Corporate Governance Report

Last Update: July 21, 2020
Tohoku Electric Power Co., Inc.
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The corporate governance of Tohoku Electric Power Co., Inc. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views UPDATED

Under the management philosophy of "Prosper with local communities" and the group slogan of "*Yori, Sou, Chikara* (the Strength to Work Alongside)," which are upheld in the "Tohoku Electric Power Group's Medium- to Long-Term Vision," the Company aims to grow along with the sustainable development of society by working toward the building of a smart society through the provision of energy and other various services while engaging in dialogue with its stakeholders and working alongside its customers and local communities.

With this aim, in order to conduct proper business management, the Company continuously endeavors to enhance its corporate governance by securing corporate ethics and legal compliance, promoting sincere, fair and transparent business management, and increasing the rigor of its internal control and risk management.

Recognizing that enhancement of corporate governance is one of the key management issues, the Company will engage in initiatives to achieve sustainable growth and raise mid- to long-term corporate value, such as improving the agility, soundness and transparency of management, in order to meet stakeholders' expectations.

Of note, the Company's basic views on corporate governance, the operation policy and other matters related to corporate governance are stipulated in the "Basic Policy on Corporate Governance" and disclosed on the Company's website. Please refer to the following URL.
https://www.tohoku-epco.co.jp/ir/policy/governance/index.html

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

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○ In regard to [Supplementary Principle 1.1.1 Analysis of causes of opposing votes], the analysis had not yet been conducted by the Board of Directors and thus a disclosure to that effect was made in the report disclosed on December 8, 2015. At the meeting of the Board of Directors held in February 2016, the results of analysis of the exercise of voting rights were reported, and the necessity of responding to shareholders was examined. As similar efforts will continue to be made in the future, said disclosure was deleted from this column in the report disclosed on March 8, 2016.

○ In regard to [Principle 1.4 Cross-Shareholdings], examination concerning major cross-shareholdings had not yet been conducted by the Board of Directors and thus a disclosure to that effect was made in the report disclosed on December 8, 2015. At the meeting of the Board of Directors held in February 2016, the mid- to long-term economic rationale and future outlook of major cross-shareholdings were examined, taking into consideration associated risks and returns, etc. As similar efforts will continue to be made in the future, said disclosure was deleted from this column in the report disclosed on March 8, 2016.

○ In regard to [Supplementary Principle 1.2.4 Use of the Electronic Voting Platform and the provision of English translations of the convening notices of general shareholder meeting], the convening notice had not yet been translated into English and thus a disclosure to that effect was made in the report disclosed on

December 8, 2015. Since the 92nd Ordinary General Meeting of Shareholders held in 2016, the English version of the convening notice (brief version) and reference documents for the General Meeting of Shareholders have been posted on the Electronic Voting Platform. As translation into English will continue in the future, said disclosure was deleted from this column in the report disclosed on July 6, 2016.
○ In regard to [Principle 4.8 Effective Use of Independent Directors], multiple Independent Directors had not yet been elected and thus a disclosure to that effect was made in the report disclosed on December 8, 2015. At the 92nd Ordinary General Meeting of Shareholders held in 2016, two Independent Directors were appointed, so said disclosure was deleted from this column in this report disclosed on July 6, 2016.
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The Company complies with every principle of Japan's Corporate Governance Code revised in June 2018.

[Disclosure Based on the Principles of the Corporate Governance Code] **UPDATED**

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■ **Disclosures updated on July 21, 2020**

○ The statement in [II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management] 1. Matters Related to Organizational Composition and Operation, [Directors] Outside Directors' Relationship with the Company (2) was updated.

■ **Disclosures updated on July 8, 2020**

○ The following items have been revised.

・[Principle 1.4 Cross-shareholdings]

・[Principle 3.1 Full Disclosure] iii) Policies and procedures to determine the remuneration of Directors, and v) Explanations for the individual appointments and nominations in appointing senior management and nominating candidates for Directors

・[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to Management]

・[Supplementary Principle 4.11.2 Significant Concurrent Positions where Directors and Audit and Supervisory Board Members also Serve as Directors, Audit and Supervisory Board Members or Management at Other Companies]

・[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

・[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

■ **Disclosures updated on April 7, 2020**

○ The following items have been revised.

・[Principle 1.4 Cross-shareholdings]

・[Principle 1.7 Related Party Transactions]

・[Principle 3.1 Full Disclosure] iii) Policies and procedures to determine the remuneration of Directors, iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of candidates for Directors, and v) Explanations for the individual appointments and nominations in appointing senior management and nominating candidates for Directors

・[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to Management]

・[Supplementary Principle 4.11.1 Views on the overall balance, diversity and inclusiveness, and appropriate size of the Board of the Directors]

・[Supplementary Principle 4.11.2 Significant Concurrent Positions where Directors and Audit and Supervisory Board Members also Serve as Directors, Audit and Supervisory Board Members or Management at Other Companies]

・[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

■ **Disclosures updated on March 10, 2020**

○ The statement in [Principle 3.1 Full Disclosure] "i) Company objectives (e.g., business principles), business strategies and business plans" was updated.

■ **Disclosures updated on July 8, 2019**

○ The following items have been revised.

・[Principle 3.1 Full Disclosure] v) Explanations for the individual appointments and nominations in appointing senior management and nominating candidates for Directors

・[Supplementary Principle 4.11.2 Significant Concurrent Positions where Directors and Audit and Supervisory Board Members also Serve as Directors, Audit and Supervisory Board Members or Management at Other Companies]
・[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

■ **Disclosures updated on December 18, 2018**

○ The following items have been revised.
・[Principle 1.4 Cross-shareholdings]
・[Principle 1.7 Related Party Transactions]
・[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]
・[Principle 3.1 Full Disclosure] "iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of directors
・[Supplementary Principle 4.11.1 Views on the overall balanced, diverse and inclusive, and appropriate size of the Board of the Directors]
All principles are stated based on the Code revised in June 2018.

■ **Disclosures updated on July 5, 2018**

○ The following items have been revised.
・[Principle 3.1 Full Disclosure] iii) Policies and procedures to determine the remuneration of Directors, iv) Board policies and procedures to appoint the senior management and nominate candidates for Directors, and v) Explanations for the individual appointments and nominations in appointing senior management and nominating candidates for Directors
・[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to Management]
・[Supplementary Principle 4.9 Independence Standards and Qualification for Outside Directors]
・[Supplementary Principle 4.11.1 Views on the overall balanced, diverse and inclusive, and appropriate size of the Board of the Directors]
・[Supplementary Principle 4.11.2 Significant Concurrent Positions where Directors and Audit and Supervisory Board Members also Serve as Directors, Audit and Supervisory Board Members or Management at Other Companies]
・[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]
・[Supplementary Principle 4.14.2 Training Policy for Directors]
・[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

■ **Disclosures updated on April 17, 2018**

○ The list of Officers at the end of [Principle 3.1 Full Disclosure] "v) Explanations with respect to the individual appointments and nominations in the appointment of the senior management and the nomination of candidates for directors and Audit and supervisory board members" was updated on April 1, 2018.
○ The statement in [Supplementary Principle 4.1.1 Scope and content of the matters delegated to Management] was updated.

■ **Disclosures updated on July 5, 2017**

○ The respective reasons for individual appointments of Directors and Audit and Supervisory Board Members in [Principle 3.1 Full Disclosure] "v) Explanations with respect to the individual appointments and nominations in the appointment of the senior management and the nomination of candidates for directors and Audit and supervisory board members" were updated.
○ The number of Directors stated in [Supplementary Principle 4.1.1 Scope and content of the matters delegated to Management] and [Supplementary Principle 4.11.1 View on the balance of the board as a whole and diversity and appropriate board size] was updated.
○ The statement in [Supplementary Principle 4.11.2 Significant concurrent positions where directors and Audit and supervisory board members also serve as directors, Audit and supervisory board members or Management at other companies] was updated.
○ The statement in [Supplementary Principle 4.11.3 Analysis and evaluation of the board's effectiveness as a whole] was updated.

■ **Disclosures updated on February 9, 2017**

○ The statement in [Principle 3.1 Full Disclosure] "i) Company objectives (e.g., business principles), business strategies and business plans" was updated.
○ The statement in [Principle 3.1 Full Disclosure] "iii) Board policies and procedures in determining the remuneration of directors and Audit and supervisory board members" and "iv) Board policies and procedures in the appointment of the senior management and the nomination of candidates for directors and Audit and

supervisory board members" was updated, given the establishment of the "Nomination & Compensation Advisory Committee."

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[Principle 1.4 Cross-Shareholdings]

○ **Policies**

In cases where listed shares are to be held as cross-shareholdings, the Company makes the decision by taking all factors into consideration based on such criteria as whether or not the objectives are fulfilled—e.g., cross-shareholdings that help facilitate and improve the efficiency of the operation of the electric power business, cross-shareholdings that contribute to the development of the Company's business through regional promotion, cross-shareholdings that lead to improvements in customer services and increase in demand through the effective use of electricity, and even the accumulation of expertise that translate into future business development—and examines whether the benefits and risks from each holding cover the Company's cost of capital, with the aim of fulfilling the "Tohoku Electric Power Group's Medium- to Long-Term Vision."

Based on the Board of Directors' assessment regarding whether or not to hold each individual cross-shareholdings, the cross-held shares which do not meet their objectives and standards are subject to being sold. The results of this assessment shall be disclosed.

○ **Result of the Assessment**

As for each individual cross-shareholdings, the Board of Directors comprehensively assessed all cross-held shares based on its objectives and economic rationale (whether associated benefits and risks such as the dividend and appraisal profit or loss cover the Company's cost of capital). As the result, one issue was sold in FY2019, which means that the number of held issues was 20 as of March 31, 2020.

○ **Exercise of voting rights on shares**

In regard to the exercise of voting rights on shares held in the form of cross-shareholdings, the Company checks the investee companies on a case-by-case basis focusing on such matters as to whether or not the investee company is engaged in management that places importance on its development and shareholders' interests, and whether or not the investee company performs antisocial acts. In addition, the Company determines whether to vote for or against proposals concerning such matters as shareholder returns, increase in authorized capital, anti-takeover measures and business restructuring by conducting a detailed examination on an individual basis as necessary.

[Principle 1.7 Related Party Transactions]

At the Company, conflict-of-interest transactions by Directors are subject to prior approval (resolution) of the Board of Directors, and the transaction results are reported to the Board of Directors after the completion of such transactions.

In regard to compliance with laws and regulations, social norms, etc., the Company has established and disclosed the "Basic Procurement Guidelines" on its website; even in cases where its business partner is a related party, the Company performs transactions by taking the same approach as per the Guidelines.

Electricity supply/demand agreements are properly handled based on the Guidelines for Proper Electric Power Trade, the Guidelines Concerning the Management of the Electricity Retail Business, the disclosed rates and other supply conditions, and the Electricity Supply Implementation Guidelines.
"Basic Procurement Guidelines" (https://www.tohoku-epco.co.jp/partne/sizai/chota_2.html)

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company adopts defined benefit corporate pension plan and proceeds asset management based on Pension Funds Management Guidelines and ratio of asset allocation which were determined at the management committee, thus making sure of stable formation of return on plan assets and future pension benefit for pension participants and beneficiaries.

The Pension Committee, comprised of members from Human Capital Dept., Accounting and Finance Dept., and Labor Union, is also established. Committee members shall regularly report the management situation and examine significant items such as revision of basic asset allocation and change of management institutions. In this process, the Company enhances reliability and appropriately manages conflicts of interest by utilizing asset management consulting services.

[Principle 3.1 Full Disclosure]

i) Company objectives (e.g., business principles), business strategies and business plans

Since its founding, the Company has been achieving growth together with the six prefectures of the Tohoku and Niigata prefecture through the stable supply of power, with its basic principle: "No prosperity for Tohoku, no development of our company."

However, the business environment surrounding the Company is at a major turning point due to a number of factors, including intensified competition, the spin-off of the transmission and distribution division into a separate company, and recent changes in the power supply and demand structure caused by the expanding use of renewable energy and digitalization. Additionally, the six prefectures of the Tohoku and Niigata Prefecture are facing a significant change in their social structure caused by depopulation, birthrate decline, and population aging which are accelerating faster than the rest of Japan.

In this era of rapid change, the Company needs to fundamentally reform and proactively meet challenges in order to keep growing with local communities in the future.

To this end, the Company has developed the "Tohoku Electric Power Group's Medium- to Long Term Vision." It states what we want to be in the 2030s, namely, "a business group that helps Tohoku lead the new era in building a smart society and that grows with the continued development of society."

With the aim of fulfilling the Tohoku Electric Power Group's Medium- to Long-Term Vision, the Company will thoroughly enhance its competitiveness through structural reforms in its power supply business, which is the core business of its group, and boldly challenge itself to transform its business model, positioning a smart-society-building business as a growing business. In the business, the Company will strive to resolve social issues and build a smart society where local residents can lead comfortable, safe, and secure lives.

Furthermore, to achieve the transformation of its business model, the Company has set a financial goal of consolidated cash earnings and aims to reach its goal of 320 billion yen in FY2024.

"Tohoku Electric Power Group's Medium- to Long Term Vision"
(https://www.tohoku-epco.co.jp/comp/keiei/vision.html)

ii) Basic views and guidelines on corporate governance based on each of the principles of the code

Please refer to the statement in "1.1. Basic Views" in this Report.

iii) Policies and procedures to determine the remuneration of Directors

The Company's policies and procedures to determine the remuneration of Directors (excluding those serving as Audit and Supervisory Committee Members) are as follows.

○ **Policies**

With the aim of fulfilling the Tohoku Electric Power Group's Medium- to Long Term Vision, the Company shall determine remuneration of Directors (excluding those serving as Audit and Supervisory Committee Members) in accordance with the following policies, with the aim of further boosting Directors' motivation to contribute to the improvement of mid- to long-term business performance and increased corporate value by clarifying the linkage between their remuneration and the Company's business performance and share price.

・Remuneration shall consist of fixed compensation, short-term performance-based compensation, and mid- to long-term performance-based compensation.

・In the total remuneration payment amount, the amount of fixed compensation is to be about 70 percent, and performance-based compensation (short-term performance-based compensation and mid- to long-term performance-based compensation) about 30 percent, at the time of achievement of the performance goal.

・The amount of fixed compensation shall be set at an appropriate level in consideration of factors such as the Company's business performance and business environment, within the total amount approved at the General Meeting of Shareholders.

・The amount of short-term performance-based compensation shall be set at an appropriate level in consideration of factors such as the Company's business performance and business environment, within the total amount approved at the General Meeting of Shareholders.

・For mid- to long-term performance-based compensation, points shall be given to each Director during the term of office; and at the time when the Director leaves his/her office, one common stock of the Company per point shall be provided through the trust-type stock compensation plan, within the total amount approved at the General Meeting of Shareholders. The points to be granted shall consist of fixed points as well as performance-based points that vary depending on the level of achievement of performance goals.

・The performance-based compensation index shall be the consolidated cash earnings (the amount obtained by excluding the time-lag effect, etc. of the Fuel Cost Adjustment System, which is an external variation factor), which is the financial goal in the Tohoku Electric Power Group's Medium- to Long Term Vision, and the goal target for each fiscal year shall be 320 billion yen. The amount of payment, etc. will vary depending on the level of achievement of the goal, etc.

・Remuneration of Outside Directors who are independent from business execution shall consist exclusively of fixed compensation.
・Allocation to each Director shall be determined in accordance with the significance of roles associated with each job position, the affairs assigned to him/her, the nature of his/her duties and the scope of his/her responsibilities.

○ **Procedures**

In consideration of the aforementioned policies and other relevant matters, the Board of Directors shall develop a proposal for the remuneration of Directors (excluding those serving as Audit and Supervisory Committee Members). In view of ensuring greater objectivity and transparency, subject to deliberation of the proposal at the Nomination & Compensation Advisory Committee, which includes more than one Independent Outside Director as a member and for which an Independent Outside Director serves as the chairperson, the amount to be paid to each Director and other relevant matters shall be decided by a resolution of the Board of Directors.

Of note, the Audit and Supervisory Committee may summarize its opinions regarding the remuneration of Directors (excluding those serving as Audit and Supervisory Committee Members) and express its opinions at the General Meeting of Shareholders.

The policies and procedures to determine the remuneration of Directors, Audit and Supervisory Committee Members are as follows.

The remuneration of Directors, Audit and Supervisory Committee Members shall consist exclusively of monthly compensation, the amounts of which are to be determined by a resolution of the General Meeting of Shareholders. The amount to be paid to each Director, Audit and Supervisory Committee Member shall be decided through discussions among the Directors, Audit and Supervisory Committee Members, within the total amount resolved at the General Meeting of Shareholders.

iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of candidates for Directors

The Company's policies and procedures for nominating/dismissing candidates for Directors are as follows.

○ **Policies**

・ The Board of Directors shall, as a basic rule, build an effective management structure required for a company engaged in the electric power business, that will consist of the number of persons necessary and appropriate for ensuring effective discussions while maintaining monitoring functions over business execution, and the number of Directors shall appropriately consist of up to 18 persons as prescribed in the Articles of Incorporation.

・ In selecting/dismissing candidates for Directors, the Nomination & Compensation Advisory Committee including more than one Independent Outside Director shall conduct deliberations with a view toward ensuring greater objectivity, timeliness, and transparency.

・ With the aim of fulfilling the Tohoku Electric Power Group's Medium- to Long Term Vision, candidates for inside Directors (excluding candidates for Directors, Audit and Supervisory Committee Members) shall be selected from among those who are knowledgeable in each field in consideration of the balance of their respective fields of specialization in addition to their technical expertise, extensive working experience, and knowledge concerning the general management of the electric power business, as well as knowledge about new business fields, taking into account factors such as characteristics of the electric power business in terms of being highly specialized and having a broad business domain.

・ Candidates for Outside Directors (excluding candidates for Directors, Audit and Supervisory Committee Members) shall be selected by assigning weight to whether they are capable of realizing appropriate decision-making and management supervision in the Board of Directors, based on their practical experience stemming from corporate management and other relevant matters as well as deep insight into socioeconomic trends and other factors.

・ Candidates for Directors, Audit and Supervisory Committee Members shall be selected by assigning weight to whether they can properly execute their duties as Audit and Supervisory Committee Members by drawing on their experience and insight, thereby implementing audits and carrying out supervision of the Directors' execution of duties. In selecting candidates for Outside Directors, Audit and Supervisory Committee Members, emphasis shall be assigned to whether they can conduct audits and supervision from an objective and neutral standpoint.

・The independence of candidates for Outside Directors shall be evaluated in compliance with the "Independence Criteria for Outside Directors" prescribed by the Company (please refer to the Criteria stated in [Principle 4.9 Independence Standards and Qualification for Outside Directors] in this Report).

○ **Procedures**

In consideration of the aforementioned policies and other relevant matters, the Board of Directors shall develop a proposal for candidates for Directors. In view of ensuring greater objectivity, timeliness, and transparency, candidates for Directors are subject to deliberation of the proposal by the Nomination & Compensation Advisory Committee, which includes more than one Independent Outside Director as its member and for which an Independent Outside Director serves as the chairperson, and decided by a resolution of the Board of Directors. Additionally, before the selected candidates for Directors, Audit and Supervisory Committee Members are presented to the Board of Directors for a resolution, the consent of the Audit and Supervisory Committee shall be obtained.

Of note, the Audit and Supervisory Committee may summarize its opinions regarding the election of candidates for Directors (excluding candidates for Directors, Audit and Supervisory Committee Members) and express its opinions at the General Meeting of Shareholders.

v) Explanations for the individual appointments and nominations in appointing senior management and nominating candidates for Directors

[Reasons for Appointment to Directors (excluding those serving as Audit and Supervisory Committee Members)]

○ **Makoto Kaiwa (reappointment)**

Mr. Kaiwa has business experience mainly in planning-related divisions since joining the Company including assignment as Director and General Manager of the Corporate Planning Department and Senior Executive Officer and General Manager of Niigata Branch Office, through which he has gained a thorough knowledge of business in general. He was appointed as a Representative Director & Executive Vice President in June 2009 and Representative Director & President in June 2010 and has served as the Representative Director & Chairman of the Board since June 2015. As he has extensive business experience in the Company and strong knowledge of the electric power business management in general, he has been reappointed as Director.

○ **Kojiro Higuchi (reappointment)**

Mr. Higuchi has business experience mainly in thermal power-related divisions since joining the Company, including assignment as General Manager of the Haramachi Thermal Power Station and Executive Officer and General Manager of the Thermal Power Department, through which he has gained a thorough knowledge of business in general. He was appointed as a Managing Director in June 2016, Director & Managing Executive Officer in April 2018, and Representative Director & Executive Vice President (Executive Officer & Executive Vice President) in June 2019, and has served as the Representative Director & President (Executive Officer & President) since April 2020. As he has extensive business experience in the Company and strong knowledge of electric power business management in general, he has been reappointed as Director.

○ **Shinichi Okanobu (reappointment)**

Mr. Okanobu has business experience mainly in planning-related divisions since joining the Company including assignment as General Manager of the Group Business Department and Executive Officer and General Manager of the Corporate Planning Department, through which he has gained a thorough knowledge of business in general. He was appointed as a Managing Director in June 2013 and a Representative Director & Executive Vice President in June 2015 and has served as a Representative Director & Executive Vice President (Executive Officer & Executive Vice President) since April 2018. As he has extensive business experience in the Company and strong knowledge of the electric power business management in general, he has been reappointed as Director.

○ **Jiro Masuko (reappointment)**

Mr. Masuko has business experience mainly in nuclear power-related divisions since joining the Company including assignment as Executive Officer and General Manager of Aomori Branch Office and Executive Officer and General Manager of Nuclear Power Department, through which he has gained a thorough knowledge of business in general. He was appointed as a Managing Director in June 2015 and has served as a Representative Director & Executive Vice President (Executive Officer & Executive Vice President) since April 2018. As he has extensive business experience in the Company and strong knowledge of the electric power business management in general, he has been reappointed as Director.

○ **Shunji Yamamoto (reappointment)**

Mr. Yamamoto has business experience mainly in accounting & finance-related divisions since joining the Company including assignment as Executive Officer and General Manager of the Accounting & Finance

Department and Executive Officer and General Manager of Yamagata Branch Office, through which he has gained a thorough knowledge of business in general. He was appointed as a Managing Director in June 2013 and a Director & Managing Executive Officer in April 2018, and has served as a Representative Director & Executive Vice President (Executive Officer & Executive Vice President) since April 2020. As he has extensive business experience in the Company and strong knowledge of the electric power business management in general, he has been reappointed as Director.

○ **Toshinori Abe (reappointment)**

Mr. Abe has business experience mainly in human capital-related divisions since joining the Company including assignment as General Manager of the Human Capital Department and Executive Officer and General Manager of Tokyo Branch Office, through which he has gained a thorough knowledge of business in general. He was appointed as a Managing Director in June 2017 and has served as a Director & Managing Executive Officer since April 2018. As he has extensive business experience in the Company and strong knowledge of the electric power business management in general, he has been reappointed as Director.

○ **Hirohisa Yashiro (reappointment)**

Mr. Yashiro has business experience mainly in planning-related divisions since joining the Company including assignment as General Manager of the Corporate Planning Department and Managing Executive Officer, through which he gained a thorough knowledge of business in general. He has served as a Director & Managing Executive Officer since June 2019. As he has extensive business experience in the Company and strong knowledge of electric power business management in general, he has been reappointed as Director.

○ **Hirohiko Ito (reappointment)**

Mr. Ito has business experience mainly in sales-related divisions since joining the Company including assignment as Executive Officer and General Manager of the Sales Department and Managing Executive Officer, through which he gained a thorough knowledge of business in general. He has served as a Director & Managing Executive Officer since June 2019. As he has extensive business experience in the Company and strong knowledge of electric power business management in general, he has been reappointed as Director.

○ **Shiro Kondo (reappointment)**

Mr. Kondo, who served as Representative Director & Chairman and held other senior positions at Ricoh Company Ltd., has experience in managing a company manufacturing optical equipment and office equipment, etc. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been reappointed as Outside Director.

Furthermore, there are no transactions or other relationships between Mr. Kondo and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

○ **Tsutomu Kamijo (reappointment)**

Mr. Kamijo, who served as Chairman and Representative Director and held other senior positions at Sapporo Holdings Limited, has experience in managing a company manufacturing and selling beverages and foods, etc. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been reappointed as Outside Director.

Furthermore, there are no transactions or other relationships between Mr. Kamijo and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

○ **Osamu Kawanobe (new appointment)**

Mr. Kawanobe, who currently serves as President and Representative Director of JR East Mechatronics Co., Ltd., and also served as Executive Vice President & Representative Director and held other senior positions at East Japan Railway Company, has experience in managing a public service. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director since June 2020.

Furthermore, there are no transactions or other relationships between Mr. Kawanobe and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

[Reasons for appointment to Directors, Audit and Supervisory Committee Members]

○ **Koki Kato (reappointment)**

Mr. Kato has business experience mainly in planning-related divisions since joining the Company including assignment as Executive Officer and General Manager of Aomori Branch Office and Director and General Manager of the Corporate Planning Department, through which he has gained a thorough knowledge of business in general. He was appointed as a Company Auditor in June 2012 and has served as a Director, Audit and Supervisory Committee Member since 2018. As he has extensive business experience in the Company and strong knowledge of electric power business management and auditing in general, he has been reappointed as Director, Audit and Supervisory Committee Member.

○ **Chiharu Baba (reappointment)**

Mr. Baba has experience in positions such as Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. As he has considerable financial and accounting knowledge and is expected to conduct objective and impartial audits and supervision of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been reappointed as Outside Director, Audit and Supervisory Committee Member.

Furthermore, there are no transactions or other relationships between Mr. Baba and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

○ **Ikuko Miyahara**

Ms. Miyahara has experience in conducting studies of the effective use of regional resources and earthquake restoration support and participating in industry-academia-government projects as a university professor. As she is expected to conduct objective and impartial audits and supervision of the Company, drawing on her extensive experience and excellent insight as a person of learning and experience developed through her past experience and record, she was appointed as Outside Director, Audit and Supervisory Committee Member at the 95th (2019) Ordinary General Meeting of Shareholders.

Although she has never been directly involved in corporate management, she is considered capable of performing duties as an Outside Director, Audit and Supervisory Member properly for the reasons stated above.

Furthermore, there are no transactions or other relationships between Ms. Miyahara and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As she is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, she has been designated as Independent Director.

○ **Kazuo Kobayashi (new appointment)**

Mr. Kobayashi currently serves as Senior Audit and Supervisory Board Member of Nippon Life Insurance Company. As he has considerable financial and accounting knowledge and is expected to conduct objective and impartial audits and supervision of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he was appointed as Outside Director, Audit and Supervisory Committee Member at the 96th (2020) Ordinary General Meeting of Shareholders.

Furthermore, there are no transactions or other relationships between Mr. Kobayashi and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

Of note, the list of Directors and Audit and Supervisory Board Members (updated on June 25, 2020) is posted on the Company's website.

"Directors and Audit and Supervisory Board Members"
(https://www.tohoku-epco.co.jp/news/pdf/__icsFiles/afieldfile/2020/06/25/1215239.pdf)

[Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to Management]

The Board of Directors shall consist of 15 Directors including six Outside Directors who are independent in that they are not at risk of giving rise to conflicts of interest with ordinary shareholders and meet once every month in principle to draw up important management-related plans and make decisions on key issues regarding the business execution of the Company. At the Board of Directors' meetings, Directors also report on the status of business execution and mutually supervise the performance of their duties.

Matters to be submitted to the Board of Directors for resolution are determined based on laws and regulations (e.g., Companies Act), the Articles of Incorporation and the rules on the Board of Directors, in addition to deliberation by the Management Committee, etc. Decision-making regarding matters other than those subject to resolution by the Board of Directors is delegated to the Representative Director & President or other executives.

[Principle 4.9 Independence Standards and Qualification for Outside Directors]

The Company evaluates the independence of an Outside Director in compliance with the independence criteria established by the financial instruments exchange on which the Company is listed and based on the requirements set forth below.

Outside Directors are appointed by assigning weight to whether they understand the Company's management principles and social responsibilities, fully recognize the roles and responsibilities as Outside Directors, and are capable of realizing appropriate decision-making and management supervision in the Board of Directors, based on their practical experience stemming from corporate management and other relevant matters, and deep insight on socioeconomic trends and others.

Outside Directors, Audit and Supervisory Committee Members are appointed by assigning weight to whether they can fully recognize the roles and responsibilities as Outside Directors, Audit and Supervisory Committee Members, and they can conduct objective and impartial audits and supervision based on extensive experience and excellent insight.

[Independence Criteria of Outside Directors in the Company]

In principle, the Company designates a person who does not fall under any of the following criteria as an Independent Outside Director:

(1) A person whose major business partner is the Company or an executive thereof

(2) A major business partner of the Company or an executive thereof

(3) A person who is a consultant, accounting expert or legal expert who receives a significant amount of money or other property from the Company other than compensation as Director of the Company (if the person who receives such property is an organization, such as a juridical person, association, etc., a person who belongs to such an organization)

(4) A person who recently fell under any of (1) through (3) above

(5) A close relative of a person who falls under any of a. through d. below (excluding those who are insignificant):

a. A person who falls under any of (1) through (4) above

b. An executive of a subsidiary of the Company

c. A Director who is not an executive of a subsidiary of the Company

d. A person who recently fell under b. or c. above or was an executive of the Company (in cases where Outside Directors, Audit and Supervisory Committee Members are designated as Independent Outside Directors, including Directors who are not executives)

[Supplementary Principle 4.11.1 Views on the Overall Balanced, Diverse and Inclusive, and Appropriate Size of the Board of the Directors]

The Company shall have no more than 18 Directors in accordance with its Articles of Incorporation. The Board of Directors shall consist of the number of persons necessary and appropriate for building an effective management structure required by a company engaged in the electric power business and for ensuring effective discussions as well as monitoring functions over business execution in the Board of Directors.

With taking into account the diversity including gender and internationality, the Board of Directors shall be composed as follows, thereby ensuring a well-balanced combination of knowledge, experience and ability across the board, and shall strive to conduct efficient business execution and proper business management.

Directors, Audit and Supervisory Committee Members shall be involved in Directors' personnel matters, such as nomination and compensation, while implementing their audit function, to further enhance the supervisory function.

<<Composition of the Board of Directors of the Company>>

1. Inside Directors (excluding those serving as Audit and Supervisory Committee Members)

Selected from among those who are knowledgeable in each field in consideration of the balance of their respective fields of specialization in addition to their technical expertise, extensive working experience, and knowledge about the general management of the electric power business, as well as knowledge of new business fields, taking into account factors such as the characteristics of the electric power business in terms

of being highly specialized and having a broad business domain, with the aim of fulfilling the Tohoku Electric Power Group's Medium- to Long Term Vision.

2. Outside Directors (excluding those serving as Audit and Supervisory Committee Members)

Those who can make proper decisions and supervise management in the Board of Directors based on their practical experience involving corporate management and high-level insight into socioeconomic trends and others.

3. Directors, Audit and Supervisory Committee Members

Those who can appropriately fulfill their duties and audit and supervise the Directors' execution of duties as Audit and Supervisory Committee Members by drawing on their experience and insight. Of them, Outside Directors, Audit and Supervisory Committee Members must be those who can conduct objective and impartial audits and supervision.

In cases where Directors also serve as Directors of other listed companies, concurrent positions shall be disclosed annually.

[Supplementary Principle 4.11.2 Significant Concurrent Positions where Directors also Serve as Directors at Other Listed Companies]

Significant positions concurrently held by Officers are stated in: the business report (annual) in the convening notice of the Ordinary General Meeting of Shareholders; proposals for the appointment of Directors (on an appointment-by-appointment basis); and the securities report. They are stated on pages 10 through 20, 55 and 57 of the Notice of Convocation of the Ordinary General Meeting of Shareholders held on June 25, 2020, and on pages 51 and 52 in the FY2019 securities report.

Of note, Mr. Kojiro Higuchi retired from his post as Director of Yurtec Corporation on March 31, 2020.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company conducts a questionnaire survey on the effectiveness of the Board of Directors targeted at Directors once a year, and reports the survey results to the Board of Directors. Based on the results, the Board of Directors shares such information as the understanding on the current situation and opinions on how to make improvements, and then evaluates the effectiveness of the Board of Directors as a whole, and assesses initiatives aimed at making further improvements in its effectiveness.

In FY2019, the Board of Directors further enhanced discussions on management policy and strategy by holding regular gatherings with the participation of Outside Directors. Moreover, the scope of delegation of authority by the Board of Directors to individual Directors was expanded, and systems for enhancing the supervision of group companies including the energy transmission and distribution company, which was legally unbundled in April 2020, were established. Additionally, with the aim of further enhancing deliberations and fostering the next candidates for Directors, the Board of Directors took measures such as having Officers other than Directors attend its meetings.

Given such initiatives stated above, the Board of Directors judged at its meeting held in March 2020 that "the effectiveness of the Board of Directors as a whole is ensured. On the other hand, further continued improvement is needed to boost its effectiveness even more in the future," based on the questionnaire survey conducted.

In FY 2020, positioning FY2020 as a fiscal year for evaluating the viability of measures for improving its effectiveness, the Board of Directors will review the composition of meeting materials to clarify topics for deliberation at its meetings, and follow up with systems for enhancing the supervision of group companies, including the energy transmission and distribution company. Moreover, the Board is to continue to further enhance support for Outside Directors by creating opportunities for them to visit the Company's facilities and offices and taking other relevant measures.

[Supplementary Principle 4.14.2 Training Policy for Directors]

The Company collects and provides knowledge and information required by Directors to fulfill their respective roles including corporate governance, corporate ethics and compliance with laws and regulations, and assists Directors in the performance of their duties.

With respect to Outside Directors, the Company distributes and explains materials for the Board of Directors in advance, provides relevant information and performs other such tasks to enhance deliberations at the meetings of the Board of Directors. In addition, the Company provides opportunities on an ongoing basis for them to gain an understanding of the nature of the Company's operations, such as providing an explanation of the Company's business, etc. when they assume office, organizing visits to the Company's offices, and

arranging dialogues and social gatherings with the Representative Director. The Company intends to continue making such efforts into the future.

With respect to newly-appointed inside Directors, the Company gives opportunities to participate in training courses, etc. on the roles and responsibilities of Directors or Directors, Audit and Supervisory Committee Members relating to the Companies Act, corporate accounting, and other relevant matters at the expense of the Company.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, the Company will create opportunities for dialogues with shareholders even outside the General Meeting of Shareholders and address shareholders' interests and concerns. During such dialogues, senior management and Directors will endeavor to explain its business policies in an easy-to-understand manner so as to gain their understanding of the Company's initiatives, given the business environment surrounding the Company.

The Company is also engaging in the following initiatives, and will continue to strive promoting constructive dialogues with shareholders.

(1) The Company has designated an officer in charge of IR, who oversees dialogues with shareholders and investors in general.

(2) The Company convenes meetings of the IR Promotion Committee, in which, in addition to the Officer in charge of IR, members of the accounting, corporate planning, legal, environment and other departments in the Company participate, in an effort to organically coordinate the departments.

(3) The Company hosts shareholders' receptions and holds briefing sessions on the financial results, and endeavors to enhance dialogue other than that pertaining to personal consultation.

(4) Summaries of the dialogues with shareholders and investors shall be shared by officers as well as the relevant departments of the Company, while efforts shall be made to productively reflect the opinions and requests accepted from them on the management of the Company.

(5) The Company has established the "Insider Trading Management Standards," under which officers, Executive Officers and employees and others are required to fully commit themselves to managing important facts, while disclosing the information that has significant impact on the investment decision by shareholders and investors in a timely, appropriate and impartial manner in accordance with its Disclosure Policy.

2. Capital Structure

Foreign Shareholding Ratio	20% or more, but less than 30%

[Status of Major Shareholders] **UPDATED**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	33,796,900	6.77
Japan Trustee Services Bank, Ltd (trust account)	29,293,410	5.87
Tohoku Electric Power Employees' Shareholding Association	14,593,144	2.92
Nippon Life Insurance Company	13,727,209	2.75
Mizuho Bank, Ltd.	13,288,223	2.66
Japan Trustee Services Bank, Ltd (trust account 5)	10,172,200	2.04
Kochi Shinkin Bank	9,626,700	1.93
JP MORGAN CHASE BANK 385151	8,374,078	1.68
Japan Trustee Services Bank, Ltd (trust account 9)	7,731,300	1.55
STATE STREET BANK WEST CLIENT - TREATY 505234	6,676,890	1.34

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year End	March
Type of Business	Electric Power & Gas
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances That May Have a Material Impact on Corporate Governance **UPDATED**

The Company shares the "Tohoku Electric Power Group's Medium- to Long-Term Vision" developed in February 2020 with its group companies, and with the aim of fulfilling the vision, promotes group management aimed at demonstrating the total power of the group and strengthening its competitiveness as a whole.

Moreover, the Company deems that Yurtec Corporation, a listed subsidiary company owned by the Company as one of its group companies, supports the electricity supply business, which is the core business of the group, through acquisition of highly professional human resources by taking advantage of its publicity as a listed company; and increases the competitiveness and profitability of the group by managing its business under severe strain in the stock market, thereby contributing to enhancement of the group's corporate value as a whole.

Since a conflict of interest risk exists between the Company and ordinary shareholders of Yurtec Corporation, the Company enacts its policy of respecting the independent management of Yurtec Corporation. To secure independent decision-making by the listed subsidiary company, the Company has encouraged Yurtec Corporation to establish an effective governance system utilizing Independent Outside Directors appropriately. Yurtec Corporation established the Nomination & Compensation Advisory Committee, for which the number of Independent Outside Directors accounts for more than half of the total number of the members, in order to secure the independence of decisions on nominations and compensation by Yurtec Corporation.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Matters Related to Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18 persons

Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson (excluding cases in which he/she concurrently serves as President)
Number of Directors UPDATED	15 persons
Appointment status of Outside Directors	Appointed
Number of Outside Directors	6 persons
Number of Independent Directors designated from among Outside Directors	6 persons

Outside Directors' Relationship with the Company (1) UPDATED

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shiro Kondo	From another company								△			
Tsutomu Kamijo	From another company								△			
Osamu Kawanobe	From another company								○			
Chiharu Baba	From another company								△			
Ikuko Miyahara	Scholar								○			
Kazuo Kobayashi	From another company								△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the listed company or its subsidiary
b. Non-executive director or executive of the parent company of the listed company
c. Executive of a fellow subsidiary of the listed company
d. A party whose major business partner is the listed company or an executive thereof
e. Major business partner of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of money or other property from the listed company besides compensation as a director/Audit and supervisory board member
g. Major shareholder of the listed company (if said shareholder is a legal entity, an executive of such legal entity)
h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)
i. Executive of a company, between which and the listed company outside directors/Audit and supervisory board members are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the listed company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) UPDATED

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment

Shiro Kondo		○	"h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)" Mr. Kondo served as Representative Director & Chairman of the Board of Ricoh Company, Ltd. until April 2017 and as Director & Chairman of the Board of the same company until June 2018. The same company conducts electricity supply transactions with the Company; however, the annual amount of the transactions amounts to less than 0.1% of the consolidated sales of the Company and the sales of the same company.	Mr. Kondo, who served as Representative Director & Chairman and held other senior positions at Ricoh Company Ltd., has experience in managing a company manufacturing optical equipment and office equipment, etc. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director. There are no transactions or other relationships between Mr. Kondo and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.
Tsutomu Kamijo		○	"h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)" Mr. Kamijo served as President and Representative Director of Sapporo Beverage Co., Ltd. (currently POKKA SAPPORO FOOD & BEVERAGE LTD.) until March 2012. The same company conducts electricity supply transactions with the Company; however, the annual amount of the transactions is less than 0.1% of the consolidated sales of	Mr. Kamijo, who served as Chairman and Representative Director and held other senior positions at Sapporo Holdings Limited, has experience in managing a company manufacturing and selling beverages and foods, etc. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director. There are no transactions or other relationships between Mr. Kamijo and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of

			the Company and the sales of the same company.	the Company, he has been designated as Independent Director.
Osamu Kawanobe		○	"h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)" Mr. Kawanobe served as Executive Vice President and Representative Director of East Japan Railway Company until June 2019. The same company conducts electricity supply transactions, etc. with the Company; however, the annual amount of the transactions is less than 2% of the consolidated sales of the Company and less than 1 % of the consolidated sales of the same company. Moreover, Mr. Kawanobe currently serves as President and Representative Director of JR East Mechatronics Co., Ltd. The same company conducts electricity supply transactions with the Company; however, the annual amount of the transactions is less than 0.1% of the consolidated sales of the Company and the sales of the same company.	Mr. Kawanobe, who currently serves as President and Representative Director of JR East Mechatronics Co., Ltd., and also served as Executive Vice President & Representative Director and held other senior positions at East Japan Railway Company, has experience in managing a public service. As he is expected to contribute to the management of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director. There are no transactions or other relationships between Mr. Kawanobe and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.
Chiharu Baba	○	○	"h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director	Mr. Baba has experience in positions such as Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. As he has considerable financial and accounting knowledge and is expected to conduct objective and

			himself/herself only)” Mr. Baba served as Deputy President and Representative Director of Mizuho Trust & Banking Co., Ltd. until April 2007 and served as Director of the same company until June 2007. The same company conducts electricity supply transactions, etc. with the Company; however, the annual amount of the transactions is less than 0.1% of the consolidated sales of the Company and the same company. Moreover, the same company conducts loan transactions with the Company; however, the amount of the loans is less than 2% of the consolidated total assets of the Company.	impartial audits and supervision of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director, Audit and Supervisory Committee Member. There are no transactions or other relationships between Mr. Baba and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.
Ikuko Miyahara	○	○	“h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)” Ms. Miyahara is a Professor in the Department of Contemporary Business, Faculty of Contemporary Business, Miyagi Gakuin Women’s University. The same university conducts electricity supply transactions, etc. with the Company; however, the annual amount of the transactions is less	Ms. Miyahara has experience in conducting studies on the effective use of regional resources and earthquake restoration support, and participating in industry-academia-government projects as a university professor. As she is expected to conduct objective and impartial audits and supervision of the Company, drawing on her extensive experience and excellent insight as a person of learning and experience developed through her past experience and record, she has been appointed as Outside Director, Audit and Supervisory Committee Member. There are no transactions or other relationships between Ms. Miyahara and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As she is an Outside

			than 0.1% of the consolidated sales of the Company and less than 1% of the revenue from business activities of the same incorporated educational institution.	Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, she has been designated as Independent Director.
Kazuo Kobayashi	○	○	"h. Executive of a business partner of the listed company not corresponding to any of d, e, or f (the director himself/herself only)" Mr. Kobayashi served as Representative Director & Executive Vice President of Nippon Life Insurance Company until March 2019 and currently serves as Senior Audit and Supervisory Board Member of the same company. The same company conducts electricity supply transactions, etc. with the Company; however, the annual amount of the transactions is less than 0.1% of the consolidated sales of the Company and the consolidated revenue of insurance premiums of the same company. Moreover, the same company conducts loan transactions with the Company; however, the amount of the loans is less than 3% of the consolidated total assets of the Company.	Mr. Kobayashi currently serves as Senior Audit and Supervisory Board Member of Nippon Life Insurance Company. As he has considerable financial and accounting knowledge and is expected to conduct objective and impartial audits and supervision of the Company, drawing on his extensive experience and excellent insight developed through his past experience and record, he has been appointed as Outside Director, Audit and Supervisory Committee Member. There are no transactions or other relationships between Mr. Kobayashi and the Company that may give rise to conflicts of interest with ordinary shareholders, including significant concurrently-held positions. As he is an Outside Director who poses no risk regarding conflicts of interest arising with ordinary shareholders and also meets the Independence Criteria for Outside Directors of the Company, he has been designated as Independent Director.

[Audit and Supervisory Committee]

Attributes of Committee Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Inside Director

Directors and employees who should assist the Audit and Supervisory Committee in executing its duties	Yes

Matters Related to the Independence of Such Directors and Employees from Executive Directors

The Company shall permit Audit and Supervisory Executive Officer and the employees assigned to the Office of Audit and Supervisory Committee to execute their duties related to the Audit and Supervisory Committee independently from the Directors not serving as Audit and Supervisory Committee Members and ensure the effectiveness of instructions of the Audit and Supervisory Committee.

Coordination Between the Audit and Supervisory Committee, Accounting Auditors, and Internal Auditing Departments

The Audit and Supervisory Committee, with a view to enhancing audit effectiveness, coordinates with the accounting auditors and internal auditing departments as needed, including hearing from these two parties on audit plans and audit results and creating regular opportunities for exchanging opinions with them.

[Voluntary Committees]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Establishment of the Voluntary Committee, Committee's Composition and Attributes of the Chairperson

UPDATED

	Committee Corresponding to Nominating Committees	Committee Corresponding to Compensation Committees
Committee's Name	Nomination & Compensation Advisory Committee	Nomination & Compensation Advisory Committee
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation UPDATED

In terms of ensuring objectivity, timeliness, and transparency, as the Board of Director's advisory body, the Company has established a Nomination & Compensation Advisory Committee (Chairperson, Tsutomu Kamijo), which consists of two inside Directors (Representative Director & Chairman of the Board, Makoto Kaiwa, and Representative Director & President, Kojiro Higuchi) and four Independent Outside Directors (three Directors not serving as Audit and Supervisory Committee Members, Shiro Kondo, Tsutomu Kamijo, and Osamu Kawanobe, and one Director, Audit and Supervisory Committee Member, Chiharu Baba). Of note, the Nomination & Compensation Advisory Committee shall perform the functions of a voluntary committee corresponding to a nominating committee, as well as of a voluntary committee corresponding to a compensation committee.

[Independent Directors/Audit and Supervisory board members]

Number of Independent Directors/Audit and Supervisory Board Members	6 persons

Other matters relating to Independent Directors

The Company designates all Outside Directors who are qualified as Independent Directors as Independent Directors.

[Incentives]

Implementation of Incentive Policies for Directors UPDATED	Introduction of a performance-based compensation system

Supplementary Explanation UPDATED

Please refer to the statement in "1.1. Basic Views" [Disclosure Based on the Principles of the Corporate Governance Code] - [Principle 3.1 Full Disclosure] - "iii) Policies and procedures to determine the remuneration of Directors" in this Report.

Recipients of Stock Options UPDATED	—

Supplementary Explanation UPDATED

—

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation UPDATED

The respective total amounts of fixed compensation, short-term performance-based compensation, and mid- to long-term performance-based compensation paid to Directors are disclosed.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Please refer to the statement in “1.1. Basic Views” [Disclosure Based on the Principles of the Corporate Governance Code] - [Principle 3.1 Full Disclosure] - “iii) Policies and procedures to determine the remuneration of Directors” in this Report.

[Support System for Outside Directors]

・ At the Company, the Office of Secretaries and the Office of Audit and Supervisory Committee serve as the point of contact of Outside Directors (excluding those serving as Audit and Supervisory Committee Members) and Outside Directors, Audit and Supervisory Committee Members, respectively, and assist in the performance of their respective duties by conveying various information.

・ With respect to Outside Directors, the Company distributes and explains materials for the Board of Directors in advance, provides relevant information and performs other such tasks to enhance deliberations at the meetings of the Board of Directors. In addition, the Company provides opportunities on an ongoing basis for them to gain an understanding of the nature of the Company’s operations as necessary, such as providing an explanation of the Company’s business, etc. when they assume office, organizing visits to the Company’s offices, and arranging dialogues and social gatherings with the Representative Director. The Company intends to continue making such efforts into the future.

[Status of Those Who Retired from the Post of Representative Director & President and Others]

Names of Advisors Who Served as Representative Director & President and Others in the Past UPDATED

Name	Title / Position	Job Description	Working Arrangement/ Compensation	Date of Retirement from the Post of Representative Director & President and Others	Term of Office
Hiroaki Takahashi	Advisor	Engaged in liaising with business associations as well as in social contribution activities	Full-time, paid	June 25, 2015	Annual Contract
Toshiaki Yashima	Special Advisor	Engaged in liaising with business associations as well as in social contribution activities	Part-time, Not paid	June 29, 2005	Annual Contract
Keiichi Makuta	Special Advisor	Engaged in liaising with business associations as well as in social contribution activities	Part-time, paid	June 29, 2009	Annual Contract
Hiroya Harada	Special Advisor	Engaged in liaising with business associations as well as in social contribution activities	Part-time, paid	March 31, 2020	Annual Contract

Total Number of Advisors Who Served as Representative Director & President and Others in the Past	4 persons

Other Matters UPDATED

・After examined at Nomination & Compensation Advisory Committee, Internal Rules regarding advisors and special advisors' system are stipulated.
・When it comes to appointment/dismissal of advisors and special advisors, it is deliberated at Nomination & Compensation Advisory Committee, and determined by the President.

2. Matters Related to Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) UPDATED

The Board of Directors consists of 15 Directors including six Outside Directors who are independent in that they are not at risk of giving rise to conflicts of interest with ordinary shareholders and meets once every month in principle to draw up important management-related plans and make decisions on key issues regarding the business execution of the Company. At the Board of Directors meetings, Directors also report on the status of business execution and mutually supervise the performance of their duties. Furthermore, the Board of Directors has established a framework, in which part of the decision-making authority concerning important business execution shall, based on its resolution, be delegated from the board to individual Directors, while the Executive Officer & President, the Executive Officer & Executive Vice Presidents and Managing Executive Officers (collectively the "Executive Officers with titles") shall be generally responsible for business execution. Additionally, the Management Committee consisting of Executive Officers with titles meets every week in principle to discuss policies and plans for general business operations and the execution of important business matters from various angles in accordance with the basic policy for management stipulated by the Board of Directors.

The Company also introduces in-house company system consisting of the Power Generation and Sales Company, the Nuclear Power Division and the Internal Services Division to promote the development of appropriate and efficient business processes including seeking autonomy in business operations.

In the Audit and Supervisory Committee, three out of four Audit and Supervisory Committee Members are Outside Directors, Audit and Supervisory Committee Members, thereby ensuring the objectivity and neutrality of its management supervisory function. As the Members attend significant meetings such as Management Committee, hear operation procedure status from business execution departments, conduct visiting audit to offices, and coordinate with the internal audit departments on a daily basis, a full-time Audit & Supervisory Committee Member has been selected in order to enhance the viability of audit and supervisory function. The Audit and Supervisory Committee meets every month, in principle, and also occasionally as needed to deliberate on and report necessary matters as an audit and supervisory organ.

The full-time Audit and Supervisory Committee Member attends the meetings of the Board of Directors and the Management Committee and other important meetings, obtains the operation procedure status from business execution divisions, examines important documents, and conducts surveys on the status of operations and assets of the Company's offices, while striving to enhance audits including those on the performance of duties of Directors and the status of development and operation of internal control systems. The full-time Audit and Supervisory Committee Member endeavors to further improve the effectiveness of audits through, apart from attending regular meetings with Representative Directors, exchanging information periodically with the internal auditing departments and the accounting auditor, while strengthening ties with the Audit and Supervisory Board Members of the Company's affiliates. In particular, for strengthening ties with the internal auditing departments and the accounting auditor, joint meetings with three-type auditors are held for the full-time Audit and Supervisory Committee Member, the officer in charge of internal auditing, and the accounting auditor. Moreover, the full-time Audit and Supervisory Committee Member provides information acquired through auditing activities to Outside Directors, Audit and Supervisory Committee Members whenever necessary with the aim of ensuring strong ties with them.

Outside Directors, Audit and Supervisory Committee Members ask questions and express their opinions honestly from various viewpoints based on their abundant experiences through attendance at periodical meetings with Representative Directors, including meetings of the Board of Directors, while conducting a survey on the operational situation through office visits. Additionally, Mr. Baba, an Audit and Supervisory Committee Member, attends at the "Nomination & Compensation Advisory Committee," which is a voluntary committee, as one of its members.

Of, note, the Company has established the post of Audit and Supervisory Executive Officer (one person as of July 1, 2020) who shall assist the Audit and Supervisory Committee in performing its duties, as well as the Office of the Audit and Supervisory Committee (comprising 7 personnel as of July 1, 2020), a dedicated organization that assists the Audit and Supervisory Committee's work.

The Company has appointed Ernst & Young ShinNihon LLC as its accounting auditor, and endeavors to apply appropriate accounting treatment by providing information to and confirming matters with the accounting auditor whenever necessary.

Three certified public accountants performed accounting and auditing work, namely, Mr. Shigeru Sekiguchi, Mr. Morio Sato and Mr. Daisuke Arikura. Assistants for accounting and auditing work comprised of 13 certified public accountants and 15 other persons (as of June 25, 2020).

The Company also makes efforts to be conscious of compliance with laws and regulations in management, and has a system in which the Company can confirm matters with its consulting lawyer when legal decisions need to be made.

At the Company, the Office of Internal Audits conducts internal audits of the overall operations with respect to the effectiveness and validity of organizational systems and administration structures, the economy and efficiency of business operations, the effectiveness and efficiency of facility security activities, and other related matters. The Office of Nuclear Power Internal Audit performs internal audits for ensuring the safety and improving the reliability of nuclear power generation. The methods of internal audits include conducting interviews with the Company, its subsidiaries, and the major affiliated companies, investigation of documents and on-site checks.

The results of internal audits are reported to the Executive Officer & President, the Management Committee, the Board of Directors, and the Audit and Supervisory Committee, and any problems are reported to the relevant departments so that they can rectify the situation. Moreover, collaborative relationship with the Audit and Supervisory Committee and the accounting auditor is deepened, and viability of internal audit is improved.

Of note, internal auditing departments are independent of all executive organs, and the Office of Internal Audits and the Office of Nuclear Power Internal Audit are under the direct control of the Executive Officer & President, consisting of 19 members in total (as of July 1, 2020).

For policies and procedures for the nomination of candidates for Directors and remuneration decisions, please refer to the statement in "1.1. Basic Views" - [Disclosure Based on the Principles of the Corporate Governance Code] - [Principle 3.1 Full Disclosure] – "iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of Directors" and "iii) Policies and procedures to determine the remuneration of Directors."

3. Reasons for Adopting Current Corporate Governance System UPDATED

The Company's basic rule is to have its Board of Directors, which shall consist of the number of persons necessary and appropriate for building an effective management structure required by a company engaged in the electric power business and for ensuring effective discussions as well as monitoring functions over business execution at the Board of Directors. The Company prescribes in its Articles of Incorporation that the number of Directors shall be no more than 18 persons.

With taking into account the diversity including gender and internationality, the Board of Directors shall be composed as follows, thereby ensuring a well-diversified combination of knowledge, experience and ability across the board, and shall strive for efficient business execution and adequate business management. In the meantime, Directors, Audit and Supervisory Committee Members shall further strengthen the supervisory function through the involvement in Directors' personnel matters (nomination and compensation), while conducting their audits.

<<Composition of the Board of Directors of the Company>>

1. Inside Directors (excluding those serving as Audit and Supervisory Committee Members)

Those shall be selected from among those who are knowledgeable in each field in consideration of the balance of their respective fields of specialization, in addition to their technical expertise, good amount of working experience, and knowledge about the management of the electric power business, as well as knowledge about new business fields, taking into account factors such as the characteristics of the electric power business in terms of being highly specialized and having a broad business domain, with the aim of fulfilling the Tohoku Electric Power Group's Medium- to Long Term Vision.

2. Outside Directors (excluding those serving as Audit and Supervisory Committee Members)

Those shall be capable of realizing appropriate decision-making and management supervision in the Board of Directors, based on their practical experience stemming from corporate management and other relevant matters, and deep insight into socioeconomic trends and others.

3. Directors, Audit and Supervisory Committee Members

Those shall be capable of fulfilling their duties as Audit and Supervisory Committee Members drawing on their experience and insight, thereby auditing and supervising the Directors' execution of duties. Concerning Outside Directors, Audit and Supervisory Committee Members, they must be capable enough to conduct objective and impartial audits and supervision.

The Company adopts a company with an audit and supervisory committee system, which enables to clearly separate supervision from execution under a system in which Executive Officers with titles assume responsibility for business execution. The Company strives to enhance the function of supervising the Board of Directors and efficiently ensure business execution with accelerated decision making.

With this in mind, the Board of Directors currently consists of a total of 15 Directors (including four Directors, Audit and Supervisory Committee Members): nine inside Directors who are knowledgeable of the electric power business as well as operations in each field of the Company; and six Outside Directors with extensive experience and excellent insight.

In view of ensuring objectivity and impartiality of management monitoring functions, three out of four Directors, Audit and Supervisory Committee Members are Outside Directors, Audit and Supervisory Committee Members.

In addition, the Company creates opportunities for Audit and Supervisory Committee Members and the Audit and Supervisory Executive Officer to express their opinions to Directors (excluding those serving as Audit and Supervisory Committee Members) through periodical meetings with Representative Directors, attendance at important meetings including those of the Board of Directors and the Management Committee,

periodic information exchange with internal auditing departments (i.e., the Office of Internal Audits, and the Office of Nuclear Power Internal Audit), periodic information exchange with the accounting auditor, and inspections on the operational status of offices, etc. of the Company.

Other efforts by the Company to enhance corporate governance include the Representative Director's press conferences held periodically, briefing sessions attended by Directors and held for shareholders and individual investors, development of tools to distribute information and gather opinions through various media, and the introduction of a scheme to reflect shareholders' opinions directly in the Company's management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts to Vitalize the General Shareholders Meetings and Facilitate the Exercise of Voting Rights UPDATED

	Supplementary Explanations
Early Notification of General Shareholder Meeting	・ Convening notice is sent before the statutory deadline. (2020 results: Sent on June 3 [General Meeting of Shareholders was convened on June 25.])
Scheduling AGMs Avoiding the Peak Day	・ In FY2020, the General Meeting of Shareholders is scheduled on June 25, a day before the peak day.
Allowing Electronic Exercise of Voting Rights	・ Voting rights can be exercised on the voting website specified by the Company.
Participation in Electronic Voting Platform and Other Efforts to Improve Environment for Institutional Investors to Exercise of Voting Rights	・ The Company uses the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice (Summary) in English	・ The English version of the convening notice (brief version) and reference documents for the General Meeting of Shareholders is posted on the electronic voting platform.
Other	・ In view of providing information to shareholders early and facilitating the exercise of voting rights, the convening notice is posted on the respective websites of Tokyo Stock Exchange and the Company before sending the convening notice. ・ After the General Meeting of Shareholders, the voting results are posted on the Company's website.

2. IR Activities UPDATED

	Supplementary Explanations	Representative's explanation
Disclosure Policy	With an aim to facilitate constructive dialogues with parties concerned with capital markets, the Company posts its "Disclosure Policy" on its website. The URL is as follows. https://www.tohoku-epco.co.jp/ir/disclosure/index.html	
Regular Investor Briefings for Individual Investors	The Company holds briefing sessions on the Company's profile, business plan, etc. targeted at individual investors as appropriate, in which the officer in charge of IR, etc. provides an explanation.	Provided
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a briefing session on the financial results (in May and November) targeted at analysts and institutional investors, in which the Representative Director & President or the officer in charge of IR provides an explanation.	Provided
Regular Investor Briefings for Overseas Investors	Outside Japan, the Company visits major foreign institutional investors on an individual basis.	Provided
Posting of IR Materials on Website	The Company posts its flash earnings reports (called *kessan tanshin*), securities reports, quarterly reports, Integrated Reports (financial information), materials for briefing sessions on financial results, convening notices of General Meeting of Shareholders, etc. on its website. The URL is as follows. https://www.tohoku-epco.co.jp/ir/index.html	

Establishment of IR-related Department (Appointment of Person in Charge of IR)	(Officer in charge) Representative Director & Executive Vice President Shinichi Okanobu (Department in charge) Investor Relations, Accounting and Finance Department, Internal Services Division	
Other	The Company is vigorously engaged in IR activities including disclosing precise information on its website and at briefing sessions and holding opinion exchange sessions between the management and investors.	

3. Efforts to Ensure Due Respect for Stakeholders UPDATED

	Supplementary Explanations
Stipulation of Internal Rules, etc. for Respecting the Position of Stakeholders	・ In its "Tohoku Electric Power Group CSR Policy" and "Tohoku Electric Power Group Action Guidelines", the Company has prescribed the rules of behavior of each and every employee of the Tohoku Electric Power Group with respect to customers, members of the local communities, shareholders, investors and business partners.
Implementation of Environmental Conservation Activities, CSR Activities, etc.	**[The Company's CSR efforts]** ・ Based on the view that all business activities of the Tohoku Electric Power Group relate to corporate social responsibility (CSR), the Company has established the "CSR Promotion Council" chaired by the Representative Director & President and prescribed the "Tohoku Electric Power Group CSR Policy" and "Tohoku Electric Power Group Action Guidelines", under which the Tohoku Electric Power Group is acting as one united body to promote CSR, premised on ensuring safety, giving consideration to the environment, observing corporate ethics and complying with laws and regulations. ・ Information on the Company's efforts related to CSR activities is provided to stakeholders through its website and other media including various printed materials as needed. ・ In regard to environmental activities, the Company formulates, evaluates and reviews an environmental action plan every year and publishes the progress and detailed data of the Tohoku Electric Power Group's environmental activities in the Integrated Report and the environmental communication booklet, etc.
Development of Policies on Information Provision to Stakeholders	・ The "Tohoku Electric Power Group CSR Policy" and "Tohoku Electric Power Group Action Guidelines" set forth that the Company shall be fully accountable with respect to stakeholders and make efforts for precise information disclosure.
Others	**[Policies, initiatives, etc. for active participation of women]** For the promotion of active participation of women, the Company is pushing ahead with human resources development, expansion of occupational fields and proactive promotion of employees to managerial positions regardless of sex in a planned manner. The Company is also engaged in awareness-raising activities such as in-house training on work style and career development. In March 2020, the Company formulated its "general employer action plan" based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and set its target to increase the number of female managers by at least half by the end of March 2025 compared to the number at the beginning of FY2019 through assisting development of and proactively promoting female employees to managers, and ensure that employees take at least 80% of their ordinary leave (as the company-wide average) by the end of March 2025, for which the following initiatives are being carried out:

	(1) Initiatives to support active participation of employees having various values regardless of sex or age; (2) Initiatives to assist the career development of female employees; (3) Initiatives to create a work environment that is suitable for the active participation of female employees; (4) Initiatives to familiarize the Company with job seekers as a workplace where all employees can actively participate regardless of gender; and (5) Initiatives to create a work environment in which both male and female employees can work energetically. Moreover, in order to realize work-life balance, the Company is also developing and enhancing various work schemes aimed at creating an employee-friendly work environment, including ensuring a sufficiently long period for childcare leave and childcare assistance. In 2008 and 2015, the Company was certified as one that supports raising next-generation children under the Act on Advancement of Measures to Support Raising Next-Generation Children. In March 2020, the Company formulated its “general employer action plan” based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and is carrying out various initiatives with the aim of achieving the following targets: (1) To create a work environment and a follow-up system that enable employees during periods of child raising to work without anxiety; (2) To create a work environment in which male employees can take childcare leave and other similar leave easily; (3) To ensure that employees take at least 80% of their ordinary leave by the end of March 2025; and (4) To create an environment that fosters children’s individuality and talent.

IV. Matters Related to the Internal Control System and Others

1. Basic Views on and Development of the Internal Control System

1. Basic Policy on a System to Ensure Proper Business Operations

The Company shall establish a system to ensure proper business operations as follows, with a view to promoting business activities as a member of society, in a fair, transparent and efficient way in compliance with laws and regulations, and the Articles of Incorporation, thereby aiming to become a company that can be trusted and chosen by all stakeholders including customers, local communities, shareholders, investors and business partners.

(1) System concerning business management

a. The Board of Directors shall meet once every month in principle, to pass resolutions required by the relevant laws and regulations, the Articles of Incorporation and internal regulations and to make important management-related decisions, while supervising Directors' performance of their duties.
b. Directors shall, based on the respective roles decided at the Board of Directors, execute their duties in accordance with the relevant laws and regulations, the Articles of Incorporation, resolutions at the Board of Directors, and regularly report on such execution to the Board of Directors, while supervising each other.
c. The supervisory function shall be strengthened from objective, neutral and multilateral viewpoints through the participation of Outside Directors who retain independence.
d. The Board of Directors shall execute business efficiently through prompt and flexible decision-making, while separating the roles between supervision and execution, thereby strengthening its supervisory function, by means of establishing a structure in which part of the decision-making authority concerning important business execution shall, based on its resolution, be delegated from the Board of Directors to individual Directors, while the Executive Officer & President, Executive Officer & Vice Presidents and Managing Executive Officers (collectively the "Executive Officers with titles") shall be responsible for business execution.
e. The Management Committee comprising the Executive Officers with titles shall meet once every week in principle and deliberate, based on resolutions at the Board of Directors, on policies and plans for general business operations and the execution of important business matters.
f. Executive Officers shall formulate plans for business operations to identify priority measures and objectives, while appropriately following the management cycle to facilitate effective business execution.
g. Directors, Executive Officers and employees (collectively the "Directors and others") shall, with a view to ensuring proper and effective execution of their duties, execute their duties in accordance with relevant laws and regulations, the Articles of Incorporation, resolutions at the Board of Directors, and internal regulations.
h. Documents, electromagnetic information, and other information on the performance of duties of the Directors and others shall be managed and stored properly in accordance with internal regulations, which Directors shall be allowed to inspect at any time.

(2) System concerning corporate ethics and compliance with laws and regulations

a. The Board of Directors shall formulate the Tohoku Electric Power Group CSR Policy and Tohoku Electric Power Group Action Guidelines, and Tohoku EPCO group shall concertedly promote CSR activities, under the CSR Promotion Council chaired by the Executive Officer & President. Directors and Executive Officers shall endeavor to take the initiative in practicing, spread and establish the aforementioned policy and guidelines as their individual mission.
b. The Company shall also establish the Committee of Corporate Ethics and Compliance chaired by the Executive Officer & President, and formulate the Tohoku Electric Power Group Corporate Ethics and Compliance Activity Policy. Under the supervision by the Director in charge of promoting compliance, the Tohoku Electric Power Group Action Guidelines shall be thoroughly implemented across the Group through training and enlightenment activities at each office, under the initiative of the personnel in charge of corporate ethics promotion, as part of an effort to promote corporate ethics and compliance with laws and regulations in daily business activities.
c. The Company shall create a Corporate Ethics Consulting Service, whereby investigations and the relevant matters shall be conducted into the cases consulted by advice seekers (namely the concerned parties including the Directors and others of the Company, Directors, employees, and Audit and

Supervisory Board Members of Group companies, or business partners), to whom protection shall be provided.

d. The Company shall take action resolutely against undue intervention and demands by anti-social forces pursuant to relevant internal regulations and others.

e. With respect to the initiatives for corporate ethics and compliance with laws and regulations, regular reporting shall be made to the Committee of Corporate Ethics and Compliance, as well as the Board of Directors.

(3) System concerning the management of the risk of loss

a. The Company shall develop and arrange organization, job authority, and internal regulations, with a view to implementing proper risk management at each division and across the Company.

b. The Company shall periodically identify and assess risks relating to business activities, and incorporate measures against risks that may have a significant impact on management into the annual business plan formulated by each division, and implement risk management in the management cycle.

c. With a view to preventing or mitigating risks concerning natural disasters and nuclear power disasters, etc., the Company shall conduct drills on a regular basis. If these risks materialize, the Company shall establish the Emergency Headquarters and others to respond to the situation properly.

d. To improve the safety of nuclear power stations on a voluntary and ongoing basis, the Company shall establish the Nuclear Safety Promotion Council, which shall periodically conduct safety assessment and analysis and consider measures to reduce risks with an aim to take proper actions.

e. The Company shall establish the Committee of Crisis Management for preventing a crisis with significant impact on the assets and social confidence of the Company, while minimizing the damage if such crisis materializes, and shall engage in measures such as drills and sharing of information for enhancing capabilities to adapt to risks. In the event that such crisis materializes, the Company shall also, in accordance with internal regulations, establish Disaster Management Headquarters to take proper actions.

f. The status of risk management shall be reported to the Board of Directors and the relevant bodies as necessary.

(4) System concerning internal audits

a. The Company shall, for the purpose of verifying the adequacy and efficiency of business management, corporate ethics and compliance with laws and regulations, and the management of risk of loss, establish internal auditing departments, reporting directly to the Representative Director & President, which conduct internal audits of the Company, its subsidiaries, and main affiliates (collectively the "subsidiaries and others" referring to the subsidiaries and main affiliates), and report the results thereof to the Representative Director & President, as well as to the Management Committee, the Board of Directors, and the Audit and Supervisory Committee.

b. The internal auditing departments shall endeavor to elevate the effectiveness of internal audits, in coordination and collaboration with the Audit and Supervisory Committee and the accounting auditors.

(5) System concerning the proper business operations at the subsidiaries and others

a. System concerning the business management of the subsidiaries and others

The Company shall establish internal regulations so that business operations will be conducted in an appropriate and efficient manner at the subsidiaries and others, and the Company will receive reports on the important management-related plans at each company and the progress thereof, while requiring prior consultations and reporting on important matters, and providing guidance and advice in return. Meanwhile, the Company shall promote corporate group management through measures such as keeping the subsidiaries and others informed about important plans about corporate group management, organizing corporate group management meetings, and implementing relevant joint measures.

b. System concerning corporate ethics and compliance with laws and regulations at the subsidiaries and others

The Company shall implement corporate group-wide activities in accordance with the Tohoku Electric Power Group Corporate Ethics and Compliance Activity Policy; in addition, the Company shall provide guidance and advice to the subsidiaries and others with the aim of facilitating strict observance of laws and regulations, including encouraging them to formulate their action guidelines individually pursuant to the Tohoku Electric Power Group CSR Policy, as well as Tohoku Electric Power Group Action Guidelines.

c. System concerning the management of the risks of loss of the subsidiaries and others

The Company shall receive prior consultations and report on the important management-related matters from the subsidiaries and others, thereby identifying significant risks at each company, and providing guidance and advice in return. Meanwhile, the Company shall report to the Board of Directors and related departments on significant risks, breach of corporate ethics and violation of laws and regulations at the subsidiaries and others, and will act accordingly.

(6) System concerning the Audit and Supervisory Committee

a. System concerning employees assigned to assist the duties of Audit and Supervisory Committee

(a) The Company shall appoint the Audit and Supervisory Executive Officer for the purpose of assisting the Audit and Supervisory Committee in executing its duties. Meanwhile, the Company shall establish the Office of Audit and Supervisory Committee to assist the Committee in executing its duties, to which employees are specifically assigned.

(b) The Company shall ensure independence from Directors who do not serve as Audit and Supervisory Committee Members and effectiveness of the instructions of the Audit and Supervisory Committee with respect to the duties of the Audit and Supervisory Executive Officer and the employees assigned to the Office of the Audit and Supervisory Committee (collectively the "Special Officer and others") in executing their duties concerning the Audit and Supervisory Committee.

(c) The Company shall have prior consultation with the Audit and Supervisory Committee concerning personnel matters related to the Special Officer and officers

(d) The Company shall not treat the Special Officer and others disadvantageously on account of having performed work based on instructions from the Audit and Supervisory Committee.

b. System concerning reports to Audit and Supervisory Committee and others

(a) Directors shall, in the event of discovery of a fact that could inflict significant damage to the Company, immediately report such fact to the Audit and Supervisory Committee.

(b) Directors and others shall report matters deemed important in the Company's business execution to the Audit and Supervisory Committee or the Audit and Supervisory Committee Members (collectively the "Audit and Supervisory Committee, etc.").

(c) If requested by the Audit and Supervisory Committee, etc. or the Audit and Supervisory Executive Officer to provide a report for auditing purposes, the Directors and others shall meet such request.

(d) A summary of cases on which advice of the Corporate Ethics Consulting Service is sought shall be reported to Audit and Supervisory Committee.

(e) Directors and others of the Company shall report the emergence of significant risks, breach of corporate ethics and violation of laws and regulations at each group company to the Audit and Supervisory Committee, etc.

c. System to ensure that anyone who made a report to the Audit and Supervisory Committee, etc. will not be subject to unfavorable treatment on the grounds of such report

The Company shall not treat anyone who made a report to the Audit and Supervisory Committee, etc. in an unfavorable manner on the grounds that he/she has made such a report.

The Company shall also thoroughly prevent group companies from treating anyone who made a report to the Audit and Supervisory Committee, etc. on the grounds that he/she has made such a report.

d. Matters concerning the bearing of audit expenses

When the Audit and Supervisory Committee Members claim expenses necessary for them to execute their duties, such expenses shall be borne.

e. Other systems to ensure effective execution of audits

(a) Audit and Supervisory Committee Members shall be allowed to attend important meetings such as those of the Management Committee and express their opinions, and may access documents, electromagnetic information and other information managed and stored by the Company at any time.

(b) The Audit and Supervisory Executive Officer shall be allowed to attend important meetings such as those of the Board of Directors and the Management Committee and express their opinions, and may access documents, electromagnetic information and other information managed and stored by the Company at any time.

(c) The Representative Directors, the Audit and Supervisory Committee Members and the Audit and Supervisory Executive Officer shall periodically hold meetings in order to deepen their understanding of each other in regard to the business environment, important issues, etc.

(d) The Audit and Supervisory Committee, etc. shall, with a view to enhancing audit effectiveness, promote mutual coordination with the internal auditing departments through receiving information about the results of internal audits, among other things.
(e) The Audit and Supervisory Committee, etc. shall, with a view to enhancing audit effectiveness, hold discussions and promote mutual coordination with the accounting auditors.
(f) Audit and Supervisory Committee Members and the Audit and Supervisory Executive Officer shall have regular meetings with the audit of subsidiaries and others for the purpose of exchanging opinions regarding audits, among other things.

2. Progress of Development of Internal Control Systems

The Company has been developing various regulations and establishing committees, the organization of the internal auditing department, and the organization to assist Audit and Supervisory Committee, etc. and has a system in place to execute and verify the aforementioned Basic Policy.

Please refer to the reference document "Internal Control and Corporate Governance Diagram" at the end of this Report.

2. Basic Views on Eliminating Anti-Social Forces and Progress of System Development

(1) Basic Views

In accordance with the "Tohoku Electric Power Group Action Guidelines", it is the Company's policy to *take action resolutely against anti-social forces*, reject any and all undue demands, etc. and respond at the organization level instead of leaving the matter exclusively to the person in charge or the department.

(2) Progress of development of system to eliminate anti-social forces

a. The unit that oversees responses to anti-social forces shall be the General Affairs Department, and the person responsible for preventing undue demands shall be the General Manager of the General Affairs Department.
b. In each region, the Company has been building relationships by routinely cooperating with police, centers for removal of criminal organizations, liaison councils against special crime groups and other various organizations for eliminating criminal organizations as well as outside specialized agencies including lawyers so that action can be taken in a prompt and seamless manner in the event of an emergency. The Company is also enhancing cooperation including meeting requests to take up the position of officers at such outside specialized agencies.
c. Information on anti-social forces is provided by the unit dealing with anti-social forces to the unit that has jurisdiction over such unit, which is then passed on to the General Affairs Department and other relevant units, in an effort to share information and seek cooperation.
d. In order to take action resolutely against undue intervention and demands by anti-social forces, the Company has created a manual on tackling anti-social forces.
e. The Company is enhancing its ability to eliminate anti-social forces by periodically holding practical internal training workshops, including requesting police to give lectures. The Company also proactively takes part in outside training workshops and lectures held by outside specialized agencies, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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2. Other Matters Concerning Corporate Governance System, etc. UPDATED

(Overview of timely disclosure system)

In the "Insider Trading Management Standards" (internal standards), the Company has set forth the management and disclosure of corporate information that has a significant impact on investment decisions, the outline of which is as described below, and is endeavoring to implement the Standards in an appropriate manner.

The Company also discloses corporate information that should be disclosed not only to investors but also to customers, members of the local communities, shareholders and other various members of society.

1. System to manage corporate information

(1) The Company has appointed the General Manager of the General Affairs Department as the person responsible for handling information specified by a securities exchange, who performs tasks concerning timely disclosure in general.

(2) The Company has appointed the General Manager, etc. at the Head Office as the person responsible for managing information. If corporate information that is expected to have a material impact on investment decisions has been decided or generated, the Company requires that such corporate information be managed properly and reported to the person responsible for handling information before being disclosed and released to the public.

(3) If information concerning a subsidiary that is expected to have a significant impact on investment decisions has been decided or generated, the Company requires that the information be reported by such subsidiary to the General Manager of the Corporate Strategy Division of the Company and the report then be made to the person responsible for handling information.

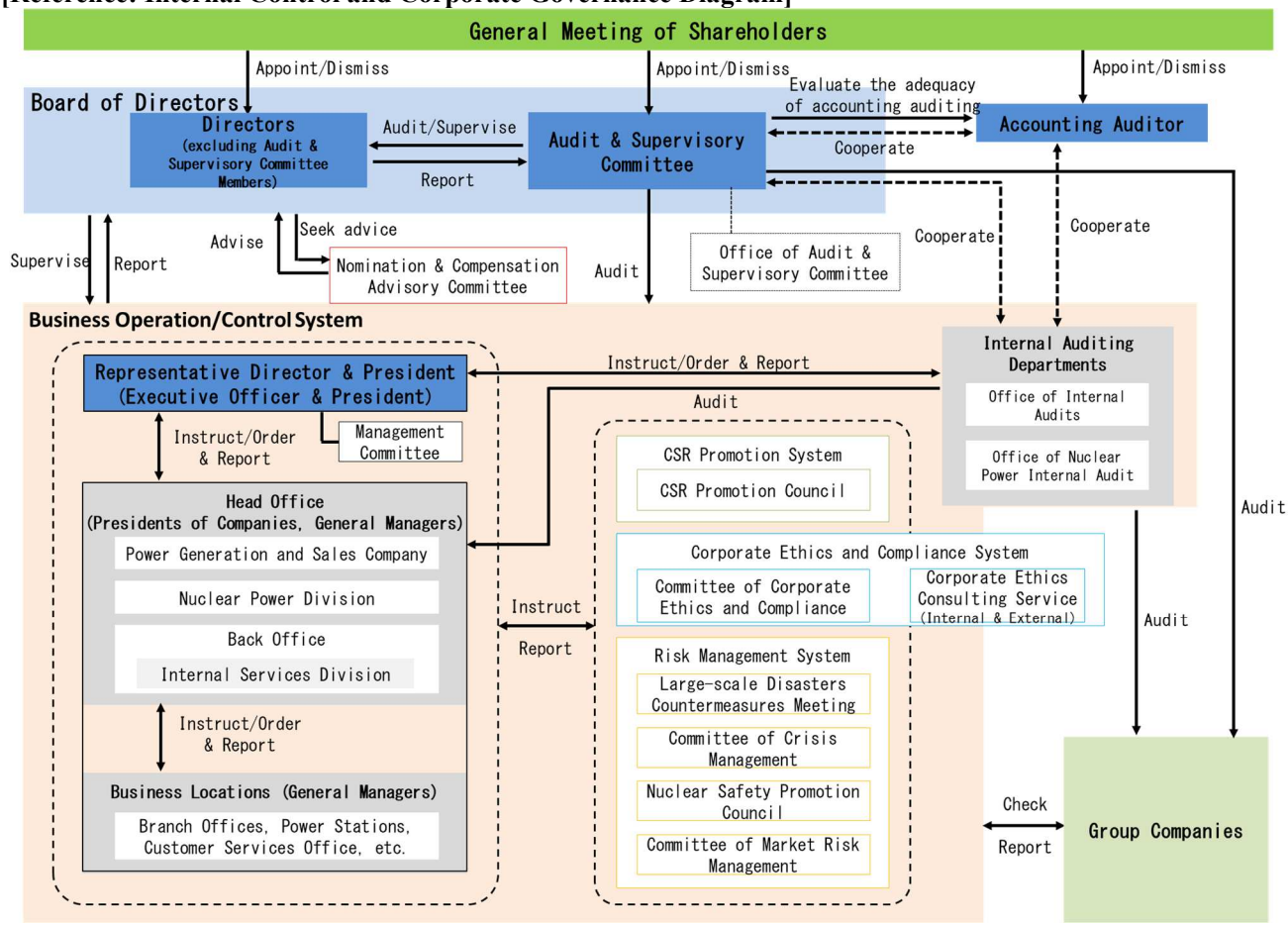
2. System to disclose corporate information

(1) The person responsible for handling information is required to determine whether or not the reported corporate information (including information concerning subsidiaries) needs to be disclosed in a timely manner to a securities exchange, and if necessary, carry out appropriate disclosure procedures. For disclosure, the Company uses TDnet—the Timely Disclosure network operated by Japan Exchange Group, Inc.

(2) The Company releases the disclosed information to news media and makes such information disclosure efforts as posting the information on the Company's website.

Please refer to the reference document "Timely Disclosure System Diagram" at the end of this Report.

[Reference: Internal Control and Corporate Governance Diagram]



[Reference: Timely Disclosure System Diagram]

