

# Tohoku Electric Power Group Sustainability Meeting

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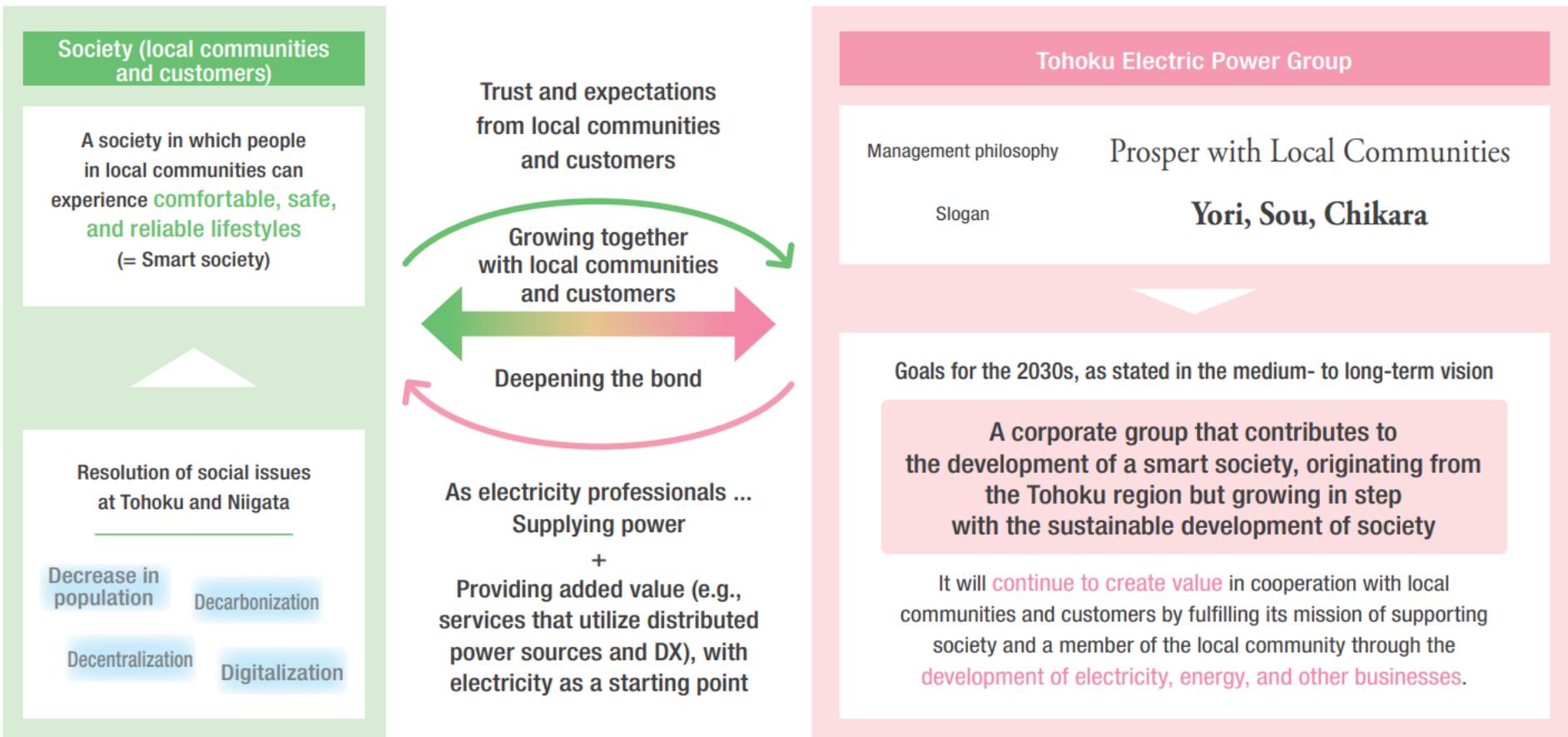
December 3, 2025

Tohoku Electric Power Co., Inc.

# **1. Tohoku Electric Power's Sustainability**

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- Our vision for the 2030s is to be **“a corporate group that contributes to realizing a new era of smart society originating in Tohoku (a society where local residents experience comfortable, safe, and secure lives) and grows alongside society's sustainable development.”**
- In Tohoku and Niigata, where social challenges are becoming increasingly apparent, we will continue to **co-create value with our communities and customers** by fulfilling our mission to support society through **business development centered on electricity and energy.**



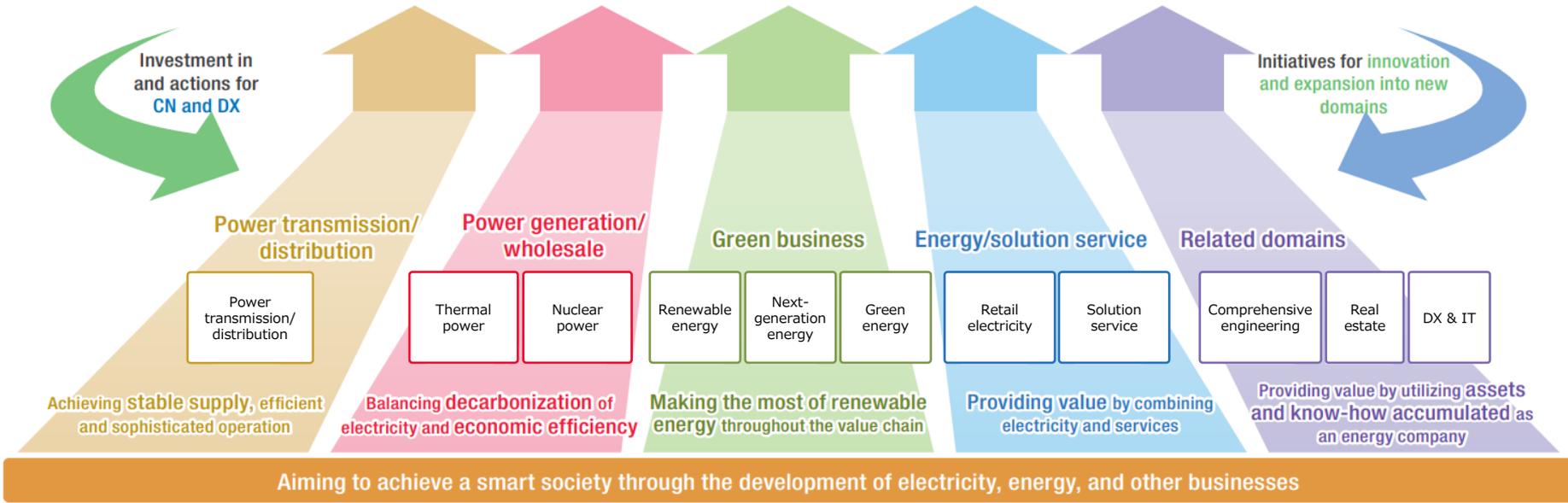
# Three general initiatives of the Tohoku Electric Power Group's Medium-to Long-Term Vision

○ Working Alongside Next<sup>+</sup>PLUS, which describes management initiatives to realize the Medium- to Long-Term Vision, identifies three general initiatives in the areas of **business development, financial base, and management base**. We do business while linking these three initiatives to one another.

**Business development**  
 Pursuing autonomous earnings and growth through business development in 11 business categories in five domains, centered on electricity and energy Regarding carbon neutrality and digital transformation (DX) as opportunities for growth, taking on the challenges of strengthening and expanding existing business domains and growing new business domains through innovation and other activities

## Tohoku Electric Power Group Goals for the 2030s

A group of companies growing in step with sustained societal progress by helping to establish a smart society for a new age, starting in Tohoku



### Financial base

#### Financial target

	FY2026	FY2030
Profit indicators [Consolidated ordinary income]	190.0 billion yen	200.0 billion yen or more
Financial soundness indicators [Consolidated equity ratio]	Around 20%	25% or more
Profitability index [Consolidated ROIC]	3.5% level*	3.5% or more*

\* Consolidated ROE will be 8% or more when the target is achieved.

### Management base

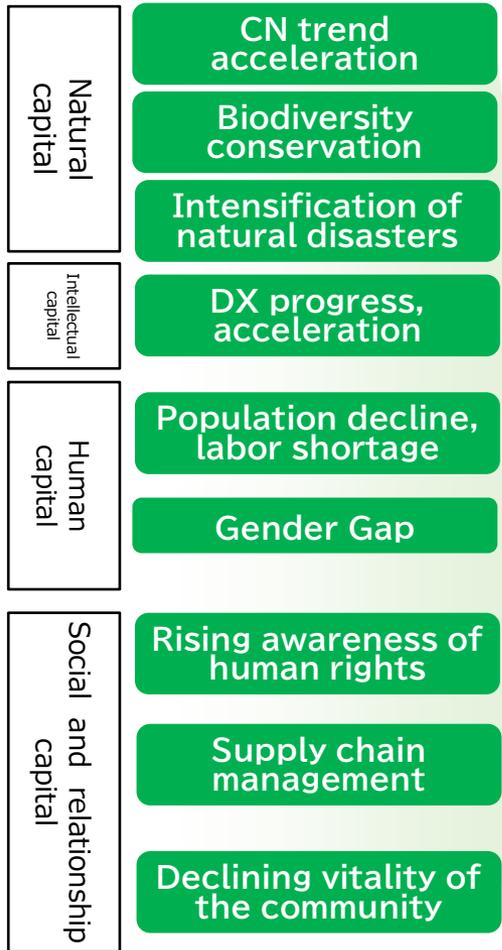
Promoting sustainability management and strengthening the management base Focusing in particular on the three fields of carbon neutrality, digital transformation (DX), and human resources



Swift recovery of the financial base  
 Building a virtuous cycle of profits, investment, and growth

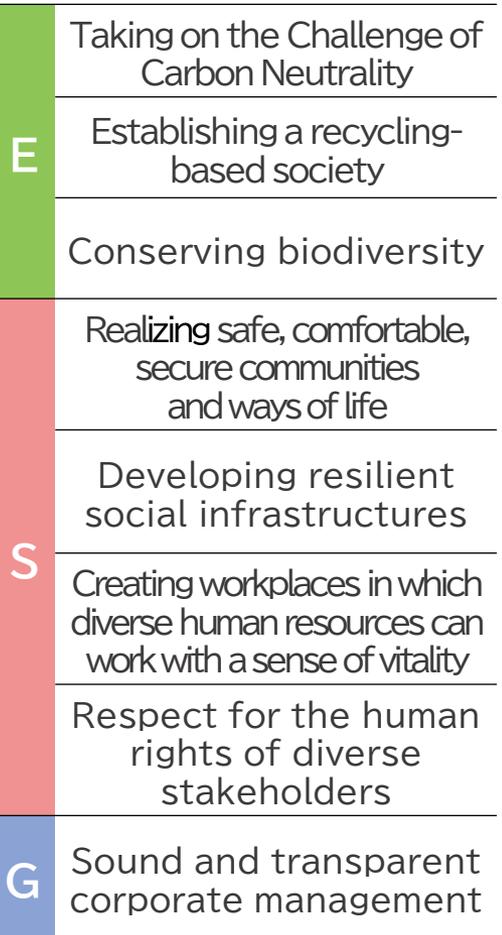
○ To strengthen our management foundation, **creating social value through initiatives addressing sustainability-related societal challenges**—such as climate change and population decline—is also crucial. We will focus our efforts on resolving the eight materiality issues, particularly our **“Carbon Neutrality (CN) Strategy,” “DX Strategy,” and “Human Resources Strategy.”**

## Social issues related to sustainability



## Business foundation

### Materiality topics



**Strengthen the management foundation supporting sustainable business development**

**CN strategy**

- ✓ Halve CO<sub>2</sub> emissions by FY2030 compared to FY2013 levels to achieve carbon neutrality by 2050
- ✓ Contributing to customers' CO<sub>2</sub> Reduction

**DX strategy**

- ✓ Promoting “maximizing human resources value,” “safety and technology transfer,” and “revenue expansion” through DX
- ✓ Smart and advanced power security operations

**Human Resources Strategy**

- ✓ Developing and strengthening capabilities and mindsets to realize our “desired state in 2030”
- ✓ Improving employee engagement

# Tohoku Electric Power Group 's Strengths and New Value Creation

- Our Group's strengths lie in being **"electricity professionals"** and possessing **"strong ties to the community."**
- Leveraging the technical expertise and know-how cultivated in our electric power business, along with our customer base centered in the Tohoku and Niigata regions and our connections with local communities, we will challenge ourselves to **create new value by considering carbon neutrality and digital transformation as growth opportunities.**

## The Tohoku Electric Power Group's Strengths

### Professionals in electric power

- Knowledge and expertise in the electricity business
- Human resources with technical skills and a sense of mission
- Capacity to respond to disasters



### Close ties with local communities

- Facility development across the region
- Customer base
- Networks with local governments, businesses, and other organizations and individuals in the community



### New initiatives leveraging community connections

Social entrepreneurs support and nurture program

Utilization of agriculture-derived carbon credits

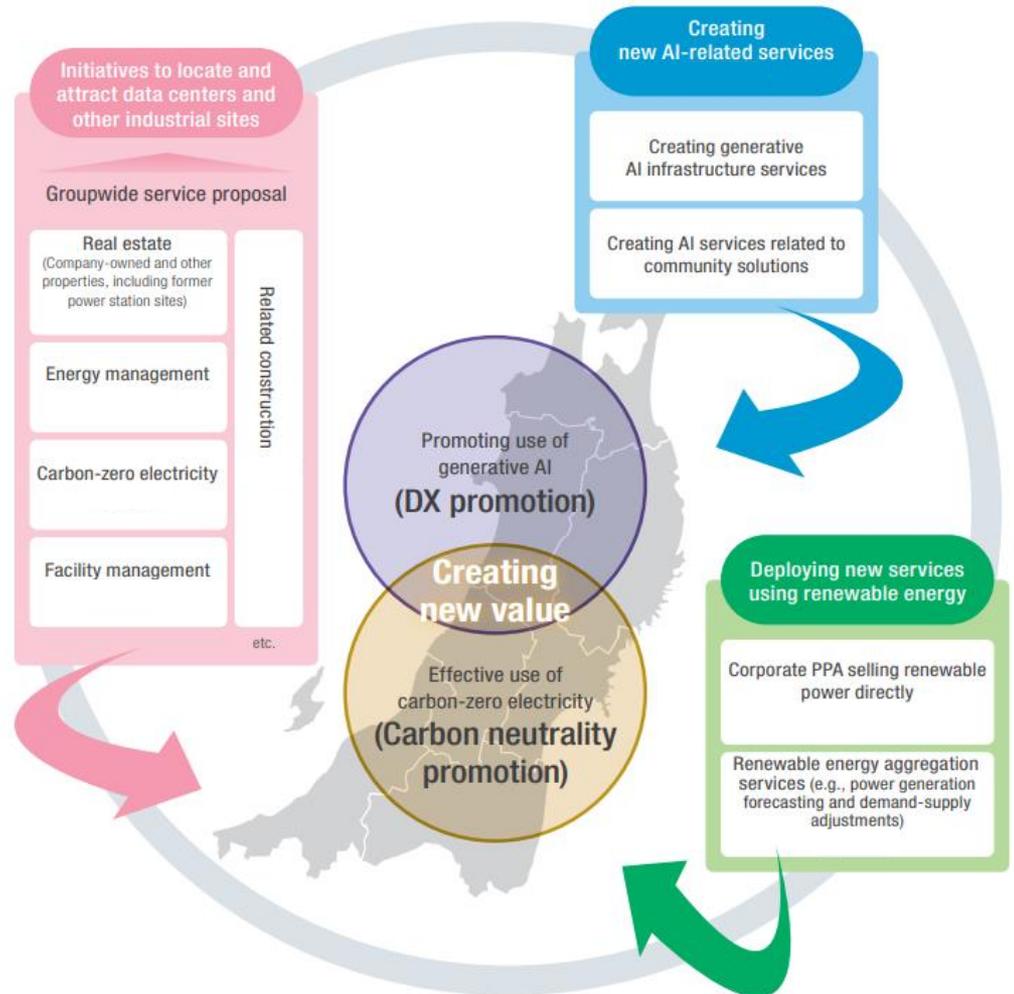


### Properties of the Tohoku and Niigata region

Wealth of renewable energy resources

Cold climate etc.

## Creating new value by considering CN and DX as growth opportunities

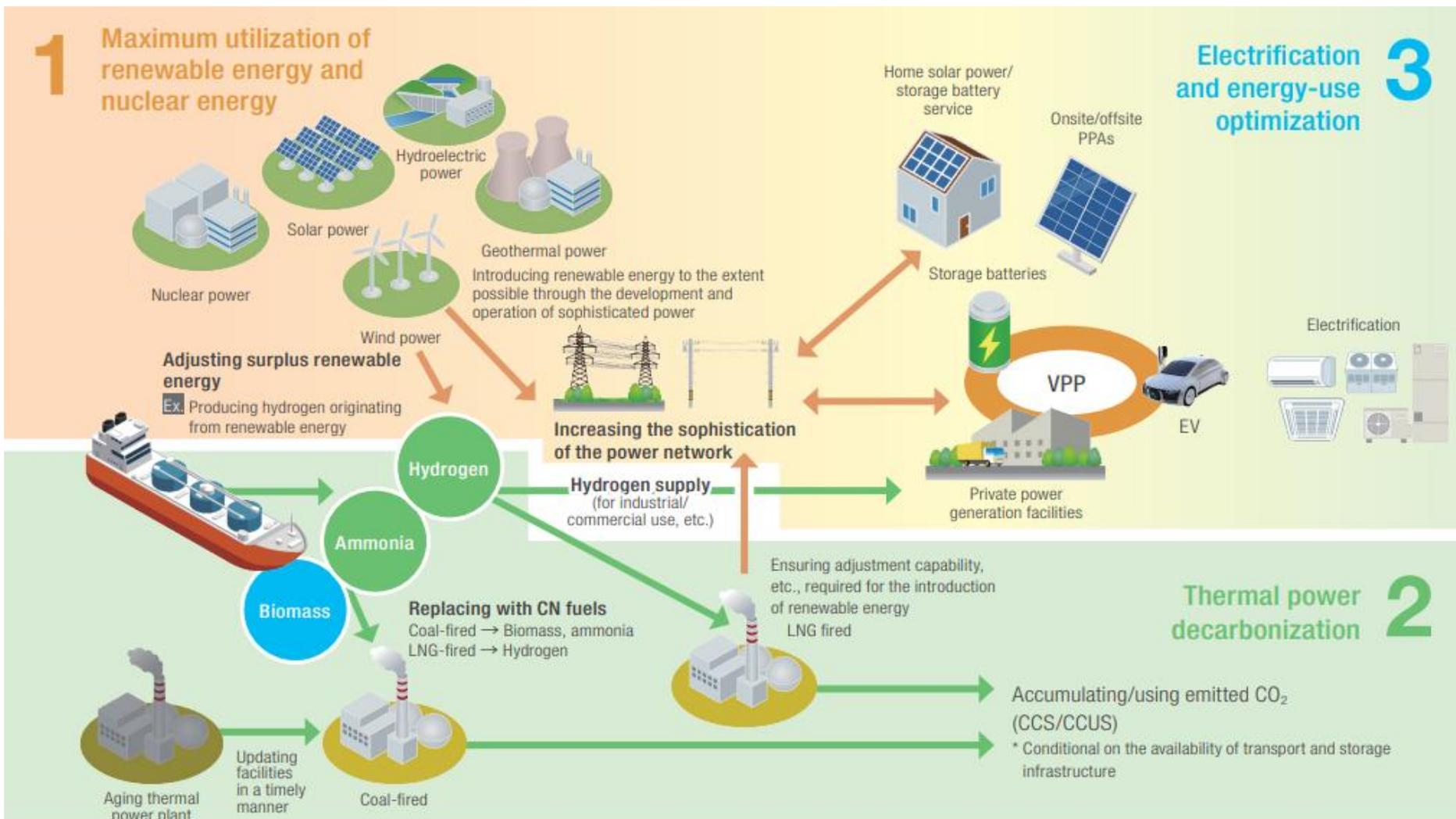


## **2 . Carbon Neutrality Strategy**

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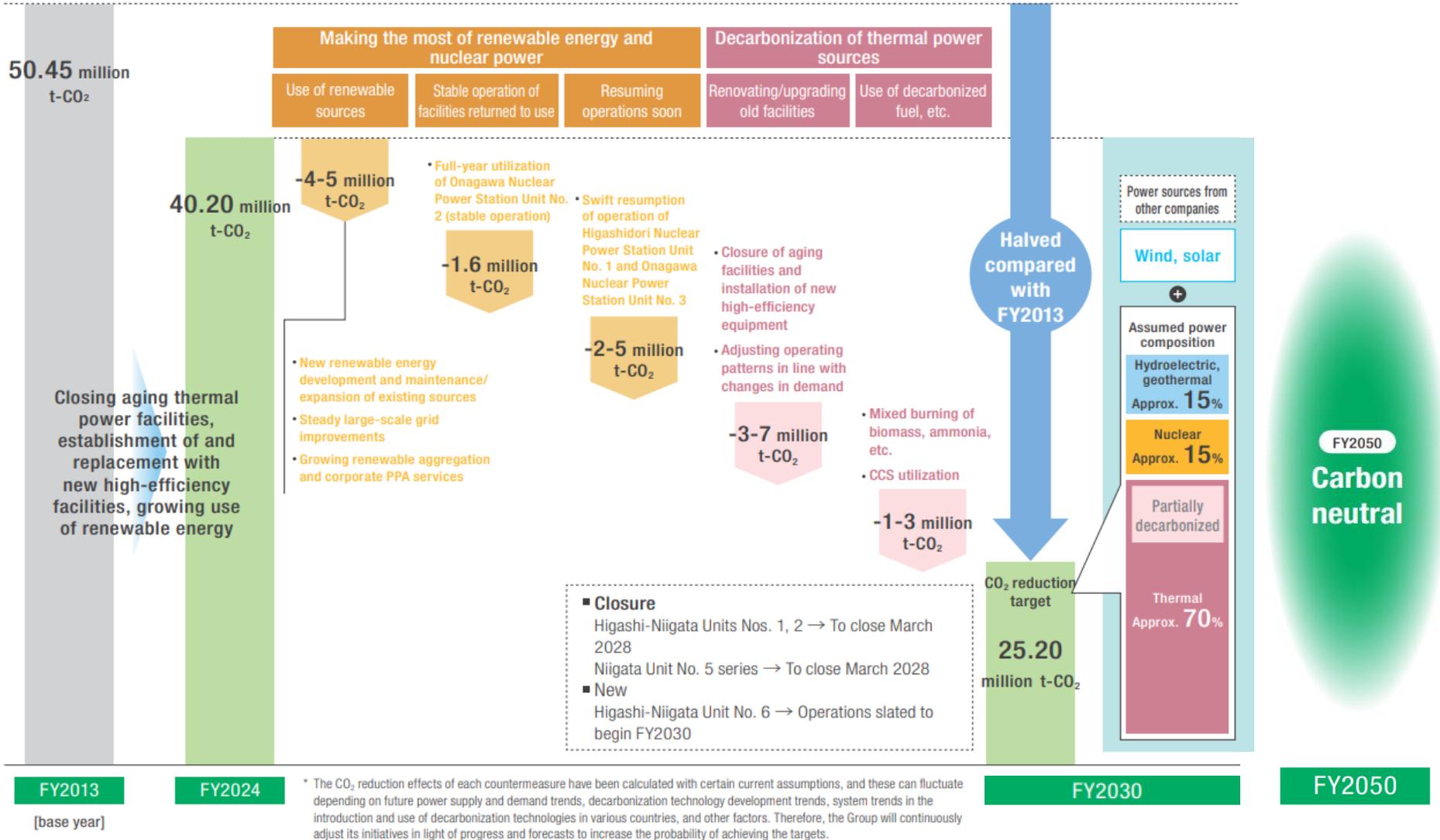
# Carbon Neutrality Strategy

- To achieve carbon neutrality by 2050, we are focusing our efforts on three pillars:
- 1. "Maximum utilization of renewable energy and nuclear energy"**
  - 2. "Thermal power Decarbonization "**
  - 3. "Electrification and energy-use optimization"**



# CO<sub>2</sub> Emission Reduction Targets (Renewable Energy, Nuclear Power, and Thermal Power Initiatives)

- We will set a near-term goal of **halving CO<sub>2</sub> emissions by FY2030 compared to FY2013 levels.**
- The CO<sub>2</sub> emissions for FY2024 **were reduced by approximately 1.4 million tons due to the restart of Onagawa Unit 2.** Meanwhile, due to increased operation of the joint thermal power stations, the Group's emissions remained **nearly unchanged from the previous fiscal year at 40.2 million tons.**



# CO<sub>2</sub> Emission Reduction Targets (Demand-side Initiatives)

- Starting this fiscal year, we have set **a target of reducing demand-side CO<sub>2</sub> emissions by at least 2.5 million metric tons by FY2030.**
- We will achieve this by advancing initiatives such as promoting **electrification and offering related services**, anticipating the growing customer demand for carbon neutrality.

Electrification and energy-use optimization  
 FY2024 reductions Approx. **2.04** million t-CO<sub>2</sub>

FY 2030 (Target)  
**2.5** million t-CO<sub>2</sub> or more

## Electrification

**Household** Proposing Smart Life Electrification

**industrial** heat source conversion (proposing electrification)

## Electricity rate plans

Proposing CO<sub>2</sub>-free rate plans to Reduce CO<sub>2</sub> emissions factors

## Solution services

Providing carbon neutrality support services leveraging expertise cultivated in the electric power business

## Green business

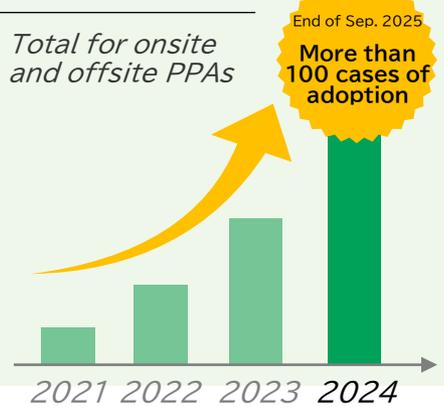
Growing corporate PPA sales, enhancing renewable aggregation services, etc.

### Key achievements of Corporate PPA Services (Cumulative as of the end of September 2025)

Order amount **Approx. 140 billion yen**

Total output **Approx. 209 MW**

### Adoption results



### Major orders received (Start of supply)

Customer Name	Output(kW)	Power source
TOPPAN Holdings, Inc.	Approx. 9,000	Wind Hydro
JR East Japan Railway Company	1,200 21,000 37,600	Wind Solar Solar
Olympus Corporation	1,980	Solar
Daiso Industries Co., Ltd	1,584	Solar
RIKEN NPR, Inc.	7,480	Wind

Carbon neutral

FY2024

FY2030

FY2050

# Investment to Carbon Neutrality

- We are planning to make strategic investments **around 300 billion yen by FY2030** to respond to the changes in electric power business and generate added value.
- Among them, we will **invest over 100 billion yen in “renewable energy development”, and approx. 100 billion yen in “decarbonization of thermal power generation”** to advance our initiatives for achieving carbon neutrality.



# **3 .DX Strategy**

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○ We will place particular emphasis on **leveraging DX to “maximizing human resource value”, “safety and passing on technologies”, and “growing earnings”**. To achieve these goals, we are also working to establish foundational frameworks such as DX talent development.

## DX lodestar

Maximizing the use of the latest data and digital technologies in all business situations

DX promotion

### Priority initiatives

#### Safety and passing on technologies

*Making work on site safer and reliably passing on Group core technologies*

#### Maximizing human resource value

*Securing the human resources needed for growth and improving employee engagement*

#### Growing earnings

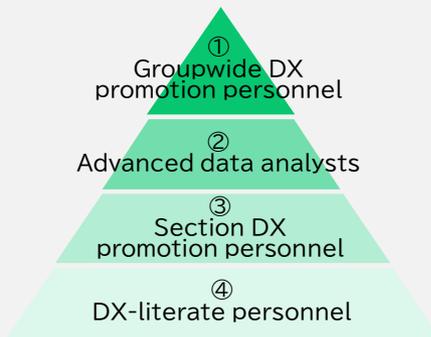
*Structural reforms in existing businesses and expanding services based on customer needs*

**Securing the management resources needed for growth**  
**Strengthening management foundations to enable continuous growth**

**Strengthening the foundation for promoting DX**

DX Base

### DX human resources development



(Number of employees)

	FY2024 results	Targets through FY2025	FY2030 target
① Groupwide DX promotion personnel	18	20	<b>At least 30% Groupwide (7,400)</b>
② Advanced data analysts	21	50	
③ Section DX promotion personnel	352	350	
④ DX-literate personnel	1,271	2,000	

### Security & Governance

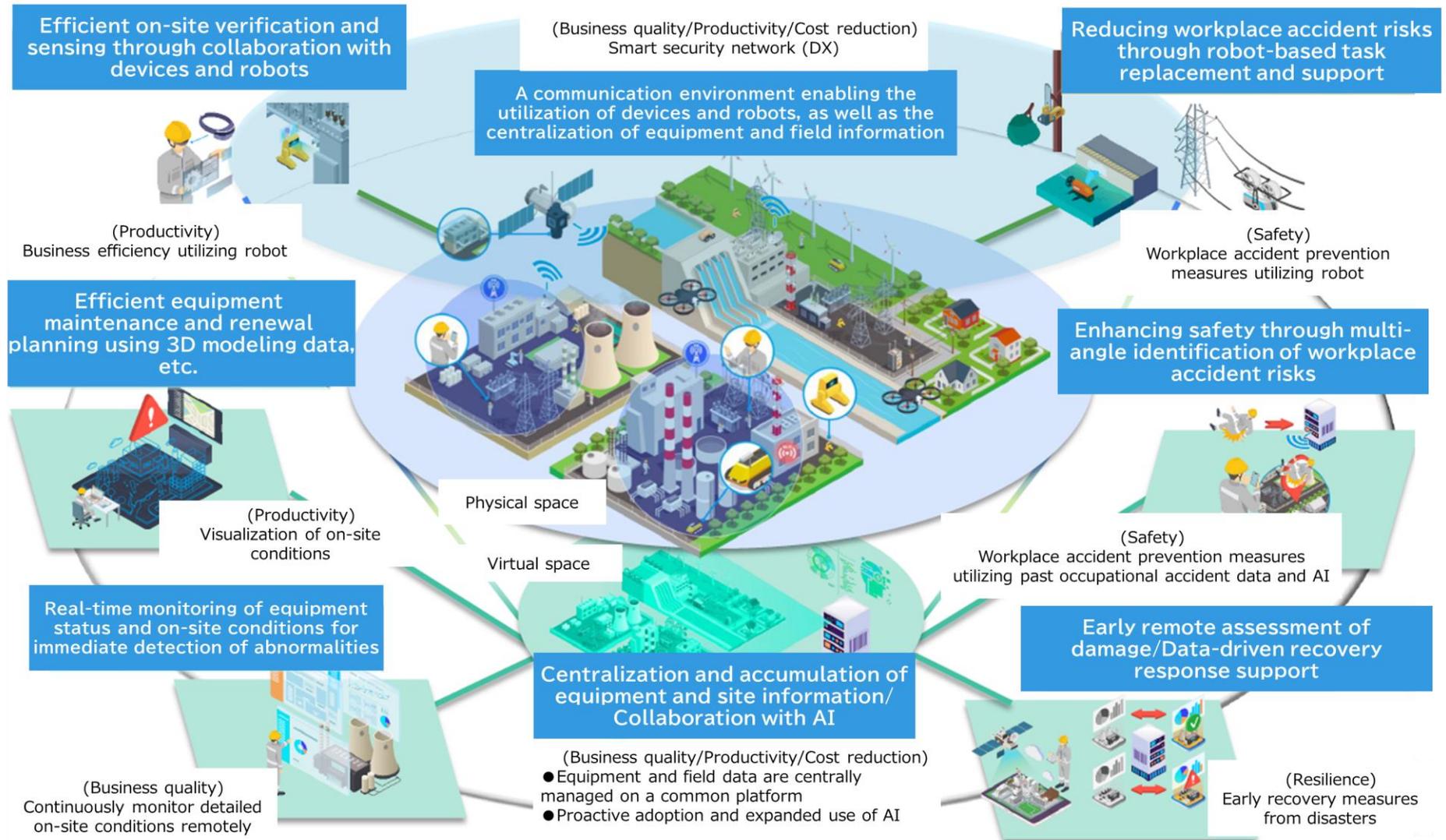
*Toward expanding the use of AI, data, and cloud services*

#### Enhancing Cybersecurity

*Management and operation of the importance level and usage conditions of held data*

#### Data Governance Framework

○ To address challenges such as securing workforce, preventing workplace accidents, and mitigating the severity of disasters, we will pursue the smart transformation and advancement of power safety operations through the utilization of new technologies such as AI and IoT. This aims to achieve **“Growing earnings(cost reduction),”** **“maximizing human resource value,”** and **“safety and passing on technology.”**



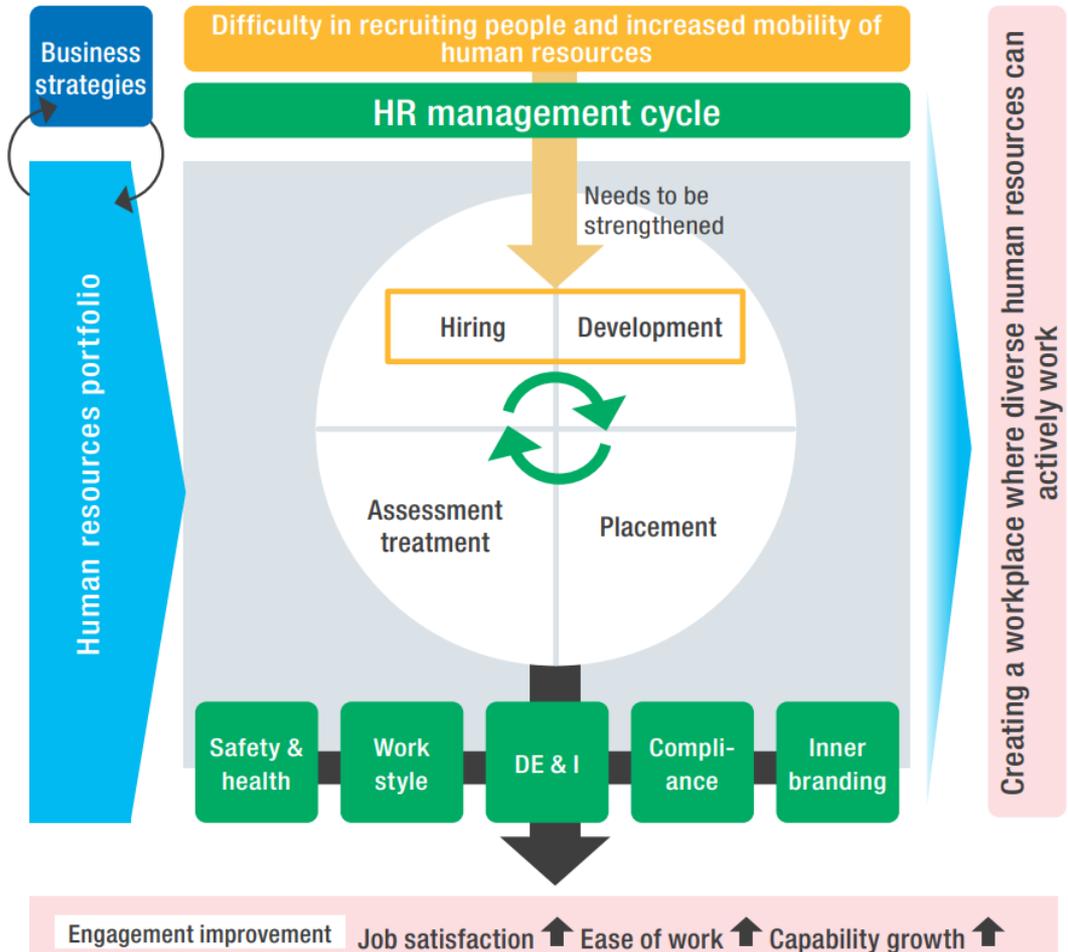
# **4. Human Resources Strategy**

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# Human Resources Strategy

○ Our group operates businesses centered on electricity and energy, viewing carbon neutrality and digital transformation as growth opportunities. We are committed to developing and strengthening human resources equipped with the **“capacity to support stable supply,” the “capacity to challenge for growth,” and “management and leadership skills”** to realize a society where people can experience comfortable, safe, and secure living.

## Overall framework and vision of the human resources strategy



Toward realizing a society where people can experience comfortable, safe, and secure living, we will cultivate and strengthen human resources with the necessary capabilities and mindset (Strengthening human resources and business synergy)

*A sense of mission and technical expertise for stable supply, centered on the electricity and energy business*

**The power to support stable supply**

*Viewing CN and DX as growth opportunities embarking on a challenge to create new value*

**The power to challenge ourselves toward growth**

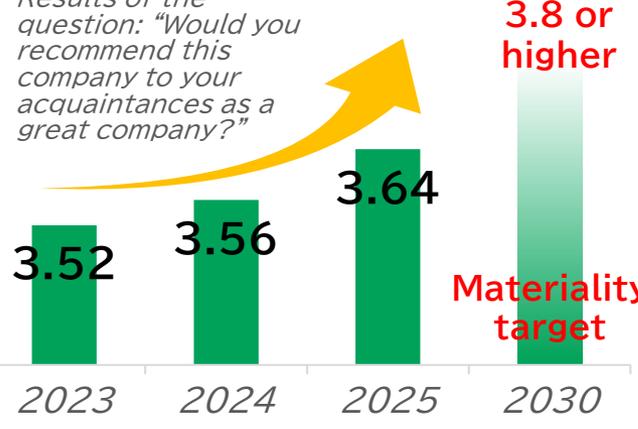
*The ability to translate management objectives into organizational action and execute them strategically*

**Management and leadership skills**

- We monitor engagement scores and the percentage of female managers, focusing on retention and enabling employees to perform at their best.
- We recognize career development and work-life balance as key challenges. Centering on **“autonomous career development,” “diversity in people and work styles,” and “organizational culture,”** we will create a workplace where diverse talents can thrive.

### Engagement score trends

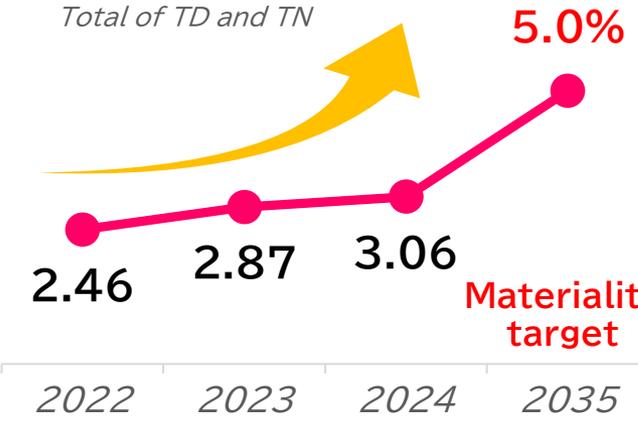
Results of the question: “Would you recommend this company to your acquaintances as a great company?”



Analysis of Results and Identification of Issues

### Trend in the proportion of female managers

Total of TD and TN



Promoting Women's Participation in the Workforce

Key challenges	Policy examples
<p><b>A tendency toward low career vision</b> aimed at self-growth and enhancing motivation to take on challenges</p>	<p><b>Support for “Autonomous Career Development”</b></p> <ul style="list-style-type: none"> <li>• The company supports tailored career guidance for each employee through the implementation of career consulting</li> <li>• Work experience through experiencing side job within the company</li> </ul>
<p><b>Work-life balance</b> (Issues with workload and working hours)</p>	<p><b>Promoting “Diversity in People and Work Styles”</b></p> <ul style="list-style-type: none"> <li>• Streamlining business operations</li> <li>• Efficiency gains and optimal staffing through DX utilization</li> </ul>
<p>Creating a comfortable workplace environment and fostering a positive culture and atmosphere, <b>promoting workplace communication</b></p>	<p><b>Cultivating “Organizational Culture”</b></p> <ul style="list-style-type: none"> <li>• Communication promotion support measures</li> <li>• Enhancing management skills for supervisors</li> </ul>

# **5 .Corporate Governance**

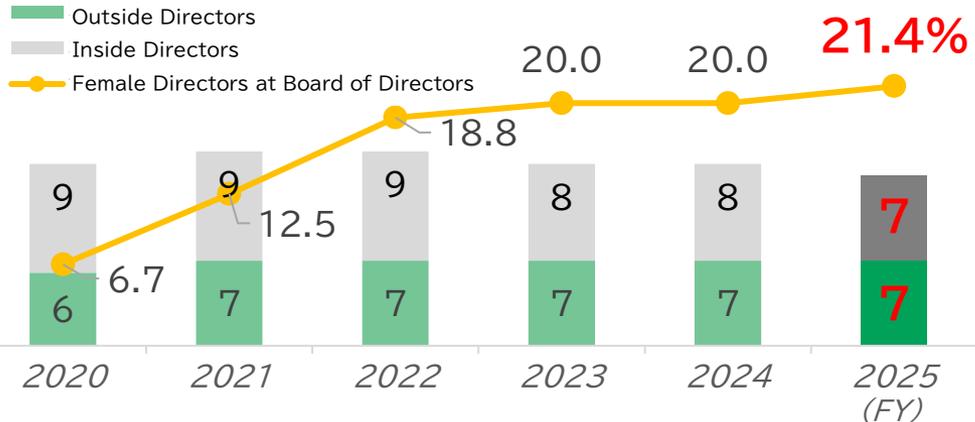
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○ The Board of Directors has been restructured **since April this year to consist of seven internal directors and seven external directors**. We aim to foster constructive and open discussions to ensure appropriate decision-making and effective oversight of management.

### Composition of the Board of Directors (14members) (April 2025)



【凡例】  
 ● Outside Directors (Male)  
 ● Outside Directors (Female)  
 ● Internal Directors (Male)



### ■Nomination and Compensation Advisory Committee

- The Company has established a Nomination and Compensation Advisory Committee, which fulfills the functions of both a voluntary committee equivalent in function to a nomination committee and a voluntary committee equivalent in function to a compensation committee.
- To ensure the objectivity, timeliness, and transparency of nomination and compensation, **the organization of this body is based on a majority of its membership consisting of independent outside Directors and an independent outside Director serving as its chairperson.** It deliberates and advises on consultation received from the Board of Directors regarding nomination and compensation of Directors and other executives.



### Activities of the Board of Directors and other bodies (FY2024)

System	Membership*	Meetings held	Attendance rate of all directors
Board of Directors	14 (including seven outside directors)	11	99.4%
Nomination and Compensation Advisory Committee	6 (including four outside directors and one outside Audit and Supervisory Committee member)	7	100%
Audit and Supervisory Committee	4 (including three outside Audit and Supervisory Committee members)	13	100%

※As of the end of June 2025

### ■Main subjects of deliberations by the Board in FY2024

- Revision of the Tohoku Electric Power Group medium-term planning structure
- Revision of Group management based on Working Alongside Next +PLUS
- FY2025 Tohoku Electric Power Group Medium-Term Plan
- Courses of action for future sustainability initiatives
- Results of activities to establish internal controls systems
- Matters delegated by the Board to individual directors

- To enhance the quality of board discussions, **we actively provide opportunities for outside directors to deepen their understanding of the business.** This includes ensuring thorough advance explanations and information sharing, as well as organizing informal meetings and study sessions.
- For the compensation of internal directors\*, **short-term performance-based compensation incorporates results from ESG initiatives.**

## Initiatives to enhance the effectiveness of the Board of Directors

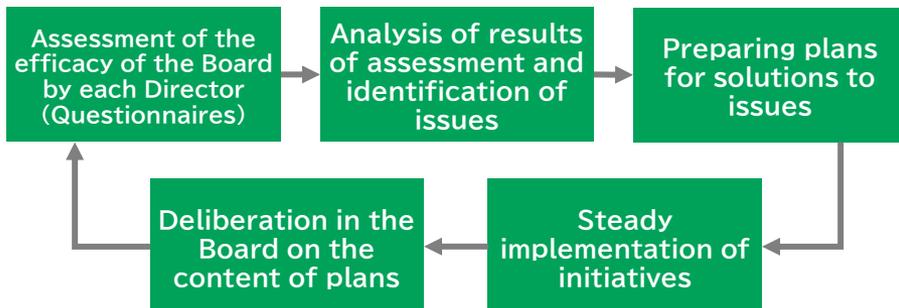
- **Designing opportunities and establishing support systems to deepen outside directors' understanding** of our company's current status and management challenges

### Major initiatives in Fiscal Year 2024

- Holding director roundtables and joint colloquia
- Site visits and dialogue sessions with employees
- Implementation of advance explanations for each agenda item at board meetings
- Timely provision of industry and internal information, etc.

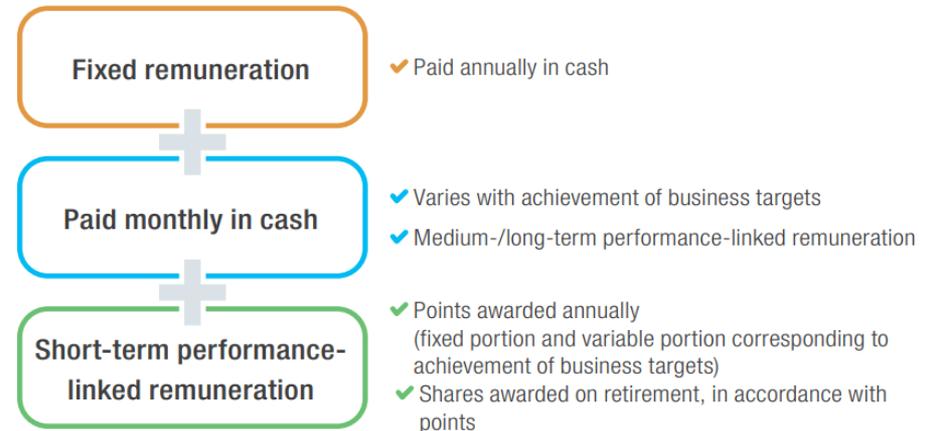
- **Conducting a survey** targeting directors and **implementing further initiatives based on the evaluation results**

### Process of assessing the efficacy of the Board



## Compensation structure for internal Directors ※

※Not including Directors serving as members of the Audit and Supervisory Committee



### Indicator used in performance-linked remuneration

- The indicator used is the financial target of consolidated ordinary income (excluding various factors, including time lag effects of the fuel-cost adjustment system, an external variable factor) identified in Working Alongside Next<sup>PLUs</sup>
- **Short-term performance-linked remuneration reflects results of ESG initiatives.**
- Amounts vary with the extent of achievement of targets, within the range 0-125%.

# Reference

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# Initiatives for Respecting Human Rights

- Based on the three elements of “corporate responsibility to respect human rights” as defined by the UN Guiding Principles on Business and Human Rights, we are advancing initiatives to respect human rights. Our main initiatives include: - **“Formulating the Tohoku Electric Power Group Human Rights Policy”**, **“Implementing human rights due diligence”**, and **“Appropriate operation of hotlines”**

## ■ Overview of initiatives to respect human rights

### Three elements of the corporate human rights responsibility under the UN Guiding Principles on Business and Human Rights

A policy commitment to meet human rights responsibilities

A human rights due diligence process to identify, prevent, mitigate and account for how to address impacts on human rights

Processes to enable the remediation of any adverse human rights impacts

Formulation of the Human Rights Policy

Human rights due diligence

Grievance mechanisms

Stakeholder dialogue, education and communication to raise awareness of human rights, etc.

## ■ Human rights due diligence initiatives : Expand the scope sequentially

### Our company and Tohoku Electric Power Network

2022 -

Identify risks based on severity and likelihood of occurrence.

Continuously working to avoid and mitigate risk impacts.

### Group companies

2023 -

Conduct risk identification and impact assessment from the perspective of actual risks and management aspects.

Implement improvement measures utilizing external expert insights and conduct regular self-assessments.

### Supply chain

Supplier

2022 -

Confirm the status of initiatives regarding respect for human rights (prohibition of child labor and forced labor, prohibition of discrimination, etc.). In fiscal year 2024, surveys were conducted at 212 companies.

Fuel Procurement Priority

2024 -

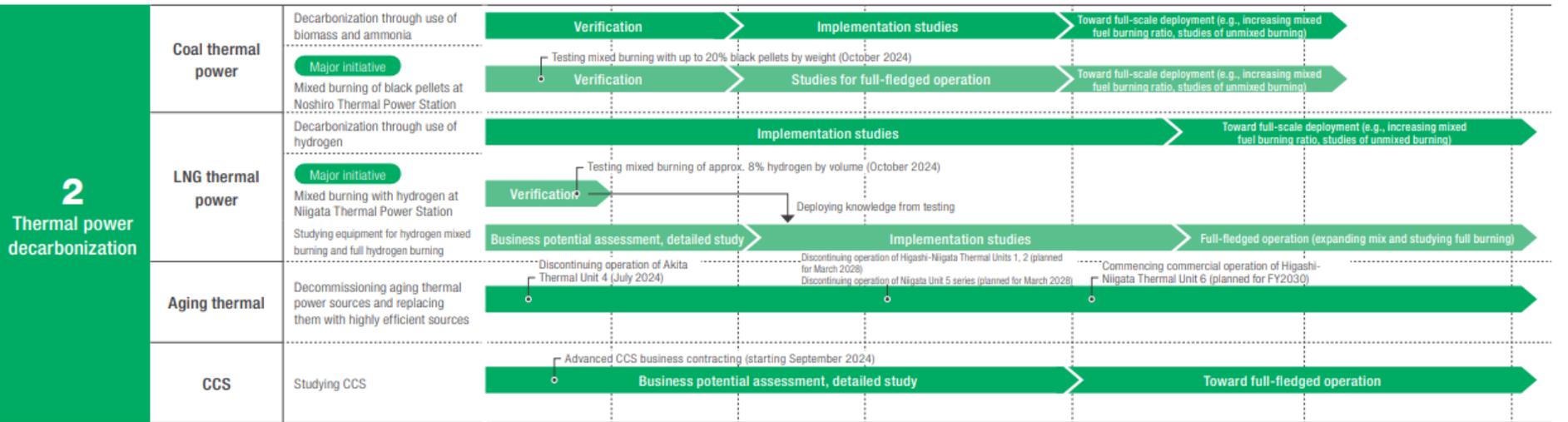
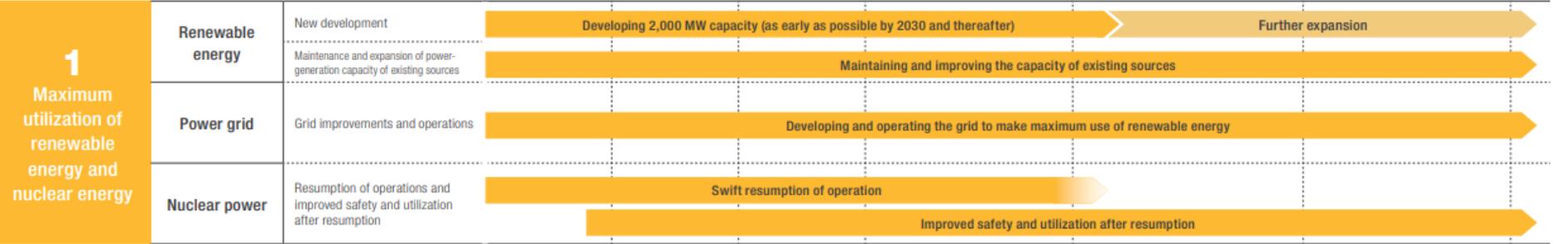
Organize and confirm value chain analysis and potential human rights risks, conducting surveys and interviews with nine fuel suppliers. We will continue to verify the status of these initiatives, utilizing opportunities such as on-site inspections.

# Roadmap toward realizing carbon neutrality

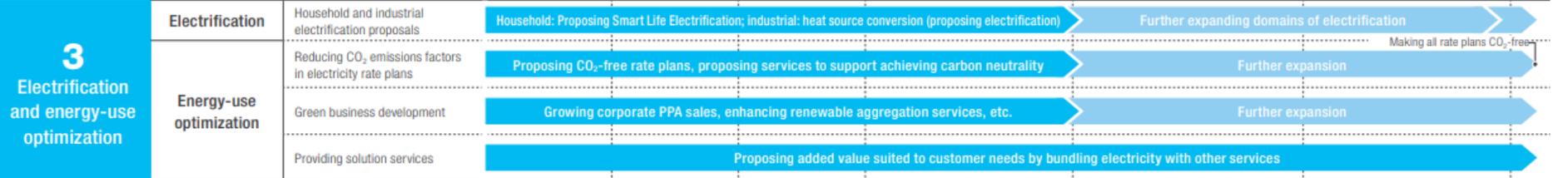
Halving CO<sub>2</sub> emissions (vs. FY2013)

Achieving carbon neutrality

2024 2025 2026 2027 2030 2040 2050



Demand-side contribution to CO<sub>2</sub> reductions: 2.5 million t-CO<sub>2</sub> or more

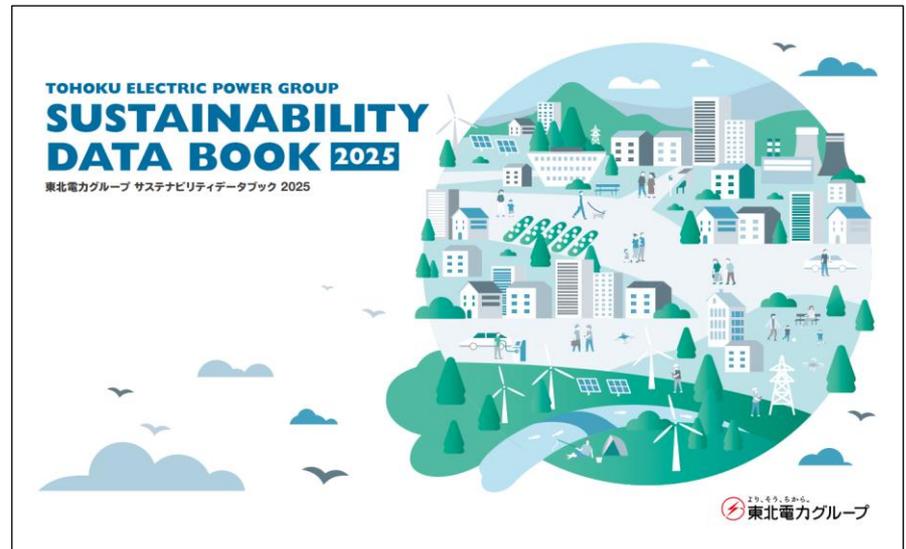


【URL】 <https://www.tohoku-epco.co.jp/ir/report/index-e.htm>

## Tohoku Electric Power Group Integrated Report 2025



## Tohoku Electric Power Group Sustainability Data Book 2025



The 2025 edition introduces the Tohoku Electric Power Group's approach and initiatives for leveraging its strengths in challenges and mid-to-long-term value creation. This includes President Ishiyama's top message and new value creation that views carbon neutrality and digital transformation as growth opportunities.

(Note)

This presentation solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our group. The information contains forward-looking statements based on assumptions and projections about the future with regard to our group.

As such, the readers are kindly asked to refrain from making judgment by depending solely on this information.

The forward-looking statements inherently involve a degree of risks and uncertainties. Consequently, these risks and uncertainties could cause the actual results and performance to differ from the assumed or projected status of our group. We hereby disclaim any responsibility or liability in relation to consequences resulting from decisions made by investors.

‘fiscal year ‘ in this presentation refers to the period from April to March of the following year