric power, optimization of transmission and distribution facilities, handling of hardware and software aspects in terms of readiness for disaster occurrences, etc. See pages 33, 34 and 39
Businesses other than electricity	[1] Businesses other than electricity	• Changes in the market environment or materialization of country risk in an individual business → Identifying and managing risks assumed in business operations • 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	• Response to changes and opportunities in the market environment • Trends in digitization and DX → Expansion of IT/Communication business See page 42 • Increase in global energy demand → Expansion of international business See page 43 • Rise of new needs in the energy business → Initiatives for DX and distributed energy business See page 45, etc.
In common	[1] Compliance	• Decline of social credibility associated with the violation of laws and regulations, etc. → Raising awareness of compliance among the officers and employees, and strengthening internal control systems See pages 26, 67, etc.	• Increased need for enhanced governance and transparency → Enhancing and strengthening corporate governance See pages 63-64

Promoting 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. We make efforts to raise awareness and promote implementation of these guidelines.

We have also established the Shikoku Electric Power Group Compliance Council, which combines the Compliance Promotion Committees of each Group company, through which we make thorough efforts to ensure compliance across the Group.

Implementation of ongoing compliance education

Every year, we implement e-learning training for all employees, based on various potential work-related compliance issues. In fiscal 2022, 100% of employees undertook this training.

In addition, we regularly conduct training for personnel in charge of on-site offices to share actual case studies of compliance violations and raise awareness of laws and internal regulations related to operations. We also provide compliance training that takes advantage of the opportunities for training at different job grades.

Furthermore, in response to an incident in which customer information managed by Shikoku Electric Power Transmission and Distribution Co., Inc. was used for unintended purposes, we have decided to provide training on conduct policy to a wide range of people, with a focus on the sales departments.

Through these efforts, we will work to instill and establish compliance awareness among our employees.

See page 26

Protection of personal information

The Confidential Information Security Committee promotes company-wide efforts to protect personal information. In addition, under our “Basic Policy on the Protection of Personal Information,” we make thorough efforts to implement the proper management of personal information, including that of customers, by disclosing the purposes of use of personal information, etc., establishing internal rules, and conducting education and awareness-raising activities among the employees.

Protection of intellectual property rights

Our Group owns and utilizes intellectual property rights, such as patents, in fields such as energy, information and communications, electronics, construction engineering, agriculture, and other fields. In addition, in order to avoid infringing upon the intellectual property rights of third parties in our business activities, we provide training on legal systems and cases of infringement concerning patents, etc. mainly for staff in charge of intellectual property, including at group companies.

Compliance consultation office

We have established a Compliance Consultation Office at the 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, the Audit & Supervisory Committee has also established an internal contact point to receive reports on violations of laws, regulations and corporate ethics directly involving Directors.

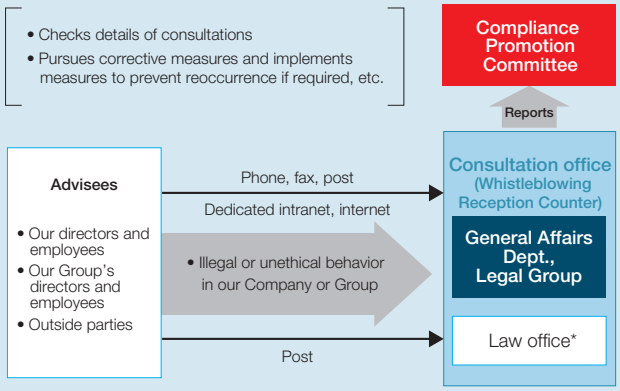
Each contact point implements surveys as required and responds appropriately.

Number of consultations with compliance consultation office

FY	2018	2019	2020	2021	2022
Number of consultations*	9	6	2	4	6

* This is the total for Shikoku Electric Power Company and Shikoku Electric Power Transmission & Distribution Co., Inc. since fiscal 2020.

Overview of Shikoku Electric Power’s Compliance Consultation Office



* Matsumoto Law Office
Imon Takamatsu Building, 5th Floor, 1-2-5 Kotobukicho, Takamatsu-city
(in principle, limited to posted 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

At Shikoku Electric Power Group, massive quantities of information, including personal information, are processed using computers. We have established the "Yonden Group Information System Security Guidelines" and we implement information management measures to ensure security because of the potential for this computer processing to have a major impact on our customers, such as information leakage or 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 that shares information and provides analyses concerning cyber-attacks and countermeasures among electric power business operators).

As a result of these security measures, the number of critical security incidents occurring during fiscal 2022 was zero.

Enhancement of IR Activities

Constructive communication with shareholders and investors

Based on the "Yonden Basic Policy on Investor Relations," we focus on ongoing communication between shareholders and investors with Shikoku Electric Power's management and IR personnel. We hold company briefings and individual meetings as needed, while also utilizing online meetings.

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.



Company briefing for analysts and institutional investors in May 2023 (online participation was also used)

Prompt and appropriate information disclosure

We provide stakeholders with management targets and financial information related to business operations in a 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 we conduct timely disclosures promptly if any matter subject to disclosure arises.

List of Directors

Director

Name	Attendance in fiscal 2022	Main expertise, experience, etc./ fields of particular strength							Significant concurrent positions
		C	F	L	T	M	I	E	
 **Hayato Saeki** Chairman of the Board HR	Board of Directors 11 meetings/11 meetings	●				●	●	●	Chairman, Shikoku Economic Federation
 **Keisuke Nagai** Director and President HR	Board of Directors 11 meetings/11 meetings	●			●		●	●	Chairman, Shikoku Productivity Center
 **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 11 meetings/11 meetings		●	●			●		—
 New election **Noriyuki Kawanishi** Director and Executive Vice President Division Manager of Nuclear Power Division, in charge of Civil & Architectural Engineering Dept.					●			●	—
 **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 11 meetings/11 meetings	●			●	●		●	Director of STNet, Incorporated
 **Seiji Miyazaki** Director and Senior Corporate Officer Division Manager of Marketing & Customer Relations Division, in charge of Tokyo Branch Office	Board of Directors 9 meetings/9 meetings					●		●	Director of SHIKOKU INSTRUMENTATION CO., LTD.
 **Masahiro Ota** Director and Senior Corporate Officer Division Manager of Thermal Power Division	Board of Directors 9 meetings/9 meetings				●			●	Director of Sakaide LNG Company, Incorporated
 New election **Kenzo Suginouchi** Director and Senior Corporate Officer In charge of General Affairs Dept., Siting and Environment Dept., Employee Relations & Human Resources Dept., General Education & Training Center, and General Medical Services Center Compensation				●		●		●	Director of Yonden Engineering Company, Incorporated Director of Yonden Business Co., Inc.

Note: Concurrent positions, etc. at companies subject to consolidated accounting

(As of the end of June 2023)

Director Audit & Supervisory Committee Member

refers to an Outside Director

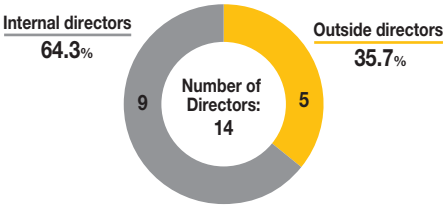
Name	Attendance in fiscal 2022	Main expertise, experience, etc./ fields of particular strength							Significant concurrent positions
		C	F	L	T	M	I	E	
 **Hiroshi Kawahara** Director Audit & Supervisory Committee Member Chairman of the Audit & Supervisory Committee	Board of Directors 11 meetings/11 meetings Audit & Supervisory Committee 18 meetings/18 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 / Personnel / Compensation (Chair)	Board of Directors 11 meetings/11 meetings Audit & Supervisory Committee 18 meetings/18 meetings	●	●	●					The Hyakujushi Bank, Ltd. Director, Vice President and CCO
 **Fujiko Takahata** Director Audit & Supervisory Committee Member Independent / Personnel (Chair) / Compensation	Board of Directors 10 meetings/11 meetings Audit & Supervisory Committee 16 meetings/18 meetings	●					●	●	President and Director of Tokiwa Co. Ltd.
 **Iwao Otsuka** Director Audit & Supervisory Committee Member Independent / Personnel / Compensation	Board of Directors 11 meetings/11 meetings Audit & Supervisory Committee 18 meetings/18 meetings	●	●			●		●	Director and Chairman of Iyogin Holdings, Inc. Director and Chairman of The Iyo Bank, Ltd. Corporate Auditor of Shikoku Railway Company
 **Shoichi Nishiyama** Director Audit & Supervisory Committee Member Independent / Personnel / Compensation	Board of Directors 11 meetings/11 meetings Audit & Supervisory Committee 18 meetings/18 meetings	●					●	●	Director and Chairman of Ujiden Chemical Industry Co., Ltd. President of Kochi Chamber of Commerce & Industry
 **Yachiyo Izutani** Director Audit & Supervisory Committee Member Independent / Personnel / Compensation	Board of Directors 11 meetings/11 meetings Audit & Supervisory Committee 18 meetings/18 meetings	●				●		●	(Reference: Major past experience) Japan Broadcasting Corporation (NHK) Head of Work Life Balance Promotion, Human Resources (NHK) Director of Announcers' Office (NHK) Director and President of NHK Culture Center, Inc. (currently 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)
Personnel: Executive Personnel Committee
Compensation: Compensation Committee

Selection of skills matrix (major specialization, experience, etc./ fields of particular strength)

At Shikoku Electric Company, the following set of skills has been chosen for members of the Board of Directors:
・Skills generally required of members of the Board of Directors
・Skills deemed necessary in light of medium-term management policies
The decision to appoint a member is then taken by the Board of Directors after deliberation by the Executive Personnel Committee.



Financial / Corporate Information

P.72 **Main Data on Electric Power Business**
P.73 **10-Year Financial Summary**
P.75 **Main ESG Data**
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Please see the Securities Report for details of the Consolidated Financial Statements and Notes.
https://www.yonden.co.jp/corporate/ir/library/securities_report.html

Financial / Corporate Information

Main Data on Electric Power Business

(fiscal year/million kWh)

	FY2018	FY2019	FY2020	FY2021	FY2022
Total Electricity Sales	27,944	29,855	27,857	31,675	**32,752**
Lighting	8,539	8,169	8,210	8,035	**7,686**
Power	14,757	14,226	13,777	14,530	**15,727**
Wholesale	4,648	7,460	5,870	9,110	**9,339**
Electricity Supplied *1	29,541	31,407	29,762	33,466	**34,487**
Nuclear	3,191	5,651	0	2,362	**6,903**
Renewable Energy *2	2,194	2,325	2,394	1,983	**1,791**
Renewable Energy (Purchased Power) *2	4,829	5,035	5,898	6,257	**6,140**
Coal	7,064	6,167	7,113	7,677	**5,911**
Gas	3,299	3,679	4,038	3,132	**3,403**
Oil	913	302	609	1,810	**1,819**
Other (Purchased Power, Wholesale Exchanges, Etc.)	8,051	8,248	9,710	10,245	**8,520**

(Thousands)

Number of Customers	2,760	2,700	2,621	2,561	**2,546**
Lighting	2,449	2,402	2,347	2,295	**2,283**
Power	312	297	274	266	**263**

(%)

Nuclear Power Plant Capacity Factor	42.8	75.4	0.0	31.6	**92.4**
Flow Rate	98.2	105.1	98.9	84.7	**73.6**

(Name)

Number of Employees *3	4,489	4,409	4,374	4,309	**4,263**

*1 Net actual generation amount excluding electricity used on site

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

*3 From fiscal 2020 onwards, the total figure for Shikoku Electric Power Company, Inc. and Shikoku Electric Power Transmission & Distribution Co., Inc.

10-Year Financial Summary

This report covers Shikoku Electric Power Co., Inc. and companies included in the scope of consolidated financial statements.

	FY2013	FY2014	FY2015	FY2016	FY2017
Financial Performance					
Operating Revenues	636,332	664,286	654,013	684,537	731,775
Electric	551,148	578,983	574,246	602,243	642,495
Other	85,184	85,302	79,767	82,293	89,279
Operating Expenses	633,617	635,292	629,311	664,528	702,510
Electric	554,653	556,858	559,685	589,589	621,899
Other	78,964	78,433	69,625	74,938	80,610
Operating Profit	2,715	28,993	24,702	20,009	29,265
Ordinary Profit *4	8,161	34,486	31,066	24,485	35,621
Income before Income Taxes	(426)	22,864	18,906	15,689	28,032
Net income Attributable to Owners of the Parent	(3,289)	10,333	11,147	11,349	19,675
Financial Position					
Total Assets	1,397,277	1,401,189	1,401,750	1,301,267	1,330,226
Total Equity	287,439	300,897	286,177	303,879	312,564
Interest-Bearing Debt	737,449	711,832	719,754	707,756	683,249
Cash Flows					
Cash Flows from Operating Activities	65,734	100,164	91,739	81,739	123,512
Cash Flows from Investing Activities	(71,700)	(55,164)	(88,542)	(60,379)	(81,955)
Cash Flows from Financing Activities	2,725	(25,650)	3,699	(16,186)	(31,757)
Term-End Balance of Cash and Cash Equivalents	11,109	30,544	37,441	42,518	52,218
Per Share of Common Stock					
EPS (Earnings per Share)	(16)	50	54	55	96
Cash Dividends Applicable to the Year	0	20	20	20	30
Total Equity	1,394	1,460	1,388	1,474	1,517
Financial Indicators					
Return on Assets *5	0.6	2.5	2.2	1.8	2.7
Return on Equity *6	(1.1)	3.6	3.8	3.9	6.4
Shareholders' Equity Ratio	20.6	21.5	20.4	23.3	23.5
Interest-Bearing Debt Ratio	2.6	2.4	2.5	2.3	2.2
Dividend Payout Ratio *7	—	39.9	36.9	36.3	31.4

*1 US$ amounts are translated from yen at the rate of ¥134 = 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 2013 and fiscal 2021 to fiscal 2022 cannot be calculated due to the recording of net losses."

				(millions of yen)	(thousands of US$*1)
FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
737,274	733,187	719,231	641,948 *2	**833,203**	**6,217,932**
639,601	631,479	616,375	535,241 *3	**735,069**	**5,485,589**
97,673	101,708	102,855	106,707	**98,133**	**732,335**
711,544	701,899	712,774	655,466	**845,489**	**6,309,619**
623,640	611,308	621,147	560,663	**760,611**	**5,676,201**
87,904	90,591	91,626	94,803	**84,877**	**633,410**
25,729	31,288	6,456	(13,517)	**(12,285)**	**(91,679)**
32,125	34,069	10,863	(6,535)	**(16,330)**	**(121,865)**
25,145	26,180	5,188	(7,091)	**(21,669)**	**(161,708)**
16,995	18,092	2,999	(6,262)	**(22,871)**	**(170,679)**
1,353,941	1,373,640	1,430,424	1,500,744	**1,612,025**	**12,030,037**
321,189	326,648	327,953	315,297	**298,312**	**2,226,208**
704,261	717,062	771,672	860,290	**948,292**	**7,076,805**
54,507	107,313	52,293	49,841	**36,086**	**269,298**
(82,400)	(99,946)	(89,331)	(125,102)	**(91,600)**	**(683,582)**
14,541	6,318	48,310	82,261	**84,829**	**633,052**
40,681	54,289	65,444	72,928	**105,904**	**790,328**
				(yen)	(US$)
83	88	15	(30)	**(111)**	**(0.82)**
30	30	30	30	**0**	**0.00**
1,550	1,578	1,583	1,521	**1,438**	**10.73**
				(%)	
2.4	2.5	0.8	(0.4)	**(1.0)**	
5.4	5.6	0.9	(2.0)	**(7.5)**	
23.6	23.6	22.8	20.8	**18.3**	
2.2	2.2	2.4	2.7	**3.2**	
36.4	34.1	205.8	—	**—**	

Main ESG Data

Major Item		Item		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
E (Environment)	Promotion of measures against climate change	CO_2 emission volume	Excluding FIT free-of-charge distribution *1	10,000 tons-CO_2	1,297	1,024	1,372	1,312	**1,170**
			Including FIT free-of-charge distribution *2		1,230	914	1,252	1,186	**1,041**
		CO_2 emission factor (including FIT free-of-charge distribution)*2		Kg-CO_2/kWh	0.528	0.408	0.569	0.526	**0.447**
		Ratio of non-fossil fuel power sources *3		%	30	39	24	30	**31**
		Greenhouse gases throughout the whole supply chain	Scope 1*4	10,000 tons-CO_2	—	739	854	966	**809**
			Scope 2*5		—	0	0	0	**0**
			Scope 3*6		—	669	648	721	**635**
		Thermal efficiency benchmark for thermal power plants *7	Indicator A	—	1.04	1.03	1.02	1.02	**1.04**
			Indicator B	%	42.8	43.1	43.1	42.1	**43.5**
			Coal indicator	%	—	—	—	—	**39.43**
		Solar and wind power connection volume		10 MW	272	303	321	340	**361**
	Advancing environmental preservation activities	Waste recycling ratio *8		%	95.5	88.7	99.0	96.9	**97.5**
			Coal ash recycling ratio	%	99.8	99.8	99.7	99.8	**99.6**
		Intensity of SOx emissions		g/kWh	0.1	0.2	0.1	0.1	**0.1**
		Intensity of NOx emissions		g/kWh	0.4	0.4	0.3	0.4	**0.3**
		Violations of environment-related laws and regulations		Cases	0	0	1	0	**0**
S (Social)	Community coexistence activities	Number of visits for dialogue around the Ikata Power Plant *9		10,000 households	2.70	2.67	2.68	2.69	**2.67**
		Level of trust in our company *10		%	85.8	83.2	86.5	86.3	**85.8**
		Delivery Energy Classes provided to schools, etc.	Number of meetings held	Times	340	310	121	183	**194**
			Number of participants	People	10,081	10,195	3.945	5,413	**6,242**
	Fostering employee motivation*8	Number of employees	Male	People	4,123	4,048	4,001	3,935	**3,870**
			Female	People	366	361	373	374	**393**
		Years of service	Male	Year(s)	22.5	22.6	22.4	21.9	**21.2**
			Female		19.3	19.4	18.7	18.2	**17.2**
		Number of new hires	Male	People	73	74	89	92	**103**
			Female (Ratio)	People (%)	4 (5.2)	18 (19.6)	18 (16.8)	20 (17.9)	**24 (18.9)**
		Ratio of female managers (female employee ratio)		%	2.7 (8.2)	2.6 (8.2)	2.8 (8.5)	3.1 (8.7)	**3.5 (9.2)**
		Ratio of female managers against the total number of female employees		%	11.8	12.3	12.4	13.4	**14.8**
		Gender wage gap(full-time workers) *11		%	—	—	—	—	**68.2**

(continued on next page)

Fiscal 2022 Securities Report (in Japanese only)
https://www.yonden.co.jp/corporate/ir/library/securities_report.html

Major Item		Item			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
S (Social)	Fostering employee motivation *8	Ratio of employees taking childcare leave	Male		%	0.6	0.6	3.3	5.7	**9.6**
			Female			100.0	100.0	100.0	100.0	**100.0**
		Number of paid vacation days *12	Male		Day(s)	16.3	15.8	15.9	16.5	**17.2**
			Female			15.8	14.7	15.8	15.9	**16.1**
		Employee turnover rate *13	Male		%	0.3	0.3	0.3	0.2	**0.5**
			Female			1.9	0.8	0.0	1.9	**1.9**
		Ratio of employees with disabilities *14			%	2.1	2.2	2.4	2.5	**2.6**
		Labor accident frequency rate (employees only) *15			—	0.00	0.00	0.12	0.36	**0.24**
		Number of occupational accidents requiring time off from work	Employees (number of fatal accidents)		Cases	0 (0)	0 (0)	1 (0)	3 (0)	**2 (0)**
			Subcontractors (number of fatal accidents)			14 (1)	16 (0)	14 (0)	13 (1)	**13 (1)**
		Ratio of obese employees			%	28.5	29.1	29.3	29.3	**29.3**
		Ratio of smoking employees			%	19.5	18.8	19.1	19.0	**17.8**
G (Governance)	Corporate governance	Total number of Directors *16			People	17	15	15	14	**14**
			Outside Director		People	4	4	5	5	**5**
				Female Directors (% of total number of Directors)	People (%)	1 (5.9)	1 (6.7)	2 (13.3)	2 (14.3)	**2 (14.3)**
		Board of Directors	Number of meetings held		Times	11	11	11	12	**11**
			Attendance rate		%	99.5	98.2	98.2	100.0	**98.7**
		Audit & Supervisory Committee	Number of meetings held		Times	17	18	17	19	**18**
			Attendance rate		%	97.9	98.1	99.1	99.2	**98.1**
	Compliance *8	Percentage of employees receiving compliance education			%	99.9	99.9	99.8	99.9	**100.0**
		Number of consultations with the Compliance Consultation Office			Cases	9	6	2	4	**6**

*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 direct emissions (fuel use for own power generation) (includes CO_2, SF_6, N_2O, and HFCs)
*5 Emissions associated with the use of electricity purchased from other companies at our places of business, etc. (offices)
*6 Emissions contained in electricity purchased from other companies, etc. (including investment emissions from fiscal 2021 onwards)
*7 Indicators based on the Act on the Rational Use of Energy and Non-Fossil Energy Conversion, etc. (coal indicators are reported from fiscal 2022 results onwards following revisions to the Energy Conservation Act)
*8 Unless otherwise noted, calculated based on the total for Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution Co., Inc.
*9 Due to the spread of COVID-19 infections in fiscal 2020 to fiscal 2022, this activity was switched to distributing leaflets instead of making door-to-door visits.
*10 Surveyed 2,000 men and women aged 18 to 69 living in Shikoku
*11 The difference in wages between men and women is partly attributable to differences in the ratio of men to women in managerial positions and to differences in average age.
There is a 98% wage difference between men and women at the same position (section chief level).
In order to increase the ratio of female managers, we will promote talented and motivated women, and support them in balancing work and family life.
*12 Managing supervisors, etc. are excluded
*13 Voluntary resignation only
*14 Employment rate for four companies in total, including Shikoku Electric Power and Shikoku Electric Power Transmission & Distribution, based on use of the "special subsidiary" system
*15 Number of deaths and injuries per million total working hours (wherein operations are suspended for one day or more)
*16 States 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	8,090,000t-CO_2
	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	10,410,000t-CO_2
	○ Short-term and long-term plans to reduce Scope 1 emissions ○ Emissions reduction targets ○ Analysis of performance against above 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.” Shikoku Electric Power has set a goal of reducing CO_2 emissions associated with retail electricity sales (excluding FIT free-of-charge distribution) in fiscal 2030 by 50% from their level in fiscal 2013. Actual emissions for fiscal 2022 (excluding FIT free-of-charge distribution) were 11.70 million tons (approximately 40% reduction from the level in fiscal 2013). We aim to achieve these targets in 2030 by means such as maximizing the use of nuclear power generation, introducing and expanding the use of renewable energy, and improving the efficiency of thermal power generation. With regard to Scope 1, we will work to reduce emissions in order to achieve the targets newly set in the GX League, which we joined in April 2023. (Scope 1 emissions targets) Fiscal 2025: (9,500,000t-CO_2) Fiscal 2023 to fiscal 2025: (28,500,000t-CO_2) Fiscal 2030: (8,500,000t-CO_2)
	○ Number of customers served in markets subject to renewable portfolio standards (RPS) ○ Percentage fulfillment of RPS target by market	Cases/%	N/A (the RPS Act was abolished in Japan in 2012)
Air Related	Air emissions of NOx, SOx, particulate matter (PM10), lead (Pb) and mercury (Hg) and the percentage of each in or near areas of dense population	t·%	NOx: 3,728 t, 100% SOx: 1,129 t, 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	10^3m^3·%	Total water withdrawn: [Fresh water] 7,881,166×10^3 m^3; 0% [Seawater] 4,224,702×10^3 m^3; 0% Total water consumed: 1,717×10^3 m^3; 0%
	Number of incidents of non-compliance associated with water withdrawn 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 withdrawn and 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. Moreover, 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·%	223,630t.99.6%
	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 0.4% 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 electric power disconnections for nonpayment of electric bills for (1) Household use, and (2) Percentage reconnected within 30 days	Cases/%	(1) 15,688 cases (excluding the number of disconnections based on specified retail service provisions) (2) None (If payment is not made after the due date has passed, the supply contract is cancelled based on the terms of electricity supply [low voltage].)

TOPIC (Human Capital)		Unit	Topics Covered
Workforce Health & Safety	Total recordable labor accident incident rate (TRIR: number/ 200,000 work hours)	%	Employees: 0.05% Subcontractors: 0.32%
	Fatality rate of labor accident	%	Employees: 0% Subcontractors: 0.02%
	Near miss frequency rate (NMFR)	%	Not disclosed(Although figures are managed at each workplace, total 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: 90.8%
	Customer electricity savings from efficiency measures, by market	MWh	We disclose the following quantitative data instead of customer electricity savings: ○ Electrification and energy solutions services ・ Number of proposals of electrification and energy saving solution services: 13,031 ○ Energy-saving related information provision services (https://www.yonden.co.jp/y-con/index.html) ・ Number of Yonden Concierge registrations: 566,920 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 Power Plant 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 to prevent nuclear accidents and efforts aimed at further enhancement of these measures. (https://www.yonden.co.jp/energy/atom/safety/disaster_countermeasures/index.html) We will continue to strive for improvements in 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 as a result of disclosure)
	System Average Interruption Duration Index (SAIDI)	Minutes	Average annual interruption due to accidents: 35 minutes
	System Average Interruption Frequency Index (SAIFI)	Frequency	Average number of power outages per year due to accidents, etc.: 0.23
	Customer Average Interruption Duration Index (CAIDI)	Minutes	Annual average recovery time for disruption due to accidents: 152 minutes

TOPIC (Others)		Unit	Topics Covered
Others	Numbers of residential, commercial, and industrial customers served	Number	Residential: 1,897,504; Low voltage excluding residential: 621,192 Commercial: 16,525; Industrial: 10,415
	Total electricity delivered to residential, commercial, industrial, all other retail customers, and wholesale customers	MWh	Residential: 7,298,335 MWh, Low voltage excluding residential: 1,481,845 MWh Commercial: 5,454,079 MWh; Industrial: 9,015,989 MWh Wholesale: 9,338,907 MWh
	Length of transmission and distribution lines	km	Transmission lines: 3,398 km (electric line length), Distribution lines: 46,357 km (electric line length)
	Total electricity generated, percentage by major energy source, percentage in regulated markets	MWh/%	Electric supplied: 19,826,736 MWh Power generation ratios: Thermal power (56%), nuclear (35%), hydroelectric power (9%), and renewable energy (0.02%) Percentage in regulated markets: Not applicable.
	Total wholesale electricity purchased	MWh	14,659,834 MWh (amount of purchased power)

Management Discussion and Analysis

(Consolidated)

Fiscal 2022 Results

April 1, 2022 to March 31, 2023

Analysis of Business Performance

Electricity Sales

Retail sales of electricity increased 3.8% year on year, to 23,400 million kWh, and wholesaling of electricity increased 2.5% year on year, to 9,300 million kWh. As a result, total electricity sales were 32,700 million kWh, a year on year increase of 3.4%.

Electricity Supply

Nuclear power generation increased significantly from the previous year to 6.9 billion kWh due to an increase in the number of working days at Unit No. 3 at Ikata Power Plant. In addition, own generated hydro power decreased 9.5% year on year to 1.7 billion kWh, and purchased power decreased 11.2% year on year to 14.6 billion kWh. As a result, own thermal power generation decreased 11.8% to 11.1 billion kWh.

Operating Results

Operating revenues increased 29.8% year on year to 833.2 billion yen, due to an increase in the revenues based on the Fuel Cost Adjustment System and the revenues from wholesale, etc..

Operating expenses increased 29.0% to 845.4 billion, due to a sharp increase in fuel prices, despite an increase in the operation of Unit No. 3 at Ikata Power Plant, etc.

As a result, there was a 1.2 billion yen improvement in operating losses year on year to an operating loss of 12.2 billion yen. Ordinary losses worsened by 10.4 billion yen to a loss of 22.5 billion yen as a result of recording investment losses in overseas business, and loss attributable to owners of parent worsened by 16.6 billion yen to a loss of 22.8 billion yen.

(Reference) Fiscal 2022 Results by Segment and Change Factors (Before Elimination of Internal Transactions) **(100 million yen, %)**

			FY2022 (100 million yen)	Year-on-year difference (100 million yen)	Change (%)	Main reason for difference with previous year
Electric power business	Electric power generation & sales	Operating revenues	7,090	2,008	39.5	• Increase in the revenues based on the Fuel Cost Adjustment System and wholesale sales revenue, etc.
		Ordinary loss	▲289	112	—	• Improvement in supply and demand balance due to increased operation of Unit No. 3 at Ikata Power Plant
	Transmission & distribution	Operating revenues	2,662	464	21.1	• Increase in supply-demand adjustment revenue, etc.
		Ordinary profit	72	▲33	▲31.3	• Increase in expenses in association with increases in purchased power, etc.
IT/Communication		Operating revenues	455	9	2.1	• Increase in revenues from optical communications services and data center operations, etc.
		Ordinary profit	93	12	15.5	• Decrease in expenses due to changing the method of depreciation, etc.
Energy business		Operating revenues	257	▲7	▲2.8	• Decrease in sales volume in coal sales businesses, etc.
		Ordinary loss	▲151	▲180	—	• Increase in expenses associated with loss on investments in international businesses, etc.
Construction and engineering business		Operating revenues	530	▲161	▲23.3	• Decrease in contract work, etc.
		Ordinary profit	35	▲4	▲12.0	—
Others		Operating revenues	356	▲5	▲1.5	—
		Ordinary profit	21	▲10	▲31.9	—

Analysis of Financial Position

Assets

Total assets stood at 1,612 billion yen, up 7.4% year on year, due to increases in business assets, as well as increases in cash and deposits and fuel stores.

Liabilities

Liabilities amounted to 1,313.7 billion yen, up 10.8% year on year, due to increases in bonds and loans, etc.

Total Equity

Net losses and other elements contributed to a 5.4% decrease year on year to 298.3 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/english/ir/tools/fact.html

Analysis of Cash Flows

Cash Flows from Operating Activities
Revenue decreased 27.6% year on year, to 36.0 billion yen due to net losses, etc.

Cash Flows from Investing Activities
Expenditures decreased 26.8% year on year to 91.6 billion, mainly due to a decrease in capital expenditures.

Cash Flows from Financing Activities
Net cash was 84.8 billion yen, up 3.1% 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 2022 increased 32.9 billion yen year on year to 105.9 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.

We have decided not to pay dividends in fiscal 2022 due to large losses resulting from the high cost of fuel and other factors.

Capital Investment

In power generation and sales business, the replacement of Unit No. 1 at the Saijo Power Plant and the construction of the Kurofujigawa Power Plant resulting in a total of 48.3 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 28.2 billion yen (before elimination of intersegment transactions).

Consolidated capital investment for the entire Group, which includes IT/communication, energy, construction and engineering, and other business segments, totaled 87.3 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 2022, 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 dealing with the large-scale introduction of renewable energy in preparation for carbon neutrality, for the utilization of distributed energy resources, for the utilization of hydrogen and other related technologies, etc.

Fiscal 2023 Outlook [Announced on May 30, 2023]

(April 1, 2023 to March 31, 2024)

Electricity Sales
Retail sales of electricity are expected to decrease 0.9% year on year, to 23,200 million kWh, and wholesaling of electricity is expected to increase 9.2% year on year, to 10,200 million kWh. As a result, total electricity sales are expected to increase 2.0% year on year, to 33,400 million kWh.

Operating Results
Operating revenues are expected to increase by 41.8 billion yen year on year, to 875 billion yen due to an increase in the revenues from retail resulting from rate revisions, etc.

Operating profit is expected to increase by 47.2 billion yen to 35 billion yen, ordinary profit is expected to increase by 60.5 billion yen to 38 billion yen, and profit attributable to owners of parent is expected to increase by 51.3 billion yen to 28.5 billion yen, due to an increase in the revenues from retail resulting from rate revisions and a decrease in the cost related to demand and supply resulting from a decrease in fuel prices, etc.

Dividends
The interim and year-end dividends for fiscal 2023 are expected to be 15 yen per share.

Corporate Data and Stock Information

(As of March 31, 2023)

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/english/profile/organization.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 yen
Number of employees	8,030 (consolidated) 2,199 (non-consolidated)

Stock Information

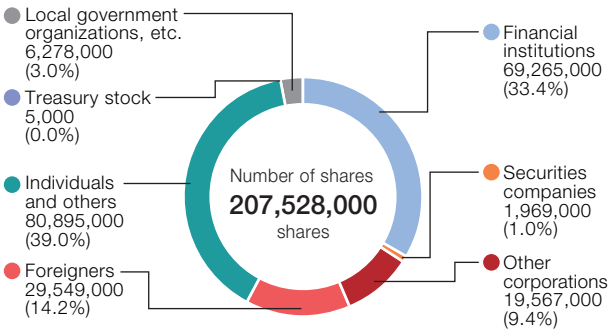
Total number of shares authorized to be issued	772,956,066 shares
Total number of shares issued	207,528,202 shares
Number of shareholders	80,399
Stock exchange listing	Tokyo Stock Exchange
Transfer agent	1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan Sumitomo Mitsui Trust Bank, Limited
Independent 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)

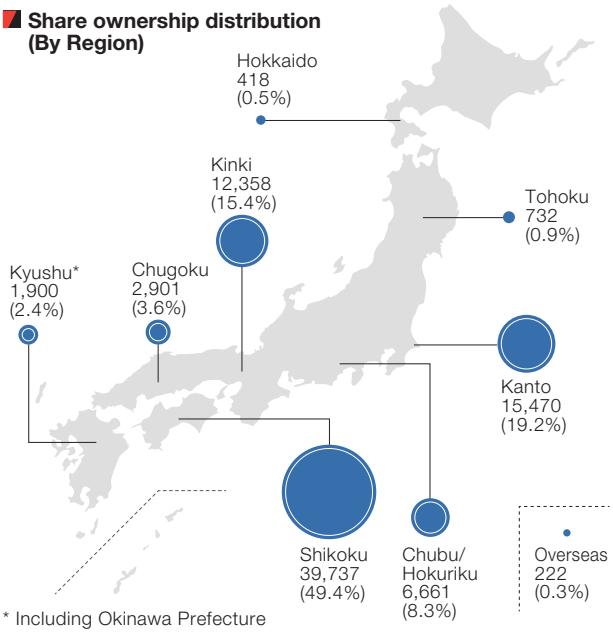
Name	Number of shares (Thousands)	Shareholding* (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	22,844	11.01%
The Iyo Bank, Ltd.	8,851	4.27%
Custody Bank of Japan, Ltd. (Trust account)	8,235	3.97%
SUMITOMO JOINT ELECTRIC POWER CO., LTD.	7,062	3.40%
The Hyakujushi Bank, Ltd.	6,858	3.30%
Kochi Prefecture	6,230	3.00%
Nippon Life Insurance Company	5,923	2.85%
Shikoku Electric Power Employee Stock Ownership	4,789	2.31%
Meiji Yasuda Life Insurance Company	4,001	1.93%
The Shikoku Bank, Ltd.	2,749	1.32%

* Excluding treasury stock

Share ownership distribution (By investor profile)

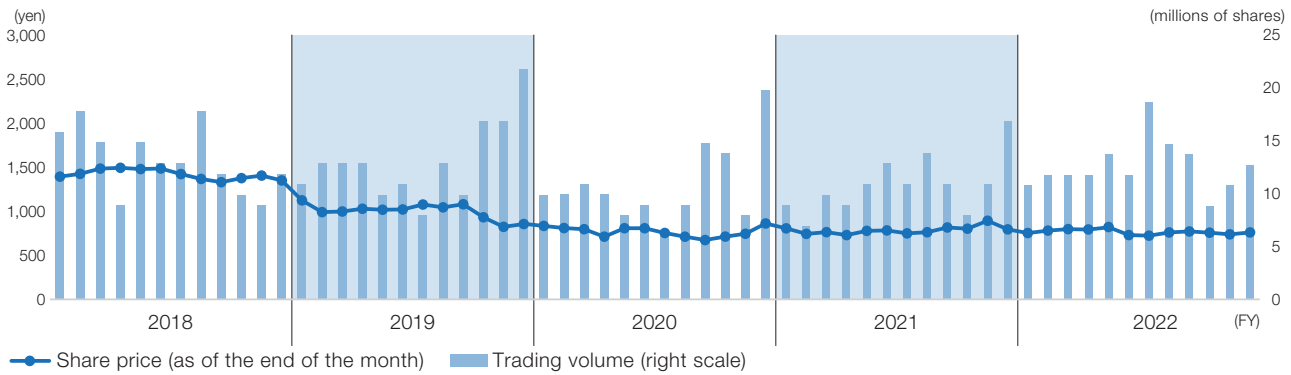


Share ownership distribution (By Region)



* Including Okinawa Prefecture

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