

INTEGRATED REPORT

CHAPTER

1

The Value We Provide

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History of Value Creation of the J-POWER Group

The J-POWER Group has continued to grow while transforming its business portfolio, with the aim of contributing to solving various energy-related issues of each era through its business. Going forward, we will continue to enhance corporate value.

Social
issues

J-POWER's history

From post-war power shortage to growth in power demand

Contributed to solving power shortage by developing power sources

- J-POWER, established as a government-funded company in 1952, worked to develop large-scale hydroelectric power plants to ease the power shortages occurring in Japan in the aftermath of World War II.
- Overseas, we have contributed to the development of each country and building the relationships of trust between each country and Japan through technical supports and consulting services for power plant and transmission line construction.



Sakuma Dam (Completed in 1956)



Consulting business in Peru (1962)

Oil crises

Contributed to stable power supply by diversifying power sources

- Following two oil crises, we responded to strong calls for diversified energy sources by building Japan's first coal-fired power plant fueled by overseas coal and acquiring interests in overseas coal mines.
- To fulfill peak demand, we continued construction of large-scale pumped storage hydropower plants and high-capacity transmission lines.



Matsushima Thermal Power Plant
(Commercial operation began in 1981)



Tomamae Winvilla (Commercial operation began in 2000)
*Completed replacement in 2023

Climate change

Contributed to the sustainable development of Japan and the rest of the world by deploying new technologies and expanding the overseas business

- J-POWER became one of the first in Japan to start responding to climate change by developing large-scale commercial wind farms in the early 2000s.
- We began rapidly developing our overseas power generation and wind power businesses after being fully privatized in 2004, actively expanding our business fields.
- J-POWER aims to achieve sustainable growth, based on "coexistence of energy and the environment," by leveraging the technologies and achievements we have cultivated in Japan and around the world.

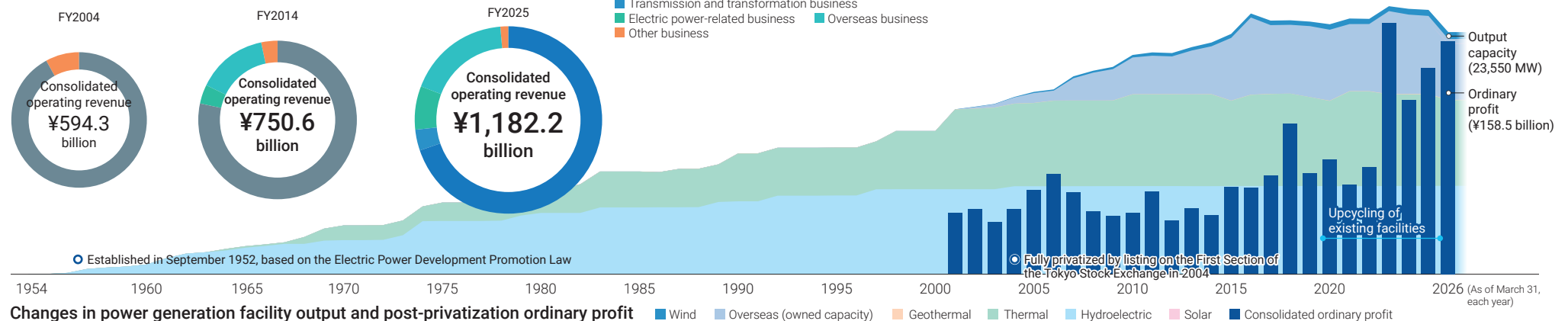
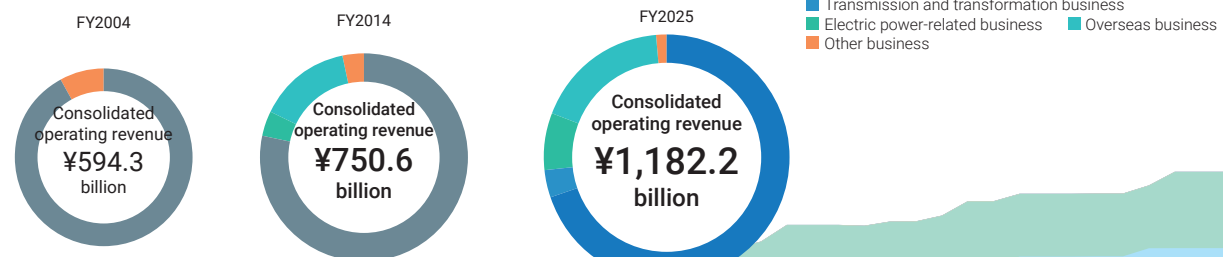


Jackson Thermal Power Plant
(Commercial operation began in 2022)



Triton Knoll Offshore Wind Farm
(Commercial operation began in 2022)

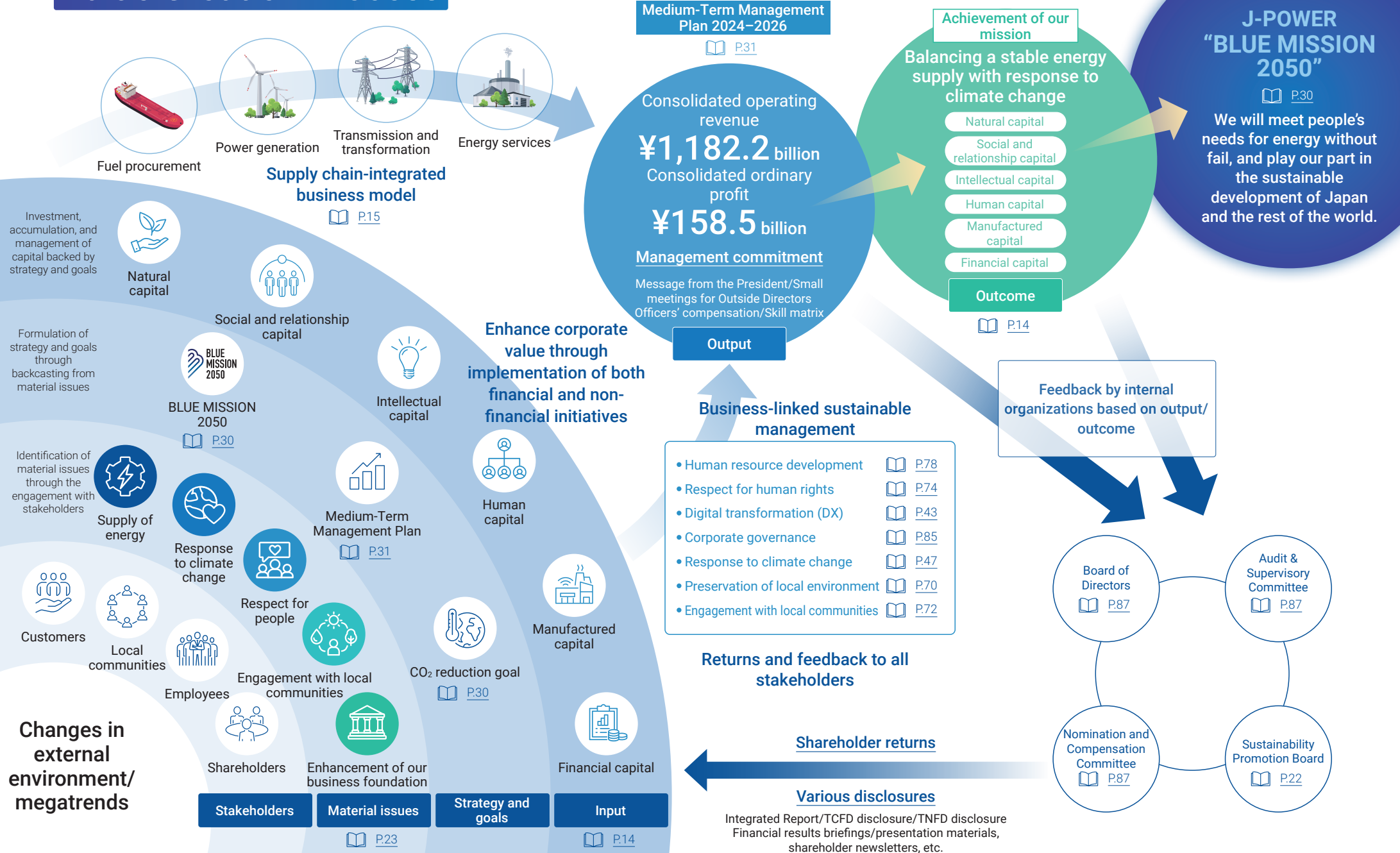
Changes in post-privatization consolidated operating revenue composition



Changes in power generation facility output and post-privatization ordinary profit

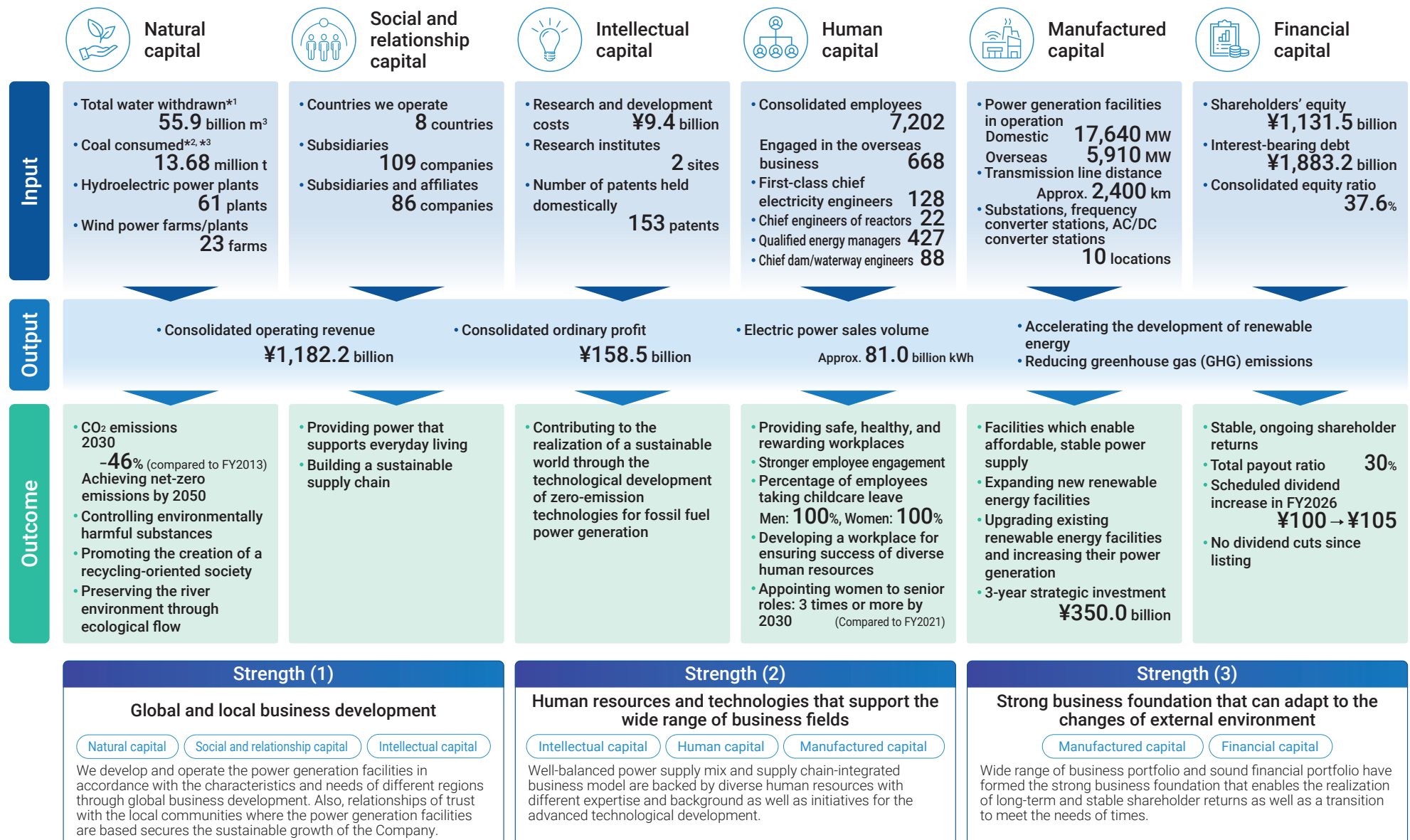
Wind Overseas (owned capacity) Geothermal Thermal Hydroelectric Solar Consolidated ordinary profit

Value Creation Process



Value Creation Process

Capital That Has Strength



*1 The figure includes J-POWER and consolidated subsidiaries, including those operating abroad, in electric power business, electric power-related business, etc.

*2 The figure includes J-POWER and consolidated subsidiaries, including those operating abroad, in electric power business, electric power-related business, etc. (Consolidated subsidiaries are considered in terms of investment ratio.)

*3 Dry coal: 28 MJ/kg equivalent

Business Model

Investment in
upstream resource
interests for the
purpose of stable
power supply



Stable fuel supply

Comprehensive
technical
capabilities covering
development,
design, construction,
and operation



Integrated Group
operational know-how

Renewable energy sources



Securing promising and
suitable sites
Accumulation of wind
condition and power
generation data

Thermal power sources



Appropriate risk
management and a
flexible operation system

Electric power transmission and transformation facilities



Technologies that boost
wide-area electricity grid
operation and expansion of
introduction of renewable
energies throughout Japan

Provision of kW/kWh/ΔkW/non-fossil value according to the characteristics of the power source

Electric Power-Related Business

FY2025 ROIC: 9.9%

The Group engages in businesses which support the smooth and efficient execution of the power generation business, including the ownership of coal mining interests and the importing and transportation of coal.



- Value chain that supports the power generation business
- Diversification of suppliers of fuel procured

P.20 Electric Power-Related Business

Power Generation Business

FY2025 ROIC: 4.7%

The Group engages in power generation, employing various energy sources including renewable energy and thermal power, and electric power retailing in collaboration with partner companies in Japan.



- Bilateral contracts with EPCOs
- Sales to the Japan Electric Power Exchange (JEPX)/retail operators

P.16 Power Generation Business

Overseas Business

FY2025 ROIC: 8.9%

The Group engages in power generation business and consulting overseas. We not only hold assets but also replace our business portfolio as appropriate.



- PPA*1 with government-owned electric power companies, etc.
- Sales to liberalized markets in various countries and regions

P.19 Overseas Business

Provision of power transmission and transformation functions

Transmission and Transformation Business*2

FY2025 ROIC: 2.0%

The Group engages in power transmission and transformation that contribute to the wide-area operation of the entire Japanese power grid.



- Transmission contracts with transmission system operators

P.18 Transmission and Transformation Business

Initiatives to provide new value

Other Business

FY2025 ROIC: 9.8%

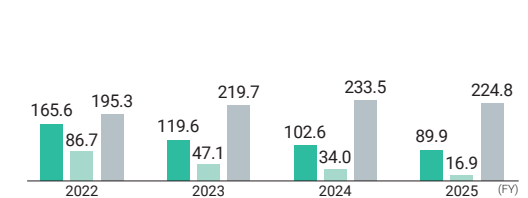
We operate information communication businesses and environment-related businesses that leverage the Group's know-how and management resources. We are also investing in and working with startup companies to develop new businesses in the future.



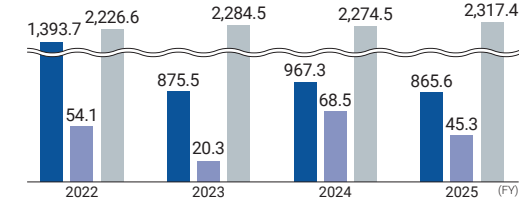
- Creation of new businesses and solving of issues in the electric power business through investment in and cooperation with startup companies
- Provision of new value through co-creation with diverse partners

P.45 Promotion of Innovations

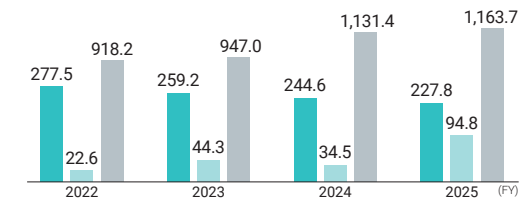
Operating revenue Segment profit Assets (billion yen)



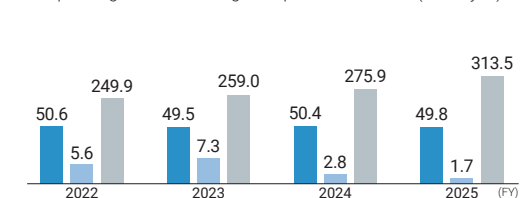
Operating revenue Segment profit Assets (billion yen)



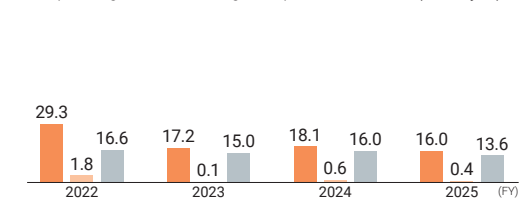
Operating revenue Segment profit Assets (billion yen)



Operating revenue Segment profit Assets (billion yen)



Operating revenue Segment profit Assets (billion yen)



*1 PPA: power purchase agreement *2 Initiatives of J-POWER Transmission Network Co., Ltd.

J-POWER Group Businesses

Power Generation Business

The Value We Provide

- Realizing economical and stable power supply through CO₂-free power sources and high-efficiency thermal power sources
- Contributing to ensuring energy security and preventing regional environmental issues such as air pollution

Recognition of Business Environment

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> • Widespread use and expansion of CO₂-free power sources and CO₂-free hydrogen aimed at achieving carbon neutrality • Expansion of new markets and forms of selling |
| Risks | <ul style="list-style-type: none"> • Greater earnings fluctuations resulting from increased volatility in resource and electricity market prices • Earnings deterioration due to CO₂ emissions regulations • Higher operating costs due to inflation |
| Strengths | <ul style="list-style-type: none"> • Well-balanced power source portfolio consisting of renewable energy and thermal power • Comprehensive technological capabilities that can be executed within the Group from development to operation • The highest level of engineering and execution capabilities gained from involvement in global development • Relationships of trust with local communities |

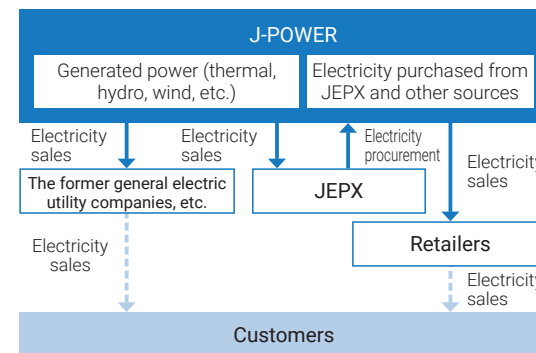
Direction of Responses

- Preferentially allocate investment funds to carbon-neutral assets such as renewable energy and Ohma Nuclear Power Plant
- Aim for improved profitability and further growth of renewable energy by increasing the volume of power generation and realizing environmental value
- For Ohma Nuclear Power Plant, put the highest priority on safety, while utilizing the Long-term Decarbonization Power Source Auction
- Aim to maximize profit by reviewing the operation of existing thermal power plants, while promoting thermal power transition

Overview of Power Generation Business

The J-POWER Group generates electricity from various power sources, including renewable energy and thermal power, and sells it to the former general electric utility companies (EPCOs) and the Japan Electric Power Exchange (JEPX) to ensure a stable supply of electricity in Japan. J-POWER also sells electricity procured from JEPX and other sources to retail electricity suppliers.

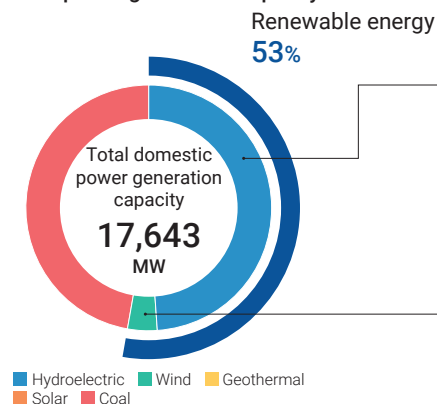
Flow of electricity sales



In principle, the structure of sales charges to EPCOs consists of a baseline charge based on the value of power generation capacity (kW) and a metered charge based on the electric power sales volume (kWh). For the portion equivalent to fuel costs, which account for the majority of the metered charge for thermal power generation, we have introduced a system that reflects fluctuations in market conditions related to fuel procurement as appropriate.

The sales price of the electricity procured from JEPX is determined through discussions with retailers and is revised in a timely manner.

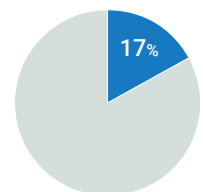
Domestic power generation capacity



As of March 31, 2026

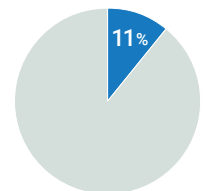
Share of hydroelectric power generation capacity

No. 2 in Japan
8,590 MW



Share of wind power generation capacity

No. 2 in Japan
663 MW



J-POWER Group Businesses

Power Generation Business

Renewable Energy

Hydroelectric power

Hydroelectric power generates stable cash flow because it incurs no fuel costs and is therefore subject to only limited fluctuations in power generation costs. Hydroelectric power plants can be started quickly and their output is adjustable. In particular, pumped storage hydropower plants play an important role in stabilizing the power system as a regulating power source that absorbs surplus power and compensates for power shortages. In addition, hydroelectric power has environmental value as a CO₂-free power source, and we aim to improve profitability by maximizing this value. Meanwhile, given the limited potential for new large-scale hydropower development in Japan, we are steadily expanding earnings by increasing power generation volume through the development of small hydroelectric power plants and the comprehensive renewal of main facilities.

Wind power

The J-POWER Group began engaging in wind power generation early on and is currently developing new projects while also replacing facilities at existing sites with favorable wind conditions. We are also focusing on offshore wind power. In March 2026, Kitakyushu Hibikinada Offshore Wind Farm commenced operation, and we are also advancing the development of an offshore wind power project off the coast of Oga City, Katagami City, and Akita City in Akita Prefecture. Through these initiatives, we aim to increase power generation volume over the medium to long term and achieve sustainable earnings growth by utilizing corporate PPAs while maximizing environmental value.

 [P.33 Wind power project](#)

Geothermal power

Geothermal power is a renewable energy source capable of stable power generation regardless of weather conditions and is expected to generate stable earnings over the long term. Currently, the J-POWER Group operates the following three geothermal power plants: Wasabizawa Geothermal Power Plant, Onikobe Geothermal Power Plant, and Appi Geothermal Power Plant. In addition, we are currently conducting research and advancing plans for new geothermal power development in the Takahinatayama region and the Shiramizugoe area.

Solar power

The J-POWER Group currently operates the Kitakyushu Hibikinada Solar Power Plant and Himeji Oshio Solar Power Plant. We are also promoting the on-site PPA model, where we install solar power generation equipment on the roofs or in open spaces of customers' facilities to supply power, thereby contributing to their needs for self-consumption of renewable energy.

Storage battery business

The introduction of renewable energy is progressing, leading to an increase in power sources whose output fluctuates depending on weather and other conditions. As a result, insufficient balancing capacity in the power system has become a challenge. To meet these needs, the J-POWER Group is developing a storage battery business capable of providing balancing capacity. The Hibikinada Electricity Storage Station, currently under construction with the aim of commencing commercial operation in April 2028, will contribute to power grid stabilization and the avoidance of output curtailment at renewable energy power plants, while creating new earnings opportunities through the provision of balancing capacity.

Thermal Power

Coal, which supports Japan's power supply, is currently considered an important energy source offering supply stability and economic efficiency because it entails relatively low geopolitical risks in procurement, has a comparatively low unit price per calorific value, and is easy to store.

Coal-fired power generation has traditionally been used as a baseload power source operating at a constant output. In recent years, however, it has increasingly served as an intermediate-load power source whose output is adjusted according to supply and demand in order to accommodate fluctuations in the supply-demand balance resulting from the growing introduction of renewable energy. By adjusting the load, it contributes to the stabilization of the power system. Meanwhile, amid concerns about the impact of tighter CO₂ emissions regulations, we are working to improve efficiency and promote mixed combustion of biomass. We are also exploring the thermal power transition, including the phase-out of inefficient coal-fired thermal power plants, IGCC, CCS, and mixed combustion of hydrogen and ammonia.

Nuclear Power

The J-POWER Group is implementing the Ohma Nuclear Power Plant Project with safety as our top priority, aiming to expand CO₂-free power sources.

 [P.34 Ohma Nuclear Power Plant Project](#)



Kitakyushu Hibikinada
Offshore Wind Farm
Photo credit: Hibiki Wind Energy Co., Ltd.



Nanairo Dam



Appi Geothermal Power Plant



Takehara Thermal Power Plant

J-POWER Group Businesses

Transmission and Transformation Business

The Value We Provide

- Contributing to stabilizing electric power networks and expanding the introduction of renewable energy in Japan through trunk transmission lines and cross-regional interconnection facilities

Recognition of Business Environment

Opportunities

- Expansion of renewable energies
- Growing need to achieve carbon neutrality

Risks

- Impact of intensifying natural disasters on facilities
- Aging of facilities

Strengths

- A broad range of technologies related to power transmission and transformation facilities, including ordinary AC transmission lines and DC transmission lines, submarine cables, cables laid on bridges, and frequency converter stations enabling the exchange of electricity between eastern and western Japan which operate at different frequencies.
- Relationships of trust with local communities cultivated through over 70 years of experience in the construction, maintenance, and management of power transmission and transformation facilities

Direction of Responses

- Based on the premise of ensuring economic efficiency, contribute to the enhancement of electric power networks through efforts leveraging a broad range of technologies, including the expansion of trunk transmission lines and cross-regional interconnection lines, DC transmission facilities, and frequency converter stations.

Overview of Transmission and Transformation Business

J-POWER Transmission Network Co., Ltd. (J-POWER Transmission) is a company which is independent of the J-POWER Group's power generation and retailing divisions, handling its transmission business from a neutral position. With 10 substations and converter stations, and 2,410 km of transmission lines across Japan, J-POWER Transmission contributes to the cross-regional operation of Japan's overall power grid.

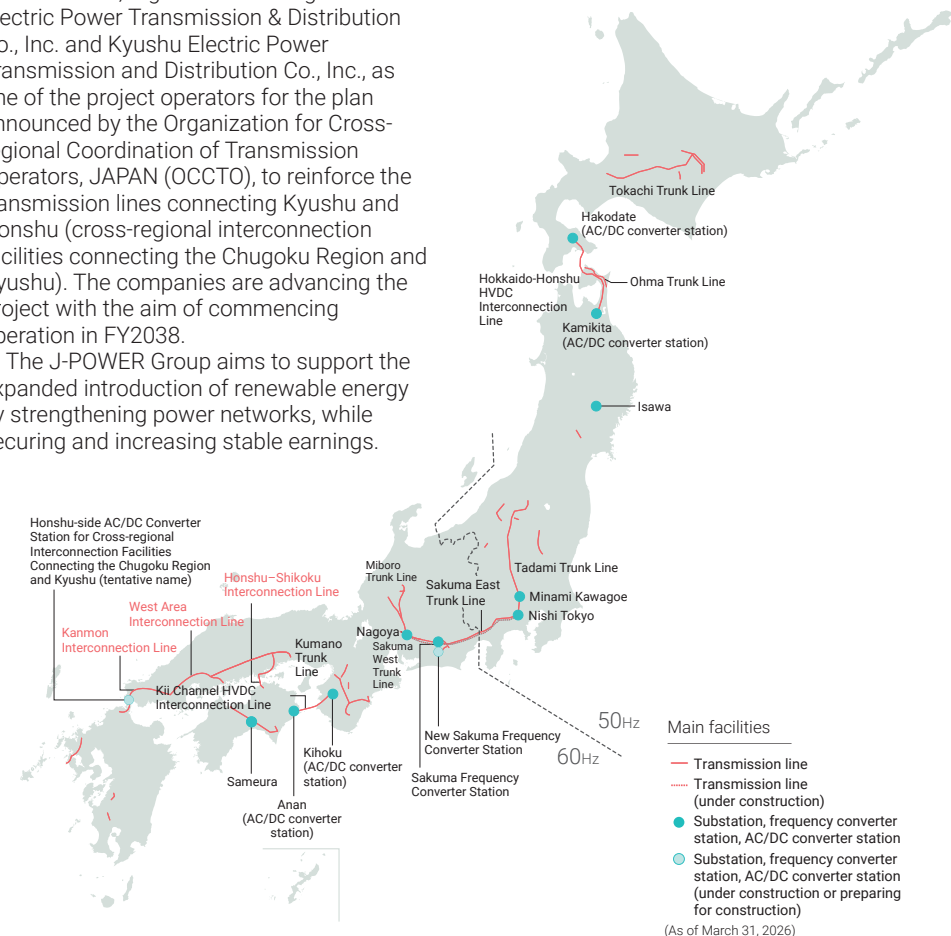
In particular, cross-regional interconnection facilities connecting Honshu with Hokkaido, Shikoku, and Kyushu, and the Sakuma Frequency Converter Station, which was the first in Japan to enable the flexible exchange of power with different frequencies between eastern Japan (50 Hz) and western Japan (60 Hz), are important in enabling the cross-regional operation of power grid in Japan.

Strengthening power networks is a key challenge in achieving the large-scale introduction of renewable energy.

J-POWER Transmission is steadily advancing the construction of the New Sakuma Frequency Converter Station and replacement and expansion of related transmission lines to meet expectations for increased power interchange capacity between eastern Japan, which operates at 50 Hz, and western Japan, which operates at 60 Hz.

In addition, J-POWER Transmission has been selected, together with Chugoku Electric Power Transmission & Distribution Co., Inc. and Kyushu Electric Power Transmission and Distribution Co., Inc., as one of the project operators for the plan announced by the Organization for Cross-regional Coordination of Transmission Operators, JAPAN (OCCTO), to reinforce the transmission lines connecting Kyushu and Honshu (cross-regional interconnection facilities connecting the Chugoku Region and Kyushu). The companies are advancing the project with the aim of commencing operation in FY2038.

The J-POWER Group aims to support the expanded introduction of renewable energy by strengthening power networks, while securing and increasing stable earnings.



J-POWER Group Businesses

Overseas Business

The Value We Provide

- Contributing to stable power supply through consulting business and the development of power plants overseas
- Contributing to reducing CO₂ emissions and addressing environmental issues through the development of renewable energy and the construction and operation of state-of-the-art environmentally friendly high-efficiency thermal power plants overseas

Recognition of Business Environment

Opportunities	• Strengthened international initiatives to achieve carbon neutrality • Growing power demand primarily in emerging economies
Risks	• Increasingly volatile resource prices • Tighter international environmental regulations
Strengths	• Project development capabilities • Project promotion capabilities • Ability of management to control risk and replace assets in response to changes in the business environment to increase profitability and sustainability

Direction of Responses

- Move forward with the development of primarily renewable energy in the U.S., Australia, Southeast Asia, and Middle East
- Acquire developer's profits and improve capital efficiency by selling interests after completion of development projects

Overview of Overseas Business

Overseas Consulting Business

Leveraging the experience and technical prowess acquired through its domestic electric power business, the J-POWER Group conducts businesses including basic design study, feasibility studies, design, construction management, and transfer of environmental technologies on development of power sources and transmission and transformation facilities around the world. Since its first project in 1962, the Group has conducted 376 projects in 64 countries and regions.

(As of March 31, 2026)

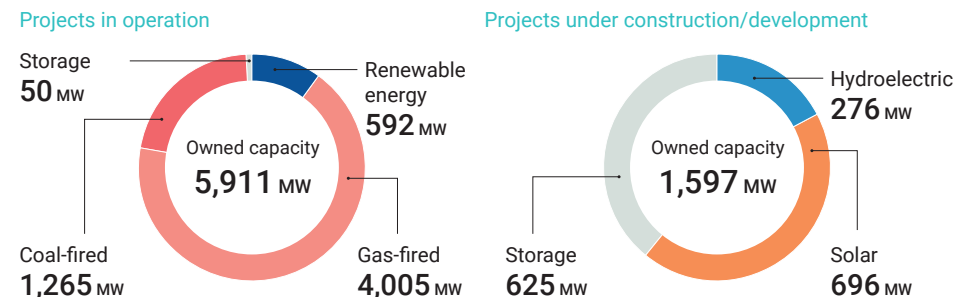
Overseas Power Generation Business

The J-POWER Group has actively identified and developed overseas power generation projects by leveraging its experience, credibility, and networks cultivated through its domestic operations and overseas consulting business.

When the Group first began its overseas power generation business in 1997, it was partial participation primarily in the construction of power plants or plant operations through relatively small-scale investment. The Group has gradually expanded the business, shifting from acquiring interests in existing profitable projects to greenfield development, mainly in Thailand, the U.S., China, and other Asian countries. We have built a business portfolio that currently offers diverse earnings opportunities. This portfolio includes projects primarily in Southeast Asia that are expected to generate stable earnings under PPAs with government-owned electric power companies and other entities, as well as projects in the United States that pursue earnings opportunities by capitalizing on market conditions amid rapidly growing electricity demand driven by data center construction and other factors.

Furthermore, after developing a power plant and commencing its operation, we sell part or all of our interest to acquire developer's profits and use the proceeds for subsequent growth investments, thereby incorporating an asset-recycling business model. Through these initiatives, we are optimizing our business portfolio while improving capital efficiency.

Results of overseas power generation business



As of March 31, 2026

J-POWER Group Businesses

Electric Power-Related Business

The Value We Provide

- Contributing to ensuring stable power supply and energy security through stable procurement of fuels

Recognition of Business Environment

Opportunities

- Low-cost and stable power supply
- Growing interest in energy security

Risks

- Increasingly volatile resource prices
- Tighter international environmental regulations

Strengths

- Stable and long-term fuel procurement based on diversified sources
- Proven technological capabilities cultivated through the electric power business, which requires high reliability

Direction of Responses

- Continue efforts to diversify procurement sources and methods in pursuit of stable supply and economic efficiency

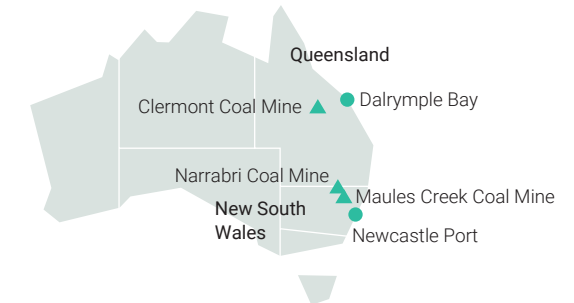
Overview of Electric Power-Related Business

The electric power-related business engages in businesses that complement the power generation and transmission and transformation businesses, and contribute to their smooth and efficient business execution.

Investments in Coal Mines

We have been investing in Australian coal mines since 1980 and currently hold interests in three coal mines in order to provide consistent, long-term supplies of high-grade coal as fuel for thermal power generation.

In the face of increasingly volatile resource prices, we are seeking to optimize the entire supply chain, spanning from fuel procurement to power generation.



Coal mining projects (as of December 31, 2025)

Coal mine	Location	Outport	2025 sales volume	Vested interest	Coal production start
Clermont	Queensland	Dalrymple Bay (Hay Point Port)	11.17 million tons	22.2%	2010
Narrabri	New South Wales	Newcastle Port	3.76 million tons	7.5%	2012
Maules Creek	New South Wales	Newcastle Port	8.82 million tons	10.0%	2014

Telecommunications Network Business

Telecommunications networks are essential infrastructure for operating power plants, as well as transmission and transformation facilities, and thus require high level of reliability. J-POWER Telecommunication Service Co., Ltd. undertakes the construction, maintenance, and management of the J-POWER Group's all telecommunications facilities for electric power systems, contributing to the stable supply of power.

J-POWER Group's Sustainability Initiatives and Management

Basic Policy on Sustainability

In accordance with the Basic Policy on Sustainability, J-POWER has established individual basic policies regarding ESG and is promoting initiatives in these areas. The structure of the policies and rules is shown in the diagram below.

The J-POWER Group's Corporate Philosophy

We will meet people's needs for energy without fail, and play our part in the sustainable development of Japan and the rest of the world.

Basic Policy on Sustainability

Under our Corporate Philosophy of "We will meet people's needs for energy without fail, and play our part in the sustainable development of Japan and the rest of the world," we, the J-POWER Group, will realize a prosperous society through our business activities both in Japan and the world, based on a relationship of trust with our stakeholders.

Material Issues



Corporate Policies

- | | | | |
|---|---|---|---|
| ● J-POWER Group Environmental Basic Policy | P.69 | ● J-POWER Group Basic Policy on Human Rights | P.74 |
| ● J-POWER Group's Thoughts on Social Contribution Initiatives | P.72 | ● Basic Policy on Occupational Health and Safety | P.83 |
| ● Basic Policies for Product Procurement | P.77 | ● Declaration of Partnership Building | P.77 |
| ● Basic Policy on Corporate Governance | P.85 | ● Corporate Conduct Rules and Compliance Action Guidelines | P.95 |
| ● J-POWER Group's Basic Policies on Cybersecurity | P.99 | ● Basic Policies on Personal Information and Information Security | https://www.jpowers.co.jp/english/privacy/ |
| ● J-POWER Group Tax Policy | https://www.jpowers.co.jp/english/sustainability/governance/tax_policy.html | | |

Sustainability and Improving Corporate Value

The J-POWER Group's corporate philosophy aims to solve social issues through the enhancement of corporate value, which is sustainability in and of itself. Among various social issues, the Group has identified five material issues: supply of energy, response to climate change, respect for people, engagement with local communities, and enhancement of our business foundation, and we have set specific goals (KPIs) for each. The initiatives set to achieve the KPIs are closely related to the actions and management strategies laid out in the Medium-Term Management Plan. We will contribute to the continuous enhancement of our corporate value and the advancement of sustainability of society as a whole by achieving our KPIs while enhancing our financial value.

[P.23 J-POWER Group's Material Issues](#)

Signing of the UN Global Compact

In April 2021, J-POWER became a signatory to the UN Global Compact (UNGC), a voluntary initiative undertaken by companies and organizations that act as good members of society and participate in the creation of a global framework for sustainable growth by demonstrating responsible and creative leadership. We will drive forward with our efforts in regard to the Ten Principles of the UN Global Compact, which focus on the four areas of human rights, labor, environment and anti-corruption, as they align with our Corporate Philosophy and policies.

WE SUPPORT



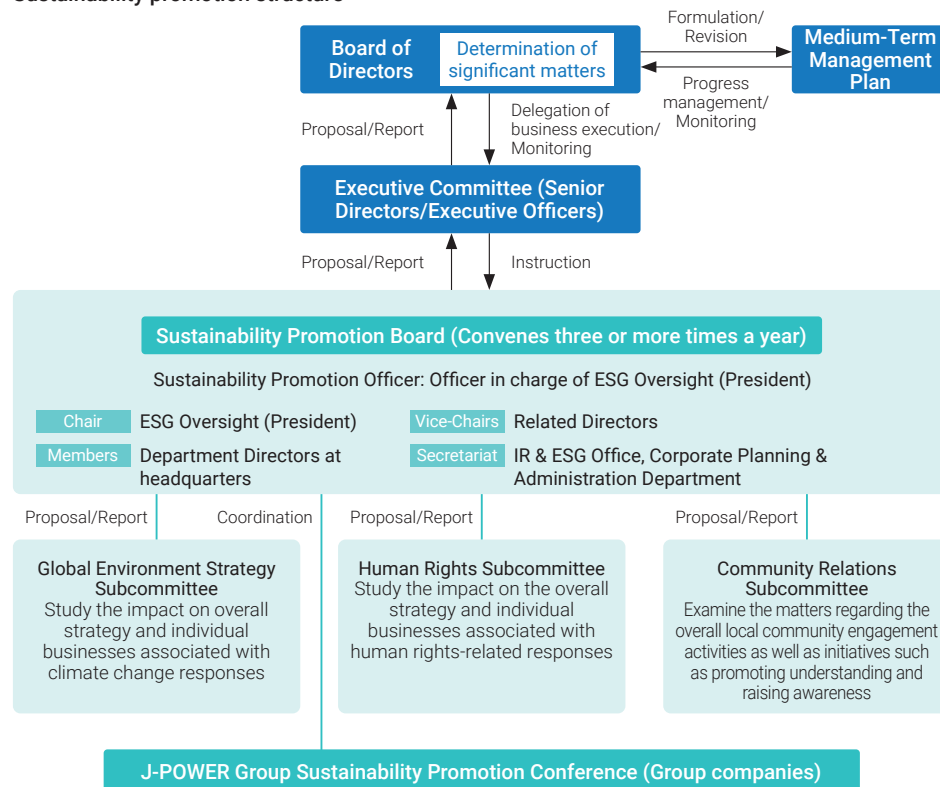
J-POWER Group's Sustainability Initiatives and Management

Management Structures

Because the promotion of sustainability is directly related to the Group's management strategy and management issues, our important matters regarding sustainability, including our Basic Policy on Sustainability and material issues, are decided by the Board of Directors after discussions at the Executive Committee. Specific measures are discussed and promoted by the Sustainability Promotion Board, headed by the ESG Oversight (President), in cooperation with Group companies.

The Sustainability Promotion Board convenes at least three times a year to discuss the drafting of policies to be submitted and reported to the Board of Directors and the Executive Committee. It is also tasked with formulating and reviewing measures based on policies and discussing risk management and other matters. In addition, the person in charge of sustainability promotion regularly reports the contents of those deliberations to the Executive Committee and the Board of Directors to allow them to monitor the status of initiatives and reflect them in management and business plans.

Sustainability promotion structure



Recently determined and reported matters

Determined by the Board of Directors	- Replacement of assets in our asset portfolio - Evaluation of effectiveness of the Board of Directors - Appointment of officers/compensation system/appointment of important employees - Decision on a share buyback - Decisions on the implementation of and participation in new projects
Matters reported to the Board of Directors	- Domestic and overseas trends on climate change - Status of dialogue with institutional and individual investors - Status of ESG initiatives and evaluation by external organizations - Report on internal audit results - Disclosure policy based on TCFD and TNFD Recommendations - Occurrence status of occupational accidents
Matters reported to/determined at the Executive Committee, Sustainability Promotion Board	- Disclosure of the results of material issue targets (KPIs)/PDCA - Circumstances surrounding sustainability management - Report on the status of initiatives to respect human rights - Review and evaluation of the Environmental Basic Policy and targets - Enhancement of the promotion structure of local community engagement activities and the results of such activities

Engagement with Stakeholders

We disclose information and engage in dialogue with a variety of stakeholders, including local residents, individual investors, institutional investors and NGOs. The opinions we receive, as well as the expectations and requests of society and the stock market, are shared with our management team and utilized in our sustainability promotion and business operations.

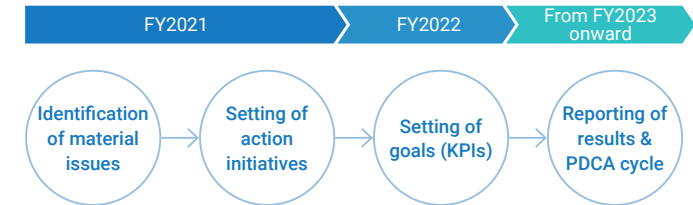
Main initiatives

Stakeholders	Initiative examples
Local communities	- Briefing sessions on environmental impact assessment procedures - Holding events such as tours of our power plants - Participating in community activities - Organizing energy and environmental education events and collaborating with educational institutions
Individual shareholders, institutional investors, analysts	- Disclosure of information on websites, etc. - Holding financial results briefings and individual meetings on IR and ESG - Holding facility tours
Employees	- Holding dialogues between executives and labor unions and site visits to business sites by executives - Conducting employee surveys - Dissemination of information via company newsletter, intranet and other methods
Business partners and others	- Disclosure of Basic Policies for Product Procurement and Declaration of Partnership Building - Launch of an inquiry form on the website and participation in organizations and initiatives - Dialogues with NGOs on climate change response, etc.

Risks, Opportunities, and Material Issues

J-POWER Group's Material Issues

Under our Corporate Philosophy of “We will meet people’s needs for energy without fail, and play our part in the sustainable development of Japan and the rest of the world,” the J-POWER Group has contributed to the achievement of an affluent society through its business activities. In 2021, we identified social issues that are important to the J-POWER Group, and have identified five material issues, taking into consideration the interests of our stakeholders, the relation with our Corporate Philosophy, and the impact on our business. After preparing a materiality proposal based on third-party opinions, the Sustainability Promotion Board and the Executive Committee discuss it, and then the Board of Directors makes a resolution. Since 2022, in addition to setting goals (KPIs) and disclosing the results of initiatives taken, we have adopted five material issues as non-financial indicators for the evaluation of executive compensation (performance-linked remuneration). By strengthening ESG management while applying the PDCA cycle to initiatives for material issues, we will work to enhance our corporate value over the medium to long term while contributing to solving social issues.



Identifying social issues and needs	Main business environment challenges and the associated risks and opportunities	Material issues	The value we create
	Risks	Opportunities	
Power resilience	- Facility accidents from natural disasters - Difficulty in procuring fuel (soaring resource prices, supply shortages, geopolitical risks)	- Investment in aging facilities - Investment in network facilities	
Changes in the business environment	- Revenue fluctuations due to changes in market value - Decreasing electric power sales volume - Delay in starting operations at Ohma Nuclear Power Plant	- Strengthening of our revenue and financial base - Overseas business development - Promotion of safe nuclear power generation business	
Climate change	- Earnings deterioration due to CO₂ emissions regulations - Difficulties in implementing CCS in society - Difficulties in securing suitable land for renewable energy	- Development of CO₂-free hydrogen - Development of CO₂-free power sources - Network enhancement	
Transition to a digital society	- Cyber attacks - Delayed use of digital technologies	- Improvement of productivity by upgrading equipment maintenance - Strengthening of IT risk system, improvement of IT literacy	
Domestic population decline, depopulation	- Human resource development - Regional revitalization	- Use of diverse human resources - Improvement of productivity through streamlining work	
Growing interest in ESG	- Decline in reputation - Increased difficulty in raising funds	- Attracting ESG investment - Strengthening of governance - Strengthening of compliance	



Supply of energy

The J-POWER Group's corporate philosophy states, “We will meet people’s needs for energy without fail, and play our part in the sustainable development of Japan and the rest of the world.” As such, the supply of energy is not only the Company's main goal but also the cornerstone for addressing a number of social issues.



Response to climate change

Energy supply and climate change response are social issues that cannot be taken into consideration separately in light of the growing global concern over climate change. The J-POWER Group aims to balance stable energy supply and response to climate change by leveraging its technological capabilities.



Respect for people

As the activities of the J-POWER Group are supported by our employees and other human resources, we will create an environment in which they can play an active role. We will also proactively address social issues related to people, including diversity and human rights.



Engagement with local communities

Large-scale energy supply projects have an impact on local communities and the environment. They are only possible with the understanding of local residents. Therefore, we will work to preserve the local environment and build relationships of trust with local communities.



Enhancement of our business foundation

We will work to ensure corporate governance and compliance as we strengthen our earnings and financial base so that we can solve social issues and increase corporate value through our business activities.

Relevant SDGs



Create social value by solving social issues

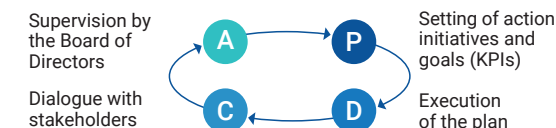
Create corporate value over the medium to long term with a strong management foundation

Progress toward KPIs for Material Issues

Goals (KPIs) and FY2025 Progress

Goals (KPIs) for material issues and the progress made in FY2025 are presented on this page. Each fiscal year, we report the status of our goals to the Sustainability Promotion Board and the Board of Directors, and review the goals for following fiscal years as needed. We make a public announcement of the status of progress and use it for the dialogue with stakeholders to apply the PDCA cycle.

Reporting of results & PDCA cycle



Material issues	Action initiatives	Goals (KPIs)	FY2025 results	FY2025 evaluation/reference																																				
 Supply of energy	Stable operation of electric facilities	Electric power sales volume: Achieve the initial fiscal year forecasts	<table><thead><tr><th></th><th>Initial fiscal year forecasts*1</th><th>Results</th><th>Achievement rate</th></tr></thead><tbody><tr><td>Hydroelectric</td><td>9.3 billion kWh</td><td>8.3 billion kWh</td><td>89%</td></tr><tr><td>Thermal</td><td>41.6 billion kWh</td><td>41.8 billion kWh</td><td>100%</td></tr><tr><td>Wind</td><td>1.3 billion kWh</td><td>1.3 billion kWh</td><td>100%</td></tr><tr><td>Geothermal, solar</td><td>0.1 billion kWh</td><td>0.1 billion kWh</td><td>100%</td></tr><tr><td>Overseas business*2</td><td>17.0 billion kWh</td><td>14.4 billion kWh</td><td>85%</td></tr><tr><td>Subtotal ... ①</td><td>69.3 billion kWh</td><td>66.1 billion kWh</td><td>95% (Below KPI)</td></tr><tr><td>Other*3 ... ②</td><td>15.3 billion kWh</td><td>15.0 billion kWh</td><td>98%</td></tr><tr><td>Total (①+②)</td><td>84.6 billion kWh</td><td>81.1 billion kWh</td><td>96% (Below KPI)</td></tr></tbody></table> *Due to the fractions, totals do not add up.		Initial fiscal year forecasts*1	Results	Achievement rate	Hydroelectric	9.3 billion kWh	8.3 billion kWh	89%	Thermal	41.6 billion kWh	41.8 billion kWh	100%	Wind	1.3 billion kWh	1.3 billion kWh	100%	Geothermal, solar	0.1 billion kWh	0.1 billion kWh	100%	Overseas business*2	17.0 billion kWh	14.4 billion kWh	85%	Subtotal ... ①	69.3 billion kWh	66.1 billion kWh	95% (Below KPI)	Other*3 ... ②	15.3 billion kWh	15.0 billion kWh	98%	Total (①+②)	84.6 billion kWh	81.1 billion kWh	96% (Below KPI)	[Below KPI]  P.104
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Preparation for and response to natural disasters	- Appropriately review BCP based on the latest knowledge - Expand facility measures and crisis management system (including education and training)	- Continued enhancing facility measures against earthquakes, tsunamis, etc. based on the new disaster prevention master plan, and developed measures against volcanic eruption risks and other hazards - Developed on-site teams to prepare for wide-area disasters based on response to Nankai Trough Earthquake Extra Information - Organized the crisis information communication routes to reconstruct a faster reporting structure	[Ongoing]  P.98																																					
Strengthening of cybersecurity	Achieve zero major security incidents	Achieved zero major security incidents	[Achieved]  P.99																																					
 Response to climate change	Reduction of greenhouse gases	Reduce CO₂ emissions from the domestic power generation business (compared to FY2013) Reduce 9.2 million tons by FY2025 Reduce 46% (22.5 million tons) by 2030	Achieved the FY2025 goal of reducing 9.2 million tons (Result) Reduced CO₂ emissions by 12.99 million t-CO₂ compared to FY2013 (Reference) CO₂ emissions in FY2025: 35.78 million tons	[Achieved]  P.60																																				
	Development of renewable energy	Increase electric power generated from domestic renewable energy by 4.0 billion kWh/year by FY2030 (compared to FY2022)	As of the end of FY2025: Increased by 0.632 billion kWh/year (compared to FY2022)* Supplementary information: Expected to increase by 1.9 billion kWh/year by the end of FY2030 (compared to FY2022)* *The amount of annual power generation expected to increase due to the completion of development, facility upgrade, and other reasons.	[Ongoing]  P.32-33																																				
	Steady promotion of the Ohma Nuclear Power Plant Project, with safety as a major prerequisite	Promote the CO₂-free Ohma Nuclear Power Plant Project on the basis of safety	Addressing the assessment of Ohma Nuclear Power Plant’s adherence to the New Safety Standard for Nuclear Power Stations	[Ongoing]  P.35																																				
	Pursuit of the possibility of CO ₂ -free hydrogen	Promote green and blue hydrogen production and utilization technologies in Japan and overseas	(Green hydrogen) Considered the production and supply of hydrogen using domestic renewable energy sources. Considered a green hydrogen/ammonia production project overseas (Overseas blue hydrogen) Participated in a demonstration project to establish an international liquefied hydrogen supply chain in which hydrogen was produced through brown coal gasification in Victoria, Australia to export to Japan. Conducted a survey of electricity supply and demand involving the use of hydrogen based on the knowledge obtained from the project (Domestic blue hydrogen) Considering the GENESIS Matsushima Plan as CO₂-free hydrogen power generation through coal gasification and CCS. For CCS, conducting research and proceeding with design work under the “Advanced CCS Project,” a JOGMEC public offering project. Advancing preparations for commercialization by proceeding with design work while considering the rationalization and cost reduction of CO₂ separation and capture facilities, with the aim of launching the CCS business in the early 2030s (Hydrogen power generation) Considered the introduction of hydrogen and ammonia-fueled gas turbines	[Ongoing]  P.36																																				

*1 Initial forecast of electric power sales volume (billion kWh) for FY2025 announced on May 9, 2025. Initial forecasts for FY2026 total 81.8 billion kWh: 8.8 billion kWh for hydroelectric; 43.6 billion kWh for thermal; 1.4 billion kWh for wind; 0.1 billion kWh for geothermal, solar; 15.6 billion kWh for overseas business; and 12.3 billion kWh for other (announced on May 12, 2026)

*2 Electric power sales volume of overseas consolidated subsidiaries (Electric power sales volume of equity method affiliates is not included.)

*3 Sales of electricity procured from the Japan Electric Power Exchange, etc.

Progress toward KPIs for Material Issues

Material issues	Action initiatives	Goals (KPIs)	FY2025 results	FY2025 evaluation/reference
 Respect for people	Respect for human rights	Continue implementing initiatives, such as human rights due diligence and human rights training, based on the Basic Policy on Human Rights, to mitigate human rights risks	- Continued implementing human rights due diligence and human rights training - Engaged with suppliers, exchanged opinions with Group companies, and shared human rights risk information internally	[Ongoing] P.74
	Human resource development	Foster human resources who can take on various management issues through the creation of a workplace that promotes continuous innovation	- Hours of training per employee.....36.7 hours/person (comparable to FY2024) - Training cost per employee¥287 thousand/person (comparable to FY2024)	[Ongoing] P.78
	Assurance of occupational health and safety	- Eliminate major disasters (zero fatalities or serious injuries) - Maintain and improve high uptake rate of thorough medical check-ups (90% or more) *Until FY2025 - Achieve the engagement survey score equal to or higher than the previous fiscal year's score** The KPI of "Maintain and improve high uptake rate of thorough medical check-ups" has changed as follows in FY2026: - Healthy weight: Increase from 60.2% to 65.2% or more in five years *Healthy weight: BMI of 18.5 to under 25 - Reduce the smoking rate: Decrease from 20.6% to 18% or less in five years	- Fatalities: 1, Serious injuries: 18 (Below KPI) - Percentage of people receiving medical check-ups: 93% (KPI achieved) - Engagement survey score: Comparable to FY2024 score (KPI achieved) Work engagement: 59.8 → 58.9 Employee engagement: 67.7 → 67.5	[Achieved except for one KPI] P.82-84
	Promotion of diversity	- Number of female employees in senior roles*: At least three times the number in FY2021 (24 employees) by 2030 - Appointment of foreign nationals to senior roles: Increase from FY2021 (147 employees) by 2030 in line with expanded overseas business - Number of mid-career hires among employees in senior roles*: At least 1.5 times the number in FY2021 (110 employees) by 2030 - Percentage of female employees among new hires*: 25% or more (average between FY2025 and FY2027) - Percentage of employees taking childcare leave*: 100%	- Number of female employees in senior roles.....42 (Ongoing) - Appointment of foreign nationals to senior roles 163 (Ongoing) - Number of mid-career hires among employees in senior roles 152 (Ongoing) - Percentage of female employees among new hires FY2025: 22% (Ongoing) - Percentage of employees taking childcare leave 100% (KPI achieved)	[Ongoing (some KPIs achieved)] P.80
 Engagement with local communities	Preservation of local environment	- Achieve zero serious violations of environmental laws and agreements - Achieve effective utilization rate of industrial waste: Approx. 97%	- Number of serious violations of environmental laws and agreements: 0 (KPI achieved) - Effective utilization rate of industrial waste: 94% (KPI almost achieved)	[Achieved] Despite a decrease from FY2024 in the effective utilization of coal ash for the domestic cement sector, results comparable to FY2024 were maintained by expanding the customer base and through other measures. P.70
	Creation of relationships of trust with local communities	Actively participate in local contribution activities	- Number of activities: 1,128 (FY2024: 1,039) 9,166 J-POWER Group employee participants in total (FY2024: 9,381). The activities include tree thinning and planting, environmental beautification, cleanup activities, visiting lectures, accepting facility tours, taking part in dialogues with communities and participation in local events, providing financial support, and conducting patrols for traffic safety.	[Ongoing] P.72
 Enhancement of our business foundation	Enforcement of corporate governance	Make continuous efforts to identify issues and improve them through annual evaluation of the effectiveness of the Board of Directors	- Held intensive opinion exchange meetings and opinion exchange meetings by non-executive directors to discuss J-POWER's future vision and important management issues - Improved and confirmed progress on the list of findings identified by the Board of Directors, etc.	[Ongoing] P.90
	Enforcement of compliance	Strengthen efforts by the J-POWER Group Compliance Action Committee through compliance activity reports, understanding the issues, and case analysis	- Held discussion meetings where executives and employees (from local operating units in and outside Japan and headquarters) directly communicated with each other - Shared information on tax laws and the Act on Proper Transactions with Small and Medium-Sized Entrusted Business Operators (formerly the Subcontract Act) with relevant personnel and provided various compliance training programs, including lectures by attorneys - Conducted investigations and analyses of serious misconduct cases and identified company-wide issues	[Ongoing] P.95
	Strengthening of our revenue and financial base	FY2026 - Consolidated ordinary profit: Approx. ¥90 billion - ROE: Approx. 5%; Performing assets ROIC: Approx. 3.5%	- Consolidated ordinary profit: ¥158.5 billion - ROE: 4.3%; Performing assets ROIC: 4.5%	[Ongoing] P.38 P.41

*4 Employees enrolled in J-POWER (excluding some on secondment)

Value Relevance Analysis (Visualization of Non-Financial Value)

In this section, we have developed a hypothesis as to how our material issues related to employees and other human resources, namely, respect for people and engagement with local communities, lead to improving financial corporate value, and visualized the relationship. The J-POWER Group is engaged in energy supply operations using large-scale power generation and transmission and transformation facilities. We believe that it is our human resources who are responsible for the appropriate operation of these facilities and engagement with local communities. For respect for people, employees enhance their expertise by pursuing diverse career paths and gaining experience, thereby assuring the quality and quantity of human resources. This leads to the stable operation of our facilities, contributions to existing businesses, and business transformation toward carbon neutrality. For engagement with local communities, our efforts to build relationships of trust with local communities and stakeholders through local community engagement activities in Japan and abroad have led to the smooth continuation of our existing businesses and the acquisition of new businesses. Through this analysis, we have also identified that the two material issues are interrelated, and that engagement with local communities contributes to the improvement of employee engagement and the assurance of the quality and quantity of human resources. The Group will continue to operate our business with an emphasis on human resources and engagement with local communities.

