

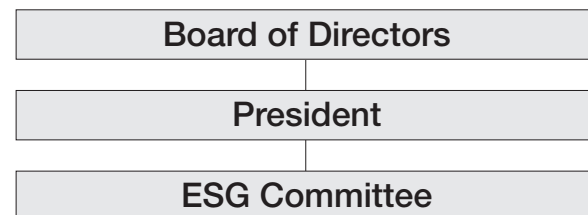
TCFD

TCFD Task Force on Climate-Related Financial Disclosures Governance

The TEPCO Group's climate change-related governance system

Dealing with climate change and other ESG issues are key business issues for which the Board of Directors selects the individual to handle (ESG Officer). The ESG officer gives quarterly reports to the Board of Directors about the status of initiatives, and receives supervision in regards to strategies, action plans, and performance targets, and related revisions. Similarly, climate change-related risks/opportunities and budgets are supervised by the Board of Directors.

Tokyo Electric Power Company Holdings



Chair: Representative Executive Officer and President

Vice chair: Executive Vice President (CFO) ESG Officer

Committee member: President of each key business company, etc.

Discussions by the Board of Directors

At the 96th (FY2019) regular general shareholder's meeting, the fourth item on the agenda was a stockholder proposal requesting a partial change to the Articles of Association to include, "withdrawal from coal-thermal power production." The Board of Directors opposed this proposal for the following reasons and rejected it at the general shareholder's meeting.

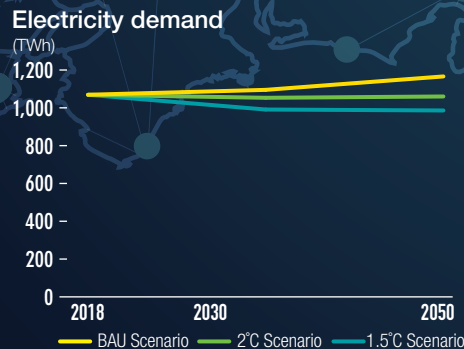
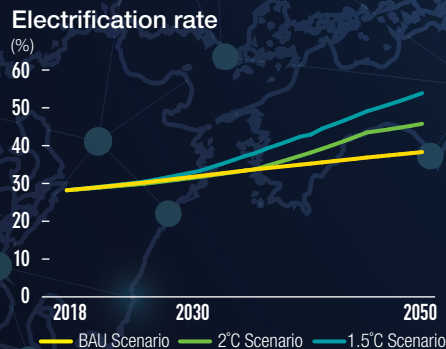
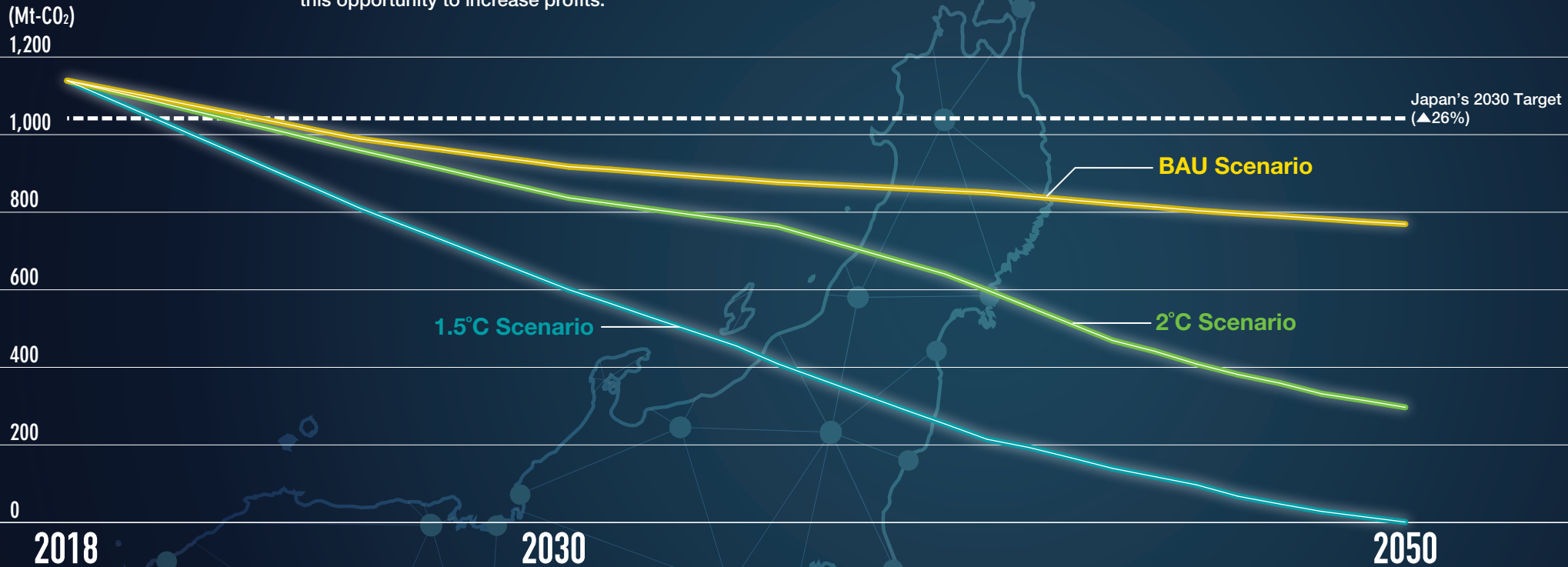
The proposal pertains to corporate business affairs and is therefore not suitable for inclusion in the Articles of Association. Furthermore, while it is important to reduce CO₂ emissions in order to combat climate change, providing a stable source of affordable electricity is a vital responsibility for an electric utility, and highly efficient coal-thermal power production, which has an extremely stable and economical fuel supply, should be a component in a well-balanced energy mix.

The Board of Directors will provide supervision and support to develop business strategies that will enable the TEPCO Group to create a sustainable society by making thermal power highly efficient through JERA initiatives, turn renewable energies into primary energy sources, and promote its nuclear power business while ensuring safety.

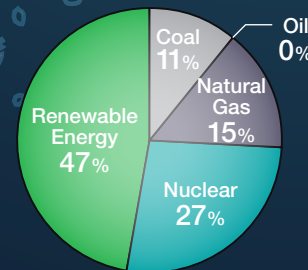


Strategy

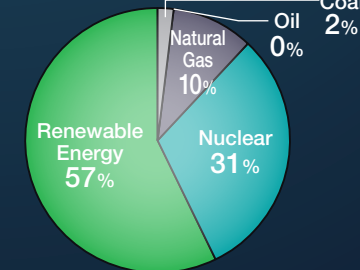
In light of the global climate-related scenario analysis implemented in 2019, we conducted a climate-related scenario analysis for Japan in 2020. You can see that even in Japan, it is extremely important to improve the rate of electrification as we aim for a carbon-free society. The TEPCO Group will play a leading role in the construction of a sustainable carbon-free society, and utilize this opportunity to increase profits.



Electricity generation of 2°C scenario in 2050



Electricity generation of 1.5°C scenario in 2050



Note) This scenario analysis refers to the IEA "World Energy Outlook 2019". These scenarios were designed with the intent to consider what is possible only in the distant future and are not intended to predict likely future events or outcomes.

TCFD Risk Management

The TEPCO Group's Risk Management Committee strives to avoid serious climate-related risks and minimizes any impact that such risks may have on operation by quickly and suitably responding to them when they manifest. Furthermore, risk assessments are leveraged when making important management decisions and are reported to the Board of Directors.

The risks and opportunities of the TEPCO Group

		Risks		Opportunities	
		Mid-term (~2030)	Long-term (~2050)	Mid-term (~2030)	Long-term (~2050)
Transition Risks	Policy and Legal	Increasing costs due to stricter regulations		Promoting to use of nuclear power generation	
	Technology	Decrease in the quality of power supply services in conjunction with the large-scale installation of renewable energies	Decrease in the superiority of centralized power sources due to the spread of distributed power sources	Developments in renewable energy technologies	
	Market and Service			Increasing customer need for renewable energy Acceleration of electrification in the transportation sector, etc., as a result of a move away from fossil fuels	
	Reputation	Tendency for the company to be thought of as unmotivated when it comes to climate change countermeasures	Less acceptance by society of nuclear power	Differentiating ourselves as a company resilient to climate change	
Physical Risks	Acute	Damage to power supply facilities by typhoons		Increasing social need for disaster preparedness	
	Chronic			Decrease in hydroelectric power volume due to fluctuations in rainfall	Increase in hydroelectric power volume due to fluctuations in rainfall

The severity of risks is examined by the Risk Management Committee ■ Risk: High ■ Risk: Low ■ Opportunity: Large ■ Opportunity: Small

Risk management structure



Financial impact of climate-related risks/opportunities

Cost increase upon the purchase of 100 GWh non-fossil certificate

1.2 million USD

Annual cost reductions if one nuclear reactor was put into operation

830~1,000 million USD

Typhoon-related damage amount (2019 actual)

190 million USD

Increase in profits due to increasing flow rate (1%)

9 million USD



Metrics and Targets

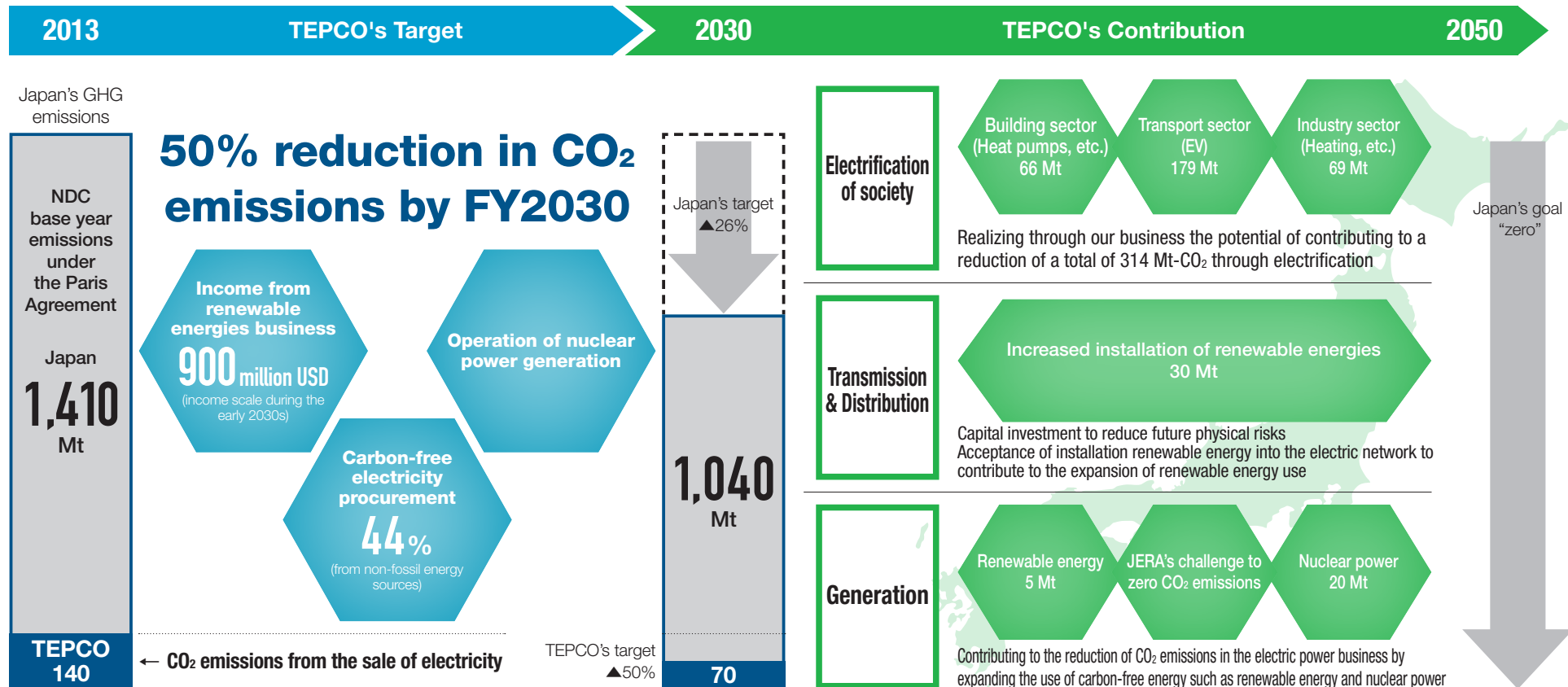
In light of the 2°C target of the Paris Agreement, the TEPCO Group aims to reduce CO₂ emissions from the sale of electricity by 50% of FY2013 levels by the year FY2030. And we are discussing goal for 2050 in the light of innovation and an optimal energy mix that considers both economic feasibility and stable supply.

In consideration of the trend towards carbon-free, we aim to increase the amount of energy produced by nuclear power and renewable energy sources, and provide new value based on “decarbonization” thereby promoting further electrification and achieving sustainable growth along with society.

FY 2019 greenhouse gas emissions (kt-CO₂)

Scope 1	Scope 2	Scope 3
200	5,920	116,460

Climate-related resilience strategies



* The impact from CO₂ reductions has been calculated by TEPCO based upon a scenario analysis conducted while referencing the IEA's World Energy Outlook 2019 scenario.