



G

Governance

- ◆ Corporate Governance
- ◆ Risk Management
- ◆ Compliance

Corporate Governance

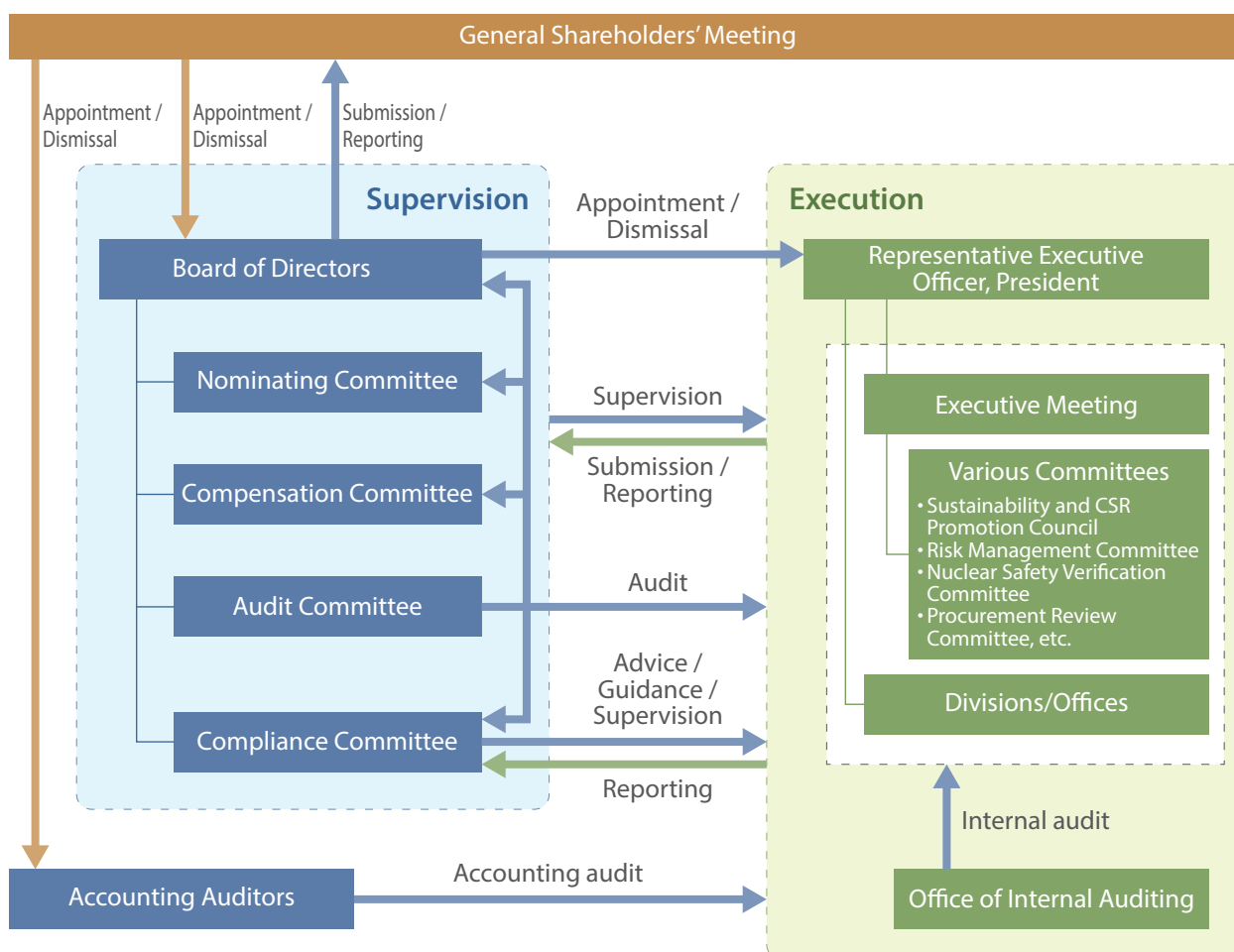
Basic concept on corporate governance

Based on the Management Philosophy and Kansai Electric Power Group Vision, the Group will continue to meet the expectations of all its stakeholders, thereby contributing to the sustainable improvement of corporate value and the sustainable development of society. Recognizing that the most important management issue for achieving this goal is strengthening corporate governance, we have adopted the institutional design of a Company with a Nominating Committee, etc. since June 2020, which clearly separates execution and supervision for our corporate governance, with the aim of enhancing management transparency and objectivity in business management. In terms of supervision, in order to reflect the perspectives of all our stakeholders, we have established a system with a Board of Directors at the core focused on objective and diverse perspectives as outsiders. By appropriately supervising execution, we will improve transparency and objectivity in business management.

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

Overview of current corporate governance

In our Company, the Executive Meeting and various committees are placed under the Board of Directors, which has been charged with management responsibility by the General Shareholders' Meeting. While executing operations appropriately, we supervise the execution of duties by our directors and executive officers through the Board of Directors.



* The Kansai Electric Power Co., Inc. will also implement an appropriate governance system for Kansai Transmission and Distribution, Inc., insofar as the Company has the right to do so as its shareholder, based on the premise of ensuring neutrality as a general power transmission and distribution business operator.

Corporate governance systems

◆◆◆ 1. Supervision ◆◆◆

● Board of Directors

◆ Structure and operational status

In light of the scale, content and managerial challenges of our business, as well as from the perspective of a supervisory function, taking into account diversity across gender and nationalities, the Board of Directors is a necessary and appropriate structure chaired by an independent outside director and comprised of independent outside directors with ample experience and knowledge cultivated as executives or professionals in a wide range of fields (eight persons) and inside directors who have expertise and abilities in each field of our businesses (three persons). Finally, there are two more inside directors who conduct audits taking advantage of specialized knowledge regarding our businesses.

The Board of Directors meeting is convened regularly once a month, complemented by additional meetings held when deemed necessary, where matters of essential importance in business management, including basic policies, are deliberated and decided. In addition, all directors and executive officers are supervised through regularly issued reports on the execution status of the duties incumbent upon them and other aspects of their performance.

In fiscal 2019, the Board of Directors meeting was held 16 times and the attendance status of respective officers as of April 1, 2020 was as follows.

| Managerial Position | Name | Attendance numbers |
|--|-------------------|--------------------|
| President and Director | Takashi Morimoto | 15 |
| Director | Toyokazu Misono | 16 |
| Director | Koji Inada | 16 |
| Director | Takao Matsumura* | 14 |
| Director | Yasuji Shimamoto | 15 |
| Outside Director | Noriyuki Inoue | 14 |
| Outside Director | Takamune Okihara | 16 |
| Outside Director | Tetsuya Kobayashi | 15 |
| Outside Director | Hisako Makimura* | 14 |
| Audit & Supervisory Board Member | Yasuhiro Yashima | 16 |
| Audit & Supervisory Board Member | Yasushi Sugimoto* | 14 |
| Audit & Supervisory Board Member | Yukishige Higuchi | 16 |
| Outside Audit & Supervisory Board Member | Tsutomu Toichi | 16 |
| Outside Audit & Supervisory Board Member | Fumio Ohtsubo | 16 |
| Outside Audit & Supervisory Board Member | Shigeo Sasaki* | 14 |
| Outside Audit & Supervisory Board Member | Atsuko Kaga* | 11 |

Note: In fiscal 2019, we held the Board of Directors meeting as a Company with an Audit & Supervisory Board.

* Mr. Takao Matsumura, Ms. Hisako Makimura, Mr. Yasushi Sugimoto, Mr. Shigeo Sasaki, and Ms. Atsuko Kaga assumed the post of Director/Audit & Supervisory Board Member on June 21, 2019. Since then, the Board of Directors meetings that they have been a part of have been held 14 times.

◆ Roles and responsibilities

Based on the standpoints of our diverse and wide-ranging set of stakeholders, the Board of Directors aims to achieve sustainable growth and increase the corporate value of the Group over the medium to long term. To achieve these ends, the Board takes on the following main responsibilities: ① to illuminate the future path of the Group, including our corporate strategy, ② develop an environment that supports appropriate risk-taking by executive officers, and ③ provide highly effective supervision of management from an independent and objective standpoint.

We will decide basic management policies such as management plans after thorough discussions from a variety of perspectives, regularly monitor progress and reflect results in our future policies. In addition, we will establish effective internal control and risk management systems, supervise management with a focus on compliance, and support executive officers for their swift and strong-minded decision-making.

From the standpoint of clearly separating execution and supervision, the Board of Directors, in principle, delegates decisions on business execution to executive officers in line with basic management policies. Regardless of whether or not delegation to executive officers is made, if necessary, especially important decisions on business execution are discussed in advance at the Board of Directors meeting while they are being considered, and appropriate opinions and advice are provided from outside directors and other directors before decisions are made.

● Nominating Committee

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

Chairperson: Sadayuki Sakakibara

Committee members: Takamune Okihara, Tetsuya Kobayashi and Kazuko Takamatsu

● Compensation Committee

The Compensation Committee, which consists of independent outside directors only, resolves compensation of respective directors and executive officers after establishing the "Policy for determining the compensation of directors and executive officers." The Committee also resolves/deliberates on other matters related to executive compensation. When considering various compensation-related issues, such as the standard of compensation of directors, we use data from external specialized organizations and examples from other companies.

Chairperson: Tetsuya Kobayashi

Committee members: Sadayuki Sakakibara, Takamune Okihara and Atsuko Kaga

● Audit Committee

The Audit Committee is chaired by the independent outside director and consists of four outside and two inside directors not concurrently serving as executive officers. For directors who make up the Audit Committee, those who have appropriate experience and abilities as well as necessary knowledge of finance, accounting and legal affairs shall be appointed.

The Audit Committee establishes basic policies and rules necessary to execute its duties, and then audits the execution of duties by executive officers, directors, employees and others of the Company or its subsidiaries, from the viewpoint of legality and appropriateness. In addition to that, the Committee reports the status and results of audits to the Board of Directors.

The Audit Committee, the Office of Internal Auditing and accounting auditors will conduct efficient and effective audits in close collaboration as appropriate through exchanging opinions on audit plans and audit results.

The Committee members are engaged in auditing activities on a daily basis through their attendance at important meetings (other than Board of Directors meetings) to audit operations and assets of our key business offices.

Chairperson: Hiroshi Tomono

Committee members: Shigeo Sasaki, Atsuko Kaga, Fumio Naito, Yasushi Sugimoto and Susumu Yamaji

In fiscal 2019, the Audit & Supervisory Board meeting was held 18 times and the attendance status of respective Audit & Supervisory Board Members was as follows.

| Managerial Position | Name | Attendance numbers |
|--|-------------------|--------------------|
| Audit & Supervisory Board Member | Yasuhiro Yashima | 18 |
| Audit & Supervisory Board Member | Yukishige Higuchi | 18 |
| Audit & Supervisory Board Member | Yasushi Sugimoto* | 14 |
| Outside Audit & Supervisory Board Member | Tsutomu Toichi | 18 |
| Outside Audit & Supervisory Board Member | Fumio Ohtsubo | 18 |
| Outside Audit & Supervisory Board Member | Shigeo Sasaki* | 14 |
| Outside Audit & Supervisory Board Member | Atsuko Kaga* | 11 |

* Mr. Yasushi Sugimoto, Mr. Shigeo Sasaki, and Ms. Atsuko Kaga assumed the post of Audit & Supervisory Board Member on June 21, 2019. Since then, the the Audit & Supervisory Board meetings that they have been a part of have been held 14 times.

Note: In fiscal 2019, we held the Audit & Supervisory Board meeting as a Company with an Audit & Supervisory Board.

● Compliance Committee

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

● Directors

◆ Nomination policy

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

Regarding the nomination of director candidates, the Nominating Committee makes a decision after deliberating comprehensively on whether the candidate's ability, experience, personality, insight, and other elements are good enough to take on management of the Company, also in light of diversity, including gender and internationality, from the viewpoint of appropriate decision-making and effective supervision.

As for outside director candidates, we will ensure in particular that they have independence from an outsider's objective viewpoint and also take into account their role of enhancing the supervisory function of the Board of Directors.

We will assess the independence of outside directors, after confirming that the requirements for independent officers stipulated by the Tokyo Stock Exchange are met, as well as the details of transactions made between our Company and outside director him/herself or any company at which the outside director is/was operating business now or in the past.

If an outside director concurrently serves as an officer at another listed company, the number of concurrent positions should be within a reasonable range so that the time and labor required to properly fulfill the roles and responsibilities as an outside director of the Company can be secured.

◆ Roles and responsibilities

Directors shall actively express their opinions and have thorough and constructive discussions at the Board of Directors, etc. When executing their duties, directors shall diligently collect sufficient information by requesting explanations from other directors and executive officers and through other means.

Outside directors' roles include strengthening the supervisory function of the Board of Directors from their objective external perspective, making use of their abundant experience and insight as corporate managers and specialists. Additionally, from the perspective of actively contributing to discussions at the Board of Directors, outside directors actively exchange opinions and cooperate fully with executive officers.

◆ Training

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

For outside directors, we provide explanation about the Group's business, finances, organization, and other aspects on a continual basis when and after they take up their post so they can acquire the knowledge necessary to fulfill their roles and responsibilities.

In addition, we hold tours of our facilities as appropriate and provide opportunities for them to talk with our frontline staff to promote their understanding of our business.

◆◆◆ 2. Execution ◆◆◆

● Executive Officers

◆ Appointment policy

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

◆ Roles and responsibilities

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

◆ Training

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

● Executive Meeting and Committees

In order to deliberate on important business execution policies, plans, and execution of business for the entire Group and to receive necessary reports, based on the basic policies determined by the Board of Directors, we hold Executive Meeting every week as a general rule. The Executive Meeting is chaired by Executive Officer and President, and consists of all our executive officers to ensure swift and appropriate corporate management.

In addition to the above, for the purpose of ensuring appropriate and smooth business execution, we have established various committees that support decision-making through the Executive Meeting and the business execution by respective divisions. These committees mostly consist of executive officers in charge of duties related with respective goals, and meetings are convened periodically or on an as-needed basis.

◆【Sustainability and CSR Promotion Council】

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

◆【Risk Management Committee】

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

◆【Nuclear Safety Verification Committee / Nuclear Safety Enhancement Committee】

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

◆【Procurement Review Committee】

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

◆【Internal Auditing Committee】

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

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

◆◆◆ 3. Effectiveness evaluation and response policies for the Board of Directors ◆◆◆

The Board of Directors uses a third-party organization to conduct an annual questionnaire survey targeting all directors on the effectiveness of the Board of Directors. Based on the aggregated results of the questionnaire, the Board of Directors evaluates its effectiveness and takes proper steps to improve corporate governance, including operation of the Board of Directors.

In 2019, a questionnaire survey on the effectiveness of the Board of Directors was not conducted. Regarding the problem of receiving money and gifts, a Third Party Committee has pointed out the failure of our corporate governance. Following this, we formulated a business improvement plan aiming to prevent recurrence and transformed to a company with a nominating committee. In order to further strengthen the supervisory function of the Board of Directors, we will clearly separate execution and supervision, and construct an effective governance system that emphasizes an outsider's objective viewpoint.

◆◆◆ 4. Senior advisor/advisors (appointment/remuneration determination process and roles) ◆◆◆

◆ Appointment/remuneration determination process

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

◆ Roles

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

◆◆◆ 5. Remuneration of directors and executive officers ◆◆◆

Remuneration of directors and executive officers is determined by the Compensation Committee in accordance with the provisions of the Companies Act. Remuneration of directors not responsible for execution of business consists only of basic compensation, in consideration of their roles.

Remuneration for executive officers responsible for the execution of business consists of basic compensation that takes into account the responsibilities required for each executive officer's position, etc., and short-term incentives, which are results-based compensation and stock-based compensation as a medium- to long-term incentive, in order to contribute to the sustainable improvement of our corporate performance and corporate value. Proportion of the payment will be set using "basic compensation: results-based compensation: stock-based compensation = 6:3:1" as a guide.

Details of the remuneration system for directors and executive officers are included in our Financial Statements for the (96th term) fiscal year ending in March 2020.

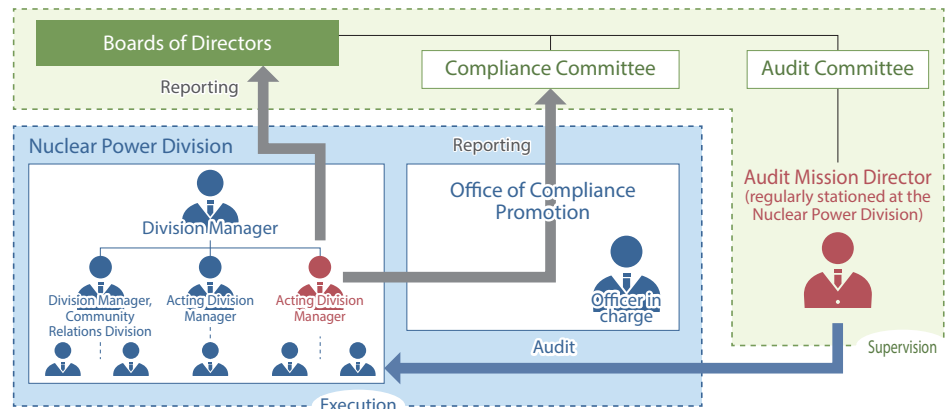
◆◆◆ 6. Management of subsidiaries ◆◆◆

We try to instill in our subsidiaries the basic approaches to management and action standards that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision and the Kansai Electric Power Group CSR Action Charter. In addition, we ensure the propriety of our corporate group's business activities at our subsidiaries by supporting them and providing advice on the arrangement of their autonomous management structures based on our internal regulations related to subsidiary management.

We also strive to prevent any losses to the corporate value of the Group as a whole, or at least keep them to a minimum, by participating in important decision-making by our subsidiaries, and periodically checking on their management status. In addition, our Executive Meeting deliberates execution directions and plans for important business, particularly for the core companies responsible for businesses that are the pillars for the future growth of the Group.

◆◆◆ 7. Restructuring of the Governance System at the Nuclear Power Division ◆◆◆

In order to make the Nuclear Power Division an organization with sound governance and transparency, we have created the position of Acting Division Manager in charge of compliance, and appointed Audit Mission Directors who regularly work at the Division as staff members of the Audit Committee, thereby strengthening the supervision and audit functions of the Division.



◆ Strengthening checks and support at the Nuclear Power Division

〈Establishment of an Acting Division Manager, etc. in charge of compliance〉

In order to strengthen compliance checks and support, we have created the position of Acting Division Manager, responsible for compliance and administrative divisions. This Acting Division Manager will be regularly stationed at the Nuclear Power Division. We have also appointed Audit Mission Directors who are also at the Nuclear Power Division as staff members of the Audit Committee to enhance the audit function of the Division. Furthermore, in order to strengthen the compliance promotion function of the Nuclear Power Division, the Compliance Promotion Group has been newly established. This group promotes compliance at the Nuclear Power Division in cooperation with the Office of Compliance Promotion.

〈Participation of executives from other divisions in major meetings〉

In order to strengthen checks and support across our business as a whole, executives from other divisions, such as Corporate Planning, Accounting, Human Resources and Safety Management shall participate in major meetings held at the Division.

◆ Efforts to create an open organization

〈Holding the Board of Directors meetings, etc. at the Nuclear Power Division (Mihama Town, Fukui Prefecture)〉

The meetings of Board of Directors, Compliance Committee, Nuclear Safety Enhancement Committee and others will be held regularly at the Nuclear Power Division in Mihama Town to bridge the gap between executives and employees of the Division and executives of other divisions including those external to the Company. We will look into the specific timeline for implementation taking into account the impact of the novel coronavirus.

〈Periodical dialogue of executives, including those external to the Company, with members of the Nuclear Power Division〉

To sweep away any sense of a closed organization, we will provide opportunities for external officers and executives from other divisions to engage in dialogue with a wide range of people in the Division on a regular basis.

〈Promoting personnel exchange with other divisions〉

To ensure that the people who will undertake the future of the nuclear power business think deeply from the "user's perspective" and keep taking action to and sweep away any sense of a closed organization, we will provide them with experiences working in divisions other than the nuclear power business or send them outside the company, as well as looking to hire more from various sectors other than the nuclear power business.

● Relevant data

| | 2020/6 | | |
|--|----------|--------|--------|
| Ratio of independent outside directors to all directors | 61.5% | | |
| (Number of independent outside directors / Total number of directors) | (8 / 13) | | |
| Ratio of female directors to all directors | 15.3% | | |
| (Number of female directors / Total number of directors) | (2 / 13) | | |
| Ratio of independent outside directors in the Nominating Committee | 100% | | |
| (Number of independent outside directors / Total number of directors) | (4 / 4) | | |
| Ratio of independent outside directors in the Compensation Committee | 100% | | |
| (Number of independent outside directors / Total number of directors) | (4 / 4) | | |
| Ratio of Independent outside directors in the Audit Committee | 66.7% | | |
| (Number of independent outside directors / Total number of directors) | (4 / 6) | | |
| | 2018/3 | 2019/3 | 2020/3 |
| Attendance rate at the Board of Directors meetings (Directors and Audit & Supervisory Board Members) | 96.5% | 98.8% | 97.6% |