

Third Party Comments

I would like to give my comments about "CSR Report 2010" (hereinafter referred to as "the Report") of Tohoku Electric Power Co., Inc. (hereinafter referred to as "the Company") after reading the Report and interviewing the persons in charge at the Public Relations Department about the CSR activities.

1. Close-up—Realization of a low-carbon society

The Report clarifies that the activities for realizing a low-carbon society are positioned as main measures in the Medium-term Business Plan, and then introduces various activities as "Close-up" topics. One of the most important social responsibilities of companies is the prevention of global warming. Therefore, stakeholders have a strong interest in the Company, which is a member of the energy industry. To respond to these demands, the Company is carrying out many activities to suppress CO₂ emission, such as the best mix of power sources and introduction of renewable energy. Readers would get a better understanding of the Company by providing easy-to-understand descriptions of terms such as "best mix" and "3E" and the role the electricity industry plays in the industrial world in realizing a low-carbon society.

2. CSR policy and mechanism

The Company explains the action guidelines and promotion structures in the "CSR policy and mechanism". The explanations are well thought out. For example, one example of the evaluations made by local customers on the Company's CSR activities through a survey is disclosed. Also, the CSR activities in FY 2009 and self-evaluation thereof as well as plans and targets for the following fiscal year are disclosed for each key CSR activity to help readers understand the entire flow of the CSR activities. Among the evaluations from the local customers, there were many comments mentioning that the Company's environmental and social contribution activities as well as some of the various services provided to customers were not clear. I expect the Company to consider further information disclosure and communication in the future.

In addition, corporate governance is an essential management framework for the sustainable growth of a company. It would be better to explain that the Company is making efforts for the sustainable growth of the Company in combination with the promotion of CSR activities by clearly showing the relationship between corporate governance and the CSR Promotion Council.



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3. Being trusted as a member of society

The Company has set the development with local communities as a management vision. To develop with local communities, activities that develop a trusting relationship will be needed. In this sense, the Company described the activities such as compliance with corporate ethics, laws, and regulations and environmental management, which enables readers to understand the proactive actions of the Company. In addition, the Company has set up consultation services for inquiries from inside and outside the Company regarding corporate ethics and has organized its operational system. I hope that the problems revealed through this operation and how they were solved by preventive and corrective measures will be disclosed in detail.

4. For the trust from local communities, customers, and investors

The Company described the reliability of power supply focusing on energy security. The explanations on the fuels purchased from overseas for stable power supply, fair procurement policy, daily operations, and full electrification will contribute to improving the reliability of the Company. Management efforts made to improve management efficiency by controlling fuel prices and labor costs are also described, but I think it is better to delve into this subject a little deeper and include it in the information disclosed to shareholders and investors, thereby making up for the lack of such information which is less than the information about activities for other stakeholders. Introducing customers' comments would also help the Report become more vivid. Furthermore, showing information about the costs of CSR and environmental activities and their financial effects by using additional material such as figures would help customers and investors better understand the Company's efforts to strengthen its management infrastructure.

The Company's management vision is to develop with the local communities. It is necessary to gain understanding and trust from the stakeholders, mainly local customers, through CSR activities unique to the Company, strengthen the management infrastructure, and link these efforts to sustainable development. To do so, I expect the Company to continuously improve the Report so that everyone can understand the Company's CSR management.

* The Third-Party Comment does not contain opinions concerning the accuracy of the information included in this report.

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