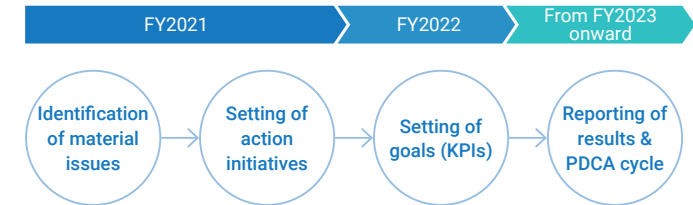


Risks, Opportunities, and Material Issues

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	- Stable operation of electric facilities - Being prepared for natural disasters - Protecting the local environment	- 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	- Changes in the electric power business system - Changes in society's perception of nuclear power	- 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	- Development of renewable energy - Pursuit of the possibility of CO₂-free hydrogen - CO₂ reduction, carbon capture and storage (CCS) promotion	- 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	Digital transformation (DX), cybersecurity	- 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	- Difficulty in maintaining technological capabilities - Fewer workers in rural areas	- Use of diverse human resources - Improvement of productivity through streamlining work
Growing interest in ESG	- Corporate governance - Enforcement of compliance - Improved information disclosure	- 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