

Medium-Term Management Plan

Action 4 Enhancement of Business Foundation

The J-POWER Group will build a foundation to support initiatives for carbon neutrality while responding to society's demands for a stable power supply and strengthened resilience. While promoting ESG management, we will improve its profitability and asset management efficiency.

Improvement of profitability

The Group will increase its electric power sales volume and reduce costs by extending the intervals between power plant regular maintenances. We will also accelerate our ongoing initiatives to reduce power generation costs and overhead costs. In addition, we will reinforce our profit base that supports transition initiatives such as the reduction of CO₂ emissions and the expansion of CO₂-free power sources, including the transformation of business processes through digital transformation (DX) and sophistication of equipment maintenance.



Promotion of ESG management

Based on our corporate philosophy "we will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world," we have been working to become a stable and growing company attractive to our stakeholders. On April 1, 2021, we appointed the director in charge and established the management department (ESG & Corporate Research Office) to step up its involvement with ESG management until now and strive to realize sustainable growth.

Environment	J-POWER "BLUE MISSION 2050" Disclosure of climate change scenarios in line with TCFD
Social	Signing the United Nations Global Compact Involvement with the community where the power plant is located
Governance	Establishing the Nomination and Compensation Committee Ensuring diversity in the composition of directors, audit & supervisory board members and executive officers

Improvement of asset management efficiency

The Group will reduce renewal-related investments while maintaining balance with facility reliability. At the same time, we will work to improve the efficiency of existing assets by replacing owned assets as needed.* Concerning new investment toward transitions, we will ensure profit commensurate with risks and the cost of capital by screening investment targets based on the hurdle rate corresponding to the target area and business field.

* Fiscal 2020 result: Sale of Taiwan Chiahui Power Corporation stocks (TWD 5,369 million)

Management process for investment projects

Management process	Organization	Details of initiatives
Development and proposal of investment projects	Individual business divisions	Carry out initial screening of projects developed in each division based on focus areas specified in the management plan and each division's competitive superiority, then select projects and make proposals
Deliberation	Business Strategy Committee Executive Committee	Deliberate on the possibility of the project's business value by first quantitatively evaluating aspects such as CF, and qualitatively evaluating from various angles such as strategic significance to the management plan, ESG, and legal and compliance aspects
Decision	Board of Directors	Deliberate and make final decision
Monitoring	Business Strategy Committee	Meets two times a year, checks the progress of investment projects with the overseeing divisions, and reports on the existence of issues and improvement plans to the Executive Committee and the Board of Directors

* The above process is for investment projects of 10 billion yen or more. To enable multifaceted screenings, the Business Strategy Committee is composed of the Accounting & Finance Department, Corporate Planning & Administration Department, General Affairs Department, and Internal Audit Department.

Human resources

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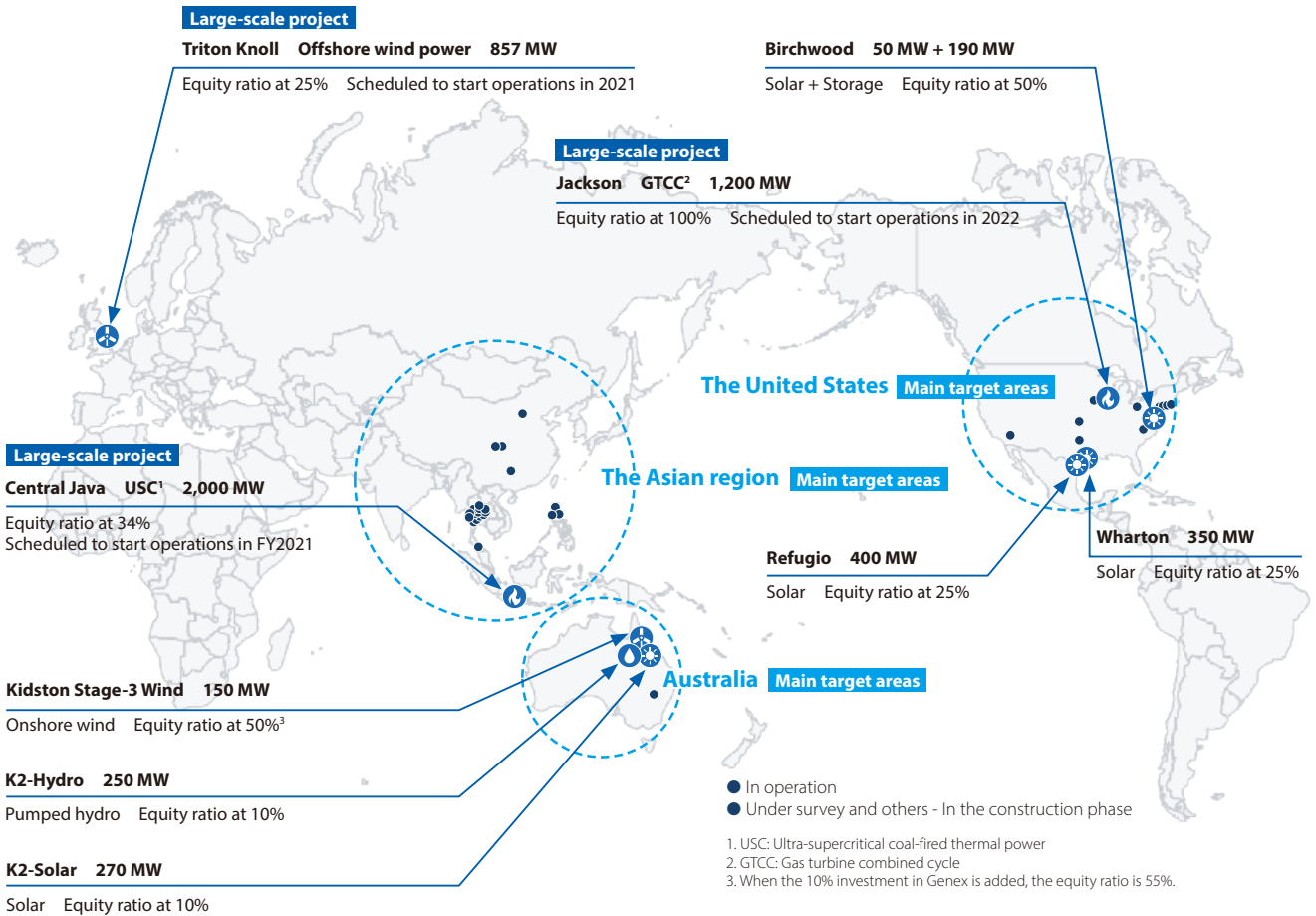
Action 4 Expansion of Overseas Business Foundation

Steady execution of large-scale projects and efforts to win greenfield projects in renewable energy and other areas

The J-POWER Group's overseas businesses, which account for 26% of its power generation capacity and over 40%* of segment income, are expected to continue to grow. We will work toward further expansion of our business foundation by acquiring new development projects while steadily executing large-

scale projects currently under construction. To improve profitability, we will take risks and work to capture greenfield projects in areas including renewable energy.

* 3-year average result for fiscal 2018-fiscal 2020: 45.6%



(As of June 30, 2021)

Changes in owned capacity of the J-POWER Group's overseas businesses

