

Objectives of issuing the Sustainability Report

We had issued the HEPCO Environmental Action Report for more than a decade before renaming the report the "Sustainability Report" in the present fiscal year. We have also improved its contents by elucidating HEPCO's activities toward the establishment of a sustainable society from social, economic and environmental aspects.

The HEPCO Sustainability Report has two objectives. The first objective is for us to fulfill our responsibilities of being accountable to our stakeholders. Companies must always be open to society. Aiming to enhance the transparency of our business activities and become a trustworthy company, we at HEPCO are open in regards to our basic ideas about the social, economic and environmental aspects of our business as well as the contents and results of our undertakings.

The second objective is to solicit opinions and views from people about our basic ideas as well as the contents and results of our undertakings. We believe it to be necessary for us to enhance the quality of our activities and redouble our efforts to create new values by reflecting such opinions and views into our activities. We would like to ensure that each and every employee is aware of how people regard HEPCO's business activities and what people expect from HEPCO, so that we can fulfill their expectations.

CSR activities in FY 2006

We merged CSR-related sections, including the compliance, communications and environment sections, into the Corporate Communication Division in June 2005.

In addition, we established the "HEPCO Group CSR Behavior Charter" in March 2006 as the guidelines that have integrated separate policies of compliance, environment and the like. We will further promote CSR management in conformity with this charter in the future.

Other major CSR activities we tackled in FY 2006 are as follows:

Held e-Learning sessions concerning personal information and compliance as a compulsory course for all our employees to ensure that they will become fully aware of CSR.

Visited our business establishments across Hokkaido and exchanged opinions about CSR directly with

employees.

Improved our IR activities by holding facility observation tours for analysts and increasing the number of briefing sessions.

Promoted HEPCO's "Summer Casual Wear Campaign (June – August)" and "Winter Office Energy Saving Campaign (November – April)" in response to the national government's "Team Minus 6 Percent" initiative.

Introduced the "HEPCO Eco Work Campaign" in five of the Group companies (Hokkai Electrical Construction, Hokuden Kogyo, Hokkaido Power Engineering, Hokuden Eihai Engineering and Hokuden Information Technology) ahead of the remaining Group companies.

Made available information regarding energy as a whole as well as the environment on our homepage to improve the contents of energy saving information that we provide.

We are never complacent with HEPCO's current activities that are intended to establish a sustainable society. Rather, we are still in the process of perfecting our activities and would like to work together with our customers to achieve our objectives. To this end, I hope that you will take a read through this report and let us know your candid opinions.



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e-Learning

In this learning system, an in-house LAN allows employees to learn, using PCs, whenever they have time.

Team Minus 6 Percent

"Team Minus 6 Percent" is the pet name for a national campaign launched to achieve Japan's target of reducing greenhouse gas emissions to 6 percent below 1991 levels under the Kyoto Protocol. The campaign calls for six specific actions to curb global warming, such as setting air conditioners at 28 degrees Celsius.