

June 29, 2020

Report of Progress of Business Improvement Plan under Electricity Business Act

The Kansai Electric Power Co., Inc. (Code: 9503)

6-16 Nakanoshima 3-chome, Kita-ku, Osaka

(URL: <https://www.kepco.co.jp>)

Company Representative: Takashi Morimoto, President and Director

Contact: Michiya Sakata, Senior General Manager, Office of Accounting and Finance

Tel: +81-6-6441-8821

On March 16, 2020*, the Kansai Electric Power Co., Inc. (KEPCO) received an order for business improvement based on the Electricity Business Act from the Minister of Economy, Trade and Industry. KEPCO sincerely accepts the order and will develop measures to prevent recurrence in its Management Reform Committee, which was set up on March 14 of this year, and submit the business improvement plan by the end of March this year. We will also put it into practice promptly through the holding of a general meeting of shareholders and other actions, and report the progress of the plan by the end of June this year.

* The Order issued on March 16 was defective in issuance procedures, and therefore the order consisting of the same contents was issued again on March 29, 2020.

[Announced on March 16 and 30, 2020]

Today, we reported the decision of specific measures and the progress of Business Improvement Plan under the Electricity Business Act to the Minister of Economy, Trade and Industry.

We will determine what specific measures should be taken, and will ensure and follow up the implementation of those measures. All officers and employees will make best efforts for recovery of trust, with an unwavering resolve to create completely new KEPCO. To this end, we will be committed to further management reform and renewal.

Attached material: Report regarding decision of specific measures and progress under Business Improvement Plan

June 29, 2020

Mr. Hiroshi Kajiyama
Minister of Economy, Trade and Industry

Takashi Morimoto, President
The Kansai Electric Power Co., Inc.
Yoshihiro Doi
Kansai Transmission and Distribution Inc.

Report regarding decision of specific measures and progress under Business Improvement Plan

We reported the decision of specific measures and the progress of Business Improvement Plan under Business Improvement Plan as an exhibit.

**THE DECISION OF SPECIFIC MEASURES AND THE PROGRESS UNDER BUSINESS
IMPROVEMENT PLAN**

A. Specific Measures for Recurrence Prevention

As below, 1 is for the Kansai Electric Power Co., (hereinafter KEPCO) and Kansai Transmission and Distribution (hereinafter Kansai-TD). 2, 3 and 4 are for KEPCO, and 5 is for Kansai-TD.

1. Clarification of Liability based upon the Administrative Disposition

As an expression of KEPCO's sincere acceptance of the Business Improvement Order and KEPCO's determined intention to take recurrence prevention measures with responsibility, and based upon the Third-party Panel's Investigation Report, KEPCO clarifies liability for the Incident as follows:

(1) Management Members' Liability (as of March 14, 2020)

[1] Resignation

Shigeki Iwane resigned as KEPCO's President and Member of the Board of Directors, Shosuke Mori (KEPCO'S former Executive Chairman,) resigned as KEPCO's Senior Advisor, Makoto Yagi (KEPCO's former Executive Chairman and Director) resigned as KEPCO's Contract Senior Partner, and Hideki Toyomatsu (KEPCO's former Vice President and Executive Director) resigned as KEPCO's Contract Senior Partner.

In addition, one former Director, Managing Executive Officer of KEPCO resigned as post-retirement staff of KEPCO's subsidiary as of March 14, 2020.

[2] Reduction in Remuneration

Yoshihiro Doi, Director, Executive Vice President: 20% of monthly remuneration for 3 months;
Takashi Morimoto, Director, Executive Vice President: 20% of monthly remuneration for 3 months;
Toyokazu Misono, Director, Executive Vice President: 20% of monthly remuneration for 3 months;
Koji Inada, Director, Executive Vice President: 20% of monthly remuneration for 3 months;
Takao Matsumura, Director, Executive Vice President: 20% of monthly remuneration for 3 months;
and
Yasuji Shimamoto, Director, Managing Executive Officer: 20% of monthly remuneration for 3 months.

(2) Appointment of New President (as of March 14, 2020)

Takashi Morimoto was appointed as KEPCO's President and Member of the Board of Directors.

[1] Acceptance of Cash and Gifts and Advance Commitments to Issue Work Orders

a. Resignation

Ikuo Morinaka (KEPCO's former Director and Executive Vice President), and Nozomu Ushiro, Satoshi Suzuki and Shigeki Otsuka (KEPCO's former Managing Executive Officers) will resign as KEPCO's Contract Senior Partner as of March 30, 2020.

b. Reduction in Remuneration

Takashi Fukuda, Managing Executive Officer: 50% of monthly remuneration for 6 months; and two Executive Officers: 10% of monthly remuneration for 3 months or 10% of monthly remuneration for 1 month.

c. Other

Four Executive Officers/employees will be treated in a similar manner.

d. Demand on Retired Officers/Employees

KEPCO will demand voluntary partial repayment of remuneration from the following individuals: 12 former officers (who held positions of or higher than Executive Officer): from 10% of monthly remuneration for 1 month to 50% of monthly remuneration for 6 months.

37 former Executive Officers/employees will be treated in a similar manner.

e. Liability of Subsidiaries' Officers/Employees

If any officer or employee of KEPCO's subsidiary accepted cash and gifts, made an advance commitment to issue work orders, or engaged in any other misconduct, KEPCO will strictly require such subsidiary to clarify liability for such misconduct. (According to the Third-party Panel's Investigation Report, 11 officers/employees of KEPCO's subsidiaries accepted cash and gifts.)

[2] Internal Investigations, Post-Incident Response and Payment of Remuneration to Retired Officers

a. Reduction in Remuneration

Susumu Tsukiyama, Executive Officer (former Managing Director in charge of Office of General Administration): 50% of monthly remuneration for 3 months; and

Yoshihide Hirota, Managing Executive Officer (Internal Investigation Panel member): 20% of monthly remuneration for 3 months.

b. Demand on Retired Officers

KEPCO will demand voluntary partial repayment of remuneration from the following individual: one former Director and Executive Vice President (former Director and Internal Investigation Panel member): 50% of monthly remuneration for 3 months.

[3] Other

Remuneration payable to Managing Executive Officers supervising compliance and/or issuance of work orders and execution of work contracts will be reduced as follows:

Nobuhiro Nishizawa, Managing Executive Officer (General Manager of Sourcing and Procurement Division): 10% of monthly remuneration for 3 months;

Tatsushi Okada, Managing Executive Officer (in charge of Office of General Administration): 10% of monthly remuneration for 3 months;

Hitoshi Mizuta, Managing Executive Officer (Senior Executive Officer of Nuclear Power Division): 10% of monthly remuneration for 3 months; and

Takashi Tada, Managing Executive Officer (in charge of Office of Civil Engineering and Architecture): 10% of monthly remuneration for 3 months.

(4) Remuneration Paid to Contract Senior Partner

As written in Business Improvement Plan, KEPCO's post-retirement staff had taken into consideration decrease in their remuneration during KEPCO's business slump and the total amount of remuneration

paid to those 18 former officers during their engagement as post-retirement staff had been JPY 260 million.

KEPCO requested said 18 former officers to voluntarily and fully repay remuneration and completed to be repaid fully.

(5) Reduction in Statutory Auditors' Remuneration

As written in Business Improvement Plan, KEPCO has received its Statutory Auditors' notice of a plan of reduction in or partial repayment of their remuneration as follows:

Yasuhiro Yajima, Audit & Supervisory Board Member: 50% of monthly remuneration for 3 months;

Yukishige Higuchi, Audit & Supervisory Board Member: 30% of monthly remuneration for 3 months;

Yasushi Sugimoto, Audit & Supervisory Board Member (since June, 2019): 20% of monthly remuneration for 3 months; and

Demand for voluntary repayment from one former Audit & Supervisory Board Member (retired in June, 2019): 10% of monthly remuneration for 3 months.

2. Drastic Enhancement of a Compliance Regime toward Sound and Appropriate Corporate Management, and Creation of a Compliance-Oriented and Sound Organizational Climate

KEPCO will endeavor to drastically enhance KEPCO's regime of compliance with laws and governmental regulations and other legal requirements (hereinafter, "Compliance"), in response to the Third-party Panel's finding that, in the Incident, KEPCO's officers accepted cash and gifts beyond the scope of social courtesy, that officers who had served as top management members in KEPCO's Nuclear Power Division should have been able to fully understand their acceptance of such cash and gifts was not permissible under applicable laws and social norms at least as far as their own acceptance was concerned, and that for a long time KEPCO made inappropriate decisions to leave Compliance-related conduct to individual officers'/employees' choice although KEPCO should have made corporate-wide considerations as to what measures were to be implemented and should have made corporate-wide decisions to implement them.

In response to the Third-party Panel's finding that KEPCO's introverted corporate culture (i.e., KEPCO's giving priority to its business activities over Compliance and KEPCO's lack of electricity user- and general public-orientedness) is a root cause of the Incident, KEPCO will correct such corporate culture and will make efforts to create a sound and Compliance-driven organizational climate.

(1) Re-Establishment of a Compliance Regime Utilizing External Human Resources

[1] Creation of a Compliance Committee and Compliance Promotion Division

a. Creation of a Compliance Committee

- In order to enhance Compliance-related supervisory functions, KEPCO created a “Compliance Committee,” which should be independent of President and other executives and should directly report to the Board of Directors. (On April 28)

The Compliance Committee is responsible for giving guidance, advice and supervision for KEPCO Group’s promotion of Compliance, and discuss and approve especially important matters such as KEPCO’s basic policies for promotion of Compliance, and KEPCO’s policies and procedures for handling of Compliance incidents involving its officers. The Compliance Committee gives guidance, advice and supervision relating to Compliance promotion directly to President and other executives and makes periodical reports to the Board of Directors.

- Chairman of the Compliance Committee is an external individual, and majority members of the Compliance Committee is also external individuals. External members of the Compliance Committee are selected from those who are familiar with compliance and corporate ethics and have rich work experiences and knowledge. Internal members of the Committee are President of KEPCO and Kansai-TD. Executive officer in charge of Office of Compliance Promotion is the secretary of managing the Committee.

(Members)

Chairman : Naoto Nakamura, Attorney

External members : Haruka Matsuyama, Attorney

Joji Nakaya, Professor of Kindai University

Internal members : Takashi Morimoto, Kansai Electric Power Co., Inc. Representative

Executive Officer

Yoshihiro Doi, Kansai Transmission and Distribution, Inc. Representative
Director

- The Compliance Committee were held two times on May 18 and June 12. And the items to be worked on and how to proceed in order to strengthen the compliance system and raise awareness, and the direction of the review of the basic policy on compliance promotion and the progress of the Business Improvement Plan, etc. were discussed and approved.
- The Compliance Committee’s independence of President and other executives should be ensured also in terms of operation of the Committee through, for example but not limited to, an express provision contained in KEPCO’s internal rule to the effect that any internal member of the Compliance Committee whose direct conduct relates to an incident should leave a place where the Committee discusses such incident. (On April 28)
- In addition, the Committee was reported from the Management Reform Committee, which is responsible for the deliberation and coordination of measures to prevent the recurrence of this incident (General Manager: president, Installation Period: from March 14 to the end of June) on June 12. After reviewing the status of implementation and deliberation, the Committee provided the following guidance. This was reported to the Board of Directors on June 25.
 - We assess the specific measures under the Business Improvement Plan are proceeded steadily.
 - It takes long time to ensure that the fundamental review of the past values is firmly embedded in the mind of all officers and employees. All of us need to make continuous efforts in order to keep the same awareness, issues and solid new values.
 - We need to keep the fundamental question that what is better as a company, or what is good job that employees can be proud of, with proceeding specific reform plans. To do so, we should continue lasting activities.

b. Creation of Compliance Promotion Division

- In order to enhance Compliance promotion functions, KEPCO created “Compliance Promotion Division” as an executive side organization. (On April 10) The division is composed of members having legal knowledge and also members having diversified background such as planning, human resources and labor management, engineering divisions and so on.

c. Cooperation between the Compliance Committee and Compliance Promotion Division

- Compliance Promotion Division reports KEPCO Group’s Compliance incidents to the Compliance Committee and refer those incidents to the Compliance Committee’s discussions. Compliance Promotion Division receives the Compliance Committee’s guidance, advice and supervision, while President and other executives is responsible for determining specific measures to be taken in relation to Compliance. (On April 28)
- Officers in charge of Compliance Promotion Division make monthly reports of progress of implementation of Compliance measures to Chairman of the Compliance Committee, for his/her guidance, advice and supervision. (On April 28) After its establishment, they reported on May 21 and June 19.

[2] Establishment of an Incident Reporting System

- KEPCO’s internal rule should expressly provide that a Compliance incident must be promptly reported to Compliance Promotion Division and that Compliance Promotion Division must respond to the reported incident with reference to social norms and other relevant considerations, and must escalate the incident to the Compliance Committee for its guidance, advice and supervision.(On April 28)
- KEPCO shifted to a “Company with Nominating Committees, etc.” (Sub-Section 4 (1) below), a current system should be revised so that the Audit Committee can conduct audits by giving directions directly to staff who are under the Audit Committee’s jurisdiction, and can provide audit and supervisory functions in a multilateral way together with the Compliance Committee’s supervision.

[Improvement of a whistle-blowing and complaint handling mechanism]

- Regarding the internal reporting and consultation system for directors, employees and external related parties, KEPCO clarified and enhanced in the internal rules as followings.
 - Professional attorney will deal with the issue as needed, and the attorney can request the Compliance Committee or Audit Committee to deal with the issue and take effective measures at his own discretion.
 - Clarified the directors’ duty of reporting and office that is reported (Compliance Committee or Chairperson of Board of Directors) regarding the compliance incidents.
 - The employees’ duty of reporting to their boss, and suggests the use of office that is reported regarding the compliance incidents.
- The Compliance Contact Point should investigate into and respond to any reported incident with due care for protection of confidential information. The Compliance Contact Point ensured its adequate use by, for example but not limited to, repeatedly making KEPCO Group’s officers and employees aware of the requirement that whistle-blowers or complainants should not be treated in a detrimental manner. (President’s message on May 19 after the first Compliance Committee was held, and executive officers’ message scheduled on June 30 regarding adequate use of the office that is reported.)

(2) Creation and Maintenance of Compliance Awareness

[1] Officers' Initiatives, and Establishment of a Code of Conduct to be Observed by KEPCO Group's Officers and Employees

- President declared that KEPCO Group will make best efforts to operate in an honest, transparent and open manner and we covenant to bear in mind that "priority should not be given to KEPCO Group's business performance and business activities over Compliance," to always behave themselves in a user-oriented way, thinking what are present social norms, and not to hesitate to amend any of KEPCO's corporate practices and rules, organizations and systems if they should be amended. (Implemented on March 30)
- KEPCO Group's officers fully disseminate the contents of said declaration by President to each and every employee of KEPCO Group by their own words (Since April, we had 34 times of the opportunities to communicate with employees by the TV conference and share the contents of the communication in the Company), and take initiatives always keeping in mind the contents of the declaration so that the officers are models for employees.
- The intent of said declaration by President as well as more strict regulation on offering and acceptance of gifts and hospitalities is expressly set forth in KEPCO Group's CSR Charter as a code of conduct to be observed by KEPCO Group's officers and employees, and they are strongly encouraged to behave themselves in accordance with it. (Implemented on March 30)

[2] Comprehensive Revision of Basic Policies and Internal Regulations Relating to Promotion of Compliance

- In order to create "user-oriented" Compliance awareness, KEPCO's basic policies and internal regulations relating to promotion of Compliance was comprehensively revised under the newly-formed Compliance Committee's guidance, advice and supervision. (On June 22)
- KEPCO's "Regulations on Handling of Gifts and Hospitality," which was established in December, 2019, was also reviewed within the framework of KEPCO's new Compliance system, and should be revised so that the regulations will become more effective. (On June 22)
- Rules on personnel actions against officers was developed and expressly set forth in internal regulations. (On June 25)

[3] Enhancement of Compliance Training

- Training offered to officers is enhanced for renovation of corporate management. Officers discuss with the external experts regularly (once a quarter), and it was held two times which theme are the risk communication (lecturer: expert of risk consulting) in December 2019, and the mechanism of scandal (lecturer: professor of corporate scandal) in February 2020. Since then, we refrain the discussion because of COVID-19 (the emergency declaration and refraining from going out across prefecture, etc.) and hereinafter we will restart the discussion. Also, in training for assumption of officers, the training about the understanding and responsibility of assumption of officers will be done promptly after July.
- For employees, Training programs will be strengthened by the training for staffs promoting compliance and new training referred to the other companies and public service ethics is enhanced for continuous improvement of KEPCO Group's Compliance awareness.

3. Establishment of a Business Operation System for Ensuring Reasonableness and Transparency in Business Procedures Relating to Issuance of Work Orders and Execution of Work Contracts

In light of the Third-party Panel's finding that KEPCO's rules concerning locally-oriented measures have not been well developed and KEPCO's related business procedures are not reasonable and transparent and that KEPCO has poor recognition of harmful effect of the wrong "local orientedness," KEPCO ensures reasonableness and transparency in business procedures relating to issuance of work orders and execution of work contracts by developing clear rules concerning such order issuance and contract execution, and by establishing procedures for examination and review of such transaction as follows: a business unit which issues a work order or execute a work contract should examine such transaction by itself, then a procurement department examines the transaction in accordance with internal rules and based upon the department's contracting expertise, and finally, after the work order is issued or the work contract is executed, the Procurement Review Committee reviews the transaction from external experts' perspective. KEPCO also ensures reasonableness and transparency in business procedures relating to donations and cooperative contributions.

In the long term, KEPCO makes efforts to ensure that effect of community relations spreads widely and equally in the region and to make contributions to regional vitalization and to improvement of local companies' competitiveness, both through said measures.

(1) Revision of Procedures Relating to Issuance of Work Orders and Execution of Work Contracts

[1] Separation of an Implementation Authority and a Contracting Authority

- In order to strengthen control functions relating to issuance of work orders and execution of work contracts, a contracting authority now held by work implementing departments was transferred to procurement departments, except for purchase of office supplies and outsourcing of highly professional services such as system development services. (On June 25)

[2] Creation of Procurement Review Committee

- "Procurement Review Committee" was created in order to ensure reasonableness and transparency in business procedures relating to issuance of work orders and execution of work contracts or relating to payment of donations and cooperative contributions: the external experts will review said order issuance, contract execution and payment after the transaction is done. (On April 28)
- The Procurement Review Committee is composed of several external members (lawyers, certified public accountants and other professionals) and internal members including officers assigned to Compliance Promotion Division.

(Members)

Chairman : Yojiro Taki, Attorney

External members : Haruka Matsuyama, Attorney

Atsushi Takeda, Attorney

Atsushi Ishigame, Professor of Osaka Prefecture University

Internal members : Toyokazu Misono, Executive Officer in charge of Office of Compliance Promotion

The Committee was held twice on May 26 and June 19. The business owner department submitted all of the placement of orders and contracts, the donation, and cooperation fund, and the Committee examined the extracted projects whether business was proceeded properly based on the internal rules or not. The Committee guide and advice to business owner department as needed, and open the overview of the examination to the public.

- After the Committee held on July 30, business owner departments should submit all transactions of issuance of work orders, execution of work contracts, and payment of donations and cooperative contributions to the Procurement Review Committee, which will review sampled transactions in terms of whether or not business procedures relating to those transactions conform to internal rules. The Committee will give guidance and advice to business owner departments as and when necessary, and will publish an outline of the Committee's review.

- The Procurement Review Committee reported the contents of its discussions to the Compliance Committee on June 12 and the Board of Directors in June 25, and received their guidance, advice and supervision when necessary.

(2) Prohibition of Deviating Procedures for Issuance of Work Orders and Execution of Work Contracts

In order to prohibit malpractice of issuance of work orders or execution of work contracts upon particular individuals' or entities' demand, internal rules are revised to be stricter in terms of the following deviating procedures(On April 24), and acceptability of revised internal rules should be assessed by the Procurement Review Committee.(On June 23)

[1] Prohibition of Advance Provision to Particular Individuals or Entities of Information Relating to Work Order or Contract

- Any information relating to work order or contract should not be provided in advance in any way which benefits any particular individuals or entities, so that competitive tenders will not lose substance.

[2] Prohibition of Disclosure of Prices of Particular Orders or Contracts Leading to Advance Commitments to Issue Work Orders

- Any monetary amount (e.g. budgeted amount or planned contract amount) concerning any particular work or concerning any work conforming to planned annual contract prices must not be disclosed in advance to any individual or entity, so that such disclosure will not lead to advance commitment to issue a work order.

[3] Prohibition of Inappropriate Involvement in Prime Contractors' Order Issuance to Subcontractors or Contract with Subcontracts

- Any information should not be provided in a manner which will benefit any particular individual or entity through indirect ordering. KEPCO must not be involved in its prime contractors' selection of subcontractors in any inappropriate manner which will benefit any particular individuals or entities.

[4] Prohibition of Unreasonable Sole-Source Procurement with Designated Individuals or Entities

- Sole-source procurement which will benefit any particular individuals or entities will be prohibited if KEPCO does not have reasonable justifications for such procurement.

In order to prohibit we regulated the internal rules regarding the bits of non-transparent payment of donations and cooperative contributions and organized the operation rules of examining of relevant expenditure under the content of [5]. (On April 24 and 28) These internal rules are assessed their relevance in the Procurement Review Committee and reviewed them. (On June 23)

[5] Prohibition of Non-transparent Payment of Donations and Cooperative Contributions

- When KEPCO pays a donation or a cooperative contribution, its recipient and a purpose of its use must be clarified, so that such donation or a cooperative contribution will not be paid into a bank account which can be accessed by any individual for any unintended purpose.

(3) Ensuring of Transparency in Subsidiaries' Order Issuance

- Prohibition under (2) above requested to strictly apply to KEPCO's subsidiaries and reported the status of rulemaking to the Procurement Review Committee. (On June 19)
- If a work order issued by KEPCO to its subsidiary is subject to the Procurement Review Committee's review, any related work orders issued by such subsidiary to its subcontractor will be also reviewed by the Committee in internal rules. (By starting the examination of the each project)

- (4) Strict Punishment against Business Partners whose Malpractice has been Detected
- KEPCO should impose strict punishment (including suspension of nomination) on any business partners whose misconduct has been detected by the Third-party Panel’s investigation. KEPCO required such business partners to take recurrence prevention measures including but not limited to re-establishment of a Compliance promotion system and prohibition of misconduct. (On March 30) After that, regarding the recurrence prevention measures submitted by business partners, “the development of the compliance promoting system with external objective viewpoint” and “the development of governance system that can control the president” etc. are assessed in light of the examination and confirmation by the Procurement Review Committee and Compliance Committee. (On June 19) We will determine whether to lift the suspension of the nomination in light of the examination and confirmation by the Procurement Review Committee and Compliance Committee, based on the Company’s revaluation.
 - If KEPCO issues work orders to any business partner whose malpractice has been detected in connection with the Incident, transparency is ensured by the Procurement Review Committee’s review of all of such transactions.

4. Development of a New Corporate Management Regime for Ensuring Implementation of and Continued Observance to Requirements Set forth above

- (1) Development of an Effective Corporate Governance Regime Utilizing External Human Resources
- For a long time, inappropriate connection between KEPCO’s officers / senior managerial employees and a specific local influencer (such as those officers’/employees’ acceptance of cash and gifts from the influencer, and those officers’/employees’ advance provision to the influencer of information relating to work orders and contracts) has not been remedied, and findings from internal investigations have not been reported to the Board of Directors: KEPCO’s corporate governance has been ill functioning. In light of the Third-party Panel’s conclusion that a root cause of such poor corporate governance is KEPCO’s introverted corporate culture, KEPCO makes clear separation between execution and supervision, and develops an effective corporate governance regime attaching importance to external objective perspectives, for the purpose of enhancing supervisory functions of the Board of Directors. The Third-party Panel’s Investigation Report found that remuneration paid to retired officers had not been legitimate because it had included indemnification for their additional tax burden arising from their revised tax declarations, and also indemnification for previous decrease in their remuneration during KEPCO’s business slump. In light of the finding that the top management arbitrarily determined such indemnification, KEPCO enhances objectiveness of the remuneration determination process.

[1] Revision of a Corporate Governance Framework

- Consideration of the possibility of, and preparatory tasks for, KEPCO’s shift to a “Company with Nominating Committees, etc.” was commenced. (On June 25)
- Corporate governance guidelines was developed which shows KEPCO’s approaches to and policies for effective corporate governance including this revision.

[2] Enhancement of Supervisory Functions Attaching Importance to External Objective Perspectives

- Majority members of each of KEPCO’s three statutory committees (i.e., the Nominating Committee, the Compensation Committee and the Audit Committee) are external directors; Chairman of the Board of Directors, who will chair meetings of the Board, is an individual who joined KEPCO after having worked for another company or other companies; and Chairman of each of the three statutory committees is an external director.

a) Board of Directors

Chairman	Sadayuki Sakakibara (independent external director)
Director	Takamune Okihara (independent external director)
Director	Tetsuya Kobayashi (independent external director)
Director	Shigeo Sasaki (independent external director)
Director	Atsuko Kaga (independent external director)

Director	Hiroshi Tomono (independent external director)
Director	Kazuko Takamatsu (independent external director)
Director	Fumio Naito (independent external director)
Director	Takashi Morimoto
Director	Toyokazu Misono
Director	Koji Inada
Director	Yasushi Sugimoto
Director	Susumu Yamaji

b) The Nominating Committee

Chairman	Sadayuki Sakakibara (independent external director)
Member	Takamune Okihara (independent external director)
Member	Tetsuya Kobayashi (independent external director)
Member	Kazuko Takamatsu (independent external director)

c) The Compensation Committee

Chairman	Tetsuya Kobayashi (independent external director)
Member	Sadayuki Sakakibara (independent external director)
Member	Takamune Okihara (independent external director)
Member	Atsuko Kaga (independent external director)

d) The Audit Committee

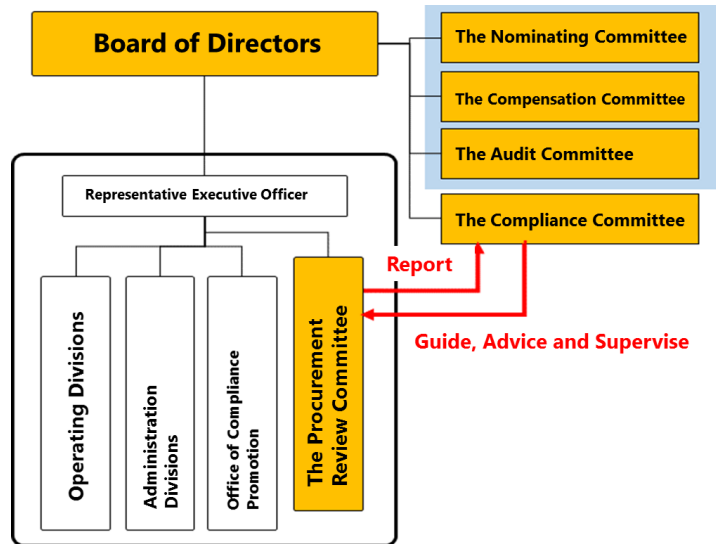
Chairman	Hiroshi Tomono (independent external director)
Member	Shigeo Sasaki (independent external director)
Member	Atsuko Kaga (independent external director)
Member	Fumio Naito (independent external director)
Member	Yasushi Sugimoto
Member	Susumu Yamaji

- Personnel actions against officers is determined by the Board of Directors after discussions in the Nominating Committee and the Compensation Committee. Revision ensures objectiveness.
- If, after any officer's retirement, KEPCO engages him/her as a corporate advisor, a consultant or post-retirement staff, the necessity of such continued engagement and remuneration payable to him/her is determined by the Board of Directors after discussions in the Nominating Committee and the Compensation Committee. Revision ensures objectiveness.

[3] Enhancement of Audit Functions

- Review toward and preparatory tasks for the following revision of audit functions was commenced: the Audit Committee, majority members of which should be external directors and Chairman of which should be also an external director, must have power to conduct audits on its own initiatives.
- The current framework is revised so that Chairman of the Audit Committee, who should be an external director, conduct investigations into various incidents including Compliance incidents on his/her own initiative and make reports to the Board of Directors, and the Audit Committee together with the Compliance Committee provide multilateral audit and supervisory services to President and other executives.
- A secretariat is created which support the Audit Committee so that the Committee can timely and comprehensively collect information based upon which the Committee conduct audits. (On June 25) Members of the secretariat consist of individuals having diversified professional backgrounds.

[Chart of Planned Corporate Governance Regime Utilizing External Human Resources]



Board of Directors and 3 Committees designated by law
–Majority of members is independent external directors and Chairman is also independent external director.

The Compliance Committee and The Procurement Review Committee
–Chairman is external member and majority of members is also external members.

(2) Development of a System for Effective Governance over Nuclear Power Division

The Third-party Panel found that most of the events constituting the Incident (i.e., acceptance of cash and gifts, advance commitments to issue work orders, and other misconduct) had occurred in Nuclear Power Division (hereinafter, “NPD”), that several Chief Nuclear Officers of and multiple senior managerial employees in NPD had successively engaged in such misconduct, which had never been remedied, and that the Incident had become more serious upon NPD’s relocation to Mihama Town. The Third-party Panel also found that poor governance over NPD lies behind the Incident: NPD was peculiar among other divisions in KEPCO (in that NPD was technically peculiar, incidents arising in NPD were more likely to become political and/or social issues, and resumption of operation of nuclear power plants had material effect on KEPCO’s corporate management); because of such peculiarity NPD was a self-enclosed organization and in NPD it was difficult to realize correct opinions; and such self-enclosedness could not be broken through.

In light of these findings, KEPCO will develop a system for effective governance over NPD so that NPD will become a well-governed and open organization, including “enhancement of compliance functions utilizing external human resources” (Sub-Section 2 (1) above) and “establishment of a business operation system for ensuring reasonableness and transparency in business procedures relating to issuance of work orders and execution of work contracts” (Section 3 above).

[1] Enhancement of Control over and Support to Nuclear Power Division

a. Creation of the Position of Senior Executive Officer of NPD to Supervise Compliance

- In order to enhance Compliance-related control and support, KEPCO created the position of Senior Executive Officer of NPD, which supervise Compliance and administrative departments and should be always stationed in NPD. Kazumitsu Takanishi, Executive Officer is appointed to the position. (On June 25)

Audit functions over NPD is enhanced by appointing Tatsushi Okada to a specially assigned audit officer who serves the Audit Committee and will be always stationed in NPD to monitor it effectively. (On June 25)

In addition, “the Group of Compliance Promoting” was established in order to strengthen the compliance promoting system in the Nuclear Power Division. (On June 25) The Group proceeds to promote the compliance in the Nuclear Power Division in cooperation with the Office of Compliance Promoting.

b. Participation by Officers in other Divisions in NPD’s Major Meetings

- In order to enhance control over and support to NPD’s business activities in general such as the Managing Meeting of Nuclear Power Division held on May 20 and June 18 etc., officers in other divisions (including corporate planning, accounting, and human resources & safety divisions) participate in NPD’s major meetings.

[2] Measures for Creation of an Open Organization

a. Holding of Meetings of the Board of Directors in NPD’s Premises (located in Mihama Town)

- In order to shorten geographic distance between officers/employees in NPD and officers in other divisions including external officers, meetings of the Board of Directors, the Compliance Committee, the Nuclear Safety Promotion Committee and so on should be held in NPD’s premises located in Mihama Town, on a periodical basis. In light of COVID-19 infection, we consider the specific period of the meetings that are held there.

b. Periodical Discussions and Dialogues between NPD Members and Non-NPD Officers including External Officers

- In order to wipe away NPD’s self-enclosedness, opportunities should be offered for officers in divisions other than NPD including Chairman of the Board of Directors, President, and external officers to periodically hold discussions and dialogues with a wide range of NPD members. In

light of COVID-19 infection, the discussions with the presidents and officers were held with TV conference system. (On June 4 and 8)

c. Promotion of Interaction with Other Divisions

- NPD members are provided with experiences to work in KEPCO's divisions not relating to nuclear business and/or in other companies and more personnel is transferred from such divisions to NPD, so that individuals who play key roles in KEPCO's nuclear business in the future can deeply think and behave themselves from user-oriented perspectives and wipe away NPD's self-enclosedness.

Transfer from NPD to other divisions or outside the Company 61people

Transfer from other divisions to NPD 65people

[Numbers of managerial positions from March 31 to regular transfer of managerial position in June]

5. Implementation of Recurrence Prevention Measures in Kansai Transmission and Distribution, Inc.

Kansai Transmission and Distribution, Inc. takes specific measures mentioned in Sections 2 and 3 above, in line with KEPCO's intentions reflected in those sections. As to Sub-Section 4 (1) above, KEPCO realizes a satisfactory corporate governance system in Kansai Transmission and Distribution, Inc. as its shareholder.

(2)[1]Recurrence prevention measures in Kansai Transmission and Distribution, Inc.

a) Compliance Committee in Kansai Transmission and Distribution, Inc.

- Kansai Transmission and Distribution, Inc. established the Compliance Committee consists of president and 6 internal members, and 1 external member (attorney) to audit compliance. The committee examines the basic compliance policy, the plan of compliance activities and incidents, and it also guide, advice and supervise regarding promoting compliance. The Committee is held regularly once a year and additionally as needed. Since April 1, it was held on June 5.
- It is in internal rules that the president and internal members who are related directly to the incidents leave the discussion about it. (On June 29)

b) Making System of reporting incidents

- In Kansai Transmission and Distribution, Inc., since April 1 the division in which incidents occurred reports promptly to general affairs division that is office of compliance committee, and the general affairs division deal with the incidents appropriately in compliance, report to the Compliance Committee in Kansai Transmission and Distribution, Inc. and is guided, advised, and supervised by the Committee.
- In addition, it is written in internal rules that the general affairs division reports the incidents to Office of Compliance promotion in order to report reliably to Compliance Committee and Office of Compliance Promotion in KEPCO that examine the incidents in Kansai Transmission and Distribution, Inc. (On June 29)

【Enhancement internal report/consultation system】

Enhanced the internal report/consultation system from officers, employees and external parties to write issues in internal rules as below. (On June 29)

- Professional attorney will deal with the issue as needed, and the attorney can request the Compliance Committee or Audit Committee to deal with the issue and take effective measures at his own discretion.
- Clarified the directors' duty of reporting and office that is reported to Compliance Committee regarding the compliance incidents.
- The employees' duty of reporting to their boss regarding the compliance incidents.
- In order to properly use the "Compliance Counseling Service", we kept the confidentiality of it and made it known that there was no disadvantage to the whistleblower/consultant, and encouraged us to actively use it. (On June 16)

2[2] Creation and Maintenance of Compliance Awareness

a) Officers' Initiatives, and Establishment of a Code of Conduct to be Observed by Officers and Employees

- Officers fully disseminate the contents of said declaration by President to each and every employee in the communication with employees etc. (In addition to KEPCO Group's 2(2)[1], the communications were held 19 times.)
- The intent of said declaration by President as well as more strict regulation on offering and acceptance of gifts and hospitalities is expressly set forth in Kansai Transmission and Distribution Inc.'s CSR Charter as a code of conduct to be observed by KEPCO Group's officers and employees, and they are strongly encouraged to behave themselves in accordance with it. (Implemented on April 1)

b) Comprehensive Revision of Basic Policies and Internal Regulations Relating to Promotion of Compliance

- In order to create "user-oriented" Compliance awareness, KEPCO's basic policies and internal regulations relating to promotion of Compliance was comprehensively revised under the newly-formed Compliance Committee's guidance, advice and supervision. (On June 22)
- KEPCO's "Regulations on Handling of Gifts and Hospitality," which was established in December, 2019, was also reviewed within the framework of KEPCO's new Compliance system, and should be revised so that the regulations will become more effective. (On June 22)

(2) Creation and Maintenance of Compliance Awareness

[1] Officers' Initiatives, and Establishment of a Code of Conduct to be Observed by KEPCO Group's Officers and Employees

- President declared that KEPCO Group will make best efforts to operate in an honest, transparent and open manner and we covenant to bear in mind that "priority should not be given to KEPCO Group's business performance and business activities over Compliance," to always behave themselves in a user-oriented way, thinking what are present social norms, and not to hesitate to amend any of KEPCO's corporate practices and rules, organizations and systems if they should be amended. (Implemented on March 30)
- KEPCO Group's officers fully disseminate the contents of said declaration by President to each and every employee of KEPCO Group by their own words (Since April, we had 34 times of the opportunities to communicate with employees by the TV conference and share the contents of the communication in the Company), and take initiatives always keeping in mind the contents of the declaration so that the officers are models for employees.
- The intent of said declaration by President as well as more strict regulation on offering and acceptance of gifts and hospitalities is expressly set forth in KEPCO Group's CSR Charter as a code of conduct to be observed by KEPCO Group's officers and employees, and they are strongly encouraged to behave themselves in accordance with it. (Implemented on March 30)

[2] Comprehensive Revision of Basic Policies and Internal Regulations Relating to Promotion of Compliance

- In order to create "user-oriented" Compliance awareness, KEPCO's basic policies and internal regulations relating to promotion of Compliance was comprehensively revised under the newly-formed Compliance Committee's guidance, advice and supervision. (On June 22) Kansai Transmission and Distribution Inc. consider to make rule according the regulations.
- KEPCO's "Regulations on Handling of Gifts and Hospitality," which was established in December, 2019, was also reviewed within the framework of KEPCO's new Compliance system, and should be revised so that the regulations will become more effective. (On June 22) Kansai Transmission and Distribution Inc. consider to make rule according the regulations.

- [3] Enhancement of Compliance Training
 - The contents of training for officers and employees is what are considered and proceeded in KEPCO.
- 3(1) Review of the system regarding placement of order and contracts
- a) Separation of enforcement authority and contracting authority
 - Kansai Transmission and Distribution Inc. separates enforcement authority and contracting authority from the past.
 - b) Targets of the Procurement Review Committee
 - The Procurement Review Committee examines the projects in Kansai Transmission and Distribution Inc. The business owner division submits the all of orders, contracts and donations and the Committee examines projects which are extracted from them whether the business is proceeding properly since the Committee held on July 30.
- 3(2) Prohibition of Deviating Procedures for Issuance of Work Orders and Execution of Work Contracts
- In order to prohibit malpractice of issuance of work orders or execution of work contracts upon particular individuals' or entities' demand, internal rules are revised to be stricter in terms of the following deviating procedures(On April 24), and acceptability of revised internal rules should be assessed by the Procurement Review Committee.(On June 23)
- [1] Prohibition of Advance Provision to Particular Individuals or Entities of Information Relating to Work Order or Contract
 - Any information relating to work order or contract should not be provided in advance in any way which benefits any particular individuals or entities, so that competitive tenders will not lose substance.
 - [2] Prohibition of Disclosure of Prices of Particular Orders or Contracts Leading to Advance Commitments to Issue Work Orders
 - Any monetary amount (e.g. budgeted amount or planned contract amount) concerning any particular work or concerning any work conforming to planned annual contract prices must not be disclosed in advance to any individual or entity, so that such disclosure will not lead to advance commitment to issue a work order.
 - [3] Prohibition of Inappropriate Involvement in Prime Contractors' Order Issuance to Subcontractors or Contract with Subcontracts
 - Any information should not be provided in a manner which will benefit any particular individual or entity through indirect ordering. KEPCO must not be involved in its prime contractors' selection of subcontractors in any inappropriate manner which will benefit any particular individuals or entities.
 - [4] Prohibition of Unreasonable Sole-Source Procurement with Designated Individuals or Entities
 - Sole-source procurement which will benefit any particular individuals or entities will be prohibited if KEPCO does not have reasonable justifications for such procurement.

In order to prohibit we regulated the internal rules regarding the bits of non-transparent payment of donations and cooperative contributions and organized the operation rules of examining of relevant expenditure under the content of [5]. (On April 24 and 28) These internal rules are assessed their relevance in the Procurement Review Committee and reviewed them. (On June 23)

- [5] Prohibition of Non-transparent Payment of Donations and Cooperative Contributions
 - When KEPCO pays a donation or a cooperative contribution, its recipient and a purpose of its use must be clarified, so that such donation or a cooperative contribution will not be paid into a bank account which can be accessed by any individual for any unintended purpose.

- (3) Ensuring of Transparency in Subsidiaries' Order Issuance
 - Prohibition under (2) above requested to strictly apply to KEPCO's subsidiaries and reported the status of rulemaking to the Procurement Review Committee. (On June 19)
 - If a work order issued by KEPCO to its subsidiary is subject to the Procurement Review Committee's review, any related work orders issued by such subsidiary to its subcontractor will be also reviewed by the Committee in internal rules. (By starting the examination of the each project)
- (4) Strict Punishment against Business Partners whose Malpractice has been Detected
 - KEPCO should impose strict punishment (including suspension of nomination) on any business partners whose misconduct has been detected by the Third-party Panel's investigation. KEPCO required such business partners to take recurrence prevention measures including but not limited to re-establishment of a Compliance promotion system and prohibition of misconduct. (On March 30) After that, regarding the recurrence prevention measures submitted by business partners, "the development of the compliance promoting system with external objective viewpoint" and "the development of governance system that can control the president" etc. are assessed in light of the examination and confirmation by the Procurement Review Committee and Compliance Committee. (On June 19) We will determine whether to lift the suspension of the nomination in light of the examination and confirmation by the Procurement Review Committee and Compliance Committee, based on the Company's revaluation.
 - If KEPCO issues work orders to any business partner whose malpractice has been detected in connection with the Incident, transparency is ensured by the Procurement Review Committee's review of all of such transactions.

4(1) Establishment of an effective governance system

- As a 100% shareholder of Kansai Transmission and Distribution Inc., KEPCO has the authority to make decisions such as the selection and dismissal of directors and officers, and, based on the premise of compliance with conduct regulations, we exercises our authority as a shareholder when necessary to ensure proper governance.
- Ensuring the appropriateness and appropriateness of the execution of duties by directors of Kansai Transmission and Distribution Inc., at the same time, the Board of Directors of KEPCO. We establish a system. In addition, we establish a system in which the majority of members are from outside the company and the committee is chaired by a member from outside the company. Committee and the Procurement Review Committee, as described in 5.2 (1) (ii) and 5.3 (1) (ii), the Kansai Electric Power Company We promote compliance in power transmission and distribution, and review construction orders and contract procedures.

B. Assessment and Review for Ensuring Effectiveness of Recurrence Prevention Measures

KEPCO will review its recurrence prevention measures through its Board of Directors and newly created Compliance Committee and such review will be done principally by external members of these organizations. If necessary, additional remedial measures will be added to the recurrence prevention measures, and/or the recurrence prevention measures will be modified.

- Officers in charge of Office of Corporate Planning reported implementation of 2(1) of this Business Improvement Plan (including implementation by Kansai Transmission and Distribution, Inc.) and officers in charge of Office of Compliance Promotion reported implementation of others of the Plan to the Board of Directors with reference to guidance, advice and supervision given by the newly created Compliance Committee held on June 12. (On June 25) The Board of Directors verify the effectiveness of the remedial measures and, if necessary, give direction that additional measures should be developed and/or current measures should be modified.