

Corporate Governance

Basic Stance on Corporate Governance

Based on a corporate governance structure centered on the Board of Directors and the Board of Corporate Auditors, we work to strengthen management oversight functions by appointing highly independent external directors, while heightening the effectiveness of audits by fostering close cooperation between the corporate auditors and internal auditing bodies. Furthermore, we have clearly defined the oversight and executive roles of directors and executive officers, while striving to rigorously enforce compliance management. At the same time, we have developed a basic policy on the formation of a system to ensure proper business operations (basic internal control policy), as we strive to continuously improve the internal control system.

In addition, after giving due consideration to the tenor of the Corporate Governance Code that went into force on June 1, 2015, we will further reinforce our corporate governance in the aim of ensuring sustainable growth and medium- to long-term increases in corporate value.

Board of Directors

In principle, the Board of Directors meets monthly or as otherwise necessary to decide on important corporate management matters and monitor implementation. In the fiscal year ended March 31, 2015, the Board of Directors met 18 times. In order to heighten the effectiveness of its oversight functions, the Board of Directors receives advice from

standpoints independent of the Company, such as by appointing external directors.

Moreover, the Corporate Management Committee, which is made up of the president, executive vice president, the senior managing executive officers, the managing executive officers and other members, considers matters requiring further discussion before the Board of Directors makes decisions and decides on important executive issues. In the fiscal year ended March 31, 2015, the committee met 41 times.

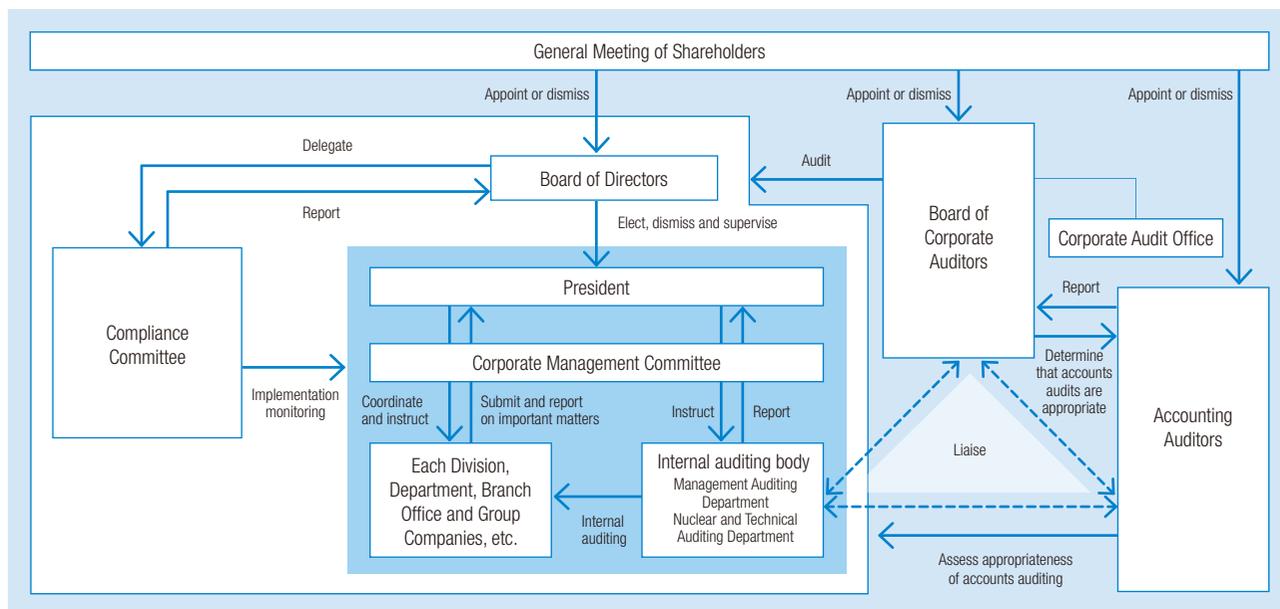
Furthermore, each division and branch office has an executive officer to accelerate decision-making and streamline operations.

Board of Corporate Auditors

In principle, the Board of Corporate Auditors meets monthly or as otherwise necessary to debate on and make resolutions about reports on important matters relating to audits stipulated in laws and ordinances and the articles of incorporation. In the fiscal year ended March 31, 2015, the Board of Corporate Auditors met 15 times. Corporate auditors attend important gatherings, including those of the Board of Directors. They conduct hearings for all divisions, consolidated subsidiaries, and other business units, and otherwise conduct overall audits of the work of directors and executive officers.

Furthermore, the Corporate Audit Office, which has 12 members, assists the corporate auditors as a specialist organizational body.

Corporate Governance Structure



External Directors and External Corporate Auditors

When appointing external directors or external corporate auditors, the Company refers to the Tokyo Stock Exchange's evaluation standards regarding the independence of directors and corporate auditors. Moreover, the Company has designated its two external director and three external corporate auditors as an independent director and independent corporate auditors, respectively, judging that these individuals will offer objective and neutral opinions about the Company's business based on their experience and insight.

The external director attends meetings of the Board of Directors and expresses an opinion as necessary on agenda items based on the individual's experience and insight. This external director also expresses opinions regarding management issues at meetings other than the Board of Directors such as the Corporate Management Committee.

The external corporate auditors attend meetings of the Board of Directors, where they offer opinions as necessary on agenda items based on their experience and insight. They also attend meetings of the Board of Corporate Auditors to help formulate audit plans, as well as receive reports from the accounting auditors and the internal auditing body regarding audit results.

Internal Auditing

We have set up an internal auditing body (Management Auditing Department, 22 staff members) that functions objectively, ensuring that operations are proper and helping to improve management efficiency. The division audits compliance and business operations at all divisions and branch offices.

Moreover, staff from a separate specialist internal auditing body (Nuclear and Technical Auditing Department, 11 staff members) audit the quality assurance systems in place to monitor safety initiatives at nuclear and thermal power stations and other important facilities, and the status of operations based on these.

Accounting Auditors

The certified public accountants that audited the Company's accounts belong to Deloitte Touche Tohmatsu LLC.

The internal auditing body, corporate auditors and accounting auditors work to improve and enhance audit functions through close cooperation on formulating audit plans and reporting audit results.

Financial Reporting

The Company properly operates internal controls governing financial reporting and establishes systems to make corrections as necessary. At the same time, the Company's Financial Reporting Disclosure Committee, which is chaired by the president and consists of management executives, works to ensure the appropriateness of financial reporting.

Information Management

The Company properly stores and manages documents stipulated by laws and regulations such as minutes of Board of Directors meetings, as well as other documents concerning important decision-making matters. To this end, the Company assigns responsibility for document management to appropriate departments based on internal rules. At the same time, the Company works to ensure the security of information concerning the execution of duties as necessary, based on basic policies and rules concerning information security.

Risk Management

Based on our risk management rules, we identify, categorize and assess risks, clarifying material Company-wide and business threats. Each division and business office produces contingency plans to manage clear general and specific risks.

Furthermore, we have established rules for a response structure and procedures to quickly and properly address situations where the materialization of a risk may lead to an emergency, loss of public trust, or other situations that could have a significant impact on Company operations and society. This includes enhancing and strengthening our crisis management system to minimize the impact on the Company and society. We also regularly conduct drills.

With regard to risks that relate to multiple departments and risks for which concerns of materializing are high, we share information among related departments, clarify response structures and address these risks appropriately.

For nuclear power in particular, we take external knowledge and opinions into consideration as we work to identify a broad range of risks and address them thoroughly and on an ongoing basis.

In addition, we hold a Risk and Crisis Management Countermeasures Meeting that prepares all possible responses to a crisis, comprising both prevention countermeasures to be implemented in advance and also responses for when a crisis actually occurs. If a crisis does occur, the meeting also mobilizes company-wide functions and capabilities to implement an appropriate response.