

March 30, 2022

## **Tohoku Electric Power Group's Medium-term Plan for FY2022**

### **- Accelerate efforts to realize Working alongside next, the Tohoku Electric Power Group's Medium- to Long-Term Vision -**

We have formulated Tohoku Electric Power Group's Medium-term Plan for FY2022.

The business environment surrounding our group is at a major turning point, including intensifying competition in electricity sales, accelerating trends toward digitalization, decentralization, decarbonization, etc., and rising momentum toward the achievement of carbon neutrality.

Under such conditions, we believe it is necessary to strengthen the target level and accelerate the speed of efforts for “structural reform of our power supply business” and “quickly achieving profitability with our smart society building business” toward “building a smart society of the new era originating from Tohoku” as stated in Working alongside next, the Tohoku Electric Power Group's Medium- to Long-Term Vision, while maintaining the direction we have taken to date.

Therefore, in the medium-term plan for FY2022, we have decided to implement in-depth measures while continuing to focus on the three focal points (Change, Challenge, and Create)\*<sup>1</sup> set forth in the previous medium-term plans.

#### <Main new and strengthened measures>

1. In our power supply business, we will enhance in-house development and expand the development area of renewable energy, optimize fuel and power transactions through the utilization of trading, and continuously improve efficiency and productivity in the field of power transmission and distribution.
2. In our smart society building business, we will strengthen proposals for renewable energy menus and electrification in power retail, expand the provision of packaged services that combine electricity with various services, and accelerate the VPP\*<sup>2</sup> business.
3. In order to formulate and implement optimal strategies for each business, the Power Generation and Sales Company will be reorganized into the Power Generation Company, the Renewable Energy Company, and the Sales Company in April of this year. The agility of each company will enable us to quickly manage our businesses and expand our earnings.
4. As part of our efforts to achieve carbon neutrality, we will promote the electrification of company cars owned by the Tohoku Electric Power and the Tohoku Electric Power Network.

On the basis of the medium-term plan for FY2022, our group will realize "Working alongside next" and tackle the carbon neutrality challenge, while leveraging the collective strengths of our group, especially in a business environment that is becoming increasingly severe and uncertain

\*1

- Highlight1 "Change" : Thorough enhancement of competitiveness through drastic reforms to our power supply business
- Highlight2 "Challenge" : Attempt to quickly achieve profitability in our smart society building business
- Highlight3 "Create" : Evolution of our management base, which supports the creation of our corporate value

\*2 VPP (Virtual Power Plant)

A system that contributes to adjusting the supply and demand of electricity by interconnecting energy resources scattered around the region through remote control.

[Attachment] Overview of FY2022 Tohoku Electric Power Group's Medium-term Plan

Working alongside *next*

To build a smart society originating in Tohoku

Overview of FY2022

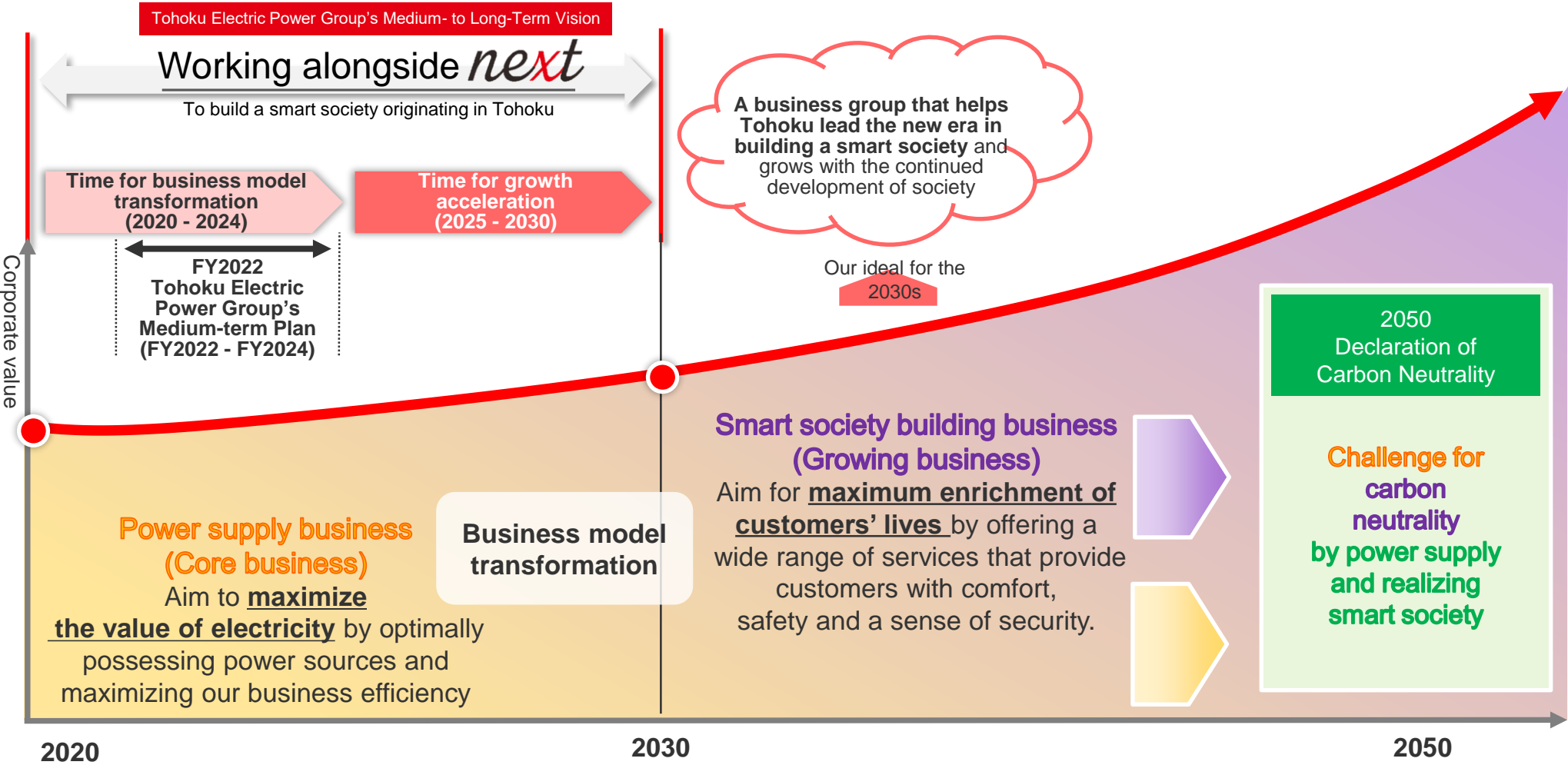
# Tohoku Electric Power Group's Medium-term Plan



|   |          |
|---|----------|
| 1. The ideal of the Tohoku Electric Power Group   | .....P2  |
| 2. Progress of our initiative, “Working alongside next”   | .....P3  |
| 3. Awareness of the current business environment  | .....P4  |
| 4. Highlights of FY2022 Tohoku Electric Power Group’s Medium-term Plan  |          |
| (1) Basic awareness for the formulation of highlights of FY2022 Tohoku Electric Power Group’s Medium-term Plan            | .....P5  |
| (2) Highlights of FY2022 Tohoku Electric Power Group’s Medium-term Plan   | .....P6  |
| (3) Whole picture of our efforts based on highlights  | .....P7  |
| (4) Key points of our efforts based on highlights   |          |
| Highlight 1. <i>Change</i> : Thorough enhancement of competitiveness through drastic reforms to our power supply business | .....P8  |
| Highlight 2. <i>Challenge</i> : Attempt to quickly achieve profitability with our smart society building business         | .....P12 |
| Highlight 3. <i>Create</i> : Evolution of our management base which supports the creation of our corporate value          | .....P16 |

# 1. The ideal of the Tohoku Electric Power Group

- Under the Medium- to Long-term Vision of “Working alongside next,” the Tohoku Electric Power Group sets its ideal picture for the 2030s of contributing to **“building a smart society of the new era originating from Tohoku”** through **structural reforms of the electric power supply business and the transformation of business models by quickly achieving profitability with our smart society building business.**
- Furthermore, **we will strive to achieve carbon neutrality by 2050 through electric power supplies and by realizing a smart society.**



## 2. Progress of our efforts to realize “Working alongside next”

- In FY2021, we promoted several measures with the theme of accelerating our efforts to realize “Working alongside next” under the three highlights of “Change,” “Challenge,” and “Create.” To date, these efforts have seen progress to a certain extent.

### Highlights of the FY2021 Medium-term Plan

#### Highlight 1: *Change*

Thorough enhancement of competitiveness through drastic reforms of our power supply business

#### Highlight 2: *Challenge*

Attempt to quickly achieve profitability with our smart society building business

#### Highlight 3: *Create*

Evolution of our management base which supports the creation of our corporate value

### Status of main efforts

- ✓ Increase our share in the new development of renewable energy; maintain existing renewable energy facilities; and increase power generation volume.
  - ✓ Promote construction works on safety measures at nuclear power stations.
  - ✓ Progress in the new construction of Joetsu Thermal Power Station Unit No. 1, and suspension and closure of aging thermal power sources.
  - ✓ Efforts for optimizing value chains, from fuel procurement to power generation and wholesale, by making the most of the trading function.
  - ✓ Develop large-scale grid infrastructure systems that contribute to an increase in renewable energy introduction in the network business, and improve efficiency and productivity through “Kaizen,” an “improvement activity.”
- 
- ✓ Increase registered members of “Yori Sou eNet.”
  - ✓ Make positive proposals for menus that meet customers’ lifestyles and use of electricity as well as various other needs.
  - ✓ Enrich life- and industry-related services (such as “Sumai Anshin Support” and energy solutions)
  - ✓ Tohoku EPCO Frontier Co., Inc. and Tohoku EPCO Solar e Charge Co., Inc. started operations.
  - ✓ Increase wholesale gas supply in cooperation with local gas operators.
- 
- ✓ Steady efforts in each aspect of ESG.
    - E: Formulate “Carbon Neutral Challenge” and launch verifications, etc.
    - S: Promote new workstyles utilizing remote working, etc. that contribute to the improvement of productivity.
    - G: Strengthen the integrated risk management system.

### 3. Awareness of the current business environment

- On the other hand, we have faced a **harsh situation with regard to revenue and expenditure** due to the impact of the earthquake off the coast of Fukushima Prefecture in February 2021 and soaring fuel prices in addition to **severe competition in the power retail market (losing more and more customers) and decreasing transaction prices**. Furthermore, **the social trend toward the realization of de-carbonization (carbon neutrality) has come early**, and **if we fail to respond to the speed of social changes, it will be difficult to achieve sustainable growth**.

Awareness of the business environment at the time of formulation of the FY2021 Medium-term Plan

The situation is continuing and accelerating

- ✓ Severe business conditions have continued due to harsher competition in the power retail market and decreasing transaction prices.
- ✓ Due to the spread of COVID-19, the environmental changes represented by "4D\*" accelerated more than expected.

(4D)  
Depopulation  
Digitalization  
De-centralization  
De-carbonization

#### Awareness of the business environment for the formulation of FY2022 Tohoku Electric Power Group's Medium-term Plan

#### ① We are facing structural difficulties in securing profits in the power wholesale and retail business.

- The market price is decreasing and harsh price competition is continuing due to expansion of the introduction of renewable energy, which causes a deterioration in the profitability of electric power sales. Soaring fuel prices due to the impact of uncertain international situations in addition to the difficulty of recovering the fixed cost of power sources make our business more difficult.

#### ② Formulation of optimal strategies and maximization of profits by business category is necessary.

- The differences in the opportunities and risks we face in each business and function comprising the electric power business have been expanding depending on the market structure and regulatory situation.

#### ③ Accelerating trend of 3Ds\*

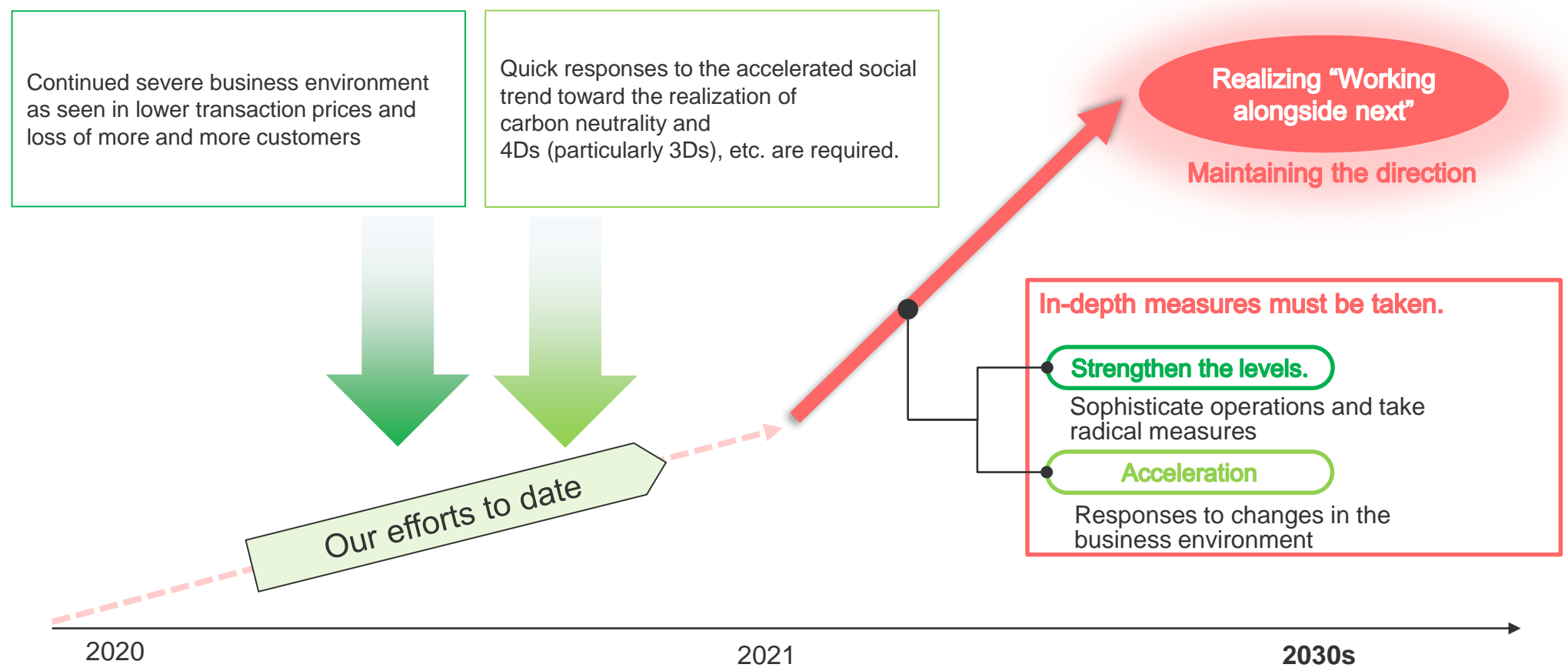
\*Digitalization, De-centralization, De-carbonization

- While the decrease in demand for electric power brought by the spread of COVID-19 has been picking up, changes in the social and economic structure continue.

#### ④ Growing momentum toward achieving the target of carbon neutrality by 2050

- Customer needs have also changed (needs for renewable energy have increased) as the policy formation towards the achievement of carbon neutrality by 2050 advances.

- The present and the medium- to long-term business environment have become more severe, and changes have further accelerated since we formulated the “Working alongside next” vision, but the directions of our goals remain unchanged. Therefore, in order for the Group to stably secure profits for the future, it is necessary to **implement structural reform in the power supply business and stand firm on the direction for the achievement of “Working alongside next,” which promotes quick profitability (by transforming business models) in our smart society building business.**
- While efforts for business model transformation have advanced to a certain degree, quickly responding to social changes, such as the trend toward carbon neutrality, is increasingly needed. Given this situation, **we need to take in-depth measures by further raising the quality and speed of our efforts regardless of our past business operation methods.**





## 4-(2). Highlights of FY2022 Tohoku Electric Power Group's Medium-term Plan

- Regarding FY2022 Tohoku Electric Power Group's Medium-term Plan, **we will continue to set “Change,” “Challenge” and “Create” as highlights** from the perspective of maintaining the direction of realizing “Working alongside next.”
- Then, **we will create a theme to take in-depth measures to maximize profits. By implementing this theme, each employee of the Tohoku Electric Power Group will realize “Working alongside next” and make challenges toward carbon neutrality.**

### Highlights of the FY2022 Medium-term Plan

Maintain our conventional direction

#### Highlight 1: *Change*

**Thorough enhancement of competitiveness through drastic reforms to our power supply business**

#### Highlight 2: *Challenge*

**Attempt to quickly achieve profitability in our smart society building business**

#### Highlight 3: *Create*

**Evolution of our management base, which supports the creation of our corporate value**

### Direction of the FY2022 Medium-term Plan based on the highlights

In-depth measures contributing to the maximization of profit

- We will implement the transformation of business structure to continuously generate profits even in a market environment where structural changes take place. Then, each function of the electric power supply business will achieve both their own mission and the maximization of profits.
- We will succeed over the competition and increase profits by offering proposals for high value-added service packages from the perspective of power retail sales. At the same time, we will accelerate setting up our proprietary service platforms by rotating the cycle of service development to launching sales quickly.
- Proactively promote our group-wide efforts for ESG-based sustainability by refining sensitivity for the demands of society and changes in expectations by stakeholders.

**Realize “Working alongside next” and attempt to achieve carbon neutrality**

## 4-(3). Whole picture of efforts based on highlights

- Each business and function comprising the Group will assume responsibility as the main force to realize “Working alongside next,” **sticking to making profits**, and will **maximize profits and realize the expansion of profits and integrated capability of the Group by implementing the optimum strategies tailored to the business environment**.

### Highlight 1. Change

#### Power supply business

Maximize the value of electricity through de-carbonization and enhancement of price competitiveness, etc.

#### Renewable energy

- Achieve new development goals; maintain existing facilities; increase power generation volume

#### Nuclear Power

- Early restart and stable operations after the restart

#### Fuel procurement, thermal power, wholesale

- Facility formation for the enhancement of competitiveness, and optimization of value chains
- Develop a de-carbonization demonstration

Secure stable supplies; realize both the response to the expansion of renewable energy introduction and the securing of stable profits

#### Network

- Facility formation and operations contributing to stable supplies, and an increase in the introduction of renewable energy, generating profits by improving productivity

Clarify the responsibility for generating profits in each business; improve systems that contribute toward building optimal business strategies

### Highlight 2. Challenge

#### Smart society building business

Expand profits and build platforms by increasing services at an early stage

#### Power retail

- Earn support from customers and strengthen relationships by offering proposals for optimum menus.

#### Services for individual customers

- Expand contacts with customers and increase products and services

#### Next-generation energy services

- Improve business efficiency and expand business domains based on VPP technology.

### Highlight 3. Create

#### Business base

#### Sustainability distinctive of the Tohoku Electric Power Group

E

(Environment)

- Steady implementation of our efforts for carbon neutrality

S

(Society)

- Strengthening the base of our efforts for solutions to social issues

G

(Governance)

- Construction of systems contributing to risk tolerance, flexibility and precise management and operations.

**Thorough enhancement of competitiveness through drastic reforms to our power supply business**

● We will implement the transformation of business structure to continuously generate profits even in a market environment where structural changes take place. Then, each function of the electric power supply business will achieve both their own mission and the maximization of profits.

**Renewable energy**

Our main efforts to date

- Our share in new developments, mainly wind power, increased (Approx. 600MW\* as of February 2022) \*If all projects under development are commercialized.
- Maintenance of existing hydroelectric and geothermal power facilities and an increase in the amount of power generated
- Establishment of Tohoku Electric Power Renewable Energy Service Co., Inc.



Wind Farm Tsugaru (Aomori Pref.)  
Photo: Green Power Investment Corporation

**Key points of the FY2022 Medium-term Plan**

In order to become carbon neutral, we will focus on the expansion of business opportunities for the entire life cycle in addition to new development of 2 million kW through strengthening in-house development and maintenance and an increase in the amount of power generated of existing facilities as well as accelerating efforts to increase the power volume generated.

**Future direction of specific efforts**

- **Promote integrated operations, from development to operation of general renewable energy, by planning strategies and formulating plans for overall renewable energy sources (wind, solar, biomass, hydroelectric and geothermal power), bringing cooperation with the smart society building business into view.** New
- **Increase our development projects by enhancing in-house development and expanding development areas** based on our accumulated know-how in addition to development in collaboration with other companies. Strengthening
- **Maintenance and expansion of the volume of power generated through fundamental renovation of aging hydroelectric and geothermal power station facilities,** and development of the O&M business through Tohoku Electric Power Renewable Energy Service. Strengthening

# 4-(4). Key points of efforts based on highlights

## Nuclear Power

Our main efforts to date

- Regarding Onagawa Nuclear Power Station Unit No. 2, we shifted our mindset from “assessment and construction works” to “safe operation” while proceeding with safety measures construction for early restart.

Key points of the FY2022 Medium-term Plan

**Toward the realization of a de-carbonized society, we will make full efforts toward restarting the operation of nuclear power stations and securing safe operations after restart while achieving both economic efficiency and securing safety as a top priority.**  
**We will also proactively transmit information on our efforts to regional communities, and politely respond so that they will understand our efforts.**

## Future direction of specific efforts

- Onagawa Nuclear Power Station Unit No. 2 will **implement further safety improvement** by taking measures from both “the hardware aspect for safety measures, etc.” and “the software aspect for the improvement of technologies required for operations,” and complete construction works by the end of November 2023. Regarding Higashidori Nuclear Power Station Unit No. 1, we will continue to **precisely respond to the conformity assessment**. Regarding Onagawa Nuclear Power Station Unit No. 3, we will continue to **proceed in consideration of the conformity assessment**. Regarding Onagawa Nuclear Power Station Unit No. 1, we will **work on decommissioning**. We will thoroughly secure the basics mainly in industrial safety in order to totally eliminate occupational accidents. Continued
- In order to further improve the utilization factor of facilities**, we will pursue stable operations after restart, and efficiency in regular inspection periods. Concurrently, we will **achieve cost reduction** by improving procurement for facilities including the suspended power station units, reviewing the number and frequency of inspections and starting in-house works utilizing the Group’s capabilities. Continued
- Strengthen relationships of trust by transmitting information through** polite **bilateral communication** with regional communities, etc. Continued



Emergency response facility (Onagawa: Building body construction)



Training on replacing nitrogen gas cylinders for use in the bulb operation to prevent excessive pressure in the pressure vessels (Onagawa)



Nighttime training for securing fuel for emergency diesel power generators during severe winters (Higashidori)



Visiting local residents (Onagawa: Posting of leaflets)

# 4-(4). Key points of efforts based on highlights

## Fuel procurement, thermal power, wholesale

Our main efforts to date

- Steadily promoted construction works (Joetsu Thermal Power Station Unit No. 1) and suspension and closure of an aging thermal power stations.
- Optimized value chains consisting of fuel procurement, power generation and wholesale through the utilization of trading

### Key points of the FY2022 Medium-term Plan

We will maximize profits through facility formation and operations that contribute toward strengthening competitiveness and securing environmental friendliness, and through deepening efforts toward the optimization of value chains. Aiming to become carbon neutral by 2050, we will also accumulate know-how through verification that contributes to de-carbonization.



Progress of construction at Joetsu Thermal Power Station Unit No. 1 (as of January 2022)

### Future direction of specific efforts

- With the aim of securing economic efficiency even in a severe market environment, we will reduce procurement cost by **deepening measures for improving efficiency**, and **realize more flexible fuel procurement** according to changes in demand and supply. Strengthening
- We will steadily promote the **establishment of a new competitive power source** (Joetsu Thermal Power Station Unit No. 1: Operation to be started in December 2022); sophistication of the operation of existing thermal power stations; and **suspension and closure of aging thermal power stations with less competitive and lower environmental performance**. Continued
- We will steadily promote **efforts to realize carbon neutrality** such as **verification of thermal power de-carbonization, and feasibility studies with regard to the expectation of implementation**. Strengthening
- **We will maximize wholesale profits by making customer-oriented proposals based on the market environment and polite responses by the market.** Strengthening

Value chain consisting of fuel procurement, power generation and wholesale

- **We will maximize total profits from power generation and wholesale through the optimum transactions with fuels and electric power by making the most of trading via quick responses to market changes.**

Strengthening

## Network



## Our main efforts to date

- Secured stable supplies, made effective use of digital technology, and promoted improvement of efficiency based on the benchmarks of other companies and “Kaizen” (improvement activity).
- Sophisticated the networks in preparation for the introduction of renewable energy, and precisely responded to the establishment of large-scale grid infrastructure systems.

## Key points of the FY2022 Medium-term Plan

**While promoting facility formation and operation that contributes to securing stable supplies and the resilience and expansion of introduction of renewable energy, we will generate profits as the Group’s profit base by improving productivity and cost reduction in preparation of the new wheeling charge system.**



A scene from disaster recovery (August 2021)



A scene from power line extension works using drones (August 2021)

## Future direction of specific efforts

- In order to gain stable profits even under the new wheeling charge system from FY2023, we will continue and deepen **our efforts toward a drastic review of business processes and improvement of efficiency, including the establishment of optimum business operation systems.** Concurrently, we will make efforts toward **sustainable efficiency and productivity improvement based on Kaizen, an improvement activity, which will take root in our corporate culture.** Strengthening
- As the main force for securing stable supplies, we will continue to **precisely form and operate power transmission and distribution networks.** Concurrently, in expectation of the massive introduction of renewable energy toward the aim of becoming carbon neutral, we will precisely respond to **securing stable power supplies and maintaining power quality by improving the large-scale grid infrastructure system, promoting effective use of existing power grids, and sophisticating the operation technology of the power grid for supply and demand.** Strengthening
- We will **generate profits from the creation of new business** by using our assets and operational know-how, and will strive for the smart society building business, while making **efforts toward electrification** that contribute to increased demand and de-carbonization. Continued

## Attempt to quickly achieve profitability with our smart society building business

- We will succeed over the competition and increase profits by offering proposals for high value-added service packages from the perspective of power retail sales. At the same time, we will accelerate setting up our proprietary service platforms by rotating the cycle of service development to launching sales quickly.

### Power retail

#### Our main efforts to date

- The number of registered members of “Yori Sou eNet” exceeded 1 million.
- Proactively made proposals for menus that meet various needs such as lifestyles and how to use electricity.

#### Key points of the FY2022 Medium-term Plan

Sustainable profits will be generated by succeeding over the competition in the severe business environment as a result of customers' selection of the Group based on our sales activities and proposals for optimum price menus tailored to each customer.

Yori, Sou  Net

#### Future direction of specific efforts

- **While taking into account the changing market conditions, we will maximize profits of the Group from power retail by offering proposals for optimal menus based on customers' choices, created from the perspective of customer needs and the method of electricity use.** (For household sales, Tohoku Electric Power and Tohoku EPCO Frontier will work together to develop a variety of measures.) Strengthening
- **We will expand and strengthen contacts with customers** by increasing the number of “Yori Sou eNet” members, which will lead to **enhanced proposals for optimal menus.** Strengthening
- **We will strengthen measures for closer relationships with more environmentally conscious customers by proactively offering proposals for renewable energy menus (of environmental value)** that will contribute to customers' de-carbonization and **proposals for electrification** that will contribute to energy saving. Strengthening
- **Sales and proposal capabilities will be strengthened to succeed over the market competition** by **making the most of digital marketing** and **improving real sales power.** Strengthening

### Services for individual customers

Our main efforts to date

- Tohoku EPCO Frontier Co., Inc. started operation. (November 2021)
- Expanded our service lineup of "Yori, Sou, Chikara +ONE" service.



### Key points of the FY2022 Medium-term Plan

We will expand contacts with customers by developing services for them in various fields that will provide value such as comfort, safety and security. Then, we will expand our Group's unique service platform as early as possible.

Offering security in the electric equipment and water section

Tohoku Electric Power's total living support service

### Future direction of specific efforts

- Tohoku Electric Power and Tohoku EPCO Frontier Co., Inc. will work together to expand product and service domains by **mutually utilizing each strength while also demonstrating each company's strengths to the maximum extent**. At the same time, both companies will gradually **improve their internally developed services by strengthening customer-oriented services and contact with customers while utilizing business alliances with other companies**. Strengthening
- Regarding individual service, we will contribute to customers' comfort, safety and security by offering **one-stop services for household problem solutions and services for enjoying time for yourself and your family**. At the same time, we will **build a platform by expanding packaged services ahead of our competitors**. Strengthening
- Our service development capability will be strengthened **by gathering ideas and knowledge from inside and outside the Group** through an ideathon and business idea contest. Continued



## Next-generation energy service

## Our main efforts to date

- Tohoku EPCO Solar e Charge Co., Inc. started operations. (July 2021)
- Increased introduction of self-consumption type photovoltaic power systems and energy management systems for corporate customers.
- Increase wholesale gas supply in cooperation with local gas operators.



## Key points of the FY2022 Medium-term Plan

We will expand our business domains based on VPP technology while improving energy management solution capability, and heighten business efficiency from various aspects such as grid power, decentralized energy, EV, large-scale storage cells, and gas.

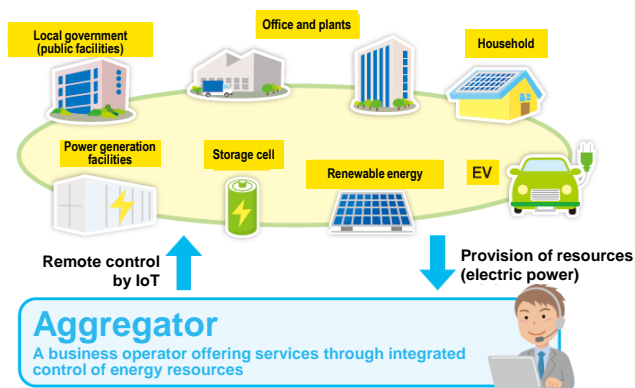


Image of the VPP\* business  
(\*VPP: Virtual Power Plant)

## Future direction of specific efforts

- We will **accelerate our efforts for the VPP business** while setting market transactions, energy management services, and renewable energy aggregation as our current business domains. Furthermore, we will **develop services for the comprehensive smart society building business** in line with the Group's customer base. Strengthening
- Driven by the trend toward carbon neutrality, we will **expand the decentralized power source business such as solar power generation and storage cells** for both corporate and household customers. Concurrently, we will **strengthen proposals for smart life electrification** by combining all-electrified homes, energy storage, energy generation, energy management, etc. Strengthening
- We will **provide energy solutions that are optimum for each customer**, such as an energy management system, through exEMS and contracting customers' equipment. Continued
- We will **enhance the region's solution capability related to energy** through participation in regional projects such as smart city and by deepening cooperation with gas business operators. Strengthening

## 4-(4). Key points of efforts based on highlights

### Key points of the FY2022 Medium-term Plan

Clarify the responsibility for the generation of profits in each business, establish a system to build and implement optimum strategies that respond to changes in the business environment facing each business, and strive to maximize profits.

### Future direction of specific efforts

- In April 2022, we will **reorganize** the internal company system from the present Power Generation and Sales Company to **three companies consisting of the Power Generation Company, the Renewable Energy Company and the Sales Company**, toward the formulation and implementation of optimum strategies tailored to changes in each business environment. Then, we will **pursue company-wide optimization and maximization of profits of the Group as a whole by utilizing the mutual synergies of each company** that will promote business operations by function in pursuit of the maximization of profits of each company.

New

### Organization effective April 2022

#### Power Generation Company

|                              |                 |                          |  |                         |
|------------------------------|-----------------|--------------------------|--|-------------------------|
| Business Strategy Department | Fuel Department | Thermal Power Department | Civil and Architectural Engineering Department | Plant Siting Department |
|------------------------------|-----------------|--------------------------|--|-------------------------|

Maximize the value of electricity by optimizing the power source portfolio and the value chain consisting of fuel procurement, power generation and wholesale, while attempting to achieve de-carbonization.

#### Renewable Energy Company

|  |                       |                                      |
|--|-----------------------|--------------------------------------|
| Renewable Energy Planning and Development Department | Hydropower Department | Wind and Geothermal Power Department |
|--|-----------------------|--------------------------------------|

Renewable energy functions including hydroelectric and geothermal power will be concentrated with the aim of obtaining new growth opportunities and realizing carbon neutrality, and we will accelerate our efforts toward making renewable energy our main electric source.

#### Sales Company

|  |   |                         |                           |
|--|---|-------------------------|---------------------------|
| Business Customer Solutions and Marketing Department | Living Solutions and Marketing Department | Gas Business Department | Sales Strategy Department |
|--|---|-------------------------|---------------------------|

Provide valuable energy and services which maximize customers' affluence toward the realization of a smart society.

# 4-(4). Key points of efforts based on highlights

## Evolution of our management base, which supports the creation of our corporate value

- Proactively promote our group-wide efforts for ESG-based sustainability by refining sensitivity for the demands of society and changes in expectations by stakeholders.

### Our main efforts to date

- Formulated the Sustainability Policy and established the Sustainability Promotion Committee.
- “Tohoku Electric Power Group Carbon Neutral Challenge 2050” was announced.
- The medium-term goal was set to realize carbon neutrality (aiming to halve CO2 emissions by FY2030 from actual emission levels in FY2013.)
- The internal system contributing to the above was strengthened.
- New work styles, such as teleworking, which contributed to the improvement of productivity, were established since the spread of COVID-19.
- Responded precisely to the amended Companies Act and to the transition to the TSE’s new market segments.
- Strengthened the integrated risk management system

E

S

G

### Key points of the formulation of the Group’s FY2022 Medium-term Plan

**Under the Sustainability Policy and the Sustainability Promotion Committee, we will promote sustainability unique to the Tohoku Electric Power Group to solve social issues through the power supply business and smart society building business while improving our business base to meet our stakeholders’ expectations.**

SDG targets specifically associated with our electric power supply business and smart society building business



4-(4). Key points of efforts based on highlights

Future direction of specific efforts

- Under the “**Tohoku Electric Power Group’s Sustainability Policy**” and the “**Sustainability Promotion Committee,**” we will strengthen **sustainability responses** and **enhance dialogue with stakeholders** concerning our efforts, while more deeply involving the Board of Directors. Strengthening
- As a foundation for all businesses, the intentions of the Tohoku Electric Power Group’s slogan “Yori, Sou, Chikara” should be understood, and **we will “work alongside customers” and “work alongside local communities” on a daily basis.** Continued

**E (Environment)**

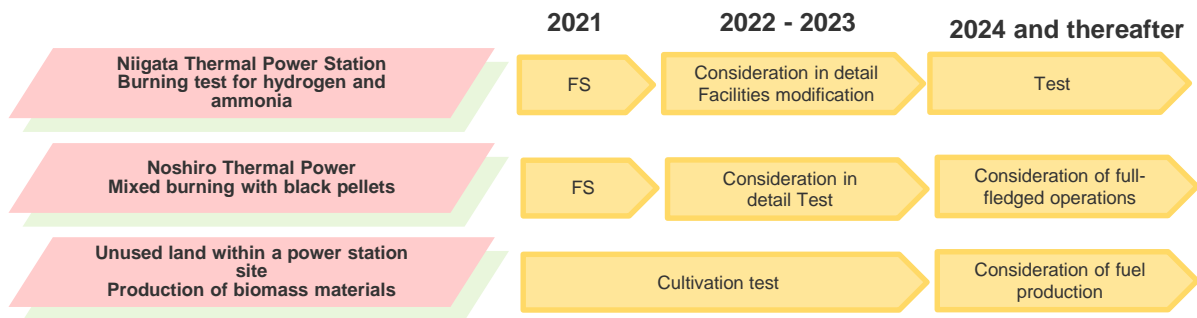
- Based on the “Tohoku Electric Power Group Carbon Neutral Challenge 2050,” **specific efforts** for the three pillars of “Making the most use of renewable energy and nuclear power,” “De-carbonization of thermal power,” and “Electrification and realizing a smart society” **were implemented.** Continued and enhanced

**Making the most of renewable energy and nuclear power**

- Increased projects toward the new development of renewable energy equivalent to 2 million kW.
- Early restart and stable operations after the restart of nuclear power stations  
Scheduled completion of construction work on safety measures: November 2023 for Onagawa No. 2; and FY2024 for Higashidori No. 1

**De-carbonization of thermal power**

- Demonstration tests at Niigata Thermal Power Station No. 5 Series (LNG) and Noshiro Thermal Power Station (coal)



**Electrification and realizing a smart society**

- Business expansion by offering proposals for the introduction of electrification such as a change in heat sources, and implementing decentralized power sources (Tohoku Energy Service Co., Inc., Tohoku EPCO Solar e Charge Co., Inc., etc.)

4-(4). Key points of efforts based on highlights

E (Environment)

- Consider the possibility of obtaining business opportunities through the use of hydrogen, and promote the introduction of EVs to society by making our own efforts to electrify our company cars, aiming to disseminate EVs, which will contribute toward achieving carbon neutrality and expanding our business opportunities. Strengthening
- Build a management cycle in which the Board of Directors is also appropriately involved, mainly in the “Carbon Neutral/ Environmental Management Promotion Committee,” in order to steadily advance our present efforts with an eye on 2050. Strengthening

S (Society)

Human resources

- We will implement the Group-wide human resource strategy according to business strategies such as mutual sharing of personnel and identifying talent by **using a human resource portfolio**, nurturing human resources by business unit. Thus, we will **sophisticate human resource management** in line with business systems and operations. New
- We will autonomously pursue the most suitable workstyle and **improve job satisfaction and productivity** by practicing changes in the awareness and actions of each individual and by **full-fledged development of teleworking** with the use of ICT tools. Continued
- We will **create workplaces that enable diverse personnel to maximize their potential** regardless of gender, age, career position and any disabilities they may have (and this will lead to strengthening the ability to deal with diversification of customer needs). Continued

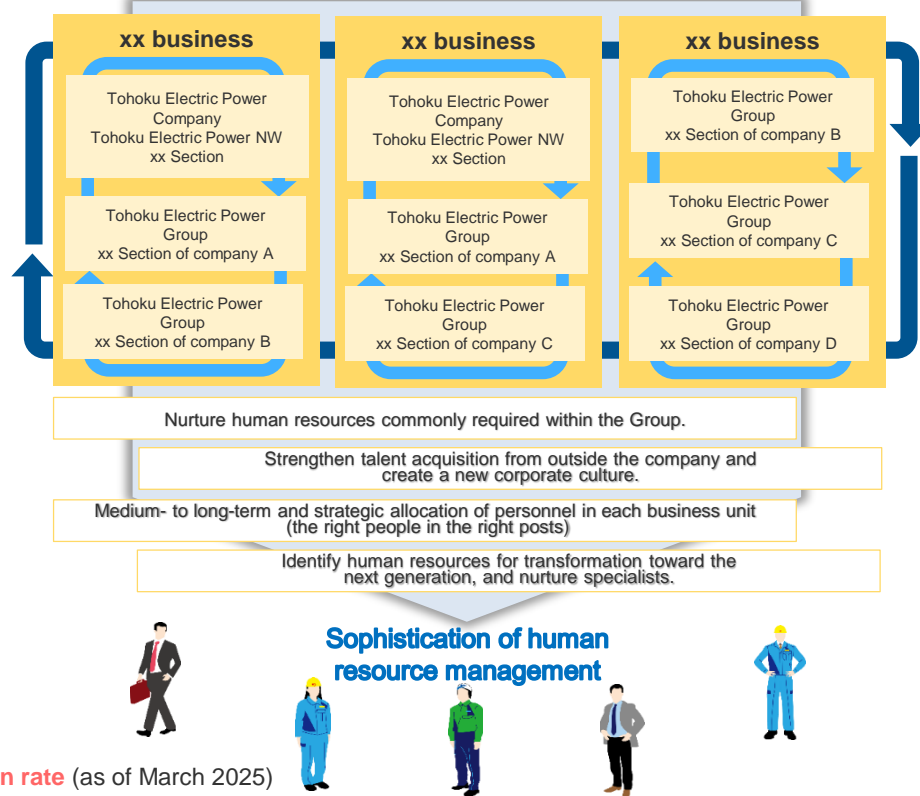
Regular paid leave acquisition rate

80% or more for the regular paid leave acquisition rate (as of March 2025)

Number of female managers

1.5 times or more for the number of female managers compared to that at the beginning of FY2019 (as of March 2025)

In order to achieve effective use of a limited number of personnel and promote the right people to the right posts, we seek group-wide human resources strategies based on business strategies, such as mutual sharing of personnel, by using a human resource portfolio, identifying talent for projects, and nurturing human resources in each business unit.



## S (Society)

Security

- We will strive to build **a corporate culture that prioritizes safety with “zero occupational accidents”** in the unified Group-wide efforts by practicing activities based on the “Tohoku Electric Power Group’s Safety and Security Policy.”

Continued

Region

- By making the most of contact opportunities with local people as part of our regional contribution activities, we will strive to solve issues in the smart society building business, etc. through **proactive communication from the perspectives of regional needs and identifying the buds of solutions to regional issues**, as well as building relationships of trust.

Continued

Stable supply

- **Stable supplies of energy will be secured** by each business (operator) and function that **performs their own roles correctly**.

Continued

## G (Governance)

- Under the concept that **each company of the Tohoku Electric Power Group is an equal partner**, we will **build a governance system that takes into consideration flexible and precise business management** in an attempt to demonstrate our comprehensive strengths by promoting operations in business units and functional units according to each role.
- Strengthening
- Against various risks such as natural disasters, facilities accident risks, market risks (fuel and electric power, etc.), climate change risks and information risks, we have **formulated the “Integrated Risk Management Policy”** under the **“Integrated Risk Management Committee.”** In cooperation with related conference bodies, we will precisely manage risks **while developing a risk management cycle consisting of risk extraction, evaluation, countermeasures, etc.**
- Continued
- In accordance with the “Tohoku Electric Power Group Code of Conduct,” each one of us will **act in a manner suitable for a utility operator** by thoroughly implementing corporate ethics and compliance with laws and regulations.
- Continued



**Tohoku Electric Power Group**