



# Tohoku Electric Power Group's Medium- to Long-Term Vision

## **Toward the building of a smart society, we will transform our business model and aim for sustainable growth.**

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Since its founding in 1951, the Tohoku Electric Power Group has been striving to contribute to the development of the six prefectures of Tohoku and Niigata Prefecture. We have been doing so through stable, eco-friendly supply of reasonably-priced power on the premise of safety, with our basic principle: “No prosperity of Tohoku, no development of our group.”

However, the business environment surrounding our group is at a major turning point due to some factors, including intensified competition caused by full liberalization of the electricity retail market in April 2016, the spin-off of our transmission and distribution division into a separate company scheduled in April 2020, and recent changes in the power supply and demand structure caused by the spreading use of renewable energy and digitalization. Additionally, the six prefectures of Tohoku and Niigata Prefecture, where we have our base of operations, are facing a significant change in the social structure. Depopulation, birthrate decline, and population aging are accelerating faster than in the rest of Japan. A lot of social issues are expected to emerge in various fields, including transportation, education, and welfare.

In this era of rapid change, our group needs to fundamentally reform and proactively meet challenges. Otherwise, we will not be able to keep fulfilling our *raison d'être* or growing with society.

Out of such a strong sense of crisis, our group has developed the **Tohoku Electric Power Group's Medium- to Long-Term Vision**. It states what we want to be in the 2030s: **“a business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society.”**

We will grasp diversifying social issues from a broad perspective, **go beyond the conventional framework of the electric power business, and work toward the building of a smart society (Society 5.0)**. Amid the significant changes in the power supply and demand structure, **we will keep supplying power mainly to the six prefectures of Tohoku and Niigata Prefecture and aim for both society's continued development and our own growth**. For that purpose, we will promote **structural reforms in our power supply business** and **challenge ourselves to transform our business model and venture into businesses that aim to build a smart society**.

To fulfill the Tohoku Electric Power Group's Medium- to Long-Term Vision, we will return to the purpose of our founding and tailor it to suit the new era. With a strong recognition that now is the time for us to be born again, we will open up a new era by creating value distinctive of the Tohoku Electric Power Group, which works alongside our customers and local communities. We are grateful to our stakeholders for their continued support.

# Table of Contents

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1.	Overview of the Tohoku Electric Power Group’s Medium- to Long-Term Vision	... p. 3
2.	Changes in Our Business Environment—Major Shifts in Society and the Power Supply and Demand Structure	... p. 4
3.	Tohoku Electric Power Group’s Strengths	... p. 5
4.	What We Want to Be in the 2030s	... p. 6
5.	Strategy for Becoming What We Want to Be—Smart-Society Building Business	... p. 7
6.	Strategy for Becoming What We Want to Be—Power Supply Business to Build a Smart Society	... p. 8
7.	Policies to Follow in the Time of Business Model Transformation—Highlights of Fiscal 2020 Tohoku Electric Power Group’s Medium-Term Plan	... p. 9
	Highlight 1: “Change” Thorough enhancement of our competitiveness through drastic reforms in our power supply business	
	Highlight 2: “Challenge” Attempt to promptly make our smart-society building business profitable	
	Highlight 3: “Create” Evolution of our management base, which supports the creation of our corporate value	
8.	Quantitative Targets (Financial Goals)	... p. 18
9.	Promotion of ESG Management	... p. 19
10.	Tohoku Electric Power Group’s Management Philosophy and Slogan	... p. 20
11.	Demonstration of Tohoku Electric Power Group’s Collective Strengths	... p. 21

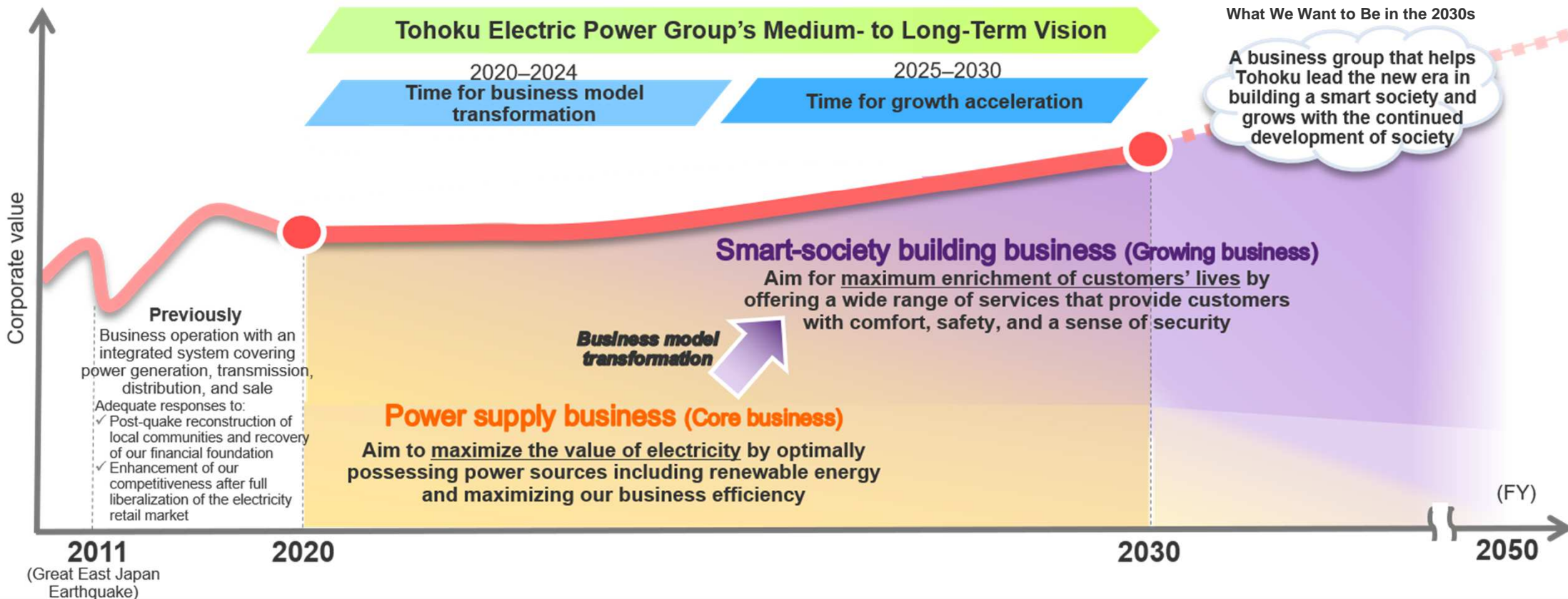
# 1. Overview of the Tohoku Electric Power Group's Medium- to Long-Term Vision

- The business environment surrounding our group is at a major turning point for society and the power supply and demand structure. We need to actively promote reforms and proactively meet challenges. Otherwise, it will be difficult for us to keep fulfilling our raison d'être and growing with society.
- Out of this strong sense of crisis, our group will aim to become in the 2030s **a business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society**. We will also keep supplying power mainly to the six prefectures of Tohoku and Niigata Prefecture and, through the business that aims to build a smart society (Society 5.0\*), we will achieve both society's continued development and our own growth.
- We will **thoroughly enhance our competitiveness through structural reforms in our power supply business**, which is our core business, thereby securing stable profits. We will also **venture into smart-society building business and strategically devote our management resources** to this growing business, thereby **transforming our business model significantly**. We will particularly consider **the next five years (fiscal 2020–2024) as the time for business model transformation**. During these years, we will promote activities to become what we want to be in the 2030s, accelerating our growth in fiscal 2025–2030.

\* A human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space

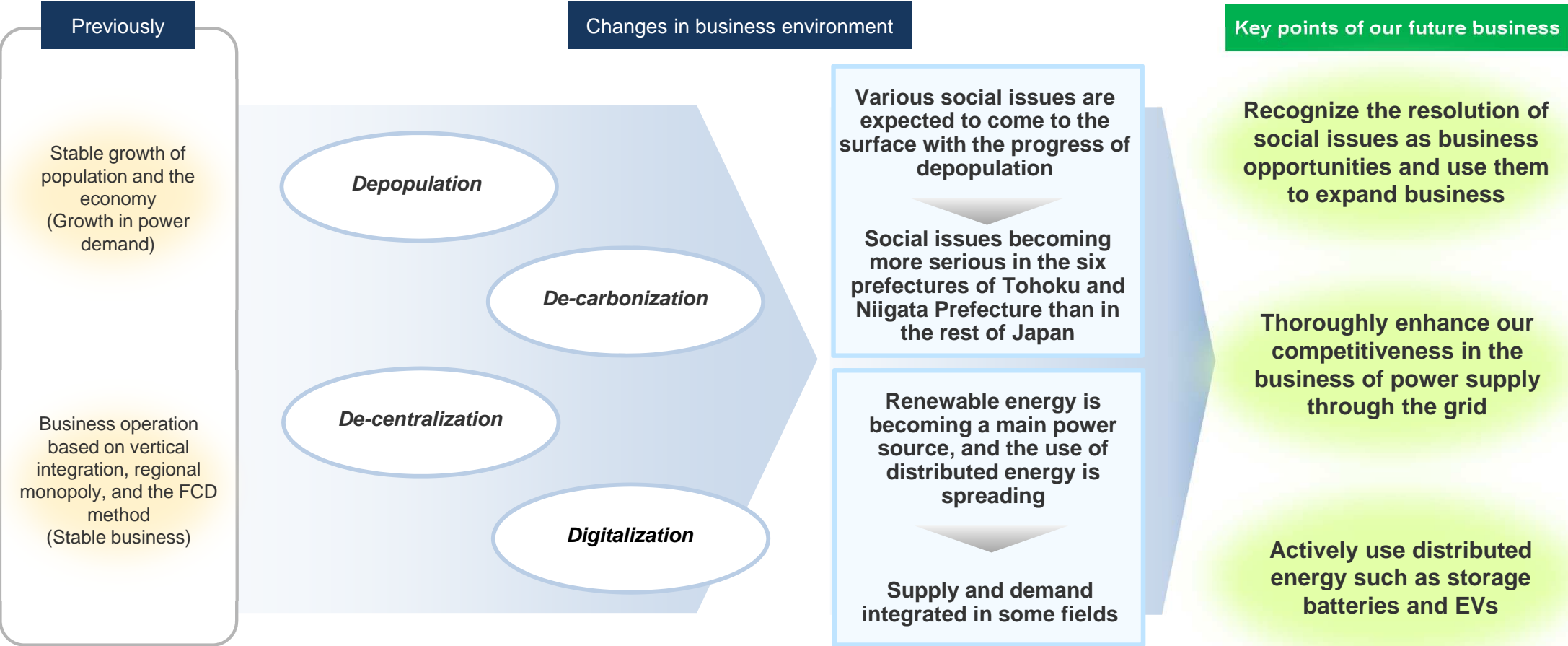
What We Want to Be in the 2030s

A business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society



## 2. Changes in Our Business Environment —Major Shifts in Society and the Power Supply and Demand Structure

- In the six prefectures of Tohoku and Niigata Prefecture, where our group has our base of operations, **social issues** are expected to **come to the surface in various fields with the progress of depopulation, birthrate decline, and population aging**. Moreover, in the energy industry, in addition to intensified competition due to full liberalization of the electricity retail market, **progress in de-carbonization, de-centralization, and digitalization is changing the power supply and demand structure**. If we stick to our conventional business model, we will possibly be unable to respond to these changes or grow continuously.
- To promote reforms, proactively meet challenges, and keep growing with local communities in this major turning point of society and the power supply and demand structure, we will conduct business while focusing on three key points: **(1) business expansion with the recognition of the resolution of social issues as business opportunities, (2) thorough enhancement of our competitiveness in the business of power supply through the grid, and (3) active utilization of distributed energy**.



### 3. Tohoku Electric Power Group's Strengths

- Our group has two major strengths: (1) we have technologies and know-how in the electric power business = **we are professionals in electric power** and (2) we have a broad connection with local communities (mainly in the six prefectures of Tohoku and Niigata Prefecture), where our customer base is = **we have close ties with local communities**.
- We will continue to strive for our stakeholders' trust by responding to their expectations and providing them with value. Based on this trust, **we will further reinforce our strengths in order to adapt to changes in society and the power supply and demand structure, thereby aiming for continued growth**.

#### 1 Professionals in electric power

- Excellent human resources and a sense of mission that support stable power supply
- Power plant operation technology and the world's highest level of technology in high-efficiency thermal power generation
- Power grid operation and control technologies
- Survived the Great East Japan Earthquake and gained experience in post-disaster restoration
- Potential for renewable energy development in the six prefectures of Tohoku and Niigata Prefecture



#### 2 Close ties with local communities

- Possession of a customer base, business units, and electric power infrastructure mainly in the six prefectures of Tohoku and Niigata Prefecture
- Connections with local municipalities and economic associations in the six prefectures of Tohoku and Niigata Prefecture
- Local contribution activities in the six prefectures of Tohoku and Niigata Prefecture

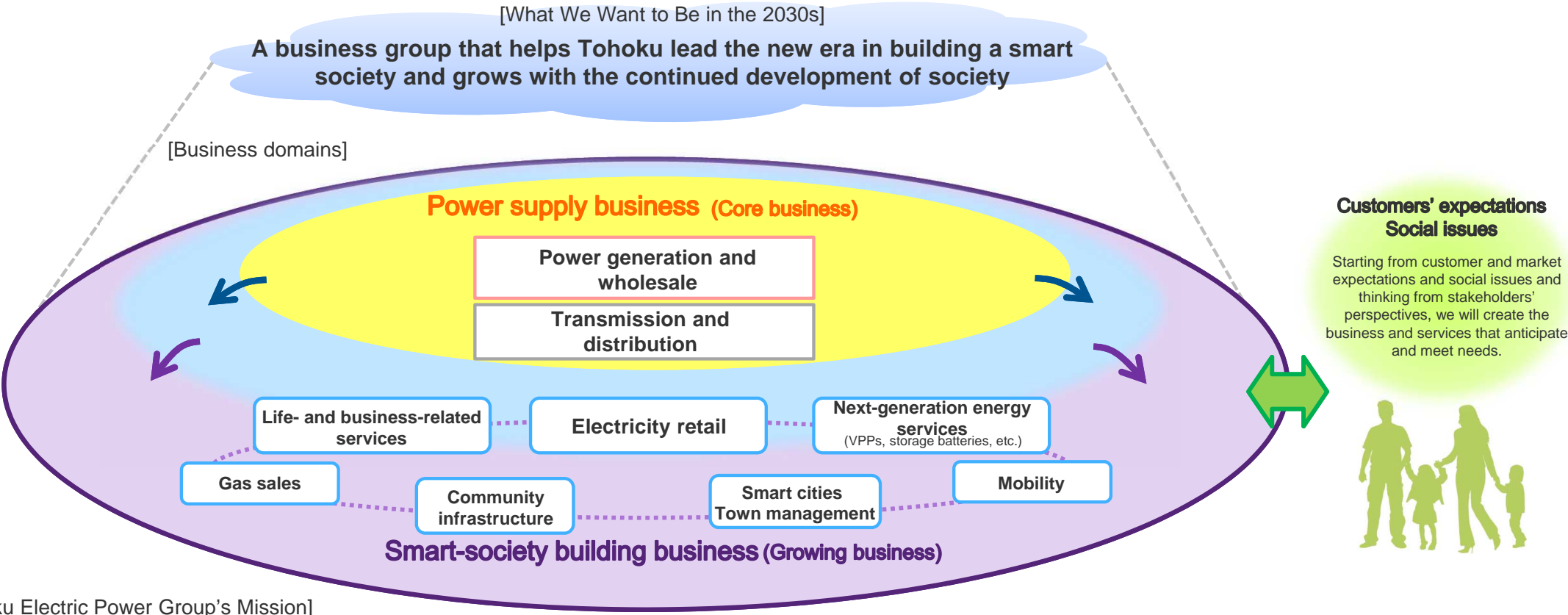


#### Our stakeholders' trust in us

Trust from stakeholders, including customers and local residents, is the foundation of our business. We will continue to strive to maintain their trust by working alongside them and to grow the trust as a brand of the Tohoku Electric Power Group.

# 4. What We Want to Be in the 2030s

- To survive this major turning point for society and the power supply and demand structure, our group will aim to be in the 2030s **a business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society**. We will also keep supplying power mainly to the six prefectures of Tohoku and Niigata Prefecture and, through the business that aims to build a smart society (Society 5.0), we will achieve both society's continued development and our own growth.
- We will **thoroughly enhance our competitiveness through structural reforms in our power supply business**, which is our core business, thereby securing stable profits. We will also **venture into smart-society building business and strategically devote our management resources** to this growing business, thereby **transforming our business model significantly**.



[Tohoku Electric Power Group's Mission]

(Previously)  
 To contribute to the development of the six prefectures of Tohoku and Niigata Prefecture through stable, eco-friendly supply of reasonably-priced power on the premise of safety



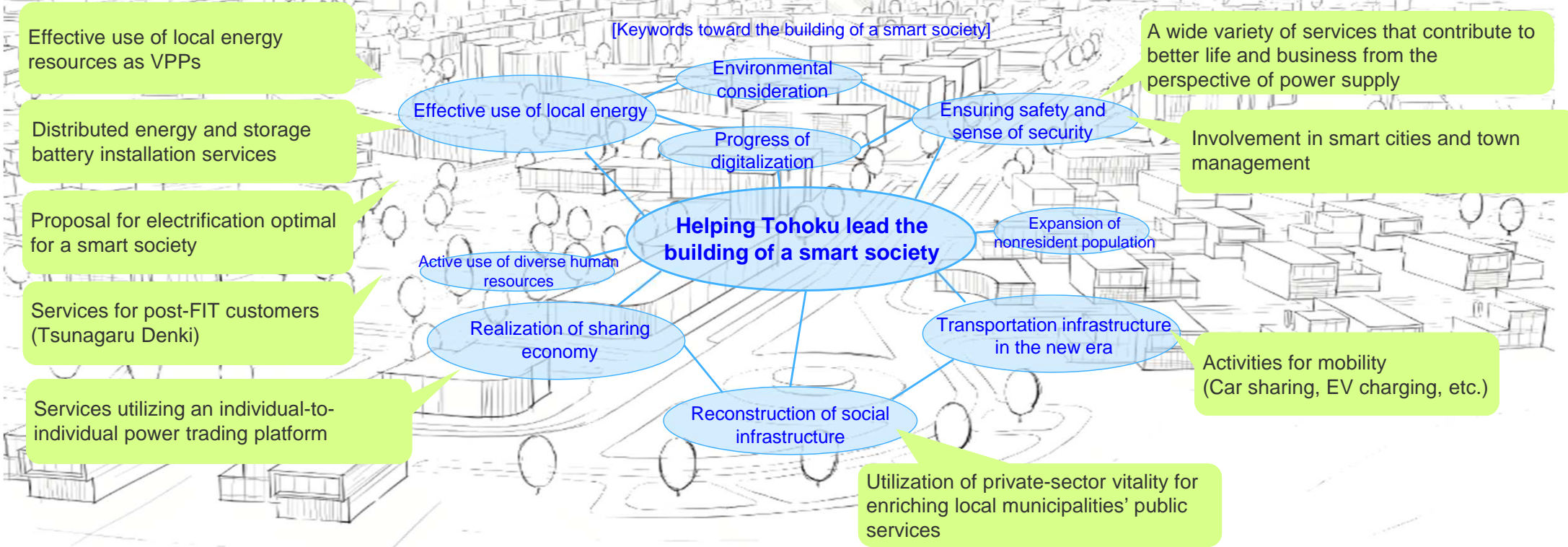
(From now on)  
**In addition to working on the previous mission, we remain a leading company in terms of energy (grid power + distributed energy) in the six prefectures of Tohoku and Niigata Prefecture, conduct business that contributes to the maximum enrichment of customers' lives and the solution of social issues, and lead the building of a smart society from Tohoku.**

# 5. Strategy for Becoming What We Want to Be —Smart-Society Building Business

- In a smart society (Society 5.0), local residents can have a comfortable, safe, and secure living space without recognizing individual services separately. Our smart-society building business will provide new value that contributes to the building of a smart society. We will consider this business as a growing business and challenge ourselves to transform our business model, aiming for maximum enrichment of customers' lives.
- To be more specific, from the perspective of power supply, we will provide a total package of services that cover multiple levels, including life- and business-related services; next-generation energy services such as VPPs (virtual power plants) and storage batteries; mobility; and infrastructure.
- In conducting the smart-society building business, we will make full use of our group's strengths, **actively promote digital innovation, and cooperate and collaborate with a wide range of partners**, thereby **creating new value for customers**.

Our group's strengths × Digital innovation and collaboration with various partners = Create new value that contributes to the building of a smart society

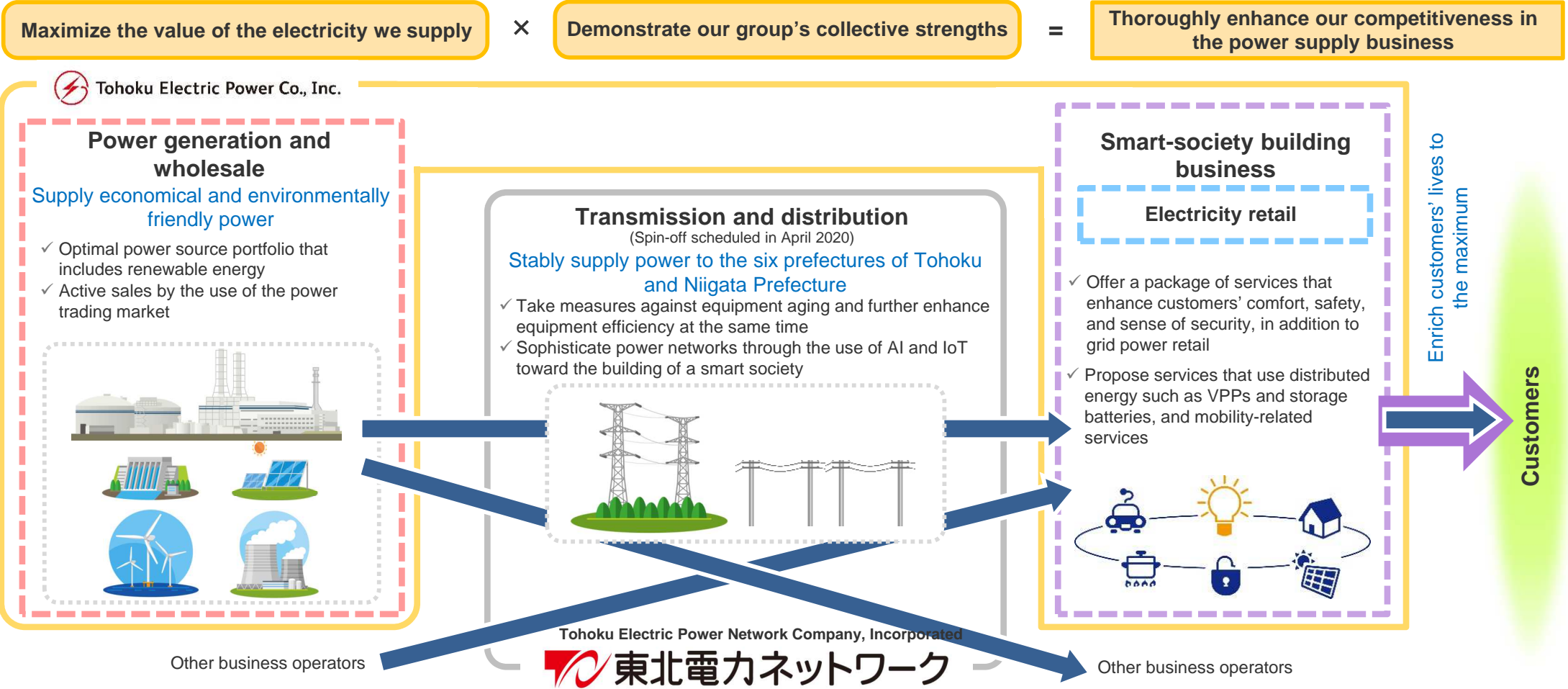
[Service examples]





# 6. Strategy for Becoming What We Want to Be —Power Supply Business to Build a Smart Society

- Power supply is our core business, and we need to secure stable profits from it in the face of changes in our business environment, including power trading marketization and the spin-off of our transmission and distribution division into a separate company. For that purpose, **our power generation and wholesale division and the transmission and distribution division will maximize their business efficiency**, and we will aim to **maximize the value of the electricity we supply, while striving to achieve stable supply, economic efficiency, and environmental friendliness at the same time on the premise of secured safety**. Through such efforts, we will also contribute to the building of a smart society (Society 5.0).
- As for **electricity retail**, we will **transform our business model into a smart-society building business that offers services that enhance customers’ comfort, safety, and sense of security in addition to maintaining our grid power retail business**, while making full use of the strengths of our customer base in the six prefectures of Tohoku and Niigata Prefecture. In this way, we will aim for **maximum enrichment of customers’ lives**.



## 7. Policies to Follow in the Time for Business Model Transformation —Highlights of Fiscal 2020 Tohoku Electric Power Group's Medium-Term Plan

■ To become what we want to be in the 2030s as stated in the Tohoku Electric Power Group's Medium- to Long-Term Vision, we will particularly consider **the next five years (fiscal 2020–2024) as the time for business model transformation** and conduct business based on three

### Highlights of Fiscal 2020 Tohoku Electric Power Group's Medium-Term Plan

With three Cs (Change, Challenge, Create) as core pillars, we will **promptly make our smart-society building business profitable** while promoting **structural reforms in our power supply business**, freeing ourselves from the conventional way of thinking and actions based on the FCD method and transforming our business model.

#### Highlight 1: “Change” Thorough enhancement of our competitiveness through drastic reforms in our power supply business

Promoting structural reforms in our power supply business in every field to maximize business efficiency and the value of electricity

[Power generation and wholesale]

Restarting our nuclear power stations promptly, promoting the development of Joetsu Thermal Power Unit 1, and expanding the development of renewable energy

Optimizing our supply chain by using trading functions and actively selling power through the power trading market

[Transmission and distribution]

Sophisticating our power networks toward stable supply, autonomous management, further efficiency, and the building of a smart society

#### Highlight 2: “Challenge” Attempt to promptly make our smart-society building business profitable

Meeting the challenge of shifting to a business offering a variety of services from the perspective of power supply in order to enrich customers' lives to the maximum

Thoroughly enhancing our competitiveness in electricity retail by expanding our marketing function, while demonstrating our comprehensive strengths through cooperation between our group companies

Proposing electrification for a smart life; offering services that enhance customers' comfort, safety, and sense of security; and expanding our gas sales revenue

Commercializing next-generation energy services including VPPs and venturing into new fields including mobility and the resolution of local issues

#### Highlight 3: “Create” Evolution of our management base, which supports the creation of our corporate value

Reinforcing our ability to create corporate value in order to maximize our corporate value, while giving importance to ESG and using our management resources effectively

Promoting environmental management, establishing a corporate culture that puts safety first, and strengthening our resilience

Accelerating our work-style reform, promoting diversity, and all the group company employees' putting “Yori, Sou, Chikara (the Strength to Work Alongside)” into practice

Strengthening our business creation function, shifting our management resources to growing businesses, reinforcing our corporate governance, and promoting our corporate compliance

Note: The contents of this section (pp. 9–17) will be reviewed flexibly based on changes in our business environment.

**Power generation and wholesale**

We will aim to maximize the value of the electricity we supply, through an optimal portfolio of power sources that are economical and environmentally friendly, including renewable energy, and through active sales through the power trading market.

**Nuclear power generation**

- ✓ On the premise of secured safety, we will aim for the **prompt restart of Onagawa Nuclear Power Unit 2** with the local community’s understanding.
- ✓ We will aim for the **prompt restart of Higashidori Nuclear Power Unit 1 and Onagawa Nuclear Power Unit 3, too**, while appropriately addressing various issues.
- ✓ We will steadily work on the decommissioning of Onagawa Nuclear Power Unit 1 with safety as the first priority.

**Thermal power generation**

- ✓ **In addition to steadily promoting the development of Joetsu Thermal Power Unit 1, which aims for the world’s highest level of thermal efficiency**, we will consider and implement **non-operation or decommissioning of aging thermal power stations** that are not so economical or environmentally friendly. Also, we will further enhance competitiveness of our power sources and respond to changes in supply and demand caused by the spreading use of renewable energy.
- ✓ We will accelerate the **sophistication and streamlining of power plant operation**, for example, through automated equipment monitoring with drones and AI technology, and we will aim to apply this move to other industries.

**Fuel procurement**

- ✓ We will **deepen our efforts to reduce fuel costs and ensure fuel procurement flexibility**, such as diversification of procurement methods in response to changes in the market structure in terms of fuel procurement.
- ✓ While **making maximum use of trading functions** in the market, we will promote efforts to **optimize our supply chain ranging from fuel and power source procurement to power generation and sales**.



Onagawa Nuclear Power Station, where construction for safety measures is under way



Joetsu Thermal Power Unit 1, which aims for the world’s highest level of thermal efficiency of 63% or more  
(Commercial operation planned to start in June 2023)



Procurement of natural gas, including shale gas, from the U.S.  
Cameron LNG project  
(Procurement vessel Diamond Gas Sakura)

### Power generation and wholesale

#### Renewable energy

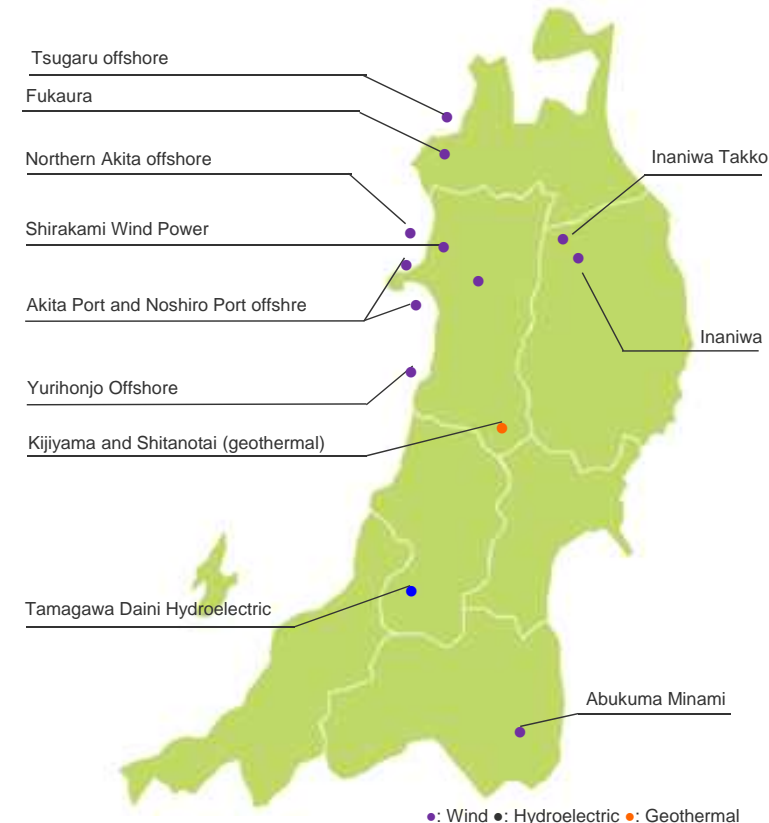
- ✓ Our group has been working on the efficient use of renewable energy found in abundance in the six prefectures of Tohoku and Niigata Prefecture. For example, we have Japan's largest geothermal power generation facilities (accounting for about 45% of the total generatig capacity of Japan) and 227 hydroelectric power generation facilities.\*1
- ✓ Considering renewable energy as a power source that will play a part in our future power source portfolio, we aim to become a responsible business entity dealing with renewable energy in the six prefectures of Tohoku and Niigata Prefecture. Having wind power generation at the core and covering hydroelectric, photovoltaic, geothermal, and biomass power generation, we will utilize the know-how our group has acquired and work on new development and business projects. Aiming for **2,000 MW mainly in the six prefectures of Tohoku and Niigata Prefecture**, we will preferentially devote our management resources to the effort.
- ✓ We will become involved in the entire life cycle of renewable energy and will also consider conducting **operation and maintenance (O&M<sup>2</sup>) business and power source replacement business**.

\*1 As of February 2020

\*2 O&M (operation and maintenance) refers to the operation management and maintenance of power generation facilities.

#### Overseas projects

- ✓ We will steadily work on the following projects we are financing and participating in toward commercial operation and stable operation: the Rantau Dedap geothermal power generation project in Indonesia and the Nghi Son 2 coal-fired power generation project in Vietnam.
- ✓ We will fully apply the know-how and human networks we have acquired in our previous overseas power generation projects to our future efforts to develop renewable energy, participate in renewable energy projects, and build a smart society.



Major sites where our group is developing renewable energy or involved in renewable energy projects (including surveys of potential development) (As of February 2020)



Rantau Dedap geothermal power generation project, scheduled to start commercial operation in the second half of 2020 for which construction is currently under way.

## Highlight 1: “Change”

# Thorough enhancement of our competitiveness through drastic reforms in our power supply business

### Power generation and wholesale

#### Electricity wholesale

- ✓ Amid the advance in marketization of power trading, an example of which is the establishment of a new power trading market, we will **actively promote wholesale sales to Synergia Power Co., Ltd. and Tokyu Power Supply Co., Ltd. and trade in the market** in order to maximize the value of the electricity we generate and increase our profits.
- ✓ We will **consider and promote services that contribute to an increase in the added value of electricity wholesale, while making maximum use of trading functions** in the market.

### Transmission and distribution



Our transmission and distribution division will be spun off into Tohoku Electric Power Network Company, Incorporated in April 2020.

#### Stable supply

- ✓ To continue to fulfill our mission of stable power supply in the six prefectures of Tohoku and Niigata Prefecture, we will **strengthen our resilience, including our ability to handle natural disasters**.

#### Autonomous management and further efficiency

- ✓ Tohoku Electric Power Network Company, Incorporated, will conduct its business operations in a way that ensures neutrality and fairness based on laws, regulations, and guidelines.
- ✓ We will **take measures against the aging of power transmission and distribution facilities and thoroughly reduce costs at the same time through the use of AI and IoT, unification of facility specifications, and joint procurement**.

#### Power network sophistication for building a smart society

- ✓ Amid the advance in the introduction of renewable energy and the spread of distributed energy, we will **think about how to form effective facilities and consider performing grid operations that adapt to changes in supply and demand**. We will **sophisticate our power networks to build a smart society**.
- ✓ We will **consider and conduct new business that utilizes power transmission and distribution facilities and smart meter data**.



Power restoration support after an outage caused by Typhoon No. 15 (September 2019)



Operation of a smart glass system to improve the quality and efficiency of substation operation and maintenance

Smart-society building business

We will thoroughly enhance our competitiveness in electricity retail by expanding our marketing function, while demonstrating our comprehensive strengths through cooperation between our group companies. We will also introduce various services and activities that will contribute to the enrichment of customers’ lives and the solution of social issues and strive to create new value promptly and transform our business model.

Services that enhance customers’ comfort, safety, and sense of security

- ✓ We have made it our sales division’s mission to **offer services that enhance customers’ comfort, safety, and sense of security from the perspective of power supply and help customers enrich their lives to the maximum.** We will aim to **enhance both customer satisfaction and our profitability** by expanding services that feature customers’ stages of life and business needs and **offering energy and services as a total package.**
- ✓ For households, we will propose **electrification for a smart life** under the “**Yori, Sou, Chikara + ONE**” brand and **accelerate the expansion of life support services** by promoting the development of services that utilize AI, IoT, and big data.
- ✓ For corporate customers, we will **expand our energy solutions,** including our own energy management system “exEMS,” and also offer **services that go deeper into customer facilities.**
- ✓ We will **build a system that enables agile service launches** and will also actively promote cooperation and collaboration with a wide range of partners to expand our services.

Gas sales

- ✓ We will expand our gas sales revenue by proposing package deals of electricity and gas and offering total energy solutions in **cooperation with town gas operators** in the six prefectures of Tohoku and Niigata Prefecture.

より、そう、ちから。

Tohoku Electric Power's comprehensive life support services **+ONE**

Life support service

**マカプ コンシェルジュ**

- Child location service “Yorisou Kokocchi”



- Local events and special deals “Ode Café”



- Helping customers with electrification “Kokodenka”



- Life support service provided through a communication robot “BOCCO”



- Health consultation service

Life support services for households “Makapuu Concierge”



LNG shipping facility at Shinsendai Thermal Power Station

## Highlight 2: “Challenge”

# Attempt to promptly make our smart-society building business profitable

### Smart-society building business

#### Commercialization of VPPs

- ✓ From the perspective of solving local issues and improving customer convenience, we will make maximum use of local energy resources, including photovoltaic power generation facilities, storage batteries, and EVs, and we will aim to **promptly commercialize VPP services, which strengthen local communities’ disaster control capabilities and help customers save energy and costs.**

#### Offering of distributed energy-related services

- ✓ From the viewpoints of promoting renewable energy introduction in local communities and helping customers save energy and costs, we will aim to **promptly commercialize services of offering distributed energy to customers and installing storage batteries.**
- ✓ We will **provide services for customers having household photovoltaic power generation facilities for which the feed-in tariff (FIT) scheme is expiring,** thereby encouraging wise use of electricity at home and energy utilization across local communities.

#### Activities for mobility

- ✓ In addition to conducting a V2G (vehicle-to-grid\*) demonstration project, we will consider and develop **mobility services that contribute to solving local issues,** including EV charging infrastructure and car sharing.
- \* Refers to a charging and discharging technology that uses EV storage batteries connected to a power grid.

#### Involvement in smart cities and town management

- ✓ We will become involved in local smart cities and town management while utilizing technologies such as distributed energy and VPPs, **thereby contributing to the creation of economical, environmentally friendly, and disaster-resistant communities.**

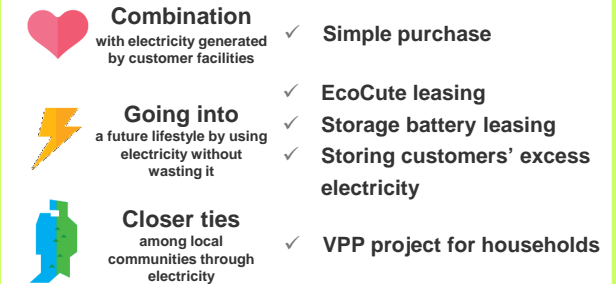
#### Services that contribute to solving local issues

- ✓ Regarding public services from local municipalities, we will consider **providing value distinctive of the Tohoku Electric Power Group in order to contribute to solving local issues.**

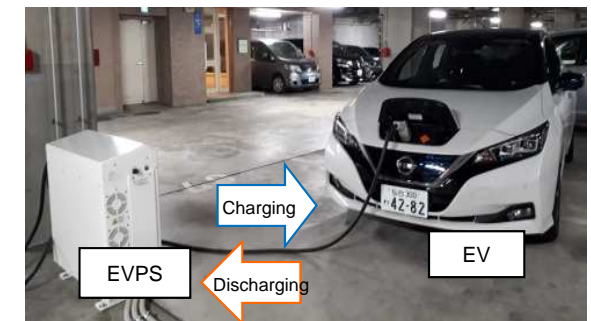


Strategic cooperation with Next Kraftwerke (Germany), one of the world's largest VPP operators

### Tsunagaru Denki



The lineup of “Tsunagaru Denki” services for post-FIT customers



V2G demonstration project in cooperation with Nissan Motor Corporation, Mitsui & Co., Ltd., and Mitsubishi Estate Co., Ltd.

We will promote the evolution of our management base while focusing on the environment, social, and governance.

### The environment

#### Promotion of environmental management

- ✓ Based on the Tohoku Electric Power Group’s Environmental Policies, our group companies will operate as one and we will **steadily promote corporate value improvement and environmental conservation activities through our efforts related to the environment.**

#### Efforts to mitigate and adapt to climate change

- ✓ We are a member of the Electric Power Council for a Low Carbon Society. Based on the Action Plan for a Low Carbon Society, which aims for a CO2 emission factor of about 0.37 kg-CO2/kWh in FY2030 for the entire electric power industry, we will work on both climate change mitigation with lower-carbon power sources and adaptation to climate change from the long-term perspective.

#### Active disclosure of environmental information

- ✓ We will actively disclose environmental information based on the final report of the Task Force on Climate-related Financial Disclosures (TCFD). Through strengthened communication with our stakeholders, we will sustainably enhance our corporate value and earn their trust in us.

### Social

#### Establishing a corporate culture that puts safety first

- ✓ Our group companies will follow the Tohoku Electric Power Group’s Safety and Security Policies as our daily routine and work together as one to **establish a corporate culture that puts safety first.**

#### Strengthening our resilience

- ✓ Amid diversifying risks including natural disasters and cyberattacks, we will improve our ability to handle such risks and will **strengthen our resilience** through daily training, so that we can prevent crises and minimize damage in times of crisis.



Training in cooperation with the Self-Defense Forces to enhance our ability to handle natural disasters



Social

Solving social issues through collaboration with local residents

- ✓ Based on the “Machizukuri Genkijuku” town revitalization project and the Tohoku and Niigata Revitalization Support Program, we will work with local residents to solve social issues and revitalize local communities, thereby promoting the building of a smart society.

Accelerating our “Mina, Osu, Chikara” work-style reform

- ✓ By supporting various work styles, developing an environment for ICT, promoting digital innovation, streamlining tasks, and reviewing in-house rules, we will accelerate our work-style reform and achieve both higher productivity and a good work-life balance.

Promoting diversity

- ✓ In order to enhance our response to diversifying customer needs and continue growing our company, we will create a workplace where diverse human resources can demonstrate their abilities to the maximum, regardless of gender, age, job responsibilities, or disabilities.

Health-oriented management

- ✓ We will formulate a Basic Policy for Health Promotion, promote both the physical and mental health of each of our employees, and revitalize our organization by increasing their vitality.

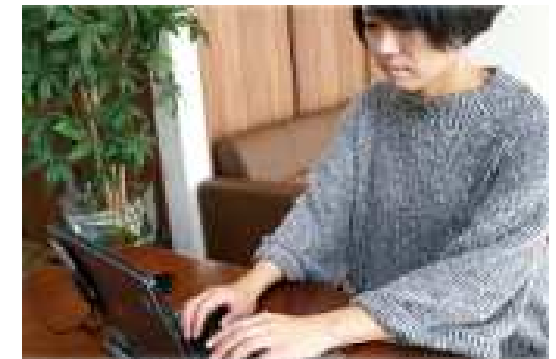
Governance

All the group company employees’ putting “Yori, Sou, Chikara (the Strength to Work Alongside)” into practice

- ✓ As a foundation for becoming what we want to be, all employees of our corporate group will understand the thoughts contained in the group slogan “Yori, Sou, Chikara (the Strength to Work Alongside)” and work alongside our customers and local communities on a daily basis.



“Machizukuri Genkijuku” supports organizations that work on solving local issues



Expansion of our telecommuting system and other efforts to promote a variety of work styles



Diversity management training for managers

Governance

**Strengthening our business creation function toward the building of a smart society**

- ✓ In conjunction with **the corporate reorganization scheduled in July 2020**, we will **establish and strengthen a business creation division** to promptly achieve the Tohoku Electric Power Group’s Medium- to Long-Term Vision.
- ✓ From the viewpoint of agile business promotion, we will **consider the division, eyeing the possibility of spinning it off into a separate company from Tohoku Electric Power.**

**Further promoting group management**

- ✓ We will **build even stronger relationships between Tohoku Electric Power and its group companies**, demonstrate the Group’s overall strengths, and enhance its competitiveness.

**Directing management resources to growing businesses**

- ✓ To achieve business model transformation, we will **strategically devote our management resources to growing businesses.**

**Securing and developing human resources who can realize innovative changes**

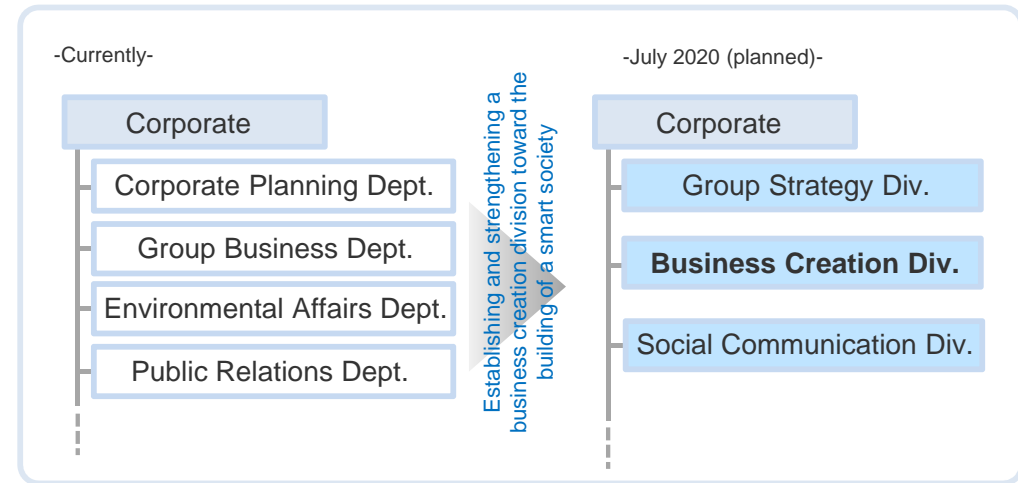
- ✓ To secure human resources who can meet the challenge of tackling structural reforms in our power supply business and commercialize a smart-society building business, we will promote diversification of new hires and expand in-house education to foster leaders who will promote innovative changes.

**Strengthening our corporate governance**

- ✓ Toward our continued growth and the medium- to long-term enhancement of our corporate value, we will continue to strengthen our corporate governance to enhance our management agility, soundness, and transparency.

**Promoting our corporate compliance**

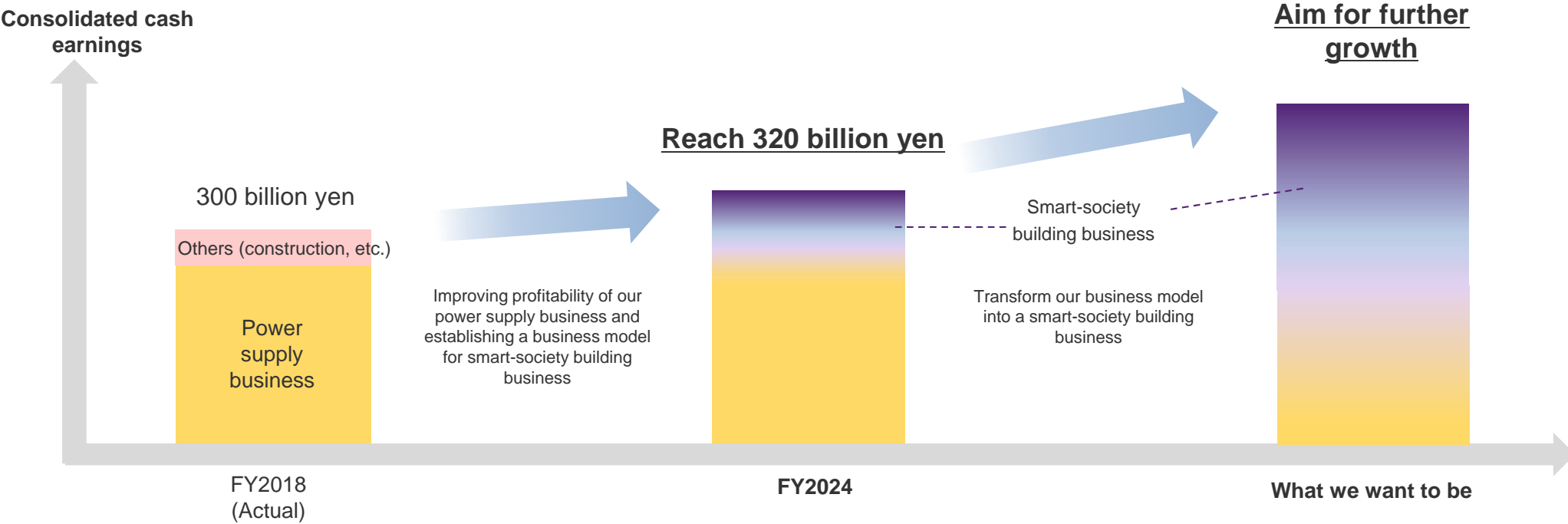
- ✓ With the basic stance of “notice, report, and correct any violation” and based on the Tohoku Electric Power Group Action Policies for Compliance with Business Ethics and Applicable Laws and Regulations, each group company will formulate an Action Plan for Compliance with Business Ethics and Applicable Laws and Regulations and ensure strict self-discipline, and the whole group will increase the effectiveness of its compliance.



Corporate reorganization overview

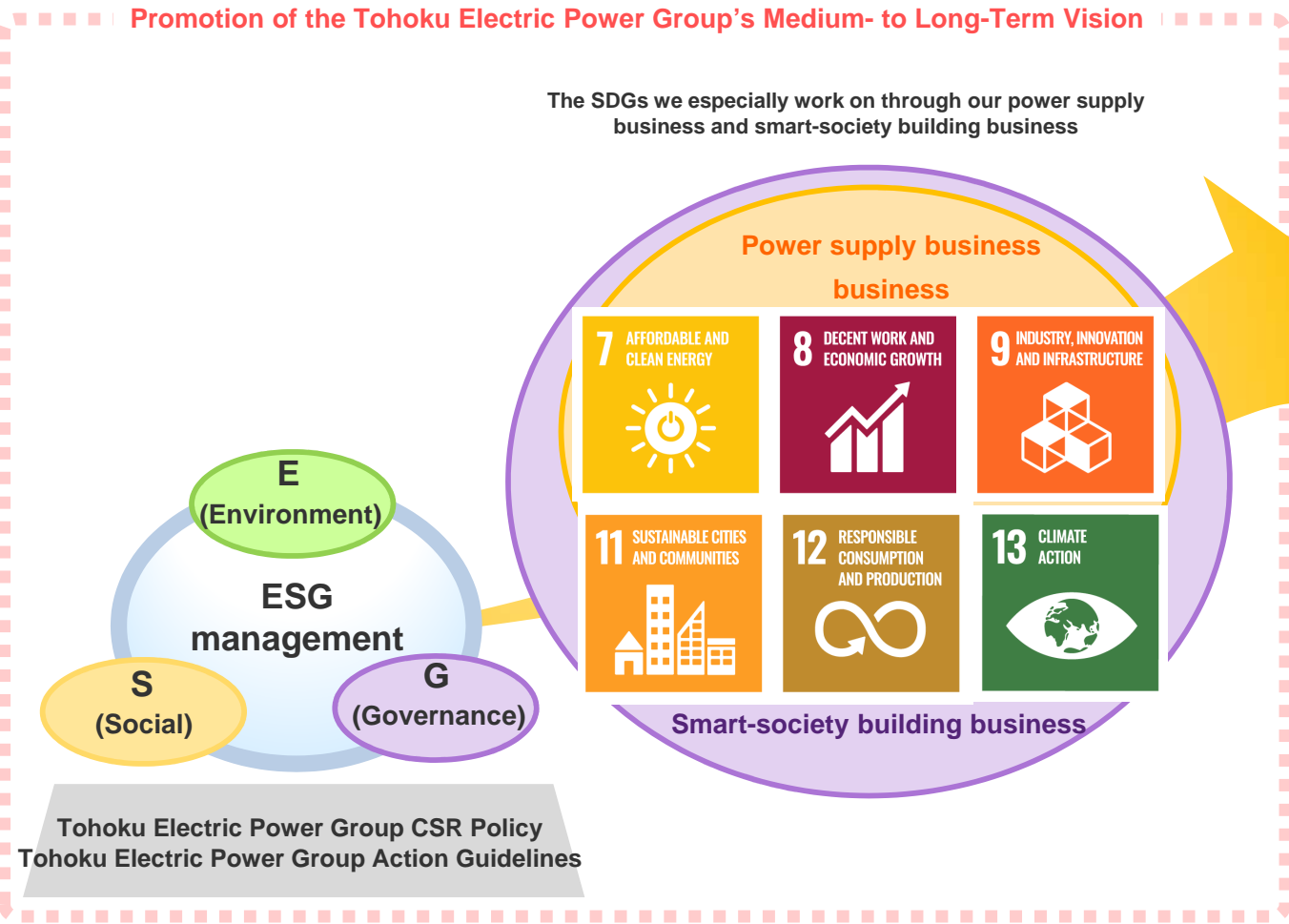
# 8. Quantitative Targets (Financial Goals)

- With the top priority given to the recovery of our financial strength damaged by the 2011 earthquake, we have worked hard to reach our target of equity ratio (consolidated) and achieved certain results.
- Our group will thoroughly enhance our competitiveness through structural reforms in our power supply business, which is our core business, thereby securing stable profits. We will also venture into smart-society building business and strategically devote our management resources to this growing business, thereby transforming our business model significantly.
- For a higher cash generation capacity, which we need to achieve business model transformation, we will set a financial goal for consolidated cash earnings (calculated as operating profit + depreciation + nuclear fuel impairment + equity in net income of affiliates). We will aim to **reach consolidated cash earnings of 320 billion yen in fiscal 2024, build a base of cash generation capacity that is sustainable over the long term**, and further grow in the future. We will also steadily return profit to a wide variety of stakeholders.



# 9. Promotion of ESG management

Based on the Tohoku Electric Power Group CSR Policy and the Tohoku Electric Power Group Action Guidelines, the Group will give importance to the environment, social, and governance and promote activities in accordance with the Tohoku Electric Power Group's Medium- to Long-Term Vision, thereby **helping Tohoku lead the new era in building a smart society** and **contributing to the achievement of the UN's Sustainable Development Goals (SDGs)**.



**Become what we want to be**

**What we want to be in the 2030s**

A business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society

## 10. Tohoku Electric Power Group's Management Philosophy and Slogan

Our group's raison d'être toward what we want to be in the 2030s is **"to return the value we create to all our stakeholders and remain an integral part of society by conducting, in and outside Tohoku, business that contributes to solving social issues based on our energy services."** We will put this determination into the Tohoku Electric Power Group's Management Philosophy "Prosper with local communities" and proactively meet challenges and promote reforms from the perspective of "working alongside" our customers and local communities, thereby achieving an affluent society and the continued growth of our group.

### Tohoku Electric Power Group's management philosophy

#### **"Prosper with local communities"**

We will work alongside our customers and local communities and meet challenges and promote reforms, thereby creating value distinctive of the Tohoku Electric Power Group and achieving both an affluent society and our own growth.

**A promise to our customers and local communities that simply expresses our basic stance of embodying the management philosophy through each employee's daily actions**

### Tohoku Electric Power Group's slogan

#### ***"Yori, Sou, Chikara (the Strength to Work Alongside)"***

The Tohoku Electric Power Group has the ability to work alongside its customers and be of help to them, which means we pay attention to each customer and propose comfortable ways of living that suite their lifestyles.

The Group has the ability to work alongside local communities, which means we keep growing with them based on our principles that have not changed since our founding.

With sincere gratitude and great ambition, we serve each customer and local community.  
We endeavor to serve you well.

# 11. Demonstration of Tohoku Electric Power Group's Collective Strengths

- The 63 companies that make up the Tohoku Electric Power Group will work together as one and demonstrate their collective strengths to become what we want to be in the 2030s.

A business group that helps Tohoku lead the new era in building a smart society and grows with the continued development of society



## Tohoku Electric Power Group

Tohoku Electric Power Co., Inc.

Tohoku Electric Power Network Company, Incorporated

### Power supply business

[Power generation]

Joban Joint Power Co., Ltd.  
Tohoku Sustainable & Renewable Energy Co., Inc.  
Arakawa Hydro-Electric Power Co., Ltd.  
Sakata Kyodo Power Company Ltd.  
Soma Kyodo Power Company, Ltd.

Aqua Power Tohoku Co., Ltd.  
Solar Power  
(Kuji/Ajigasawa/Shiroishi/Kujieda-narisawa/Ishinomaki-ogatsu/Miyagi) Corporation  
Fukushima Electric Power Corporation  
Yur Solar (Tomiya/Hobara/Zao) Co., Ltd.

[Construction and maintenance of facilities related to electric power business]  
Yurtec Corporation  
Tohoku Electric Power Engineering & Construction Co., Inc.  
Tohoku Port Service Co., Inc.  
Tohoku Power Transmission and Distribution Service Co., Inc.  
Tohoku Development Consultant Co., Ltd.  
Tohoku Air Service, Inc.  
Higashi Nihon Techno Survey Corporation

YUTOS Corporation  
YURTEC SERVICE Corporation  
TECS FUKUSHIMA Corporation  
YURTEC MIYAGI SERVICE Corporation  
YURTEC HAIDEN TECHNO Corporation  
YURTEC KANTO SERVICE Corporation

[Trading]

Tohoku EPCO Energy Trading Co., Inc.

[Manufacture of equipment related to electric power business]

Kitanihon Electric Cable Co., Ltd.  
Kitanihon Densen Service Co., Ltd.  
AIZU-GAISI Co., Inc.  
Tohoku Pole Corporation  
Tohoku Pole Transport Corporation  
Tsuken Electric Ind Co., Ltd.  
Tohoku Electric Manufacturing Co., Ltd.  
Tohoku Electric Meter Industry Co., Inc.

[Overseas business]

Tohoku Power Investment Company B.V.  
Kyushu Tohoku Enrichment Investing SAS  
Yurtec Vietnam Co., Ltd.  
Merit Power Holdings

[Electricity retail]

Synergia Power Co., Ltd. Tokyu Power Supply Co., Ltd.

[Telecommunications]

Tohoku Intelligent Telecommunication Co., Inc.  
Tohoku Information Systems Company, Incorporated

[Environmental conservation and recycling]

Tohoku Ryokka Kankyohozon Co., Ltd.  
Noshiro Yoshino Gypsum Co., Ltd.  
Tohoku Eco Techno Corporation  
GREENRECYCLE Corporation

[Gas and energy solutions]

Nihonkai LNG Co., Ltd.  
Tohoku Natural Gas Co., Inc.  
Tohoku Energy Service Co., Inc.

[Life and business support]

HNK Co., Inc.  
E life Partners Co., Ltd.  
Eltas Tohoku Inc.  
Tohcs Corporation  
TDG Business Support Corporation  
New Lease Corporation  
Aquaclara Tohoku Corporation  
Tohoku-Electric Power Friendly Partners Co., Inc.

### Smart-society building business

**We, the Tohoku Electric Power Group,  
aim to help Tohoku lead the new era in building a smart society through more efforts  
than ever to work alongside our customers and local communities.**

**より、そう、ちから。**  
**“Yori, Sou, Chikara (the Strength to Work Alongside)”**

The Tohoku Electric Power Group has the ability to work alongside its customers and be of help to them,  
which means we pay attention to each customer and propose comfortable ways of living that suite their lifestyles.

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**Tohoku Electric Power Group**