

Message from the President

With the aim of “harmonizing energy supply with the environment” we will put our corporate philosophy into practice, constantly taking up the challenge of developing new technologies and aiming for sustained growth as a global electricity utility that underpins a sustainable society.



President

Masayoshi Kitamura

2009 President

2007 Executive Vice President

2004 Executive Managing Director

2001 Executive Director

1972 Joined J-POWER (Electric Power Development Co., Ltd.)

The achievement of a sustainable society is a prerequisite for the J-POWER Group's own sustained growth

After serving to efficiently provide stable supplies of electric power for more than half a century as a wholesale power supplier, J-POWER was fully privatized in 2004. In the course of doing so we engaged in Company-wide discussion on our convictions regarding our ongoing corporate activities, and determined that our corporate philosophy would be “to ensure constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world.” This also constitutes the corporate social responsibility of the J-POWER Group.

The energy supply business in which we engage is one of the most important components of the infrastructure that underpins the sustainability of society, but at the same time it is linked very closely with difficult issues such as environmental problems. Only when these two sides are reconciled, and society achieves sustainable development, can the J-POWER Group itself attain sustained development and growth. That is how we regard sustainability, and to achieve it we constantly keep in mind the question of whether we are helping society and whether the members of society believe that we are playing an essential role.

“Harmonizing energy supply with the environment” is the essential task of the J-POWER Group and the one it takes most seriously

We have engaged in the supply of electric power throughout our history, but we are mindful that producing electricity inevitably has an impact on the environment. Since it is impossible to produce electricity in a manner that has zero environmental impact, in carrying out our business we have always asked ourselves what we can do to minimize that impact.

Energy is essential to people's lives and to industry, and if energy production and the environment are incompatible, then the capacity of the environment to cope will reach its limits, as is being demonstrated by the problem of global warming. Accordingly, to continue producing energy by exercising knowledge and ingenu-

ity so as to avoid damaging the Earth's environmental capacity, its great tolerance, it is essential to pursue the goal of "harmonizing energy supply with the environment." In addition to recognizing that this is an essential task, we regard it as the most serious issue that faces us, and are devoting all our energies to addressing it.

Addressing global warming and other issues by deploying knowledge and technologies in a pioneering and frontier spirit

Addressing this task is exceptionally challenging, but we will not waver in doing so in spite of the present global recession. We are committed to "harmonizing energy supply with the environment" by using knowledge and intelligence to devise solutions. I feel confident that this concentration of knowledge and intelligence will give birth to new technologies and lead to the resolution of global issues.

The problem of global warming that confronts us today has never before been experienced by humankind. Furthermore, the methods and techniques needed to halt its advance lie mainly in undiscovered territory, and the people who take up the challenge need to have a frontier spirit. It is also essential to have a pioneering spirit to take initiatives in using new methods and technologies to address the issues. We have maintained this frontier and pioneering spirit since the postwar era, when our predecessors undertook large-scale hydropower developments, despite the difficulty of undertaking construction at the time, in order to overcome the nationwide shortage of electric power. Though we live in a different era today, it is once again incumbent upon the J-POWER Group to display this spirit. By using knowledge and technology inspired by this spirit we are committed to taking up the challenges posed by various issues.

There has been increasingly earnest discussion regarding the creation of a new international framework for long-term measures to counter global warming, the ultimate goal of which is the creation of a sustainable low-carbon society. To that end, the first task for the J-POWER Group is to radically enhance the efficiency of coal use in the field of power generation. As Japan's largest coal-fired thermal power producer, the J-POWER Group is making steady progress in high-efficiency power-generation technologies that limit carbon dioxide emissions. We are also developing next-generation technologies, for example for the integrated coal-gasification combined cycle system, that will achieve more dramatic advances in efficiency. Among fossil energy resources, coal is the most abundant and stable fuel for power generation, accounting for around 40 percent of power produced worldwide. To ensure a global energy supply-demand balance it will remain essential to use coal. In view of this, we must transfer Japanese high-efficiency coal-fired thermal power generation technologies, which rank among the finest

in the world, to countries that are obliged to depend upon coal for a considerable portion of their energy requirements, while continuing to refine our own technologies in domestic power stations. I believe that this will contribute to the reduction of CO₂ emissions on a global scale.

In addition, I consider nuclear power generation, from which there are no CO₂ emissions, to be of decisive importance for satisfying demand for the energy that is so vital to people worldwide, while mitigating global warming. In view of its immense power output, the Ohma Nuclear Power Station, where construction began in May of last year, is expected to make a major contribution to reducing Japan's CO₂ emissions. The reuse of plutonium derived from spent fuel used in nuclear power generation at the power station is also expected to give rise to a full-fledged reactor fuel cycle that will enable resource-poor Japan to make thorough use of uranium resources. Construction of the Ohma Nuclear Power Station will be moving into full swing toward the scheduled start of operations in 2014, and we will be working energetically toward that goal, while making scrupulous efforts to ensure safety and conserve the surrounding environment.

Earning the greater trust of all our stakeholders by translating our corporate philosophy into action

To meet the expectations of the diverse stakeholders who support us it is our duty to continue to give close consideration to their interests and to ensure that they benefit from the fruits of our business activities. One means of gaining their confidence is to genuinely share with all Group employees the J-POWER Group's corporate philosophy of ensuring constant supplies of energy to contribute to the sustainable development of Japan and the rest of the world and to put it into action. The new value that is to be returned to stakeholders is created by our employees, who are also stakeholders. I pledge that by putting the Group philosophy into action I, together with all Group employees, will make every effort to win the even greater trust of all stakeholders.

To earn your greater trust by deepening communication with you and to enhance the quality of our business efforts, we are making this *Sustainability Report* widely available. We would be delighted to receive your frank opinions.

July 2009

北村雅良
Masayoshi Kitamura