

The Proposal

Partial amendment to the Articles of Incorporation (Alignment of capital allocation with a net zero by 2050 pathway)

1. Details of the proposal

The following clause shall be added to the Articles of Incorporation:

Chapter: “Transition Plan”

Clause: “Alignment of capital allocation with a net zero by 2050 pathway”

1. To promote the long-term success of the Company, given the risks and opportunities associated with climate change, the Company shall set and disclose a policy demonstrating how it will align material strategic capital investments with a net zero by 2050 pathway as per the Company’s 2050 Carbon Neutrality Declaration (hereinafter referred to as “this policy”).
2. To support this policy, the Company shall assess and report how a net zero by 2050 pathway would affect the assumptions, costs, estimates and valuations underlying the Company’s strategic capital investments, inclusive of all group companies and business segments. The disclosures shall omit proprietary information.

2. Reasons for the proposal

This proposal requests that the Company disclose necessary information in order for shareholders to ensure the Company’s transition plans are aligned with a scenario where carbon neutrality is achieved by 2050.

The TEPCO Group is exposed to significant transition risk, given its involvement in fossil fuel-related businesses is set to expand under current plans. It is, therefore, critical for the Company to reduce financial risk by ensuring its transition plans include a framework to align the capital allocation of all business segments of the Company with a net zero by 2050 pathway.

The disclosure this proposal seeks is commonly expected among investors through the Task Force on Climate-related Financial Disclosures (TCFD), investor groups (e.g. CA100+), and shareholder proposals in other markets. Global peers of the Company are already disclosing this type of information and shifting away from fossil fuels.

Approval of this proposal will provide investors with critical information required to understand the security of their capital. It will also place the Company in a better position to manage transition risk and opportunities, and to maintain long-term corporate value as the Company shifts toward a decarbonized economy.
