

Corporate Governance Report

CORPORATE GOVERNANCE

The Chugoku Electric Power Company, Incorporated

Last Update: October 31, 2025

The Chugoku Electric Power Company, Incorporated

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The corporate governance of The Chugoku Electric Power Company, Incorporated (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

At the Chugoku Electric Power Group (the “Group”), we are striving to enhance our corporate value and ensure sustainable growth by accurately responding to the increasingly complex and diverse demands of society. To do so, it is paramount that we maintain and improve our management transparency and fairness, and build a structure that allows us to quickly and resolutely make decisions pertaining to changes in our business environment. As such, we have formulated the following basic policy which we will continuously work to enhance and strengthen.

[Basic Policy]

(1) Securing Shareholders’ Rights and Equality

The Company appropriately ensures the protection of shareholders’ rights and strives to establish an environment in which shareholders can properly exercise those rights.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

The mission of the Group is to contribute to the realization of a sustainable society by creating socially valuable outcomes and achieving growth through sound business activities, based on the trust of society. With this understanding, the Company engages in appropriate cooperation with a wide range of stakeholders.

(3) Appropriate Information Disclosure and Ensuring Transparency

The Company ensures management transparency by disclosing not only financial information, but also non-financial information such as management strategies, business challenges, risks, and governance, in a timely and accurate manner.

(4) Responsibilities of the Board of Directors

Recognizing its fiduciary and accountability responsibilities to shareholders, the Board of Directors appropriately fulfills its roles and responsibilities by overseeing management and conducting proper risk management through the formulation and execution of management strategies and the establishment and operation of internal control systems, incorporating

external perspectives through Outside Directors, to support the Company's sustainable growth and enhance its corporate value over the medium to long term.

(5) Dialogue with Shareholders

The Company regards shareholders and investors as important partners in promoting business operations aimed at enhancing corporate value. The Company endeavors to provide timely and accurate information regarding its management environment, financial condition, and future-oriented management strategies, while also promoting meaningful two-way communication.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4: Policy on Cross Shareholding, Results of Examination of Significance of Shareholdings, and Standards for Exercise of Voting Rights]

○ Policy regarding cross shareholding

We look at whether the purpose of holding such shares is appropriate and whether the benefits and risks are in line with capital costs. Excluding cases where it is judged that such shares might benefit the maintained and improved corporate value of the Company and Group companies over the medium to long term, in principle, we do not hold any cross shareholdings.

Moreover, we regularly and continuously examine the significance of holding shares. If the holding of shares from a specific company is no longer deemed reasonable, we sell off the shares in question while giving careful consideration to our financial circumstances.

Furthermore, we conducted an examination on the above at a Board of Directors meeting in April 2025.

Regarding the state of sales, all or part of eight shareholdings were sold during FY2025, and the number of shareholdings held as of March 31, 2025, is nine.

○ Standards for Exercise of Voting Rights

In exercising voting rights, decisions of approval or disapproval are made for each proposal based on the premise of enhancing the medium- to long-term corporate value of the Group and its investee companies. In addition to evaluations from a governance perspective, such decisions are made, as necessary, through dialogue with investee companies and other relevant considerations.

[Principle 1-7: Approval Procedures for Transactions with Executives, Major Shareholders, etc.]

- For transactions involving Directors or entities or organizations where Directors serve as Representatives, all proposed transactions are subject to prior review by Legal Affairs Divisions. In cases where such transactions may present a conflict of interest between the Director and the Company, the transactions must be approved by a resolution of the Board of Directors in accordance with internal regulations, and the outcomes must be reported to the Board of Directors after execution.
- For other related party transactions, internal regulations, etc., specify the appropriate decision-makers and procedures based on factors such as the nature and amount of the transaction and its potential impact on management. For transactions that require submission to the Board of Directors, Legal Affairs Divisions conduct a prior review, including from the perspective of preventing conflicts of interest, and decisions are made accordingly. The results of such reviews are reported as appropriate.

[Supplementary Principle 2-4-1: Ensuring Diversity in Core Human Resources]

The Group recognizes that the active participation of each and every employee, possessing diverse experiences and values, is essential to its growth. Based on this recognition, the Group has established the "Policy for Promoting Active Participation of Diverse Human Resources," a comprehensive policy for the entire Group, and is working to promote diversity as an organization.

The proportion of female employees and the ratio of female managers at the Company have steadily increased in recent years, and in addition to these efforts, the Company has also been advancing the recruitment and promotion of non-Japanese nationals and mid-career hires, including to managerial positions, to further diversify its human resources.

Irrespective of gender, nationality, or other attributes, the Company continues to promote individuals to managerial positions based on a performance evaluation system that ensures fair and impartial assessment of job performance, execution capabilities, and aptitude, and through this framework, the Company is working to further diversify its management ranks.

With respect to female employees, the Company is promoting their further advancement in order to harness the collective strengths of employees with diverse personalities and perspectives, and to enhance organizational capabilities. As a specific numerical target, the Company has established an action plan that aims to raise the ratio of women in general manager positions to 6% or more, and the ratio of women in positions of section chief or higher to 7% or more, by the end of FY2028, thereby expanding the pool of candidates for executive positions.

Regarding non-Japanese nationals and mid-career hires, while their numbers remain limited, the Company continues to secure and leverage such personnel with consideration for business needs and expansion into growth areas. Although numerical targets for their promotion to managerial positions have not been established at this time, hiring plans are in place for mid-career recruitment, and efforts are ongoing to further secure and leverage such talent.

Details on indicators, targets, and achievements related to the active roles of female employees, the number of mid-career hires, as well as the "Policy for Promoting Active Participation of Diverse Human Resources", which is the Company's human resource development policy and workplace environment development policy to ensure diversity, and the status of their implementation, are available in Part I: Corporate Information, II: Business Overview, 2: Approach to and Initiatives for Sustainability of the "Securities Report" on the Company's website (<https://www.energia.co.jp/ir/pdf/ir13-2024.pdf>) (Japanese only).

[Principle 2-6: Exercising the Function of Asset Owner in Corporate Pension Management]

The Company operates a defined benefit corporate pension plan and strives to fulfill its expected role as an asset owner in managing the plan's reserves. In doing so, the Company follows the "Guidelines on the Roles and Responsibilities of Parties Involved in Asset Management of Defined Benefit Corporate Pension Plans," and undertakes the following initiatives:

- The Company has assigned personnel with expertise and experience in finance and accounting to oversee the investment of the pension reserves, thereby establishing a framework for proper management.
- A Corporate Pension Asset Management Committee has been established to formulate the fundamental policy and guidelines for managing corporate pension assets, and the Company determines the strategic asset allocation based on the above. Pension fund management is entrusted to multiple external asset managers, and the performance of each manager is reported to the Corporate Pension Asset Management Committee for evaluation.
- For the formulation and revision of the Basic Policy for Corporate Pension Asset Management, determination and revision of the strategic asset allocation, and evaluation of asset managers and the overall pension asset management performance, the Company has established a framework that engages multiple investment consultants, thereby ensuring that these tasks are conducted appropriately, with due consideration for expertise and credibility.

- The Company has expressed their support for and acceptance of the Asset Owner Principles.
Acceptance of the Asset Owner Principle (<https://www.energia.co.jp/corp/esg/assets/pdf/aop.pdf>) (Japanese only)

[Principle 3-1: Enhancement of Information Disclosure]

(1) Corporate Philosophy, Management Plan, etc.

- The “Corporate Philosophy” and “Chugoku Electric Power Group Corporate Vision” are disclosed on the Company’s website.
(<https://www.energia.co.jp/e/corp/concept.html>)
(https://www.energia.co.jp/e/ir/info/corporate_vision.html)
- The Action Plan (Outline of the Chugoku Electric Power Group Management Plan), which serves as the implementation plan for the Group Corporate Vision, is also disclosed on the Company’s website.
(<https://www.energia.co.jp/ir/irkeiei/gaiyou.html>) (Japanese only)
- The Chugoku Electric Power Group Integrated Report, which comprehensively presents initiatives aimed at realizing the Group Corporate Vision, along with information on business activities and sustainability efforts, is disclosed on the Company’s website.
(<https://www.energia.co.jp/e/ir/report/annual.html>)

(2) Basic Views and Basic Policies Regarding Corporate Governance

As stated in “I. 1. Basic Views” of this report.

(3) Policy and Procedures for Determining the Compensation of Management and Directors by the Board of Directors

As stated in “II. 1. Organizational Composition and Operation, Director Remuneration” of this report.

(4) Policy and Procedures for the Appointment and Dismissal of Management and the Nomination of Director Candidates

As stated in “II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.

(5) Explanation of Individual Appointments and Dismissals of Management and Nominations of Directors

The reasons for the nomination of each Director (excluding Directors who are Audit and Supervisory Committee Members) are provided in the Convocation Notice of the 101st Annual General Meeting of Shareholders (pages 6-12), and the reasons for the nomination of Directors who are Audit and Supervisory Committee Members are provided in the Convocation Notice of the 100th Annual General Meeting of Shareholders (pages 12-16).

(<https://www.energia.co.jp/e/ir/info/event.html>)

[Supplementary Principle 3-1-3: Initiatives Related to Sustainability]

○ Sustainability Initiatives and Investment in Human Capital and Intellectual Property

- In addressing sustainability-related challenges, the Company formulates and implements specific measures under the Chugoku Electric Power Group Medium-term Management Plan, with the aim of achieving the goals set forth in the Chugoku Electric Power Group Corporate Vision and the Energia Group Corporate Charter of Conduct. The Company’s initiatives toward realizing the Group Corporate Vision, including investments in human capital and intellectual property, are disclosed in documents such as the “Action Plan (Outline of the Chugoku Electric Power Group Management Plan)” and the “Chugoku Electric Power Group Integrated Report.”
(<https://www.energia.co.jp/ir/irkeiei/gaiyou.html>) (Japanese only)
(<https://www.energia.co.jp/e/ir/report/annual.html>)

- In addition, the Company's sustainability initiatives and human capital efforts are disclosed in Part I: Corporate Information, II: Business Overview, 2: Approach to and Initiatives for Sustainability of the "Securities Report" on the Company's website (<https://www.energia.co.jp/ir/pdf/ir13-2024.pdf>) (Japanese only).

Details regarding investments in intellectual property are disclosed in the "Energia Group Intellectual Property Report." (<https://www.energia.co.jp/eneso/kankoubutsu/chizai/>) (Japanese only)

○ Information Disclosure Based on the TCFD Recommendations

The Company discloses information aligned with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the "Chugoku Electric Power Group Integrated Report," which includes disclosures on its governance and risk management. The Company also collects necessary data and conducts scenario analysis, and discloses its strategy, metrics and targets, including the potential impact of risks related to climate change and opportunities on the Company's business activities and financial performance.

(<https://www.energia.co.jp/e/ir/report/annual.html>)

Additionally, the Company responds to the CDP questionnaire, which is structured based on the TCFD Recommendations framework.

(<https://www.energia.co.jp/energy/cdp/index.html>) (Japanese only)

[Supplementary Principle 4-1-1: Outline of the Scope of Delegation from the Board of Directors to Management]

- The Board of Directors makes decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation, in addition to key matters such as basic management policies and strategies, matters related to the General Meeting of Shareholders, matters concerning Directors and other important personnel, matters related to shares and bonds, matters related to the Company's financial accounts, and other important business executions. The Board of Directors also supervises the execution of duties by Directors. The scope of such authority and responsibilities is defined in the Board of Directors Regulations and other internal regulations.
- Decisions on individual business operations based on the basic management policies and strategies determined by the Board of Directors are delegated to executives, including the Representative Director, President & Chief Executive Officer.

[Principle 4-9: Standards for Determining Independence of Outside Directors]

As stated in "II. 1. Organizational Composition and Operation, Matters Concerning Independent Directors" of this report.

[Supplementary Principle 4-10-1: Views on the Independence, Authority, and Roles of the Nomination Committee and Compensation Committee]

As stated in "II. 1. Organizational Composition and Operation, Voluntary Established Committees" of this report.

[Supplementary Principle 4-11-1: Views on the Balance of Knowledge, Experience, and Skills, and on Diversity and Size of the Board of Directors]

- The size and composition of the Board of Directors are determined based on a comprehensive assessment of factors such as the activation of discussions within the Board, effective supervision, the Company's management environment and business conditions at any given time, and the balance of each individual's character, abilities, insight, and achievements, etc.

[Professional skills and experience required for Directors (Skills and Insights)]

- “Corporate management / Managerial strategy,” “Finance / Accounting,” “Legal affairs / Risk management,” “Sales / Marketing,” “Technology / Research,” “Governance,” “Group management / Overseas business,” “Environment / Society / Regional Contribution”

The skill matrix of Directors is disclosed on page 13 of the Convocation Notice of the 101st Annual General Meeting of Shareholders.

(<https://www.energia.co.jp/e/ir/info/event.html>)

- The above skill areas have been selected as essential for enabling effective decision-making and oversight by the Board of Directors, and for supporting the realization of the “Chugoku Electric Power Group Corporate Vision.”
- The skills of Inside Directors are assessed based on the advanced expertise gained through their experience as persons responsible for business execution, and those of Outside Directors are evaluated from the perspective of their professional background, experience at other organizations, and any relevant professional qualifications.
- To strengthen the supervisory function of the Board of Directors and to reflect external perspectives, the Company appoints multiple Outside Directors.
- At least three members consisting of the Board of Directors shall be Directors who are Audit and Supervisory Committee Members. In addition, at least one of them shall serve on a full-time basis in order to enhance the effectiveness of the audit function.

[Supplementary Principle 4-11-2: Concurrent Positions Held by Company Executives]

The status of concurrent positions held by Directors is disclosed in Convocation Notices of Annual General Meetings of Shareholders and other related documents.

(<https://www.energia.co.jp/e/ir/info/event.html>)

[Supplementary Principle 4-11-3: Analysis and Evaluation of the Overall Effectiveness of the Board of Directors]

In FY2025, the Company implemented the following measures based on initiatives identified in the previous fiscal year’s evaluation, namely, (1) Establishing key deliberation topics for the Board of Directors (corporate strategy, risk management, and human resources strategies) and (2) Examining further delegation of authority to the executive side.

- (1)-1 The Board of Directors Regulations were revised to clarify key deliberation topics.
- (1)-2 To ensure sufficient opinion exchange on these key topics, the Board of Directors properly utilized agenda items for discussion without requiring resolutions.
- (2) In order to create a governance structure with further emphasis on the Board of Directors’ supervisory function, authority was further delegated from the Board of Directors to the Representative Director, President & Chief Executive Officer.

For the evaluation of the effectiveness of the Board of Directors in FY2025, the Company conducted a questionnaire survey targeting all Directors regarding the current state of the Board of Directors, and the results of the questionnaire were discussed with all Directors. The Board of Directors deliberated on the results of the evaluation of the effectiveness of the Board of Directors based on the discussions.

The questionnaire covered the following areas:

- (1) Composition, agenda, operation, and support systems of the Board of Directors
- (2) Self-evaluation by Outside Directors

- (3) Composition, agenda, and operation of the Nomination Committee and Compensation Committee
- (4) Progress on initiatives identified in the previous fiscal year's evaluation

As a result of these deliberations, the Board of Directors concluded that it is functioning effectively as a whole, and that its effectiveness is appropriately maintained. Based on the findings of the questionnaire, subsequent dialogue session and discussions by the Board of Directors, the Company decided to implement the following measures to further enhance effectiveness of the Board of Directors and strengthen its monitoring functions:

- (1) Establishment of FY2031 Targets for the Outside Director and Female Director Ratios
 Ratio of Outside Directors: 50% or more
 Ratio of Female Directors: 30% or more
- (2) Implement measures to secure adequate time for Board of Directors discussions and enhance deliberation quality (Omitting explanations of agenda items already reviewed in advance, enhancing the processes and reporting of discussions by internal committees, etc.)
- (3) As essential perspectives for discussions on the key deliberation topics set in the previous fiscal year (corporate strategy, risk management, and human resources strategies), the Company identified the following: policies on talent acquisition and development aligned with corporate strategy; the relationship between risks faced by individual departments and company-wide risks; and the correlation among risks across departments.

The results of above Board of Directors evaluation are also shared not only among Directors but with heads of all relevant departments.

[Supplementary Principle 4-14-2: Policy on Training for Directors]

- In addition to attending external seminars at the time of their appointment, Directors continue to acquire the expertise they require as Directors (including Audit and Supervisory Committee Members) after their appointment through external seminars and lectures. They also work to improve their knowledge through interaction with managers and auditors, for example, from other companies through economic organizations and the Japan Audit & Supervisory Board Members Association.
- The Company supports Directors in fulfilling their duties by providing such opportunities and bearing the associated costs.

[Principle 5-1: Policy on Establishing a Framework for Promoting Constructive Dialogue with Shareholders]

The Company's policy on dialogue with shareholders is disclosed on its website:

(<https://www.energia.co.jp/e/ir/info/policy.html>)

In addition, the head of the Compliance Promotion Division has been designated as the management executive or Director responsible for overseeing all aspects of dialogue with shareholders.

[Status of Dialogue with Shareholders]

- In addition to "financial briefings" held after the second quarter and fiscal year-end, the Company engages in timely and appropriate exchanges of opinions with shareholders, institutional investors, and securities analysts, including those conducted by the President and Outside Directors.
- Feedback and opinions received through these dialogue activities are regularly reported to management and the Board of Directors and are reflected in the Company's business operations where appropriate.

- Records of dialogue with shareholders and investors are disclosed on the Company's website:
(<https://www.energia.co.jp/ir/irzaimu/dialogue.html>) (Japanese only)
- In addition, Q&A sessions from financial briefings are published on the Company's website:
(<https://www.energia.co.jp/e/ir/info/investors.html>)

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	October 31, 2025

Explanation of Actions

- The Company's PBR remains below 1x, The Company recognizes the need to continue our efforts to improve profitability and asset efficiency. The Company believe that the main reasons for the low PBR have been low profit margins due to higher unit costs of power generation resulting from the shutdown of nuclear power plants and deteriorating business performance due to intensifying competition in the retail market and soaring fuel and market prices, as well as low asset efficiency due to an increase in long-term inactive assets.
- Most recently, ROE and ROIC have been improving as a result of the restart of Shimane Nuclear Power Station Unit 2 to improve profitability, as well as the decommissioning of aging thermal power plants and streamlining of assets through asset sales and other measures.
- “The Chugoku Electric Power Group Corporation Vision 2040” formulated in September 2025 set targets for ROE and ROIC from the perspective of further promoting management that takes into account capital costs and stock prices. In order to achieve this goal, the Company will accelerate efforts to improve profit margins and asset efficiency.
- Details are disclosed in the Chugoku Electric Power Group Integrated Report 2025:
Japanese: (https://www.energia.co.jp/ir/irzaimu/pdf/tougou/tougou_01.pdf)
English: (<https://www.energia.co.jp/e/ir/report/pdf/integrated-01.pdf>)

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	46,306,200	12.85
Yamaguchi Prefecture	34,004,957	9.43
Custody Bank of Japan, Ltd. (trust account)	16,172,760	4.49
Nippon Life Insurance Company	10,372,862	2.88
Chugoku Electric Power Company's Stock Investment	7,024,413	1.95
The Hiroshima Bank, Ltd.	5,842,333	1.62
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	5,433,500	1.51
STATE STREET BANK WEST CLIENT - TREATY 505234	3,604,900	1.00
Ota Yoshiaki	3,261,700	0.91
STATE STREET BANK AND TRUST COMPANY 505001	2,930,998	0.81

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

- Information is as of March 31, 2025.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Electric Power & Gas
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

The Company has formulated the Chugoku Electric Power Group Corporate Vision to promote the steady development of the Group through integrated business activities, and provides support for the business operations of Group companies. Group companies, while pursuing independent management and striving to improve their own performance, cooperate with Chugoku Electric Power and other Group companies with the shared principle of promoting the overall development of the Group.

Among the Group companies, CHUDENKO CORPORATION (“Chudenko”), an affiliated company, is listed on the Tokyo Stock Exchange. Chudenko and the Company maintain a business relationship through contracts for electrical construction and related services, and cooperate in the electricity business, which forms the core business foundation of the Group.

The Company respects Chudenko’s management independence as a listed company. Of Chudenko’s 11 Directors, six are Independent Outside Directors. In addition, Nomination and Remuneration Advisory Committees have been established, of which six of the eight members are Independent Outside Directors, thereby ensuring independence in decisions on nomination and remuneration. Furthermore, when conducting transactions with Chudenko, the Company determines transaction terms through price negotiations based on prevailing market prices as in general transactions, thereby striving to ensure that the interests of Chudenko’s shareholders are not unduly impaired.

At the same time, with respect to matters that fall within the scope of the Group as a whole or are necessary for Group-wide risk management, the Company requires prior consultation and reporting from Chudenko, while ensuring that Chudenko’s ability to make independent decisions is preserved.

The approach to Group management and the capital policies of individual companies will continue to be reviewed as necessary, taking into account the Company’s management environment and other circumstances.

(No other matters to note as of this time)

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	13
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shobuda Kiyotaka	From another company											
Tanaka Hiroki	From another company											
Okajima Rena	From another company											
Otani Noriko	Academic											
Kuga Eiichi	Other											
Fujimoto Keiko	Lawyer											

*Categories for "Relationship with the Company."

*Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past

*Use "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shobuda Kiyotaka		○	—	- Shobuda Kiyotaka has extensive work experience in Japan and overseas, including at Mazda Motor Corporation and its overseas affiliates, and has broad insight into business management. The Company has appointed him as an Outside Director on the basis of expectations that he will leverage his extensive insight as a corporate manager to manage the Company from an objective standpoint. - Since he does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated him as an Independent Director.
Tanaka Hiroki		○	—	- Tanaka Hiroki has broad insight into financial markets and monetary policy, cultivated over many years in key positions at the Bank of Japan. He also has extensive insight as a corporate manager. The Company has appointed him as an Outside Director on the basis of expectations that he will leverage this experience and insight to manage the Company from an objective standpoint. - Since he does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated him as an Independent Director.

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Okajima Rena		○	—	- Okajima Rena has broad insight into corporate management as an entrepreneur, including her leadership at ALE Co., Ltd. She also has expertise in corporate finance and investment evaluation. The Company has appointed her as an Outside Director on the basis of expectations that she will leverage this extensive insight to manage the Company from an objective standpoint. - Since she does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated her as an Independent Director.
Otani Noriko	○	○	—	- Otani Noriko has high-level knowledge in the actual conditions of regional communities and corporate social contribution activities as an expert in sociology. The Company has appointed her as an Outside Director on the basis of expectations that she will continue to contribute to the Company with fair and accurate audit and supervision of management based on her specialized knowledge from an objective, fair, and neutral standpoint by utilizing her extensive experiences and achievements. - Since she does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated her as an Independent Director.

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kuga Eiichi	○	○	—	- Kuga Eiichi has specialized knowledge on risk management and corporate audits. The Company has appointed him as an Outside Director on the basis of expectations that he will contribute to the Company with objective, fair and neutral audit and supervision by utilizing his extensive experiences and achievements. - Since he does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated him as an Independent Director.
Fujimoto Keiko	○	○	—	- The Company has appointed her as an Outside Director on the basis of expectations that she will give accurate audit and supervision from an objective, fair, and neutral standpoint by utilizing her extensive experiences and achievements as an attorney-at-law. - Since she does not fall under any of the criteria listed as factors affecting independence, and is considered to present no risk of conflict of interest with general shareholders, the Company has designated her as an Independent Director.

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

With respect to said staff, in order to ensure their independence from Directors (excluding Directors who are Audit and Supervisory Committee Members), they are not permitted to concurrently engage in any work related to the execution of duties

by such Directors (excluding Directors who are Audit and Supervisory Committee Members). In addition, personnel matters concerning such staff are implemented with the consent of the Audit and Supervisory Committee.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Division

- The Audit and Supervisory Committee, the Accounting Auditor (KPMG AZSA LLC), and the Internal Audit Division exchange information with one another and among themselves to ensure mutual collaboration based on audit findings.
- To enhance the effectiveness of their respective audits, the Audit and Supervisory Committee, the Accounting Auditor, and the Internal Audit Division hold liaison meetings approximately twice a year to exchange information and opinions and to share common understanding.
- The Audit and Supervisory Committee maintains close cooperation with the Accounting Auditor by receiving explanations of audit plans and results and by holding regular opinion exchanges.
- The Audit and Supervisory Committee and the Internal Audit Division exchange audit policies and plans, including internal audit plans, and share information and opinions as appropriate.
- The Audit and Supervisory Committee receives reports from the Internal Audit Division, as necessary, regarding the status and results of internal audits, including those conducted on Group companies.

Voluntary Established Committees

Voluntary Establishment of Committees equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committees, Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	8	0	2	6	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	8	0	2	6	0	0	Outside Director

Supplementary Explanation

- The Company has established a Nomination Committee and a Compensation Committee as advisory bodies to the Board of Directors in order to enhance the objectivity and transparency of the decision-making process concerning matters related to the appointment and dismissal of Directors as well as the Director compensation. Each committee is composed of the Representative Director, Chairperson of the Board, the Representative Director, President and Chief Executive Officer, and Independent Outside Directors. To ensure independence and objectivity, a majority of each committee's members are Independent Outside Directors, and the chair of each committee is an Independent Outside Director.
The Compliance Promotion Division serves as the secretariat for both committees.
- The Nomination Committee deliberates on matters such as the policy for selecting candidates for Director, the appointment and dismissal of Directors (excluding Directors who are Audit and Supervisory Committee Members), and the appointment and dismissal of Representative Directors. The results of these deliberations are reported to the Board of Directors. In FY2025, the committee met four times, with an attendance rate of 100% for all members.
- The Compensation Committee deliberates on matters such as the policy for determining Directors' compensation, performance-linked bonuses for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members), and individual compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members). The results of these deliberations are reported to the Board of Directors. In FY2025, the committee met three times, with an attendance rate of 100% for all members.

Matters Concerning Independent Directors

Number of Independent Directors

6

Other Matters Concerning Independent Directors

The Company designates all Outside Directors who meet the qualifications of Independent Directors as Independent Directors.

[Criteria for Determining the Independence of Outside Directors]

The independence of Outside Directors at the Company is determined on the basis that they do not fall under any of the following categories (1) through (5):

- (1) A person who regards the Company as a principal customer, or an executive thereof
- (2) A principal customer of the Company, or an executive thereof
- (3) A consultant, accounting professional, or legal professional (or, if such remuneration is received by a corporation, partnership, or other organization, a member of such organization) who receives from the Company a significant amount of money or other property in addition to executive compensation
- (4) A person who has recently fallen under any of the above categories (1) through (3)
- (5) A relative within the second degree of kinship of any of the following persons:
 - a. A person who falls under any of the above categories (1) through (4)
 - b. An executive of a subsidiary of the Company or a non-executive Director of such subsidiary
 - c. A person who recently fell under b. above or who was recently an executive of the Company

[Standard for Omission of “Independent Director Attributes Information”]

The following transactions and donations involving Independent Directors (including their origin organizations) are omitted from disclosure on the grounds that, given their nature and scale, they are not considered to have any impact on the judgment of shareholders when exercising their voting rights:

- Standard transactions such as those based on electricity supply contracts
- Transactions (including donations) with an amount of less than 10 million yen

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

As stated in “II. 1. Organizational Composition and Operation, Director Remuneration” of this report.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The content of director compensation for the Company in FY2025 is as follows.

Director category	Total amount of compensation, etc.	Total amount of compensation, etc., by category			Number of applicable Directors
		Monthly salary	Performance-linked bonus	Performance-linked, stock-based remuneration	
Directors (Excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	¥427 million	¥264 million	¥80 million	¥83 million	7
Directors who are Audit and Supervisory Committee Members (Excluding Outside Directors)	¥36 million	¥36 million	—	—	2
Outside Directors	¥60 million	¥60 million	—	—	6

Note 1: The number of Directors subject to the above monthly salary includes two Directors who retired at the conclusion of the 100th Annual General Meeting of Shareholders held on June 26, 2024.

Note 2: The performance-linked, stock-based remuneration consists of position-based points, which are determined according to the position held, and performance-linked points, which are granted based on the achievement level of consolidated ordinary income targets, in order to provide incentives for medium- to long-term improvement in business performance and enhancement of corporate value. Performance-linked points are determined for each management plan period and will be finalized based on the achievement level of consolidated ordinary income targets at the end of FY2026. The total

amount of performance-linked stock compensation for the current fiscal year represents the expenses recorded in FY2025 corresponding to the points granted to Directors.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

[Policy and Procedures for Determining Directors' Compensation]

○ Policy

Director compensation is determined based on the following policy:

a. Basic Policy

- Compensation levels are set at an appropriate standard, taking into account the Company's management environment as well as the levels at listed companies in general and at companies in comparable industries and business categories.
- In order to fulfill the mandate of shareholders and enable sustainable growth, both short-term and medium- to long-term performances are considered.
- Compensation for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) consists of monthly salary (basic compensation), performance-linked bonuses (short-term performance-linked remuneration), and performance-linked stock-based remuneration (medium- to long-term performance-linked remuneration). The ratio is set with a guideline of "Monthly salary : Performance-linked bonus : Performance-linked stock-based remuneration = 7 : 1 : 2."
- Compensation for Outside Directors and Directors who are Audit and Supervisory Committee Members consists solely of monthly salary (basic compensation), in light of their responsibilities.

b. Monthly Salary (Basic Compensation)

- Paid in cash.
- Determined according to the Company's management environment and the position held by each individual.

c. Performance-linked Bonus (Short-term Performance-linked Compensation)

- Paid in cash to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) after the close of each fiscal year, at a specified time during the following fiscal year.
- Consolidated ordinary income is used as the primary performance indicator to clarify accountability for the Company's performance and provide incentives for improvement. The results of ESG initiatives, including employee engagement and CO₂ emissions reductions, are also reflected in determining the total amount of performance-linked bonuses for each fiscal year.
- The total amount of performance-linked bonuses is then allocated based on the position of each individual.

d. Performance-linked Stock-based Remuneration (Medium- to Long-term Performance-linked Remuneration)

- Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) are granted points calculated under the Regulations on Stock-based Remuneration for Directors, with common shares of the Company and a portion of such shares converted into cash at market value to be delivered upon retirement, in proportion to the cumulative points granted.

- To provide incentives for medium- to long-term improvement in business performance and enhancement of corporate value, points consist of: (i) position-based points, which are granted each fiscal year according to position; and (ii) performance-linked points, which are granted in a lump sum after the end of each management plan period determined by the Board of Directors, based on the achievement level of consolidated ordinary income targets set forth in the management plan.

e. Determination of Individual Compensation Amounts

- The amounts of monthly salary and performance-linked bonuses for each Director (excluding Directors who are Audit and Supervisory Committee Members) are delegated by resolution of the Board of Directors to the Chairperson. To ensure the proper exercise of this authority, the Board of Directors consults with the Compensation Committee, the majority of whose members are Outside Directors, regarding compensation levels, etc. The Chairperson, having received such delegation, must respect the results of the Compensation Committee's deliberations in making determinations.

(Matters Concerning Shareholders' Meeting Resolutions on Directors' Compensation)

Matters relating to resolutions of the General Meeting of Shareholders regarding Directors' compensation are disclosed in the Securities Report:

(<https://www.energia.co.jp/ir/irzaimu/yuuka.html>) (Japanese only)

o Procedures

- Matters concerning compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) are deliberated by the Compensation Committee, which includes Outside Directors as members, and are resolved by the Board of Directors.
- Matters concerning compensation for Directors who are Audit and Supervisory Committee Members are determined through consultation among the Audit and Supervisory Committee directors themselves at the Audit and Supervisory Committee.

Support System for Outside Directors

- The Compliance Promotion Division serves as the contact point for Outside Directors (excluding those who are Audit and Supervisory Committee Members), while the Audit and Supervisory Committee Members Office serves as the contact point for Outside Directors who are Audit and Supervisory Committee Members, providing support for the execution of their duties through the provision of information, as well as coordination and communication with internal departments.
- In addition, for meetings of the Board of Directors and the Audit and Supervisory Committee, materials are, in principle, distributed in advance, and when necessary, prior explanations of agenda items to be deliberated by the Board of Directors are provided by the responsible divisions.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as President/ CEO ended	Term
Karita Tomohide	Special Advisor	Social contribution activities, etc.	Full-time, with compensation	June 28, 2022	Renewed annually

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as Representative Director and President, etc.

1

Other Related Matters

- The appointment of Special Advisors is resolved by the Board of Directors following deliberation by the Nomination Committee, a majority of whose members are Independent Outside Directors and whose chair is an Independent Outside Director.
- Compensation for Special Advisors is determined by resolution of the Board of Directors.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

[Matters Related to Business Execution]

- The Board of Directors, in principle, meets once a month to decide on basic management policies and plans as well as important matters of business execution, while supervising the execution of duties by Directors through reports on business execution and other means. To enhance the objectivity and transparency of management, six Independent Outside Directors with no conflicts of interest with management have been appointed. In FY2025, the Board of Directors met 15 times, with an attendance rate of 99% by Directors.
- The Management Committee, consisting of the President and Chief Executive Officer, Heads of Divisions and Offices, and Heads of Promotion Divisions and Offices in principle meets weekly to conduct sufficient deliberation on important management matters, including those to be submitted to the Board of Directors.
- The Company has introduced a system of Executive Officers to whom authority is delegated by the Board of Directors for the execution of business, thereby enhancing management efficiency and clarifying accountability for execution.
- As an advisory body to the Board of Directors, the Company has established the Corporate Ethics Committee, chaired by the Chairperson and including external experts as members. The Committee, in principle, meets four times a year to deliberate on important compliance-related matters.

[Matters Related to Audit, etc.]

- The Audit and Supervisory Committee is composed of four Directors who are Audit and Supervisory Committee Members, including three Outside Directors (two of whom are women). In accordance with the audit policies and plans established by

the Committee, strict audits of the execution of duties by Directors are conducted through attendance at the Management Committee and other important meetings, hearings from Directors and others on the status of execution of duties, review of important approval documents, inspections of business operations and assets at the head office and business offices, and reports received from Group companies. In addition, the Committee engages in opinion exchanges through regular meetings with Representative Directors.

The Audit and Supervisory Committee also fulfills a supervisory function over executives by exercising its right to state opinions at General Meetings of Shareholders regarding matters such as the appointment and compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members). In forming such opinions, the Committee confirms the appropriateness of the deliberations held by the Nomination Committee and Compensation Committees.

To provide practical support for its operations, the Audit and Supervisory Committee is assisted by eight dedicated staff members under its direct control.

- For the accounting audit of the Company, KPMG AZSA LLC has been appointed as the Accounting Auditor. For the accounting audit in FY2025, three certified public accountants Ozaki Kozo, Miyoshi Toru, and Takafuji Akihiro, who are engagement partners (designated limited liability partners) of the firm, properly conducted the audit in accordance with auditing standards generally accepted as fair and appropriate, together with 15 certified public accountants, four individuals who have passed the CPA examination, and 19 others. The number of years of continuous auditing for each engagement partner is no more than seven years.
- The Internal Audit Division, as an organization independent from business execution lines, conducts internal audits of the Company and its Group companies, verifying the appropriateness and effectiveness of internal control systems. The results of these audits are reported to the President, the Board of Directors, and the Audit and Supervisory Committee, and recommendations for improvements are provided to the relevant departments.

[Policy and Procedures for the Selection of Director Candidates, etc.]

○ Policy

The selection of candidates for Directors and Executive Officers is carried out based on the following policy:

- Candidates for Director are selected based on the view on the balance and size of the Board of Directors, from among individuals capable of providing accurate and strategic guidance for the development of the Chugoku Electric Power Group as a whole and for the sophistication of management, while also contributing to strengthening oversight of management.
- Executive Officers with titles are selected from among individuals who, in addition to serving as members of the business execution team, can respond swiftly and decisively to management challenges with the perspective of corporate managers.

○ Procedures

- Candidates for Director (excluding candidates for Directors who are Audit and Supervisory Committee Members) are determined by the Board of Directors following deliberation by the Nomination Committee, which includes Outside Directors as members.
- Candidates for Directors who are Audit and Supervisory Committee Members are determined by the Board of Directors with the consent of the Audit and Supervisory Committee.

[Policy and Procedures for the Dismissal of Directors, etc.]

- Policy

The dismissal of Directors (excluding Directors who are Audit and Supervisory Committee Members) and other officers shall be carried out if it becomes evident that they lack the qualities required under the policy for the selection of Director candidates, such as in cases where they have engaged in unjust or improper conduct in the execution of their duties, or where the process or results of their execution of duties are significantly inadequate.

- Procedures

- When proposing the dismissal of a Director (excluding Directors who are Audit and Supervisory Committee Members) at a General Meeting of Shareholders, the matter is first deliberated by the Nomination Committee, which includes Outside Directors as members, and then resolved by the Board of Directors.
- The dismissal of Representative Directors and Executive Officers with titles is determined by the Board of Directors following deliberation by the Nomination Committee, which includes Outside Directors as members.

[Matters Related to Limitation of Liability Agreements]

Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company has entered into agreements with Non-executive Directors to limit their liability under Article 423, Paragraph 1 of the Companies Act.

The maximum amount of liability under such agreements is the amount prescribed by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

- In light of significant changes in the management environment surrounding the Company, it has been deemed necessary to establish a framework that allows for more flexible and prompt responses. Accordingly, the Company has adopted the structure of a Company with an Audit and Supervisory Committee, thereby enabling swift and decisive decision-making, while also further enhancing management transparency and fairness, as well as strengthening the supervisory function.
- To enhance the objectivity and transparency of management, the Company appoints Outside Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The “Convocation Notice of the 101st Annual General Meeting of Shareholders” held on June 26, 2025, was dispatched on June 5.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 101st Annual General Meeting of Shareholders was held on June 26, 2025.
Electronic Exercise of Voting Rights	Voting rights may be exercised via the Internet or through the electronic voting platform for institutional investors.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Notice of Convocation and the Reference Materials for the General Meeting of Shareholders are made available in English on the Company’s English website, the electronic voting platform, and the Tokyo Stock Exchange website.
Other	- In presenting the Business Report and other matters at the General Meeting of Shareholders, the Company provides clear and detailed explanations, including the use of video presentations, to ensure that shareholders can easily understand the content. - The Convocation Notice of the Annual General Meeting of Shareholders and related documents were disclosed on the Company’s website and on TDnet on May 26, 2025. - From the perspective of enhancing information disclosure, the proceedings of the 101st Annual General Meeting of Shareholders were live-streamed via the Internet.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	To further enhance the understanding and trust of shareholders and investors, the Company has formulated and published its Basic Policy on Investor Relations (IR). (https://www.energia.co.jp/e/ir/info/policy.html)	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company held briefing sessions on its financial results and management status as follows:	Held

	○ FY2025 - Investors Meeting for FY2024 Financial Results (May 13, 2024) - Investors Meeting for FY2025 2nd Quarter Financial Results (November 11, 2024) ○ FY2026 - Investors Meeting for FY2025 Financial Results (May 12, 2025) In addition, the Company holds individual meetings with domestic and overseas institutional investors as necessary, and also conducts IR activities such as ESG meetings and small meetings.	
Online Disclosure of IR Information	The Company's website provides management messages, financial information, IR tools, and information on shares and shareholders, along with clear explanations of the Company's initiatives for shareholders and investors. (https://www.energia.co.jp/e/ir/) In addition, information such as briefing session materials is disclosed in English for overseas investors. (https://www.energia.co.jp/e/ir/)	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate Management Division (IR and Management Analysis Group)	
Other	Through IR activities, the Company provides timely and accurate information on its management environment, financial position, and future-oriented management strategies, while also striving to enhance two-way communication.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	In the Energia Group Corporate Charter of Conduct (established in December 2019 and published in January 2020), which sets forth the direction and principles of conduct that the Group aspires to, the Company declares its commitment to “contributing to the realization of a sustainable society, based on the trust of society (including stakeholders).” The Charter also provides that the Company reflects societal expectations and customer needs in its business activities through dialogue with a wide range of stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Details of initiatives addressing social issues, including environmental conservation activities, are disclosed on the Company’s website in the Chugoku Electric Power Group Integrated Report: (https://www.energia.co.jp/e/ir/report/annual.html)
Formulation of Policies, etc. on Provision of Information to Stakeholders	Furthermore, the Energia Group Corporate Charter of Conduct stipulates “enhancement of communication with society” as one of the Group’s principles of conduct.
Other	Indicators, targets, and achievements related to the active participation of female employees, the number of mid-career hires, and the Group’s policies and implementation status regarding human resource development and workplace environment improvements aimed at ensuring diversity are disclosed in Part I: Corporate Information, II: Business Overview, 2: Approach to and Initiatives for Sustainability of the “Securities Report” on the Company’s website (https://www.energia.co.jp/ir/pdf/ir13-2024.pdf) (Japanese only).

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company has established the following Basic Policy on Development of Systems to Ensure the Proper Execution of Business Operations as its fundamental approach to internal control system, and develops and operates internal control systems based on this policy.

[Basic Views]

[Basic Policy on Development of Systems to Ensure the Proper Execution of Business Operations] (Established April 28, 2006; Revised January 23, 2020; Revised April 1, 2024)

To remain a company trusted and chosen by shareholders, investors, customers, and local communities, the Company will continue to develop the necessary organizations and systems in accordance with the following policies, and, the Energia Group, as a whole, will promote appropriate business activities.

1. System to Ensure that the Execution of Duties by Directors, Executive Officers, and Employees Complies with Laws and Regulations and the Articles of Incorporation

- (1) The Board of Directors, in principle, shall meet once a month to decide on basic management policies and plans, as well as important matters of business execution, while receiving reports from Directors on a regular basis, or as necessary, regarding the status of their execution of duties, and supervising such execution. The Board of Directors may also request Executive Officers, as necessary, to report on the status of their execution of duties.
- (2) To allow sufficient deliberation on important management matters, including those to be submitted to the Board of Directors, the Management Committee shall meet weekly in principle.
- (3) By entrusting Executive Officers with the execution of business, the Company aims to strengthen the decision-making and supervisory functions of the Board of Directors, and to improve the efficiency of business execution.
- (4) The Energia Group Corporate Charter of Conduct and the Chugoku Electric Power Compliance Charter shall be established, and Directors and Executive Officers are expected to set an example by following these charters while assuming the role of ensuring their thorough dissemination among employees.
- (5) The Corporate Ethics Committee, chaired by the Chairperson and including external experts, shall be established as an advisory body to the Board of Directors, to deliberate on important compliance matters. In addition, an organization shall be established to oversee the promotion of compliance, and, in order to ensure thorough corporate ethics and legal compliance, it shall continuously develop and enhance systems related to promotion of compliance, and provide education for Directors, Executive Officers, and employees.
- (6) In order to prevent and correct violations of laws and regulations and other misconducts, the Corporate Ethics Consultation Desk shall be established, to enable employees to directly consult or report, both internally and externally (to a law firm), and to provide appropriate responses, including protection of the consulter.
- (7) Each organizational head shall conduct self-checks and training on compliance within its organization, while continuously developing and improving systems related to business operations.
- (8) An organization shall be established to oversee internal control over financial reporting, ensuring the reliability of financial reporting through the development, guidance, and coordination of relevant systems.

- (9) An organization shall be established to oversee responses to unreasonable demands by antisocial forces that threaten public order and safety, taking a resolute stance against such groups and confronting them firmly.
- (10) An Internal Audit Division, independent from business execution lines, shall be established to conduct audits to ensure the appropriateness of operations.

2. Regulations and Systems for Management of Risk of Loss for the Company

- (1) The Basic Risk Management Policy and the Risk Management Regulations shall be established. Each organization shall identify, evaluate, and consider countermeasures for various risks, and incorporate them into management plans to continuously practice risk management.
- (2) An organization shall be established to oversee risk management, providing guidance and coordination necessary for risk management. The Risk Strategy Meetings, chaired by the President and Chief Executive Officer, shall be established to comprehensively deliberate on policies for responding to significant management risks.
- (3) In the event of, or likelihood of, significant management risks such as large-scale disasters, a response headquarters shall be established to centrally collect and manage information, implement countermeasures promptly and smoothly, and disclose information in a timely and appropriate manner.

3. System for Retention and Management of Information Related to the Execution of Duties by Directors and Executive Officers

Documents (including electronic records) related to the execution of duties by Directors and Executive Officers shall be appropriately retained and managed under the Company's rules on document management, etc. Legally required retention periods shall be observed, and where no such period is specified, a necessary retention period shall be established.

4. System to Ensure Efficient Execution of Duties by Directors and Executive Officers

- (1) By clarifying basic management policies and objectives, and appropriately implementing the management cycle through the Management Plan System, the Company shall promote efficient business operations.
- (2) The Company shall continuously improve organizational structures to ensure efficient execution of duties. Specifically, it shall appropriately maintain and improve its organization (organizational frameworks, division of duties, authority of positions), systems, and information systems.

5. Systems to Ensure the Proper Execution of Business Operations within the Corporate Group

- (1) System to Ensure that the Execution of Duties by Directors, Executive Officers, and Employees of Group Companies Complies with Laws and Regulations and the Articles of Incorporation, and that the Execution of Duties by Directors and Executive Officers is Conducted Efficiently
 - a. The Company shall establish an organization to oversee Group company management, defines the policies and objectives of Group management, and promotes efficient, integrated business operations for the Group as a whole. The Company shall also develop systems for the management of Group companies and provide appropriate guidance and support for their business activities.

- b. With respect to the development of systems for promoting compliance at Group companies, the relevant organizations of the Company shall coordinate to provide appropriate guidance and support.
- c. The Corporate Ethics Consultation Desk established by the Company shall respond appropriately to consultations and reports related to Group companies.
- d. The Company's Internal Audit Division conducts audits of Group companies from the perspective of ensuring the appropriateness of their business operations.

(2) Regulations and Systems for Management of Risk of Loss for Group Companies

The Company's relevant organizations shall coordinate to provide appropriate guidance and support in developing systems to promote risk management at Group companies.

(3) System for Reporting to the Company on the Execution of Duties by Directors and Executive Officers of Group Companies

- a. When implementing matters that may have a significant impact on Group management, Group companies are required to consult with or report to the Company.
- b. In addition, when facts arise or are expected to arise at Group companies that may have a significant impact on Group management from the perspective of compliance or risk management in cases other than a. above, the Company requires that such matters be reported to it.

6. Matters Regarding Employees Assigned to Assist the Audit and Supervisory Committee, the Independence of Such Employees from Directors (Excluding Directors Who Are Audit and Supervisory Committee Members), and Ensuring the Effectiveness of Instructions from the Audit and Supervisory Committee to Such Employees

A dedicated organization independent of the authority of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be established to provide assistance to the Audit and Supervisory Committee, with necessary staff assigned. Such staff members shall not concurrently engage in duties related to the execution of duties by Directors (excluding Directors who are Audit and Supervisory Committee Members) and shall be placed solely under the direction and control of the Audit and Supervisory Committee. In addition, personnel matters concerning such staff shall be subject to the consent of the Audit and Supervisory Committee.

7. System for Reporting to the Audit and Supervisory Committee

(1) System for Reporting to the Audit and Supervisory Committee by Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and Employees of the Company

- a. The Audit and Supervisory Committee may allow its members to attend important meetings such as the Management Committee and the Corporate Ethics Committee.
- b. Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees must promptly report to the Audit and Supervisory Committee when facts that fall under matters to be reported to the Committee arise or are expected to arise.

(2) System for Reporting to the Audit and Supervisory Committee by Directors, Executive Officers, Auditors, and Employees of Group Companies, or by Persons Receiving Reports from Them

Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees of

the Company who receive consultations or reports on matters related to the execution of duties by Group companies' Directors or Executive Officers, or those who receive consultations or reports on matters related to Group companies through the Corporate Ethics Consultation Desk, must promptly report to the Company's Audit and Supervisory Committee.

(3) System to Ensure Protection from Unfavorable Treatment on the Grounds of Reporting to the Audit and Supervisory Committee

The Company prohibits any disadvantageous treatment of persons who have reported to the Audit and Supervisory Committee on the grounds of such reporting, and maintains systems to ensure this protection.

8. Policy on Handling Expenses or Liabilities Arising from the Execution of Duties by Audit and Supervisory Committee Members (Limited to Duties Related to the Audit and Supervisory Committee)

With respect to expenses and other costs claimed by Audit and Supervisory Committee Members in connection with the execution of their duties (limited to duties related to the Audit and Supervisory Committee), the Company shall promptly process such expenses, unless it is proven that they are not necessary for the execution of duties related to the Audit and Supervisory Committee.

9. Other Systems to Ensure the Effective Implementation of Audits by the Audit and Supervisory Committee

- (1) The Representative Directors shall hold regular meetings with the Audit and Supervisory Committee to exchange opinions and deepen mutual understanding regarding overall management.
- (2) Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees must promptly comply when requested by Audit and Supervisory Committee Members designated by the Committee to provide explanations on the status of execution of duties or to permit review of important approval documents. In addition, the Internal Audit Division shall report internal audit results to the Audit and Supervisory Committee, and take other measures as appropriate to work in coordination with the Committee in order to enhance the effectiveness of audits.

[Note] : Group companies refer to subsidiaries and affiliated companies accounted for by the equity method under the Companies Act.

[Status of Development]

The development of systems based on the above basic policy has been completed, and the Company is continuing its efforts to maintain and enhance the systems.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

In its "Chugoku Electric Power Compliance Charter," the Company stipulates its commitment to resolutely confront antisocial forces that pose a threat to public order and safety. To this end, the Company has established a department responsible for overall coordination, developed various systems including collaboration with external specialist organizations, and promotes a company-wide approach to this initiative.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	
—	

2. Other Matters Concerning the Corporate Governance System

[Overview of the Timely Disclosure System]

The Company has established internal rules, including the Regulations for the Prevention of Insider Trading and the Detailed Rules for the Prevention of Insider Trading, etc., which set forth the framework and internal procedures for managing and timely disclosing information that could have a material impact on investors' investment decisions. By striving to disclose corporate information promptly, accurately, and fairly, the Company seeks to ensure fair and transparent business operations and to fulfill its corporate social responsibility.

In addition, the Chugoku Electric Power Compliance Charter, the Basic Policy on Investor Relations (IR), and the Basic Policy on Information Management all stipulate that prompt and accurate disclosure of information is essential for fair and transparent business operations. These policies are designed to foster awareness among employees regarding information disclosure and to ensure that disclosure procedures are implemented thoroughly without omission.

The status of the Company's internal framework for timely disclosure of corporate information is as follows.

(Management of Company Information, etc.)

The heads of each primary organizational unit, such as Heads of Divisions and Offices, Heads of Promotion Divisions and Offices, and Heads of Branch Offices are designated as "Persons Responsible for Managing Insider Information, etc." with respect to the information management of their areas of responsibility. The Persons Responsible for Managing Insider Information, etc. appropriately identify and manage insider information, etc. (insider information and timely disclosure information) within their respective areas, take necessary measures for information management, and give instructions and guidance to their subordinates.

Additionally, the Head of the Compliance Promotion Division oversees company-wide management of insider information, etc., and serves as the Person Responsible for Handling Information, who acts as the liaison with stock exchanges concerning timely disclosure information.

Directors, officers, and employees who become aware of insider information, etc. in the course of their duties must immediately report it to the relevant Person Responsible for Managing Insider Information, etc., who in turn must immediately notify the Person Responsible for Handling Information.

If Directors, officers, or employees become aware of information in the course of their duties but are uncertain whether it qualifies as insider information, etc., they must report it to the Person Responsible for Managing Insider Information, etc. and receive instructions. The Person Responsible for Managing Insider Information, etc., when providing such instructions, shall consult with the Person Responsible for Handling Information as necessary.

(Information on Subsidiaries)

Information concerning subsidiaries shall be gained through the Head of the Corporate Management Division, who serves as the contact point. The Head of the Corporate Management Division requires subsidiaries to promptly report to him or her whenever information arises at a subsidiary that falls under the category of timely disclosure information.

(Disclosure of Company Information)

The Person Responsible for Handling Information shall disclose insider information, etc. through timely disclosure.

The Persons Responsible for Managing Insider Information, etc. shall provide the Person Responsible for Handling Information with the materials and other information necessary for timely disclosure. The Person Responsible for Handling Information, in consultation with the relevant Persons Responsible for Managing Insider Information, etc., shall determine the content, timing, and other details of the timely disclosure.

In principle, timely disclosures shall be made via TDnet.

(Internal Audit System)

An Internal Audit Division, independent from business execution lines, is established to conduct internal audits of the Company and its Group companies, focusing primarily on the evaluation of internal controls and monitoring activities.

In addition, the Company has introduced a self-assessment system under which the heads of sections and groups review their own management status. The Internal Audit Division also reviews the results of these self-assessments.

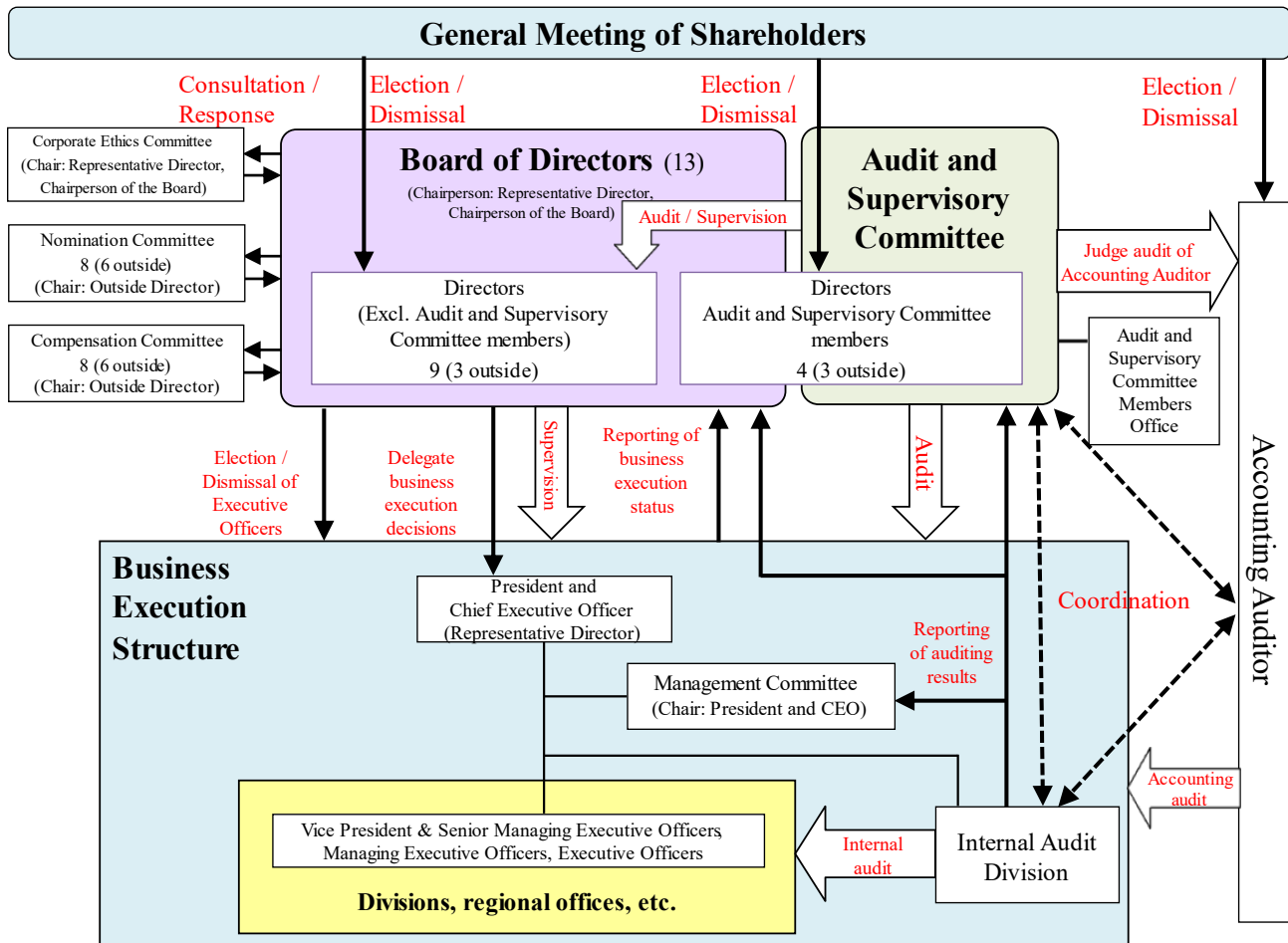
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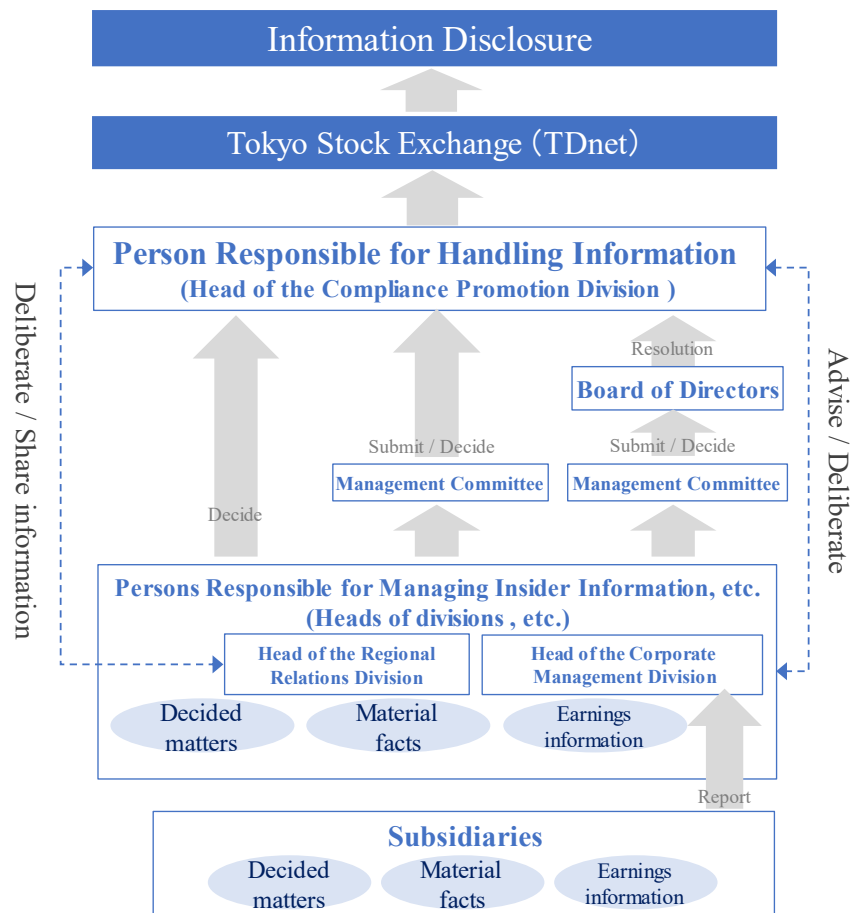
(Nothing to note as of this time)

END

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Corporate Governance System (diagram)





*The Internal Audit Division conducts internal audits of internal controls related to overall business execution, including subsidiaries.