
Message from the President

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 circumstances of energy and the environment in Japan today are growing increasingly complicated, and in fact are caught up in a vortex of unprecedented, drastic change. Even under these circumstances, however, the concept of “Harmonizing energy supply with the environment” that forms the subtitle of this Sustainability Report states the unalterable philosophy that sustains the core of our business in the J-POWER Group. Going forward, we will continue taking measures toward the realization of this philosophy.

Specific measures with regard to coal-fired power generation include our measures to achieve a balance between reducing environmental impact with regard to global warming and other such problems and providing a stable supply of energy by means of the world's highest level of clean coal technology, which we have been developing over many years and disseminating in Japan and other countries. We have also been promoting the new or expanded construction of higher-efficiency coal-fired power stations, the replacement of coal-fired facilities, and the development of technology for long-term reduction of carbon emissions.

As another initiative to cut carbon emissions, there are the measures we are promoting to expand the introduction of renewable energy. We are making every effort to use diverse forms of renewable energy, including hydroelectric, wind and geothermal power, so as to reduce CO₂ emissions from power generation.

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.

August 2016



President

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Toshifumi Watanabe

J-POWER Group's Corporate Social Responsibility

In keeping with the J-POWER Group's corporate philosophy that "we will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world," we are working to provide stable supply of electric power while preserving the environment.

It is this corporate philosophy that forms the basis of the J-POWER Group's social responsibility, and all Group members make every effort to conduct business based on this corporate philosophy while keeping it in mind at all times.

The J-POWER Corporate Conduct Rules set forth standards for carrying this out, and the J-POWER Group Environmental Management Vision Basic Policy is a statement of our action policies.

J-POWER Group Corporate Philosophy (Established September 11, 1998)

| Our Mission

We will meet people's needs for energy without fail, and play our part for the sustainable development of Japan and the rest of the world.

The energy of electricity is essential in people's lives and crucial for economic activity. The J-POWER Group is an energy company and our mission is to continue working day and night to create and transmit this power. In this field of business, our greatest pleasure is to go on meeting the expectations of people by mobilizing our highly experienced personnel and our technology anywhere, in Japan or other countries, as long as there are people who need electricity.

This Earth where we live generously holds all of the economic activity of humankind, which seeks to live more prosperously, and it bears the brunt of all the energy that people produce and consume. As a company

that provides electricity and other energy, the J-POWER Group considers the coexistence of the global environment and the human race to be the issue of greatest importance. Our mission is to contribute to realization of sustainable growth within the global environment by Japan and the world by continuing to provide energy that enables coexistence with the environment.

The energy that people are seeking differs in its quality and price according to the times, according to local conditions, and according to the use that energy is put to. The J-POWER Group wants to be a corporation that responds flexibly to this diversity of people's needs while we go on ceaselessly providing the energy that they rely on.

| Our Credo

- We value integrity and pride, which drive everything we do.
- We pursue harmony with the environment, and thrive in the trust of communities where we live and work.
- We regard profits as the source of our growth, and share the fruits with the society.
- We refine our knowledge constantly, to be the pioneering leader in technologies and wisdom.
- We unite diverse personalities and passions as one, and dare create a better tomorrow.

J-POWER Corporate Conduct Rules (Established January 1, 2001)

Reliable supply of energy

We will put forth every effort to reliably supply energy both in Japan and abroad utilizing our experienced personnel and cutting-edge technology.

Safety assurance

In conducting operations we will constantly work to raise safety awareness and give the highest priority to public and worker safety.

Environmental conservation

Based on an awareness that our business operations are deeply linked with the environment, we will actively engage in environmental conservation activities.

Communication with society

To establish communication with society we will conduct information disclosure and public relations activities in a fair and transparent manner.

Contribution to society

Aiming to be a good corporate citizen we will undertake activities to contribute to society and assist in the development of local communities both in Japan and abroad.

Creation of a rewarding corporate culture

In addition to providing safe and comfortable work environments, we will respect the individuality of our employees and endeavor to establish a rewarding corporate culture that encourages them to take on new challenges.

Compliance with laws, regulations, and corporate ethics

We will conduct business in good faith and in a fair manner with a strong commitment to compliance and ethics. We will stand firm against anti-social forces that undermine the order and security of civil society.

Role of top management

Recognizing their responsibility in putting into practice the spirit of these Corporate Conduct Rules, our top management must set an example for others and work to spread awareness of these Rules.

Should an event occur that violates the spirit of these Rules, top management must take the initiative in dealing with the problem to determine the causes and prevent recurrence. Top management must also identify and take disciplinary action against those responsible, including themselves.

Basic Policy (Revised on July 1, 2011)

J-POWER Group adheres to the following Basic Policy.

Basic Stance

As an energy supplier, we will contribute to the sustainable development of Japan and the rest of the world by harmonizing our operations with the environment and ensuring the constant supply of energy essential to human life and economic activity.

As an energy supplier, the J-POWER Group will strive to bring together its expertise and its technologies in the utilization of a wide variety of energy sources, including fossil fuels, nuclear power, and renewable energies, to ensure the efficient and uninterrupted supply of the power essential to human life and economic activity.

We will contribute to sustainable development in Japan and the rest of the world as a whole by minimizing the environmental impact of our business activities, reducing environmental risks such as global warming, and improving eco-efficiency by achieving higher productivity with lower environmental load, thus promoting greater environmental responsibility while enhancing economic value.

Efforts Relating to Global Environmental Issues

Directing our most intensive efforts towards the provision of a stable energy supply, we will also steadily advance initiatives towards the realization of low carbon technologies both domestically and internationally, and will contribute to the reduction of CO₂ emissions on a global scale.

To that end, we will work from mid- and long-term perspectives with technology as our central focus to realize a stable supply of energy and reduce CO₂ emissions domestically and internationally through measures including reducing CO₂ emissions from coal-fired power, conducting research and development of next-generation low-carbon technologies, and expanding CO₂-free power generation facilities. Our ultimate aim will be the achievement of zero emissions by means of measures including CO₂ capture and storage.

Efforts Relating to Local Environmental Issues

In addition to adopting measures to reduce the environmental impact of our operations, we will seek to operate in harmony with the local environments in which our facilities are located by working to save, recycle and reuse resources in order to limit the amount of waste that we produce.

Ensuring Transparency and Reliability

We will ensure that our business activities comply with all laws and regulations, disclose a wide range of environmental information, and enhance communication with stakeholders.

J-POWER Group's Medium-Term Management Plan

The Japanese energy industry has emerged from an extended period of uncertainty regarding energy policy following the March 2011 earthquake and is entering an era of new challenges. The Long-Term Energy Supply and Demand Outlook up to 2030, which was adopted in July 2015, indicates a composition of electrical sources that include renewable energy, nuclear power, coal-fired power and other forms of energy, and also sets new CO₂ reduction goals geared towards international society. The liberalization of the electricity business was finalized with the adoption in June 2015 of the amended Electric Power Business Law, which provides for separation of the electric power generation and distribution businesses, followed by complete deregulation of retail electricity and elimination of regulations on wholesale electricity in April 2016.

In response to these developments, the J-POWER Group formulated a Medium-Term Management Plan for addressing the challenges of further growth in the coming 10 years. The figure below shows the relationship between the J-POWER Group's measures outlined in the Medium-Term Management Plan and the content of this report.

