

**REPORT OF THE NUCLEAR REFORM MONITORING COMMITTEE
TO THE BOARD OF DIRECTORS OF TEPCO HOLDINGS**

Results of the Committee's Monitoring of Progress in Implementation of
the Nuclear Safety Reform Plan

- Findings of the Nuclear Reform Monitoring Committee at its November 20, 2017 Meeting -

The Nuclear Reform Monitoring Committee (hereinafter referred to as "Committee") held its 14th Committee meeting in Tokyo on November 20, 2017. At that meeting, it was given a report by Tokyo Electric Power Company Holdings, Inc. (TEPCO) on progress in the implementation of the Nuclear Safety Reform Plan and actions to address the recommendations based on the Committee's review of TEPCO's self-assessment of progress it has made in nuclear reform. This report summarizes the Committee's findings and observations. Its three overall observations are:

- TEPCO continues to make progress at Fukushima Daiichi, particularly in connection with water management and the removal of fuel assemblies, though relatively minor lapses in safety practices occur and must be thoroughly understood and corrected.
- Actions taken based on the results of the self-assessment to improve safety consciousness, improve technological capability, promote dialogue, and establish a new management model represent progress, though a slip in the safety consciousness KPI suggests that efforts must be strengthened further.
- The Committee conducted the independent review of the issues that arose in connection with the Kashiwazaki-Kariwa Seismic Isolation Building. The Committee recognizes that TEPCO has taken steps to address the issues, and urges management to ensure that the strengthened policies are accompanied by effective execution, which is necessary to continue to build public trust. The Committee also thinks that the communication within TEPCO and externally need improvement.

Fukushima Daiichi and Kashiwazaki-Kariwa Nuclear Power Stations

For Fukushima Daiichi, TEPCO has made progress consistent with the Mid- and Long-term Roadmap approved by the Cabinet Committee on Decommissioning and Contaminated Water Control on September 26, 2017, which redefined a set of policies including "rescheduling the

removal of fuel from the spent fuel pools with priority to ensure safety” and “placing importance and strengthening the domestic and international communication.” The Committee also notes that progress made at Fukushima Daiichi includes advances in assembly of the Unit 3 dome roof, which is designed to facilitate removal of fuel assemblies from the unit’s spent fuel pool and freezing the unfrozen sections of the frozen-soil wall. For Kashiwazaki-Kariwa, TEPCO has progressed in the review of its conformity with new regulatory requirements. The Committee expects TEPCO to endeavor to restore trust in its operations by keeping in mind the perspective of the general public, especially that of local stakeholders, and by steadily implementing all necessary safety measures.

Safety Culture and Progress of Actions based on the Committee’s Self-Assessment Review

Based on the observations and findings from Committee’s self-assessment review, the Committee previously made recommendations to TEPCO to continue its pursuit of performance excellence and reaffirmation of its firm commitment to nuclear safety. At the meeting, TEPCO reported to the Committee on its progress in various aspects of that implementation.

The Committee recognizes the progress of TEPCO to enhance its governance and organizational strength represented by the following actions. TEPCO has established a “Management Model” and is implementing it toward autonomous improvement. The new Nuclear Safety Advisory Board, which comprises five experts from overseas, has commenced activities, starting from its reviews at Kashiwazaki-Kariwa and Fukushima Daini Nuclear Power Stations in August 2017.

TEPCO also reported that a recurrence of nonconformities during the second quarter results in a slip in the overall safety consciousness score. The Committee urges TEPCO to endeavor to reverse the decline in this score.

The Committee will continuously monitor TEPCO’s progress in these and other aspects of implementation of the Nuclear Safety Reform Plan including the training and professional facilitation, building of effective communication structure and communication drills, and development of a safety culture program incorporating the contractors.

Assessment of Implementation of Measures in the Wake of Kashiwazaki-Kariwa Seismic Isolation Building Issue

TEPCO reported that it has implemented measures in response to the issues recognized through the regulatory review process and the explanation provided to the Niigata Government on the Kashiwazaki-Kariwa Seismic Isolation Building. The Committee believes that these initiatives are likely to strengthen TEPCO’s capacity to improve weaknesses in the decision-making process

concerning information to be disclosed and also insufficient permeation of the attitude of examining issues from the perspective of the general public. TEPCO's management has a responsibility to steadily implement those measures and ensure that the attitude of examining issues from the perspective of the general public continues to permeate throughout the organization to restore the social trust. The Committee expects TEPCO's management to continuously engage in these efforts while remaining aware of that responsibility.

Conclusion

The Committee believes that the establishment and continuation of the self-assessment process is critically important to make the "own learning and self-improving culture" permeate throughout the organization. The Committee requests TEPCO to conduct the follow-up self-assessment for the primary challenges identified by the self-assessment review and the additional areas of improvement mentioned above, and report the results to the Committee. The report the Committee receives must describe not only progresses but outcomes, with clear and verifiable metrics.