

TCFD/TNFD REPORT 2025 SUMMARY

KYUDEN GROUP TCFD/TNFD REPORT 2025 SUMMARY

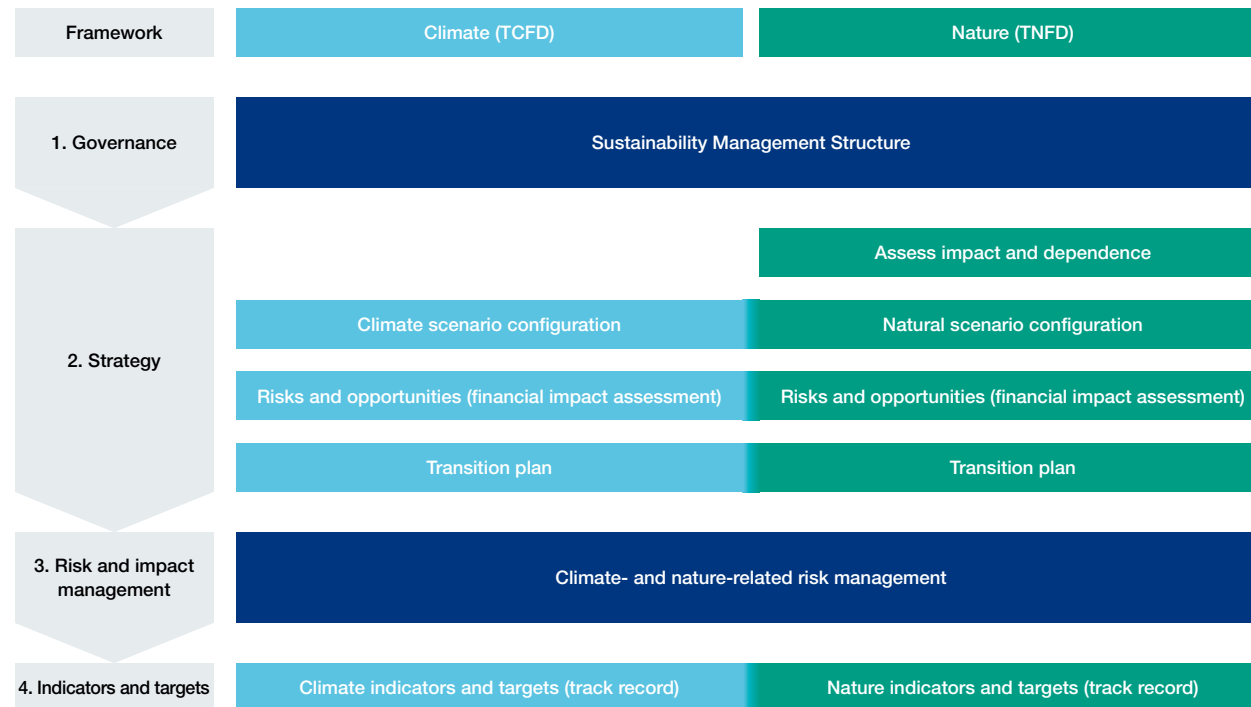
Abridged version

0. Introduction

Kyushu’s local economy and livelihood are supported by its rich climate and nature. There can be no growth for the Kyuden Group without growth for the Kyushu region. The Kyuden Group recognizes its responsibility to earnestly address environmental conservation as a corporate group that generates environmental load in the course of its business activities.

We will continue to enhance the formulation of strategies and the disclosure of information by utilizing the recommendations of the TCFD and TNFD. In tandem with our efforts towards the “Carbon Negative Goals” and the “Transition to a Nature Positive Economy,” the Kyuden Group strives to be recognized by our stakeholders as a corporate group that can achieve both growth and resilience.

Basic structure of integrated environment-related financial information disclosure



1. Governance

Oversight and execution structures

On July 2021, the Kyuden Group established a Sustainability Promotion Committee (chaired by the President & CEO), which deliberates and supervises the implementation of strategies and measures related to sustainability in general, including the environment, under the supervision of the Board of Directors. In addition, to strengthen efforts to promote sustainability, we have appointed a director in charge of ESG and established a department dedicated to the promotion of sustainability, among other initiatives.

[For details on the response system for environmental issues, including climate change and natural capital, see “Kyuden Group TCFD/TNFD Report 2025” on p.16. \(Japanese\)](#)

Annual Discussion for FY2024

The process of identifying, assessing, and managing environmental risks is incorporated in the agenda of the Carbon Neutrality and Environment Subcommittee.

Skills and competencies of directors / remuneration system

The Kyuden Group has identified “environment” among the skills required of directors and ensures that appropriate personnel are assigned to oversee strategies and other matters related to climate change and natural capital.

In addition, performance-linked compensation is provided to directors (excluding those on the Audit and Supervisory Committee and outside directors). Furthermore, as one of the performance indicators, the management targets (environmental targets) set out in “Strategic Vision 2035” have been adopted.

[For details on the compensation system, see “Sustainability Report 2025” on p.69 onward.](#)

STEP 1: Assessment of impact and dependence

Using the LEAP approach of the TNFD Recommendations v1.0 Information Disclosure Framework, the Kyuden Group’s businesses assessed their contributions to the natural capital in relation to the “impact and dependence” on the five-point scale. In Kyushu,

[For details on the assessment of “impact and dependence,” see “Kyuden Group TCFD/TNFD Report 2025,” on p.18 onward \(Japanese\)](#)

geological events that have a significant impact on natural capital and business, such as earthquakes and tsunamis, are expected to occur. In light of these risks, to assess the financial impact, we have established our own “Earthquake and Tsunami” section.

Heat map on “impact and dependence” (Kyuden Group version)

VeryHigh High Middle Low VeryLow

Business categories	Supply chain	Impact of business activities on natural capital										Dependence of business activities on ecosystem services										Earthquake / Tsunami					
		Land conversion			Direct extraction		Climate change	Pollution				Other	Provisioning services			Regulating services				Supporting services			Cultural services				
		Terrestrial	Freshwater	Marine	Water	Non-water	Greenhouse gases	Atmosphere	Aquatic	Soil	Waste	Noise/light pollution	Surface water	Groundwater	Biomass	Neutralization of pollutants	Climate regulation	Filtration of pollutants	Flood prevention	Erosion prevention	Maintenance of water flow		Maintenance of water quality	Scenery			
Electric power businesses	Thermal (Coal)	Fuel procurement	VeryHigh	High	VeryLow	VeryHigh	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	
		Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Thermal (LNG)	Fuel procurement	VeryHigh	High	VeryLow	VeryHigh	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Nuclear	Fuel procurement	VeryHigh	High	VeryLow	VeryHigh	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Hydro (general)	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Hydro (pumped storage)	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Geothermal	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Solar	Panel procurement	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Onshore wind	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	Offshore wind	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
Biomass	Fuel procurement	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	
	Power generation	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	
Transmission and distribution of electricity		VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	
Other energy services businesses	Urban development	Construction	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Administration	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
	ICT Services	Procurement	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Production	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Equipment maintenance	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow
		Development	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow	VeryLow

Trade-offs between climate change mitigation and biodiversity conservation

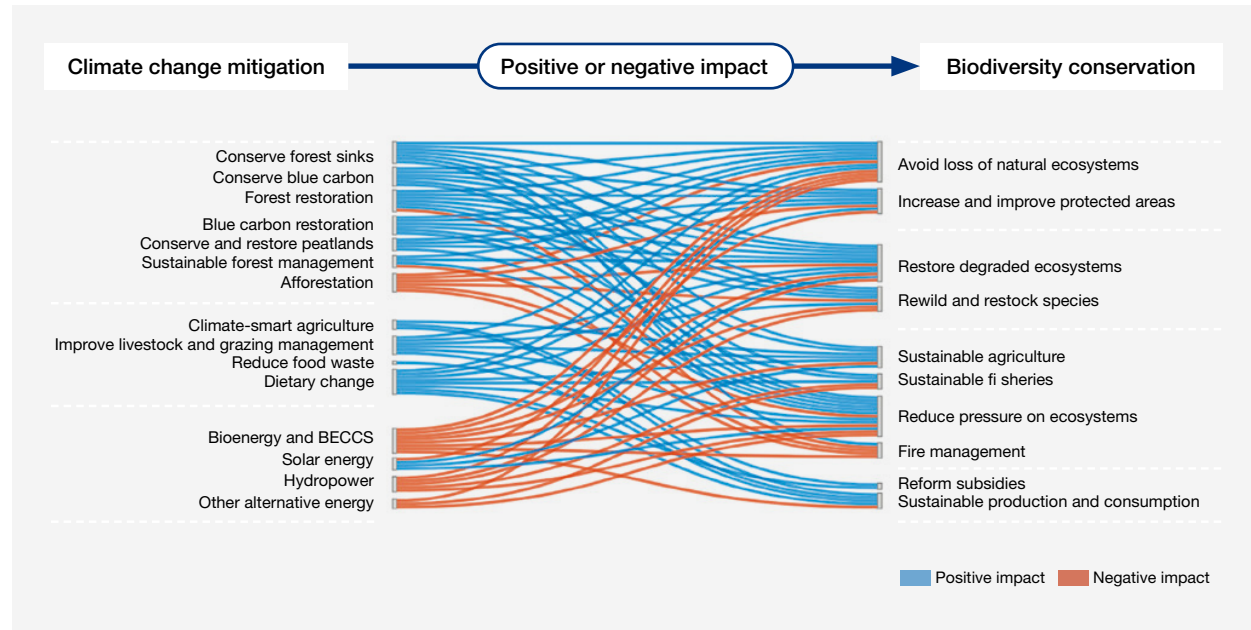
The assessment of “impact and dependence” (using heat map analysis) found that, while thermal power generation has taken certain steps to address local environmental impacts (including biodiversity) with a series of pollution control measures, avoiding GHG emissions is still difficult, and even though renewable energy is effective in reducing GHG emissions, it imposes some burden on the local environment. Therefore, it was once again recognized that the introduction of renewable energy presents a trade-off between climate change mitigation and biodiversity conservation.

In addition, as a result of Step 3 (identifying risks and opportunities), it was found that thermal power generation poses major financial risks related to GHG emissions, while renewable energy is viewed as an opportunity.

Furthermore, in energy supply for resource-scarce Japan, it is essential to consider not only environmental aspects, but also all elements of “S+3E*.” The Kyuden Group recognizes that, although no single energy source is superior in every respect, it is vital to create a multi-layered energy supply structure in which the strengths of each source are fully leveraged and their weaknesses are mutually compensated.

*S+3E: A concept that emphasizes safety as a fundamental premise, while simultaneously achieving energy security, economic efficiency, and environmental compatibility.

Reference: Impacts of Climate Change Mitigation Measures on Biodiversity



Source: Based in part on “Biodiversity and Climate Change: IPBES-IPCC Joint Workshop Report, Translation and Commentary by IGES” (2021)

2-2. Strategy: STEP 2 – Scenario Setting (Climate Scenario and Nature Scenario)

For climate, the “4°C Scenario” and the “1.5°C Scenario” were established with reference to the IPCC Sixth Assessment Report, IEA reports, and the 7th Strategic Energy Plan. For nature, two scenarios were set: the “Business-as-Usual Scenario” (where society does not make further efforts on climate change or natural capital issues) and the “Nature Positive Transition Scenario” (where society proactively pursues both carbon neutrality and nature positivity). The impacts of each scenario on the Kyuden Group were then analyzed.

	4.0°C scenario	1.5°C scenario
<p>Climate scenarios 2035 worldview</p>	<ul style="list-style-type: none"> Steady progress on the Kyuden Group’s carbon-negative initiatives However, as legally binding frameworks established by national governments remain in place and no further regulatory tightening is anticipated, global GHG emission reductions have stalled. As global temperatures rise, the frequency of extreme weather events and fluctuations in water inflow rates is increasing, including in Kyushu, the Kyuden Group’s main area of business. In some overseas resource development locations, these impacts are making operations impossible. In Japan, the adoption of zero-emission power sources, including the maximum use of renewable energy and nuclear power, is on the rise. Furthermore, with the increasing need for decarbonized power sources, discussions on the development and installation of next-generation advanced reactors are accelerating. Customer environmental awareness remains high, with ambitious energy conservation progressing, and electrification advancing across all sectors. This includes the widespread adoption of EVs. As global GHG emission reductions remain insufficient, regulations such as carbon pricing are expected to become even more stringent for power producers in developed countries. 	<ul style="list-style-type: none"> Steady progress on the Kyuden Group’s carbon-negative initiatives Globally, regulations such as carbon pricing are being strengthened, and climate change initiatives are making progress. As a result, GHG emission reductions are progressing steadily. As temperature increases are curbed, events such as extreme weather and fluctuations in water inflow rates in Kyushu, the Kyuden Group’s main area of business, are not expected to increase significantly from current levels. In Japan, there is increased adoption of zero-emission power sources, including the maximum use of renewable energy and nuclear power. Customer environmental awareness remains high, with ambitious energy conservation progressing, and electrification advancing across all sectors. This includes the widespread adoption of EVs.
<p>Nature scenario 2050 worldview</p>	<p>Status quo scenario</p> <ul style="list-style-type: none"> Globally, legally binding frameworks for both natural capital and carbon neutrality established by national governments remain in place. However, no further regulatory tightening is anticipated, and private regulatory tightening is anticipated, and private companies are not making additional efforts or taking new initiatives. 	<p>Transition to nature-positive scenario</p> <ul style="list-style-type: none"> Globally, for both natural capital and carbon neutrality, governments are strengthening regulations to achieve internationally established targets, and private companies are also taking sufficient measures and initiatives.

2-3. Strategy: STEP3 Identification of “Risks and Opportunities” and Financial Impact Assessment

Risk and financial impact assessment

Financial impact was assessed for “items evaluated as having a significant impact on or dependence on natural capital,” and for “climate- and nature-related risks identified as likely to emerge through scenario analysis.” As a result, of the five risks categorized as “Level 3: Financial Impact,” four are related to “climate” or “climate and nature,” and all pertain to GHG emissions. To address these risks, the Kyuden Group has designated “Pursuing Carbon Negativity” as one of the group’s key strategies (materiality) in the “Strategic Vision 2035,” and is promoting initiatives such as decarbonizing power sources and advancing electrification.

[For further details, please see p. 24 of “Kyuden Group TCFD/TNFD Report2025.” \(Japanese\)](#)

Number of risk items

	Financial impact		
	Level 1	Level 2	Level 3
Climate and nature	0	3	2
Climate only	6	4	2
Nature only	25	11	1

Major risk and financial impact assessment

Financial impact assessment criteria Level 1: Less than ¥1 billion Level 2: ¥1 billion to ¥10 billion Level 3: Over ¥10 billion

Business category*1	Risk classification	Risk type	Description	Environment Area	Financial impact				
					4°C/Status Quo	1.5°C/NP Transition	Description	Level	
Electric power businesses	Thermal (Coal) (Power generation)	Physical risk	Chronic risk	Greenhouse gas emissions (GHG) from operations	Climate Nature	●		If levies or carbon pricing (such as taxes or emissions allowances) are introduced for greenhouse gas emissions, the cost of coal-fired power generation will rise, and fuel expenses will increase due to substitution with LNG-fired power.	3
		Transition risk	Policy and regulatory risk	If levies or carbon pricing (such as taxes or emissions allowances) are implemented to regulate power plant operations, the company will incur costs for greenhouse gases emitted during operation.	Climate Nature	●			
		Transition risk	Policy and regulatory risk	Mandatory phase-out of inefficient coal-fired power and requirements to improve overall thermal efficiency of thermal power plants	Climate	●	●		
	Thermal (LNG) (Power generation)	Transition risk	Policy and regulatory risk	Mandatory phase-out of inefficient coal-fired power and requirements to improve overall thermal efficiency of thermal power plants	Climate	●	●	Tens of billions of yen increase in expenses*2	3
		Nuclear (Power generation)	Transition risk	Policy and regulatory risk	Increased thermal power generation due to unplanned shutdowns	Climate	●	●	A one-month shutdown results in an estimated additional cost of approximately ¥5 billion per unit.
	Hydroelectric	Physical risk	Acute risk	Damage to or suspension of hydroelectric power plant facilities due to floods, earthquakes, and other disasters	Nature	●	●	Restoration costs and costs for securing alternative power sources	2
	Transmission and distribution of electricity	Physical risk	Acute risk	The Nankai Trough Earthquake could damage facilities, particularly in the Oita and Miyazaki regions, resulting in a large-scale power outage	Nature	●	●	Restoration cost	3
	Common to electric power businesses	Transition risk	Market risk	Decrease in electricity sales volume due to the proliferation of distributed energy systems and other factors	Climate	●	●	A 1% decrease in retail electricity sales volume results in a revenue decrease of approximately ¥15 billion	3
Other energy services businesses	Urban development business (Development)	Physical risk	Chronic risk	Damage to or destruction of buildings under construction caused by earthquakes or tsunamis	Climate	●	●	Deterioration of income and expenditure due to construction delays	1
	ICT Services	Physical risk	Chronic risk	Accidental release of pollutants into soil or water bodies at procurement sites	Nature	●	●	Deterioration in profitability	1

*1 Categories within the electric power business where the “financial impact” is assessed as only “Level 1” (geothermal, solar, wind, and biomass power generation) are omitted.

*2 Increase in fuel expenses when 10% hydrogen is co-fired in the company’s LNG-fired power plants and 20% ammonia is co-fired in coal-fired power plants

Opportunity and financial impact assessment

The rich climate and natural environment of Kyushu are key pillars that underpin the Kyuden Group's business activities. To preserve our rich climate and natural environment, it is important to protect natural capital, promote coexistence with local communities, and advance initiatives for decarbonization and the circular economy. The growing social importance of these initiatives in recent years is regarded as an opportunity for the Kyuden Group.

Major current opportunities and their financial impact assessment

	Business categories	Opportunity overview	Financial and social impact	Environment
Electric power businesses	Renewable energy business	Expansion of revenue through renewable energy development	Ordinary income: +13.0 billion yen (FY2025)	Climate
	Electrification	Increase in electricity sales volume driven by the promotion of electrification	Sales: +98 billion yen*1	Climate
	Non-fossil value	Sale of non-fossil value through the use of zero-emission power sources	Sales potential: ¥21–46 billion*2	Climate
	Energy management	Differentiation and value enhancement through the promotion of DX utilization	Maintaining and improving profitability	Climate
Other energy services businesses	Land-based salmon aquaculture	Expansion of salmon aquaculture business utilizing former power plant sites	Stable supply of domestic marine products and regional revitalization	Nature
	Support for J-credit creation and activity status	Expansion of support for credit creation through forest utilization	Deployment across Kyushu, including Fukuoka, Oita, and Kumamoto, to support decarbonization through carbon credit creation	Nature

*1 Sales in FY2035 if the environmental target for 2035 (promotion of electrification) is achieved

*2 If all non-fossil value is sold

Major future opportunities and their financial impact assessment

	Business categories	Opportunity overview	Initiatives to realize opportunities	Anticipated future financial impacts or factors	Environment
Electric power businesses	Electrification	Expansion of demand driven by local carbon neutrality needs	Deployment of DER control technologies and battery aggregation business, as well as consideration of new models for EV utilization	Expansion of the energy services business	Climate
	Nuclear power generation	Improving our capacity factor	Steam turbine replacement and extension of periodic inspection intervals	A 1% equipment utilization rate improvement can achieve an estimated ¥3 billion saving in fuel cost	Climate
	Geothermal power generation	Creation of new development opportunities driven by demand for geothermal resource utilization	New power plant development based on technology, economic viability, and environmental performance	Expansion of the geothermal power generation business	Climate
Other energy services businesses	Urban development business	Increased demand for tourism and regional revitalization driven by the Green Smart City Initiative	Implementation of integrated development and operation encompassing "life, work, and leisure," and other aspects	Expansion of the urban development business	Nature
		Increased demand for ZEB and ZEH driven by decarbonization and energy conservation needs	Differentiation and value enhancement through ZEB and ZEH adoption, introduction of renewable energy, and utilization of DX	Expansion of the urban development business	Climate
	ICT Services	Increased demand for monitoring and conservation of natural capital due to population decline and aging	Provision of monitoring, inspection, and solutions using drones, robots, and AI	Expansion of the drone business	Nature

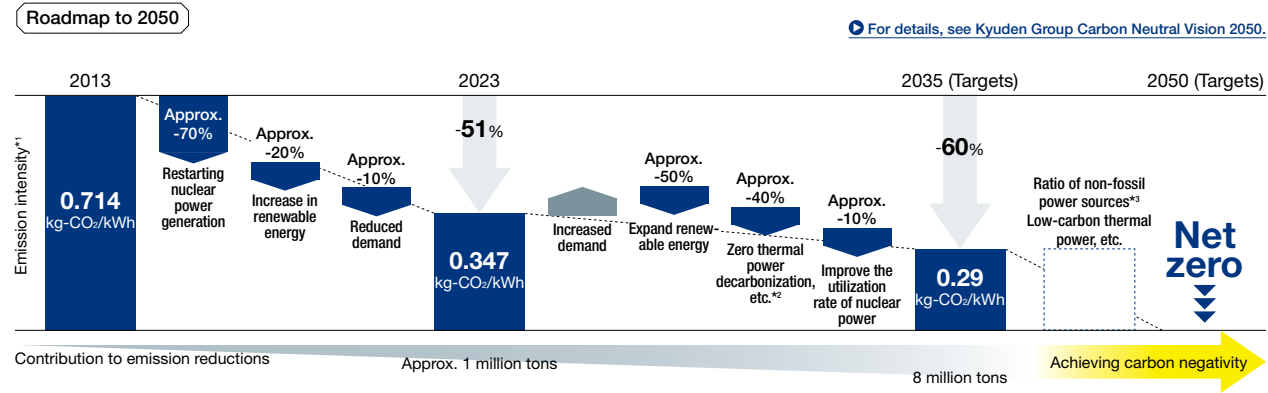
For further details, please see p. 32 of "Kyuden Group TCFD/TNFD Report 2025." (Japanese)

Strategy: transition plan

To help realize a sustainable society, the Kyuden Group has established the Kyuden Group Environmental Charter, which guides our efforts to protect the global environment and promote harmony with local communities.

Climate transition plan

Based on the findings from Steps 1 through 3 and recognizing the critical importance of addressing climate change in our business, the Kyuden Group formulated the Kyuden Group Carbon Neutral Vision 2050 as its climate transition plan. The Kyuden Group aims to become the corporate group that leads the decarbonization of Japan from Kyushu as the front-runner in carbon reduction or decarbonization, seizing its response to global warming as an opportunity for corporate growth.



Note: The targets for carbon neutrality in 2050 and environmental goals for 2035, as well as this roadmap, have been set on the assumption of government policy support and technological advancements, and are subject to review depending on future circumstances.
 *1 In accordance with the GHG Protocol, Scopes 1, 2, and 3 are covered.
 *2 Includes new high-efficiency LNG thermal power plants, hydrogen-ammonia co-firing at existing plants, CCS, and procurement from low-carbon power sources.
 *3 Includes the consideration of expanding renewable energy and developing and installing next-generation advanced reactors.

	By FY2035	By FY2050
Supply chain GHG emissions reduction	Thermal/nuclear Develop high-efficiency LNG power generation, introduce hydrogen/ammonia co-firing, and begin partial deployment of CCS Replace steam turbines, improve utilization rates by extending inspection intervals, and consider the development and installation of next-generation advanced reactors.	Increase hydrogen/ammonia co-firing ratios, transition to dedicated combustion, and implement CCS/CCUS at scale
	Renewable energy and energy storage Develop solar and geothermal power, and energy storage systems Develop fixed-bottom offshore wind and pumped-storage hydropower	Develop next-generation power storage, advanced solar power, and deep geothermal energy Develop floating offshore wind, offshore wind in the EEZ, and tidal power
Contribute to reducing society's GHG emissions	Electrification Switch residential and commercial heat sources, introduce industrial heat pumps, and promote EV buses	Electrify ports and construction equipment, and introduce smart agriculture
	CO ₂ capture and sequestration Promote forest growth, support advanced forest management, and encourage timber utilization	DACCS

Internal carbon pricing (in-house carbon price)

To promote renewable energy projects, the Kyuden Group sets an in-house carbon price based on conditions in the non-fossil value trading market and other factors, using this as a benchmark for investment decisions. The in-house carbon price is set at approximately 1,400 to 3,100 yen per ton-CO₂, based on transaction prices (0.6 to 1.3 yen per kWh) in the non-fossil value trading market (the market for meeting requirements under the Sophisticated Methods Act), among other factors.

Investments in low- and decarbonized power sources

Over the 11 years from FY2025 through FY2035, the Kyuden Group will allocate approximately 1.5 trillion yen of its strategic investment budget to carbon-neutral initiatives to drive growth.

Nature transition plan

Under the Kunming-Montreal Global Biodiversity Framework, the “2030 Global Goals” have been set as a nature transition plan to realize the “2050 Vision: Living in harmony with nature.”

The Kyuden Group will further advance initiatives that align with these goals.

For details on initiatives for the 2030 global targets, please refer to the “Kyuden Group TCFD/TNFD Report 2025,” p.39 and following (Japanese)

3. Managing risks and impacts

Integration of climate and nature risk management processes into enterprise-wide risk management

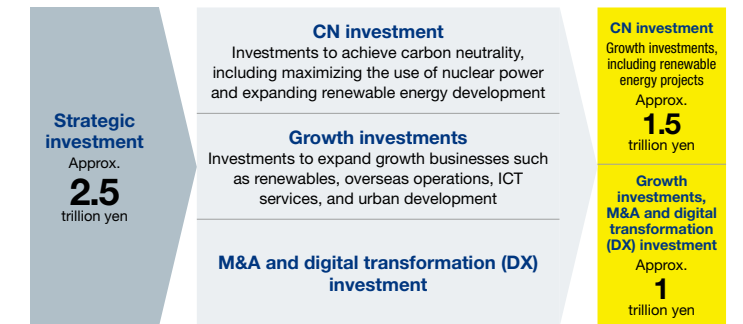
Each year, the Kyuden Group identifies and evaluates business risks and opportunities that may impact the achievement of its strategic vision and other objectives. Based on the results of these evaluations, we continuously review our Medium-term ESG Promotion Plan. Risks related to climate and nature are also assessed and incorporated into this process, thereby integrating them into the enterprise-wide risk management framework.

Furthermore, climate- and nature-related risks within the Kyuden Group are also managed by complying with laws, agreements with local communities, and internal standards.

For details on the Medium-term ESG Promotion Plan, please see p. 5 of “Sustainability Report 2025.”

For further information on the enterprise-wide risk management process, please see p. 71 of “Sustainability Report 2025.”

For details on the management of climate- and nature-related risks, please see p. 30 of “Kyuden Group TCFD/TNFD Report 2025.” (Japanese)



Indicators and targets

Climate indicators and targets

As a front-runner in low-carbon and decarbonization, we have set a goal not only to achieve net-zero GHG emissions across our entire supply chain by 2050, but also to achieve “carbon minus” status—making a substantial contribution to society’s GHG reduction—before 2050. We have also set environmental targets and KPIs for 2030 and 2035 and are monitoring progress to ensure these targets are steadily achieved.

The Kyuden Group’s actual results for GHG emissions (Scope 1, Scope 2, and relevant Scope 3) are disclosed in the Kyuden Group Sustainability Report 2025.

For details on actual GHG emissions for Scope 1, Scope 2, and relevant Scope 3, see p. 87 of Sustainability Report 2025.

Goals for 2050 (KGI)		Indicator	Strategic goals (environmental goals)/KPIs		FY2024 results		
			Details			Annual targets	
Supply side	Net zero GHG emissions across the entire supply chain	Supply chain GHG emissions intensity	0.29 kg-CO ₂ /kWh (-60% compared to FY2013)		2035	0.350 kg-CO ₂ /kWh (-51% compared to FY2013)	
			0.36 kg-CO ₂ /kWh (-50% compared to FY2013)		2030		
		KPIs	Accelerate the shift to renewable energy as a primary power source	Renewable electricity sales volume	37 billion kWh	2035	28 billion kWh
					33 billion kWh	2030	
KPIs	Reduce the carbon footprint of thermal power generation	10% hydrogen and 20% ammonia co-firing		2035	Conduct R&D on hydrogen and ammonia co-firing technology		
		Establish techniques for 1% hydrogen and 20% ammonia co-firing		2030			
Demand side	Contribute to reducing GHG emissions in society	Electrification rate in Kyushu		Residential: 75% / Commercial: 65%	2035	Residential: 62%*1 (FY2021) Commercial: 48%*1 (FY2021)	
				Residential: 70% / Commercial: 65%	2030		
		KPIs	Contribute to increasing the electrification rate in Kyushu	Additional electricity for residential sector	2.3 billion kWh (FY2021–FY2035 total)	2035	480 million kWh (FY2021–FY2024 total) 100 million kWh (FY2024)
					1.5 billion kWh (FY2021–FY2030 total)	2030	
		KPIs		Additional electricity for commercial sector	2.6 billion kWh (FY2021–FY2035 total)	2035	560 million kWh (FY2021–FY2024 total) 160 million kWh (FY2024)
					1.6 billion kWh (FY2021–FY2030 total)	2030	
KPIs		Transportation	Maintain 100% EV adoption rate for company vehicles*2	2035	30.0% EV rate (102 vehicles added in FY2024)		
			100% conversion of company vehicles to EVs*2	2030			
Contribute to reducing GHG emissions in society		Level of contribution toward reducing emissions	8 million t-CO ₂	2035	Approx. 1 million t-CO ₂		
			7 million t-CO ₂	2030			

*1 Our calculations are based on the Agency for Natural Resources and Energy, Energy Consumption Statistics by Prefecture 2021 Annual Values (Fixed Values)

*2 Excluding vehicles not suitable for EV conversion

Nature indicators and targets

The TNFD v1.0 disclosure framework proposes both global core disclosure indicators and sector core disclosure indicators (for electric utilities) as nature-related indicators. Further details on these indicators are provided in Kyuden Group TCFD/TNFD Report 2025.

The Kyuden Group has also established the following nature-related targets under these two indicator frameworks. As in previous years, progress on these targets will be disclosed annually in our Sustainability Report.

Indicator*3	Targets		FY2024 results		
	Details	Annual targets			
Pressure from environmental change	Contamination/decontamination	Total amount of contaminants released into the soil by type	0 legal violations related to soil contamination	2035	0 legal violations
		Wastewater discharge	0 violations of laws and regulations related to wastewater discharge	2035	0 legal violations
		Waste generation and disposal	More than 98% of waste recycled, excluding coal ash	2035	• Industrial waste generated*4: 170,166 tons • Amount recycled: 163,599 tons
		Plastic waste	Plastic waste recycling rate: 100%	2035	• Amount of plastic waste generated: 1,235 tons • Amount recycled: 1,186 tons
		Total amount of air pollutants other than GHG	0 violations of laws and regulations related to air pollutants other than greenhouse gases	2035	0 legal violations
Pressure from environmental change	Resource use and replenishment	Water withdrawal and consumption from water-stressed areas	0 violations of laws and regulations related to water resources	2035	0 legal violations
		Volume of high-risk natural commodities sourced (land/ocean/freshwater)	Green procurement rate (office supplies): At least 99%	2035	Green procurement rate (office supplies): At least 98%

*3 Indicators and targets related to climate change are omitted from the global core disclosure indicators.

*4 Excludes coal ash and radioactive waste.

Reference: TCFD (2017) Final Report of the Task Force on Climate-related Financial Disclosures
TNFD (2023) Recommendations of the Task Force on Nature-related Financial Disclosures
TNFD (2024) Additional sector guidance Electric utilities and power generators
TNFD (2025) Additional sector guidance Engineering, construction and real estate



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