

With the aim of “harmonizing energy supply with the environment” by putting the corporate philosophy into practice, we constantly take up the challenge of developing new technologies and aim for sustained growth as a global electric power company that contributes to a sustainable society.

The energy landscape in Japan has undergone major changes since the Great East Japan Earthquake in March 2011, and although the outlook for electric power supply and demand remains uncertain, in April of this year, the Cabinet conducted a complete review of energy strategies from before the earthquake disaster and adopted the Fourth Energy Basic Plan.

I believe that the positioning in this new basic plan of nuclear power and coal-fired power as key baseload power sources and adopting the reconstruction of electric power supply as its fundamental policy is in agreement with the direction of J-POWER Group's management.

We, the members of the J-POWER Group, will press ahead to put into practice our corporate philosophy of “meeting people's needs for energy without fail, and playing our part for the sustainable development of Japan and the rest of the world,” however on March 28, 2014, a low-pressure turbine rotor from the Matsuura Thermal Power Station No. 2 Unit fell during a periodic inspection. This accident has had a substantial impact on electric power supply and demand, and I apologize to everyone for the inconvenience and concern that we have caused. We will return to the origins of our corporate philosophy of “meeting people's needs for energy without fail” and make further efforts to ensure the reliability of our facilities and restore confidence in the J-POWER Group. (See p. 18 for a report on the accident.)

The J-POWER Group is committed to reinforcing the business foundations that support the stable supply of electric power and making unceasing efforts to develop new power sources, thereby continuously enhancing our corporate value.

With regard to the reinforcement of business foundations, we will redouble our efforts to enhance technological capabilities and human resources and to reinforce foundations with a focus on ensuring the reliability of our facilities while responding to changes in the domestic electricity business in conjunction with reform of electric power systems. We will also contribute to stable electric power supplies in Japan and overseas through operation of coal-fired and hydroelectric power stations as well as backbone transmission lines and other electric power facilities and through the operation of the electricity business in various regions around the world.

With regard to development of new power supplies, we are conducting active development in Japan to follow the Takehara Thermal Power Station New Unit No. 1, which is currently under construction, and the Ohma Nuclear Power Station. By doing so, we will be able to respond to demands for stable electric power supplies over the medium to long term with baseload power supply at the core. Overseas, we are developing new projects primarily in Asia to achieve growth in the future.

As we address these issues, “Harmonizing energy supply with the environment,” a subtitle of this report, is a concept that broadly underlies our activities.

In the area of coal-fired power generation, we are spreading the clean coal technologies at the world's highest

levels that we developed over many years to achieve both reductions in environmental impact and stable energy supplies. We are also constructing new higher-efficiency coal-fired power stations, replacing old plants, and developing technologies to reduce carbon emissions over the long term.

Measures to reduce carbon emissions include efforts to expand renewable energy, a valuable national asset. We are working to achieve both stable electric power supplies and lower CO₂ emissions by using diverse renewable energy sources including hydroelectric, wind, and geothermal power.

With regard to environmental, social, and corporate governance (ESG), interest in which has been rising recently, we are contributing to the continuous development of society by engaging in business operations that fulfill our corporate social responsibility, including reinforcing governance, ensuring strict compliance, maintaining safety, strengthening our crisis management and disaster responses, achieving mutual benefit with local communities, and conducting environmental management.

The J-POWER Group will carry out its missions of providing stable supply of electricity and harmonizing energy supply with the environment on even higher levels than in the past and will conscientiously address new challenges to contribute to the sustainable development of Japan and the world.

We thank everyone sincerely for their continuing support.

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President

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Masayoshi Kitamura