

# **Corporate Governance Guidelines**

**Established on June 25, 2020**

**The Kansai Electric Power Co., Inc.**

## **Preface Basic Concept on Corporate Governance**

### **1. Purpose of formulating Corporate Governance Guidelines**

- (1) The purpose of these guidelines is to stipulate the basic concept on corporate governance of the Group and matters related to construction and operation thereof, with the aim of fulfilling its accountability to stakeholders and building secure long-term relationships of trust with shareholders.
- (2) These guidelines shall be constantly reviewed to prevent them from becoming a mere formality and the best corporate governance shall be maintained at all times.

### **2. Basic concept on corporate governance**

Based on the Management Philosophy and Kansai Electric Power Group Vision, the Group continues to meet the expectations of all its stakeholders, thereby contributing to the sustainable improvement of corporate value and the sustainable development of society.

Recognizing that the most important management issue for achieving this goal is strengthening corporate governance, we adopt the institutional design of a Company with a Nominating Committee, etc. which clearly separates execution and supervision for our corporate governance, with the aim of enhancing management transparency and objectivity in business management.

In terms of supervision, in order to reflect the perspectives of all our stakeholders, we establish a system with a Board of Directors at the core focused on objective and diverse perspectives as outsiders. By appropriately supervising execution, we improve transparency and objectivity in business management.

Each one of our executive officers and employees carries out business activities while ensuring integrity and a high level of transparency in accordance with our principles of Guidelines for Action, the Kansai Electric Power Group CSR Action Charter, and the President's Oath to Stakeholders. With explicitly defined authority and responsibilities, we strive to maximize our corporate value by swiftly and flexibly making decisions and putting them into practice.

### **<References>**

#### **[Management Philosophy]**

By giving top priority to safety and fulfilling social responsibilities as the axis of business management and upholding our mission of “continuing to serve our customers and communities,” we at the Kansai Electric Power Group will realize a bright, affluent future and keep close relationship with our customers and communities into the future.

#### **[Kansai Electric Power Group Vision]**

We will provide a wide range of safe, comfortable and convenient services from a viewpoint of our customers and business partners, and gain their trust to be selected as the best partner in everyday life and business so we keep growing at home and abroad while fulfilling our resolve to play expected role as Japan's leading company in the energy sector.

### **[Guidelines for Action]**

Based on the concept of valuing people, the Kansai Electric Power Group will contribute to sustainable development of communities through fair business activities. Each one of our directors and employees will demonstrate a “sense of mission” and “spirit of challenge” which have been cultivated so far and give our best in our duties as a good member of society and also fulfill the following fundamental responsibilities.

- Give top priority to ensuring safety.
- Surely implement CSR.
- Keep changing to accomplish our abiding mission.

### **[The Kansai Electric Power Group CSR Action Charter]**

The Kansai Electric Power Group’s business activities draw support from customers, regional communities, shareholders, investors, business partners, employees and many other segments of society.

This trust the Group gains from all these communities is the very bedrock of the Group’s operations, without which it would be unable to maintain sustainable growth and fulfill its mission. At the Kansai Electric Power Group, we would like to fulfill our responsibilities as a member of society, including maintaining compliance and transparency. In addition, by responding sincerely to the expectations of members of society for our group business activities, we would like to contribute to the sustainable development of society and the realization of a bright and affluent future as well as keep the trust that we receive unshakable.

Thus, the Kansai Electric Power Group develops all of its business activities and fulfills its CSR obligations as an enterprise based on its six CSR Action Principles.

CSR Action Principles:

1. Safe and Stable Delivery of Products and Services as Chosen by Customers
2. Proactive Approach with a View to Creating Ever Better Environment
3. Proactive Contributions to Development of Local Communities
4. Respect for Human Rights and Development of Favorable Work Environment by Taking Advantage of Diversity
5. Highly Transparent and Open Business Activities
6. Strict Enforcement of Compliance

### **[President’s Oath to Stakeholders]**

1. Keeping in mind that “Priority should not be given to business performance and business activities over compliance,” as the head of the Kansai Electric Power Group, I promise to always think from the “user’s perspective” - not only regarding compliance with laws and regulations but also what social norms are and how things can change due to the passing of time, and to continue to act accordingly.
2. If necessary, and for that purpose, I promise that I will change what needs to be changed without hesitation, no matter what internal practice, rule, organization or system it may be.

3. By continuously and thoroughly carrying through with the above, I promise that I will bring home to everyone in our Group my strong will toward these reforms, and the Kansai Electric Power Group as a whole will continue to undertake faithful, highly transparent and open business activities.
4. In the event of a problem that may undermine the trust of our stakeholders, I promise that I will promptly investigate the cause and prevent any recurrence, and my own responsibilities will be clearly stated therein.

## **Chapter 1 Securing the Rights and Equal Treatment of Shareholders**

### **1. Securing shareholder rights**

In accordance with the purpose of the Companies Act, while taking appropriate measures for the rights of its shareholders to be fully secured, the Company shall ensure that the various rights of all shareholders, including minority shareholders and foreign shareholders, are fully secured.

The Board of Directors seriously shall take the results of exercising voting rights at the General Shareholders' Meeting and, when a proposal made by the Company is approved despite a considerable number of opposition votes, analyze the factors behind such opposition votes. In particular, a proposal made by the Company garners opposition votes exceeding 30% of the total votes, the Board shall consider holding a dialogue with shareholders and other necessary measures based on the analysis results.

### **2. Exercise of rights at General Shareholders' Meeting**

[Policy]

With the General Shareholders' Meeting positioned as the highest decision-making body of the Company and seeing the exercise of voting rights of its shareholders as one of the most important items, the Company shall create an environment in which its shareholders can appropriately exercise their voting rights.

[Convocation notice]

The convocation notice must be even more understandable for its shareholders with the use of charts and photographs. Efforts must also be made for sending the convocation notice early and, prior to that, making an announcement concerning the contents of the notice on the stock exchange and our website four weeks before the date of the General Shareholders' Meeting.

[Date of the General Shareholders' Meeting]

It is necessary to set a date avoiding overcrowded schedule on the day.

[Substantial shareholders]

When institutional investors who hold shares in the name of a trust bank, etc. request in advance that they exercise their voting rights on behalf of the trust bank, etc. at the General Shareholders' Meeting of the Company, they can use the voting rights exercise platform.

Additionally, when such institutional investors wish to attend the General Shareholders' Meeting as an observer, they can do so at the meeting venue after completing the prescribed procedures.

[Electronic exercise]

In order for shareholders to be able to exercise their voting rights by electronic means, the Company must develop an environment where they can exercise their voting rights over the internet and also use the voting rights exercise platform.

### **3. Basic approach to capital policy**

The Group sets policies and goals for “shareholder return,” “capital structure,” and “capital efficiency” in its Medium-term Management Plan.

As for the shareholder return, through the principle of improving its corporate value and appropriately distributing business results to shareholders, the Kansai Electric Power Group aims for stable dividend payment after ensuring the soundness of its financial position.

Regarding the capital structure, we set a target value for equity ratio to ensure the soundness of our financial position. Also, setting a target ROA (return on asset) value for the capital efficiency, we seek effective use of capital including shareholders’ equity.

### **4. Strategically held shares**

The Company holds shares from the viewpoint of maintaining and improving the corporate value of the entire Group, including necessities in our business operations and the development and prosperity of regional communities. Regarding strategically held shares, the necessity of holding such shares shall be verified individually at the Board of Directors Meeting every year. As a result, shares judged as unnecessary to be held shall be sold in consideration of market trends and other factors. Propriety of holding such shares shall be determined comprehensively considering their necessity in business operations and economic rationality.

As to whether or not we exercise voting rights for shares held, judgment shall be made for each agenda from the perspective of the necessity of holding such shares and of maintaining and improving the issuing company’s corporate value.

If a company that holds the Company’s shares through strategic shareholding indicates its intention to sell or otherwise dispose of the shares, the Company shall not take any measures to prevent the sale, for example, by suggesting a reduction in transactions.

Moreover, even if a business partner holds the Company’s shares through strategic shareholding, the Company shall not conduct any transactions that may harm the interest of the Company or common interest of its shareholders without fully verifying the economic rationality of each transaction.

### **5. Takeover defense measures**

To those who make or attempt to make a large-scale purchase of the Company’s shares, the Company shall ensure proper procedures after giving a full explanation of the point of view of the Board of Directors from the perspective of the Company’s corporate value and its fiduciary responsibility to its shareholders. When introducing takeover defense measures, the Audit Committee shall conduct an audit.

If a tender offer is made for the Company’s shares, the Company shall clearly explain the point of view of the Board of Directors to shareholders but shall not take any measures that unreasonably preclude shareholders from exercising their rights.

### **6. Capital policy that may harm the interests of shareholders**

When implementing a capital policy that may result in change in control or significant dilution, the Company shall thoroughly consider its necessity and rationality, ensure proper procedures, and fulfill accountability to shareholders. In that case, the Audit Committee shall conduct an audit.

**7. Transactions with related parties**

As for conflict-of-interest transactions, directors shall acquire approval of the Board of Directors. Other transactions between related parties shall be disclosed appropriately in accordance with the Companies Act and other relevant laws and regulations, as well as the rules established by the Tokyo Stock Exchange.

## Chapter 2 Appropriate Collaboration with Stakeholders

### 1. Response to issues concerning sustainability, including social and environmental issues

Through the group-wide efforts in safely and reliably providing power with consideration for the global environment, resolving issues faced by society through new business fields, and building solid foundations to support these activities, we strive not only to increase the corporate value of our Group, but also contribute to the sustainable development of society by finding solutions for SDGs and other issues faced by global society.

Based on the above concept, the Board of Directors shall recognize that addressing sustainability-related issues is an important part of risk management, and shall actively respond to social, environmental and other issues.

### 2. Relationship with stakeholders other than shareholders

[Customers]

A relationship of trust must be built with our customers through provision of services that precisely meet their needs, aiming to be “the best partner in everyday life and in business” with a focus on energy.

[Regional communities]

As the issues and needs of society diversify, the Group, as a business operator closely related to local communities and everyday life, shall endeavor to solve social issues through our business activities and social contribution activities, thereby realizing a sustainable society.

[Business partners]

By deepening communications and building relationships of trust with our valuable business partners, such as suppliers, alliance partners and subcontractors, sustainable business practices must be adopted to achieve social contribution and value creation.

[Employees]

With the safety and health of employees paramount in thinking, a work environment must be developed for all our employees to play an active role and demonstrate their abilities, through our efforts in “human capital” and “workstyle” innovations as well as promotion of health and productivity management and diversity.



**3. Ensuring diversity, including promotion of the empowerment of women, within the company**

With an exclusive organization established in 2011 for promoting diversity, the entire Group is committed to realizing “a state in which individuals with diverse backgrounds are fully utilized to help such individuals grow enough to support the organization.” More specifically, the Group sets the Diversity Promotion Policy of “cultivating a workplace culture in which employees of different ages and genders having diverse experiences and ideas can work vigorously” and “creating new values by incorporating the diverse values and ideas of such employees into the organizational strength.” In line with this policy, various measures are being carried out.

Regarding the promotion of empowerment of women, with our goals officially announced, the Group shall actively hire female employees, broaden the range of positions, enhance trainings and develop systems for them. Furthermore, employees shall be appointed to managerial positions in a fairly and equitable manner, regardless of gender, according to individual abilities and aptitudes.

**4. Fulfilling functions as owner of corporate pension assets**

The Company does not manage corporate pension reserves. The Company nevertheless introduced a defined contribution pension plan in 2005. Upon introduction, an appropriate operational management institution with professional knowledge of asset management has been chosen. In this connection, briefing sessions are periodically held to provide our employees with opportunities to acquire knowledge regarding asset management.

## Chapter 3 Appropriate Information Disclosure and Ensuring Transparency

### 1. Sufficient information disclosure

The Group proactively discloses financial information that includes financial status and operating results of the Company, management strategies/issues, as well as non-financial information concerning risks and governance, in its securities reports, corporate governance reports and integrated reports to the shareholders and other stakeholders.

With regard to the information content considered to be useful in dialogue with our shareholders and other stakeholders, in addition to which is stipulated by laws and regulations including the Companies Act, we disclose accurate and specific content so we can make value-added explanation.

We also create English versions of media as necessary to provide information to overseas investors.

### 2. Policy on constructive dialogue with shareholders and investors

[Policy]

We encourage constructive dialogue with our shareholders and investors to promote understanding of our basic attitude and policies regarding business management, including compliance with laws and regulations, our medium-term plan, and other policies. Constructive opinions we receive are relayed to our corporate management to regain trust of our stakeholders and build a solid relationship of trust that will last for a long time.

[Framework]

Under the President's supervision, the dialogues with our shareholders and investors are provided in cooperation with the Office of Corporate Planning and other relevant departments led by executive officers and others in charge of the Office of Accounting and Finance and Office of General Administration.

[Details]

General Shareholders' Meeting and other opportunities to have direct dialogue with our shareholders and investors in Japan and overseas are provided.

Concrete efforts are as follows:

- Holding financial results briefings by the President, executive officers, etc.
- Meetings with shareholders and investors
- Holding facility tours for shareholders as appropriate
- Information disclosure on our website for shareholders and investors and provision of information in the form of reports (Business Report for Shareholders, etc.)

[Report to the Board of Directors]

Opinions and concerns received in dialogue with our shareholders and investors are shared among directors, executive officers, etc., at the meetings of the Board of Directors and the Executive Meeting and other occasions, and utilized for our corporate management.

[Insider information management]

Having established insider trading prevention regulations, we keep tight control over information so any important facts will not be disclosed in dialogue with shareholders and investors before they are publicly announced.

## Chapter 4 Governance System

### 1. Board of Directors

#### [Structure]

- (1) In order to enhance the supervisory function of the Board of Directors, we clearly separate execution and supervision to construct an effective governance system with emphasis on an outsider's objective viewpoint.

Based on this idea, in light of our business scale, business description, approach to managerial issues, and supervisory function, as well as diversity, including gender and internationality, the Board of Directors is a necessary and appropriate structure comprised of independent outside directors with ample experience and knowledge cultivated as executives or professionals in a wide range of fields and inside directors who have abundant expertise and abilities in our business.

- (2) The number of the board members shall be 20 or less, and a majority of which shall be independent outside directors.

#### [Roles and responsibilities]

- (1) Based on the standpoints of our diverse and wide-ranging set of stakeholders, the Board of Directors aims to achieve sustainable growth and increase the corporate value of the Group over the medium to long term. To achieve these ends, the Board takes on the following main responsibilities: [1] to illuminate the future path of the Group, including our corporate strategy, [2] develop an environment that supports appropriate risk-taking by executive officers, and [3] provide highly effective supervision of management from an independent and objective standpoint.
- (2) The Board of Directors decides basic management policies such as management plans after thorough discussions from a variety of perspectives, regularly monitors progress and reflects results in our future policies.
- (3) The Board of Directors establishes effective internal control and risk management systems, supervises management with a focus on compliance, and supports executive officers for their swift and strong-minded decision-making.
- (4) From the standpoint of clearly separating execution and supervision, the Board of Directors, in principle, delegates decisions on business execution to executive officers in line with basic management policies. Regardless of whether or not delegation to executive officers is made, if necessary, especially important decisions on business execution are discussed in advance at the Board of Directors meeting while they are being considered, and appropriate opinions and advice are provided from outside directors and other directors before decisions are made.

#### [Chairperson of the Board of Directors]

- (1) The Board of Directors shall be chaired by an independent outside director.
- (2) The Chairperson of the Board of Directors shall endeavor to ensure the fairness and objectivity of deliberations and to foster a climate that encourages open and constructive discussions and exchange of opinions.

[Support system]

The Office of Board of Directors is established as an organization to support the execution of duties by the Board of Directors and directors.

The Office of the Board of Directors also assumes responsibility for the operation of the Nominating Committee and the Compensation Committee.

[Efforts to ensure active deliberation]

- (1) The Office of the Board of Directors shall secure sufficient time for deliberation by appropriately setting the frequency, time, and method of holding a board meeting.
- (2) The Office of the Board of Directors shall explain matters to be discussed to directors prior to the board meeting. As for important management matters, information shall be provided in a timely and appropriate manner, not being confined to the Board of Directors.

[Effectiveness evaluation]

The Board of Directors shall conduct a questionnaire intended for all directors on the effectiveness of the Board once a year using a third-party organization. Based on the analysis results of the survey, the Board shall evaluate its effectiveness and improve corporate governance, including the operation of the Board.

## **2. Nominating Committee**

[Structure]

The Nominating Committee shall be chaired by an independent outside director and a majority of its members shall be composed of independent outside directors.

[Roles and responsibilities]

- (1) The Nominating Committee resolves proposed agenda for General Shareholders' Meeting regarding the appointment and dismissal of directors after establishing the "Policy for nominating director candidates." The Committee also resolves/deliberates on matters related to the appointment of executives.
- (2) The Nominating Committee is responsible for formulating and operating a successor plan for the Executive Officer and President. When appointing the Executive Officer and President, its members interview candidates and, if necessary, utilize external evaluations from a third-party organization. Sufficient time and resources shall be spent on this appointment process, with the objectivity of the process ensured.

## **3. Compensation Committee**

[Structure]

The Compensation Committee shall be chaired by an independent outside director and a majority of its members shall be composed of independent outside directors.

[Roles and responsibilities]

- (1) The Compensation Committee resolves compensation of respective directors and executive officers after establishing the “Policy for determining the compensation of directors and executive officers.” The Committee also resolves/deliberates on other matters related to executive compensation.
- (2) When considering various compensation-related issues, such as the standard of compensation of directors, the Committee uses data from external specialized organizations and examples from other companies.

#### **4. Audit Committee**

[Structure]

The Audit Committee shall solely consist of directors who are not concurrently serving as executive officers, and the majority of its members shall be independent outside directors. The chairperson shall be an independent outside director.

For directors who make up the Audit Committee, those who have appropriate experience and abilities as well as necessary knowledge of finance, accounting and legal affairs shall be appointed.

[Roles and responsibilities]

- (1) The Audit Committee establishes basic policies and rules necessary to execute its duties, and then audits the execution of duties by executive officers, directors, employees and others of the Company or its subsidiaries, from the viewpoint of legality and appropriateness. In addition to that, the Committee reports the status and results of audits to the Board of Directors. When necessary, the Committee provides advice and recommendations to executive officers, etc.
- (2) The Audit Committee, the Office of Internal Auditing and accounting auditors conduct efficient and effective audits in close collaboration as appropriate through exchanging opinions on audit plans and audit results.

[Support system]

In order to ensure that the Audit Committee can fulfill its roles and functions properly, Audit Mission Directors are appointed as employees to assist the Audit Committee. At the same time, the Office of Audit Committee is set up as a management office with appropriately allocated personnel and budget. The employees who assist the services of the Audit Committee and the Office of Audit Committee are put under direct control of the Audit Committee. The employees of such organizations shall follow instructions of the Audit Committee, but shall not be subject to instructions and/or orders of executive officers and shall not concurrently assume any positions related to the execution of business by the Group. For allocation, transfer and appraisal of such employees, the intent of the Audit Committee shall be respected.

## 5. Directors

### [Nomination policy]

- (1) Our directors shall conduct themselves in performing their duties with emphasis on compliance and be willing to put these into practice, in accordance with the basic orientation of business management and code of conduct specified in our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, the Kansai Electric Power Group CSR Action Charter, etc. Regarding the nomination of director candidates, the Nominating Committee makes a decision after deliberating comprehensively on whether the candidate's ability, experience, personality, insight, and other elements are good enough to take on management of the Company, also in light of diversity, including gender and internationality, from the viewpoint of appropriate decision-making and effective supervision. As for outside director candidates, we ensure in particular that they have independence from an outsider's objective viewpoint and also take into account their role of enhancing the supervisory function of the Board of Directors.
- (2) We assess the independence of outside directors, after confirming that the requirements for independent officers stipulated by the Tokyo Stock Exchange are met, as well as the details of transactions made between our Company and outside director him/herself or any company at which the outside director is/was operating business now or in the past.
- (3) If an outside director concurrently serves as an officer at another listed company, the number of concurrent positions should be within a reasonable range so that the time and labor required to properly fulfill the roles and responsibilities as an outside director of the Company can be secured.

### [Roles and responsibilities]

- (1) Directors shall actively express their opinions and have thorough and constructive discussions at the Board of Directors, etc. When executing their duties, directors shall diligently collect sufficient information by requesting explanations from other directors and executive officers and through other means.
- (2) Outside directors' roles include strengthening the supervisory function of the Board of Directors from their objective external perspective, making use of their abundant experience and insight as corporate managers and specialists.
- (3) From the perspective of actively contributing to discussions at the Board of Directors, outside directors actively exchange opinions and cooperate fully with executive officers.

### [Training]

- (1) We hold training sessions for directors when and after they take up their post on a periodical basis to provide the knowledge necessary to fulfill their roles and responsibilities.
- (2) For outside directors, we provide explanation about the Group's business, finances, organization, and other aspects on a continual basis when and after they take up their post so they can acquire the knowledge necessary to fulfill their roles and responsibilities. In addition, we hold tours of our facilities as appropriate and provide opportunities for them to talk with our frontline staff to promote their understanding of our business.

## **6. Executive Officers**

[Appointment policy]

Our executive officers shall conduct themselves in performing their duties and be willing to put them into practice with emphasis on compliance in accordance with the basic orientation of business management and code of conduct specified in our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, the Kansai Electric Power Group CSR Action Charter, etc., and in adherence to the spirit of the President's Oath to Stakeholders. Regarding the appointment/dismissal of executive officers, the Board of Directors makes a decision after deliberating comprehensively on whether the officer has abundant expertise, and whether his/her experience, business execution ability, personality, and other elements are good enough to take on management of the Company.

[Roles and responsibilities]

Executive officers make decisions on how the business of the Company is carried out, which is delegated to them by the Board of Directors and by the resolution of the Board of Directors.

[Training]

We hold training sessions for executive officers when and after they take up their post on a periodical basis to provide the knowledge necessary to fulfill their roles and responsibilities.

## **7. Remuneration of Directors and Executive Officers**

- (1) Remuneration of our directors and executive officers is determined by the Compensation Committee in accordance with the provisions of the Companies Act.
- (2) Remuneration of directors not responsible for execution of business consists only of basic compensation, in consideration of their roles.
- (3) Remuneration for executive officers responsible for the execution of business consists of basic compensation that takes into account the responsibilities required for each executive officer's position, etc., and short-term incentives, which are results-based compensation and stock-based compensation as a medium- to long-term incentive, in order to contribute to the sustainable improvement of our corporate performance and corporate value.
- (4) With respect to directors who also serve as executive officers, the total amount of remuneration and individual remuneration shall be disclosed.

## **8. Senior Advisor/Advisors**

[Appointment/remuneration determination process]

From the perspective of ensuring objectivity, when appointing a senior advisor or advisor, etc. to a person who retired from the post of a director or executive officer, the Nominating Committee, the Compensation Committee, and the Board of Directors shall decide the necessity of such appointment, job description, and remuneration after rigorous deliberation, and shall disclose the commissioned duties and the total amount of remuneration of the advisor, etc.



[Roles]

The senior advisor or advisor, etc. shall contribute to the development of the Company mainly through activities in business communities and external activities, and shall not be involved in the business management of the Company.

## **9. External accounting auditors**

With the recognition that external accounting auditors have responsibilities to shareholders and investors, the Group shall take appropriate measures to ensure proper audits. The Audit Committee shall set the “Evaluation and Selection Criteria for Accounting Auditors,” appropriately select candidates for external accounting auditors, and evaluate external accounting auditors to verify their required independence and expertise properly in every accounting period. Furthermore, in order to ensure that audits are performed properly by external accounting auditors, the followings shall be taken care of.

- Securing sufficient time to enable high-quality audits
- Implementation of discussions between external accounting auditors and the management
- Close cooperation between the external accounting auditors and the Office of Internal Auditing
- Necessary actions by the Audit Committee and others for each case if an external accounting auditor finds fraud, etc. and requests appropriate response

## **10. Other committees, etc.**

[Compliance Committee]

For the purpose of strengthening the Group’s function to supervise compliance, we establish a Compliance Committee, which is independent from the President and other executive officers. The Committee is under the direct control of the Board of Directors. The Committee, a majority of which including the Chairperson are external experts, deliberates and approves particularly important matters such as basic policies for promoting compliance and policies for addressing problematic events associated with directors, executive officers, and others. When necessary, the Committee also directly guides, advises and supervises the President and other executive officers, as well as reporting periodically to the Board of Directors.

[Executive Meeting]

In order to deliberate on important business execution policies, plans, and execution of business for the entire Group and to receive necessary reports, based on the basic policies determined by the Board of Directors, we establish an Executive Meeting. The Executive Meeting shall consist of all executive officers and, in principle, be held on a weekly basis for prompt and appropriate business management.

[Sustainability and CSR Promotion Council]

To address sustainability-related issues, our Group’s basic concept and code of conduct that we should strictly observe are stipulated in the Kansai Electric Power Group CSR Action Charter. We also set up a Sustainability and CSR Promotion Council to draw up comprehensive sustainability and CSR measures for the entire Group and check implementation status. At the same time, we perform concrete activities by developing comprehensive CSR measures for the Group to contribute to the sustainable growth of society.

[Risk Management Committee]

Risks associated with business activities shall be managed autonomously by each operating division in accordance with the Kansai Electric Power Group Risk Management Rules. Risk management for risks considered to have cross-organizational importance is enhanced by the supervision of departments with specialized expertise on such risks that provide advice and guidance to the various operating divisions. Furthermore, a Risk Management Committee is established to put risks under central management. The Committee Chairperson is appointed as the Risk Management Officer, and the Committee strives to manage risks associated with Group business activities at the appropriate level through this system.

[Nuclear Safety Verification Committee]

Regarding nuclear safety, our principles associated with nuclear safety to be succeeded to our employees in future generations are clearly stated in our Commitment to Enhancing Nuclear Safety. Based on this, we make constant efforts to improve safety. A Nuclear Safety Enhancement Committee is set up to enhance the safety of nuclear power on a company-wide basis. The Committee checks and conducts discussion on the promotion of recurrence prevention measures and fostering of safety culture following the accident at Mihama Nuclear Power Station Unit 3 and activities from a broad range of viewpoints, including voluntary and continuous activities following the accident at Tokyo Electric Power's Fukushima Daiichi Nuclear Power Station. In addition, opinions and advice provided by the Nuclear Safety Verification Committee from its independent position shall be reflected in our safety improvement initiatives.

The progress of these efforts shall be widely disclosed through our website, etc. to ensure transparency.

[Procurement Review Committee]

For the purpose of ensuring appropriateness and transparency in the procedures of construction orders and contracts as well as payment of donations and cooperation funds, we establish a Procurement Review Committee, a majority of which are outside experts. By building an examination mechanism from the perspective of outside experts, we ensure the appropriateness and transparency of procedures of construction orders and donations.

The progress of these efforts shall be widely disclosed through our website, etc. to ensure transparency.

[Internal Auditing Committee]

Regarding internal audits, we establish an Internal Auditing Committee in order to share and deliberate widely-ranging management issues, such as safety and quality, gain insights and information from outside the Company, and ensure the adequacy of the internal audit process for the entire Group from a fair and professional standpoint.

In addition, as a dedicated organization for conducting internal audits, the Office of the Internal Auditing Committee is set up to audit the adequacy and effectiveness of the system and operational status on a regular basis, this ensuring the adequacy of operations.

## **11. Internal control**

With regard to internal control, a “system to ensure propriety of business” is established in order to increase sustainable corporate value while ensuring the transparency and soundness of business operations. We keep improving the system to achieve a high level of effectiveness.

## **12. Whistleblower system**

A whistleblower system is developed to receive internal reporting on suspicious activity in terms of compliance concerning business of the entire Group with Compliance Hotline set inside and outside the Company. Lawyers specializing in the event-related field deal with respective cases as appropriate, and a system is established in which the lawyers can take effective measures at their own discretion by requesting the Compliance Committee or Audit Committee to take action.

Directors and executive officers have an obligation to report any illegal act or suspected violation of compliance to the Compliance Committee and Chairman of the Board of Directors.

Employees have an obligation to report any illegal or suspected compliance violation as well.

The Compliance Hotline investigates the facts and takes action paying full attention to the protection of confidentiality. We make efforts so the hotline is adequately used by repeatedly and thoroughly notifying potential users that no disadvantages will arise to the whistleblower or the consultant.

Principles of Corporate Governance Code	Code Number	Response	Where to Find in the Kansai Electric Power Corporate Governance Guidelines
Securing the rights and equal treatment of shareholders		○	Chapter 1 Securing the Rights and Equal Treatment of Shareholders
Securing shareholder rights	1-1	○	Chapter 1 1. Securing shareholder rights
		① ○	Chapter 1 1. Securing shareholder rights
		② ○	Chapter 1 1. Securing shareholder rights
		③ ○	Chapter 1 1. Securing shareholder rights
Exercise of rights at the general meeting of shareholders	1-2	○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
		① ○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
		② ○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
		③ ○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
		④ ○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
		⑤ ○	Chapter 1 2. Exercise of rights at General Shareholders' Meeting
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So-called takeover defense measures	1-5	○	Chapter 1 5. Takeover defense measures
		① ○	Chapter 1 5. Takeover defense measures
Capital policy that may harm the interests of shareholders	1-6	○	Chapter 1 6. Capital policy that may harm the interests of shareholders
Transactions between related parties	1-7	○	Chapter 1 7. Transactions with related parties
Appropriate collaboration with stakeholders other than shareholders		○	Chapter 2 2. Relationship with stakeholders other than shareholders
Formulation of management philosophy that lays the basis for the enhancement of corporate value over the medium to long term	2-1	○	Preface 2. Basic concept on corporate governance
		○	Preface 2. Basic concept on corporate governance
Formulation and implementation of the corporate code of conduct	2-2	○	Preface 2. Basic concept on corporate governance
		① ○	Preface 2. Basic concept on corporate governance
Issues concerning sustainability, including social and environmental issues	2-3	○	Chapter 2 1. Response to issues concerning sustainability, including social and environmental issues
		① ○	Chapter 2 1. Response to issues concerning sustainability, including social and environmental issues
Ensuring diversity, including promotion of the empowerment of women, within the Company	2-4	○	Chapter 2 3. Ensuring diversity, including promotion of the empowerment of women, within the Company
Whistleblowing	2-5	○	Chapter 4 12. Whistleblower system
		① ○	Chapter 4 12. Whistleblower system
Fulfilling functions as owner of corporate pension assets	2-6	○	Chapter 2 4. Fulfilling functions as owner of corporate pension assets
Appropriate information disclosure and ensuring transparency		○	Chapter 3 1. Sufficient information disclosure
Enhancement of information disclosure	3-1	○	Preface 2. Basic concept on corporate governance
		○	Preface 2. Basic concept on corporate governance
		○	Chapter 4 7. Remuneration of Directors and Executive Officers

				Chapter 4 5. Directors
				Chapter 4 5. Directors
		①	○	Chapter 3 1. Sufficient information disclosure
		②	○	Chapter 3 1. Sufficient information disclosure
External accounting auditors			○	Chapter 4 9. External Accounting Auditors
	3-2	①	○	Chapter 4 9. External Accounting Auditors
		②	○	Chapter 4 9. External Accounting Auditors
Roles and responsibilities of the board of directors, etc.			○	Chapter 4 Governance System
Roles and responsibilities of the board of directors (1)			○	Chapter 4 1. Board of Directors
	4-1	①	○	Chapter 4 1. Board of Directors
		②	○	Chapter 4 1. Board of Directors
		③	○	Chapter 4 2. Nominating Committee
Roles and responsibilities of the board of directors (2)			○	Chapter 4 3. Compensation Committee
	4-2	①	○	Chapter 4 3. Compensation Committee
Roles and responsibilities of the board of directors (3)			○	Chapter 4 1. Board of Directors
	4-3	①	○	Chapter 4 2. Nominating Committee
		②	○	Chapter 4 2. Nominating Committee
		③	○	Chapter 4 2. Nominating Committee
		④	○	Chapter 4 1. Board of Directors
Roles and responsibilities of the audit & supervisory board and its members			○	Chapter 4 4. Audit Committee
	4-4	①	○	Chapter 4 4. Audit Committee
Fiduciary responsibility of the board of directors and the audit & supervisory board			○	Chapter 4 5. Directors
	4-5		○	Chapter 4 5. Directors
Management supervision and business execution			○	Chapter 4 1. Board of Directors
	4-6		○	Chapter 4 1. Board of Directors
Roles and responsibilities of independent outside directors			○	Chapter 4 5. Directors
	4-7		○	Chapter 4 5. Directors
Effective utilization of independent outside directors			○	Chapter 4 1. Board of Directors
	4-8	①	○	Chapter 4 5. Directors
		②	○	Chapter 4 5. Directors
Independence criteria and requirements for independent outside directors			○	Chapter 4 5. Directors
	4-9		○	Chapter 4 5. Directors
Use of optional structures			○	Chapter 4 10. Other committees, etc.
	4-10	①	○	(Not applicable due to being a Company with a Nominating Committee, etc.)
Prerequisites for ensuring the effectiveness of the board of directors and the audit & supervisory board			○	Chapter 4 1. Board of Directors
	4-11	①	○	Chapter 4 5. Directors
		②	○	Chapter 4 5. Directors
		③	○	Chapter 4 1. Board of Directors
Ensuring active deliberations of the board of directors			○	Chapter 4 1. Board of Directors
	4-12	①	○	Chapter 4 1. Board of Directors
Access to information and support system			○	Chapter 4 1. Board of Directors, 4. Audit Committee
	4-13	①	○	Chapter 4 5. Directors
		②	○	Chapter 4 5. Directors
		③	○	Chapter 4 1. Board of Directors
Training for directors and auditors			○	Chapter 4 5. Directors
	4-14	①	○	Chapter 4 5. Directors

			②	○	Chapter 4 5. Directors
Dialogue with shareholders				○	Chapter 3 2. Policy on constructive dialogue with shareholders and investors
Policy on constructive dialogue with shareholders	5	5-1		○	Chapter 3 2. Policy on constructive dialogue with shareholders and investors
			①	○	Chapter 3 2. Policy on constructive dialogue with shareholders and investors
			②	○	Chapter 3 2. Policy on constructive dialogue with shareholders and investors
			③	○	Chapter 3 2. Policy on constructive dialogue with shareholders and investors
Formulation and announcement of management strategies and management plans		5-2		○	Chapter 1 3. Basic approach to capital policy

Response: ○ Comply, ● Explain

[Appendix]

**Resolution of the Board of Directors on the system to ensure propriety of business**

(Resolved on April 26, 2006 and last revised on June 25, 2020)

1. System to ensure that the execution of duties by directors and executive officers comply with laws and regulations and Articles of Incorporation

The Company has adopted the institutional design of a company with a nominating committee, etc., in which execution and supervision are clearly separated. Also, with an emphasis on an outsider's objective viewpoint, the Board of Directors, which has a mandate of the Company's business management from the General Shareholders' Meeting, and the three statutory committees—the Nominating Committee, the Compensation Committee and the Audit Committee—are respectively composed of independent outside directors who account for the majority of the constituent members.

Additionally, the chairperson of the Board of Directors and the three statutory committees, respectively, is selected from among independent outside directors. Furthermore, the Executive Meeting and various committees have been established to ensure appropriate execution of duties.

Our directors and executive officers conduct themselves in performing their duties in accordance with the basic orientation of business management and code of conduct embodied in our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, the Kansai Electric Power Group CSR Action Charter, etc. and are willing to put these into practice.

The Board of Directors deliberates and determines basic policies for business management, such as management plans. In principle, the Board entrusts executive officers with decision-making in the execution of duties based on the basic policies for business management, receives reports from them and supervises them. For the purpose of strengthening the function to supervise compliance, under the direct control of the Board of Directors we establish a Compliance Committee chaired by an outside expert and outside members of which account for the majority. The Committee deliberates and approves particularly important matters such as basic policies concerning compliance and policies for addressing problematic events associated with directors and executive officers. When necessary, the Committee also directly guides, advises and supervises the President and other executive officers, and reports periodically to the Board of Directors. Directors and executive officers have an obligation to report any illegal act or suspected violation of compliance to the Compliance Committee and Chairperson of the Board of Directors.

The Audit Committee conducts audit of directors and executive officers on their execution of duties from the perspective of legality and appropriateness, and reports on the status and results of the audit to the Board of Directors. When necessary, the Committee provides advice and recommendations to executive officers, etc. The Committee members participate in important meeting structures, such as the Executive Meeting, and hear explanation of matters of importance in business management from executive officers.

Furthermore, the accounting auditor conducts accounting audits from the viewpoint of legal and adequate preparation of financial statements, from a position independent from the Company.

2. System concerning storage and management of information on the execution of duties by executive officers  
In accordance with the laws and regulations and internal rules, executive officers properly create, store and manage minutes from the Board of Directors meeting and other meeting structures as well as information on the execution of duties, such as documents relating to the determination of business.
3. Regulation on the management of risk of loss and other systems  
Risks associated with business activities are to be managed autonomously by each operating division in accordance with our internal rules. As for risks considered to have cross-organizational importance, risk management departments with specialized expertise on such risks are designated as needed to provide operating divisions with advice and guidance.  
Furthermore, a committee established to put risks under central management strives to manage risks associated with Group business activities at an appropriate level.
4. System to ensure efficient execution of duties by executive officers  
A system for fast and efficient execution of duties by executive officers is to be ensured by stipulating where authority and responsibility lie, as well as the chain of command, in our internal rules.  
In addition, matters relating to the execution of important business are, as a general rule, deliberated every week at the Executive Meeting comprising all executive officers.
5. System to ensure that the execution of duties by employees comply with laws and regulations and Articles of Incorporation  
Through activities of CSR-related committees, etc., executive officers establish and instill in the mind of employees a basic orientation in business management and code of conduct that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, and the Kansai Electric Power Group CSR Action Charter, and require employees to comply with them. Additionally, we set up an organization equipped with a function to promote compliance in the Group and, by receiving guidance, advice and supervision of the committee, we ensure that our employees execute their duties in compliance with laws and regulations.  
Furthermore, we put in place a whistleblower system to receive internal reporting from employees and outsiders on any act suspected of violations of law or compliance, with a Compliance Hotline set up inside and outside the Company. Our employees are obliged to report any act suspected of violations of law or compliance. In the course of operating this system, we securely protect the whistleblower's confidentiality so that he or she will never suffer detrimental treatment.
6. System to ensure business propriety in our corporate group comprising the Company and its subsidiaries  
Based on our internal rules, executive officers ensure the propriety of business activities at our corporate group comprising the Company and its subsidiaries by supporting them and providing advice on the arrangement of their autonomous management structures.
  - (1) Executive officers of the Company receive regular reports from directors of subsidiaries on management status and other matters concerning execution of their duties.



(2) While our basic idea is that risks associated with business activities of our subsidiaries are to be autonomously managed by the subsidiaries, executive officers of the Company strive to prevent any losses to the corporate value of the Group as a whole, or at least keep them to a minimum, by participating beforehand in important decision-making by our subsidiaries, and periodically checking on their business management status, risk management systems and risk management status, with departments designated to control our subsidiaries' risk management.

As for risks considered to have importance to all our subsidiaries, risk management departments with specialized expertise on such risks are designated in the Company as needed to provide our subsidiaries with advice and guidance. Furthermore, a committee established to put risks under central management strives to manage risks associated with Group business activities, including risks pertaining to the execution of business at our subsidiaries, at an appropriate level.

(3) Executive officers of the Company have directors of our subsidiaries ensure a system for fast and efficient execution of their duties by stipulating where authority and responsibility lie, as well as the chain of command, in their internal rules.

(4) Through activities of CSR-related committees, etc., executive officers establish and instill in our subsidiaries a basic orientation in business management and code of conduct that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, and the Kansai Electric Power Group CSR Action Charter, and require subsidiaries to comply with them and develop an adequate system. In addition to this, we set up an organization equipped with a function to promote compliance in the Group and, by receiving guidance, advice, and supervision from the committee, we have our subsidiaries ensure that their directors and employees execute their duties in compliance with laws and regulations.

Furthermore, we put in place a whistleblower system to receive internal reporting from our subsidiaries' directors and employees on any act suspected of violations of law or compliance, with a Compliance Hotline set up inside and outside the Company. In the course of operating this system, we ensure and we also have our subsidiaries' directors and employees ensure that the whistleblower's confidentiality is securely protected so that he or she will never suffer detrimental treatment.

7. Matters concerning employees who are to assist the duties of Audit Committee

Upon request from the Audit Committee, executive officers set up a dedicated organization that takes charge of audit practices, operation of the Audit Committee, and similar activities, and allocate necessary personnel to assist with the duties of Audit Committee members and the Audit Committee. Additionally, executive officers can appoint Audit Mission Directors as employees who assist the duties of the Audit Committee.

8. Matters concerning ensuring independency of employees who are to assist the duties of the Audit Committee from executive officers, as well as effectiveness of Audit Committee's instructions to relevant employees  
Employees and a dedicated organization that assists the duties of Audit Committee members and the Audit Committee are placed directly under the Audit Committee. Employees of said organization are expected to follow the instructions of the Audit Committee; however, such employees are not under the command of executive officers and do not assume any concurrent posts related to the execution of the Group's business. Intentions of the Audit Committee shall be respected in allocation, transfer and appraisal of such employees.
9. System concerning reporting to Audit Committee  
Any director, executive officer and employee of the Company, any director, auditor and employee of our subsidiaries, or anyone who received a report from any of them at our subsidiaries, if he or she discovers a fact that may cause extensive damage to our Group, shall immediately report to the Audit Committee. Important matters relating to our business management and performance, internal/external disclosure items, facts of serious violation of laws, etc. should also be reported to the Audit Committee.
10. System to ensure not suffering detrimental treatment because of reporting to Audit Committee  
Based on the internal rules, executive officers shall ensure and also have our subsidiaries ensure that those who report on any fact as stated in the preceding item to the Audit Committee will never receive detrimental treatment.
11. Matters concerning policies on the treatment of expenses or liabilities incurred by the execution of duties by Audit Committee  
Executive officers take appropriate measures for the treatment of expenses or liabilities incurred by the execution of duties by the Audit Committee based on our internal rules.
12. Other systems to ensure effective audit implementation by Audit Committee  
Directors, executive officers, and employees cooperate with audits by the Audit Committee and ensure the effectiveness of audits by providing reference materials and information requested by the Audit Committee without delay.
13. Matters related to checking the arrangement and operation status of systems to ensure business propriety  
For periodically auditing the propriety and effectiveness of the arrangement and operation status of systems to ensure business propriety, we set up an internal audit organization. A committee for internal audit should also be established with the participation of outside experts to deliberate the propriety and effectiveness of internal audit from their fair and professional standpoints.