

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)



Foreword

The J-POWER Group has positioned striking a balance between “stably supplying energy” and “addressing climate change” as its priority management challenge in order to do its part for the realization of a sustainable society. To address this priority challenge, in February 2021, we released the J-POWER “BLUE MISSION 2050” as our action plan aimed at achieving carbon neutrality and a hydrogen society by 2050.

In addition to agreeing with the recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), the Group is pursuing the disclosure of

information in line with “governance,” “strategy,” “risk management” and “indicators and targets” pertaining to climate change-related risks and opportunities, whose disclosure is recommended by TCFD.

The figures in this scenario analysis have the potential to fluctuate due to various conditions that include the state of operation of power generation facilities and the external environment. As such, they have been simplified and calculated under certain suppositions solely for the purpose of ascertaining the sense of scale of the impact involved.

Governance: Framework

The Group has identified “response to climate change” as one of its material issues. Important matters pertaining to such response are determined by the Board of Directors. Additionally, the Group has established a sustainability promotion framework supervised by the ESG Oversight (currently the President and Chief Executive Officer), who is appointed by the Board of Directors. In addition to establishing the Sustainability Promotion Board, the Group has also established the J-POWER Group Sustainability Promotion Conference to work towards promoting sustainability, including climate change-related initiatives, for the Group as a whole. The Sustainability Promotion Board convenes three or more times a year to deliberate areas such as strategy, planning and measures related to sustainability in general and risk management. It proposes and reports important matters out of those deliberated to the Board of Directors or the Executive Committee.

Governance: Skills of Directors

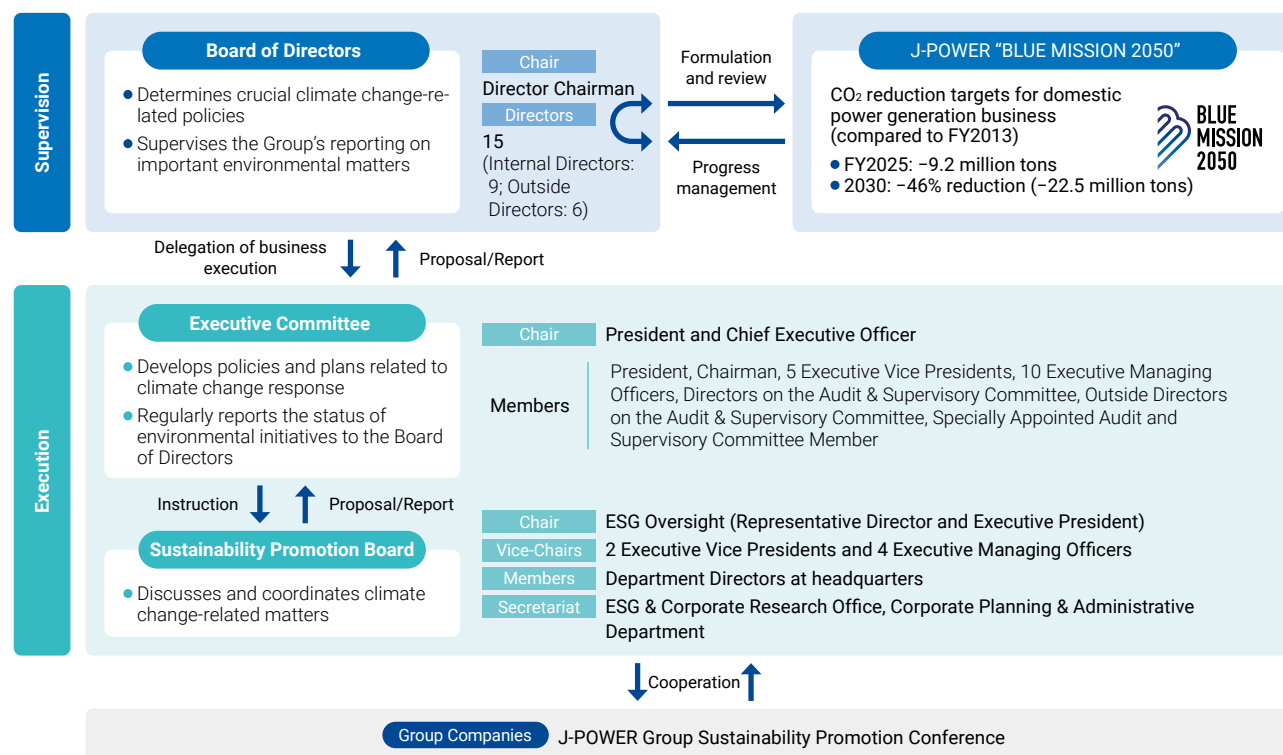
We have identified “general management and sustainability” as essential skills required for our Directors. This ensures that our Board of Directors is appropriately structured for the decision-making and oversight of climate change response policies.

Definition of “General Management and Sustainability”

This refers to the ability to present the Group's overall direction, including management strategy; contribute to solving climate change and other social issues through energy supply; realize sustainability through continuous enhancement of corporate value, achieved in part through human capital development; and possess the experience and knowledge necessary to supervise such initiatives as a corporate manager.

Please see P.103 for information on the skill matrix of Directors.

Governance framework related to climate change



Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Governance: Deliberation Status and Officers' Compensation

Since the establishment of J-POWER "BLUE MISSION 2050" in February 2021, the Board of Directors of J-POWER has been monitoring the progress of initiatives by management, receiving feedback through dialogues with shareholders and other stakeholders, and appropriately identifying changes in the business environment (including policy and international conditions), and discussing updates and revisions to the contents of the plan every year.

In FY2023 all Board members, including Independent Outside Directors, held several active discussions on whether our 2030 CO₂ reduction target set in February 2021 is at an appropriate level in light of the Nationally Determined Contribution (NDC) of Japan as a party to the Paris Agreement. From the discussions, we decided to raise the 2030 reduction target (1.3 million tons) in May 2023 based on the progress made in expanding mixed combustion of biomass and establishing a joint venture for the social implementation of carbon capture and storage (CCS) in Japan, expansion of renewable energy introduction and the actual reduction in CO₂ emissions from coal-fired power generation.

More recently, following repeated discussions to develop a strategy for the transition of our thermal power operations, the directions for the transition of individual power stations were formulated and disclosed to lay out a more concrete vision to achieve the reduction target.

The Board of Directors reviews and analyzes the latest edition of the World Energy Outlook, published annually by the International Energy Agency (IEA), reports its findings to engage in in-depth discussions. This helps deepen the Board's understanding of current trends in energy supply and climate change measures.

Officers' Compensation

From the viewpoint of sustainability management, we introduced five material issues including response to climate change as non-financial targets for the evaluation of performance-linked compensation.

The Company's five material issues, which are the benchmarks for performance-linked compensation, are supply of energy, response to climate change, respect for people, engagement with local communities, and enhancement of our business foundation. KPIs for addressing climate change include numerical targets for renewable energy development and CO₂ reduction targets.

Matters (related to climate change) determined at the Board of Directors

FY2020	• Formulation of J-POWER "BLUE MISSION 2050"
FY2021	• Formulation of Basic Policy on Sustainability • Identification of material issues
FY2022	• Setting of CO ₂ reduction target for FY2025
FY2023	• Raising of CO ₂ emission reduction target for 2030 • Introduction of non-financial targets (material issues) in the evaluation of performance-linked compensation for executives
FY2024	• Disclosure of transition direction of thermal power operations in Japan

Matters reported to the Board of Directors

Domestic and overseas trends on climate change issues
Basic policy regarding Green Transformation (GX) League
Disclosure policy based on TCFD Recommendations
Actual CO ₂ emissions (Scopes 1–3)
Dialogue with external stakeholders regarding climate change
ESG evaluation
Progress of ESG-related initiatives
Exchanged opinions on themes such as IEA WEO2024 and the Seventh Strategic Energy Plan

Officer compensation system

	Compensation type	Compensation details	Percentage (estimate) in the compensation package
Fixed Compensation	Fixed monthly salary	Fixed monthly salary is a fixed amount of monetary compensation calculated based on the position of each Director	70%
	Performance-linked compensation	① First indicator Evaluation factor Degree of achievement of consolidated ordinary income Range 0% minimum to 200% maximum ② Second indicator Evaluation factor Comprehensive evaluation of material issues (KPIs)* Range 0% minimum to 120% maximum ③ Payment calculation Weight of evaluation factors Evaluation factor for first indicator × 90% + Evaluation factor for second indicator × 10%	20%
Variable compensation	Stock-based compensation	Introduced as an incentive for the Company's long-term growth based on the characteristics of the Company's business content and business development	10%

*Please see PP. 18–19 for details of the targets (KPIs) for material issues and results of initiatives.

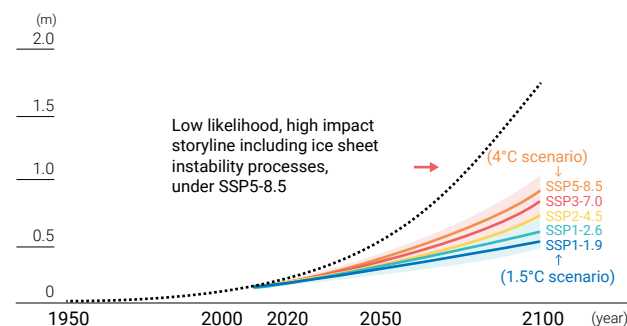
Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Strategy: Risk and Opportunities

J-POWER Group endeavors to ascertain the variety of risks and opportunities that arise from environmental issues, and pushes forward with initiatives while consistently verifying risks as it strives to bolster competitiveness. We believe that climate change in particular will require measures in the utilization of new technology and a number of other domains, including measures for addressing regulatory reinforcement by national governments. These factors have the potential to exert considerable impact on J-POWER's business domains as well, which will create business-based risk. However, our view is that the ability to appropriately handle that risk will link to the bolstering of our competitiveness and the acquisition of new business opportunities. We have detailed risks related to climate change based on that view and identified risks with a particularly high degree of importance after also factoring in that degree of importance and concern on the part of stakeholders.

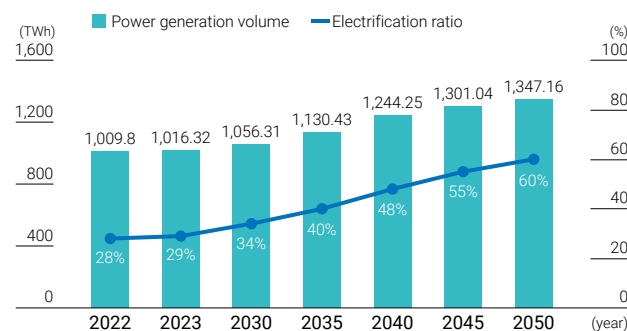
In our analysis of risk and opportunities, we assumed two cases: one where temperatures rise by 1.5°C and another by 4°C, and conducted analysis for both. In the former case, we assumed that formidable measures and regulations were enacted, and that in Japan as well, the renewable energy ratio grew by a wide margin, and the decarbonization of electric power progressed at a rapid pace. In the case where temperatures rise by 4°C, where it is assumed that global warming countermeasures will not be thoroughly enforced, it is projected that by the year 2100, the average ground temperature across the globe will rise by at least 4°C, and that average sea levels will rise nearly one meter. There are concerns that if measures to combat climate change are not sufficiently taken, the physical risks of climate disasters in 2050 and beyond in particular will become prominent.

Sea level rise by scenario



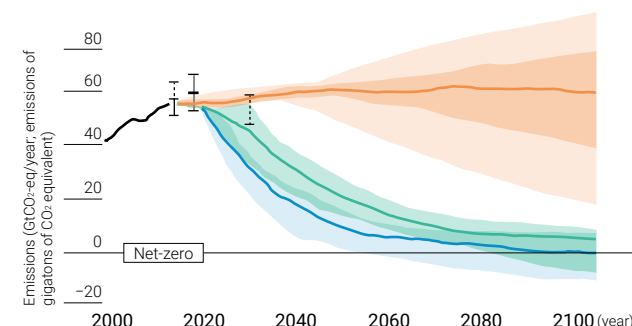
Source: Compiled from the Sixth Assessment Report by IPCC

Power generation volume in Japan, changes in electrification ratio (1.5°C scenario)



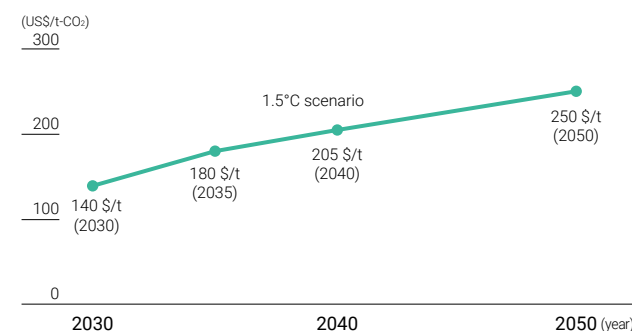
Source: Compiled from IEA WEO2024

Greenhouse gas reduction pathways by scenario



Source: Compiled from the Sixth Assessment Report by IPCC

Japan's carbon price outlook



Source: Compiled from IEA WEO2024

Configured scenarios	Reference scenarios	Scope and period covered	Scenario description	Results of scenario analysis
1.5°C scenario	"World Energy Outlook 2024 (WEO2024)" by the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (NZE Scenario), Announced Pledges Scenario (APS Scenario) - Sixth Assessment Report by IPCC, etc.	Japan, in 2050 *For overseas scenarios please see the Column on P. 55.	Scenario in which formidable measures and regulations are enacted, carbon neutrality is achieved by 2050, and the rise in surface temperature is kept to 1.5°C	- Development of technologies involving hydrogen, ammonia and other energy sources and CCS will be promoted, and thermal power plants using these technologies will continue to operate to some extent to provide supply and adjustment capacity from the perspective of stable supply - Maximum introduction of CO₂-free power sources such as renewable energy and nuclear power - Electrification of the demand side and diffusion of distributed power sources will progress. Total power generation volume will increase with the growth of electrification - No significant increase in extreme weather events
4°C scenario	SSP5-8.5 Scenario of the Sixth Assessment Report by IPCC		Maximum emission scenario in which climate policies are not introduced due to fossil fuels dependence-based developments	- Distributed generation becomes widespread, but thermal power plants remain to some extent due to lack of technological alternatives - Despite progress in energy conservation and electrification, which are cost-effective with existing technologies, a significant portion of the energy system still relies on fossil fuels

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Strategy: Risk and Opportunities

	Division	Risk and opportunity category	Specific examples from the Company	Timing of occurrence			Response strategies
				Short term	Medium term	Long term	
1.5°C scenario	Transition risk	Policy, legal system, and regulation risk	- Introduction of carbon pricing (FY2026: full-scale implementation of emissions trading system, FY2033: paid auctions to power producers) - Regulatory measures aimed at phasing out inefficient coal (book value of aging thermal facilities: ¥48 billion at the end of FY2024)				- Introducing internal carbon pricing and utilizing it to assess the impact on revenue and expenditure over the next 10 years and make investment judgments 4,400 to 7,200 yen/t (as of 2030) *Prepared by the Company based on data from the Power Generation Cost Verification Working Group, METI's Advisory Committee - Competitiveness assessment and phase-out policy development for power plants based on regulatory measures
		Technology risk	Thermal power generation facilities that have not taken steps to reduce CO₂ emission becoming stranded assets				Reducing or discontinuing the operation of coal-fired thermal power plants, starting with aging plants, while considering their importance in maintaining a steady energy supply; Progressive adoption and extension of emission reduction strategies including mixed combustion of biomass and ammonia and CCS, etc.; Eventual transition to CO₂-free hydrogen power generation
		Market risk	Changing preference for CO₂-free electricity				- Formation of a balanced power supply portfolio (hydroelectric, wind, geothermal, solar, nuclear, CO₂-free hydrogen power generation) - Accelerate business expansion by leveraging the strengths as a top runner of renewable energy (Hydroelectric: No. 2, Wind: No. 2 in Japan)
		Reputation risk	- Corporate image is affected due to CO₂ emissions - Divestment and/or active engagement by investors				- Steady progress and timely updates of J-POWER "BLUE MISSION 2050" - Enhancement of information disclosure regarding climate change and continuous dialogue with stakeholders
	Opportunities	Resource efficiency	- Developments in low carbon/decarbonization technologies and expansion of opportunities - Improvement of existing asset value				- Creation of new value through existing assets (upcycling) Short- to medium-term: Promotion of GENESIS Matsushima Plan and NEXUS Sakuma Plan, increase in kWh output through the replacement of wind power facilities - Initiatives to reduce CO₂ emissions Short- to medium-term: Expanded introduction of biomass, introduction of mixed combustion with ammonia, realization of CCS Long-term: Development of hydrogen mono-fuel combustion technology, conversion to CO₂-free hydrogen power generation through CCS
		Energy sources	Realization of new businesses pertaining to hydrogen, ammonia, and other energy sources				Challenges with CO₂-free hydrogen manufacturing and initiatives geared toward supply Australian brown coal hydrogen project, joint examination of green ammonia manufacturing and negative emission hydrogen manufacturing, etc.
		Products and services	- Increase in revenues due to expansion of renewable energy - Provision of services that correspond to consumer and end user needs - Realization of the environmental value of CO₂-free electricity through the introduction of carbon pricing				- Increase renewable energy power generation in FY2030 by 4.0 billion kWh/year (compared to FY2022) - Construction and operation of Ohma Nuclear Power Plant - Direct sales of CO₂-free electricity and associated environmental value to customers who need CO₂-free electricity
		Markets	- Increase in electricity sales volume due to progress in electrification - Growing need for sustainable finance				Enhancement of our business foundation Allocate investment funds to achieve J-POWER "BLUE MISSION 2050" Strategic investment up to FY2030: ¥700 billion Diversification of financing (FY2024 Results) 5th J-POWER Green Bonds: ¥10 billion (April 2024)
	Resilience	- Expansion of renewables, distributed power sources, and businesses on the consumer side - Diversification of low-carbon fuels - Expansion of opportunities for network development conducive to renewable energy introduction				Investment results and forecast FY2024 Results About ¥165 billion Renewable energy Power network Thermal power transition About 50% FY2025 Forecast About ¥200 billion Renewable energy Power network Thermal power transition About 30%	
4°C scenario	Physical risk	Acute risk	- Facility damage caused by extreme weather such as torrential rain disasters, forest fires, cold waves and heat waves. Water shortage in power plants - Negative impact on sales of ¥240 million per day should operation of a thermal power plant (1 million kW) be obstructed				- Carrying out revisions of BCP based on updated knowledge as appropriate - Response to water risk - Risk assessment and management utilizing WRI Aqueduct (3.0)* *A global standard assessment tool for water risk developed by the World Resources Institute (WRI).
		Chronic risk	- Assumes negative impact on facilities caused by prolonged rises in average temperatures, changes in rainfall and rises in sea surface - Thermal power generation facilities: ¥105 billion, Hydroelectric power generation facilities: ¥76 billion *Calculated by multiplying the current book value of thermal and hydroelectric facilities with the rate of 0.296 for damage by 0.5 m sea-level rise and 0.189 for flooding damage, respectively.				

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

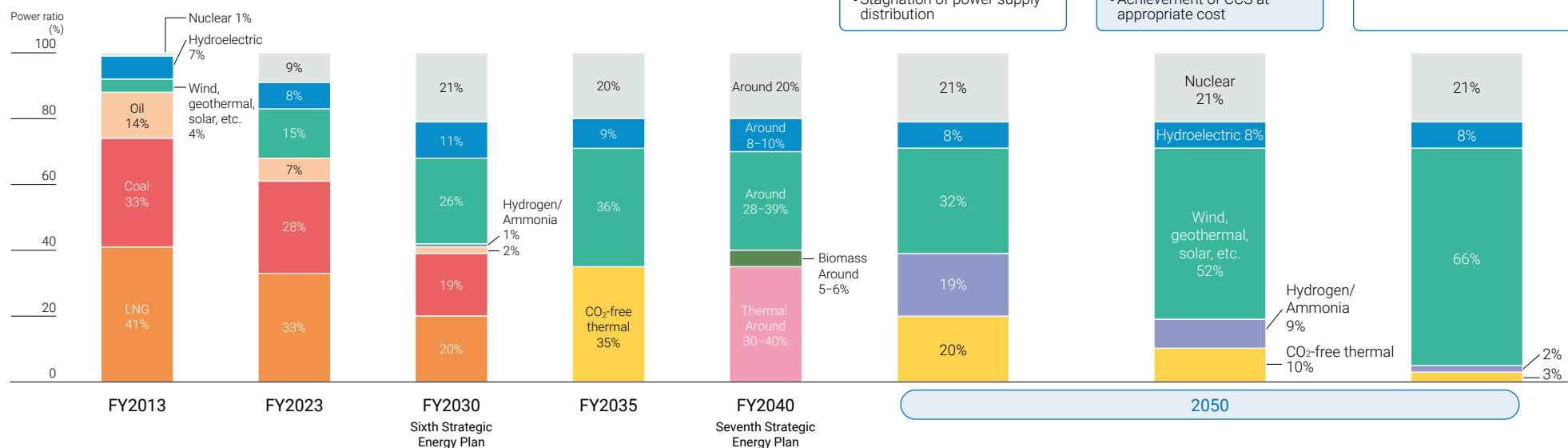
Strategy: Scenario Analysis toward Carbon Neutrality in 2050: Japan as a Whole

The J-POWER Group performed climate change scenario analysis for Japan as a whole, based on the 1.5°C scenario advocated in the Paris Agreement, which pursues efforts to limit the average temperature increase at the end of this century to less than 1.5°C above pre-industrial levels. The 1.5°C scenario dictates that CO₂ emissions must essentially be kept to zero (carbon neutrality) by 2050. IEA's WEO2024 NZE 1.5°C scenario does not lay out the energy mix in 2050 in Japan. We therefore have adopted the APS scenario under WEO2024 as the main scenario for our scenario analysis, since it projects the energy mix in 2050 in Japan, which is assumed to have achieved carbon neutrality by then. The power source compositions for FY2030 and FY2040 are based on the Japanese government's Sixth Strategic Energy Plan and Seventh Strategic Energy Plan, respectively.

According to IEA projections, by the year 2050, total variable renewable energy (VRE) as represented by solar and wind power will be 70% of total power in the EU and the U.S. Conversely, in 2050 Japan, VRE and total renewable energy are projected at 40% and 60%, respectively, with nuclear power accounting for 20% and the remaining 20% comprised of hydrogen/ammonia and thermal power + CCS. We believe this is because electric power systems in Japan are interconnected in tandem rather than mesh-shaped like their Western counterparts, leaving them with weak cross-regional interconnection capacity and poor versatility and flexibility. In addition, there are also constraints on the introduction of VRE due to the lack of appropriate sites for it, and therefore from the perspective of stable supply, making it necessary to provide supply and adjustment capacity through CO₂-free thermal power generation.

The actual environment in the year 2050 may not take the shape of the assumptions under this main scenario, as there are many uncertainties involved including progress of innovation. Given that, we also analyzed scenarios in which preconditions related to renewables and thermal power generation were modified, which are believed to be areas where the Group will be particularly impacted. In addition, given the Japanese government's decision to introduce carbon pricing (FY2026: full-scale implementation of emissions trading system, FY2033: launch of paid auctions to power producers), we anticipate that the details of the future scheme will influence the scenarios.

Energy mix in Japan



Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

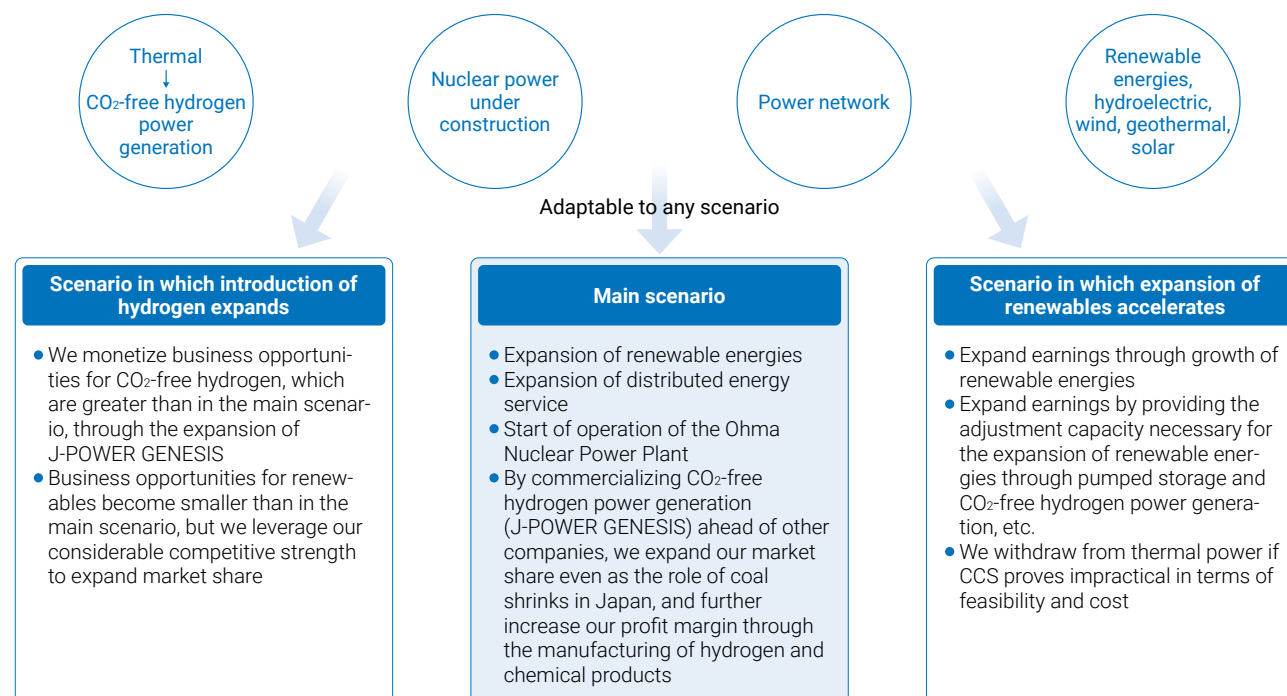
Strategy: Scenario Analysis toward Carbon Neutrality in 2050: J-POWER Group

Based on the scenario analysis of Japan as a whole on the previous page, power generators, including the J-POWER Group, will need to focus on developing renewable energy sources to achieve carbon neutrality in 2050, approx. 25 years from now, while also converting coal- and gas-fired power generation eventually to CO₂-free hydrogen from the perspective of stable supply. We believe it to be economically sound to convert to CO₂-free hydrogen by making gradual capital investments (upcycling) in the latest innovations while utilizing existing power plant infrastructure that is being depreciated. We also believe that upcycling is an important means of sustainably using developed renewable energy.

The Group has formed and operated a well-balanced power source portfolio consisting of renewable energies

(hydroelectricity, wind, geothermal, and solar) and thermal power, and has also accumulated a wealth and wide range of technologies and expertise in nuclear power construction and the development of CO₂-free hydrogen production and generation technologies. Therefore, by accelerating the expansion of renewable energy and flexibly upcycling existing power generation facilities while keeping an eye on the progress of innovation and economic trends, we can respond to not only the main scenario of Japan's energy mix in 2050, but also the scenario in which expansion of renewables accelerates and the scenario in which introduction of hydrogen expands.

The extensive and wide-ranging technologies and knowledge of the J-POWER Group



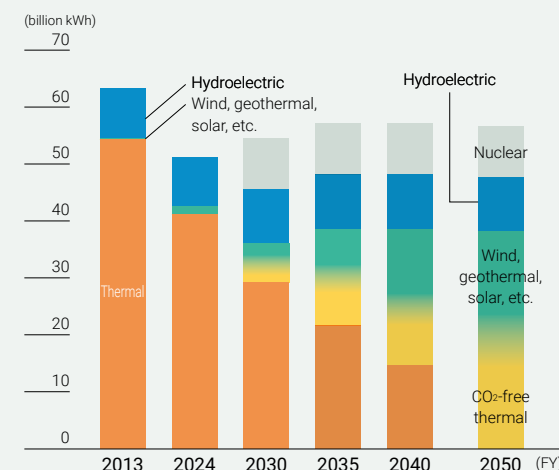
Column

Projected electricity generated by J-POWER

Based on the above scenario analyses and our transition strategy, J-POWER "BLUE MISSION 2050," we have projected the transition of our power generation volume to carbon neutral by 2050 with certain assumptions. In FY2024, approx. 80% of the power generated in Japan was thermal power. 2050 will see the expansion of renewable energy*, which is a priority for development, as well as the addition of nuclear power generation. We will continue to reduce or eliminate thermal power generation, while taking into consideration its role in ensuring a stable supply. We will gradually introduce and expand measures to reduce CO₂ emissions, such as mixed combustion (biomass and ammonia) and CCS, and eventually convert to CO₂-free hydrogen power generation.

*Our wind power generation capacity is assumed to expand in pace with the expansion of wind's share in Japan's overall generation capacity under the APS scenario.

J-POWER Group's electricity generation trends and forecasts



Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Column

Strategy: Scenario Analysis toward Carbon Neutrality in 2050: J-POWER Group's Major Overseas Thermal Power Generation Facilities

In its international business, the J-POWER Group is working to improve the investment efficiency of existing assets and advancing into new business segments, conscious of profit scale and profitability and to build a profit base on a short-, medium- and long-term perspective.

Countries have announced their Nationally Determined Contributions toward carbon neutrality. None of them, however, have committed to a single path, and instead presented multiple

scenarios in their vision to carbon neutrality. They share other commonalities in their vision such as further promotion of renewable energy, electrification, hydrogen use, utilization of CCS and that they all rely on future innovations. The J-POWER Group will also continue to invest in decarbonization and develop renewable energy in line with the respective decarbonization policies of each country in which we operate.



Thailand

Nationally Determined Contribution (NDC)

2030	30% reduction (compared to BAU) (40% reduction with international support)
2050	Carbon neutrality
2065	Net-zero GHG emissions

J-POWER Group's power generation facilities and initiatives

- 11 gas-fired and 2 biomass power plants (longest active PPA: 2040)
- Aiming to replace with high-efficiency gas-fired power plants
- Expansion of renewable energy through rooftop solar business



Indonesia

Nationally Determined Contribution (NDC)

2030	31.89% reduction (compared to BAU) (With international support: 43.2% reduction)
2060	Net-zero emissions

J-POWER Group's power generation facilities and initiatives

- 1 coal-fired facility (Batang Power Plant) and participation in 1 hydropower project (Sion Power Station) (PPA: 2047 and 2045, respectively)
- This highly efficient thermal power plant is not subject to early discontinuation or emissions trading at this point, but initiatives to further reduce carbon emissions will be considered.
- Development of renewable energies with a focus on hydro-electric power, and provision of decarbonization solutions including transition power sources

BAU: Business As Usual (without special measures)



United States

Nationally Determined Contribution (NDC)

2030	50–52% reduction (compared to FY2005 levels)
2035	61–66% reduction (compared to FY2005 levels)
2050	Net-zero emissions

J-POWER Group's power generation facilities and initiatives

- 6 gas-fired power plants (longest active PPA: 2035)
The number of our gas-fired power plants decreased from 10 to 6 due to the sale of interests
- Mixed combustion of hydrogen at Jackson thermal power plant (study phase)
- Development of renewable energy including large-scale solar power generation and transition to a power supply portfolio centered on renewables, using funds generated through the sale of interests

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Transition Plan to Achieve Goal of Carbon Neutrality in 2050: J-POWER “BLUE MISSION 2050”

Realizing a carbon-neutral, hydrogen society (the value we provide to society)

The J-POWER Group has formulated the J-POWER “BLUE MISSION 2050” to accelerate its efforts to address climate change. We are steadily working to achieve a carbon neutral, hydrogen-based society by promoting the three pillars of expanding CO₂-free power sources; push for zero-emission power sources; and stabilization and enhancement of the electric power network.

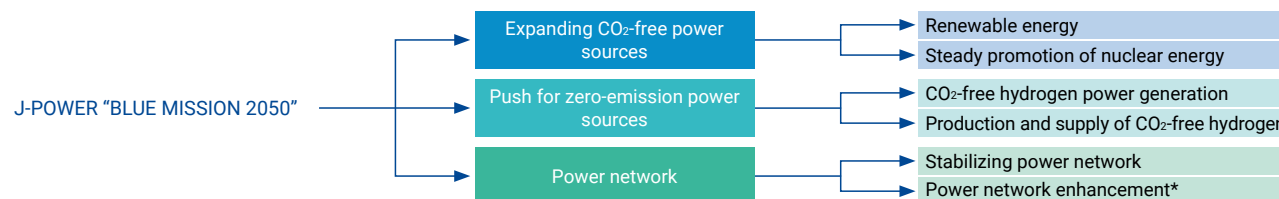
The Company has been engaged in hydroelectric, thermal, wind, and geothermal power generation, transmission, and transformation business upholding our mission to “meet people’s needs for energy without fail, and play our part in the sustainable development of Japan and the rest of the world.” To achieve this mission, we aim to further develop the comprehensive technological capabilities and balanced portfolio that we have cultivated over the years, and will approach our work from various angles.

With an eye toward 2050, we will take on the challenge of incrementally achieving carbon neutrality in our power generation business. As a milestone, we aim to reduce CO₂ emissions by 9.2 million tons in 2025 and 46% in 2030 compared to the FY2013 level.

*Please see P.25 for further details on J-POWER “BLUE MISSION 2050.”

We will contribute to the sustainable development of Japan and the rest of the world by balancing stable energy supply and efforts to fight climate change.

The three pillars of J-POWER “BLUE MISSION 2050”



J-POWER “BLUE MISSION 2050” roadmap

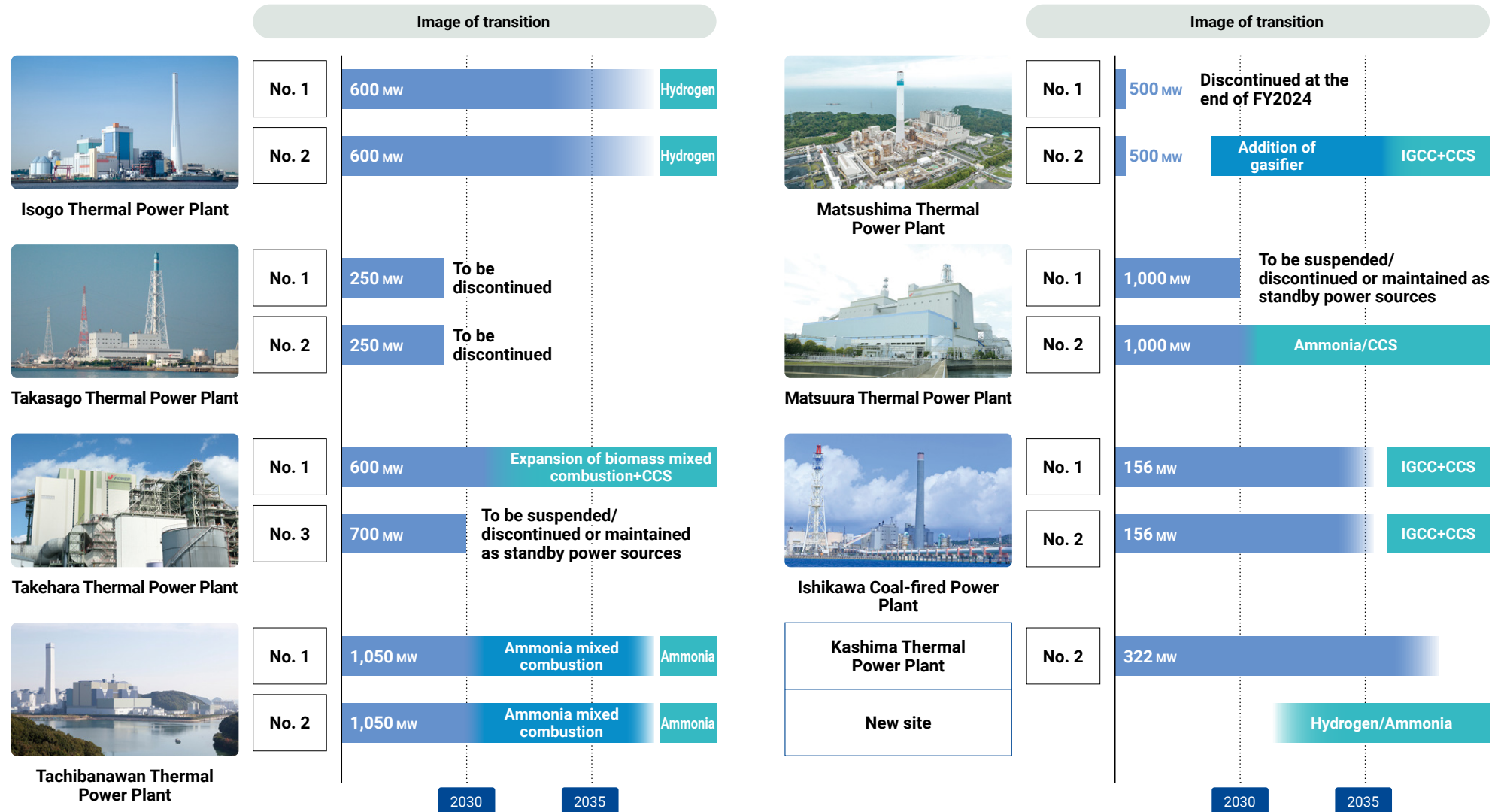
CO ₂ emission reduction target of domestic power generation business (compared to FY2013)		-9.2 million tons		-22.5 million tons -46%		Realization of carbon neutrality Net-zero emissions			
		2025		2030		2040		2050	
Expanding CO ₂ -free power sources	Renewable energy	Increase of domestic power generation volume by 4.0 billion kWh Global development of new renewable energy projects			Additional new developments, upcycling of existing facilities, and maximum use of existing assets				
	Nuclear	Construction and start of operations at Ohma Nuclear Power Station							
Push for zero-emission power sources	Domestic coal-fired power	Gradual phase-out of aging power plants	CO ₂ reduction initiatives (Expansion of biomass mixed combustion, introduction of ammonia mixed combustion, etc.)						
	CCS	Development of business environment, design and construction of facilities			Injection and storage		Achieve CO ₂ -free thermal power generation (Hydrogen, ammonia, IGCC+CCS, biomass mixed combustion +CCS, etc.)		
	Hydrogen power generation	Demonstration tests in Japan		Upcycling (adding gasifiers to existing assets)					
	Fuel production (CO ₂ -free hydrogen)	Feasibility study on overseas production		Utilization in other industries					
Power network	Stabilization	Hydroelectric power generation, improvement of load tracking performance by upcycling (adding a gasifier to existing assets), and expansion of distributed energy service							
	Reinforcement*	Completion of reinforcement of the New Sakuma Frequency Converter Station, etc.			Contribution to power network enhancement				

*Strengthening the power network is an initiative of J-POWER Transmission Network Co., Ltd.

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Direction for Thermal Power Transition in Japan

Based on our BLUE MISSION 2050 roadmap, the J-POWER Group will advance its CO₂ reduction and decarbonization initiatives, while contributing to a stable power supply. This includes phasing out inefficient coal-fired power plants and converting high-efficiency thermal power plants using the optimal technology according to the local characteristics of the site.



*The plan will be updated, reviewed, and refined as needed based on changes in the assumptions including the Japanese government's GX policy (Strategic Energy Plan, global warming countermeasures, NDC, etc.), power demand-supply situation, power system design, and progress of industry development, etc.

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Strategy: 2030 Scenario Analysis: J-POWER Group

As part of our J-POWER "BLUE MISSION 2050," the J-POWER Group has set a milestone of a 46% reduction in CO₂ emissions by 2030 and a goal of becoming carbon neutral by 2050. These targets are in line with the Nationally Determined Contribution (NDC) made by Japan for the Paris Agreement. The financial impacts and specific initiatives for a 46% reduction are estimated in the 2030 scenario analysis.

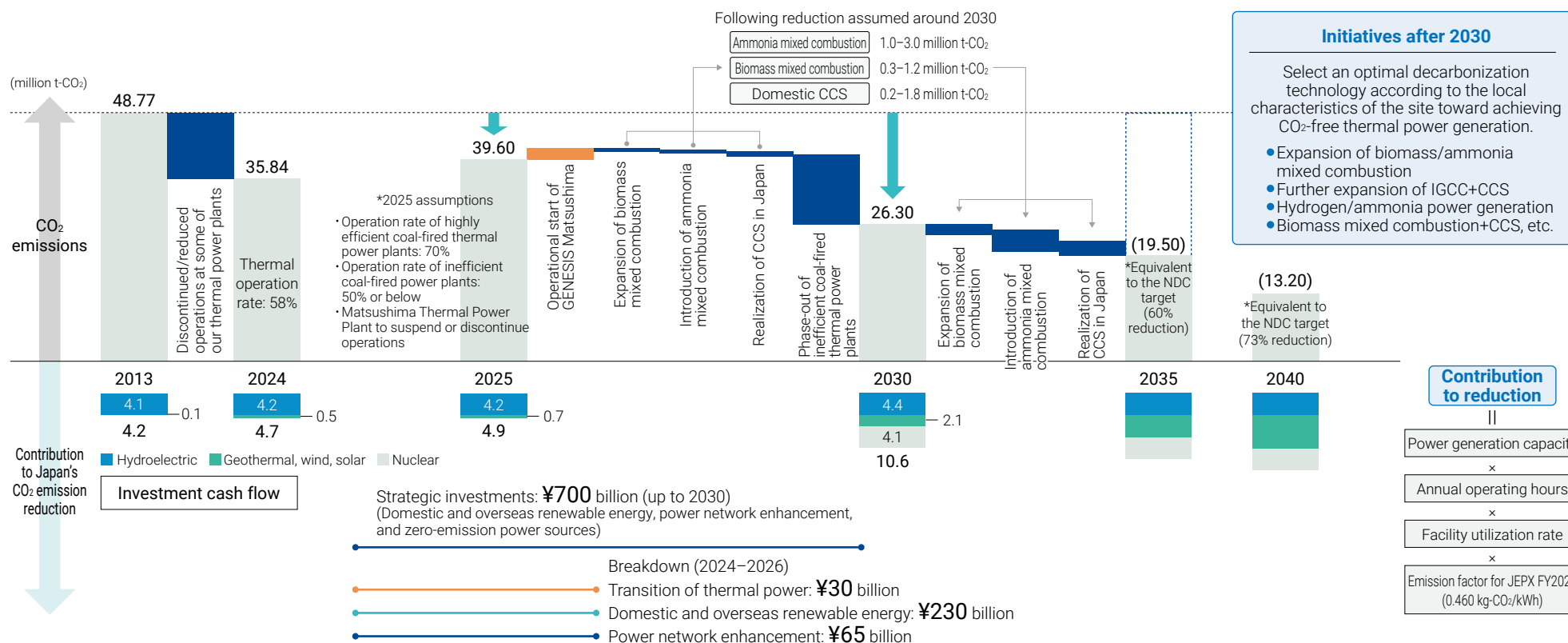
The Group's emissions levels assumed for 2035 and 2040 are also shown in the chart, based on a scenario in which emissions are reduced in accordance with Japan's NDC targets. By reducing the use of thermal power, mixed combustion of biomass/ammonia, upcycling existing facilities, and

implementing CCS in Japan, we will gradually reach our CO₂ reduction target by 2030, as outlined in our J-POWER "BLUE MISSION 2050." On the following page, the results of our financial analysis of scenarios based on our 2030 reduction targets are shown. We will work to offset the effects of the decrease in thermal power sales through our efforts to increase renewable energy in order to reduce the financial burden of our response to climate change. Looking ahead to 2035 and 2040, we aim to reduce CO₂ emissions to levels equivalent to the NDC targets by advancing initiatives aligned with the thermal power transition in Japan outlined on the previous page.

We have established a target to increase renewable energy by 4.0 billion kWh compared to FY2022 by FY2030.

If J-POWER develops CO₂-free power sources like renewable energy, it will replace other thermal power sources in Japan as a whole and help the country lower its CO₂ emissions overall. By 2030, we predict that our CO₂-free power sources will have contributed to reducing 10.6 million tons of emissions, growing from about 4.7 million tons in 2024. Looking beyond 2030, we will build on our contribution to the development of sustainable societies worldwide by supplying electricity generated from renewable energy sources across global markets.

Contribution to Japan's overall CO₂ emission reduction brought by J-POWER's initiatives to achieve CO₂ reduction targets and its CO₂-free power sources



Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Strategy: 2030 Scenario Analysis: Estimated Financial Impact

As a result of several steps—the implementation of carbon pricing, support for the development and introduction of CO₂ emission reduction measures, and more—to reach carbon neutrality in 2050, it is anticipated that Japan's energy costs would rise in the future. Although the estimated financial impact contains information that will result in higher expenses, the J-POWER Group will work to control rising energy bills using methods that are economically sound.

Under Japan's carbon pricing system, the emissions trading system is scheduled to commence full-scale operations in FY2026, with paid auctions for power producers expected to be implemented in FY2033. While these developments may result in cost increases, they also represent an opportunity to generate revenue by enhancing the environmental value of our CO₂-free power sources.

Financial impact in 2030: According to our reduction target (46% reduction; reduction of 22.5 million tons) (1/2)

	Factors	Calculation details	Impact in value
Thermal power	Phase-out of inefficient coal-fired thermal power plants	An estimated ¥10 billion decrease in ordinary profit mainly due to the closure of inefficient coal-fired thermal power plants *In cases where such coal-fired plants are maintained as standby power sources, no additional impact was assumed based on the assumption that institutional support will be provided.	Decrease in profits of approx. ¥10 billion
	Carbon pricing (CP)	- Calculated assuming a carbon price of 4,400–7,200 yen/t-CO₂ in 2030, based on our internal carbon pricing (ICP) standard scenario; the increase in costs is estimated to be approx. ¥115–190 billion. - Predicting the precise impact is challenging due to the expected rise in non-fossil value and associated revenue from CO₂-free power sources, and the potential for part of the cost to be passed on to power charges. - Impact on carbon pricing will be regularly reconsidered paying close attention to Japan's energy policies to achieve Green Transformation. $\text{Impact on CP} = \text{CP (4,400–7,200 yen/t-CO}_2\text{)} \times \text{CO}_2 \text{ emissions (26.30 million t-CO}_2\text{)}$	-
	Biomass/ammonia mixed combustion	- When reducing CO₂ emissions, the application of decarbonization options is deemed beneficial if the following formula holds. - Reduction measures to be applied to CO₂ emissions around 3 million tons: CO₂ reduction cost is assumed at ¥12–54 billion. - Reduce impact using policy support, etc. Work to make the CO₂ reduction cost to be lower than the CO₂ cost. $\text{CO}_2 \text{ price} > \text{CO}_2 \text{ reduction cost} - \text{Support system}$	-
	Biomass/ammonia mixed combustion	$\text{2030 CP (yen/t-CO}_2\text{)} \times \text{CO}_2 \text{ reduction achieved by using carbon-neutral fuel} > \left(\text{Power generation volume (kWh) using carbon-neutral fuel} \times \left(\text{Cost of mixed combustion with carbon-neutral fuel (yen/kWh)} - \text{Power generation cost using coal only (yen/kWh)} \right) \right) - \text{Policy support}$	
	Introduction of CCS	$\text{2030 CP (yen/t-CO}_2\text{)} > \left(\text{Separation and capture expenses (yen/t-CO}_2\text{)} + \text{Transportation expenses (yen/t-CO}_2\text{)} + \text{Storage expenses (yen/t-CO}_2\text{)} \right) - \text{Policy support}$	
	GENESIS Matsushima Plan	- By adding gasification facilities and other equipment to the existing Matsushima Thermal Power Plant and "upcycling" it, we aim to reduce CO₂ emissions by 10% as soon as possible while contributing to a stable supply. We will pursue CO₂-free hydrogen power generation in the future. - Use the Long-Term Decarbonization Power Source Auction to recoup capital expenditures and other fixed costs.	0
	Reduction in coal-fired thermal power repair expenses and renewal investment	- Constrain repair expenses and renewal investment for coal-fired thermal power plants prior to reduction of operations anticipated from 2030. - Actual repair costs for, as well as investments to replace, coal-fired thermal power will require about ¥45 billion per year, while investment for renewal will require about ¥20 billion per year. We will work to reduce some of these expenses.	+a

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Financial impact in 2030: According to our reduction target (46% reduction; reduction of 22.5 million tons) (2/2)

	Factors	Calculation details	Impact in value
CO ₂ -free power sources	New development of renewable energies	Estimated from the power generation value from new development of renewable energy and non-fossil value Power generation volume of renewable energies +4.0 billion kWh FY2022 → FY2030 (Reference) Examples of non-fossil value sales (virtual PPAs) ① Solar power: Himeji Oshio Solar Power Plant https://www.jpowers.co.jp/english/news_release/pdf/news240917e.pdf ② Onshore wind power plant: Minami Osumi Wind Farm https://www.jpowers.co.jp/english/news_release/pdf/news250130e.pdf ③ Onshore wind power plant: J-Wind Kaminokuni https://www.jpowers.co.jp/english/news_release/pdf/news250331e.pdf	Profit increase of ¥10 billion and above
	Expansion of revenues for existing renewable energy	Enhance the non-fossil value of existing renewables (10 billion kWh) With the full-scale launch of Japan's emissions trading system in 2026, carbon pricing is expected to gain momentum. As a result, rising carbon prices will likely enhance the environmental value of our renewable energy with no CO₂ emissions, contributing to greater profits. Quantifying the impact remains challenging at this stage, as it depends on the specific details of the system under consideration.	
	Ohma Nuclear Power Station (under construction)	The impact of the project has not been included in the financial impact estimation as it is currently under review based on the new regulatory criteria.	—

2030: If aligned with the 1.5°C target of the IPCC Sixth Assessment Report (+2.4 million tons reduction)

We also analyzed the GHG emissions in the 1.5°C pathway as outlined in the IPCC Sixth Assessment Report (AR6). According to the IPCC AR6, the global model pathway for limiting global warming to 1.5°C (>50%) with no or limited overshoot requires emissions reduction of 43% by 2030 and 60% by 2035 against 2019 levels. These targets are equivalent to 51% reduction against 2013 levels in Japan, and when translated to reduction targets of the J-POWER Group, it would require an additional 2.4 million tons of reduction on top of our current 2030 target.

IPCC Sixth Assessment Report

43% reduction* by 2030, 60% reduction by 2035 (compared to 2019)

↓ *Equivalent to 51% reduction (compared to FY2013) in Japan's NDC
Converted to our "BLUE MISSION 2050"

24.9 million ton reduction (compared to FY2013) in FY2030 (an additional reduction of 2.4 million tons)

Financial impact

Additional measures for approx. 500 MW of coal-fired thermal power are needed

Although costs are expected to increase by about ¥10–44 billion, we will try to reduce the impact by making maximum use of an optimal combination of options, policy support, etc.



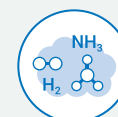
Reduction of operations

AND/OR



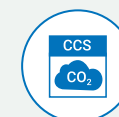
Biomass

AND/OR



Hydrogen/ammonia

AND/OR



CCS

Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Risk Management

To identify and address various risks associated with corporate activities, the J-POWER Group has established executive bodies and dedicated departments, and implements both integrated and issue-specific approaches to ensure that necessary risk management systems are in place, including the development of reporting and monitoring mechanisms. Under the supervision of the Board of Directors, several executive bodies have been established for risk management, including the Sustainability Promotion Board, Compliance Action Committee, and Business Strategy Subcommittee. The Board of Directors applies an integrated approach to managing risks across these bodies.

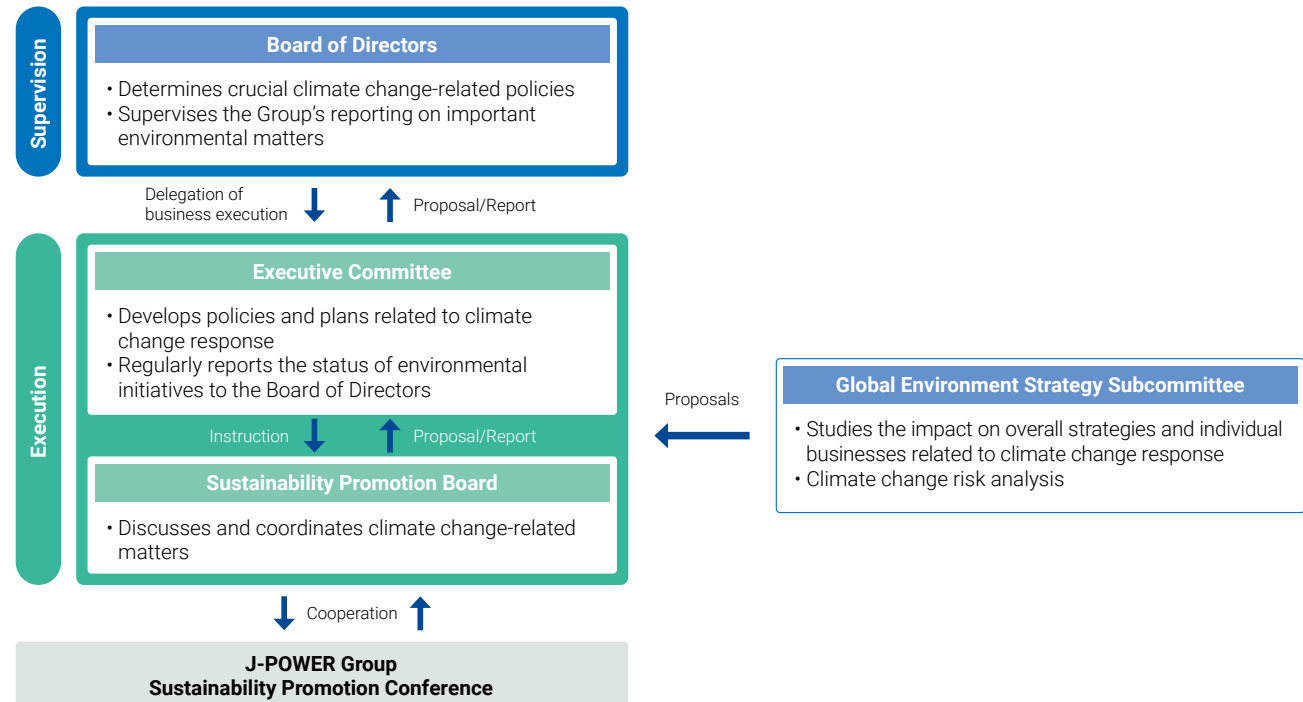
The Sustainability Promotion Board analyzes and assesses sustainability issues, including climate change, and discusses mitigation strategies. Under the Sustainability Promotion Board, the Global Environment Strategy Subcommittee has been established as a promotion structure to evaluate climate change threats, hold discussions, and make recommendations or reports to the Executive Committee and Board of Directors.

The Board of Directors works to identify risks at an early stage by receiving regular reports on the status of business execution and by ensuring mutual checks and balances in the internal decision-making process, discussions at various meetings, and the creation of a crisis management system in accordance with internal regulations. In addition, we are aiming to reduce the effect of losses when they occur while fully understanding and minimizing risks in the execution of company activities.

Indicators and Targets: Greenhouse Gas (GHG) Emissions

J-POWER Group has obtained third-party certification for all of Scopes 1–3 GHG emissions.

★ represents FY2024 data for which the Group has obtained third-party certification.



GHG emissions 3-year results

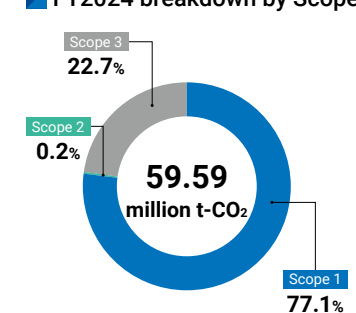
	FY2022	FY2023	FY2024★
Scope 1	48.91	44.39	45.94
Domestic power generation business	40.64	33.68	35.84
Overseas power generation business	7.94	10.27	9.78
Other	0.33	0.43	0.32
Scope 2 (Location criteria)	0.15	0.14	0.14
Scope 3	13.17	13.31	13.51
Total	62.23	57.84	59.59

Scope 1 : Direct greenhouse gas emissions by business operators themselves (burning fuel and industrial processes)

Scope 2 : Indirect emissions accompanying use of electricity and heat/steam from other companies

Scope 3 : Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)

FY2024 breakdown by Scope



Climate Change Scenario Analysis (Disclosure Based on TCFD Recommendations)

Indicators and Targets

Target

Push for zero-emission power sources

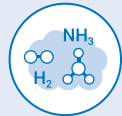
Indicators

- ① A reduction of 9.2 million tons* in FY2025
- ② 2030: Reductions of 46% (22.5 million tons)*

*Compared to FY2013



Biomass



Hydrogen, Ammonia



CCS

① FY2025: Reductions of 9.2 million tons of emissions from domestic power generation business

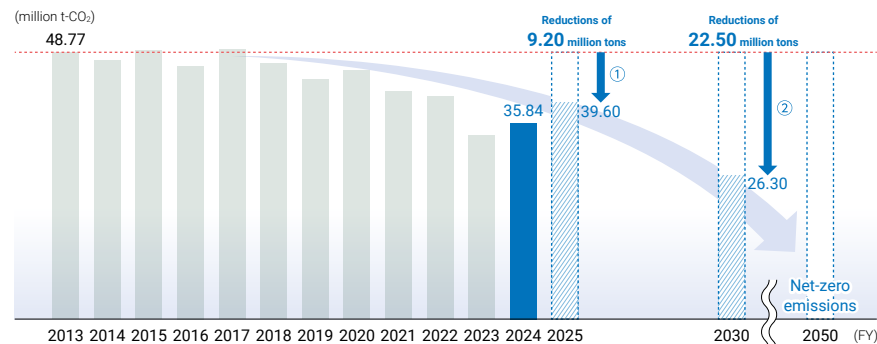
- Decrease in power generated by Matsushima Thermal Power Plant due to the construction of GENESIS Matsushima
- Expansion of biomass mixed combustion (10% by weight mixed-combustion at the Takehara Thermal Power Plant New Unit No. 1)
- Reducing the operation of aging coal-fired thermal power plants (Takasago and Takehara Unit No. 3)

② 2030: Reductions of 46% (22.5 million tons) of emissions from domestic power generation business

- Expansion of biomass mixed combustion
- Introduction of ammonia mixed combustion
- Realization of CCS in Japan
- Reducing or discontinuing the operation of aging coal-fired thermal power plants

*Book value of aged coal-fired thermal power plants is approx. ¥48 billion.

Changes in CO₂ emissions in domestic power generation business



Target

Expansion of CO₂-free power sources

Indicator

FY2030 Power generation volume of renewable energy +4.0 billion kWh/year*

*Compared to FY2022



Wind



Hydroelectric



Solar



Geothermal

Major CO₂-free power sources in operation (since FY2024)



Kaminokuni No. 2 Wind Farm, Hokkaido
Owned capacity: 41.532 MW



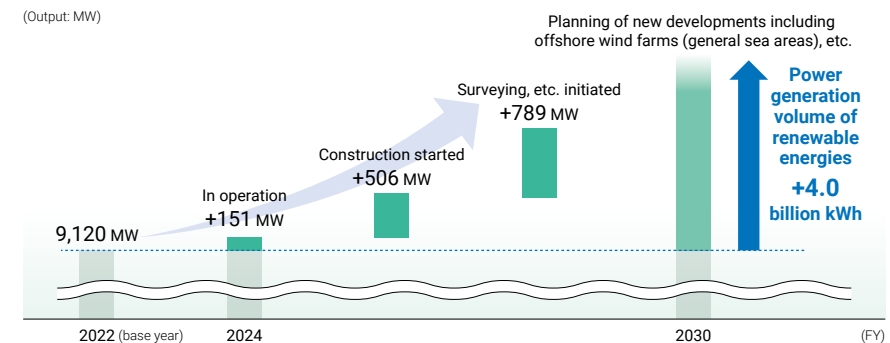
Nagayama Hydroelectric Power Plant Unit 2, Kochi Pref.
Owned capacity: 18.5→19.25 MW (750 kW increase by repowering)



Himeji Oshio Solar Power Plant, Hyogo Pref.
Owned capacity: 1.999 MW

Trends in the development of renewable energy (Domestic)

(Output: MW)



Column

Relationship between the J-POWER Group's CO₂ reduction results and SBT indicators

The Science Based Targets initiative (SBTi) calls for companies in the power sector to set intensity-based emission targets. The J-POWER Group has set its target based on actual emission volume and is working toward its achievement.

The rate of J-POWER's emissions reduction for the period from FY2022 (40.64 million tons) to FY2030 (target of 26.30 million tons) is 4.4%, exceeding the annual reduction rate of 4.2% required by SBTi for a 1.5°C trajectory alignment.