

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.

Energy policy in Japan has undergone major changes since the Great East Japan Earthquake including the adoption by the Cabinet in April 2014 of the Fourth Energy Basic Plan and the Adoption in July of this year of the Long-term Energy Supply and Demand Outlook that examines energy supply and demand structures through the 2030 fiscal year.

The Energy Basic Plan positions nuclear power and coal-fired power as key baseload power sources and sets forth fundamental policies regarding reconstruction of electric power supply. The Long-term Energy Supply and Demand Outlook indicates a power supply structure for the 2030 fiscal year that balances thermal, nuclear and renewable energy.

Under these circumstances, the J-POWER Group is pressing 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.” During a periodic inspection, however, a low-pressure turbine rotor at the Matsuura Thermal Power Station No. 2 Unit fell in March 2014. This accident has had a substantial impact on electric power supply, and I apologize to everyone for the inconvenience and concern that we have caused. Complete restoration of the unit was completed in June of this year, and we will return to the origins of our corporate philosophy of “meeting people’s needs for energy without fail” and make group-wide efforts to 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 will support further growth in the Japanese market, which will undergo deregulation in the future, and to continuously raising corporate value by making unceasing efforts to develop and carry out new projects.

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.

With regard to development of new projects, 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 Plant. We are also moving steadily forward with other development projects including the Takasago Thermal Power Station replacement plan. Overseas, we are putting additional efforts into developing and acquiring new projects to achieve growth in the future.

As we address these issues, we must not forget the concept of “harmonizing energy supply with the environment,” which is a subtitle of this report.

In the area of coal-fired power generation, we are spreading clean coal technologies at the world’s highest levels that we developed over many years to achieve reductions in environmental impact including global warming while maintaining

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 increase the introduction of renewable energy. We are also working to achieve both stable electric power supplies and lower CO<sub>2</sub> emissions by using diverse renewable energy sources including hydroelectric, wind and geothermal power.

Furthermore, we strive to contribute to the sustainable development of society by conducting business operations that fulfill our corporate social responsibility including enhancing corporate governance, conducting strict compliance, ensuring safety, reinforcing crisis management and accident responses, maintaining harmony with local communities and society and implementing environmental management.

The J-POWER Group will continue to carry out its missions of providing stable supplies of electricity and harmonizing energy supply with the environment on even higher levels than in the past and will 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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