

# Medium-to-Long-Term Environmental Targets (FY2018 and Beyond)



## Priority Issue Identification

The Paris Agreement adopted at the 21st Conference of Parties (COP21) has come into effect, and there is a worldwide trend toward low-carbon societies. Against this backdrop, customers, shareholders, investors and other stakeholders have high expectations for companies that focus not only on financial factors, but also emphasize ESG (environmental, social and corporate governance) perspectives.

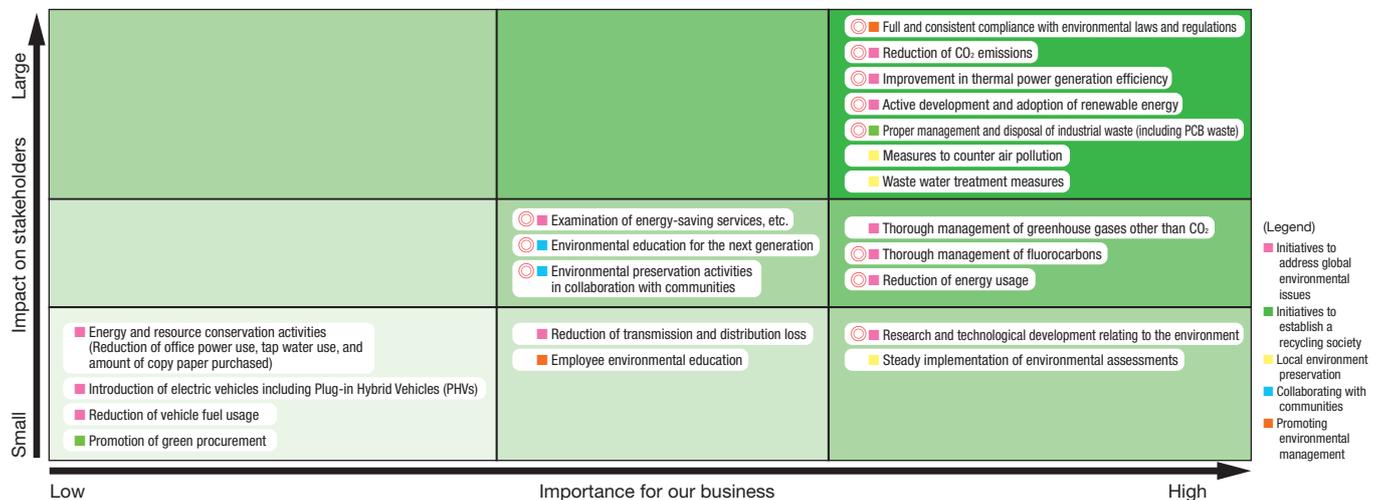
Thus far, we have steadily implemented “environmental management” to balance our business operations with environmental preservation based on the Kyuden Group Environmental Action Plan. However, market competition is intensifying due to full liberalization of the retail markets for electric power and natural gas, and under these conditions, there is a need to further improve efficiency and effectiveness of environmental management in order to aptly respond to the environmental commitment of all our stakeholders.

Therefore, we carried out a wide-ranging review of our Environmental Action Plan in FY2017, and determined the priority initiatives we will tackle with the greatest urgency during FY2018 and beyond.

### Priority Issue Identification Process

<b>STEP 1</b> Issue Identification	We base our identification of issues regarding the environment on our established Kyuden Group Environmental Action Plan. In doing so we also take into consideration modern societal demands, such as sustainable developments goals (SDGs); external evaluation regarding environmental, social and corporate governance (ESG); and reporting guidelines including the Global Reporting Initiative (G4).
<b>STEP 2</b> Selection of Priority Issues	The topics identified in STEP 1 are evaluated from two perspectives: impact on stakeholders, and importance for our business. Priority issues are selected by taking into account the degree to which countermeasures have been established throughout the company due to previous efforts.
<b>STEP 3</b> Confirming Validity	Validity of the issues selected as important in STEP 2 is checked through approaches such as dialog with outside experts through the Environmental Advisory Council, an outside evaluation body focused on our environmental management.
<b>STEP 4</b> Determination of Priority Initiatives	Based on the results of the check of validity in STEP 3, and in coordination with related divisions in the company, future targets are set for the entire company by our in-house Environmental Committee, and priority initiatives to be addressed with the greatest urgency are decided upon.

### Dual-perspective evaluation for STEP 2 (selection of important issues)

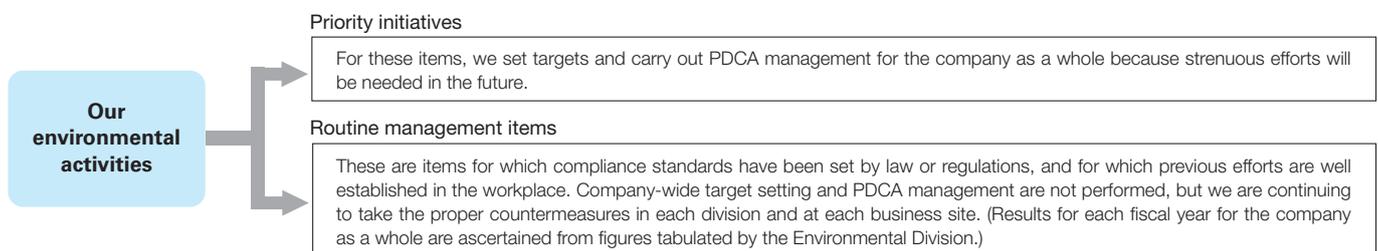


(Note 1) Specified priority issues are evaluated based on their importance for our business and their effect on stakeholders, and issues that are further to the upper right are considered to have greater importance.

(Note 2) Priority initiatives are indicated by a double circle mark, ●. Those issues without the ● mark are also important, but efforts to address them are already well-established throughout the company, so these are listed as routine management items for which we are continuing to take the proper measures in each division and at each business site.

### Separating Priority Initiatives and Routine Management Points

Our company’s environmental activities are divided into priority initiatives and routine management items. For priority initiatives, we set targets and formulate specific action plans for the entire company.



## Priority Initiatives and Environmental Targets

Each of the priority initiatives consist of two parts: a “result” that we hope to achieve, and an “initiative,” the process by which we plan on achieving that goal.

Priority initiatives		Environmental targets		(Reference) Related SDGs		
		Single fiscal year (FY2018)	Medium–long-term (2020 and after)			
<p>Initiatives to Address Global Environmental Issues</p>	Results	Reduction of CO <sub>2</sub> emissions factor		      		
	Results	Environmental efficiency (electricity sales ÷ CO <sub>2</sub> emissions) [FY1995 is set to 100 as the standard for comparison]				
	Initiatives	Supply side	Achievement of benchmark indicators in the Energy Conservation Law (including BAT)			
			Achievement of target for non-fossil power sources (including nuclear power and renewable energy)		Non-fossil power source ratio	
	Initiatives	Use side	Reduction in energy consumption intensity based on the Energy Conservation Law		Steady implementation of renewable energy development plans	
			Expansion of services that contribute to energy conservation and CO <sub>2</sub> emissions reduction, etc.		Examination of new services to help conserve energy, reduce CO <sub>2</sub> , etc.	
	Initiatives	Environment-related research and technological development for renewable energy, etc.			Steady implementation of research and technological development (Number of plans for FY2018: 4)	
	Initiatives	Thorough management of specified fluorocarbons and alternative fluorocarbons			Recovery rate: 100%	
	<p>Initiatives to Establish a Recycling Society</p>	Results	Economic efficiency (sale of unneeded items with value, etc.)		6.7 billion yen or more	7.0 billion yen or more
		Results	Environmental efficiency (electricity sales ÷ amount of industrial waste produced) [FY2008 is set to 100 as the standard for comparison]		99 or higher	110 or higher
Initiatives		Proper management and disposal of industrial waste		Coal ash recycling rate: 100% Recycling rate other than coal ash: 98%	Coal ash recycling rate: 100% Recycling rate other than coal ash: 98%	
		Initiatives	Planned and proper disposal of PCB waste	High concentration	Disposal finished by statutory disposal deadlines	
Trace				Disposal finished by the end of FY2025		
<p>Collaborating with Communities</p>	Initiatives	Finding new environmental preservation activities using local resources (scenic views, ecosystems, etc.)		Review with the aim of planning environmental preservation activities in line with community needs		
		Environmental education in the Kuju Kyuden Forest		Satisfaction of participants indicated by questionnaires: 90%		
		Continuation of Kyuden “Play Forest” events		Number of visitors: 8,000 or more (FY2018)		
		Continuation of Eco-mother Activities		Number of times held: 200 (FY2018)		
		Promotion of environmental education in cooperation with education institutions (schools, boards of education, etc.) such as visiting schools to offer classes		Actively holding classes at schools, etc.		
<p>Promoting Environmental Management</p>	Results	Awards that help to improve corporate value, etc.	Receiving 2 awards	Receiving 10 or more awards (Cumulative to FY2025)		
	Initiatives	Efforts to improve outside evaluation in terms of the environment		Acquisition of high evaluation (A- or higher) in CDP		
		Full commitment to preventing violations of environmental laws or regulations and environmental accidents		- Zero violations - Full and consistent compliance with agreements (except in irregular situations)		
		Developing specialized skills relating to the environment		Bolstering of training for improving employee understanding (Number of environment supervisors who underwent training in FY2017: 114)		

\*The aim is to achieve this target through the cooperation of the member companies of the Electric Power Council for a Low Carbon Society.