

# INTEGRATED REPORT

The Hokuriku Electric Power Group

# 2020

CSR & Financial Report



The Hokuriku Electric Power Group Philosophy

# Building an Affluent, Lively Hokuriku Through Power and Intelligence







## Editorial Policy

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Since FY 2006, the Hokuriku Electric Power Group has published CSR reports in order to share information on our way of thinking, policies on our efforts, and activities underway, regarding corporate social responsibility.

Starting in FY 2019, we have combined our financial and non-financial information into a single Integrated Report, so that all of our stakeholders can learn about the Group's efforts toward mid-to-long-term value creation.

Through this report, we hope to improve readers' understanding of the Group's efforts and attitude, and we hope to further improve two-way communication with everyone involved.

In compiling this report, we have referred to the International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC); the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation by the Ministry of Economy, Trade, and Industry; and the GRI Sustainability Reporting Standards.

Publication Date: August 2020 (Previous edition published August 2019)

Scope of Report: Companies belonging to the Hokuriku Electric Power Group

Period Covered by Report: April 1, 2019 to March 31, 2020

(Portions of the report may also include information from outside this period)

Contact: Corporate Planning Department, Hokuriku Electric Power Company

15-1 Ushijima-cho, Toyama-shi, Toyama 930-8686 Japan

Tel: +81-76-441-2511 (main line) • Fax: +81-76-405-0103

E-mail: csr-seikyuu@rikuden.co.jp

### A Note on Forecasts

All Group plans, strategies, sales estimates, and other information printed in this report involving forecasts of the future are based on information available at the time of writing, and carry a degree of potential risk and uncertainty. As a result, please note that changes to economic conditions, market trends, revisions to related laws and regulations, and other factors may cause the Group's actual results and business environment to differ from as shown in this report.

## CONTENTS

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- 4 Corporate Profile
  - 5 History of the Hokuriku Electric Power Company
  - 6 The Value Creation Process of the Hokuriku Electric Power Group
  - 7 Message from the President
  - 9 Financial Highlights
  - 10 Non-financial Highlights
  - 11 Long-term Vision and Business Policy and Plan
  - 13 Risks, Opportunities, and Priority Measures
- 
- 15 Feature 1: Splitting Off of Power Transmission and Distribution Company
  - 16 Feature 2: Measures against the Novel Coronavirus
- 
- 17 Power Generation
  - 26 Power Transmission and Distribution
  - 32 Sales
  - 36 New Business
  - 39 Measures for Improving Managerial Efficiency
- 
- 40 Efforts Related to Environmental, Social, and Corporate Governance Issues
  - E Environmental Efforts**
    - 41 Active Efforts toward Environmental Conservation
      - Compliance with TCFD Recommendations
      - Material Balance
      - Establishment of Our Environmental Management Plan and Efforts toward Achieving Goals
  - S Social Efforts**
    - 45 Coexisting with the Local Community
      - Contribution to the Local Community
      - Creation of Local Vibrancy
      - Support for Education and Sports
    - 48 Creation of Workplaces Full of Vitality, Where Individuals and Organizations Can Reach Their Maximum Potential
      - Creating a Pleasant Workplace
      - Development of Human Resources
      - Respect for Human Rights
  - G Governance Efforts**
    - 50 Maintaining the Corporate Governance System
      - Corporate Governance
      - Directors and Audit & Supervisory Board Members
    - 55 Deepening Our Corporate Culture
      - Corporate Culture for Ensuring Transparency and Safety
      - Deepening Our Safety Culture
      - Promoting Compliance
      - Connecting with Stakeholders
      - Preparedness for Risks
- 
- 57 Data (Financial Information)
  - 59 Data (Environmental, Social, and Governance-related Information)

# Overview of the Hokuriku Electric Power Company and the Hokuriku Electric Power Transmission & Distribution Company

## Hokuriku Electric Power Company

**Main business:** Generation and sales of electricity  
**Head office location:** 15-1 Ushijima-cho, Toyama-shi, Toyama Prefecture  
**Date of establishment:** May 1, 1951  
**Capital:** 117.641 billion yen  
**Company representative:** Yutaka Kanai, Executive President and Representative Director  
**Total Assets\*:** 1,592,933 million yen (1,529,530 million yen)  
**Sales\*:** 628,039 million yen (573,868 million yen)  
**Ordinary Income\*:** 23,236 million yen (15,707 million yen)  
**Net Income\*:** 13,433 million yen (10,294 million yen)

\* Consolidated figures for FY 2019 or as of March 31, 2020, are shown. Figures in parentheses are nonconsolidated figures.

## Major Shareholders (As of March 31, 2020)

Name	Number of Shares Held (thousands of shares)	Investment Ratio (%)*
Toyama Prefecture	11,270	5.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,590	5.1
Hokuriku Electric Power Company Employee Stock Ownership	7,728	3.7
The Hokuriku Bank, Ltd.	7,700	3.7
Japan Trustee Services Bank, Ltd. (Trust Account)	6,005	2.9
The Hokkoku Bank, Ltd.	6,000	2.9
Nippon Life Insurance Company	4,752	2.3
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,788	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,746	1.8
Mizuho Bank, Ltd.	3,341	1.6

\* Investment ratio is calculated after deducting treasury shares.

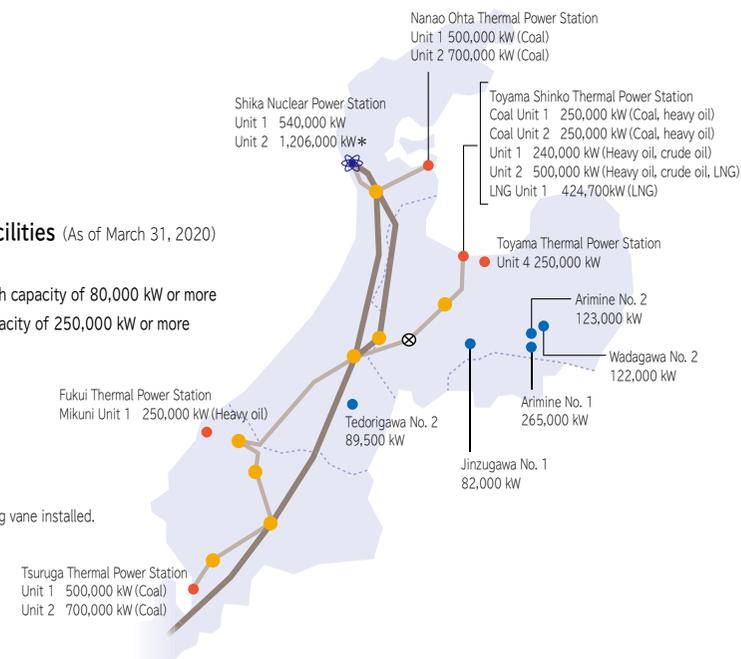
## Hokuriku Electric Power Transmission & Distribution Company

**Main business:** Power Transmission and Distribution  
**Head office location:** 15-1 Ushijima-cho, Toyama-shi, Toyama Prefecture  
**Date of establishment:** April 1, 2019 (Operation commenced on April 1, 2020)  
**Capital:** 10 billion yen  
**Company representative:** Koichi Mizuno, Executive President

## Major Power Supply Facilities (As of March 31, 2020)

- Hydroelectric power station with capacity of 80,000 kW or more
- Thermal power station with capacity of 250,000 kW or more
- ⚡ Nuclear power station
- Transmission line (500 kV)
- Transmission line (275 kV)
- Substation
- ⊗ Switching station

\* If operated with turbine straightening vane installed.



## Overview (As of FY 2019 or March 31, 2020)

Hokuriku Electric Power Company	Power-generating Facilities	Number of Power Stations	Capacity
	Hydro power	131	1,932 MW
	Thermal power	6*1	4,565 MW*1
	Nuclear power	1	1,746 MW*2
	Renewable Energy	4	4 MW
<b>Total</b>	<b>142</b>	<b>8,247 MW</b>	
Hokuriku Electric Power Transmission & Distribution Company	Total Electricity Sales Volume	Retail	Wholesale
		25,054 GWh	6,453 GWh
	<b>Total*3</b>	<b>31,506 GWh</b>	
Hokuriku Electric Power Transmission & Distribution Company	Transmission Facilities	Overhead	Underground
	Total Length of Transmission Lines	3,187 km	151 km
	Transformation Facilities	Number of Substations	Capacity
	203	31,482 MVA	
Hokuriku Electric Power Transmission & Distribution Company	Distribution Facilities	Overhead	Underground
	Total Length of Distribution Lines	42,023 km	1,464 km

\*1 Includes the total 288 kW capacity of the internal combustion engine power station that was transferred to the Hokuriku Electric Power Transmission & Distribution Company in April 2020. \*2 Estimation based on the assumption that Shika Unit 2 is operated with turbine straightening vane installed.

\*3 Due to rounding, the total figure may not exactly equal the sum of the individual figures.

# History of the Hokuriku Electric Power Company

The Hokuriku Electric Power Company was established in 1951, built on a foundation of the Toyama Electric Light Company, established in 1898 as the Hokuriku region's first electric power company, and other locally-capitalized electric power companies.

As a company established with the backing of the regional community, including industrial and economic circles, we have strived to contribute to the development of the Hokuriku region by ensuring a stable supply of low-cost, high-quality energy, keeping coexistence and co-prosperity with the region in mind as our fundamental management philosophy.

## The Beginning of the Electricity Business in the Hokuriku Region — the Roots of the Hokuriku Electric Power Company

### 1898 Establishment of the Toyama Electric Light Company and the Kanazawa Electricity Company

A number of electric power companies, including the Toyama Electric Light Company, were established in Hokuriku. Electric power resources were developed, capitalizing on the area's plentiful water resources. The low-cost electricity generated by hydropower allowed the area to develop industries, attracting industries that are heavy consumers of power, such as the steel and carbide industries, as well as the textile industry.

### 1899 Establishment of the Kyoto Electric Light Company Fukui Branch



Okubo Power Station of the Toyama Electric Light Company Completed in 1899



Fushiki Industrial Area (Toyama Prefecture)

### 1941 Establishment of the Hokuriku Joint Electricity Company

Shosaku Yamada (later the first president of the Hokuriku Electric Power Company) approached electric utility companies in Hokuriku, and 12 companies voluntarily consolidated, establishing a unified electricity business in the Hokuriku region.



Shosaku Yamada

### 1951 Establishment of the Hokuriku Electric Power Company

When Japan's power supply framework was discussed during and after the war, the initial plan suggested that the whole country should be divided into eight blocks, with the Hokuriku area merged into the Chubu area. However, Shosaku Yamada, with the support of the local community, emphasized the unique distinctiveness of Hokuriku, which led to approval for the Hokuriku area's independence.

## 1951 History of the Hokuriku Electric Power Company

Today

The Hokuriku Electric Power Company has contributed to the development of the Hokuriku region through the stable supply of low-cost, high-quality energy, while diversifying power generation sources to meet the needs of the times: in addition to low-cost hydropower generation, taking advantage of the region's abundant water sources, the company also developed thermal power sources to meet the strong demand for electricity during the high economic growth period, as well as ensuring energy security following the oil crises, and reducing carbon emissions from power generation to help address global warming.



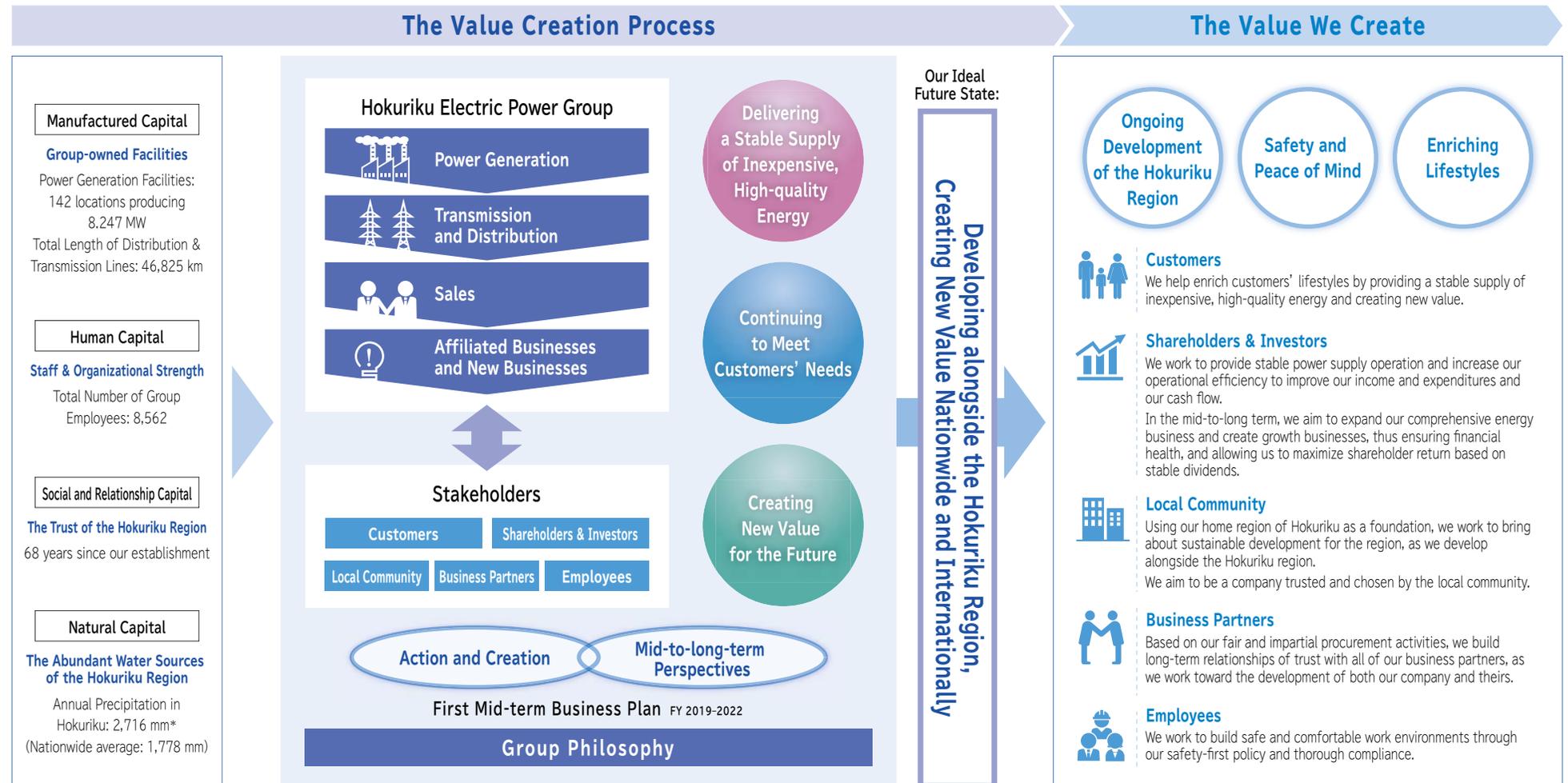
1951

Amount of Retail Electricity Sales over Time

2019

# The Value Creation Process of the Hokuriku Electric Power Group

We strive to bring about the ideal state of the Group in the future, in order to contribute to regional development and enriching people's lifestyles. We engage in our business with a focus on making a sustainable society a reality.



(As of March 31, 2020)

\* Source: Statistical Observations of Prefectures 2020 by the Statistics Bureau, Ministry of Internal Affairs and Communications (actual values from FY 2018)

**We aim to create the future of the Hokuriku Electric Power Group, taking on the challenges of new fields, with the goal of achieving our ideal future state: Developing alongside the Hokuriku Region, Creating New Value Nationwide and Internationally**



Yutaka Kanai  
Executive President and Representative Director  
Hokuriku Electric Power Company

### Reflecting upon FY 2019

In April of last year, we established and announced the Hokuriku Electric Power Group 2030 Long-term Vision and our First Mid-term Business Policy and Plan (FY 2019–2022) as the implementation plan. With reference to the results for FY 2019, the first fiscal year: while the suspended operation for a total of 165 days, due to issues, of Nanao Ohta Thermal Power Station Unit 2 and Tsuruga Thermal Power Station Unit 2 — our main coal-fired power stations — significantly affected our business performance, the accelerated restoration of these power stations and the implementation of measures to improve the balance of payment, as well as other efforts, allowed us to achieve a consolidated ordinary income of 23.2 billion yen, and our first dividend payout in three years. Our efforts to streamline our management and to further improve the balance of payment are also in progress as planned. On the other hand, our profit level did not reach 35 billion yen, the periodic average target according to our long-term vision. Various challenges became clear during the fiscal year under review, including the early restart of Shika Nuclear Power Station, stable operation of large coal-fired power stations, and the acceleration of expansion of business domains.

### Our First Mid-term Business Policy and Plan Have Entered Their Second Year

In FY 2020, while we have not reviewed our First Mid-term Business Policy (Ensuring a Stable Supply of Electricity, Enhancing Competitiveness of Comprehensive Energy Business, Expanding Business Domains with the Combined Strength of the Group, and Deepening Our Corporate Culture), we have drawn up the FY 2020 version of our First Mid-term Business Plan (FY 2019–2022) in order to accelerate or revise measures, based on changes in the circumstances surrounding us, including the recent problems at our main coal-fired power stations and the increasingly unfavorable trend for coal-fired power stations due to the problem of global warming.

With regard to the outbreak of the novel coronavirus, we will take all possible measures to ensure a stable supply of electricity, including proper implementation of our business continuity plan. At the same time, we will quickly and appropriately deal with the risk of decline in earnings due to factors such as a decrease in electricity sales.

### Efforts by the Power Generation Division

For our power generation division, the early restart of Shika Nuclear Power Station and stable operation of large coal-fired power stations are of the utmost importance, in order to ensure a stable supply of electricity and to enhance the competitiveness.

With respect to Shika Nuclear Power Station, the reviews on conformity to the new regulatory requirements have finally moved from the evaluation target fault selection stage to the evaluation of fault activity. With the substantial past survey data, we believe we can provide helpful explanations to earn understanding regarding our positions. We will take appropriate actions in relation to the reviews on conformity to regulatory requirements, as well as steadily implementing works to provide safety measures, with the goal of an early restart.

For stable operation of the large coal-fired power stations, we will replace turbines and boiler furnace equipment in the four main units, for the purpose of preventive maintenance. We will also take drastic measures that go beyond repairing parts that have caused issues, such as introducing an early problem detection system using AI and IoT technology.

In addition, based on the national energy policy, we will continue working to build an electric power generation mix that is both low-carbon and economical. While coal-fired power generation is suffering from strong headwinds worldwide, we continue to effectively utilize this method through efforts to improve thermal efficiency, such as increasing biomass co-combustion ratios and replacing turbines. With regard to oil-fired power generation, the operation of Toyama Shinko Thermal Power Station Unit 1 has been scheduled to be suspended this October in order to enhance the competitiveness of our thermal power generation, taking into consideration the increasingly uncertain conditions for the procurement of low-sulfur crude oil fuel. Furthermore, we will actively work to expand the use of renewable energy, such as increasing our hydroelectric power generation and strengthening our efforts to discover new sites.

### Efforts by the Power Transmission and Distribution Division

In April of this year, our power transmission and distribution division was split off to form the Hokuriku Electric Power Transmission & Distribution Company. Even after the split-off, we work to ensure the neutrality and fairness of our power transmission and distribution, and make a concerted effort as a group to fulfill our mission of delivering a stable supply of electricity and contributing to regional development. We will also consistently work on various tasks, including the steady implementation of replacement work for highly aged equipment, the improvement of electricity resilience in light of the recent trend of increasingly severe natural disasters, and the construction of a next-generation network to support the large-scale introduction of renewable energy sources.

### Efforts by the Sales Division

After the raise in electricity rates for certain customers in April of 2018, there were, for a time, a number of customers switching to other companies; however, as a result of our active sales activities, we have had an increasing number of customers contracting with us again. Sales in the Tokyo metropolitan area have also

been favorable, and we believe that we have properly handled retail sales following electricity deregulation. We will continue to strive to be chosen by customers, and to retain customers, through new rate plans, expansion of our Hoku-Link membership services, sales of comprehensive solutions, and other efforts. We will also work even harder than ever to propose new added-value services in combination with electricity sales, and strengthen cooperation with local governments.

### Efforts to Expand Business Domains

In April of this year, we invested in a fund whose targets include overseas renewable energy businesses, as our first overseas business. Our steady efforts to expand business domains also include proposals to our customers for our remote meter reading service for vending machines, which incorporates our meter reading expertise and IoT technology, and for which we applied for a patent in March of this year. In June of this year, we established Hokuriku Electric Power Business Investment G.K., an investment subsidiary, in order to perform investment operations more flexibly and professionally, and to accelerate investment required for growth. Currently, we are considering participating in the management of a new company that would take over Kanazawa City's gas and power generation services following its policy to privatize these services; we are also considering investing in power generation projects in Southeast Asia and elsewhere. Going forward, we will actively address the issues and needs of local communities, in order to create business opportunities and to contribute to the development of the region.

### Efforts to Deepen Our Corporate Culture

In order to earn the trust of the local community, we strive to further deepen our culture of safety and improve the quality of operations and services, in addition to our ceaseless efforts toward even stricter compliance. Following the problems related to Kansai Electric Power Company executives receiving money and goods, we at the Hokuriku Electric Power Company confirmed that there had not been any improper receipt of money or valuables, or any improprieties in connection with works orders; however, in order to autonomously ensure stricter observance of business ethics, as well as laws and ordinances, in November of last year we partially revised our internal code of conduct to prohibit the acceptance of any gifts. We continue to aim to make the Hokuriku Electric Power Group an organization that will be trusted and chosen by people in the region, through ongoing efforts to contribute to, and communicate with, the local community.

### Efforts to Build a Sustainable Society

The Group works to enrich people's lifestyles and to achieve a low-carbon society through our energy business, including the provision of a stable supply of inexpensive, high-quality energy and new added-value services. As public utilities rooted in the region, we will also work together with the local community to resolve the social issues faced by the region, leveraging the technologies and expertise that we have developed to date. We will continue to work to help bring about a sustainable society (achieving SDGs), by further deepening our focus on environmental, social, and governance factors in our management.

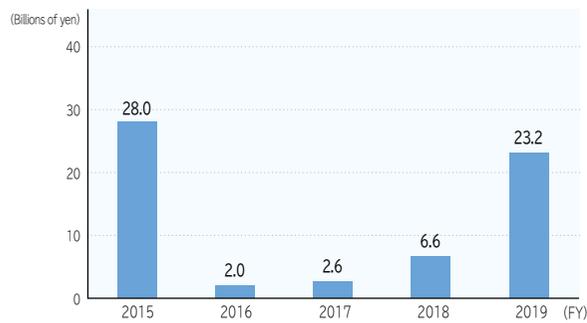
### FY 2019 Financial Results (Consolidated)

Sales (operating revenues) amounted to ¥628.0 billion, up ¥5.1 billion from the previous fiscal year, due to an increase in wholesale electricity sales, an increase in sales among Group companies, and other factors, despite a decrease in retail electricity sales.

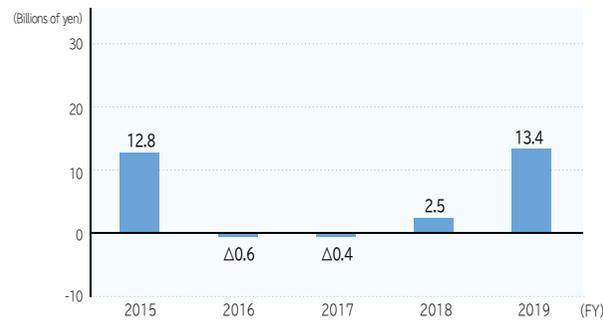
Ordinary income amounted to ¥23.2 billion, up ¥16.5 billion from the previous fiscal year, due to an increase in coal-fired and LNG-fired thermal power generation, a decrease in depreciation expenses, an increase in income of Group companies, and other factors; this was achieved despite a decrease in retail electricity sales, an increase in legal separation expenses, and other factors.

Net income attributable to owners of parent was ¥13.4 billion, up ¥10.9 billion from the previous fiscal year.

#### ● Consolidated Ordinary Income

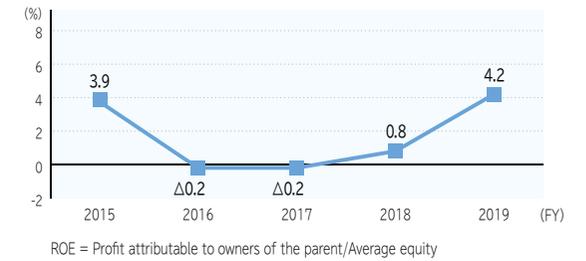


#### ● Consolidated Net Income (Loss)

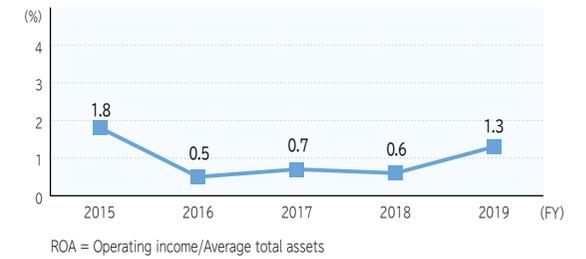


Note: Net income (loss) attributable to owners of parent is shown

#### ● Consolidated Return on Equity (ROE)



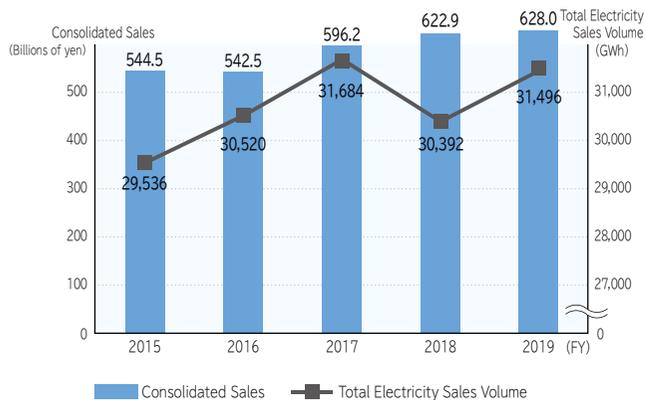
#### ● Consolidated Return on Assets (ROA)



#### ● Consolidated Outstanding Interest-bearing Debt



#### ● Consolidated Sales and Total Electricity Sales

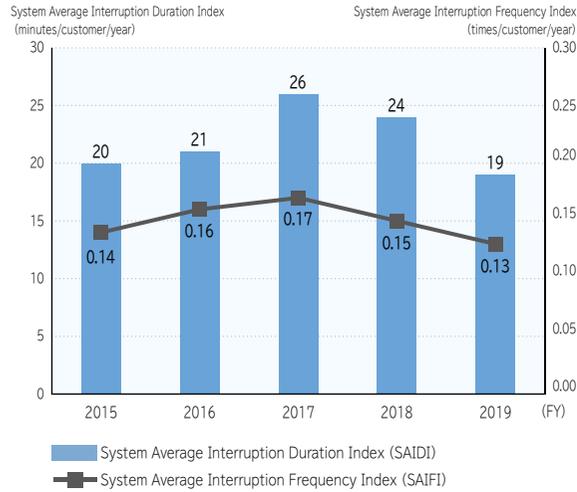


#### ● Consolidated Equity Ratio

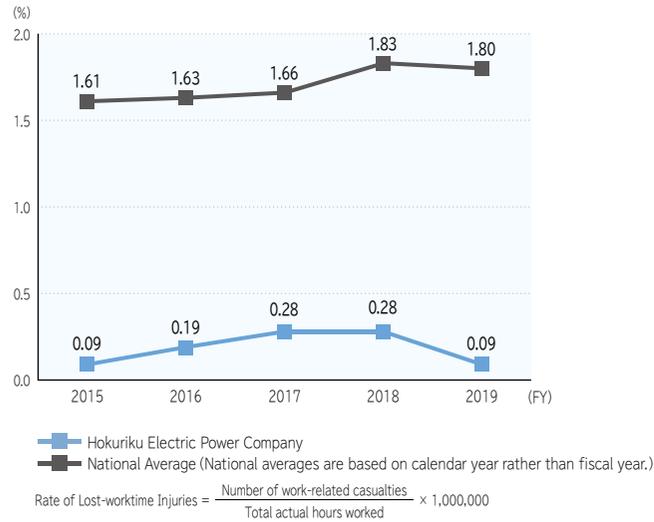


Note: The equity ratio has been calculated by dividing shareholders' equity by total assets.

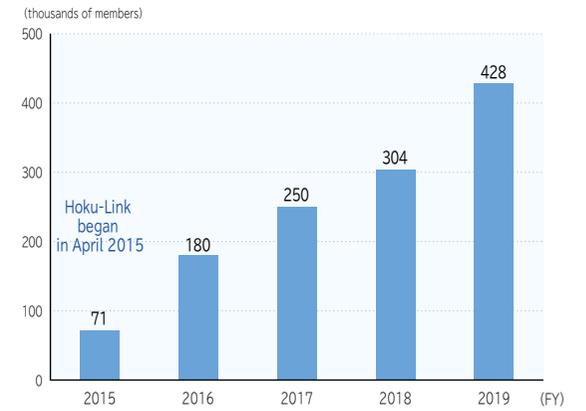
● System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI)



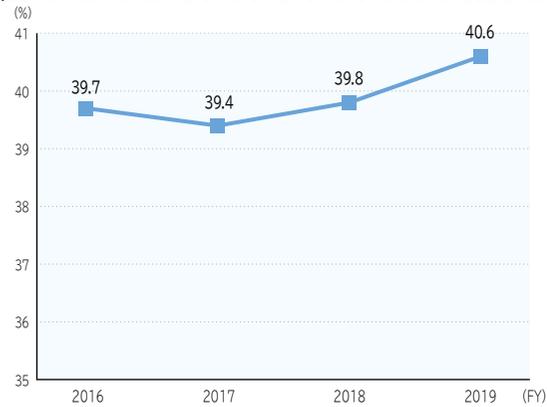
● Rate of Lost-worktime Injuries



● Hoku-Link Membership

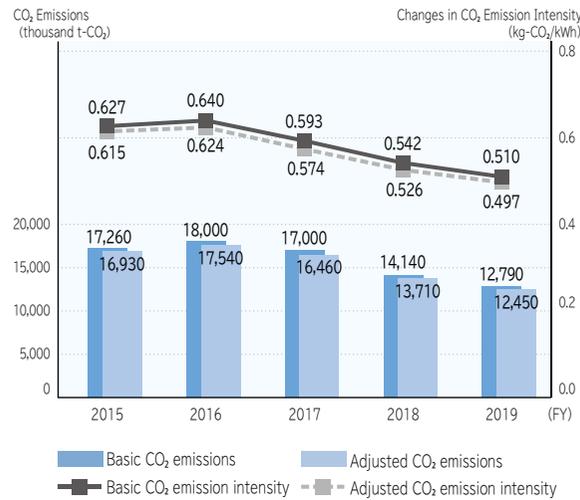


● Overall Thermal Power Generation Efficiency (Benchmark Index B of the Act on the Rational Use of Energy)



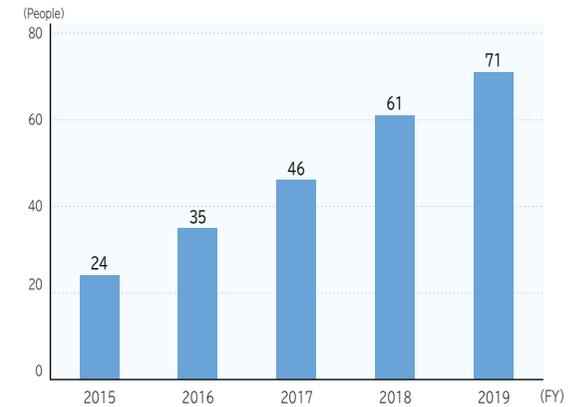
Note: Index B was introduced in FY 2016.  
 Index B = (actual coal-fired power generation efficiency × ratio of coal-fired power generation to total thermal power generation) + (actual LNG-fired power generation efficiency × ratio of LNG-fired power generation to total thermal power generation) + (actual oil-fired power generation efficiency × ratio of oil-fired power generation to total thermal power generation)

● Changes in CO<sub>2</sub> Emission Intensity/CO<sub>2</sub> Emissions



Note: The adjusted values reflect the adjustment amounts based on the feed-in tariff system for renewable energy, and other factors. Calculations were made based on the Law Concerning the Promotion of the Measures to Cope with Global Warming.

● Number of Female Managers



# The Hokuriku Electric Power Group 2030 Long-Term Vision (Publicly announced in April 2019)

In April 2019, we established and announced the Hokuriku Electric Power Group 2030 Long-term Vision, drawing a roadmap to sustainable growth, in order to handle not only immediate tasks, but also forward-looking challenges, with a sense of speed amid the drastic changes in the business environment.

## Our Ideal Future State

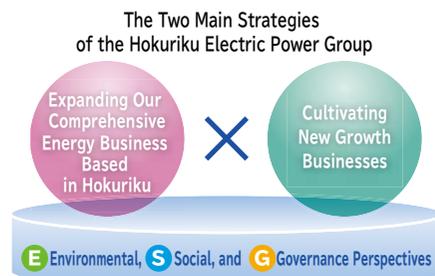
Based on the Group's philosophy, "building an affluent, lively Hokuriku through power and intelligence," we have set an ideal state for the Group's future, taking into account our future business environment and changing societal needs.

**Developing alongside the Hokuriku Region, Creating New Value Nationwide and Internationally**

## Two Main Strategies toward Bringing About Our Ideal State

In addition to expanding the comprehensive energy business we have established, with the Hokuriku region as our foundation, we are also working based on our main strategy of cultivating new growth businesses.

In addition, as a socially responsible energy company, we engage in our work with deliberate consideration given to environmental, social, and governance topics.



## Efforts toward FY 2030 by Category

Category		Efforts toward 2030	
Power Generation	Nuclear power	<ul style="list-style-type: none"> <li>Safe and stable operation of Shika Nuclear Power Station</li> </ul>	<b>Working toward Cost and Carbon Reductions</b>
	Hydro power & renewables	<ul style="list-style-type: none"> <li>Increase in electricity generated by renewable energy sources</li> </ul>	
	Thermal power	<ul style="list-style-type: none"> <li>Restructuring equipment with an eye on economic performance and environmental affects</li> </ul>	
Sales		<ul style="list-style-type: none"> <li>Positive expansion of integrated energy services and added-value services</li> </ul>	<b>Numerical Targets to Reach by FY 2030:</b> <ul style="list-style-type: none"> <li>Amount of renewable energy power generation: up 2.0 billion kWh/year*1 (renewable energy ratio: 30%)</li> <li>Coal consumption: 10% reduction/year*1</li> <li>Energy Conservation Act Environmental Index achievements:                             <ul style="list-style-type: none"> <li>Overall thermal power generation efficiency: 44.3%</li> <li>Actual thermal power generation efficiency record/target value: 1.00</li> </ul> </li> </ul>
Transmission and Distribution		<ul style="list-style-type: none"> <li>Flexibly addressing the social environment and technical innovations</li> </ul>	
Group Business and New Business		<ul style="list-style-type: none"> <li>Expansion of existing business domains</li> <li>Creation of new business domains</li> </ul>	

\*1 Compared to FY 2018

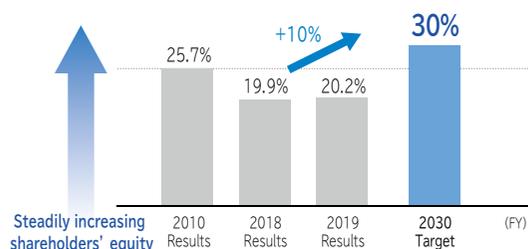
\*2 Target set by the Electric Power Council for a Low Carbon Society (comprising former general electric power suppliers, including the Hokuriku Electric Power Company, and certain new electric power suppliers)

## Financial Objectives

Through the early restart of Shika Nuclear Power Station, expanding our comprehensive energy business, and creating new businesses based on the needs of society, we aim to meet the following three objectives.

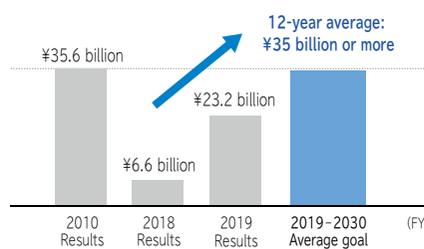
### 1. Consolidated Equity Ratio

■ 30% or more by FY 2030



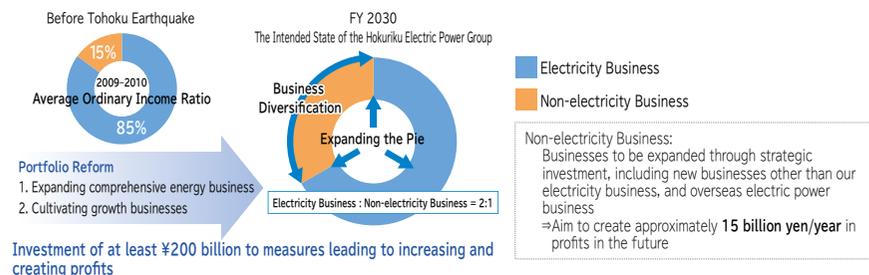
### 2. Consolidated Ordinary Income

■ Periodic average for 2019-2030 to be ¥35 billion or more



### 3. Business Portfolio

■ By around 2030 on an ordinary income basis Electricity Business : Non-electricity Business = 2:1



● **Basic Way of Thinking for Investments**

Accelerate investments necessary for sustainable growth, based on the premise of continuous investment in equipment necessary for stable supply.

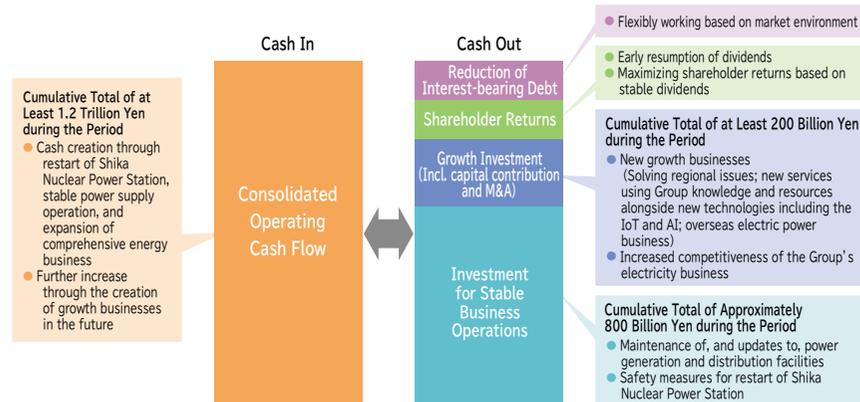
● **Basic Ways of Thinking for Shareholder Returns**

We work to provide stable power supply operation and increase our operational efficiency to improve our income and expenditures and our cash flow, with the goal of early resumption of dividends. At the same time, in the mid-to-long term, we aim to expand our comprehensive energy business and create growth businesses, thus ensuring financial health, and allowing us to maximize shareholder return based on stable dividends.

● **Promoting Increased Productivity Groupwide**

We continuously work to improve productivity and to increase the comprehensive strength of the Group as a whole, with the goal of strategically reassigning at least 10% of our total staff to engage in growth businesses by FY 2030.

● **Overview of Mid-to-long-term Cash Flow Distribution: Cumulative Totals for 2019-2030**



**First Mid-term Business Policy and Plan (FY 2019-2022)**

**Positioning of Our First Mid-term Business Policy and Plan**

In April 2019, as a step toward achieving our Long-term Vision, we established and announced our First Mid-term Business Policy and Plan (FY 2019-2022) to serve as the implementation plan for the current four years, dividing the 12 years up to FY 2030 into three four-year periods. This is the most important period for making our future ideal state a reality, and we have positioned it as a period of recovery and taking action. Based on the four pillars of our business policy, the Group will come together and work steadily to resolve the various issues confronting us.

**First Mid-term Business Plan (FY 2020 Version)**

In FY 2020, we have not reviewed the four pillars of our mid-term business plan; however, in April 2020, we drew up and announced the FY 2020 version of the Hokuriku Electric Power Group First Mid-term Business Plan, aiming to accelerate or revise measures, based on changes in the circumstances surrounding us and other factors.

● **Conceptual Diagram**

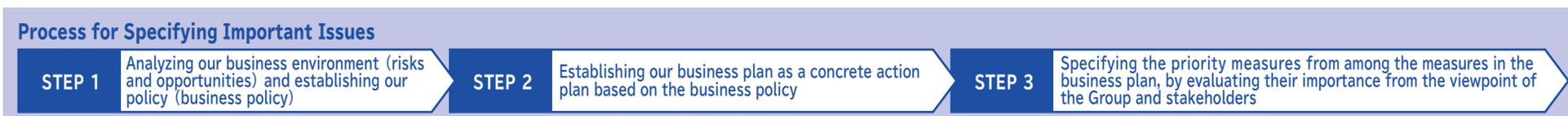


**First Mid-term Business Policy**

- 1. Ensuring a Stable Supply of Electricity**
  - Early restart of Shika Nuclear Power Station
  - Ensuring a stable supply of electricity by reliably operating, maintaining, and managing our power station facilities, stably procuring fuel, and implementing other measures
  - Planned updates to distribution facilities, response to large-scale introductions of renewable energy, and improvement of resilience
- 2. Enhancing the Competitiveness of Our Comprehensive Energy Business**
  - Building an electric power generation mix that is both low-carbon and economical, by expanding the use of renewable energy and through other efforts
  - Proactive sales activities through comprehensive energy business and other operations, and provision of services based on customers' needs
  - Further streamlining of operations, investigation and implementation of new future services, and strategic reaction to national policies
- 3. Expanding Business Domains through the Combined Strength of the Group**
  - Expansion of existing business domains and creation of new ones through maximum utilization of our operating resources and new technologies
- 4. Deepening Our Corporate Culture**
  - Efforts to earn the trust of the local society
  - Deepening our culture of safety and improving the quality of operations and services
  - Creation of workplaces full of vitality, where individuals and organizations can reach their maximum potential

## Risks, Opportunities, and Priority Measures

With the aim of achieving our Long-term Vision, we at the Group first analyze our business environment (risks and opportunities), before establishing our policy (First Mid-term Business Policy) and a concrete action plan (First Mid-term Business Plan). For the concrete action plan, we specify priority measures based on an evaluation of their importance, and strive to steadily implement each measure.



### STEP 1 Analyzing Our Business Environment and Establishing Our Policy

● Analyzing our business environment (risks and opportunities) and establishing our policy (Hokuriku Electric Power Group First Mid-term Business Policy)

Risks	Opportunities	Policy (First Mid-term Business Policy)
<ul style="list-style-type: none"> <li>● Prolonged shutdown of Shika Nuclear Power Station</li> <li>● Unscheduled shutdowns of power generation facilities</li> <li>● Large-scale natural disasters, such as typhoons and earthquakes, causing power facility problems</li> <li>● Aging of power generation, transmission, and distribution facilities</li> </ul>	<ul style="list-style-type: none"> <li>● Improved performance of equipment due to technological innovations</li> </ul>	Ensuring a Stable Supply of Electricity
<ul style="list-style-type: none"> <li>● Revision of systems relating to electric utilities, such as tighter environmental regulations based on measures to prevent global warming</li> <li>● Decrease in electricity sales due to population declines, deteriorating economic conditions, etc.</li> <li>● Obsolescence of current business models due to technological innovations</li> <li>● Intensifying competition due to the liberalization of electricity retailing</li> <li>● Fuel procurement environment becoming more difficult due to price hikes and other factors</li> <li>● Financing environment becoming more difficult due to downgrade of ratings, higher interest rates, etc.</li> <li>● Decrease in hydroelectric power generation due to precipitation fluctuations</li> <li>● Steep rise in costs for the procurement of materials and equipment</li> <li>● Decrease in electricity sales and impact on business operations due to the spread of infectious disease</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of opportunities to invest in renewable energy</li> <li>● Expansion of trading opportunities due to the opening of new markets</li> <li>● Diversification of customer needs, such as for added-value services</li> <li>● Further progress in electrification, including electric vehicles</li> </ul>	Enhancing Competitiveness of Comprehensive Energy Business
<ul style="list-style-type: none"> <li>● Increase in business risks in relation to expansion of investments in new businesses</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of business opportunities due to the liberalization of the electricity and gas markets</li> <li>● Expansion of business opportunities due to manifestation of local issues</li> <li>● Increasing demand for electricity in Asia and other overseas markets</li> </ul>	Expanding Business Domains through the Combined Strength of the Group
<ul style="list-style-type: none"> <li>● Decline in social trust caused by a breach of business ethics</li> <li>● Acceleration of the trend toward decarbonization due to increased environmental awareness</li> <li>● Labor shortages due to the decline in the labor force population and other factors</li> <li>● Impact on business operations due to cyber attacks</li> <li>● Decrease in electricity sales and impact on business operations due to the spread of infectious disease</li> </ul>	<ul style="list-style-type: none"> <li>● New value creation through the utilization of diverse human resources</li> <li>● Productivity improvement through work style reforms</li> <li>● Productivity improvement and expansion of new business opportunities through the utilization of digital technologies</li> <li>● Expansion of business opportunities through enhanced promotion of SDGs</li> </ul>	Deepening Our Corporate Culture

### Status of Our Efforts regarding Risk Management

● Management risks are handled appropriately: after being grasped and evaluated as appropriate, they are reflected in various plans, including the business plan, established for each fiscal year at the board of directors' meeting. In addition, we establish organizations to discuss the issues and policies relating to such risks, as well as setting up company-wide cross-department committees and other equivalent units, on an as-needed basis.

## STEP 2 Establishing Our Business Plan

- Establishing our business plan based on the business policy, taking into account corporate social responsibility (CSR) and environmental, social, and governance-related (ESG) viewpoints

### First Mid-term Business Policy (FY 2019-2022)

- Ensuring a Stable Supply of Electricity
- Enhancing Competitiveness of Comprehensive Energy Business
- Expanding Business Domains with the Combined Strength of the Group
- Deepening Our Corporate Culture

### FY 2020 version of First Mid-term Business Plan (FY 2019-2022)

For details of specific measures, refer to the efforts by each operational division, starting on page 17.

## STEP 3 Specifying the Priority Measures

- Evaluating the importance of the measures in the business plan, from the viewpoint of the Group and stakeholders



- Specifying the priority measures based on the importance evaluation

	Important Issues	Main Efforts	Corresponding Page(s)
Power Generation	Early restart of Shika Nuclear Power Station	<ul style="list-style-type: none"> <li>Actions for the early resolution of issues concerning the faults at the site</li> <li>Steady implementation of safety measures</li> </ul>	P18-20
	Stable ensuring of availability	<ul style="list-style-type: none"> <li>Actions following issues at large coal-fired power stations</li> </ul>	P21
	Building a competitive electric power generation mix that is both low-carbon and economical	<ul style="list-style-type: none"> <li>Reduction of carbon emissions through wider use of renewable energy</li> <li>Efforts regarding thermal power generation for improving competitiveness</li> </ul>	P22-23
Transmission and Distribution	Ensuring electric supply reliability from our transmission and distribution facilities	<ul style="list-style-type: none"> <li>Steady implementation of measures for ensuring electric supply reliability from power transmission and distribution equipment, and for maintaining their functions</li> <li>Improvement of resilience to prepare for disasters</li> </ul>	P27-31
Sales	Sales activities in order to be chosen by customers	<ul style="list-style-type: none"> <li>Further strengthening of sales activities (Residential sector, corporate sector, and the Tokyo metropolitan area)</li> <li>Promotion of new added-value services</li> </ul>	P33-35
New Businesses	Taking on the challenges of new business domains	<ul style="list-style-type: none"> <li>Establishment of a new investment subsidiary</li> <li>Solving regional issues</li> <li>New services combining Group resources with new technology</li> <li>Overseas electric power business</li> </ul>	P37-38
	Deepening our corporate culture	<ul style="list-style-type: none"> <li>Appropriate measures against the risks of infectious disease</li> <li>ESG efforts, including labor productivity improvement through work style reforms</li> </ul>	P16 P40-56

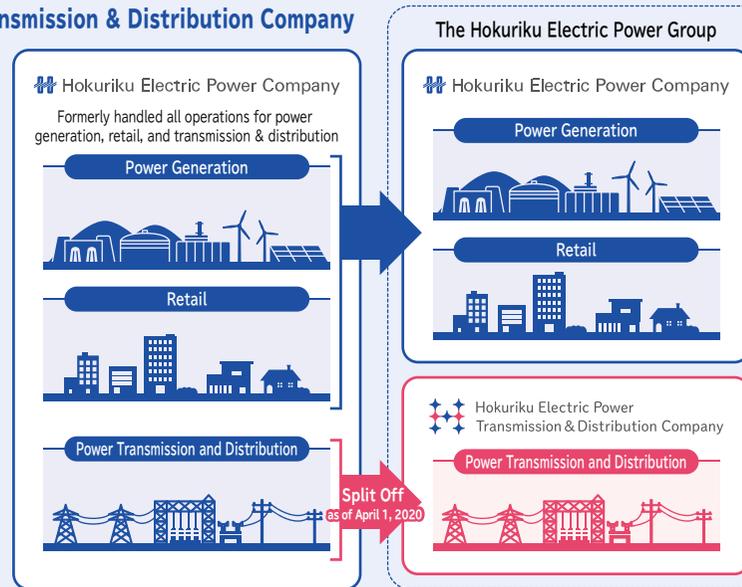
## Splitting Off of Power Transmission and Distribution Company

In April 2020, our power transmission and distribution division was split off to form the Hokuriku Electric Power Transmission & Distribution Company, and this new company started operation at the same time. Even after the split-off, we work to ensure the neutrality and fairness of our power transmission and distribution, and make a concerted effort as a group to fulfill our mission of delivering a stable supply of electricity and contributing to regional development.

### Establishment of the Hokuriku Electric Power Transmission & Distribution Company

The Hokuriku Electric Power Transmission & Distribution Company handles the construction and maintenance of transmission lines, substations, and distribution lines in the Hokuriku region, and operates power transmission and distribution networks, in order to deliver a stable supply of electricity.

 Hokuriku Electric Power Transmission & Distribution Company

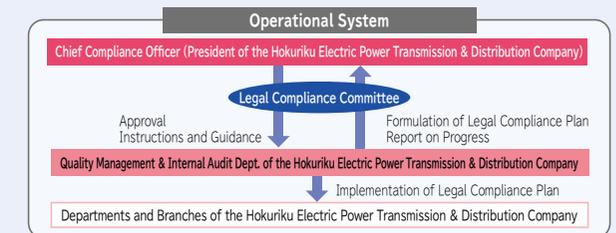


### Legal Compliance

The operations of power transmission and distribution companies are legally bound by the relevant conduct regulations, to ensure neutrality and fairness.

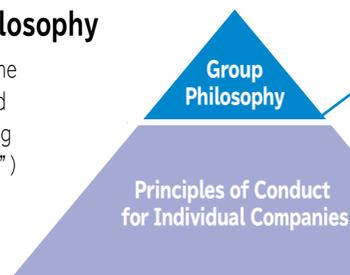
The Hokuriku Electric Power Transmission & Distribution Company has established a Legal Compliance Committee, and has drawn up a plan to ensure that the company's operations conform to laws and ordinances (the Legal Compliance Plan).

The progress and results of the plan are reported to the Committee, and the plan will be revised as appropriate based on instructions and guidance from the chief compliance officer.



### The Hokuriku Electric Power Group Philosophy

In March 2019, taking into account the splitting off of the power transmission and distribution company, we redefined the Hokuriku Electric Power Company Philosophy ("building an affluent, lively Hokuriku through power and intelligence") as the Hokuriku Electric Power Group Philosophy. We continue our operations under this common Group philosophy, even after the split-off.



### Building an Affluent, Lively Hokuriku through Power and Intelligence

- Hokuriku Electric Power Company**
- (1) Deliver a stable supply of inexpensive, high-quality energy
  - (2) Provide new value and services, as we develop alongside the Hokuriku region
  - (3) Blaze a trail to the future, with the spirit of endeavor and creation

- Hokuriku Electric Power Transmission & Distribution Company**
- (1) Support society through dependable and affordable electricity, contributing to enriched lifestyles and development of Hokuriku
  - (2) Provide services in a neutral and transparent manner, in order to ensure fair use of power transmission and distribution networks
  - (3) Blaze a trail to the future, with the spirit of endeavor and creation

## Measures against the Novel Coronavirus

Following the outbreak of the novel coronavirus, we will take all possible measures to ensure a stable supply of electricity, including proper implementation of our business continuity plan. At the same time, we will take actions quickly and appropriately to minimize the risk of decline in earnings due to factors such as a decrease in electricity sales. In addition, we will keep a close eye on how circumstances develop, and review our plans flexibly as appropriate.

### Stable Supply of Electricity and Prevention of Infection among Employees

- With respect to the duties essential for the supply of electricity, including those at the Central Load-dispatching Center and power stations, we secure the required personnel by temporarily dispatching experienced employees from other workplaces, as well as modifying our work shift system.
- We strive to prevent infections among employees by postponing nonurgent business trips and events, requiring employees to wear masks whenever they are inside the company's facilities, promoting teleworking, and taking other measures.
- We have postponed our regular personnel changes, which ordinarily take place each July, to October: by reducing large-scale movements of people between prefectures or offices, we intend to ensure a stable supply of electricity during summer, as well as preventing the spread of viral infections both within and outside the company.

### Efforts to Cope with the Risk of Decline in Business

To cope with a decline in business performance, including decreased electricity sales, due to the spread of the novel coronavirus, we will discuss and implement measures to further improve our managerial efficiency at the Committee to Strengthen our Management Base, chaired by the company president.

### Special Measure for Electricity Bill Payment

For customers who have temporary difficulty in paying their electricity bills due to business suspension, lost jobs, or other causes attributable to the spread of the novel coronavirus, we have extended the deadlines for payment of their bills for the period from March to August as a special measure.

## Support for Healthcare Professionals

### Donation of Protective Clothing and Raincoats to the Three Prefectures of Hokuriku

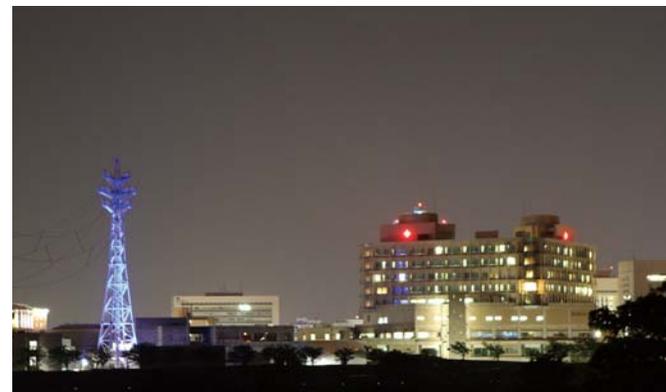
In consideration of the lack of medical protective clothing available on the front lines of health care, the Group has donated hazmat suits (for Shika Nuclear Power Station) and raincoats to the three prefectures of the Hokuriku region.

### Blue Illumination of Electricity Pylons

To thank and encourage the healthcare professionals who are working hard on the medical front amid the spread of the novel coronavirus, the Hokuriku Electric Power Transmission & Distribution Company, in collaboration with transmission line construction companies affiliated with E-League Hokuriku,\* lit up four electricity pylons in blue,\* near hospitals in the three prefectures of the Hokuriku region.



Donating Hazmat Suits



Electricity Pylon Illuminated in Blue (Near Toyama Red Cross Hospital)

#### Glossary ▶

\* E League Hokuriku is a group of approximately 130 companies that perform transmission and distribution equipment works for the Hokuriku Electric Power Transmission & Distribution Company, established in July of 2015 for the purpose of improving the public image of the industry through public relations efforts.

\* Electricity Pylon Illuminated in Blue: The Light It Blue campaign started in the UK as a way to pay tribute to healthcare professionals and others who expose themselves to risk by working on the front lines of the battle against the coronavirus. The choice of color was based on the fact that the UK's National Health Service (NHS) uses blue for its branding.

# Power Generation

## Working toward an Early Restart of Shika Nuclear Power Station and the Establishment of an Optimal Generation Mix That Is Both Low-carbon and Economical

As we aim to realize our long-term vision, the most important mission of our power generation division is to establish an optimal generation mix that is both low-carbon and economical, and that helps address the issue of global warming, in addition to surviving the era of liberalization.

To this end, first, the early restart of Shika Nuclear Power Station is indispensable, as a vital base load generation resource from the perspective of “S+3Es.” Six years have passed since we filed our application for a review on conformity to the new regulatory requirements regarding Unit 2, and now the review process has entered the next stage: evaluation of the activity of the faults at the site. We will continue to take appropriate actions regarding these reviews, with the goal of an early restart.

Additionally, in line with the national energy policy, we work to reduce carbon emissions by increasing our hydroelectric power generation output through large-scale renovation of existing facilities and other measures, and increasing the wood biomass co-combustion ratio at coal-fired power stations, as well as advancing our studies to discover new sites for renewable energy. By FY 2030, we aim to achieve our goal of increasing the amount of electricity generated by renewable energy sources by 2.0 billion kWh per year.

Moreover, we will work to restructure our power generation mix, taking into account future environmental regulations, and new market trends, such as the non-fossil value trading market and the capacity market.

The suspended operation of our main coal-fired power stations due to equipment failures had a significant impact on our business performance in FY 2018 and 2019. We will work to ensure even-more-stable operation of these facilities, by taking measures such as replacing turbines and boiler furnace equipment in our four main units for the purpose of preventive maintenance, and by introducing an early problem detection system using AI and IoT technologies.

Representative Director & Executive Vice President  
General Manager of Community Relations & Development Division  
General Manager of Nuclear Power Division

**Nobuhiko Ishiguro**

## Efforts toward Early Restart of Shika Nuclear Power Station

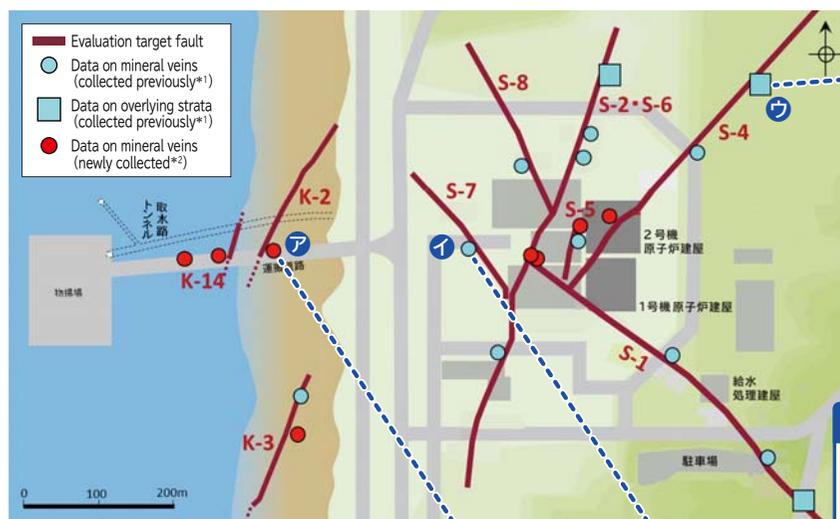
### Actions for the Early Resolution of Issues Concerning the Faults at the Site

After we filed our application for the review on conformity to the new regulatory requirements regarding Shika Unit 2 with the national government in August 2014, review by the national government has been under way, concerning the faults at the site of Shika Nuclear Power Station.

At the meeting in March 2020 for the review on conformity to new regulatory requirements, three coastal area faults were selected as evaluation targets; together with the six land area faults that had already been determined, we gained understanding regarding our selection of the nine faults in total as evaluation targets.

At the review meeting in July, the activity of these nine evaluation target faults was discussed. We explained the inactivity of all these faults through an expansion of the data on evaluation by mineral veins and the overlying strata analysis method, and we received positive comments on our evaluation approach and way of thinking. For future reviews, we will continue to provide detailed explanations to earn understanding of our positions.

#### ●The Nine Evaluation Target Faults and Data Collection Points regarding Evaluation of Activity



\*1 Collected before the 788th review meeting, held in October 2019  
 \*2 Collected additionally before the 875th review meeting, held in July 2020

Evaluation Target Fault	Overlying Strata Analysis Method	Evaluation by Mineral Veins, etc.	Evaluation Target Fault	Overlying Strata Analysis Method	Evaluation by Mineral Veins, etc.
S-1	1 point	4 points (+2)	K-2	—	1 point (+1)
S-2-S-6	1 point	3 points	K-3	—	2 points (+1)
S-4	1 point	2 points (+1)	K-14	—	2 points (+2)
S-5	—	2 points (+1)			
S-7	—	1 point			
S-8	—	1 point			

(Red indicates number of points where data was newly collected\*2)

#### Example of Evaluation of Activity by the Overlying Strata Analysis Method

##### Evaluation Approach

- The stratum overlying the fault accumulated over 120-130,000 years ago.
- The fact that there is no displacement or deformation in this stratum indicates that there has been no activity at the fault since the Late Pleistocene (120-130,000 years ago).

The fault is not active

##### S-4 on the map to the left



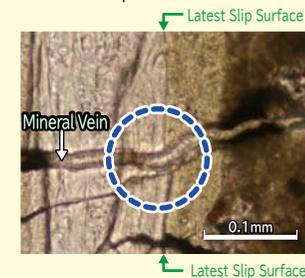
#### Example of Evaluation of Activity by Mineral Veins

##### Evaluation Approach

- The mineral veins crossing the areas near the latest slip surfaces of the faults were formed at least approximately 6-9 million years ago.
- The fact that there is no displacement or deformation in these mineral veins indicates that there has been no activity at the faults since the Late Pleistocene (120-130,000 years ago).

The fault is not active

##### K-2 on the map to the left



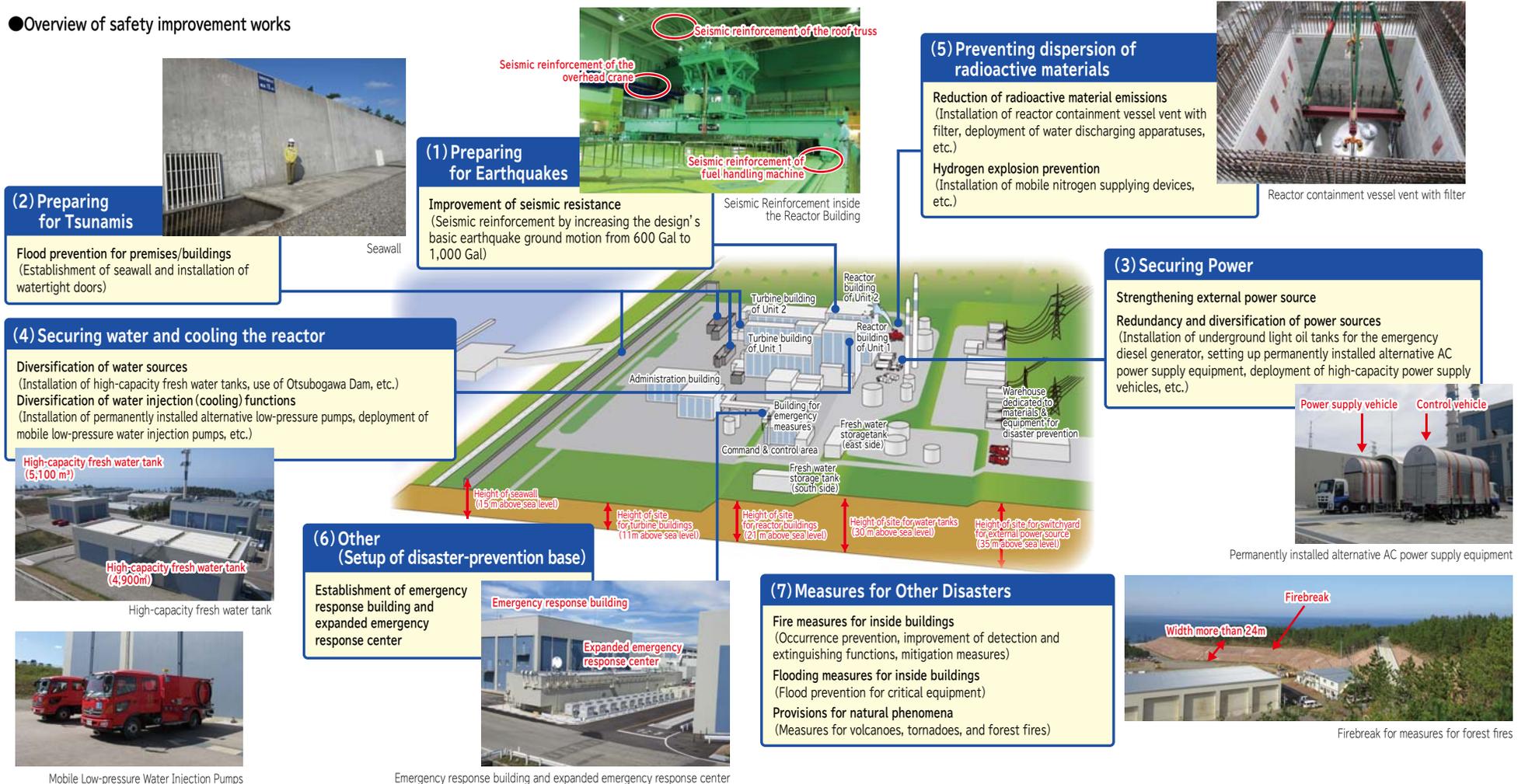
##### S-7 on the map to the left



### Steady Implementation of Safety Measures

In order to further improve the safety of Shika Nuclear Power Station, we are proceeding with safety improvement works, including independent safety measures, taking account of the review statuses and results for other companies and other factors. Alongside the steady implementation of the safety improvement works, we continue to take appropriate actions in relation to reviews on conformity to the regulatory requirements, with the goal of an early restart of Shika Nuclear Power Station.

● Overview of safety improvement works



### Nuclear Disaster Prevention Training

As part of our efforts to prepare for unexpected situations including natural disasters such as earthquakes or tsunamis, we conduct various ongoing training programs to maintain and improve our response capability.

In addition, we took part in a nuclear disaster prevention training program, conducted on November 4, 2019, by Ishikawa Prefecture, Shika Town, and other organizations; we confirmed the division of roles and coordination with the government and the local public authorities, and performed various drills.



Expanded Emergency Response Center during Disaster Prevention Training with Ishikawa Prefecture, Shika Town, and Other Organizations



Evacuation Screening during Disaster Prevention Training with Ishikawa Prefecture, Shika Town, and Other Organizations

### Efforts to Gain Understanding Concerning the Safety of Shika Nuclear Power Station

Using opportunities like power station tours, and visits for dialogue activities, we strive on a company-wide basis to explain our efforts and safety measures at Shika Nuclear Power Station to local residents, to gain the understanding of as many people as possible, as well as to provide a sense of peace of mind.

#### Power Station Tours



Held  
**245** times  
A total of approx.  
**5,700** people

Tour of the Expanded Emergency Response Center

#### Briefing Sessions for Residents' Associations, Women's Groups, Labor Organizations, and Other Parties



Held  
**481** times  
A total of approx.  
**10,200** people

Briefing Session for a Women's Group

#### Visits for Dialogue Activities



Visits Paid to:  
A total of approx.  
**1,000** people

Dialogue Activities with Local Residents

In addition, we provide information on the power station by distributing our newsletter *Hamanasu Net* to all households in Shika Town, where the power station is located, as well as through a local cable TV program in the town.



Hamanasu Net Newsletters

### Information Disclosure on Nuclear Power

In the event of an accident, equipment trouble, or other issue at Shika Nuclear Power Station, we contact and/or submit reports to the national government, and related local governments, including Ishikawa Prefecture and Shika Town, in compliance with laws and ordinances, safety agreements, MOUs, or as otherwise determined. We also continuously measure radiation levels and other data near the border of the site of the power station, and provide this data to Ishikawa Prefecture and other relevant organizations.

## Efforts to Ensure Stable Supply

### Response to Failures at Large Coal-fired Power Stations

In FY2018 and FY2019, a series of failures occurred at our main coal-fired power generation facilities, Nanao Ohta Thermal Power Station Unit 2 and Tsuruga Thermal Power Station Unit 2, which affected both supply capability and our bottom line.

Based on the knowledge obtained through these problems, we will not only address the causes of failures, but also strengthen measures that lead to their prevention and early detection, as well as early recovery.

#### ●Replacement of Equipment for Preventive Maintenance

We aim to reduce the risks of failures by proactively performing preventive maintenance repairs and replacements.

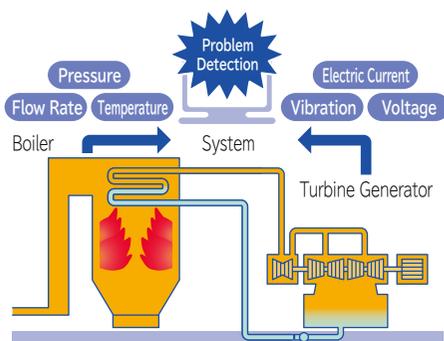
Unit	Output	Works to Be Performed before Next Regular Inspection (Figures in parentheses indicate fiscal years when equipment will be replaced)	
		Turbines	Boiler
Tsuruga Unit 1	500 MW	Replacement of low-pressure turbines (2021) The high-and-intermediate pressure turbine was replaced in 2013.	Partial replacement of economizers (2021)
Tsuruga Unit 2	700 MW	Replacement of all turbines (2022)	Partial replacement of superheaters (2020) and boiler wall tubes (2022)
Nanao Ohta Unit 1	500 MW	Replacement of all turbines (2021)	Partial replacement boiler wall tubes (2021)
Nanao Ohta Unit 2	700 MW	Replacement of all turbines completed (2020)	Partial replacement of superheaters and boiler wall tubes completed (2020)

By replacing all turbines, we also aim to reduce CO<sub>2</sub> emissions as a result of improved efficiency, as well as to improve equipment reliability. (Reduction in CO<sub>2</sub> emissions as a result of turbine replacements in the four units: approx. 0.2 million tons/year)

#### ●Early Detection of Problems Using AI and IoT

For Toyama Thermal Power Station Unit 4, we have experimentally introduced a system to collect and analyze a massive amount of operation data using AI, IoT, and other technologies, to detect signs of equipment problems in their early stages. The system will also be introduced to other thermal power stations, one by one.

**Introduction Schedule** FY 2020: Nanao Ohta Unit 2, Tsuruga Unit 2  
 FY 2021: Tsuruga Unit 1, Nanao Ohta Unit 1  
 FY 2023: Toyama Shinko Unit 2



Schematic Diagram of AI System for Early Problem Detection



Replacement of the Turbine during Periodic Inspection of Nanao Ohta Thermal Power Station Unit 2

#### ●Measures for Early Recovery in the Event of a Problem

For the purpose of early recovery from problems, we will install intermediate scaffolding for boilers, and strive to maintain a sufficient stock of spares for components that take a long time before being delivered, such as mill rollers.

## Building a Competitive Electric Power Generation Mix That Is Both Low-Carbon and Economical

### Low-carbon through Wider Use of Renewable Energy

With the goal of increasing our amount of renewable energy production by FY 2030, we promote measures such as increasing our hydroelectric power generation and increasing biomass co-combustion ratios at coal-fired power stations, for an electric power generation mix that is both low-carbon and economical. We will also promote our studies to discover new sites, regardless of the type of power generation source.

#### ● Increase in Hydroelectric Power Generation

We will implement measures to increase hydroelectric power generation, including the construction of new hydroelectric power stations, renovation of aging facilities, and partial improvement of existing facilities, in order to reduce carbon emissions from power generation.

#### Construction of New Hydroelectric Power Stations

Kurobegawa Denryoku, one of the companies in the Hokuriku Electric Power Group, is constructing Shin-Himekawa No. 6 Power Station, a new hydroelectric power station in Itoigawa City, Niigata.

Output	Electricity generated	Scheduled start of operation	CO <sub>2</sub> reductions
28,000 kW	90 million kWh/year	April 2022	Approx. 44,000 t-CO <sub>2</sub> /year

We are also considering construction of new power stations at other locations.



Shin-Himekawa No. 6 Power Station under Construction (Jan. 2020)

#### Increase in Power Generation through Partial Improvement of Existing Facilities and Other Measures

We aim to improve the power generation efficiency of existing hydroelectric power stations through partial improvement, such as replacement of turbine runners.



Replacement of a runner at Tedori River No. 2 Power Station (Feb. 2020)

In FY 2019, we increased the amount of electricity generated, by renovating five power stations, including Tedori River No. 2 Power Station. (Total for the five power stations: up 3,450 kW, and up 10 million kWh/year)

#### Renovation of Aging Facilities

We are considering large-scale renovation works for hydroelectric power stations that have been operating for significant periods of time.

The power stations shown below are planned for renovation.

\*Start of provisional works

Power Station	Output	Start of Work on Site*
Hokuriku Electric Power Company	Banbajima	21,830 kW
	Mitsumata No. 1	13,770 kW
Toyama Kyodo Jikahatsuden	Miza	26,300 kW
	Kuzuyama	25,677 kW

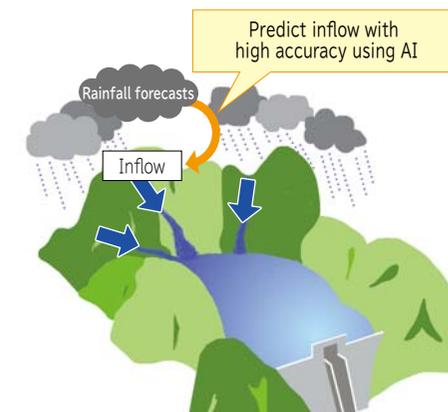
We are also considering large-scale renovation works for five other hydroelectric power stations.

#### Increasing Power Generation by Using AI

In collaboration with JFE Engineering Corporation, we are developing an optimal dam operation system that uses AI. Based on the verification test of this system, by predicting the inflow of water into a dam with a high degree of accuracy based on rainfall forecasts, it would be possible to shorten the downtime of power generation during floods, and it was confirmed that the amount of electricity generation increased.\*

\*For the Asaida Dam, annual power generation increased by approx. 5 million kWh.

In FY 2020, we aim to apply this system to multiple dams in the Jinzu River water system, to further increase hydroelectric power generation.



System to Predict Inflow to the Dam

● **Increasing Wood Biomass Co-combustion Ratios at Coal-fired Power Stations**

**Consideration of Equipment for Increased Biomass Co-combustion Ratios**

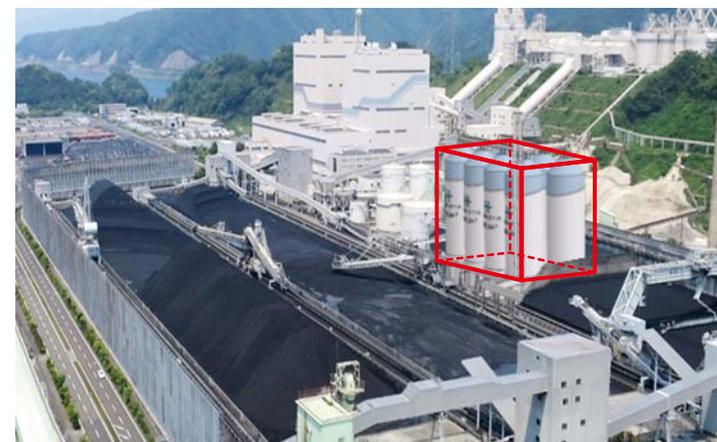
In FY 2019, we conducted a combustion test for increased biomass fuel co-combustion. We are considering the modification of power generation facilities and the construction of new biomass fuel storage silos, aiming at an increased co-combustion ratio (15%) starting in FY 2024 for Nanao Ohta Thermal Power Station Unit 2 and Tsuruga Thermal Power Station Unit 2.

**Biomass Fuel Procurement**

With the aim of increasing co-combustion ratios, we are considering the procurement of wood pellets (black pellets and white pellets) from North America and Southeast Asia — in addition to the domestically produced materials we currently use — taking into account cost effectiveness, supply stability, and usability.



Biomass Fuels: Black Pellets (Left) and White Pellets (Right)



Biomass Fuel Storage Silos at Tsuruga Thermal Power Station (Rendering)

● **Feasibility Study on the Development of an Offshore Wind Power Generation Project**

In collaboration with Chubu Electric Power Co., Inc. and OSGF Co., Ltd., we are considering an offshore wind power generation project off the coast of Awara City, Fukui Prefecture, and conducting a development feasibility study. In September 2019, we started an environmental impact assessment.

● **Further Consideration of Renewable Energy Development**

We strive to promote our studies to discover new sites for all types of power generation sources, including hydroelectric power generation and wind power generation.

**Efforts regarding Thermal Power Generation to Improve Competitiveness**

● **Suspension of Operation of Toyama Shinko Thermal Power Station Unit 1 (Operation commenced in 1974; 240,000 kW; oil-fired)**

Toyama Shinko Thermal Power Station Unit 1 uses low-sulfur crude oil fuel, for which the procurement conditions are becoming increasingly uncertain.

Taking into account the fuel procurement environment, and confirming that stable supply can be maintained, we have decided to suspend the operation of this unit, which has operated for 46 years, in October of 2020.

● **Stable, Economical Procurement of Fuel**

Fuel is an indispensable part of supplying power, and we focus on fuel procurement that is not only stable but also economical.

For LNG, we strive to procure fuel in flexible and economical manners, such as by ascertaining the spot market conditions to procure fuel at prices that reflect the market conditions. For coal, which we mainly procure from Australia, we also work to find other countries to procure from, and increase procurement from Russia and other areas near Japan, for diversified procurement sources, with the goal of supply stability and economical efficiency.

# The Need for Nuclear Power

In order to ensure a stable supply of electricity in the future, we consider nuclear power generation to be an essential power source, based on the major premise that safety should come first. The proper energy mix is important for Japan given the country's low energy self-sufficiency rate; additionally, from the perspectives of energy security, economics, and environmental suitability, nuclear power generation is required to continuously play an important role as a base load generation resource.

## Energy Self-sufficiency Rate

Japan is poor in natural energy resources, with an energy self-sufficiency rate of only 10%, meaning that Japan relies on imports for almost all energy resources.

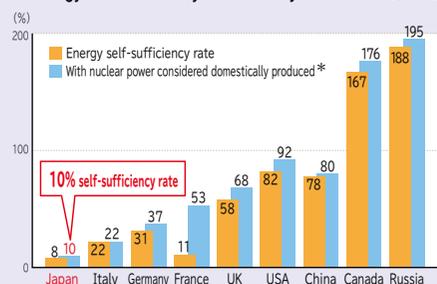
With the increasing global population, especially in emerging countries, energy demand is expected to rise significantly in the future, requiring energy composition that does not rely excessively on fossil fuels.

### Changes in the Global Population



Source: UN, World Population Prospects: The 2019 Revision (Figures for 2020 and later are projections.)

### Energy Self-sufficiency Rates of Major Countries (2017)



\*Uranium is a nuclear fuel, which can be used for a long period after import and can be reprocessed and recycled, and is considered a quasi-domestic energy source. Source: IEA World Energy Balances (2019 Edition)

## Energy Mix

Electric utilities have a social mission to ensure a stable supply of low-cost, high-quality electricity. The proper energy mix is of importance for a supply of electricity that supports daily life and industry from the perspective of "S+3Es," to simultaneously achieve energy security, economy, and environmental suitability, while putting the highest priority on safety.

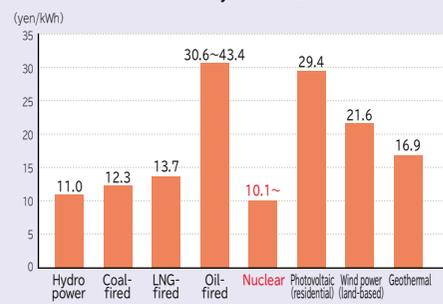
In addition, it is crucial to produce power based on a well-balanced combination of various generation resources that makes effective use of their respective characteristics, including economic efficiency, responsiveness to changes in electricity demand, etc., in order to satisfy ever-changing power demand.

The policy of Japan's energy mix for FY 2030 was revised in the Fifth Basic Energy Plan, which was approved by the Cabinet in July 2018. While the approximately 20-22% share of nuclear power set for 2030 was unchanged, a policy to proceed with efforts to make renewable energy serve as a main power source was indicated.

## Power Generation Cost by Sources

The cost of nuclear power generation measures up favorably to other power generation sources, even if additional costs such as accident risk costs are included.

### Power Generation Cost by Sources (2014 Model Plants)



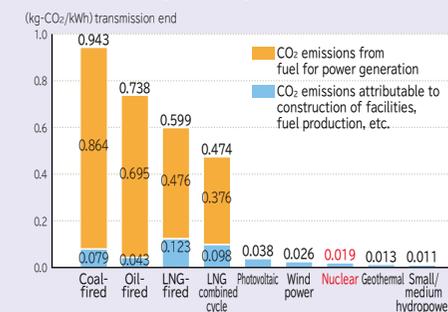
(Figures vary depending on preconditions and other factors.)

Source: Power Generation Cost Verification Working Group (May 2015)

## CO<sub>2</sub> Emissions by Sources

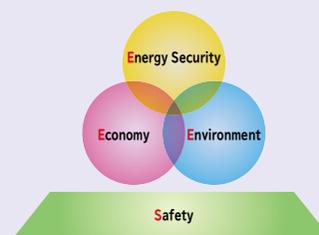
Nuclear power does not emit CO<sub>2</sub> when generating electricity, akin to renewable energy sources like photovoltaic and wind power.

### CO<sub>2</sub> Emissions per kWh by Sources



Source: Central Research Institute of Electric Power Industry Report (July 2016)

### The concept of energy mix (S+3Es)



	Before Tohoku Earthquake (2010)	Current (2018)	FY2030
Renewable Energy	Approx. 9%	Approx. 17%	Approx. 22-24%
Nuclear	Approx. 25%	Approx. 6%	Approx. 20-22%
Coal	Approx. 28%	Approx. 32%	Approx. 26%
LNG	Approx. 29%	Approx. 38%	Approx. 27%
Oil	Approx. 9%	Approx. 7%	Approx. 3%

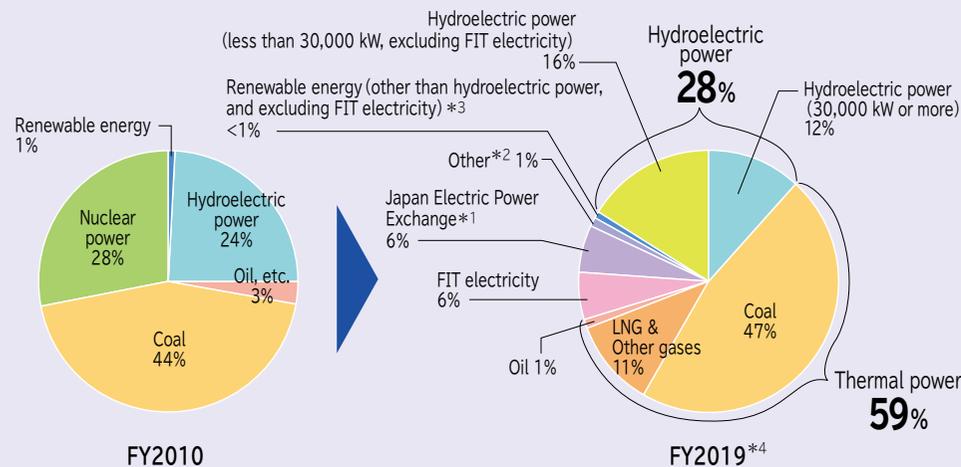
Source: Created based on the data presented at the 26th meeting of the Basic Policy Subcommittee on Electricity and Gas under the Electricity and Gas Industry Committee of the Advisory Committee for Natural Resources and Energy (July 2020) of the Agency for Natural Resources and Energy

# Hokuriku Electric Power Company's Generation Mix

Our generation mix is characterized by a higher ratio of hydroelectric power generation, capitalizing on the Hokuriku area's plentiful water resources; this ratio is 28%, the highest among former general electric power suppliers.

After the Great East Japan Earthquake, Shika Nuclear Power Station stopped operation; in its place, thermal power stations have been operating at high utilization rates since then. We steadily continue working toward restarting Shika Nuclear Power Station and the development of renewable energy sources in view of cost-effectiveness as ways to further diversify our generation resources.

## ● Component Ratio of Electricity Generated (Component ratio relative to our retail power demand)



\* Total figures may not exactly equal values obtained by adding up the individual figures, which are rounded off.

Note 1: "FIT electricity" refers to electricity produced by hydroelectric power, photovoltaics, wind power, etc., and procured under the Feed-in Tariff Program for renewable energy. Part of the cost that we incur to procure this electricity is covered by surcharges collected from all electricity users, including non-customers of our company. CO<sub>2</sub> emissions from this electricity are calculated based on national average CO<sub>2</sub> emissions from all types of electricity, including those from thermal power generation. The total value of FIT electricity in FY 2019 amounted to 6%.

Note 2: We offer some customers the option of 100% hydroelectric power; the percentage figures shown above were calculated based on the total amount of electric power sold (26,235 GWh), taking into account the amount of electricity sold through this option (30 GWh) (FY 2019).

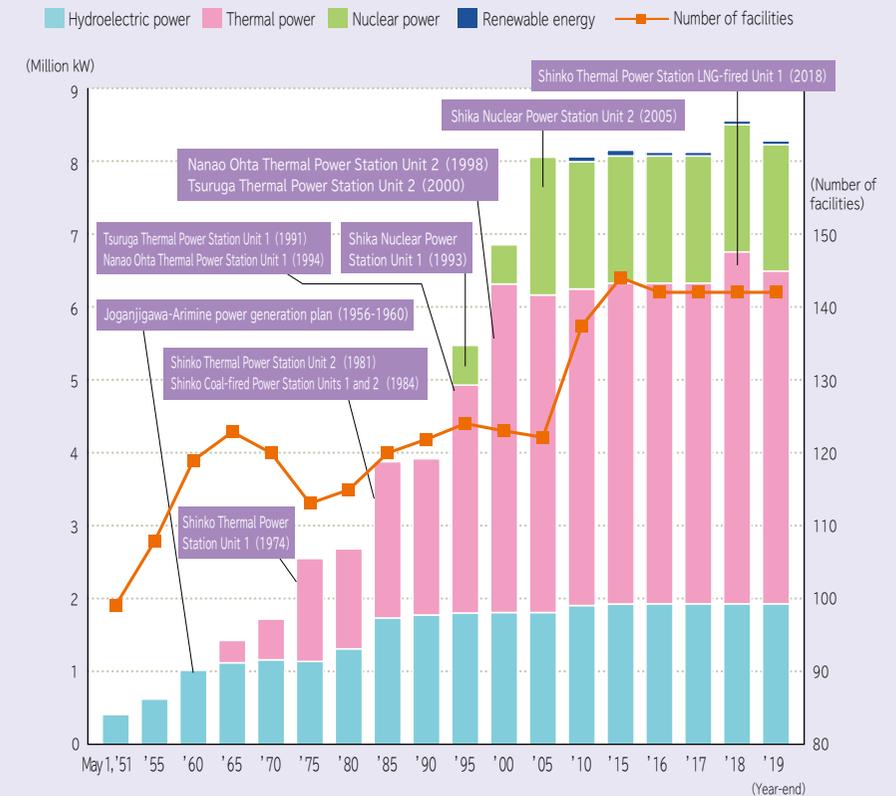
\*1 This includes electricity obtained from hydroelectric power, thermal power, nuclear power, the FIT program, and renewable energy.

\*2 Electricity procured from other electric utilities, and for which the generation resource is unknown, falls under "Other."

\*3 "Renewable energy (other than hydroelectric power, and excluding FIT electricity)" refers to photovoltaics, wind power, and biomass (excluding FIT electricity).

\*4 The component ratio in FY 2019 was calculated and published based on the Guidelines Concerning the Management of the Electricity Retail Business (December 2018) established by the Ministry of Economy, Trade and Industry.

## ● Changes in Power Generation Facilities (Number of facilities and approved output capacity)



# Power Transmission and Distribution

## Contributing to the Development of the Hokuriku Region, Bearing in Mind Our Mission of Providing a Stable Supply of Electricity.

In April 2020, we split off our power transmission and distribution company, and started operation. Even after the split-off, we will continue as always to achieve our mission of delivering a stable supply of electric power, through planned replacements of power transmission and distribution equipment, appropriate power supply and demand control, and other efforts.

In addition, we will strive to further prepare for large-scale natural disasters, which have occurred frequently in recent years, by improving our equipment, personnel training, and more, as well as enhancing cooperation with relevant organizations. We will also work to reduce costs and improve efficiency by introducing new technologies and new construction methods, and continue our ceaseless *kaizen* efforts toward continuous improvements.

It is important for us to remain neutral and fair, in order to impartially allow various power providers to use the transmission and distribution networks. We believe that maintaining neutrality and fairness with transparent business operations will earn us customers' trust. Bearing in mind our mission of ensuring the stable supply of electric power that we have developed over the years, we look forward to continuing to contribute to the further development of the Hokuriku region.



Hokuriku Electric Power Transmission & Distribution Company  
Representative Director & President

**Koichi Mizuno**

## Effort to Ensure Electric Supply Reliability of Power Transmission and Distribution Equipment, and to Maintain Their Functions

Based on our expectation that replacement work for the facilities and equipment installed in the high-growth period of the Japanese economy will increase, we strive to maintain equipment functions by securing our work execution capability and steadily carrying out necessary works.

### Steady Replacement of Aging Facilities and Equipment

In order to continue providing a stable supply of electricity, we are carrying out reconstruction of transmission towers and concrete poles, transformer replacements, and other works. On the other hand, because our capacity to carry out works is limited, we also perform life extension works, and other efforts to even out the amount of works each year.



Concrete Pole Replacement Work



Large Transformer Replacement Work



Repainting Transmission Tower for Life Extension



Transmission Tower Construction

### Efforts to Secure Work Execution Capability

In July of 2015, we established E-League Hokuriku with companies that carry out transmission and distribution works for our company. In order to maintain and enhance our work execution capability, efforts continue to secure and develop human resources for transmission and distribution works, as well as to improve the public image of the industry. In FY 2019, we produced Transmission Tower Cards for further awareness-building and public image improvements.

● Transmission Tower Cards



● E-League Hokuriku Pamphlet



● "So-High" Special Website



## Improvement of Resilience (Tenacity and Ability to Recover) to Prepare for Disasters

In order to prepare for the types of large-scale natural disasters that have occurred in recent years, we have been steadily implementing measures to improve our resilience, by strengthening our internal systems and seeking collaboration with relevant organizations.

### Strengthening of Internal Systems

- Establishment of an integrated restoration system with the Hokuriku Electric Power Company (our parent company)
- Improvement of facilities and equipment, including increased deployment of high-voltage power generation vehicles

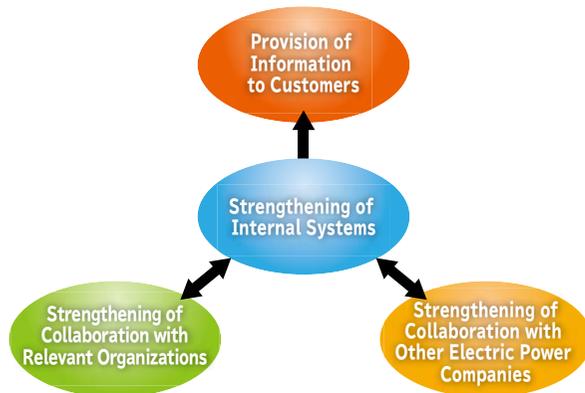


High-voltage Power Generation Vehicle for Increased Deployment

### Provision of Information to Customers

- Prompt and accurate provision of information via a power outage information notification app, our website, and social media (See next page for details)

#### Relationship between Measures to Improve Resilience



### Strengthening of Collaboration with Other Electric Power Companies

- Emergency drills held with individuals invited from other companies, based on the premise of a disaster involving our facilities
- Dispatch of employees to assist other companies coping with disasters
- Formulation of plans on how to cooperate in the event of disasters

Following Typhoons Faxai and Hagibis in 2019, we dispatched a total of 608 individuals (from our staff and contractors) to assist TEPCO Power Grid, Inc.



Emergency Drills with Individuals Invited from Other Power Companies



Dispatch of Individuals to Chiba following Typhoons Faxai and Hagibis in 2019

### Strengthening of Collaboration with Relevant Organizations

- Establishment of agreements with local governments (Dispatch of liaison personnel, disposal of fallen trees, removal of trees that could fall down and break distribution lines)
- Joint drills (with local governments and Self-Defense Forces)

We perform planned removals of trees that could cause power outages if they fell down.



Joint Drill with Self-Defense Force Members



Trees that could come into contact with a distribution line



Trees here have been cut down

## Utilization of Digital Technologies for Customer Service Improvements

We strive to utilize digital technologies to improve the quality of our services, including prompt and proactive provision of power outage information to customers.

### Provision of Contact Form with Photo Submission Function

Because it can be difficult to get through to the call center in the event of a disaster, our website has a special contact form with photo submission functionality for accepting information, for use during emergencies.



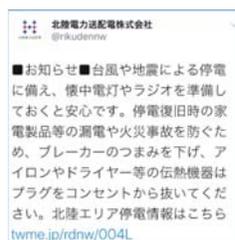
Power Outage Information Notification App

### Introduction of Automatic Answering System for Power Outage Information

We have introduced an automated phone system to provide power outage information, which customers can use by contacting the call center and entering their postal code in the event of power outage.

### Introduction of Power Outage Information Notification App

In order to help alleviate customer worries about power outages, we have introduced a power outage information notification app, which sends push notifications to users about the occurrence of power outages, expected end times, and power restoration, for areas preset by users.



Official Twitter Feed

### Utilization of Social Media

On our official Twitter account, we provide information about power outages and expected end times in the event of disasters, as well as ordinary notifications about preparing for power outages, preventing electric shocks, and other suggestions.

## Provision of Information to Customers

We strive to provide customers with useful information to help them use electricity without worry. For example, our website features a video on what to do in the event of a power outage, and electricity forecasts to provide daily electricity information such as expected maximum power use and supply capability during peak demand.



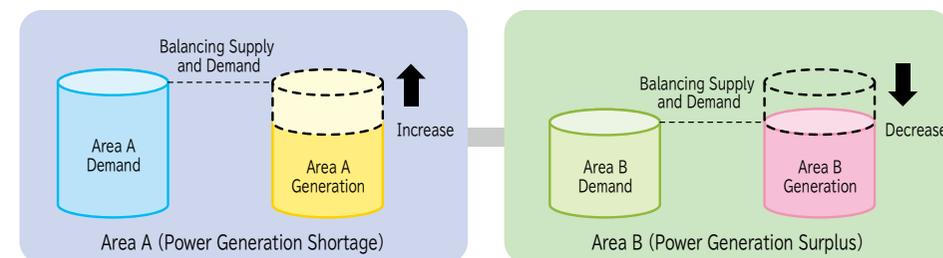
Video: What to Do in the Event of a Power Outage

## Efforts to Reduce Costs

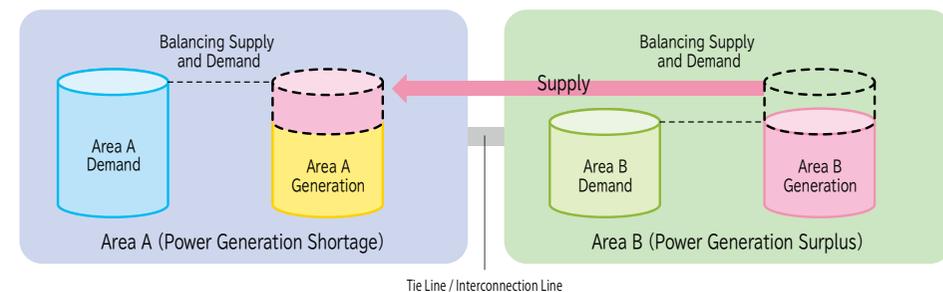
In order to supply electricity stably at a lower price, we have started efforts to further improve efficiency through collaboration with other power transmission and distribution companies (wide-area supply and demand balance control).

### Wide-area Supply and Demand Balance Control

The supply of electricity must always match the demand. Previously, the supply and demand balance for each area would be controlled by the Transmission System Operator (TSO) of each area.



In March of 2020, the three TSOs (for the Chubu, Kansai, and Hokuriku areas) started wide-area supply and demand balance control, enabling cross-regional supply and demand balancing. Through this interchange of low-cost electricity, we intend to reduce costs of reserve capacity.



Wide-area supply and demand balance control is planned to be expanded nationwide (except to/from Okinawa) during FY 2020.

## Labor Savings and Efficiency Improvements in Equipment Works

In order to secure and maintain our work execution capability, which is necessary to update highly aged equipment, we strive to save labor and improve efficiency in equipment works.

### Introduction of Robots for Works on Power Distribution Facilities (Assist Arms\*1)

We have put Assist Arms to practical use in wire separation device works,\*2 which are performed frequently; in FY 2019, eleven units were introduced across the Hokuriku Electric Power Group.

By using Assist Arms, works that previously required two workers can now be performed by a single worker.

Looking ahead, we aim to expand the scope of works for which Assist Arms can be used, as well as to automate distribution works.

\*1 Robots to assist workers in works on power distribution facilities

\*2 Works to cut off and connect wires when conducting distribution works, such as replacing wires, poles, or other equipment

● Conventional Work



● Work Using an Assist Arm



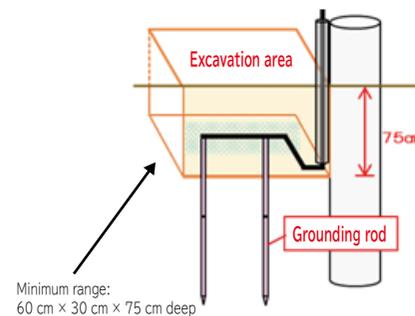
Assist Arm

### Change in Concrete Pole Grounding Method

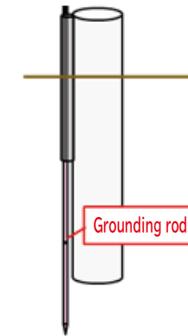
In relation to works to provide or repair grounding, which is necessary to prevent electric shocks and other adverse events, we have developed a new method and tools to significantly reduce the amount of excavating work necessary around the bases of concrete poles.

The new method does not require works like backfilling of roads, and it removes the need for negotiations with landowners to carry out works. Through this improvement, we expect cost reductions of approximately 80 million yen per year.

● Conventional Grounding Method



● New Grounding Method

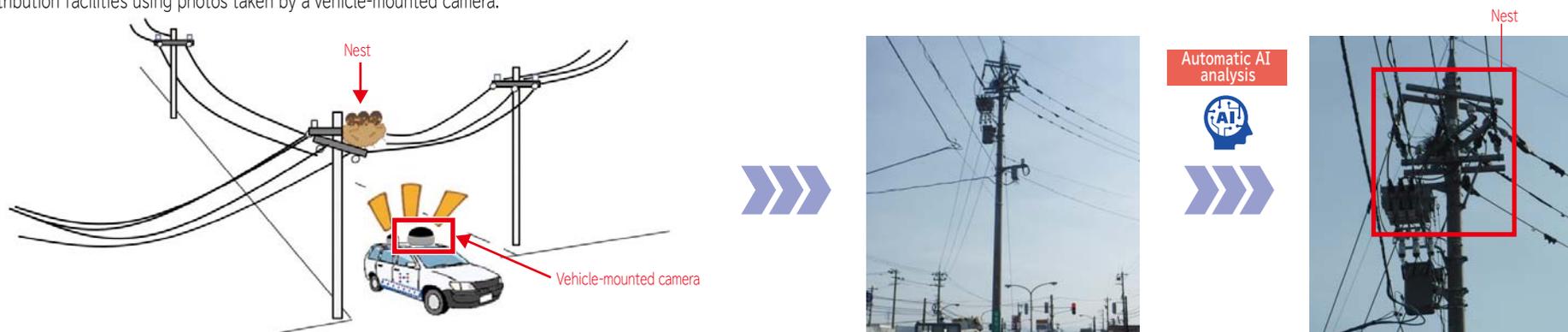


## Improvement of Patrol Work Efficiency Using AI and Other Technologies

In order to reduce the amount of work needed for patrolling facilities, we are working to improve efficiency through automatic abnormality detection, remote patrolling, and other methods that take advantage of AI and other technologies.

### Automatic Detection of Nests\* Built on Power Distribution Facilities

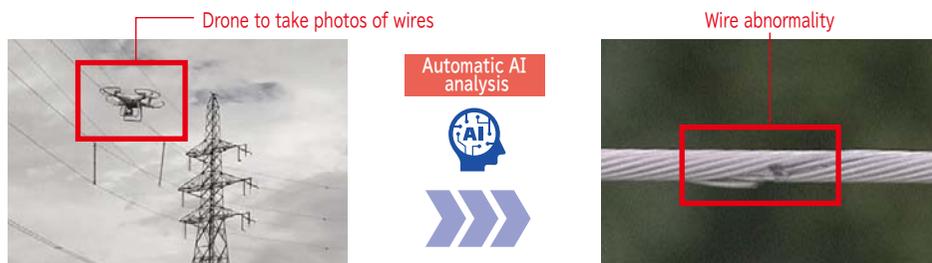
This patrol and inspection work has conventionally been performed by human eyes. With the aim of improving efficiency, we are working on verification tests of an AI system that automatically detects abnormalities in power distribution facilities using photos taken by a vehicle-mounted camera.



\* From spring to early summer, crows and other birds occasionally build nests on utility poles for their eggs. They may build their nests using electrically conductive materials like wire hangers, which can lead to power outages.

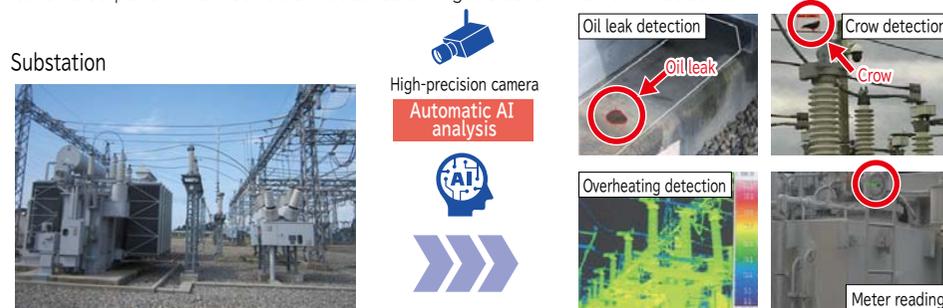
### Automatic Abnormality Detection on Power Transmission Lines

Power transmission lines have conventionally been checked by human eyes using photos taken from a helicopter; however, for more sophisticated maintenance and management, with reduced labor, we are working on verification tests using drones to take photos, then using an AI system to automatically detect abnormalities in power transmission lines using the photos taken by the drones.



### Remote and Automated Patrol of Substations

Substations have conventionally been patrolled by workers and checked by human eyes at each site. We are working to use high-precision cameras, AI diagnostic imaging, and other technologies for remote and automated patrol. (Planned to be introduced during the second half of FY 2020)



## Promoting Efforts to Continue to Be Chosen by Customers and to Propose New Added-value Services

Since the full liberalization of the retail electricity market in April 2016, the increase of new entrants and other factors have further intensified competition. Amid these circumstances, we work to strengthen our efforts to meet diverse customer needs and to continue to be chosen by customers, with the goal of achieving a total electricity sales volume, between retail and wholesale, of 40.0 billion kWh/year by FY 2030, as presented in our long-term vision.

For the residential sector, we are expanding our Hoku-Link membership service. Through the introduction of Denki de Point Plus, which are earned based on the number of years of membership and the amount of electricity payments, as well as other efforts, membership has increased to about 450,000, or approximately 40 percent of all households in the Hokuriku region. These points can be used at local businesses, through which we aim to contribute to the revitalization of the region. We have also started offering a new rate plan, Tsukatte-Otoku Light, which is beneficial for a wide range of customers, such as customers who use a large amount of electricity or who use heat sources other than electricity.

For the corporate sector, we promote group-wide sales of comprehensive solutions, including proposals for gas and equipment, in addition to offering proposals to help customers save on their energy costs.

As the demand for electricity is unlikely to grow significantly, we strive to acquire more and more customers for electricity in the Tokyo metropolitan area, where our sales have been favorable.

Alongside electricity sales, we also work to propose new added-value services to meet diverse customer needs, as well as strengthening cooperation with local governments. In response to the increased awareness of global environmental issues among customers, we have begun offering a rate plan option of 100% hydroelectric power with zero CO<sub>2</sub> emissions, as well as other services such as the Group providing installation of photovoltaic power equipment on customer premises, to generate electricity for their own in-house consumption.



Director & Managing Executive Officer  
General Manager of Marketing & Sales Division

**Koji Matsuda**

## Efforts to Be Chosen by Customers

We strive to be chosen by new customers, and to retain existing ones, through new rate plans, group-wide sales of comprehensive solutions including equipment proposals, and other efforts, and we work to acquire more and more customers in the Tokyo metropolitan area.

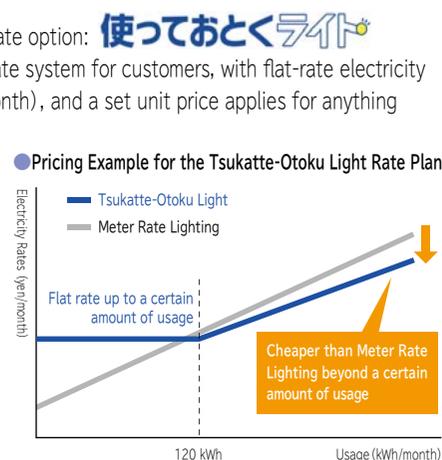
### Approaches in the Residential Sector

Through providing attractive services, rate plans, and more, we continue efforts to meet diverse customer needs, and to be chosen by more and more customers.

#### ● New Rate Plan

In June of 2020, we began offering a new electricity rate option: **使っておとくライト** **Tsukatte-Otoku Light**. This is an easy-to-understand rate system for customers, with flat-rate electricity pricing up through a certain usage amount (120 kWh/month), and a set unit price applies for anything beyond that amount. We recommend this plan to a wide range of customers, including customers who use a large amount of electricity, and those who also use gas, kerosene, or other heat sources in addition to electricity.

We also provide other rate plan options, including the Kutsurogi-Night 12 rate plan for customers who use more electricity at night, such as customers using EcoCute, and the Setsuden-Tokutoku Light plan for customers willing to save electricity.



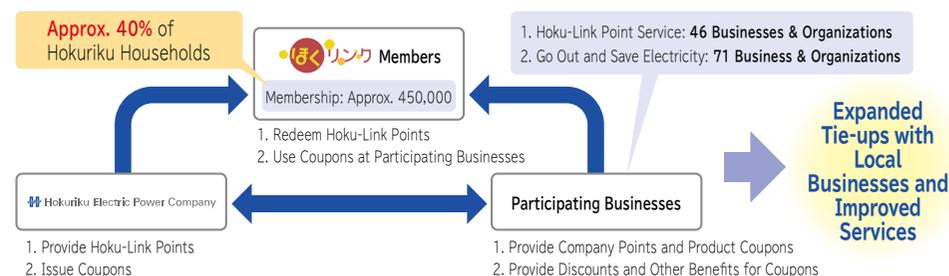
#### ● Tie-Ups with Businesses with Customer Bases

In order to further increase customer satisfaction, we work to offer appealing, higher-value-added services through tie-ups with other companies, by offering combined value sets, shared use of points, and other services leveraging the advantages of different brands.

- Collaboration with three major cellphone carriers, for shared use of points and other joint services
- Collaboration with cable TV companies (9 of the 15 major cable TV channels) for combined value sets
- Collaboration with local city gas and LP gas companies, and telecommunications carriers, for combined value sets

#### ● Further Upgrades to the Hoku-Link Membership Service

As of the end of June 2020, Hoku-Link membership has reached 450,000, accounting for approximately 40% of all households in the Hokuriku region, with membership increasing steadily, as a result of factors such as the increase in businesses accepting Hoku-Link points. Denki de Point Plus, which grants Hoku-Link members Hoku-Link points based on their monthly electric power payments, has been well received, and membership has reached 250,000 within just two years. We will continue striving to establish tie-ups with local businesses and offer even better services, based on our customers' needs.



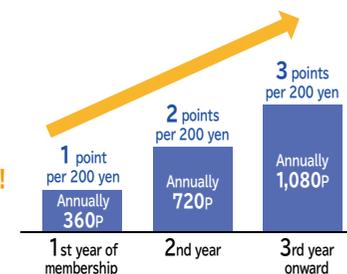
Note: Membership numbers and the number of businesses accepting Hoku-Link points are accurate as of the end of June 2020, and the number of businesses participating in the "Go Out and Save Electricity" program is based on winter of 2019.

#### ● Overview of Denki de Point Plus

電気 de ポイントプラス

Get More Points the Longer You've Been a Member!

Example: If monthly electric power payments are ¥6,000 (incl. tax) during the first year of membership



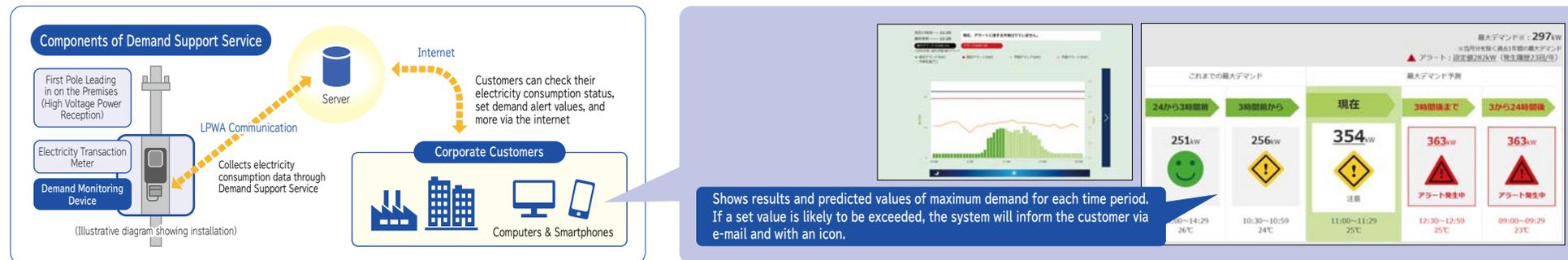
## Efforts to Be Chosen by Customers

### For the Corporate Sector

In order to meet customers' needs, we actively promote a variety of solution services, including proposals to help customers save energy costs, leveraging our position as a company with roots in the region. We also work together with our subsidiary company, Hokuriku Electric Power Biz Energy Solution Co., Ltd. (Hokuden BEST), to further strengthen our comprehensive solutions to meet diverse needs.

#### ●Start of Demand Support Service

We can install a demand monitoring device, which sends a warning message via e-mail when electricity consumption is likely to exceed the demand value preset by the customer, in order to allow the customer to reduce their basic rate by reducing their demand.



#### ●Asset Outsourcing Service by Hokuriku Electric Power Biz Energy Solution Co., Ltd. (Hokuden BEST)

Hokuden BEST, one of our subsidiary companies, provides asset outsourcing services for energy-related facilities, handling everything from design and installation works to maintenance, to meet customers' diverse needs, such as reduced capital investment costs. Recently, the company was entrusted with HVAC system projects at elementary and junior high schools, contributing to improving the learning environments for children, and the company completed these works swiftly by leveraging a network of local partner companies. In 2020, the company also started new asset outsourcing services for LNG facilities, including fuel procurement, in collaboration with other Group companies.

#### ●HVAC Works at Schools Entrusted to Hokuden BEST

Municipality	Service Provided for	Service Started in
Toyama City, Toyama Prefecture	90 schools (1,313 rooms)	Sep. 2019 (junior high schools) Jun. 2020 (elementary schools)
Tsubata Town, Ishikawa Prefecture	11 schools (200 rooms)	Jul. 2019



HVAC Facility Installed at a School (Tsubata Town, Ishikawa)

#### ●Asset Outsourcing Service for LNG Facilities, by the Group



### Efforts in the Tokyo Metropolitan Area

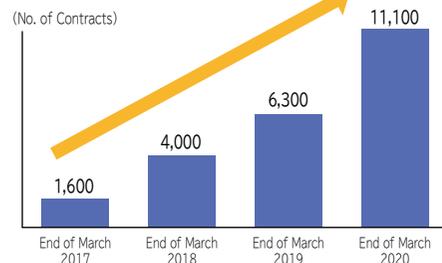
We have steadily increased our sales in the Tokyo metropolitan area, and will continue to actively offer compelling services to further expand sales.

#### ●Electricity Sales in the Tokyo Metropolitan Area

Our sales have been increasing favorably in the Tokyo Metropolitan Area; we have achieved 11,100 contracts as of the end of March 2020.

We aim to acquire more customers by improving our services.

#### ●Cumulative Number of Customers Acquired in the Tokyo Metropolitan Area (Residential Lighting and Low-voltage Power)



#### ●Start of ANA Mileage Contract Sales

In April 2020, we started offering the ANA Mileage Contract option for ANA Mileage Club members to earn ANA miles based on their electricity bills.



#### ●Expansion of Sales to Corporate Customers

Since we contracted with Seven-Eleven Japan Co., Ltd. in March 2019, we have received numerous calls from new customers, including the Yokohama Minatomirai Railway Company, and we have steadily produced satisfactory results. We will continue strengthening our sales activities through various efforts, such as effective utilization of price comparison websites and marketing activities using agencies.

## Promotion of New Added-value Services

We aim to contribute to our customers through providing solutions to social issues, by offering new services like our 100% hydroelectric power rate plan option, as well as promoting the introduction of renewable energy equipment.

#### ●100% Hydroelectric Power Rate Plan Option

In July 2020, we started offering the **Aqua ECO Plan**, an electricity rate plan with 100% hydroelectric power and zero CO<sub>2</sub> emissions, as part of our efforts to provide new value to household customers who are interested in eco-friendly electricity.



Arimine Dam (Arimine, Toyama City)

#### First Electric Power Plan to Acquire Eco Mark Certification

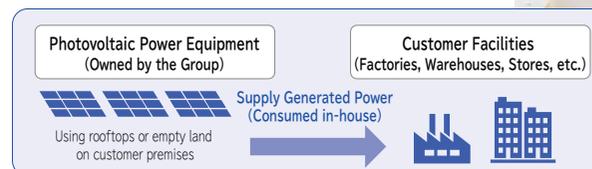


Eco Mark Certification No. 19507001

#### ●Photovoltaic Power Equipment Third-Party Possession Service

The Group installs photovoltaic power equipment on customer premises to supply renewable energy.

These customers pay bills based on their in-house power consumption, which allows for utilization of renewable energy with no need for initial investment or equipment maintenance costs.



## Aiming to Expand Existing Business Domains and Create New Ones

In order to turn changes to our business environment into business opportunities for sustainable Group growth, it is essential for us to reform our business structure. To this end, we have set long-term vision objectives of increasing ordinary income and establishing a business portfolio with a 2:1 ratio of electricity business to non-electricity business.

With the goal of achieving this objective, we will make maximal use of our operating resources and new technologies based on outlooks for future changes to our business environment, and will make Group-wide efforts to expand our current business domains while creating new ones.

Specifically, we will focus on the following efforts, using the technologies and knowledge that we have developed to date: solving issues faced by the region, developing new services that combine Group resources with new technology, expanding our electricity business overseas, and more.

In June of this year, we established our subsidiary Hokuriku Electric Power Business Investment G.K., to perform our investment operations more flexibly and professionally.

The Hokuriku Electric Power Group continues to work as a whole toward sustainable growth, through efforts to expand existing business domains and create new ones, thus steadily earning profits.

Directors & Managing Executive Officer **Wataru Hirata**

## Taking on the Challenges of New Business Domains

Toward the creation of new business domains, we focus on these three fields in our work: solving regional issues, new services combining our resources with new technology, and overseas electric power business. Going forward, we will actively address the issues and needs of local communities, in order to create business opportunities, and lead the development of the region with a spirit of service.

### Establishment of a New Investment Subsidiary

In June 2020, we established Hokuriku Electric Power Business Investment G.K. (Hokuden BIG), a subsidiary specializing in investments, in order to perform our investment operations more flexibly and professionally, and to accelerate investment required for growth.

By contributing to the development of the investees and the regional economy, we aim to expand the Group's business domains and increase profits.



## Solving Regional Issues

We will actively be involved in services that local governments or public organizations are currently providing or will in the future, as well as in other services that will lead to solving local issues.

### Fukui City Gas Business

We established Fukui City Gas Co., Ltd. jointly with Kansai Electric Power Co., Inc. and Tsuruga Gas Co., Ltd., to serve as a successor to Fukui City's municipal gas business. In April 2020, this new company started gas retail business in Fukui City.

#### ●City Gas & Electricity Combined Bill Discount

On June 1, 2020, we started the City Gas & Electricity Combined Bill Discount service, through which users can get discounts of up to ¥500 off their bills based on their gas consumption each month, by paying their Fukui City Gas bill together with their electricity bill paid to us.

### Kanazawa City Gas and Power Generation Business

We are considering participating in the management of a new company that would take over Kanazawa City public gas and power generation services following its policy to privatize these services. We are investigating how we should be involved, in order to contribute to the benefit of Kanazawa City, and its citizens.

Gas Consumption	Discount (incl. tax)
1 - 10 m <sup>3</sup>	¥200/month
11 - 20 m <sup>3</sup>	¥300/month
21 - 50 m <sup>3</sup>	¥400/month
51 m <sup>3</sup> or more	¥500/month

## New Services Combining Group Resources with New Technology

We provide new services by applying the technologies and experience that we have cultivated through the construction and maintenance of infrastructure facilities for our electricity business, in combination with new technologies like AI and the IoT.

### Expanding Business Domains through Investment and Collaboration

#### ● Investments in Next Energy & Resources Co., Ltd.

In November of 2019, we invested in Next Energy & Resources Co., Ltd., whose business includes the development and sale of solar photovoltaic panels and storage cells. We will utilize the company's knowledge of solar photovoltaic panels, storage cells, and other products and services, to provide new value and services.

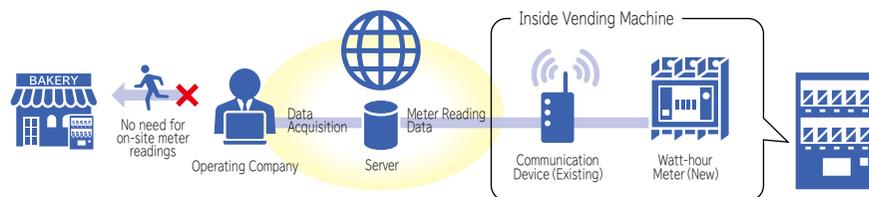
#### ● Capital and Business Alliance with Japan Infra Waymark

In April of 2020, we formed a capital and business alliance with Japan Infra Waymark, a subsidiary of Nippon Telegraph and Telephone West Corporation (NTT West) that provides infrastructure inspection solutions using drones. Through this alliance, we aim to improve the efficiency of Group facility inspections, and develop an inspection business for infrastructure facilities, such as bridges and factories, in the Hokuriku area in the future.

### Remote Meter Reading Service for Vending Machines

We will provide a remote meter reading service for vending machines, to measure the amount of electricity consumed; this is the first service of its kind in Japan. This service allows customers to reduce operations needed for managing watt-hour meters, and eliminates the need to go to where vending machines are placed in order to read their meters to check electricity consumption. We initially plan to provide this service to Hokuriku Coca-Cola Bottling Co., Ltd. in October of 2020.

#### ● Schematic Diagram of the Remote Meter Reading Service for Vending Machines



### Communication Line Service Using Data Transmission System for Smart Meters

In April of 2020, the Hokuriku Electric Power Transmission & Distribution Company began providing a communication line service to allow remote meter reading for gas and water consumption, using the data transmission system for smart meters. Currently, we are working with Wajima City, Ishikawa Prefecture, to make preparations for pilot operation of this service, for approximately 600 households in the city's model project target area, to allow for leak detection and remote meter reading for the water supply service. By providing this service, we aim to enable shared electricity, gas, and water meter reading operations.

## Overseas Electric Power Business

We enter into overseas markets, where economic growth is expected to continue, using our expertise in electric power business. In addition, we work to acquire advanced technologies from Europe, America, and other areas, to apply them to domestic use.

### Investments in Overseas Energy Business Investment Funds

In April of 2020, we invested in Japan Energy Capital 1 L.P., as our first overseas business investment. In addition to the dividend income from the fund, we aim to acquire knowledge regarding overseas business investment, and new technologies and knowhow from the venture businesses in which the fund invests.

#### ● Overview of Japan Energy Capital 1 L.P.

Investment Targets	<ul style="list-style-type: none"> <li>Renewable energy business in Turkey and Jordan</li> <li>Energy tech ventures in Western countries</li> </ul>		
Fund Size	Approx. 100 million USD	Investment Term	Through December 2029
Unlimited Liability Partner	Japan Energy Capital G.K.*1		
Limited Liability Partners	Hokuriku Electric Power Company Loop, Inc.	ENECHANGE Ltd.*2	Daiwa Energy & Infrastructure Co. Ltd.

\*1 An affiliate of ENECHANGE Ltd. and Loop, Inc.

\*2 Hokuriku Electric Power Company invested in ENECHANGE Ltd. in September 2018.

#### ● The First Investment Project for Japan Energy Capital 1 L.P.



Photovoltaic Power Station in Operation in the Republic of Turkey (13,514 kW)

### Consideration of Overseas Independent Power Producer Business

In addition to the investment in the above fund, we are considering entering overseas markets with our electric power business, in which we have expertise. Currently, we are discussing participation in power generation projects in Southeast Asia and other areas.

## Measures for Improving Managerial Efficiency

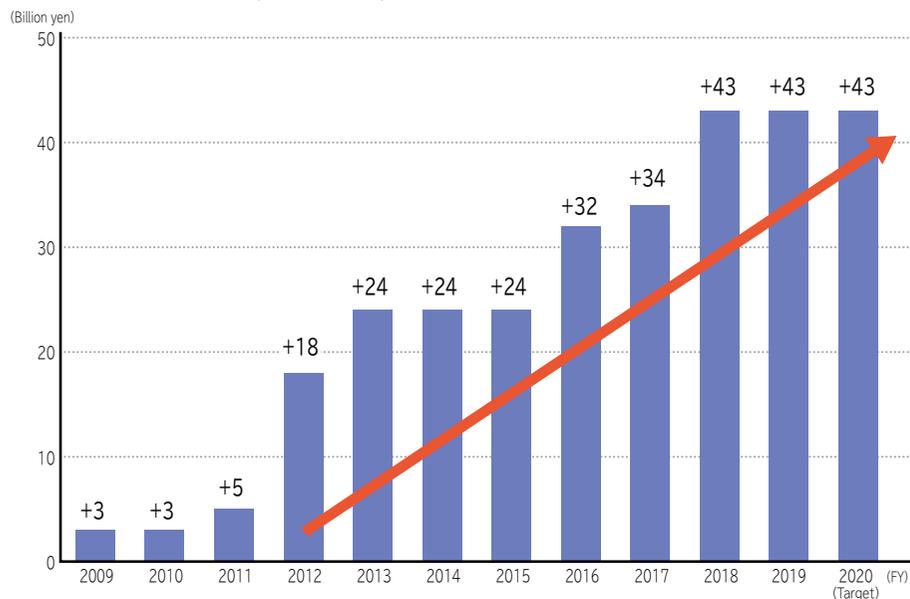
In order to deal with the harsh business environment after the Great East Japan Earthquake in 2011, including the increase in fuel costs as a result of the suspended operations of Shika Nuclear Power Station, we have been working to streamline our operations.

When we decided to revise electricity rates from April 2018 for some customers, we set a target of reducing costs by an average of 43 billion yen/year for the three years from FY 2018 through FY 2020, and we achieved our target of 43 billion yen/year cost reductions in FY 2018 and FY 2019.

We will continue striving to further reduce costs on a no-holds-barred basis, as well as other efforts.

### ● Improved Efficiency after the Great East Japan Earthquake

(The streamlined amounts shown are comparisons based on the prices revised in 2008.)



**Efforts to Be Continued after FY 2020 toward Further Cost Reductions to Achieve Financial Objectives Presented in the Hokuriku Electric Power Group 2030 Long-term Vision**

### ● Managerial Efficiency Improvements in FY2019

Category	Main Details	Streamlined Amount
Reductions in personnel-related costs	<ul style="list-style-type: none"> <li>Lowered annual salary levels for both directors and employees</li> <li>Revisions to benefit programs, including the closure of the company's resort facilities, lowering of the subsidy rate for stock ownership, and raises in rents for company dormitories and apartments</li> <li>Improvements in labor productivity through the integration of operations and other efforts</li> </ul>	¥7.5 billion
Streamlining related to supply and demand costs	<ul style="list-style-type: none"> <li>Fuel cost reductions by shortening the periodic inspection duration at coal-fired power stations (through process changes, etc.)</li> <li>Utilization of economical power sources (increased electricity generated by hydropower and LNG-fired thermal power)</li> <li>Expansion of sales to the Japan Electric Power Exchange, with utilization of excess supply capability</li> <li>Reduction in fuel costs through extended use of low-cost coal sourced from nearby countries</li> </ul>	¥18 billion
Reductions in repair and other equipment-related costs	<ul style="list-style-type: none"> <li>Further reconsideration of the timings of equipment inspection and repair, taking into account the impact on stable supply and work execution capability</li> <li>7% reduction of acquisition costs through various procurement measures, including competitive bidding and joint procurement, and changes to work process specifications</li> </ul>	¥10 billion
Other cost reductions	<ul style="list-style-type: none"> <li>Reduction of overall miscellaneous costs by selecting only effective measures and actions to be taken</li> <li>7% reduction of acquisition costs through various procurement measures, including competitive bidding and joint procurement</li> <li>Discontinuance of the Elf Plaza public relations facilities</li> </ul>	¥7.5 billion
<b>Total</b>		<b>¥43 billion*</b>

\* Note: In FY 2019, in order to limit negative effects to our financial balance due to the shutdown of coal-fired power stations and the increase in expenses related to legal separation, we expanded beyond our base cost reduction of 43 billion yen, as in FY 2018, with an addition of about 4 billion yen as an emergency measure to implement an improvement to our financial balance.

## Efforts Related to Environmental, Social, and Corporate Governance Issues

The Group works to achieve a low-carbon society through our energy business, as well as to enrich people's lifestyles through efforts such as the provision of a stable supply of energy and added-value services, and the creation of new business domains. We will continue to work to help bring about a sustainable society (achieving SDGs\*), by further deepening our focus on environmental, social, and governance (ESG) factors in our management.

### The Group's Main Efforts Related to ESG Issues



**Glossary**

\* Sustainable Development Goals (SDGs):

Sustainable Development Goals, or SDGs, are international goals aiming for a sustainable, better world by 2030, as described in the 2030 Agenda for Sustainable Development adopted at the UN Summit in September of 2015. The SDGs consist of 17 goals and 169 targets, and pledge to leave no one on the planet behind.

## Compliance with TCFD Recommendations

As a socially responsible energy company, we conduct our business operations with a focus on environmental, social, and governance factors. In May of 2019, we elected to support the aims of the TCFD recommendations on analyzing climate-related risks and opportunities to business activities, and promoting information disclosure. Going forward, we will continue to promote information disclosure in line with TCFD recommendations, and will work to appropriately handle the risks and opportunities to our business brought about by climate change, through efforts such as actively reducing carbon emissions from power generation even further, in order to contribute to the sustainable development of society.



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

### TCFD: The Task Force on Climate-related Financial Disclosures

Established in December of 2015 by the Financial Stability Board (FSB). In June of 2017, the TCFD released voluntary recommendations. They encourage companies to disclose climate-related risks and opportunities necessary for investors to make investment decisions. The following items are recommended to be disclosed.

### Governance

#### The organization's governance around climate-related risks and opportunities

- Under an environmental management system with our company president taking ultimate responsibility, we regularly convene an Environmental Measures Committee chaired by our director in charge of environmental affairs, to assess and manage climate-related risks and opportunities, metrics, and other factors.

**WEB** Environmental Management System <http://www.rikuden.co.jp/managementsystem/taisei.html>

- The results of discussions at the Environmental Measures Committee meeting are reported to the board of directors.

### Risk Management (P13, 14)

#### How the organization identifies, assesses, and manages climate-related risks

- We handle management risks appropriately. After grasping and evaluating risks as appropriate, we reflect them in various plans, including the business plan established for each fiscal year at the board of directors' meeting. In addition, we establish organizations to discuss the issues and policies relating to such risks, as well as setting up company-wide cross-department committees and other equivalent units, on an as-needed basis.
- Climate-related risks are identified and assessed by the Environmental Measures Committee, and are reported to the board of directors, along with the management risks.

### Strategy (P13, 14, 22, 23, 43)

#### The impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

- In recognition of the management risks and opportunities, including climate-related risks and opportunities, identified by the Environmental Measures Committee, we have established the Hokuriku Electric Power Group 2030 Long-term Vision and our First Mid-term Business Policy and Plan.
- We promote efforts against climate change toward the realization of a low-carbon society, including efforts to reduce carbon emissions from power generation, such as an early restart of Shika Nuclear Power Station, an increase in hydroelectric power generation, an increase in biomass co-combustion ratios, and wider use of other renewable energy sources.

### Metrics and Targets (P11)

#### The metrics and targets used to assess and manage relevant climate-related risks and opportunities

- We have established the following targets in the Hokuriku Electric Power Group 2030 Long-term Vision:
  - Amount of renewable energy power generation: up 2.0 billion kWh/year\*1
  - Coal consumption: 10% reduction/year\*1
  - Achievement of environmental metrics based on the Act on the Rational Use of Energy (Overall thermal power generation efficiency: 44.3% · Actual thermal power generation efficiency record/target value: 1.00)
  - Ratio of electricity sold produced from non-fossil sources: 44%
  - Greenhouse gas emission intensity: 0.37 kg-CO<sub>2</sub>/kWh\*2

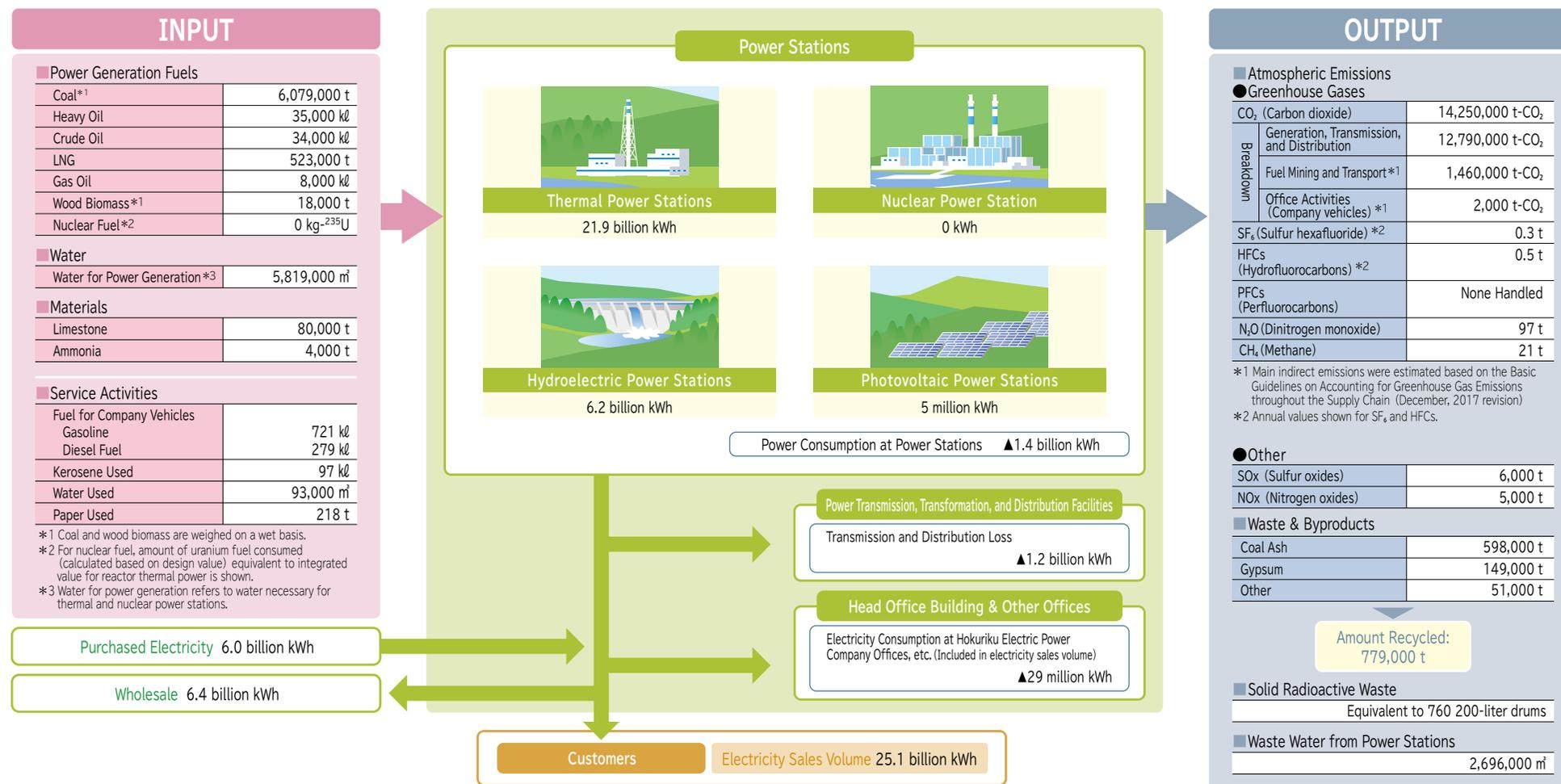
\*1 Compared to FY 2018

\*2 Target set by the Electric Power Council for a Low Carbon Society (comprising former general electric power suppliers, including the Hokuriku Electric Power Company, certain new electric power suppliers, etc.)

# Material Balance

We work to quantitatively grasp the material and energy flow that accompanies our business activities, in order to make effective use of limited resources and minimize environmental burden.

## Hokuriku Electric Power Company (FY 2019)



## Establishment of Our Environmental Management Plan and Efforts toward Achieving Goals

We draw up an annual Hokuriku Electric Power Group Environmental Management Plan as a concrete plan of action for environmental conservation. Based on the FY 2020 plan, we are actively promoting various efforts, including efforts to bring about a low-carbon, recycling-oriented society, and efforts toward environmental conservation with consideration for biodiversity, as well as working to achieve an early restart of Shika Nuclear Power Station and an increase in electricity generated by renewable energy sources.

### Efforts to Bring About a Low-carbon, Recycling-oriented Society

**WEB** Hokuriku Electric Power Group Environmental Management Plan <http://www.rikuden.co.jp/kanrikeikaku/>

We are working to build a low-carbon, recycling-oriented society with reduced environmental impact, through the introduction of electric vehicles (helpful in reducing carbon dioxide emissions), effective use of resources, and other efforts.

#### ●Promotion of Introduction of Electric Vehicles

As part of our efforts to bring about a low-carbon society, the Group aims to increase the ratio of electric vehicles\*<sup>1</sup> among all company vehicles of the Hokuriku Electric Power Company and the Hokuriku Electric Power Transmission & Distribution Company from 48%\*<sup>2</sup> to 100% by FY 2030.

In addition, we consider the use of electric vehicles for emergency power supply at evacuation sites and other locations, including how to collaborate with municipal authorities. We also intend to analyze the driving and electricity storage data to be utilized for energy management and other purposes.

In May of 2020, we joined the Electric Vehicle Utilization Consortium\*<sup>3</sup>, which was established to promote the use of electric vehicles for business purposes.



Company-owned Electric Vehicle

\*1 Special-purpose vehicles, such as emergency vehicles and aerial work platforms, and other vehicles that are unreplaceable with electric vehicles (e.g. 4WD vehicles) are not to be included. Plug-in hybrid vehicles (PHVs) are to be included.

\*2 As of the end of FY 2018

\*3 Established through a proposal by Nippon Telegraph and Telephone Corporation; Hitachi, Ltd.; Ricoh Co., Ltd.; and Tokyo Electric Power Company Holdings, Inc. (A total of 40 businesses joined at the time of establishment.)

#### Participation in the Challenge Zero Project

In July of 2020, we participated in the Challenge Zero\* (Challenge Net Zero Carbon Innovation) project promoted by Keidanren (the Japan Business Federation).



With the aim of reducing greenhouse gas emissions and bringing about a sustainable society, we work to reduce carbon emissions from power generation and to create new value.

##### Main Efforts by Hokuriku Electric Power Company

- Efforts to improve efficiency of coal-fired power stations
- Demonstration of energy management using EVs, batteries, photovoltaic power generation, etc.
- Demonstration of remote control of EcoCute for home use
- Joint development of an optimized dam operation system using AI

**WEB** Challenge Zero <https://www.challenge-zero.jp/>

#### ●Active Promotion of the Three Rs

The Group works to reduce, reuse, and recycle waste generated through our business activities.

In FY 2019, the Group produced 808,000 tons of industrial waste, but through effective use efforts, 97.4% of that waste was recycled.

##### Effective Use of Coal Ash

We are working to effectively use coal ash as a material for cement and ground surfacing.

Adding coal ash improves the durability of concrete; by utilizing this characteristic, our coal ash is used for concrete structures in the construction of the Hokuriku Shinkansen line, including elevated sections of track.



Elevated Hokuriku Shinkansen Line

##### Confidential Document Recycling by a Group Company

Japan Ecology and Security Service Company, a Group company, has a comprehensive security system and equipment. They process the confidential documents they have received from customers using a crusher, to be recycled into toilet paper, copy paper, or other paper products, thus developing a regional recycling system. In FY 2019, the company recycled about 1,740 tons of paper.



On-site Recycling at a Factory

## Efforts toward Environmental Conservation with Consideration for Biodiversity

We are working to bring about sustainable business activities, with proper concern for living things and the blessings of nature. We are also continuing our activities to maintain biodiversity, including forest conservation.

### ●Appreciating the Blessings of Water, and Repaying the Favor to Forests

As a show of appreciation to the forests for watershed cultivation,\* CO<sub>2</sub> absorption, and everything else they do for us, the Group has expanded forest conservation activities in five areas (Toyama, Niikawa, Kaga, Noto, and Fukui) of the three prefectures of the Hokuriku region. As of FY 2019, a total of about 9,400 people (including participants of activities hosted by other organizations) have taken part in planting some 4,570 trees and clearing underbrush.



Forest Conservation Activities

### ●Cleanup Activities near Our Offices, at Beaches, and Other Locations

We continuously engage in activities to clean the areas near our offices, beaches, and more, with the goals of contributing to the region and lifting employees' environmental awareness. With increased awareness of marine plastic issues, and following the world congress of the Most Beautiful Bays in the World Club held in Toyama Prefecture in October of 2019, about 270 employees and family members participated in coastal clean-up activities throughout the prefecture.



Coastal Clean-up Activities

### ●Protection of White Storks

In late April of 2019, a pair of white storks (a species designated for special protection by the national government) built a nest on one of our utility poles in Sakai City, Fukui Prefecture.

In response to local residents' requests to preserve the nest, we talked with the local government and conducted works to bypass the distribution line, in order to prevent power outages and to protect these storks against electric shock. We suspended power supply to this pole until the four chicks left the nest.



Cooperation in Putting Leg Bands on White Storks

### ●Young Fish Releasing Events

With the aim of giving thanks to the blessings of rivers, and teaching the importance of environmental protection to children, who will lead the next generation, our Hydro Power Center organizes events involving children to release young sweetfish and Japanese fluvial sculpin, and clean up areas around rivers, in cooperation with local fishery cooperatives and other organizations.



Sweetfish Releasing Event

### ●Environmental Conservation Efforts regarding the Project to Build a Coal Ash Disposal Site for Nanao Ohta Thermal Power Station

Regarding the preparatory works commenced in August of 2019, we have appropriately implemented environmental conservation measures based on the environmental impact statement, such as temporary installation of sound-insulating walls to reduce noise generated during the works, and the revision of work details taking into account the nesting periods for rare birds of prey. In addition, we measure noise levels during works, and carry out surveys on breeding status of birds.

## Contribution to the Local Community

### Cooperation with Local Governments toward Solving Regional Issues

In order to address regional issues and needs, and to contribute to the sustainable development of local communities, we entered into a comprehensive partnership agreement regarding the promotion of SDGs with Toyama City in July of 2019, a comprehensive partnership agreement regarding building Toyama's future with Toyama Prefecture in October of 2019, and a comprehensive partnership agreement regarding the promotion of SDGs with Hakusan City in March of 2020. Going forward, we aim to achieve sustainable development of local communities, through close mutual communication and cooperation for various measures, based on individual partnership items.



Ceremony for Partnership Agreement with Toyama City



Ceremony for Partnership Agreement with Toyama Prefecture



Ceremony for Partnership Agreement with Hakusan City

#### Main Examples of Partnership Items

- Use and application of renewable energy
- Energy management using EVs, batteries, etc.
- Cooperation in the event of disasters
- Regional revitalization and creation of vibrancy, and more

### Electrical Inspection of Important Cultural Properties

During Electricity Usage Safety Month (Aug. 1-31), the Group conducts electrical inspections of buildings designated as important cultural properties, including the Suganuma Gassho-style Village (a World Heritage site), in cooperation with relevant organizations and companies, such as the Electrical Engineering Contractors Cooperatives and the Electrical Safety Inspection Association, in order to protect cultural properties by preventing electrical accidents and to raise awareness of the safe use of electricity.



Electrical Inspection of Enuma Shrine Choryu-tei (Important Cultural Property of Japan)

### Working toward Removing Electric Poles

The Hokuriku Electric Power Transmission & Distribution Company takes part in the Promotion Council for the Removal of Utility Poles, a council made up of the Ministry of Land, Infrastructure, Transport and Tourism; local government bodies; and other organizations, to promote work to remove electric poles, with the aim of facilitating safer and more convenient traffic flow, improving urban scenery, revitalizing regions, and more. Since 1986, we have implemented approximately 206 km worth of electric pole removal in areas such as commercial districts and historic districts requiring townscape conservation.



Townscape after Removing Electric Poles (Hirotsaka, Kanazawa City)

### Emergency Help Cars for Kids

The Group engages in Emergency Help Car for Kids activities, placing stickers on roughly 1,400 company cars to show that they can provide protection and send information if children need help. We have also participated in efforts to watch children while on duty or commuting, to help prevent crime and ensure safety.



Emergency Help Car for Kids Activities

### Test Operation of a Low-speed Electric Bus with Automatic Driving Functionality

In March of 2020, alongside a special event held to celebrate the connection between the north and south tramways at Toyama Station, we conducted a test operation of a low-speed electric bus with automatic driving functionality around the north area of Toyama Station.

We will continue to cooperate with local governments and support their efforts toward the electrification of public transportation.



Low-speed Electric Bus

### Food Drive for Nomi City, Ishikawa Prefecture

We held a food drive at our Komatsu Branch, to donate surplus food collected from Group employee households. The food and emergency disaster stockpiles that were collected (231 kg) were donated to Nomi City, and were utilized in the field of social welfare, targeting impoverished children, households living in poverty, elderly people living alone, and other people in need.



Ceremony to Donate to the Mayor of Nomi City

## Creation of Local Vibrancy

### Participation in Local Events

Many Group employees participate in festivals in the Hokuriku Region, such as the Toyama Festival, the Nanto Toga Soba Festival, the Jantokoi Uozu Festival, the Kanazawa Hyakumangoku Festival, the Nanao Port Festival, and the Tsuruga Festival, helping to make these events even livelier.

Our employees also volunteer to assist with various events, including sporting events such as marathons, as well as lending their cooperation in other ways to create local vibrancy.



Toyama Festival



Kanazawa Hyakumangoku Festival



Tsuruga Festival

### Facilities Coexisting with Local Communities

#### Wonder Laboratory: Hokuriku Electric Power Company Energy Science Museum

This museum helps encourage children to develop scientific ways of thinking and an interest in energy and electricity, through fun displays, experiment workshops, and more. (78,573 visitors in FY 2019)



Scientific Experiment Workshop at Wonder Laboratory

#### Alice-Kan Shika Energy Museum: A PR Facility for Nuclear Power

This museum features easy-to-understand explanations of how nuclear power works, the need for nuclear power, the safety measures at Shika Nuclear Power Station, and more.

It also provides a venue for community mingling, scientific events for children, and more. (60,106 visitors in FY 2019)



Scientific Handicraft Workshop at Alice-Kan Shika Energy Museum

#### Fleuri Musée de la Fleur

This Shika Town facility was built as a national model project with the goal of establishing a power station coexisting with the community, and it is managed and operated by the Hokuriku Electric Power Company, as designated by the town.

Visitors can enjoy seasonal flowers in the garden and greenhouse. This facility also offers craft workshops and other hands-on programs.

## Support for Education and Sports

### Dispatch of Lecturers

In order to help students at junior high schools and high schools, who will lead the next generation, become familiar with energy and global environmental problems, we dispatch members of our staff to provide visit lessons at schools and hold tours of power stations and other facilities.

In FY 2019, we held 113 visit lessons and 42 tours, with a total of 5,314 participants.



Visit Lesson (Fukui Prefectural Science and Technology High School)

### Operational Support for the Hokuriku Electric Power Company Educational Advancement Foundation

Since its establishment in 1981, the Hokuriku Electric Power Company Educational Advancement Foundation has donated educational equipment, such as computers, projectors, and partitioned desks with LED lighting, to high schools in our home region.

In addition, in order to help provide the next generation with a way to decide on dreams and goals for the future as high school students, we have held Genki Sosei Juku (“Enthusiasm Creation School”) events since FY 2005, where we invite people from the Hokuriku region who work in various fields to give talks and share their personal experiences. In FY 2019, 2,094 students from 9 schools participated.



Educational Equipment Presentation Ceremony (Ishikawa Prefectural Hakui High School)

### Promoting and Supporting Regional Sports

The Hokuriku Electric Power Company’s handball club, the Blue Thunder, offers handball lessons, and we also hold joint soccer lessons in association with the pro soccer club Kataller Toyama, as our way of helping the children of the area grow up healthy.

We also organize various sports tournaments: in FY 2019, a total of about 17,000 children participated in lessons and tournaments that we held. In addition, the Hokuriku Electric Power Junior Blue Rockets, the elementary school boys’ team of our handball club, won the crown of victory for the fourth straight year at the 9th Japan Handball League Junior League. This was the sixth time the team won the championship. We look forward to continuing to promote sports in the Hokuriku region.



Kataller Toyama Soccer Lesson



Hokuriku Electric Power Junior Blue Rockets



Hokuriku Electric Power Friendship Cup Mini-Basketball Tournament

### Industry-Academia Cooperation

Our Engineering Research & Development Center works in cooperation with several universities (primarily in the Hokuriku region) to research electric power system stability, lightning countermeasures for electric power facilities, and more, for a stable supply of electricity. In addition, in order to promote research on issues related to electric power system engineering, and to cultivate talent in power engineering, we held a joint research course in advanced power system engineering at the University of Toyama, and provided lecturers for Courses for Next-Generation Super Engineers aimed at cultivating specialist engineers. Through these efforts, we provide opportunities for students to experience the appeal of working in electric power, and contribute to the development of human resources needed by the regional industry.



Joint Research Course in Advanced Power System Engineering: Power Station Tour

## Creating a Pleasant Workplace

At the Hokuriku Electric Power Group, we aim to be very active in both our work and personal lives, so we promote reforms of the way we work in order to improve labor productivity, in addition to improving our work itself.

We are working on work style reform, with a focus on finishing on time, reducing work hours, and making changes, as well as proactively working to use new technologies, such as drones to patrol and inspect electrical infrastructure. We are also introducing morning work hours, the option of working from home, and other ways to offer a more flexible work environment, in order to help bring about reductions in total hours worked.

### Efforts toward Work-Life Balance

To build a work environment where employees who have childcare and nursing care needs can more easily balance their work and personal life, we have established childcare and nursing care leave systems, and temporary care leave systems for taking care of sick/injured children and other family members, exceeding the statutory requirements.

In FY 2019, our childcare leave system was used by 100% of female employees who gave birth (17 employees), as well as by six male employees.

We also provide support for employees who are on leave for child-rearing or nursing care, such as offering loans of computers to share company-internal information, and holding seminars on maintaining a balance between work and child-rearing or nursing care, in order to help these employees feel less alienated or anxious.

Furthermore, our top- and middle-level managers have declared their intentions to be *ikuboss* (“supportive bosses”) who work to support the work-life balance of the people who work under them, and who enjoy both work and private life for themselves too, thus striving to create comfortable work environments. In FY 2019, we held the *Ikuboss Award* to honor excellence among these *ikuboss* “supportive bosses,” based on recommendations from their staff members.

As a result of these efforts, the average number of ordinary paid leave days taken in FY 2019 was 15.3 days, an increase of 3.7 days compared to 11.6 days in FY 2009.

Platinum Kurumin is a sub-certification within Kurumin, a certification for companies that provide support for child-rearing, issued by the Minister of Health, Labour and Welfare, for companies whose efforts meet particularly high standards.



Platinum Kurumin symbol

### Promotion of Health-conscious Management

Based on our Health-conscious Management Declaration released by the company president, we make efforts toward mental health and preventing lifestyle-related diseases, in order to make sure that employees can be healthy, both physically and mentally, in their work.

We conducted stress tests as a mental health measure to help improve the work environment, and worked to establish exercise habits through a walking event and other lifestyle improvement initiatives; as a result, we were certified once again as a Health and Productivity Management Organization 2020, like last fiscal year.



### Employees with Disabilities Playing Their Part

We have promoted the hiring of employees with disabilities for years: as of the end of FY 2019, 90 employees with disabilities play active roles with us.

In addition, in order to help contribute to local communities through further employment of people with disabilities, we established the wholly-owned subsidiary Hokuriku Electric Power With Smile Company in March of 2020. This company will continue to expand our employment of people with disabilities, handling interoffice mail collection and delivery, document digitization, and other office support services.



Work at the Hokuriku Electric Power With Smile Company

### Women's Empowerment

As a result of our efforts to promote opportunities for women in the workplace, for greater work motivation, in January of 2017, we were awarded the “L-Boshi” three-star certificate from the Ministry of Health, Labour, and Welfare, based on the Act on the Promotion of Women Participation and Career Advancement in the Workplace.



L-Boshi Symbol

Our target for female members of management, set as “by 2020, aim to roughly triple the numbers from 2015” (going from 24 to about 70), was achieved ahead of schedule, in FY 2019.

Additionally, we have 88 female engineers as of April 2020, nearly tripling the number from 10 years ago.

There are more and more women working in the front lines of electric power supply, which was once a job performed almost exclusively by male employees.



Female Engineer at Work

### Veteran Employees Playing Their Part

We strive to create an environment where employees can work until age 65 with peace of mind, maintaining high motivation, and taking advantage of the experience, knowledge, and skills they have developed over the course of their careers.

**As of end of FY 2019:**  
331 Career Staff (Age 55–60)  
313 Senior Staff (Age 60 and up)

### Improvement of Work Environment

We strive to create comfortable work environments, such as by introducing the use of Wi-Fi networking, and by providing places for meeting and communication, in order to improve labor productivity. We also promote the digitization of documents to free up office space.



Restaurant-style Booth Seating for Comfortable, Effective Communication



Wall Serving as a Whiteboard and Screen

## Development of Human Resources

Global talent is becoming increasingly important, for purchasing fuel (procurement of coal, LNG, etc.), providing explanations to overseas investors, handling new businesses overseas (such as power generation projects in developing countries), and more. The Group continues to send employees to a variety of training programs, with the aim of developing comprehensive competencies, including humanity and mentality, in addition to language skills and professional knowledge.

Program	Period	Description
Overseas MBA	1-2 years	Studying at a graduate school abroad, for a master of business administration (MBA) degree
Overseas Internship	3-6 months	Experiencing work at a government office, a private company, etc. in a developing country
Intensive English Course at the International University of Japan	2 months	Learning business skills in English at the International University of Japan (Niigata Prefecture)
Short-term Study at Overseas Universities	3 months	Learning business skills in English, visiting foreign companies, deepening cross-cultural understanding
Siemens Electric Power System Engineering Course	3 months	Practical training in electric power system operations at Siemens USA
GE Nuclear Power Engineering Course	6-9 months	Training in the maintenance of nuclear power facilities at GE in the US



Internship in Indonesia



Acquisition of MBA Degree Overseas

## Respect for Human Rights

Starting in 1995, we have annually held a Human Rights Enlightenment Promotion Committee meeting, including group-based information sharing, for the purpose of establishing better understandings of human rights issues and promoting the creation of a corporate culture with an open atmosphere, free of discrimination.

Each year, we host a lecture on human rights by an outside lecturer, on topics such as discrimination, harassment, and diversity. In FY 2019, we invited Tomonori Tomura, CEO of Japan Management Research Institute, LLC., to give a presentation on the subject of “The Essence of Diversity-oriented Management: To Create a Workplace for Everyone to Be Happy.”

In 2016, we set a Progress Week to correspond with Human Rights Week (December 4-10) in order to further deepen our understanding of diversity; during this period, we share a message from the company president, and hold workplace discussions and other events.



Lecture on human rights

## Corporate Governance

### Basic Way of Thinking for Corporate Governance\*

The Group operates a comprehensive energy business centering on its competitive electricity business, and works toward coexistence and co-prosperity with the Hokuriku region, with the goal of being a company trusted and chosen by customers and all other stakeholders.

In order to make this goal a reality, achieving sustainable growth and evolution, with higher social trust through continuous efforts to increase the quality of our operations and services, we maintain internal control systems centered around our board of directors and audit & supervisory board, and strive to increase transparency through sharing information, IR activities, and more.

These are based on a resolution of our board of directors on the maintenance of a structure to ensure the propriety of our operations, as well as the Corporate Governance Code stipulated by the Tokyo Stock Exchange. We will continue these efforts to ensure the effectiveness of our corporate governance.

For more information on our fundamental policies related to corporate governance, as well as the status of our compliance with the Corporate Governance Code, please see the Corporate Governance Report on our website: <http://www.rikuden.co.jp/management/governance.html>

### Corporate Governance System

#### ●Board of Directors

As a general rule, the board of directors meets once monthly, or as necessary. In addition to making decisions on important business execution matters in accordance with laws,

regulations, and our articles of incorporation, the board also receives reports from directors on the status of their execution of duties, and supervises the directors' execution of duties. External directors provide surveillance, instruction, and advice for managerial judgment and decision-making processes, from various points of view. In addition, five audit & supervisory board members, three of whom are external members, are also present at meetings of the board of directors, and supervise the directors' execution of duties.

In order to build a management system capable of responding more quickly to changes in the business environment, the term of office for

directors is one year; through this, we intend to allow even stricter supervision of our business operations by shareholders.

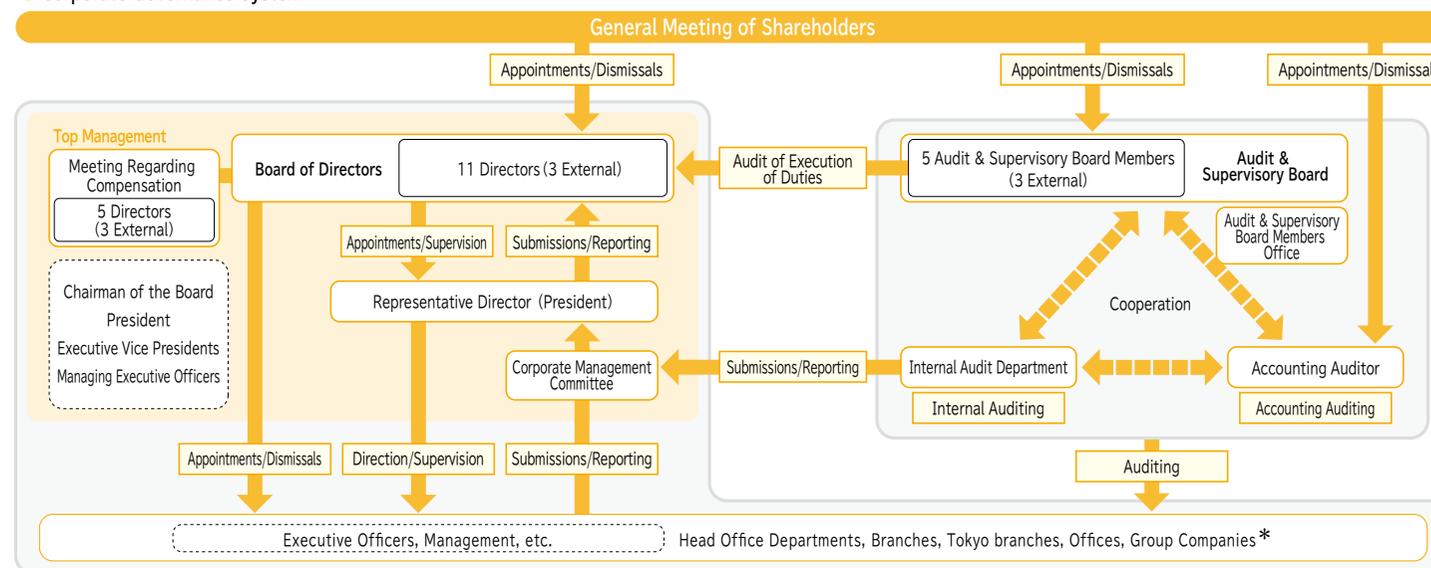
#### ●Audit & Supervisory Board Members' Audits and Internal Audits

Our five audit & supervisory board members (including three external members, and a full-time corporate auditor with considerable knowledge of financial affairs and accounting) attend important meetings (such as meetings of the board of directors and corporate management committee meetings) to listen to the deliberations, carefully read important documents (such as documents for approval),

hear from relevant parties, and perform other necessary tasks, for audits of directors' execution of duties, the maintenance and operation of internal control systems, etc. In addition, our auditors hold periodic meetings with directors, the internal audit department, and the accounting auditor to exchange opinions, in order to strengthen their auditing functions.

In addition, we have established an internal audit department, which works in cooperation with the audit & supervisory board members and accounting auditor to ensure the propriety of our operations.

#### ● Corporate Governance System



\* Note Regarding the Group Companies: The governance system of the Hokuriku Electric Power Transmission & Distribution Company is structured to conform to the conduct regulations set forth by the national government.

### ● External Directors and External Audit & Supervisory Board Members

In order to strengthen our business supervisory functions from an outside perspective, we appoint three external directors. External directors provide surveillance, instruction, and advice for managerial judgment and decision-making processes, from various points of view.

In addition, audits by our three external audit & supervisory board members provide surveillance, instruction, and advice through more objective and multifaced points of view, and we take their work seriously as we work to take proper measures in response.

All of our external directors and external audit & supervisory board members are designated as independent officers, as stipulated by the Tokyo Stock Exchange, and notifications are filed with the Tokyo Stock Exchange.

### Analysis and Evaluation of the Effectiveness of the Board of Directors

Matters requiring a resolution of the board of directors undergo advance deliberation by the corporate management committee and sufficient advance explanation to external directors, before being brought up for discussion by the board of directors. In addition, after evaluation of the operation, etc. of the board of directors, the company issues a report to the board of directors at the end of each fiscal year, alongside which, as necessary, the operation of the board of directors is reviewed, including revisions to standards for bringing up matters for discussion and reporting.

We also engage in opinion exchanges with external officers on the operation of the board of directors, among other efforts toward further improvements to the effectiveness of the board of directors.

Through these efforts, we believe that the effectiveness of our board of directors is satisfactory.

### Policies and Procedures for Appointment and Dismissal of Key Management Personnel, and for Nomination of Candidates to Director and Audit & Supervisory Board Member Positions

Individuals are nominated to be key management personnel, or as candidates to serve as directors or audit & supervisory board members, based on their career backgrounds, as well as their excellent character, insight, and abilities.

For our external directors and audit & supervisory board members, we nominate individuals who possess broad knowledge and experience, and who can make use of their outstanding experience and insight to provide surveillance, instruction, and advice on our management, from a more objective perspective.

In the event of dishonesty in the execution of the duties of a member of the key management personnel, or a serious violation of laws, ordinances, or our articles of incorporation, that individual shall be dismissed.

Candidates for director and audit & supervisory board member positions shall be decided after sufficient deliberation at a meeting of the board of directors at which all members of the board, including the external directors and external audit & supervisory board members, are present.

### Executive Compensation

Base compensation (fixed) for directors is within the range of the total sum approved at the general meeting of shareholders, and determined at a meeting of the board of directors after discussion at a meeting regarding compensation consisting of the three external directors, the chairman of the board, and the president.

Director bonuses shall be decided by the board of directors, taking into account factors including achievements during the relevant term, after a resolution of the general meeting of shareholders, and deliberation at a meeting regarding compensation.

Base compensation (fixed) for audit & supervisory board members is within the range of the total sum approved at the general meeting of shareholders, and determined through discussion among the audit & supervisory board members.

### Internal Control

In accordance with the Companies Act, our board of directors has made a resolution on the maintenance of a structure to ensure the propriety of our operations (fundamental policies of the internal control system), stipulating basic systems such as compliance, risk management, and propriety in the operations of the Group. Based on this resolution, we work to maintain and operate systems to ensure propriety in our work.

Other Group companies have also decided upon fundamental policies based on each company's current status, as part of our Group-wide efforts to ensure propriety in our work.

With regards to the Financial Instruments and Exchange Act internal control and reporting system\*, our company rules stipulate systems and mechanisms to ensure the trustworthiness of Group financial reporting, and we operate them appropriately. Alongside this, we also evaluate the effectiveness of our internal control, and perform the necessary corrections and improvements. In June of 2020, we also submitted our internal control report to the prime minister, in which we judged our internal controls to be effective based on a self-appraisal.

## Directors and Audit & Supervisory Board Members of the Hokuriku Electric Power Company (As of July 31, 2020)

### Directors



Representative Director & Chairman of the Board

### Susumu Kyuwa

Apr., 1972: Joined Hokuriku Electric Power Company  
 Jun., 1999: Became Manager  
 Jun., 2003: Became Director  
 Jun., 2004: Became Managing Director  
 Jun., 2007: Became Representative Director & Vice President  
 Apr., 2010: Became Representative Director & President  
 Jun., 2015: Became Representative Director & Chairman of the Board (Current Position)



Representative Director & President

### Yutaka Kanai

Apr., 1977: Joined Hokuriku Electric Power Company  
 Jun., 2005: Became Manager  
 Jun., 2007: Became Executive Officer  
 Jun., 2010: Became Managing Director  
 Jun., 2013: Became Representative Director & Vice President  
 Jun., 2015: Became Representative Director & President (Current Position)



Representative Director & Executive Vice President  
 General Manager of Community Relations & Development Division  
 General Manager of Nuclear Power Division

### Nobuhiko Ishiguro

Apr., 1983: Joined Hokuriku Electric Power Company  
 Jun., 2011: Became Manager  
 Jun., 2012: Became Executive Officer  
 Jun., 2015: Became Director & Managing Executive Officer  
 Jun., 2017: Became Representative Director & Executive Vice President (Current Position)



Representative Director & Executive Vice President

### Kazuhisa Mizutani

Apr., 1984: Joined Hokuriku Electric Power Company  
 Jun., 2015: Became Executive Officer  
 Jun., 2018: Became Director & Managing Executive Officer  
 Jun., 2020: Became Representative Director & Executive Vice President (Current Position)



Director & Managing Executive Officer

### Seisho Shiotani

Apr., 1983: Joined Hokuriku Electric Power Company  
 Jun., 2016: Became Executive Officer  
 Jun., 2018: Became Director & Managing Executive Officer (Current Position)



Director & Managing Executive Officer  
 General Manager of Marketing & Sales Division

### Koji Matsuda

Apr., 1985: Joined Hokuriku Electric Power Company  
 Jun., 2016: Became Executive Officer  
 Jun., 2019: Became Director & Managing Executive Officer (Current Position)



Director & Managing Executive Officer  
 General Manager of Quality Management & Internal Audit Dept.

### Kenji Onishi

Apr., 1983: Joined Hokuriku Electric Power Company  
 Jun., 2016: Became Executive Officer  
 Jun., 2018: Became Managing Executive Officer  
 Jun., 2020: Became Director & Managing Executive Officer (Current Position)



Director & Managing Executive Officer

### Wataru Hirata

Apr., 1986: Joined Hokuriku Electric Power Company  
 Jun., 2018: Became Executive Officer  
 Jun., 2020: Became Director & Managing Executive Officer (Current Position)

Directors



Director (External)  
Tatsuo Kawada

Mar., 1962: Joined Fukui Seiren Kako Co., Ltd.  
 Aug., 1981: Became Director at Seiren Co., Ltd.  
 Aug., 1985: Became Managing Director  
 Aug., 1987: Became Representative Director & President  
 Jun., 2003: Became Representative Director and President, and COO  
 May, 2005: Became Representative Director and Chair of KB Seiren, Ltd. (Current Position)  
 Oct., 2005: Became Representative Director and President, COO, and CEO of Seiren Co., Ltd.  
 Jun., 2008: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Company  
 Mar., 2009: Became President of the Fukui Chamber of Commerce and Industry (Current Position)  
 Jun., 2011: Became Representative Director and Chair, President, COO, and CEO of Seiren Co., Ltd.  
 Jun., 2014: Became Representative Director and Chair, and CEO (Current Position)  
 Aug., 2014: Became Chair of Seiren U.S.A. Corporation (Current Position)  
 Jun., 2015: Became Director at the Hokuriku Electric Power Company (Current Position)



Director (External)  
Shigeo Takagi

Apr., 1971: Joined the Hokuriku Bank, Ltd.  
 Jun., 1998: Became Director  
 Jun., 2002: Became President  
 Sep., 2003: Became President of Hokugin Financial Group  
 Jun., 2013: Became Special Adviser to the Hokuriku Bank, Ltd.  
 Nov., 2013: Became President of the Toyama Chamber of Commerce and Industry (Current Position)  
 Jun., 2014: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Company  
 Jun., 2015: Became Director (Current Position)  
 Jul., 2016: Became Special Counselor for the Hokuriku Bank, Ltd. (Current Position)



Director (External)  
Tateki Ataka

Apr., 1973: Joined the Hokkoku Bank, Ltd.  
 Jun., 1998: Became Director  
 Jun., 2002: Became Managing Director  
 Jun., 2004: Became Senior Managing Director  
 Jun., 2006: Became President  
 Nov., 2016: Became President of the Kanazawa Chamber of Commerce and Industry (Current Position)  
 Jun., 2017: Became Director at the Hokuriku Electric Power Company (Current Position)  
 Jun., 2020: Became Senior Advisor to the Hokkoku Bank, Ltd. (Current Position)

Audit & Supervisory Board Members



Audit & Supervisory Board Member of the Hokuriku Electric Power Company and Audit & Supervisory Board Member of the Hokuriku Electric Power Transmission & Distribution Company

Yasuhito Mizukami

Apr., 1981: Joined Hokuriku Electric Power Company  
 Jun., 2009: Became Manager  
 Jun., 2012: Became Executive Officer  
 Jun., 2018: Became Audit & Supervisory Board Member (Current Position)  
 Apr., 2020: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Transmission & Distribution Company (Current Position)



Audit & Supervisory Board Member of the Hokuriku Electric Power Company and Audit & Supervisory Board Member of the Hokuriku Electric Power Transmission & Distribution Company

Akitaka Eda

Apr., 1985: Joined Hokuriku Electric Power Company  
 Jun., 2018: Became Executive Officer  
 Jun., 2020: Became Audit & Supervisory Board Member (Current Position)  
 Jun., 2020: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Transmission & Distribution Company (Current Position)



Audit & Supervisory Board Member (External)  
Toshihiko Hosokawa

Apr., 1970: Appointed as Public Prosecutor  
 Apr., 1981: Registered with Osaka Bar Association  
 Apr., 1985: Registered with Toyama Bar Association  
 Apr., 2000: Became Professor for Kanazawa University Faculty of Law  
 Apr., 2004: Became Professor for Kanazawa University Law School  
 Apr., 2004: Re-registered with Toyama Bar Association (Current Position)  
 Jun., 2015: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Company (Current Position)



Audit & Supervisory Board Member (External)  
Etsuko Akiba

Apr., 1971: Joined Japan Airlines  
 Jul., 1989: Joined Public Relations Department of the Foundation of Electric Power Companies  
 Apr., 1996: Joined Kanto Branch Public Relations Department of the Nippon Telegraph and Telephone Corporation  
 Jun., 1999: Became Director of the Nippon Association of Consumer Specialists  
 May, 2003: Became Chief Director of the Asca Energy Forum  
 Jan., 2010: Became Member of the Japan Atomic Energy Commission  
 May, 2014: Reappointed as Chief Director of the Asca Energy Forum (Current Position)  
 Jun., 2015: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Company (Current Position)



Audit & Supervisory Board Member (External)  
Tadaaki Ito

Apr., 1971: Joined the Fukui Bank, Ltd.  
 Jun., 1999: Became Director  
 Jun., 2006: Became Managing Director  
 Jun., 2007: Became Managing Executive Officer  
 Jun., 2008: Became Director and Representative Senior Executive Officer  
 Mar., 2010: Became Director and Representative Executive President  
 Jun., 2015: Became Chair of the Board  
 Jun., 2015: Became Audit & Supervisory Board Member of the Hokuriku Electric Power Company (Current Position)  
 Jun., 2019: Became Adviser to the Fukui Bank, Ltd. (Current Position)  
 Nov., 2019: Became President of the Fukui Chamber of Commerce and Industry (Current Position)

## Directors and Audit & Supervisory Board Members of the Hokuriku Electric Power Transmission & Distribution Company (As of July 31, 2020)

### Directors

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Representative Director & President

#### Koichi Mizuno

Apr., 1983: Joined Hokuriku Electric Power Company  
Jun., 2011: Became Manager  
Jun., 2014: Became Executive Officer  
Jun., 2016: Became Director & Managing Executive Officer  
Jun., 2018: Became Representative Director & Executive Vice President  
Apr., 2020: Became Representative Director & President of the Hokuriku Electric Power Transmission & Distribution Company (Current Position)



Representative Director & Vice President

#### Kazuya Tanada

Apr., 1985: Joined Hokuriku Electric Power Company  
Jun., 2018: Became Executive Officer  
Apr., 2020: Became Director of the Hokuriku Electric Power Transmission & Distribution Company  
Jun., 2020: Became Representative Director & Vice President (Current Position)



Director  
General Manager of Corporate Planning Dept.

#### Junji Taga

Apr., 1984: Joined Hokuriku Electric Power Company  
Jun., 2018: Became Executive Officer  
Apr., 2020: Became Director of the Hokuriku Electric Power Transmission & Distribution Company (Current Position)



Director  
General Manager of Distribution Dept.

#### Katsunori Tsukasaki

Apr., 1987: Joined Hokuriku Electric Power Company  
Apr., 2020: Transferred on loan to Hokuriku Electric Power Transmission & Distribution Company  
Became Executive Officer  
Jun., 2020: Became Director of the Hokuriku Electric Power Transmission & Distribution Company (Current Position)

## Corporate Culture for Ensuring Transparency and Safety

In 2007, it came to light that we had not properly handled some incidents regarding power generation facilities, including the criticality accident at Unit 1 of Shika Nuclear Power Station. Following this, we have worked to establish a corporate culture for ensuring transparency and safety, with efforts company-wide to prevent any such issues from happening again. In February of 2011, the examination committee composed of external experts evaluated our efforts toward recurrence prevention, and concluded that the corporate culture for ensuring transparency and safety had been established. Even after this evaluation, every employee has continued and improved these long-term efforts, taking to heart the importance of never flagging in our dedication to the corporate culture.

We continue further deepening the culture that we have built, improving company-wide quality of services and operations, as we work to earn the community's trust and provide sense of security.

## Deepening Our Safety Culture

### Enlightenment on Prioritizing Safety, and Improving Safety Quality

#### ●Discussions between Top-level Managers and Front-line Site Employees

We aim to share top-level managers' thoughts and passion for putting safety first with the company as a whole, as well as to increase mutual understanding within the company through frank discussion activities between top-level managers and employees.

#### ●Sharing Case Studies of Failures to Prevent Reoccurrences

We share the lessons of failure cases within the company and facilitate improvement efforts in each department, with the goal of preventing similar accidents and problems through such conferences as "Electric Power Security Committee" and "Failure Cases Review Meetings."



Discussions between upper-level management and head office managers (Electric Power Security Committee)

### Health and Safety Activities

We have established a health and safety management policy based on our fundamental belief that health and safety take priority over all else, and we work to promote the creation of comfortable workplaces built with a thorough focus on proactive safety and comprehensive health management, in order to ensure employees' safety and good health. In FY 2019, our efforts to improve employees' sensitivity to danger and encourage healthy habits included safety education taking into account the physical characteristics of older people, as well as education for each layer of the company to increase awareness of health management.

## Promoting Compliance

In 2002, we established the Compliance Promotion Committee, with the company president serving as chair, and a code of conduct.

We have continued to improve our efforts over time. In order to further increase the effectiveness of our compliance promotion, in 2003, we established Whistle Hokuden, a point of contact for business ethics information; in 2007, we added an external third party (lawyer) point of contact for reports; and starting in 2010, Group companies' compliance violations can now also be reported.

We continue efforts to maintain our dedication to our corporate culture for ensuring transparency and safety, such as messages from the president on in-company TV broadcasts. In addition, we strive to ensure strict compliance through autonomous initiatives, such as compliance training for each layer of our company, including top- and middle-level managers and general employees, as well as group compliance discussions at each workplace.

Following the Kansai Electric Power Company bribery scandal, we at the Hokuriku Electric Power Company confirmed that there had not been any improper receipt of money or valuables, or any improprieties in connection with works orders; however, in order to autonomously ensure stricter observance of business ethics, as well as laws and ordinances, we partially revised our internal code of conduct, and have decided to refuse gifts, even if they would be considered to be within the social standards of customary or ceremonious situations.

We continue to make persistent efforts toward even stricter compliance, based on relevant information, including discussions within the Corporate Ethics Committee established by the Federation of Electric Power Companies.

## Connecting with Stakeholders

### Investor Relations Activities

We hold corporate information sessions for institutional investors and analysts, at which we engage in candid exchanges of opinions with top management about our business policies, financial status, and other topics. We also proactively engage in visit activities, post information to our website, and more.



Tour for individual shareholders

In FY 2019, we organized tours of facilities for individual shareholders, including Shika Nuclear Power Station, Toyama Shinko Thermal Power Station, photovoltaic power stations, and wind power stations, to further deepen their understanding of our business activities.

### Fair and Impartial Procurement Activities

We build good long-term relationships with our suppliers, who are our business partners, and we engage in procurement activities based on our Fundamental Policies for Procurement, as we work together toward the development of both parties.

#### ■ Fundamental Policies for Procurement

1	Compliance with Laws, Ordinances, and Social Norms
2	Highest Priority on Safety
3	Consideration for the Environment
4	Open Transactions
5	Fair and Impartial Procurement
6	Establishment of Mutual Trust (Partnerships)
7	Proper Management and Protection of Information
8	Contribution to the Local Community

## Preparedness for Risks

### Crisis Management

We are working to establish crisis management regulations, in order to build a company-wide crisis management system to address various critical situations that would, or may potentially, have a significant effect on our business, and to avoid, as much as possible, any effect on our stakeholders.

### Establishment of Disaster Prevention Systems

Even after the split-off in April of 2020, the Hokuriku Electric Power Company and the Hokuriku Electric Power Transmission & Distribution Company work together to prepare against disasters.

We immediately declare Alert Status when a disaster is expected to strike, and Red Alert Status when a disaster is predicted to occur within the next few hours, or has already occurred, or when an earthquake rated 6 Lower or above on the JMA Seismic Intensity Scale has occurred within the area we supply electricity to. In these cases, we set up an alert status (general) headquarters or a disaster response (general) headquarters at the relevant facility or office, according to the level of the alert status.

As a precaution for disasters, we have built a system of mutual cooperation to share disaster prevention information with local governments and other disaster-prevention-related organizations (local meteorological observatories, fire stations, the Self-Defense Forces, police, etc.). In addition, we have also established a mutual support system in association with other electric power companies, the Electric Power Development Co., Ltd., the Organization for Cross-regional Coordination of Transmission Operators, contracted companies, electrical engineering work companies, and more, to provide mutual assistance, such as supply of electric power, personnel, materials, transportation equipment, etc.

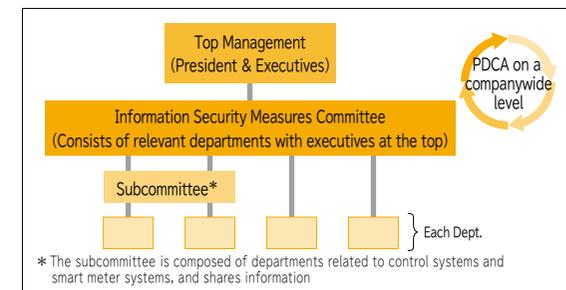
### Information Security

With the growing threat of international cyber-attacks on Japanese companies, we are working to enhance information security, as a critical infrastructure utility with social responsibility. In addition to cooperating with the national government and other electric power companies, we have established an in-house information security measures committee to promote information security measures under our top management.

System	Establishment of a system for early detection of cyber-attacks, and a system for quick recovery in the event of a cyber-attack
Technical Measures	Utilization of intrusion prevention system to protect against unauthorized external network access, and security monitoring systems
Management	Implementation of information security education and cyber-attack response training for employees



Company-wide disaster prevention training



## Financial and Business Information

### Main Data for the Past Five Years (Consolidated)

Fiscal Year	2015	2016	2017	2018	2019
Operating Revenue (Million yen)	544,568	542,572	596,283	622,930	628,039
Operating Income (Million yen)	38,124	10,539	14,826	12,824	29,461
Ordinary Income (Million yen)	28,041	2,012	2,671	6,656	23,236
Net income (Loss) Attributable to Owners of Parent (Million yen)	12,891	Δ622	Δ485	2,520	13,433
Return on Equity (%)	3.9	Δ0.2	Δ0.2	0.8	4.2
Return on Assets (%)	1.8	0.5	0.7	0.6	1.3
Net Income per Share (Yen)	61.74	Δ2.98	Δ2.33	12.07	64.34
Capital Investment (Million yen)	99,558	94,889	109,057	102,988	76,502
Total Assets (Million yen)	1,509,393	1,518,076	1,588,757	1,573,127	1,592,933
Net Assets (Million yen)	334,003	327,614	327,645	326,950	336,456
Capital-to-asset Ratio (%)	21.5	20.8	19.8	19.9	20.2
Outstanding Interest-bearing Debt (Million yen)	920,034	952,145	990,004	980,494	974,547
Net Assets per Share (Yen)	1,552.48	1,515.08	1,509.29	1,501.40	1,542.20
Cash Flows from Operating Activities (Million yen)	69,792	63,547	82,277	54,018	101,475
Cash Flows from Investing Activities (Million yen)	Δ85,006	Δ104,252	Δ91,259	Δ101,338	Δ75,141
Cash Flows from Financing Activities (Million yen)	33,962	21,322	35,401	Δ9,912	Δ6,285
Cash and Cash Equivalents at End of Period (Million yen)	193,128	173,746	200,166	142,934	163,019
Number of Employees	8,299	8,346	8,433	8,498	8,562

### Group Companies

(As of July 31, 2020)

#### Total energy

Hokuriku Electric Power Company  
Hokuriku Electric Power Transmission & Distribution Company  
The Nihonkai Power Generating Company, Inc.  
Hokuriku Lnes Co., Ltd.  
Fukui City Gas Co., Ltd.  
Kurobegawa Denryoku  
Toyama Kyodo Jikahatsuden Co., Ltd.

#### Information & Telecommunications

Hokuriku Telecommunication Network Co., Inc.  
Power and IT Company  
Hokuden Information System Service Company, Inc.

#### Electricity & Engineering

Hokuriku Plant Services Co., Ltd.  
Nihonkaikenko Corporation  
HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.  
Hokuriku Electric Power Biz Energy Solutions Co., Ltd.  
Hokuden Engineering Consultants Co., Ltd.  
Hokuden Techno Service  
Hokuriku Electrical Safety Inspection Association

#### Environment & Recycling

Nihonkai Environmental Service Inc.  
Japan Ecology and Security Service Company

#### Daily Life, Offices, and Finance

Hokuriku Electric Power Business Investment G.K.  
Hokuden Sangyo Co., Ltd.  
Hokuriku Electric Power Living Service Co., Ltd.  
Hokuden Partner Service Inc.  
Hokuriku Electric Power With Smile Company  
Hokuhai Dengyou Co., Ltd.

#### Manufacturing

Nihonkai Concrete Industries Co.  
Hokuriku Instrumentation Co., Inc.  
Hokuriku Electric Co., Ltd.  
Hokuriku Energys Co., Ltd.

## Financial and Business Information

### Main Data for the Past Five Years (Non-consolidated)

Fiscal Year	2015	2016	2017	2018	2019
Operating Revenue (Million yen)	494,180	497,617	549,148	575,576	573,868
Operating Income (Million yen)	28,788	2,568	5,375	4,522	20,214
Ordinary Income (Million yen)	18,992	Δ3,256	Δ5,630	2,447	15,707
Net Income (Million yen)	8,723	Δ1,848	Δ4,195	2,411	10,294
Ordinary Revenue / Loss (Million yen)	496,984	503,650	552,604	583,062	577,532
Electricity Sales (Retail)	432,327	433,913	472,251	477,440	453,412
Electricity Sales (Wholesale)	35,866	31,078	38,812	48,124	55,032
Other	28,791	38,658	41,540	57,497	69,087
Ordinary Expenses (Million yen)	477,992	506,906	558,234	580,614	561,825
Personnel Expenses	44,289	50,940	49,676	48,033	51,156
Fuel Expenses	102,396	102,624	118,990	124,485	109,837
Maintenance Expenses	57,911	63,111	69,087	64,414	60,053
Depreciation Expenses	63,696	61,328	59,162	68,330	47,828
Purchased Power Expenses	63,802	69,660	84,636	103,426	105,013
Interest Expenses	11,224	10,396	9,612	8,786	7,654
Taxes and Public Charges	30,462	30,281	30,787	30,457	31,440
Other	104,208	118,563	136,280	132,681	148,841
Return on Equity (%)	2.9	Δ0.6	Δ1.5	0.9	3.6
Return on Assets (%)	1.4	0.1	0.3	0.2	1.0
Net Income per Share (Yen)	41.78	Δ8.85	Δ20.09	11.55	49.31
Dividend (Yen) per Share	50	35	—	—	10
Capital Investment (Million yen)	97,971	90,563	103,662	93,708	69,245
Total Assets (Million yen)	1,458,977	1,460,682	1,526,576	1,508,900	1,529,530
Net Assets (Million yen)	297,163	286,698	280,500	280,243	286,945
Capital-to-asset Ratio (%)	20.4	19.6	18.4	18.6	18.8
Outstanding Interest-bearing Debt (Million yen)	929,327	960,198	999,883	988,764	985,476
Net Assets per Share (Yen)	1,423.17	1,373.09	1,343.47	1,342.28	1,374.42
Number of Employees	4,997	5,010	5,229	5,278	5,325

## Environment

### (1) Data Related to Power Generation

	Category	Unit	Results			
			FY 2017	FY 2018	FY 2019	
1	Fuel Consumption for Power Generation	Coal	thousand t	6,591	5,573	6,079
		Heavy Oil	thousand kL	401	140	35
		Crude Oil	thousand kL	326	164	34
		LNG	thousand t	—	403	523
		Gas Oil	thousand kL	8	10	8
		Wood Biomass	thousand t	22	22	18
		Nuclear Fuel	kg- <sup>235</sup> U	0	0	0
2	Electricity Generated (Generating-End)	Thermal Power Generation	billion kWh	22.4	20.2	21.9
		Hydroelectric Power Generation	billion kWh	7.0	6.2	6.2
		Nuclear Power Generation	billion kWh	0	0	0
		Photovoltaic Power Generation	million kWh	4	4	5
3	Transmission and Distribution Loss Rate	%	4.2	4.1	3.9	
4	Electricity Consumption at Hokuriku Electric Power Company Offices, etc.	million kWh	35	31	29	
5	Electricity Sold to and Purchased from Other Utilities	Purchased	billion kWh	5.1	6.6	6.0
		Wholesale	billion kWh	3.0	4.3	6.4
6	Electricity Sales Volume	billion kWh	28.7	26.1	25.1	
7	Thermal Power Generation Efficiency: Benchmark Index B of the Act on the Rational Use of Energy	%	39.4	39.8	40.6	
8	Waste Water from Power Stations	thousand m <sup>3</sup>	3,051	2,772	2,696	

### (2) Data Related to Greenhouse Gas Reductions

	Category	Unit	Results			
			FY 2017	FY 2018	FY 2019	
1	CO <sub>2</sub> Emissions *1	Basic	thousand t-CO <sub>2</sub>	17,000	14,140	12,790
		Adjusted	thousand t-CO <sub>2</sub>	16,460	13,710	12,450
2	CO <sub>2</sub> Emission Intensity *1	Basic	kg-CO <sub>2</sub> /kWh	0.593	0.542	0.510
		Adjusted	kg-CO <sub>2</sub> /kWh	0.574	0.526	0.497
3	SO <sub>x</sub> Emissions	Standard Unit *2	g/kWh	0.31	0.26	0.26
		Emissions	t	7,032	5,284	5,783
4	NO <sub>x</sub> Emissions	Standard Unit *2	g/kWh	0.27	0.20	0.22
		Emissions	t	6,159	4,096	4,827
5	SF <sub>6</sub> Emissions	t	0.3	0.3	0.3	
6	SF <sub>6</sub> Gas Recovery Ratio during Inspection and Disposal	%	99	99	98	
7	HFC Emissions	t	0.2	0.3	0.5	
8	PFC Emissions	t	None Handled	None Handled	None Handled	
9	N <sub>2</sub> O Emissions	t	103	88	97	
10	CH <sub>4</sub> Emissions	t	20	23	21	
11	Fluorocarbon Consumption	t	0.2	0.3	1.0	

\*1 Calculations were made based on the Law Concerning the Promotion of the Measures to Cope with Global Warming.

\*2 For power generated at thermal power stations

## Environment

### (3) Other Data Related to Environmental Management and Waste Management

	Category	Unit	Results			
			FY 2017	FY 2018	FY 2019	
1	Production and Proportion Recycled of Industrial Waste and Byproducts	Amount Produced	thousand t	942	827	808
		Percentage Recycled	%	94.8	97.1	97.4
2	Production and Proportion Recycled of Coal Ash	Amount Produced	thousand t	687	584	598
		Percentage Recycled	%	94.4	99.2	98.0
3	Office Waste Collected by the Hokuriku Electric Power Company	Worker Uniforms	kg	1,545	1,914	2,737
		Used Helmets	pcs.	234	328	278
		Used Safety Shoes	pairs	823	978	697
		Used Safety Harnesses	sets	57	64	324
		Used Fluorescent Lamps	t	4.3	3.8	3.9
		Used Batteries	t	1.3	1.6	1.6
4	Green Purchasing Coverage	%	96	98	97	
5	Number of Electric Vehicles Introduced* (Proportion of EVs among Company Vehicles)	vehicles (%)	178 (46.8)	181 (47.6)	182 (47.9)	
6	Amount of Electricity Use at Offices over Time (Percentage, using the FY 2004 amount as 100)	%	84.6	80.8	78.4	
7	Production of Solid Radioactive Waste (200-liter drum equivalent)	drums' worth	984	544	760	

\*Special-purpose vehicles, such as emergency vehicles and aerial work platforms, and other vehicles that cannot be replaced with electric vehicles (e.g. 4WD vehicles) are not included. Plug-in hybrid vehicles (PHVs) are included.

FY 2019 Breakdown of Production and Proportion Recycled of Industrial Waste and Byproducts			
Product name	Amount Produced (t)	Percentage Recycled (%)	Main Use
Coal Ash	597,693	98.0	Raw material for cement
Gypsum	148,655	100.0	Raw material for cement
Heavy/Crude Oil Ash	290	51.1	Raw material for cement
Electric Wire Scrap, Iron Scrap	27,820	98.8	Metal stock
Waste Plastics	938	28.3	Plastic products
Decommissioned Concrete Poles	4,587	100.0	Roadbed material
Insulator Scrap	237	48.7	Land reclamation material, aggregate
Sludge	9,063	36.6	Raw material for cement
Construction & Demolition Waste	7,990	99.5	Land reclamation material, aggregate
Other	11,094	81.8	-
Total	808,367	97.4	-

FY 2019 Uses of Recycled Coal Ash		
Uses	Proportion (%)	
Cement Raw Material (Clay substitution)	Domestic	49.9
	Overseas	23.3
Cement (Other than clay substitution)	3.8	
Land Reclamation Material	3.6	
Recycled Base Course Material	6.6	
Architecture	9.1	
Soil Stabilization Material (Drainage material for grounds, rice fields, etc.)	1.8	
Civil Engineering	1.7	
Other	0.2	

### (4) Emissions and Transfers of Chemical Substances with Notifications Filed According to the PRTR Law\*

	Substance	No. of Facilities Submitting Notifications	Main Uses	FY2019		
				Amount Handled (t)	Amount of Emissions (t)	Amount Transferred (t)
1	Ethylbenzene	1	Paints	2.9	2.9	0.0
2	Xylene	1	Paints	4.5	4.5	0.0
3	Toluene	3	Power generation fuels, paints	7.0	7.0	0.0
4	PCB	1	Insulating oil for transformers	8.5	0.0	8.5
5	Methylnaphthalene	4	Power generation fuels, on-site boiler fuels	65.9	0.3	0.0

\*PRTR Law: An abbreviated name for the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Law concerning Pollutant Release and Transfer Register/PRTR). The law stipulates the mechanisms by which businesses must track, collect, and publicize data regarding the amounts of harmful chemical substances they produce that are discharged into the environment in their course of their business activities.

## Social

### (1) Data Related to Employees

	Category		Unit	Results		
				FY 2017	FY 2018	FY 2019
1	Number of Employees	Total (Proportion of women)	people (%)	5,229 (13.5)	5,278 (14.7)	5,325 (16.1)
2	Average Age		years old	42.0	42.1	42.2
3	Length of Service	Total	years	20.8	20.6	20.5
		Male	years	21.7	21.7	21.9
		Female	years	14.6	13.6	13.0
4	Number of Managers	Total	people	1,954	1,965	1,955
		Male (Proportion)	people (%)	1,908 (97.6)	1,904 (96.9)	1,884 (96.4)
		Female (Proportion)	people (%)	46 (2.4)	61 (3.1)	71 (3.6)
5	Proportion of Employees with Disabilities		%	2.20	2.09	2.16
6	Number of New Employees Hired	Total	people	165	161	158
		Male (Proportion)	people (%)	145 (87.9)	127 (78.8)	123 (77.8)
		Female (Proportion)	people (%)	20 (12.1)	34 (21.2)	35 (22.2)

	Category		Unit	Results		
				FY 2017	FY 2018	FY 2019
7	Number of Employees Taking Nursing Care Leave		people	2	2	1
8	Usage Rate of Child-care Leave	Male	%	1.2	1.2	3.0
		Female	%	100	100	100
9	Number of Days of Paid Annual Leave Taken per Employee		days	16.0	15.8	15.3

### (2) Metrics Related to Local Society

	Category		Unit	Results		
				FY 2017	FY 2018	FY 2019
1	System Average Interruption Duration Index		minutes/ customer/year	26	24	19
2	System Average Interruption Frequency Index		times/ customer/year	0.17	0.15	0.13
3	Increased Amount of Buried Distribution Lines	Single Fiscal Year	km	3.17	2.52	1.68
		Total	km	202.30	204.82	206.50
4	Hoku-Link Membership		thousands of members	250	304	428
5	Visit lessons		sessions	170	177	155

## Governance

### (1) Data Related to Directors and Audit & Supervisory Board Members

	Category	Unit	Results		
			FY 2017	FY 2018	FY 2019
1	Number of Directors (Number of external directors included in the total)	people	12 (3)	12 (3)	12 (3)
2	Proportion of External Directors	%	25	25	25
3	Number of Board of Directors' Meetings Held (Average attendance rate)	sessions (%)	11 (97)	11 (99)	11 (99)
4	Term of Office of Directors	years	1	1	1
5	Number of Audit & Supervisory Board Members (Number of external audit & supervisory board members included in the total)	people	5 (3)	5 (3)	5 (3)
6	Number of Independent Officers (Proportion)	people (%)	6 (35.3)	6 (35.3)	6 (35.3)
7	Number of Female Directors and Audit & Supervisory Board Members	people (%)	1 (5.9)	1 (5.9)	1 (5.9)

### (2) Data Related to Occupational Safety

	Category	Unit	Results		
			FY 2017	FY 2018	FY 2019
1	Number of Employee Injuries *1	people	3	3	1
2	Rate of Lost-worktime Injuries *1 *2	—	0.28	0.28	0.09
3	Number of Contracted Worker Injuries *1	people	17	13	17
4	Number of Employee Fatalities	people	0	0	0
5	Number of Contracted Worker Fatalities	people	0	1	0

\*1 Work-related injury involving at least one day's absence from the workplace

\*2 Rate of Lost-worktime Injuries =  $\frac{\text{Number of work-related casualties}}{\text{Total actual hours worked}} \times 1,000,000$

**WEB** Report on Corporate Governance <http://www.rikuden.co.jp/management/governance.html>

## Environmental, Social, and Governance-related Policies, Guidelines, Plans, etc.

	Category	URL
1	CSR Philosophy and Guidelines for Action	<a href="http://www.rikuden.co.jp/csr/torikumi.html">http://www.rikuden.co.jp/csr/torikumi.html</a>
2	Environmental Management Plan	<a href="http://www.rikuden.co.jp/kanrikeikaku/index.html">http://www.rikuden.co.jp/kanrikeikaku/index.html</a>
3	Action Plan to Support Raising Next-Generation Children	<a href="http://www.rikuden.co.jp/syokuba/attach/jisedaiikuseikoudoukeikaku.pdf">http://www.rikuden.co.jp/syokuba/attach/jisedaiikuseikoudoukeikaku.pdf</a>
4	Action Plan for the Promotion of Women's Participation and Advancement in the Workplace	<a href="http://www.rikuden.co.jp/syokuba/attach/koudoukeikaku.pdf">http://www.rikuden.co.jp/syokuba/attach/koudoukeikaku.pdf</a>
5	Code of Conduct	<a href="http://www.rikuden.co.jp/conp/kodo.html">http://www.rikuden.co.jp/conp/kodo.html</a>
6	Fundamental Policies for Procurement	<a href="http://www.rikuden.co.jp/shizai/houshin.html">http://www.rikuden.co.jp/shizai/houshin.html</a>
7	Disclosure Policy	<a href="http://www.rikuden.co.jp/management/disclosure.html">http://www.rikuden.co.jp/management/disclosure.html</a>

 **Hokuriku Electric Power Company**

15-1 Ushijima-cho, Toyama-shi 930-8686, Japan  
Tel: +81-76-441-2511 (main line) • Fax: +81-76-405-0103

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<http://www.rikuden.co.jp/english/>