

To: Mr. Fumio Sudo, Chairman of the Board of Directors, TEPCO  
From: Dr. Dale Klein, Chairman, Nuclear Reform Monitoring Committee  
Date: March 6, 2015

**Recommendations of the Nuclear Reform Monitoring Committee  
Regarding the Issues Raised by Recent Disclosures Related to Water Drainage**

For the past two and half years, the Nuclear Reform Monitoring Committee (NRMC) has monitored TEPCO's efforts toward nuclear safety reform and has provided periodic commentary and recommendations on safety culture, communications, and various other aspects of nuclear safety applicable to all three of TEPCO's nuclear facilities. We have also offered guidance and recommendations specifically with respect to the decommissioning of the Fukushima Daiichi Nuclear Power Station, including water management and the establishment last April of the Fukushima D&D Engineering Company (FDEC).

In particular, we have stressed the importance of transparent and timely communications both as a means to fulfill TEPCO's obligations to the public and to restore the trust that is essential to TEPCO's future. Therefore, we are deeply disappointed by the latest developments regarding the apparent failure to disclose information on intermittent increases in the radioactivity levels of water in Drainage K at Fukushima Daiichi, and the loss of trust this has caused both within Japan and in the international community.

We do not know whether this unfortunate development is the result of active concealment or simply the reversion to old habits of nondisclosure, including the tendency to wait until everything is fully understood about a subject before discussing it. In either case, it is essential that *all* TEPCO personnel understand that the company needs to disclose promptly and fully all radiation data that affects the surrounding environment, regardless of its level, even when aspects of the matter cannot yet be fully explained. As we have learned, the cost in trust from a failure to disclose can be far greater and more lasting than the negative implications of sharing unfavorable information.

Based on the foregoing, we urge the Board of Directors to undertake the following actions:

1. **Disclosure Subcommittee:** A "Disclosure Subcommittee" should be set up under the supervision of the Nuclear Reform Monitoring Committee as of today, and its creation and Scope of Work promptly announced to the public. The Scope of Work for the Subcommittee should be as follows:
  - a. **Audit:** The Subcommittee will audit the results of the internal investigation, and will also conduct its own audit as necessary

regarding the failure of disclosure regarding the drainage water, with the goal of making a report to the Board of Directors and public announcement not later than March 30, 2015, when the next Nuclear Reform Monitoring Committee meeting takes place.

b. **Review:** Based on the results of its audits, the Disclosure Subcommittee will continue to evaluate the practices, procedures, and policies concerning disclosure of data and data management, and communications.

c. **Membership of the Disclosure Subcommittee:**

**Chairman:**

Mr. Masafumi Sakurai, (Member of the NRMC)

**Members:**

They shall be appropriately skilled men and women, entirely independent from TEPCO, such as lawyers, technical experts, and communications experts.

TEPCO must fully cooperate with the “Disclosure Subcommittee” and provide full access to individuals, documents, facilities, and any other information that it may reasonably require.

2. **Data Evaluation Team:** The Nuclear Reform Monitoring Committee will appoint a “Data Evaluation Team” comprising of outside experts who will review the disclosed data and express their views thereon, as needed.

3. **Communication Organizational Structure:** The Nuclear Reform Monitoring Committee recommends that the Company re-examine its communications related organizational structure as described below.

a. The Social Communication Office should be reviewed to evaluate whether it is working as planned. The organizational structure and the roles and responsibilities of the Social Communication Office, Corporate Communications Department, and FDEC should be evaluated and considered. The degree of their coordination and other optimization should also be reviewed.

b. Placement of a senior communications person as well as the appropriate supporting staff at FDEC should be seriously considered.

c. The results of the above mentioned discussion should be reported to the Nuclear Reform Monitoring Committee in the next meeting on March 30, 2015.

4. **Communications:** The following actions need to be taken with respect to communications:

- a. The company's decision concerning its internal audit as well as the establishment of the Disclosure Subcommittee should be transmitted to the public immediately. The announcement should also pledge that all reports and actions related thereto will also be made public.
- b. Senior TEPCO executives should meet in person with the representatives from fisherman association, national government, local governments, IAEA, employees, and other stakeholders to inform them of the actions and plans described herein. The communications with the TEPCO employees is especially important.

All of the foregoing must be undertaken immediately and effectively in order to enable TEPCO to transform this unfortunate episode into an opportunity to enact much-needed and lasting change, and thereby begin to regain public trust and confidence both inside Japan and around the world.