

# Risk Management

GOVERNANCE



## Policy and Concept

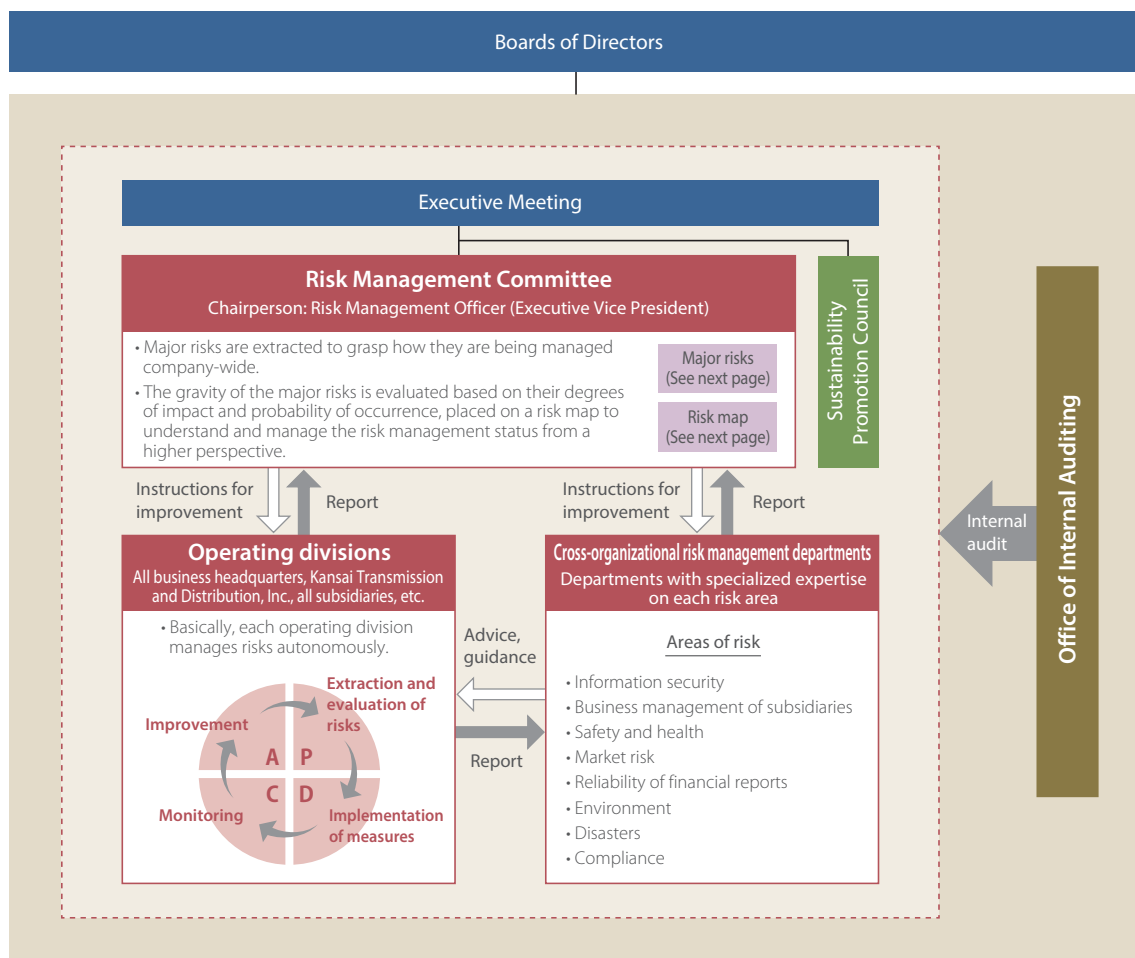
In accordance with the Kansai Electric Power Group Risk Management Rules established in April 2006, risks that have the potential to affect the achievement of organizational goals are to be recognized and identified. Then, an assessment is to be made, followed by implementing necessary measures to deal with the risks. The impact of risk on the Group shall be managed at an appropriate level through this series of processes.

## System

Risks associated with the Group's business activities are to be managed autonomously by each operating division. Risk management for risks considered to have cross-organizational importance, such as information security, business management of subsidiaries, safety and health, market risk, reliability of financial reports, environment, disasters and compliance, will be enhanced by the supervision of departments with specialized expertise on such risks that provide advice and guidance to the operating divisions on an as-needed basis. Furthermore, a Risk Management Committee comprising 14 members headed by Toyokazu Misono, Executive Vice President, 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 an appropriate level through this system.

The Risk Management Committee presents the risk evaluation results to the Executive Meeting and the Sustainability Promotion Council so that necessary risk measures are reflected in plans and policies for the entire Group with the aim of realizing our sustainable growth into the future. The Committee also periodically reports its risk management findings to the Executive Meeting and the Board of Directors. If necessary, it improves the structure and system of risk management. Furthermore, the Office of Internal Auditing conducts internal auditing on the maintenance and operation of the risk management system, and we will make improvements based on the audit results.

### ◆ Risk Management System



## Efforts

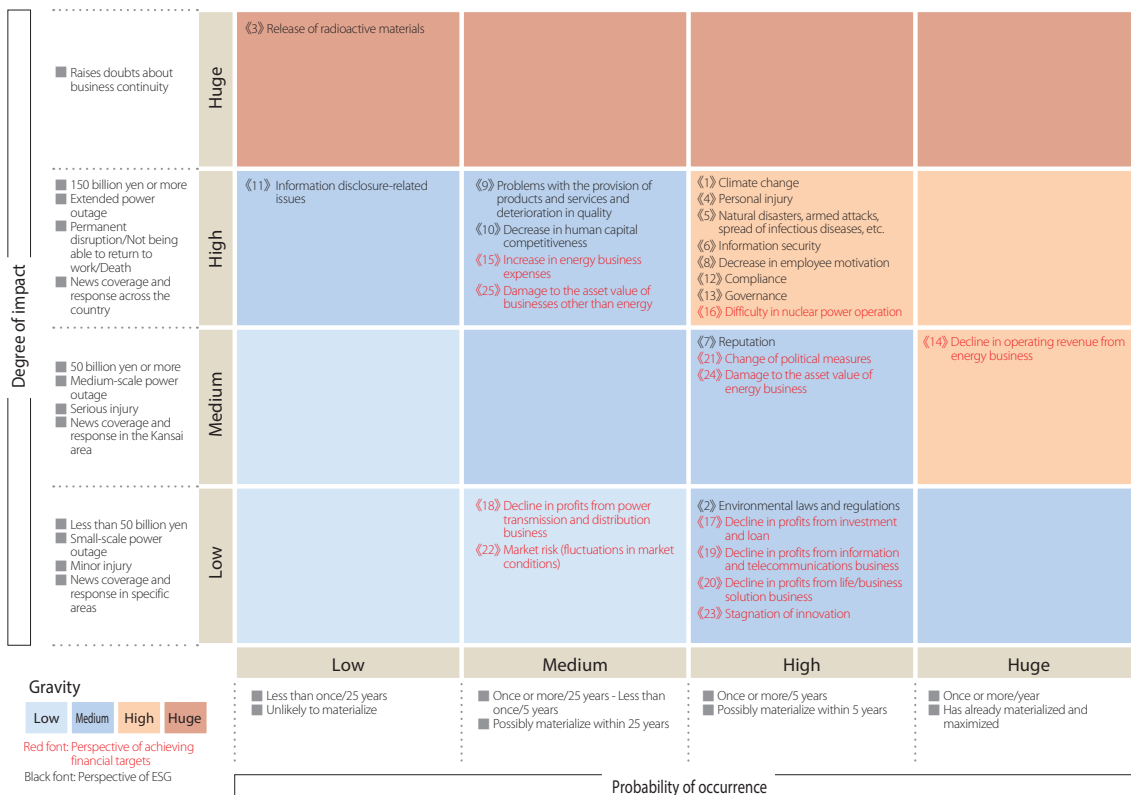
The Risk Management Committee held meetings four times during fiscal 2020. Meetings ascertain and evaluate how major risks that could greatly affect our Group's business activities are being managed company-wide. These major risks are systematically sorted out not only for our Group's sustainable growth but also with the aim of achieving our financial targets and ESG goals, to contribute to the sustainable development of society by solving global social issues covered under SDGs. The gravity of the major risks is evaluated based on their degrees of impact and probability of occurrence, classified and organized on a risk map to clarify, manage, and evaluate how the risks are being handled from a higher perspective, and instructions for improvement are given to operating divisions, as necessary, based on the evaluation results. For details of and countermeasures for major risks that could affect the Group's business results and financial position, please refer to the "Operational risks" section of our securities report for the fiscal year ended March 31, 2021 and financial results for the three months ended June 30, 2021 (only available in Japanese).

### Major risks

Classification	Major risks
E	《1》 Climate change
	《2》 Environmental laws and regulations
	《3》 Release of radioactive materials
S	《4》 Personal injury
	《5》 Natural disasters, armed attacks, spread of infectious diseases, etc.
	《6》 Information security
	《7》 Reputation
	《8》 Decrease in employee motivation
	《9》 Problems with the provision of products and services and deterioration in quality
	《10》 Decrease in human capital competitiveness
	《11》 Information disclosure-related issues
G	《12》 Compliance
	《13》 Governance

Organizational goals/Classification		Major risks		
Achievement of financial targets	Achievement of profit targets (P/L)	Operating revenue	《14》 Decline in operating revenue from energy business	
		Energy Expenses	《15》 Increase in energy business expenses	
			《16》 Difficulty in nuclear power operation	
		Investments and loans	《17》 Decline in profits from investment and loan	
		Transmission & Distribution	《18》 Decline in profits from power transmission and distribution business	
		Information & Telecommunications	《19》 Decline in profits from information and telecommunications business	
		Life/Business Solution	《20》 Decline in profits from life/business solution business	
		Business environment	《21》 Change of political measures	
			《22》 Market risk (fluctuations in market conditions)	
		Maintenance and improvement of asset value (B/S)	Energy	《24》 Damage to the asset value of energy business
			Other	《25》 Damage to the asset value of businesses other than energy

### Risk map



[Note] Probability of occurrence indicates that, for example, a risk classified as "Medium: Once or more/25 years - Less than once/5 years" does not always occur at least once in 25 years, but viewed relatively, it is evaluated to have that degree of probability. The monetary impact reflects lower sales and higher expenses.

## ◆ Investment risk management

Regarding investment in the domestic renewable energy business, international and our group businesses, and new businesses, in addition to the investment appropriateness evaluations, we have established and operated a series of management processes including post-investment monitoring, as well as consideration and implementation of disinvestment/replanning measures. The internal meeting structure (Investment Evaluation Committee), which consists of executives in charge of business promotion and corporate divisions, deliberates and examines such processes based on their specialized knowledge. In these ways, we support appropriate decision-making for individual projects and take timely measures when risks manifest to manage investment risks suitably. We regularly report these states of management to the Executive Meeting, and we reform frameworks and methods for evaluation and management as necessary.

### <Investment appropriateness evaluations>

When implementing investments, along with conformity to company-wide policies for investment goals and objectives, with the assurance of profitability as a prerequisite, we are evaluating the appropriateness of each project based on sufficiently examining risks and sustainability.

### <Monitoring>

After making investments, we regularly conduct monitoring of individual projects to confirm their states of achieving investment objectives and profitability. We demand the implementation of necessary countermeasures when profitability decreases or other issues arise.

### <Investigations on disinvestment and replanning>

For projects that have greatly worsened profitability or that have decreased retention value, based on comprehensive consideration of risks and other conditions, we promptly investigate and deliberate disinvestment and replanning as we strive to appropriately deal with risks.