

Fulfilling our social responsibilities and pursuing sustainable development for society and for the company, based on our corporate philosophy

Through energy business premised on the coexistence of energy production and the environment, the J-POWER Group conducts its operations with the aim of being a company that underpins affluence, safety, and peace of mind in people's daily lives.



中塚喜彦

Yoshihiko Nakagaki
President

For a sustainable society and a sustainable company

Our corporate philosophy calls for providing reliable supplies of energy to support sustainable development in Japan and the rest of the world, and on that basis we endeavor to ensure the efficient and stable supply of electricity necessary for people's daily lives and their economic activities. This corporate philosophy is the wellspring of our social responsibility as a company.

The supply of electricity inevitably gives rise to environmental issues, for example the environmental load of the consumption of energy resources. How to ensure compatibility with the environment is a global issue, and for our part we position "the coexistence of energy production and the environment" as a major management goal. Our twofold approach to addressing this issue is to contribute, through our business activities, to the sustained development of society while at the same time striving to achieve our own sustained growth.

Meanwhile, quite a number of compliance issues involving J-POWER have arisen since last year, for example relating to the Electricity Business Act, the River Act, the Water Pollution Control Act, and the Act relating to the Prevention of Marine Pollution and Maritime Disaster, and these have caused all of you a great deal of anxiety and inconvenience.

We have taken the realities of this very seriously and have reflected deeply on them. As a result, we have sought to restore society's faith in us by setting about reforming our corporate culture and employee perceptions throughout the Group, refining internal control systems, and ensuring they are working effectively, and at the same time taking steps to strengthen compliance and ensure strict implementation of measures to prevent recurrences.

Making effective coal use compatible with measures to counter global warming

During the half-century that we have been in the energy business we have been striving through a variety of eras and phases to realize the coexistence of energy production and the environment. Today, however, the energy industry finds itself in a situation that is beset with problems and gives little cause for optimism.

Amid global growth in demand for energy resources and soaring prices, global warming is exerting a steadily deepening impact on the Earth's environment and must be addressed urgently, as reports by the Intergovernmental Panel on Climate Change point out. In the approach to the first commitment period of the Kyoto Protocol, which begins in 2008, in Japan further energy-saving efforts are being called for in both the industrial sector and the residential and commercial sector.

Given these circumstances, enabling the use of coal to coexist with measures to counter global warming has become one of the most important issues facing the entire international community, since demand for coal is expected to continue rising, particularly among developing countries. The J-POWER Group is one of the largest coal users in Japan, and we are a leading company in the field of coal utilization. So it is no exaggeration to say that for us, addressing this issue is equivalent to fighting global warming as a global issue.

The operating environment for the electric power business is a very harsh one that will require greater management inputs, characterized as it is by greater competition resulting from liberalization and by a slow pace of increase in electric-power demand.

Nevertheless, we recognize that the global issue of the compatibility of coal use and measures to counter global warming is the most important issue for us as regards the fulfillment of our social responsibilities, and so we will persist in our efforts in this area. Specifically, we will continue to implement countermeasures, including the use of Kyoto mechanisms, but also press strongly ahead with the development of technologies that will lead to the curbing of carbon dioxide emissions over the medium to long term, with the aim of sharing our research findings with others both within Japan and overseas. Through this we hope to make the effective use of coal compatible with measures to counter global warming.

Coexistence with society

For the J-POWER Group to develop as a company that will remain an enduring presence in society, it is important that we deepen our partnership with broader society. To that end we will disclose information to shareholders, customers, and all other stakeholders in a fair and timely manner, help people to understand our business activities, identify the hopes and expectations that arise from that, and respond to them.

In particular, activities to support study and education in the sphere of energy and the environment will be symbolic activities for us as part of our quest to help create a society in which energy production and the environment coexist. I want to continue our close collaboration with ordinary citizens, non-profit organizations (NPOs), and educational and other institutions with the aim of having young people come into contact with the natural surroundings of electric-power facilities and learn, as part of their schoolwork, about the importance of energy.

A sustainable society and sustainable companies are integral to each other. The aim of the J-POWER Group is to achieve sustainable development both for society and for itself, and to reflect that thinking we are calling this corporate report our *Sustainability Report*. To help us ensure that this report becomes a tool for communication with all stakeholders as we pursue management aimed at achieving the sustainable development of society and the company, we hope that as many of you as possible will read it and give us your frank opinions about it.

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