

October 6, 2020

**Results of an Investigation on the Receipt of Cash and Gifts at the Company and
Group Companies**

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

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

(URL: <https://www.kepcoco.jp>)

Company Representative: Takashi Morimoto, President and Director

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

Tel: +81-6-6441-8821

Based on the fact that it was found as a result of internal reporting that a total of two people, a former president and a former executive, at KANSO CO., LTD., a group company, had received cash and gifts from Mr. Eiji Moriyama (hereinafter referred to as “Mr. Moriyama”), the Company decided to conduct a similar investigation regarding the receipt of cash and gifts at the Company (including Kansai Transmission and Distribution, Inc.) and six group companies*.

* KANSO CO., LTD., Kanden Plant Corporation, Kanden Power-Tech Corp., Kanden Realty & Development Co., Ltd., The Kanden Service Co., Inc., Kanden Engineering Corporation
[Notified July 22, 2020]

Based on the advice and guidance of the Compliance Committee, the Company commissioned an independent external lawyer to conduct an objective and thorough investigation.

Having received that investigation report, it was submitted to and deliberated upon by the Compliance Committee today. In addition, the investigation report was also submitted to and confirmed by the third-party committee.

As a result of the investigation, new facts were revealed with regard to the receipt of cash and gifts at the Company, Kanden Plant Corporation and Kanden Realty & Development Co., Ltd., as per Attachment 1.

We would like to apologize sincerely once again for the tremendous inconvenience this series of events has caused to customers and society.

The Company is promoting management reforms based on the Business Improvement Plan formulated in March this year.

It is regrettable that new facts concerning the receipt of cash and gifts were revealed without an appropriate report being made in the investigation by the third-party committee, but we believe that this is a result of the internal reporting system and the new governance system functioning. We will continue to break away from the past as KEPCO Group and work all-out on reform.

Accepting this matter seriously, we will make every effort to restore trust by realizing more effective governance and further strengthening compliance functions with unrelenting determination while receiving advice and guidance from the Compliance Committee and other bodies.

Attachment 1: Outline of the Investigation

Attachment 2: Investigation Report

Outline of the Investigation

1. Matters Consigned to the Investigation

Are there any facts apart from those proven so far that show that current and former executives and employees of Kansai Electric Power Co., Inc., Kansai Transmission and Distribution, Inc., and six KEPCO Group companies*¹ (hereinafter referred to as “Eight KEPCO Companies”) received cash and gifts from Mr. Moriyama or a company related to Mr. Moriyama*².

*1: KANSO CO., LTD., Kanden Plant Corporation, Kanden Power-Tech Corp., Kanden Realty & Development Co., Ltd., The Kanden Service Co., Inc., Kanden Engineering Corporation

*2: Yoshida Kaihatsu Co., Ltd., Yanagida Industries Co., Ltd., O-ing Co., Ltd., Shiohama Industry Corporation

2. Commissioned Investigator

Toru Watanabe, Lawyer, Kitahama Partners

3. Investigation Period

July 31, 2020 to October 2, 2020

4. Investigation Method

[1] Investigation by hotline

- Subjects were all 27,500 current employees of the Eight KEPCO Companies (Excluding persons subject to [2] below)
- Subjects were notified by e-mail about providing information by post, e-mail or telephone from August 5 to 17
- Information was provided by post in one case, e-mail in 19 cases and telephone in one case

[2] Investigation by telephone

- (1) Executives, etc., of six KEPCO Group companies (including executives who had resigned)

- * In light of the fact that the report of the third party committee showed that the earliest an executive of a KEPCO subsidiary received cash and gifts was 1997, the investigation was conducted retroactively as far back as executives active in 1997
- Excluding executives who had already died, who were hospitalized, who were in care facilities for the elderly, who had difficulty conversing and whose contactable telephone numbers were unknown, and those mentioned in [5] below, there was a total of 240 subjects
(28 from KANSO CO., LTD., 52 from Kanden Plant Corporation, 30 from Kanden Power-Tech Corp., 41 from Kanden Realty & Development Co., Ltd., 34 from The Kanden Service Co., Inc., and 55 from Kanden Engineering Corporation)
- Excluding one person who refused the investigation and did not give answers, a total of 239 people gave answers

(2) Director, Acting Director, Deputy Director and Assistant General Manager of Takahama Nuclear Power Plant

- As a result of this telephone investigation, there was information on persons who served as Director, Acting Director, Deputy Director and Assistant General Manager of Takahama Nuclear Power Plant from 1992 to 1995
- An investigation was carried out on eight of these people, other those who had already died, and all eight people gave answers

(3) Director of Central Transmission and Distribution Construction Office; Director of Power System Engineering Center

- As a result of this telephone investigation, subjects responded that they received cash and gifts when serving as Director of Central Transmission and Distribution Construction Office
- An investigation was carried out on four people who served as Director of Central Transmission and Distribution Construction Office or Power System Engineering Center from 1990 on, excluding those already proven to have received cash and gifts in the report of the third-party committee, and all four people gave answers

[3] Investigation in writing

- There was a total of 15 subjects including executives who were hospitalized, who were in care facilities for the elderly, who had difficulty conversing and whose contactable telephone numbers were unknown
- Excluding two people whose addresses were unclear and the documents returned, two people who were proven to have died and three people who did not respond, a total of eight people gave answers

[4] Analysis of related materials

- Analysis of memos related to the receipt of gift certificates from Mr. Moriyama submitted by Kanden Plant Corporation to Compliance Promotion Office
- A telephone investigation (three people) and interview investigation (one person) were conducted with four former general affairs executives and employees of Kanden Plant Corporation who were potentially involved in these memos, and all 4 responded

[5] Interview investigation

- Interviews were conducted on a total of eight people judged to require additional investigation based on the investigation above
- A total of seven persons responded, excluding one person who did not respond to the interview and did not raise any reasonable grounds in particular

5. Facts Proven by this Investigation

- The total amount of cash and gifts proven to have been received by this investigation was 3.03 million yen and gifts
(Excluding gifts considered to be within the bounds of social etiquette)

◆ Receipt of cash and gifts at Kanden Plant Corporation* (total: 2.93 million yen)

Position	Name	Time of receipt	Details of receipt
President (including when Chairman)	Mr. A (deceased)	4 times from December 1996 to June 1999	Gift certificates Total of 400,000 yen
President (including when Chairman)	Mr. Kitada	11 times from July 1998 to December 2002	Gift certificates Total of 1.53 million yen
President (including when a Corporate Adviser)	Mr. B (deceased)	7 times from July 2003 to 2006	Gift certificates Total of 800,000 yen
Unclear	Unclear	August 2000	Gift certificates worth 100,000 yen
Unclear	Unclear	December 2005	Gift certificates worth 100,000 yen

* Until September 2004, the company was called Kanden Kogyo Co., Ltd.

* In all cases, the gift certificates were received from Mr. Moriyama

◆ Other receipt of cash and gifts (total: 100,000 yen + gifts)

Company and position	Name	Time of receipt	Details of receipt
Takahama Nuclear Power Plant Executive	Mr. C	Around 1992	Nest of lacquer boxes, neckties
Takahama Nuclear Power Plant Executive	Mr. D (deceased)	Around 1993	Cloth
Power System Engineering Center* ¹ Executive	Mr. E	Around 1995	1 gold cup
Kanden Realty & Development Co., Ltd.* ² Executive	Mr. F	Around 1996	Gift certificates worth 100,000 yen

*1: The organization name at that time was Central Transmission and Distribution Construction Office

*2: The company name at that time was Kanden Sangyo Co., Ltd.

* In all cases, the gifts and gift certificates were received from Mr. Moriyama

I. Overview of the Investigation

Section 1. Background to and Purpose of this Investigation

1 Results of the Investigation by the Third-Party Committee

Kansai Electric Power Co., Inc. (hereinafter referred to as “KEPCO”) decided to establish a third-party committee on October 2, 2019 to investigate the problem of KEPCO executives and employees receiving cash and gifts from Mr. Eiji Moriyama (hereinafter referred to as “Mr. Moriyama”) and others (hereinafter referred to as “Cash and Gifts Problem”). The third-party committee submitted the report on its investigation (hereinafter referred to as “Report of the Third-Party Committee”) to KEPCO on March 14, 2020.

The third-party committee conducted a total of 248 hearings with 214 current and former KEPCO and group company executives and employees and other external parties, conducted a written investigation with a total of 605 current and former KEPCO and group company executives and employees, and received a total of 140 pieces of information through the hotline targeting current and former KEPCO and group company executives and employees. As a result, it was reported in the Report of the Third-Party Committee that the investigation had proved that 52 people other than the 23 people proved to have received cash and gifts in KEPCO’s internal investigation received cash and gifts, and that the total value of the cash and gifts received was more than about 360 million yen.

2 New Proof of Facts of Receipt of Cash and Gifts

On June 26, 2020, the law firm that is acting as KEPCO’s Compliance Hotline received notification to the effect that it was highly likely former presidents of KANSO CO., LTD. (hereinafter referred to as “KANSO”) received cash and gifts from Mr. Moriyama, a fact that was not included in the Report of the Third-Party Committee.

Following investigations at KEPCO in cooperation with the Compliance Committee, it was finally revealed on July 22, 2020, that Mr. Takeshi Imai, former president of KANSO, received gift certificates worth about 4 million yen from Mr. Moriyama, and that a former executive of KANSO received 40,000 yen in cash.

3 Commissioning and Purpose of this Investigation

In response to the facts of 2 above being revealed, KEPCO commissioned a re-investigation (hereinafter referred to as “This Investigation”) of the following matters (hereinafter referred to as “Matters for Investigation”) concerning the Cash and Gifts Problem on July 31, and the author conducted This Investigation. This report presents the results of This Investigation conducted by the author.

Details

Are there any facts apart from those proven so far that show that current and former executives and employees of KEPCO, Kansai Transmission and Distribution, Inc., and six KEPCO Group companies (KANSO, Kanden Plant Corporation (hereinafter referred to as “Kanden Plant”), Kanden Power-Tech Corp. (hereinafter referred to as “Kanden Power-Tech”), Kanden Realty &

Development Co., Ltd. (hereinafter referred to as “Kanden Realty & Development”), The Kanden Service Co., Inc. (hereinafter referred to as “Kanden Service”), and Kanden Engineering Corporation (hereinafter referred to as “Kanden Engineering”); hereinafter these eight companies are referred to collectively as “KEPCO, etc.”) received cash and gifts from Mr. Moriyama or a company related to Mr. Moriyama (Yoshida Kaihatsu Co., Ltd., Yanagida Industries Co., Ltd., O-ing Co., Ltd., and Shiohama Industry Corporation).

Section 2. Framework and Period of This Investigation

1 Framework of This Investigation

This Investigation was conducted under the direction of the author with lawyers of Kitahama Partners (Akinori Tani, Shin Nakamori, Ikuma Oka, Koya Murata and Yusuke Inoue), to which the author also belongs, acting as investigation assistants.

In addition, the author caused employees of Compliance Promotion Office to prepare lists of current and former executives at the six KEPCO Group companies, collect materials, coordinate the hearing schedule and conduct other administrative work as the secretariat for This Investigation.

2 Period of This Investigation

This Investigation was conducted from July 31 to October 2, 2020.

Section 3. Methods of This Investigation

The methods of This Investigation were as follows.

1 Investigation by hotline

In order to collect the information necessary for This Investigation from a wide range of related parties, a hotline was established for people to provide the following subject information (hereinafter referred to as “Subject Information”) to the author. All current executives and employees of KEPCO, etc. (however, excluding the subjects of the telephone investigation of 2 below) were notified by e-mail about providing information by post, e-mail or telephone (hereinafter referred to as “Hotline Investigation”) from August 5 to 17, 2020.

During the Hotline Investigation, information was provided by post in one case, e-mail in 19 cases and telephone in one case.

Details

- a: The fact of the information provider receiving cash and gifts from Mr. Moriyama or a company related to Mr. Moriyama
- b: The fact of the information provider seeing (hearing about) an executive or employee (including those who had resigned) of KEPCO, etc., receiving cash or gifts from Mr. Moriyama or a company related to Mr. Moriyama

However, all type a and type b facts shall be reported, irrespective of the amount of money, whether or not it was within the bounds of social etiquette, whether the information was heard recently or a long time ago, whether or not the cash and gifts received were returned, whether or not there is any evidence, and whether or not it is based on hearsay. In addition, although information already reported to the third-party committee will also be reported, that already

included in the Report of the Third-Party Committee does not need to be reported here.

2 Investigation by telephone

In light of the fact that This Investigation began because of the fact that the former president of KANSO received gift certificates worth about 4 million yen from Mr. Moriyama, we conducted an interview-based investigation of executives (including those who had resigned) of the six KEPCO Group companies on Subject Information by telephone (hereinafter referred to as “Telephone Investigation”).

In light of the fact that the report of the third party committee showed that of the times an executive of a KEPCO subsidiary received cash and gifts, the earliest was 1997, we decided to conduct the Telephone Investigation retroactively including executives as far back as those active in 1997 (however, excluding part-time executives).

As a result of identifying the names of executives duplicated at each company, the executives subject to the Telephone Investigation numbered 40 from KANSO, 74 from Kanden Plant, 41 from Kanden Power-Tech, 58 from Kanden Realty & Development, 40 from Kanden Service, and 68 from Kanden Engineering.

We implemented the Telephone Investigation excluding executives who had already died, who were hospitalized, who were in care facilities for the elderly, who had difficulty conversing or whose contactable telephone numbers were unknown, and those subject to the hearing investigation of 5 below, with the subjects numbering 28 from KANSO, 52 from Kanden Plant, 30 from Kanden Power-Tech, 41 from Kanden Realty & Development, 34 from Kanden Service, and 55 from Kanden Engineering.

The result of the Telephone Investigation on a total of 240 people, excluding one person who refused the investigation and did not give answers, we obtained answers from a total of 239 people.

In addition, as a result the Telephone Investigation, information was provided on persons who served as Director, Acting Director, Deputy Director and Assistant General Manager of Takahama Nuclear Power Plant from 1992 to 1995 so we also conducted a Telephone Investigation separately on these 15 people. Of those, excluding two people who had already died, two people who were subject to the Telephone Investigation above and three people whose contactable telephone numbers were unknown, we conducted the Telephone Investigation on eight people and obtained answers from all eight.

Moreover, because there were answers as a result of the Telephone Investigation that somebody received cash and gifts when they were an executive of Central Transmission and Distribution Construction Office (the office was reorganized as Power System Engineering Center in June 2003, under which name it is currently known), we conducted a Telephone Interview of four of the nine executives of Central Transmission and Distribution Construction Office since 1990, excluding said one respondent, three people whose receipt of cash and gifts had already been proven in the Report of the Third-Party Committee and one person found to have died, and obtained answers from all four people.

3 Investigation in writing

We conducted an investigation on Subject Information by sending documents by post to those executives who were hospitalized, who were in care facilities for the elderly, who had difficulty conversing or whose contactable telephone numbers were unknown (hereinafter referred to as “Investigation in Writing”). In addition, we also conducted an Investigation in Writing for one person who refused the Telephone Investigation and one person who refused the hearing investigation of 5 below.

The total number of subjects of the Investigation in Writing was 15 people, with two people from KANSO, four from Kanden Plant, five from Kanden Power-Tech, one from Kanden Realty & Development and three people with experience as Director, etc., of Takahama Nuclear Power Plant (there were no subjects from Kanden Service or Kanden Engineering). Of those, eight people gave answers to the Investigation in Writing, the documents sent to two people were returned as address unknown, two people were proved to have died, and three people did not give answers (including the substantive non-answers of one person who refused the hearing investigation of 5 below).

4 Analysis of related materials

Having gathered the materials required for This Investigation through Compliance Promotion Office, the secretariat for This Investigation, the author conducted analysis, etc., because memos (hereinafter referred to as “Memos”) related to the receipt of gift certificates from Mr. Moriyama were submitted by Kanden Plant to Compliance Promotion Office.

In addition, during the above analysis, etc., we conducted a Telephone Investigation with three, and a hearing-based investigation with one, former general affairs executives and employees of Kanden Plant who were potentially involved with the Memos, and obtained answers from all four people (the former three are included among the 52 people from Kanden Plant described in “2 Investigation by telephone” above, and the latter one among the eight people described in “5 Investigation by hearing” below).

5 Investigation by hearing

Based on the Subject Information provided during the Hotline Investigation, the Telephone Investigation and the Investigation in Writing, as well as the Memos obtained through Compliance Promotion Office, the secretariat for This Investigation, we conducted hearings with eight people (of whom, one was an executive or employee of a company related to Mr. Moriyama) (hereinafter referred to as “Hearing Investigation”). One of these eight people did not respond to the hearing and did not raise any reasonable grounds in particular.

Because hearings had already been carried out with five executives of KANSO by an external lawyer who is a member of the KEPCO Compliance Committee with regard to the former president of KANSO receiving gift certificates worth about 4 million yen from Mr. Moriyama, the origin of This Investigation, the author did not carry out new hearings with these five people.

Section 4. Preconditions and Limitations of This Investigation

1 Preconditions

This Investigation is subject to the following preconditions.

Details

- a: All documents disclosed or submitted to the author by KEPCO, etc., must be authentic originals or copies with the same degree of integrity.
- b: All information and data disclosed or submitted to the author by KEPCO, etc., must be authentic and accurate, and must not have been changed, etc.
- c: If the author receives disclosure of only part of a document or data, this kind of partial document or data must reflect said document or data appropriately overall, and must not cause misunderstanding of said document or data.
- d: Excluding matters stated explicitly in this report, KEPCO, etc., and the subjects of This Investigation must not have withheld from disclosure information that would have a material impact on matters subject to consideration by the author.
- e: The answers given in the Telephone Investigation, the answers given in the Investigation in Writing, and the statements given in the Hearing Investigation must be true and accurate.
- f: The results of This Investigation must depend on the investigation methods described in “Section 3. Methods of This Investigation,” and the author must not have verified facts using any other information.
- g: This report has been prepared for the purpose of investigating the Matters for Investigation, and is not intended to be used for any other purpose.

2 Limitations

This Investigation had the following limitations.

Details

- a: Of the subjects of This Investigation, a considerable number had already died so it was not possible to investigate those people.
- b: Unlike a compulsory investigation conducted by an investigative authority, This Investigation is based on the voluntary cooperation of related parties. There was one person who did not respond to the Hearing Investigation and did not provide substantive answers in the Investigation in Writing either.

II. Facts Proven by this Investigation

The facts proven by This Investigation were as follows. However, gifts considered to be within the bounds of social etiquette have been excluded.

Section 1. Receipt of cash and gifts at Kanden Plant

Mr. A (deceased), who was the president of Kanden Plant (until September 2004, the company was called Kanden Kogyo Co., Ltd.), started to receive gift certificates from Mr. Moriyama in December 1996, and in combination with his time as chairman, received gift certificates worth a total of 400,000 yen four times to June 1999.

Mr. Mikio Kitada (hereinafter referred to as “Mr. Kitada”), who was likewise president, started to receive gift certificates from Mr. Moriyama in July 1998, and in combination with his

time as chairman, received gift certificates worth a total of 1.53 million yen eleven times to December 2002.

Mr. B (deceased), who subsequently became president, started to receive gift certificates from Mr. Moriyama in July 2003, and in combination with his time as Corporate Adviser, received gift certificates worth a total of 800,000 yen seven times to 2006.

In addition to the above, there are descriptions in the Memos of gift certificates received from Mr. Moriyama of 100,000 yen on August 3, 2000 and 100,000 yen on December 5, 2005, but the recipients are unknown.

Section 2. Other receipt of cash and gifts

Mr. C, who was an executive of KEPCO's Takahama Nuclear Power Plant, received a nest of lacquer boxes and neckties from Mr. Moriyama around 1992.

Mr. D (deceased), who was an executive of KEPCO's Takahama Nuclear Power Plant, received some cloth from Mr. Moriyama around 1993.

Mr. E, who was an executive of Central Transmission and Distribution Construction Office at KEPCO received a gold cup from Mr. Moriyama around 1995.

Mr. F, who was an executive of Kanden Realty & Development (the company name at that time was Kanden Sangyo Co., Ltd.) received gift certificates worth 100,000 yen from Mr. Moriyama around 1996.