

April 28, 2020

Transformation to a Company with a Nominating Committee, etc. and Change of Head Office Organization (Amendment of the Articles of Incorporation)

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We have adopted a policy at today's Board of Directors Meeting to transform KEPCO from a Company with a Board of Company Auditors into a Company with a Nominating Committee, etc., and to present a proposal to amend the Articles of Incorporation to the extent necessary for the transformation as an agenda item for the 96th Annual Shareholders Meeting scheduled for June 25, 2020.

We are committed to preventing the recurrence of the matter and ensuring the necessary reformation of the Company under the recently formulated business improvement plan. As a part of this effort, the Company will be transformed into a Company with a Nominating Committee, etc., assuming that it will be approved in the shareholders meeting, which will clearly separate the supervisory function from management execution and enhance the supervisory function of the Board of Directors, with the aim of establishing an effective governance structure that attaches greater importance to external objective perspectives.

Each committee chairperson and a majority of the committee members of the respective three statutory committees, i.e. the Nominating Committee, the Compensation Committee and the Audit Committee, shall be outside directors so as to have an external objective perspective.

The Nominating Committee will determine the appointment and removal of directors, and examine and discuss the personnel disposition of directors and other officers and the need to entrust or delegate duties to directors or other officers after their retirement or resignation, etc.

The Compensation Committee will determine the remuneration of directors and executive officers, and examine and discuss the personnel disposition of directors or other officers and the remuneration of directors and other officers for any duties entrusted or delegated to them after their retirement or resignation, etc.

The Audit Committee will audit the execution of duties of directors and executive officers, and report to the Board of Directors.

The chairperson of the Board of Directors shall be appointed from outside directors, and a majority of the directors shall be outside directors. Furthermore, we are aiming to establish by the end of June the Office of Board of Directors, as an organization for managing the operations of the Board of Directors, the Nominating Committee and the Compensation Committee, and providing support to the outside directors.

We will strive, as a whole company, to rebuild trust through those efforts to ensure management reform and innovation.

Attachments:

Attachment 1: Outline of the Three Statutory Committees

Attachment 2: Amendments to the Articles of Incorporation

Attachment 3: Outline of the Office of Board of Directors

Outline of the Three Statutory Committees

1. Date of Establishment (tentative)

The same date as the 96th Annual Shareholders Meeting that is scheduled for June 25.

2. Outline of the Nominating Committee

Committee Chairperson: Sadayuki Sakakibara (outside director)

Main roles: To determine the “appointment and removal of directors”, and examine and discuss the “personnel disposition of directors and other officers” and the “need to entrust or delegate duties to directors or other officers after their retirement or resignation”, etc.

3. Outline of the Compensation Committee

Committee Chairperson: Tetsuya Kobayashi (outside director)

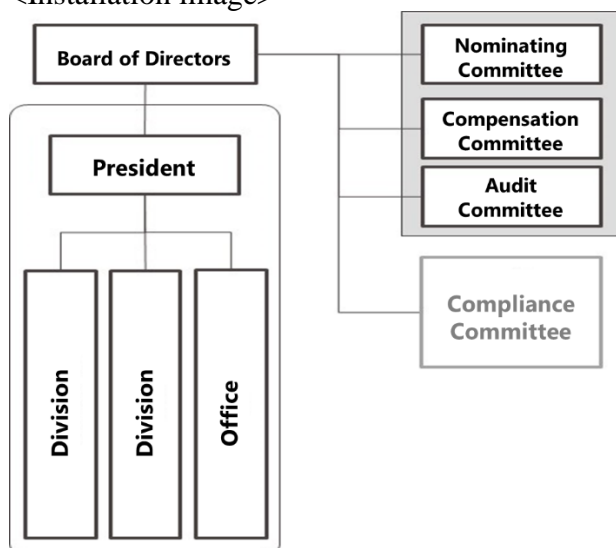
Main roles: To determine the “remuneration of directors and executive officers”, and examine and discuss the “personnel disposition of directors and other officers” and the “remuneration of directors and other officers for any duties entrusted or delegated to them after their retirement or resignation”, etc.

4. Outline of the Audit Committee

Committee Chairperson: Hiroshi Tomono (outside director)

Main roles: To audit the execution of duties of directors and executive officers, and report to the Board of Directors. Also, to enhance the audit and supervisory function from a broader perspective in conjunction with the *Compliance Committee* (established on April 28, 2020).

<Installation image>



Amendments to the Articles of Incorporation

1. Reasons for the Amendments

We are intending to transform KEPCO into a *Company with a Nominating Committee, etc.* that clearly separates the supervisory function from management execution in order to enhance the supervisory function of the Board of Directors, with the aim of establishing an effective governance structure that attaches greater importance to external objective perspectives. For this purpose, we are proposing to make the necessary amendments to the Articles of Incorporation that will add provisions for the Nominating Committee, the Audit Committee and the Compensation Committee, as well as the Executive Officers, and will delete provisions for the Company Auditors and the Board of Company Auditors. For your information, we have obtained approval from each Company Auditor to add the provisions of Article 36 (Exemption from Liability of Executive Officers), which is included in the Proposed Amendments to Articles of Incorporation.

With regard to the new governance structure, the proposal also includes an amendment to the provisions of Article 31 (Exemption from Liability of Directors) of the Articles of Incorporation to the effect that the Company may enter into agreements for limiting the liability of directors who are not involved in executing the day-by-day operations of the Company's, in order to secure on a continuing basis valuable human resources for enhancing the supervisory function of the Board of Directors. We have obtained approval from each Company Auditor to make the amendment to the provisions of Article 31, which is included in the Proposed Amendments to Articles of Incorporation.

2. Particulars of Amendments

Particulars of the amendments are as indicated in Attachment 2-1.

3. Schedule

Date of Annual Shareholders Meeting: June 25, 2020 (tentative)

Effective Date of the Amendments to the Articles of Incorporation: June 25, 2020 (tentative)

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p>(Organs)</p> <p>Article 4</p> <p>The Company shall have the following organs in addition to Shareholders Meetings and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Company Auditors</u></p> <p>(3) <u>Board of Company Auditors</u></p> <p>(4) Financial Auditor(s)</p>	<p>(Organs)</p> <p>The Company shall have, <u>as a Company with a Nominating Committee, etc.</u>, the following organs in addition to the Shareholders Meetings and Directors.</p> <p>(1) Board of Directors</p> <p>(2) <u>Nominating Committee, Audit Committee and Compensation Committee</u></p> <p>(3) <u>Executive Officers</u></p> <p>(4) Financial Auditor(s)</p>
<p>(Time of Convocation; Convener)</p> <p>Article 14</p> <p>1. Annual Shareholders Meetings of the Company shall be convened in June each year by <u>the President</u>. Extraordinary Shareholders Meetings of the Company may be convened by <u>the President</u>, whenever necessary.</p> <p>2. Should <u>the President</u> be incapacitated, the roles shall be assumed by other Director appointed in such order as determined <u>by resolution of</u> the Board of Directors in advance.</p>	<p>(Time of Convocation; Convener)</p> <p>Article 14</p> <p>1. Annual Shareholders Meetings of the Company shall be convened in June each year by <u>the Director appointed in advance by the Board of Directors</u>. Extraordinary Shareholders Meetings of the Company may be convened by <u>the Director appointed in advance by the Board of Directors</u>, whenever necessary.</p> <p>2. Should <u>the Director specified in the preceding Clause</u> be incapacitated, the roles shall be assumed by another Director appointed in an established order determined in advance <u>by the Board of Directors</u>.</p>
<p>(Chairperson)</p> <p>Article 16</p> <p>1. <u>The President</u> shall serve as the Chairperson of the Shareholders Meetings.</p> <p>2. Should <u>the President</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p>	<p>(Chairperson)</p> <p>Article 16</p> <p>1. <u>The Director or Executive Officer appointed in advance by the Board of Directors</u> shall serve as the Chairperson of the Shareholders Meetings.</p> <p>2. Should <u>the Director or Executive Officer specified in the preceding Clause</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p>
<p>(Board of Directors; Notice to Convene Board of Directors Meeting)</p> <p>Article 23</p> <p>1. The Board of Directors shall consist of all Directors.</p> <p>2. The Board of Directors Meetings shall be convened by <u>the President</u>.</p> <p>3. Should <u>the President</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p> <p>4. A notice to convene a Board of Directors Meeting shall be given to each Director <u>and each Company Auditor</u> no later than two (2) days prior to the date of such meeting; provided that such notice period may be shortened in case of emergency.</p>	<p>(Board of Directors; Notice to Convene Board of Directors Meeting)</p> <p>Article 23</p> <p>1. [No amendment is made to this provision.]</p> <p>2. The Board of Directors Meetings shall be convened by <u>the Director appointed in advance by the Board of Directors</u>.</p> <p>3. Should <u>the Director specified in the preceding Clause</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p> <p>4. A notice to convene a Board of Directors Meeting shall be given to each Director no later than two (2) days prior to the date of such meeting; provided that such notice period may be shortened in case of emergency.</p>

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p>(Chairperson of Board of Directors)</p> <p>Article 24</p> <p>1. <u>The President</u> shall serve as the Chairperson of the Board of Directors Meetings.</p> <p>2. Should <u>the President</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p>	<p>(Chairperson of Board of Directors)</p> <p>Article 24</p> <p>1. <u>The Director appointed in advance by the Board of Directors</u> shall serve as the Chairperson of the Board of Directors Meetings.</p> <p>2. Should <u>the Director specified in the preceding Clause</u> be incapacitated, the provision of Clause 2 of Article 14 shall apply <i>mutatis mutandis</i>.</p>
<p>(Power of Board of Directors)</p> <p>Article 25</p> <p>The Board of Directors shall determine the execution of the Company's material operations, and supervise the execution of Directors' duties.</p>	<p>(Power of Board of Directors)</p> <p>Article 25</p> <p>1. The Board of Directors shall determine the execution of the Company's material operations, and supervise the execution of Directors' duties <u>and Executive Officers' duties</u>.</p> <p>2. <u>Unless otherwise provided by applicable laws or regulations, the Board of Directors may delegate to Executive Officers the power to determine the execution of the Company's operations, by resolution.</u> [Clause 2 is added.]</p>
<p>(Minutes of Board of Directors Meeting)</p> <p>Article 27</p> <p>The main points of discussions in a Board of Directors Meeting, the conclusions thereof, and any other information required to be included by applicable laws and regulations shall be specified or recorded in the minutes, and the Directors <u>and Company Auditors</u> present at the Board of Directors Meeting shall place their seals or electronic signatures thereon.</p>	<p>(Minutes of Board of Directors Meeting)</p> <p>Article 27</p> <p>The main points of discussions in a Board of Directors Meeting, the conclusions thereof, and any other information required to be included by applicable laws and regulations shall be specified or recorded in the minutes, and the Directors present at the Board of Directors Meeting shall place their seals or electronic signatures thereon.</p>
<p>(<u>Representative Directors; Directors with Special Title</u>)</p> <p>Article 28</p> <p>1. <u>Representative Directors shall be elected by resolution of the Board of Directors.</u></p> <p>2. <u>The Company shall have one (1) President, and may also have any number of Executive Vice Presidents and Executive Managing Directors, as determined by resolution of the Board of Directors.</u></p>	<p>(Directors with Special Title)</p> <p>Article 28</p> <p><u>The Board of Directors may elect a Chairman & Director by resolution.</u></p> <p>[Clause 2 is intentionally deleted.]</p>
<p>(<u>Execution of Roles by Directors with Special Title</u>)</p> <p>Article 29</p> <p>1. <u>The President shall control the overall operation of the Company.</u></p> <p>2. <u>The Executive Vice Presidents and the Executive Managing Directors shall assist the President and execute the operations of the Company.</u></p> <p>3. <u>Should the President be incapacitated, the roles shall be assumed by another Representative Director appointed in an</u></p>	<p>[This Article is intentionally deleted.]</p>

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p><u>established order determined in advance by resolution of the Board of Directors.</u></p> <p><u>(Chairman)</u></p> <p><u>Article 30</u></p> <p><u>1. The Company may have one (1) Chairman as determined by resolution of the Board of Directors.</u></p> <p><u>2. If the Company has a Chairman, then the term “President” in Articles 14, 16, 23 and 24 hereof shall be read as (the) “Chairman”.</u></p> <p><u>(Exemption from Liability of Directors)</u></p> <p><u>Article 31</u></p> <p><u>1. The Company may exempt Directors (including former Directors) from the liability specified in Paragraph 1 of Article 423 of the Companies Act by resolution of the Board of Directors in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, to the extent permitted by applicable laws and regulations.</u></p> <p><u>2. The Company may, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, enter into agreements with <u>outside Directors</u> to the effect that the liability under the provisions of Paragraph 1 of Article 423 of the Companies Act shall not exceed the minimum liability amount set out in applicable laws and regulations.</u></p> <p><u>Chapter V Company Auditors and Board of Company Auditors</u></p> <p><u>(Number of Company Auditors)</u></p> <p><u>Article 32</u></p> <p><u>The number of Company Auditors shall be seven (7) or less.</u></p> <p><u>(Election of Company Auditors)</u></p> <p><u>Article 33</u></p> <p><u>A resolution to elect a Company Auditor shall be adopted by a majority of the votes of the shareholders present where such shareholders have at least one-third of the voting rights.</u></p>	<p><i>[This Article is intentionally deleted.]</i></p> <p><u>(Board of Directors Regulations)</u></p> <p><u>Article 29</u></p> <p><u>Any matters relating to the Board of Directors shall be as set out in applicable laws and regulations, these Articles of Incorporation, and the Board of Directors Regulations approved by the Board of Directors, as applicable.</u></p> <p><i>[This Article is added.]</i></p> <p><u>(Exemption from Liability of Directors)</u></p> <p><u>Article 30</u></p> <p><u>1. [No amendment is made to this provision.]</u></p> <p><u>2. The Company may, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, enter into agreements with <u>Directors (excluding Executive Directors and those in equivalent roles)</u> to the effect that the liability under the provisions of Paragraph 1 of Article 423 of the Companies Act shall not exceed the minimum liability amount set out in applicable laws and regulations.</u></p> <p><i>[This Chapter is intentionally deleted.]</i></p>

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p><u>(Term of Office of Company Auditors)</u></p> <p><u>Article 34</u></p> <p><u>1. The term of office of Company Auditors shall expire at the conclusion of the Annual Shareholders Meeting held with respect to the last of four (4) business years ending since their election.</u></p> <p><u>2. The term of office of any Company Auditor elected to fill a vacancy of a Company Auditor who resigned before the expiry of his or her term of office shall be for the remainder of the term of office of the predecessor.</u></p> <p><u>(Standing Company Auditor)</u></p> <p><u>Article 35</u></p> <p><u>1. The Company shall have any number of standing Company Auditors as determined by resolution of the Board of Company Auditors.</u></p> <p><u>2. The standing Company Auditors shall work full-time.</u></p> <p><u>(Board of Company Auditors; Notice to Convene Board of Company Auditors Meeting)</u></p> <p><u>Article 36</u></p> <p><u>1. The Board of Company Auditors shall consist of all Company Auditors.</u></p> <p><u>2. A notice to convene a Board of Company Auditors Meeting shall be given to each Company Auditor no later than two (2) days prior to the date of such meeting; provided that such notice period may be shortened in case of emergency.</u></p> <p><u>(Requirement for Resolution of Board of Company Auditors)</u></p> <p><u>Article 37</u></p> <p><u>Unless otherwise provided by applicable laws or regulations, any resolution of the Board of Company Auditors shall be adopted by a majority of the votes of the Company Auditors.</u></p> <p><u>(Minutes of Board of Company Auditors Meeting)</u></p> <p><u>Article 38</u></p> <p><u>The main points of the discussions in a Board of Company Auditors Meeting, the conclusions thereof, and any other information required to be included by applicable laws and regulations shall be specified or recorded in the minutes, and the Company Auditors present at the Board of Company Auditors Meeting shall place their seals or electronic signatures thereon.</u></p> <p><u>(Exemption from Liability of Company Auditors)</u></p> <p><u>Article 39</u></p>	

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p><u>1. The Company may exempt Company Auditors (including former Company Auditors) from the liability specified in Paragraph 1 of Article 423 of the Companies Act by resolution of the Board of Directors in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, to the extent permitted by applicable laws and regulations.</u></p> <p><u>2. The Company may, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act, enter into agreements with outside Company Auditors to the effect that the liability under the provisions of Paragraph 1 of Article 423 of the Companies Act shall not exceed the minimum liability amount set out in applicable laws and regulations.</u></p>	<p><u>Chapter V Nominating Committee, Audit Committee and Compensation Committee</u></p> <p style="text-align: right;"><i>[This Chapter is added.]</i></p> <p><u>(Method for Electing Committee Members)</u></p> <p><u>Article 31</u> <u>The respective Committee members and Committee Chairpersons of the Nominating Committee, the Audit Committee and the Compensation Committee of the Company shall be elected from the Directors, by resolution of the Board of Directors.</u></p> <p><u>(Power and Other Matters of Each Committee)</u></p> <p><u>Article 32</u> <u>The respective power and authority of and any other matters relating to the Nominating Committee, the Audit Committee and the Compensation Committee shall be as set out in applicable laws and regulations, these Articles of Incorporation, or their Committee Regulations approved by the Board of Directors, as applicable.</u></p> <p><u>Chapter VI Executive Officers</u></p> <p style="text-align: right;"><i>[This Chapter is added.]</i></p> <p><u>(Election of Executive Officers)</u></p> <p><u>Article 33</u> <u>The Executive Officers shall be elected by resolution of the Board of Directors.</u></p> <p><u>(Term of Office of Executive Officers)</u></p> <p><u>Article 34</u> <u>1. The term of office of Executive Officers shall expire at the conclusion of the first Board of Directors Meeting convened after the conclusion of the Annual Shareholders Meeting held with respect to the first (1st) business year ending since their election.</u></p>

Current Provisions of Articles of Incorporation	Proposed Amendments to Articles of Incorporation
<p>Chapter <u>VI</u> Accounts (Business Year) Article <u>40</u> [<i>Provisions are omitted in this document.</i>] to (Interim Dividends) Article <u>42</u> [<i>Provisions are omitted in this document.</i>]</p>	<p><u>2. The term of office of any Executive Officer elected to fill a vacancy of an Executive Officer who resigned before the expiry of his or her term of office shall be for the remainder of the term of office of the predecessor. The term of office of any Executive Officer elected to increase the number of Executive Officers shall be for the remainder of the term of office of other incumbent Executive Officers.</u></p> <p><u>(Representative Executive Officers; Executive Officers with Special Title)</u> <u>Article 35</u> <u>1. The Representative Executive Officer shall be elected by resolution of the Board of Directors.</u> <u>2. The Company may have one (1) Executive President, and may also have any number of Executive Vice Presidents and any number of other Executive Officers with Special Title, as determined by resolution of the Board of Directors.</u></p> <p><u>(Exemption from Liability of Executive Officers)</u> <u>Article 36</u> <u>The Company may exempt Executive Officers (including former Executive Officers) from the liability specified in Paragraph 1 of Article 423 of the Companies Act by resolution of the Board of Directors in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act, to the extent permitted by applicable laws and regulations.</u></p> <p>Chapter <u>VII</u> Accounts (Business Year) Article <u>37</u> [<i>No amendment is made to this provision.</i>] to (Interim Dividends) Article <u>39</u> [<i>No amendment is made to this provision.</i>]</p> <p><u>Supplementary Provisions</u> <u>(Transitional Measures for Exemption from Liability of Company Auditors)</u> <u>Article 1</u> <u>The provisions of Clause 1 of Article 39 of the Articles of Incorporation prior to the amendment shall remain applicable to any act or omission of the Company Auditors (including former Company Auditors) performed or committed before the conclusion of the 96th Annual Shareholders Meeting.</u> <i>[This Article is added.]</i></p>

Outline of the Office of Board of Directors

1. The Date of Establishment

End of June, 2020 (Scheduled)

2. Roles

Examination and report of progress or status of material execution such as matters that warrant the participation of outside Directors; and management of the operations of the Board of Directors, the Nominating Committee and the Compensation Committee, etc.

<Organization Chart>

