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## GOVERNANCE

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# Corporate Governance

## GOVERNANCE

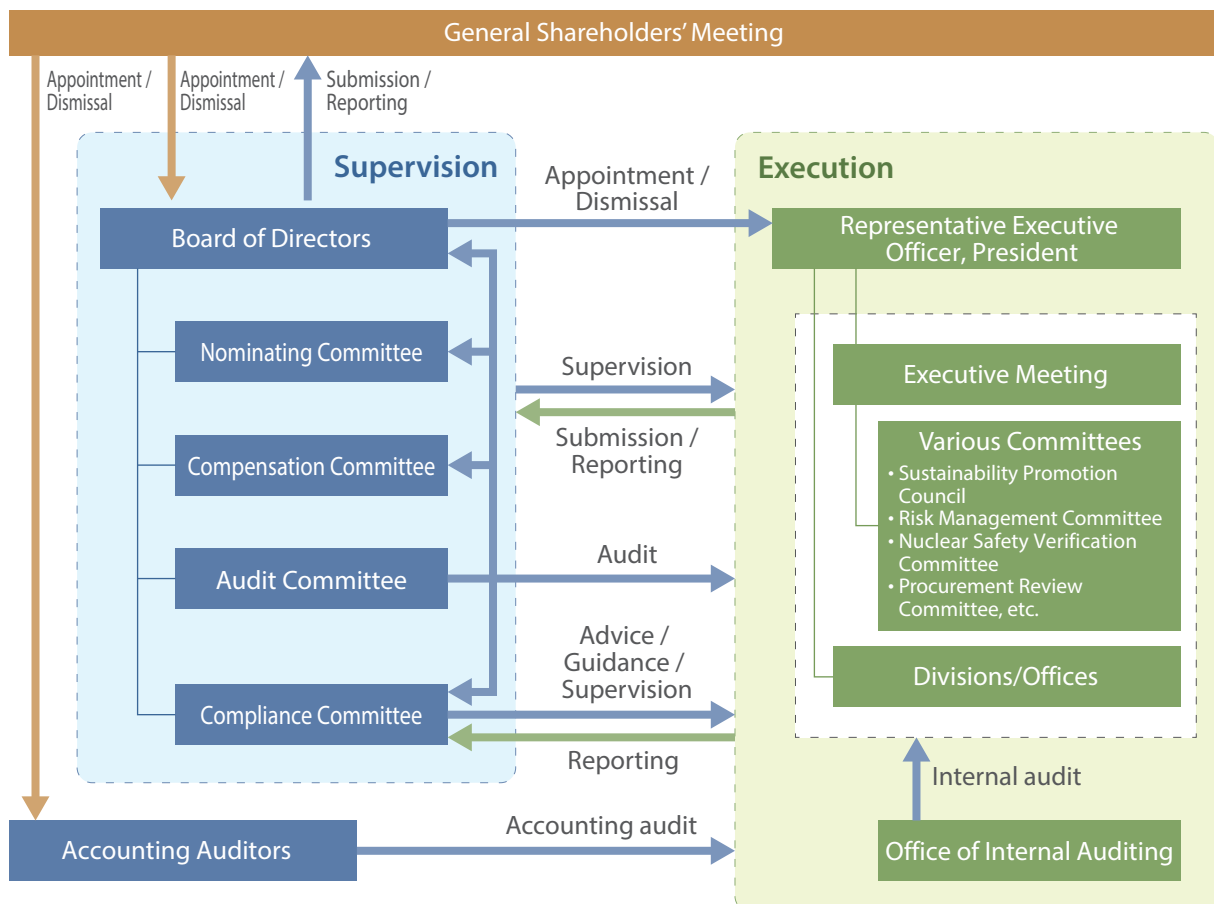


### Basic concept on corporate governance

Based on the Kansai Electric Power Group Purpose & Values, 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., 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.

### 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. 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.



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

In light of our business scale, business description, approach to managerial issues, and supervisory function, as well as diversity, including gender, internationality, work history and age, the Board of Directors is a necessary and appropriate structure comprised of independent outside directors (eight persons) with ample experience and knowledge cultivated as executives or professionals in a wide range of fields and inside directors (five persons) who have abundant expertise and abilities in our business.

In addition, from the perspective of appropriate decision-making and effective supervision, the number of the Board members shall be 20 or less, a majority of which shall be independent outside directors.

The Chairperson of the Board of Directors shall be an independent outside director.

##### ◆ 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 is chaired by an independent outside director and all of its four members are independent outside directors.

The Nominating Committee 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 a succession plan for the Executive Officer and President, as well as developing candidates in a planned manner, with sufficient time and resources. In the course of this process, it is important for the Committee to recognize the appointment of the Executive Officer and President as the most important strategic decision-making for sustainable growth of the entire Group and improvement of corporate value over the medium to long term. In formulating the succession plan, the Committee deliberates the outcome, required experience and skills, competency (ability), potential (quality), sense of value, and personality expected from the next Executive Officer and President, and reviews "what the President is supposed to be."

Moreover, utilizing internal assessment and external assessment by third-party organizations, the Committee collects information on candidates in a multifaceted way. Members also directly interview candidates to clarify the appointment process, with high transparency and objectiveness ensured.

Chairperson: Sadayuki Sakakibara

Committee members: Takamune Okihara, Tetsuya Kobayashi and Kazuko Takamatsu

#### ● Compensation Committee

The Compensation Committee is chaired by an independent outside director and all of its four members are independent outside directors.

The Compensation Committee 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, the Committee uses data from external specialized organizations and examples from other companies.

Chairperson: Kazuko Takamatsu

Committee members: Sadayuki Sakakibara, Tetsuya Kobayashi and Atsuko Kaga



## ● Audit Committee

The Audit Committee is chaired by an independent outside director and consists of four outside and two inside directors not concurrently serving as executive officers. To serve as an Audit Committee member, each director is required to have appropriate experience and abilities as well as necessary knowledge of finance, accounting, and legal affairs.

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. When necessary, the Committee provides advice and recommendations to executive officers, etc.

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 participate in important meeting structures, such as the Executive Meeting, and hear explanations of matters of importance in business management from executive officers.

Chairperson: Hiroshi Tomono

Committee members: Takamune Okihara, Shigeo Sasaki, Fumio Naito, Yasushi Sugimoto and Yasuji Shimamoto

## ● 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

In performing their duties, our directors must be willing to conduct themselves with emphasis on compliance, in accordance with the basic orientation of business management and guiding principles specified in the Kansai Electric Power Group Purpose & Values, the Kansai Electric Power Group Code of Conduct, 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, internationality, work history and age, from the viewpoint of appropriate decision-making and effective supervision. As for outside director candidates, we 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.

The Company has established its own judgment criteria for independency, as described below, in light of the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. We assess the independency of outside directors by these criteria. If an outside director concurrently serves as an officer at another listed company, the number of concurrent positions is 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.

#### 【Judgment criteria for independency established by the Company】

The Company considers an outside director to be independent when the outside director does not fall under any of the categories of 1 to 9 below.

1	A person to whom the Company is a major business partner, or a business executive for that person
2	A major business partner of the Company, or its business executive
3	A consultant, accounting professional or legal professional who receives a large amount of money or any other assets, other than executive compensation, from the Company (if the consultant, etc. who receives such assets is an organization such as a corporation, a person who belongs to that organization)
4	A person who receives a large amount of donations or membership fees from the Company, or a business executive for that person
5	A business executive of the auditing firm of the Company
6	A person who is a major shareholder of the Company, or a business executive for that person and a business executive of a company for which the Company is a major shareholder
7	A business executive of a company which has accepted an executive from the Company or a subsidiary of the Company
8	A person who has fallen under any of the categories of 1 to 7 above recently
9	A spouse or relative within the second degree of kinship to a person described in either of the following items (excluding those who are not in applicable positions) (1) A person listed in 1 to 3 above (2) A person who is currently or has recently been a business executive of the Company or a subsidiary of the Company



### 【Directors' skill matrix】

The following is a list detailing the experience and insight required for the members of the Company's Board of Directors, who have been selected by the Nominating Committee, as well as skills possessed by directors.

Specifically, in light of the Corporate Governance Code established by the Tokyo Stock Exchange, Inc., the Committee has selected "Management experience," "Governance / Risk management," "Finance / Accounting," and "Legal affairs / Compliance" as basic skills for supervising the management of the Company. For addressing our key issues, "Technologies," "Industrial policies," "Public relations strategies," "Global experience," and "Sales / Marketing" have been selected in particular as skills that are necessary.

Directors	Management experience	Governance/ Risk management	Finance/ Accounting	Legal affairs/ Compliance	Technologies	Industrial policies	Public relations strategies	Global experience	Sales/Marketing
Sadayuki Sakakibara	●	●			●	●		●	
Takamune Okihara	●	●	●					●	●
Tetsuya Kobayashi	●	●					●		●
Shigeo Sasaki		●		●					
Atsuko Kaga					●	●			●
Hiroshi Tomono	●	●			●			●	
Kazuko Takamatsu	●						●	●	
Fumio Naito		●	●						
Nozomu Mori	●				●	●			
Koji Inada	●				●	●			
Nobuhiro Nishizawa		●	●						
Yasushi Sugimoto		●	●						
Yasuji Shimamoto	●				●				

#### ◆ 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

In performing their duties, our executive officers must be willing to conduct themselves in accordance with the basic orientation of business management and guiding principles specified in the Kansai Electric Power Group Purpose & Values, the Kansai Electric Power Group Code of Conduct, etc., and in adherence to the spirit of the President's Oath to Stakeholders. 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 his/her 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, and also execute the operations of the Company.



### ◆ 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 committee organizations 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 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 Code of Conduct. We also set up a Sustainability Promotion Council to draw up comprehensive sustainability measures for the entire Group and check implementation status. At the same time, we perform concrete activities for the Group to contribute to the sustainable growth of society.

### ◆ Risk Management Committee

Risks associated with the Group's business activities are 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 (information security, business management of subsidiaries, safety and health, market risk, reliability of financial reports, environment, disasters, and compliance) are enhanced by the supervision of departments with specialized expertise on each risk area that provide advice and guidance to the various operating divisions on an as-needed basis. Furthermore, a Risk Management Committee is 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 the 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 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, the majority of which are outside experts, with an examination mechanism from the perspective of such experts put in place.

### ◆ 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 Internal Auditing (including certified internal auditors and qualified internal auditors) 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. Advisors

The Company has adopted the following advisor system.

### ◆ System

Advisors may be appointed on an as-needed basis, if doing so contributes to the sustainable development of the Group.

### ◆ Appointment/remuneration determination process

From the perspective of ensuring objectivity, when appointing an advisor 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 decide the necessity of such appointment, job description, and remuneration after rigorous deliberation, and disclose the commissioned duties and the individual amount of remuneration of the advisor.



## ◆ Roles

Advisors contribute to society through activities in business and industrial communities and respond to requests from regional economic communities by making full use of their own experience and human networks, toward the growth of the economy in the Kansai region as well as the business of the Group. Advisors do not provide guidance or advice on business management.

## 4. Remuneration of directors and executive officers

### ◆ Policy for determining remuneration, etc. for directors and executive officers (Policy and outline of the remuneration system)

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.

#### (Remuneration determination process)

With the Policy for Determining Remuneration of Directors and Executive Officers established and in accordance with this policy, the Compensation Committee, which is comprised solely of outside directors, makes resolutions on the remuneration of individual directors and executive officers.

In addition, the Company utilizes data from external organizations and refers to the situation of other companies when considering compensation levels and other related issues.

### ◆ Remuneration system (Basic compensation, Performance-based compensation, and Stock-based compensation) (Basic compensation)

The Company pays the base amount required for the position of each director and executive officer, taking into consideration the responsibilities required according to their respective job positions and other factors.

#### (Performance-based compensation)

The Company's performance-based compensation consists of company-wide performance considering the financial targets of the Medium-term Management Plan and ESG initiatives, and individual performance based on the results of initiatives of each responsible division. This type of compensation is calculated and paid based on the base amount set for each job position and the degree of achievement against the targets.

#### (Stock-based compensation)

The Company grants a certain number of points to executive officers and others each year based on the base amount corresponding to their respective job positions. When they leave their post, the Company grants its shares and pays cash in the amount equivalent to the conversion value of the Company's shares in proportion to their respective accumulated points.

### ◆ Remuneration system

Breakdown of performance-based compensation

		Indicator	Percentage	Calculation formula
Company-wide performance 70%	Financial indicators	Consolidated ordinary income [100 billion yen]	70%	Achievement rate = Consolidated ordinary income / 100 billion yen
		FCF [-110 billion yen]	10%	Achievement rate = 100% when minus 110 billion yen is achieved; 10% increase/decrease for every 10-billion-yen deviation
		ROA [1.5%]	10%	Achievement rate = Actual ROA / 1.5% [ROA = (Ordinary income + Interest expense) / Total assets]
Individual performance 30%	Non-financial indicators	CO <sub>2</sub> emissions reduction	10%	Evaluated by the Compensation Committee with reference to the current status of efforts in CO <sub>2</sub> emissions reduction as well as external evaluations by DJSI, CDP, MSCI, and Sustainalytics, in order to achieve the Medium-term Management Plan target (to be halved in 2025 compared to FY 2013).
		External ESG assessment		

○ Indicators: Individual performance (assessment)  
○ Application: Base amount by job position (individual) x assessment rate (0-120%)

Notes: 1 Base amount of performance-based compensation by job position (annual amount)

• Director, Representative Executive Officer and President: 22.8 million yen • Director, Representative Executive Officer and Vice President: 17.4 million yen  
• Representative Executive Vice President: 16.1 million yen • Executive Vice President: 11.7 million yen

2 Company-wide performance varies in the range of 0 to 150% depending on the degree of achievement of performance indicators.

3 Individual performance varies within a range of 0% to 120%, depending on the performance results of each individual. Individual performance shall not be applicable but company-wide performance shall be applicable by 100% to the President.



## 5. Management of subsidiaries

We try to instill in our subsidiaries the basic approaches to management and action standards that are embodied in, for example, the Kansai Electric Power Group Purpose & Values and the Kansai Electric Power Group Code of Conduct. 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. Moreover, 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.

Specifically, based on the performance evaluation system, we set financial and non-financial targets at the beginning of each fiscal year after confirming consistency between the plans and policies of each company and policies of the Group, checking progress through communication by senior management during and at the end of each fiscal year. Additionally, we make prior adjustments to individual plans, such as investments of a certain scale or making inroads into new business fields. Through these efforts, we are striving to enhance the corporate value of our entire Group and prevent it from being undermined.

## 6. Effectiveness evaluation and response policies for the Board of Directors

### ● Method of effectiveness evaluation

The Company evaluates the effectiveness of the Board of Directors, etc. and takes proper steps to improve corporate governance, including operation of the Board of Directors to enhance the functions of the Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee. The contents and results of the effectiveness evaluation for fiscal 2021 are as follows.

### ● Results of effectiveness evaluation

Evaluation/analysis method		
<ul style="list-style-type: none"> <li>○ Using a third-party organization, we conducted a survey targeting all directors on the effectiveness of the Board of Directors, etc.</li> <li>○ Based on the analysis of the survey results by the third-party organization, the effectiveness of the Board of Directors, etc. was deliberated and evaluated at the Board of Directors meeting held on April 27, 2022.</li> </ul>		
Evaluation items		
1. Role/function of the Board of Directors	4. Operation of the Board of Directors	7. Support system for outside directors
2. Status of efforts for the business improvement plan	5. Operation of the Nominating, Compensation, and Audit Committees	8. Relationships with shareholders, investors, etc.
3. Composition/size of the Board of Directors	6. Supervision of audit functions	9. Improvement status of last year's major issues
General comment for fiscal 2021		
<p>As a result of the fiscal 2021 survey, we have confirmed analysis results that set out "substantive discussions on management strategy, etc. through appropriate agenda setting, provision of prerequisite information, and management of meetings," "creation of basic operation method of and substantive discussions at the Nominating, Compensation, and Audit Committees," and the "current composition of the Board of Directors that supports these substantive discussions" as the strengths of the Company's Board of Directors. In addition, the results showed that the evaluation items associated with the improvement status for the previous year's major issues had generally improved and scores were higher than those in the previous year for most of the evaluation items. We have confirmed that the overall effectiveness of the Board of Directors, etc. has been steadily improving.</p> <p>In consideration of the above, the Board of Directors has determined that the effectiveness of the Board of Directors, etc. for fiscal 2021 has been ensured. Going forward, while keeping abreast of changes in the business environment, we will work to make further improvements and continue with our efforts to improve effectiveness.</p> <p>&lt;Major initiatives for fiscal 2021 based on the previous year's evaluation results&gt;</p> <ul style="list-style-type: none"> <li>• To "enhance opportunities for communication between outside directors and management," we set up opportunities for exchange of opinions and interviews between outside directors and executive officers to fully share understanding regarding the business lineup, management issues, and other matters.</li> <li>• Toward "further strengthening of reporting on the operational status of the internal control system," we have enhanced reporting details on internal control, such as business risks faced by the entire Group as well as the operational status of the whistleblowing system, and strengthened our group governance.</li> </ul>		
Points of further improvement and response policy in the future		
<ol style="list-style-type: none"> <li>① Enhancement of communication opportunities between the management and outside directors While paying close attention to the COVID-19 situation, outside directors and the management will share their understanding and create opportunities for exchange that will lead to more active discussions at the Board of Directors meetings.</li> <li>② Further enhancement of discussions on important medium- to long-term themes We will further enhance the discussions at the Board of Directors meetings regarding the group-wide business strategy and human resource development as well as other matters, and strongly push forward our medium-term management plan and zero carbon vision.</li> <li>③ Supervision of individual audit functions by the Board of Directors We will strive to further improve the supervisory function of the Board of Directors, etc. through appropriate reporting and information sharing with individual audit functions, such as internal audit departments, etc.</li> <li>④ Confirmation of training for officers and its implementation status We will regularly report on the implementation status of officer training, such as acquisition and update of knowledge required for officers, and strive to improve the supervisory function of the Board of Directors.</li> <li>⑤ Further improvement of the composition (skills and diversity) of the Board of Directors The Nominating Committee will continue to discuss the ideal composition of the Board of Directors in view of the future business climate.</li> </ol>		





## ● Operating status of fiscal 2021

### ◆ Board of Directors

Based on laws and regulations and the rules of the Board of Directors, the Board of Directors resolves important matters related to the management of the Group, such as proposals submitted to the General Shareholders' Meeting, composition of each committee, appointment/change of executive officers, and the roadmap toward the realization of our Zero Carbon Vision 2050. Moreover, the status of efforts in the implementation of our business improvement plan in line with the Electricity Business Act, progress status of our medium-term management plan including quarterly financial results, operational status of internal control, and other matters are reported and deliberated on a regular basis. For the resolutions and deliberation stated above, with the aim of ensuring fulfilling discussions at the Board of Directors and strengthening corporate governance, in fiscal 2021, three opinion exchange meetings were held by directors, and three meetings were held only attended by independent outside directors to discuss a wide range of themes such as management issues and the direction of future growth strategies of the Company. Views obtained through these meetings are reflected in our business management and subsequent discussions at the Board of Directors. Furthermore, various measures are implemented for outside directors throughout the year, such as prior briefing on board meeting agendas from the executive side; visiting front-line workplaces, including nuclear power plants; and dialogue with employees.

### ◆ Nominating Committee

The Committee decides the content of proposals for appointment and dismissal of directors, submitted to the General Shareholders' Meeting, as well as the policy for selecting directors, and deliberates the details of a succession plan for the Executive Officer and President, successor development process, commissioning of advisors, and other matters. Priority items discussed in fiscal 2021 include the following:

- Succession plan for Executive Officer and President
- Process for selecting outside director candidates
- Development and appointment/change of executive officer candidates and officers of affiliated companies

### ◆ Compensation Committee

The Committee decides on the policy and details of compensation of respective directors and executive officers, and deliberates on compensation for advisors. Priority items discussed in fiscal 2021 include the following:

- Policy on determining compensation for the Company's officers based on the results of surveys on compensation standards of other companies, trends in compensation policies, etc.
- Performance-based compensation system and goal setting (including introduction of ESG-related indices)

### ◆ Audit Committee

The Committee formulates audit plans encompassing important matters related to the Group's management decided by the Board of Directors, and performs audits from the perspective of whether or not the Group is conducting business activities legally and appropriately, and making decisions and executing business properly and reasonably to prevent risks and improve corporate value. Deliberation is made among the Committee members, and their opinions and recommendations are provided to the Board of Directors and the executive side. Priority audits and other items conducted in fiscal 2021 include the following:

- Status of efforts to strengthen compliance and governance
- Status of efforts made in line with the medium-term management plan
- Dialogue with front-line workers
- Response to proceedings for damages against our former officers filed by the Company concerning problems such as receiving money and gifts and compensation paid for their part-time engagements after retirement.

The Audit Committee is briefed on audit plans from our accounting auditor at the beginning of the fiscal year. As for the implementation status of the plans, the Committee receives reports on the quarterly review status in every quarter, as well as reports on annual audit status at the interim period and the end of the fiscal year, and thereby exchange opinions. In this way, a close cooperative relationship is maintained between them. The Committee also holds discussions with the accounting auditor multiple times during the fiscal year to exchange opinions on Key Audit Matters (KAM).

In particular, in fiscal 2021, in time with the report from the accounting auditor to the Audit Committee on the "system for ensuring the propriety of business operations," the management and audit team of the accounting auditor briefed the Committee on the status of their efforts to maintain and improve audit quality as an auditing organization, and the audit team of the accounting auditor briefed the Committee on the status of their specific efforts to maintain and improve audit quality as an audit team. Through exchange of opinions, the Committee has confirmed a situation where high-quality auditing is maintained.



The main examples of the cooperative relationship between the Audit Committee and the accounting auditor are as follows.

Item	Period	Overview
Briefing on audit plans	July* <sup>1</sup>	The Audit Committee is briefed on audit plans for the current fiscal year.
Quarterly review report	July, October, January	The Audit Committee receives report on quarterly review results from the accounting auditor and exchanges opinions.
Interim audit report	December	The Audit Committee receives an interim report on accounting auditor's audit and exchanges opinions.
Year-end audit report	May, June	The Audit Committee receives year-end report on the accounting auditor's audit (including internal control audit status) as well as a detailed report on the status of the accounting auditor's performance of duties.
Key Audit Matters (KAM)	September, December, May, June	The Audit Committee members and the accounting auditor discuss and exchange opinions about KAM.* <sup>2</sup>

\*1 Throughout the fiscal year, the Committee receives reports of revisions to the audit plan, if any, at the time when each report is made.

\*2 The Committee also confirms the appropriateness and consistency of KAM-related information disclosure.

#### ◆ Activities of outside directors

Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee meetings held in fiscal 2021 and the attendance status of respective directors are as follows.

Name	Meetings held and attendance status			
	Board of Directors	Nominating Committee	Compensation Committee	Audit Committee
Sadayuki Sakakibara*	◎100% (12/12 attendances)	◎100% (7/7 attendances)	100% (3/3 attendances)	—
Takamune Okihara*	100% (12/12 attendances)	100% (7/7 attendances)	100% (3/3 attendances)	—
Tetsuya Kobayashi*	83% (10/12 attendances)	71% (5/7 attendances)	◎100% (3/3 attendances)	—
Shigeo Sasaki*	100% (12/12 attendances)	—	—	100% (16/16 attendances)
Atsuko Kaga*	92% (11/12 attendances)	—	100% (3/3 attendances)	81% (13/16 attendances)
Hiroshi Tomono*	100% (12/12 attendances)	—	—	◎100% (16/16 attendances)
Kazuko Takamatsu*	100% (12/12 attendances)	100% (7/7 attendances)	—	—
Fumio Naito*	100% (12/12 attendances)	—	—	100% (16/16 attendances)
Takashi Morimoto	100% (12/12 attendances)	—	—	—
Toyokazu Misono	100% (12/12 attendances)	—	—	—
Koji Inada	100% (12/12 attendances)	—	—	—
Nozomu Mori	100% (10/10 attendances)	—	—	—
Yasushi Sugimoto	100% (12/12 attendances)	—	—	100% (16/16 attendances)
Yasuji Shimamoto	100% (10/10 attendances)	—	—	100% (13/13 attendances)

Notes: 1 The percentages are rounded off to the whole number. The numbers in parentheses indicate the number of attendances/the number of meetings held during the term of office.

2 ◎ represents the chairperson of the board/committee.

3 \* represents an independent outside director.

4 Regarding the number of board meetings held, in addition to the above, written resolution was implemented once by obtaining consent of all the directors in accordance with the provisions of Article 370 of the Companies Act and notifying the directors in accordance with Article 372, Paragraphs 1 and 3 of the Companies Act.

