

Compliance

GOVERNANCE



Compliance system

In order to radically strengthen our system of observing laws and regulations, the Group has decided to rebuild its compliance system by utilizing external human resources, and we established a Compliance Committee and an Office of Compliance Promotion in April 2020. Aiming to strengthen supervisory functions related to compliance, the Compliance Committee is organized directly under the Board of Directors as a committee independent from the President and other executive officers. The majority of the committee members, including the chairperson, are from outside the Company. (See page 106.)

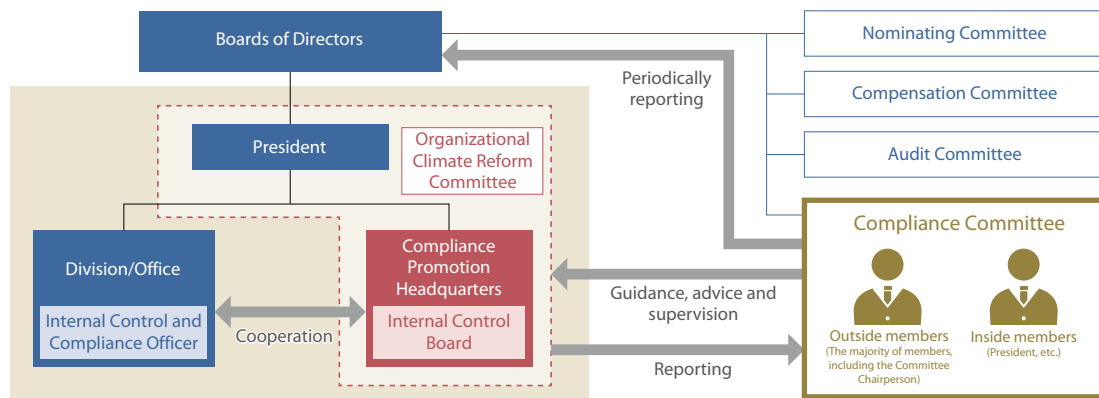
In July 2023, for centrally promoting compliance and risk management throughout the Group, the Compliance Promotion Headquarters was newly set up by integrating compliance on wheeling service guidelines, risk management, internal control, and other functions into the Office of Compliance Promotion. At the same time, the position of Chief Compliance Officer (CCO) was established as the officer with ultimate responsibility for compliance promotion. Additionally, the Internal Control Board was set up to deliberate internal controls, including risk management, for the entire Group*. In addition, aiming to enhance the effectiveness of internal controls at operating divisions, including front lines, each operating division now has an Internal Control and Compliance Officer to step up cooperation with corporate divisions.

The Compliance Promotion Headquarters is composed of staff members with legal knowledge as well as diverse work experience. In addition to formulating and implementing the Group's compliance promotion plans and responding to problematic events, the Headquarters provides training for compliance, encourages compliance with laws and regulations in cooperation with corporate divisions, and conducts interviews and provides guidance on efforts made by each operating division, etc.

The Headquarters reports on and brings up compliance-related events for discussion to the Compliance Committee. With the guidance, advice and supervision of the Compliance Committee, the President and other executive officers are subsequently able to act and take concrete measures.

* See pages 114 to 116 for details regarding risk management.

◆ Compliance system



● <Reference> Compliance Committee meetings held in fiscal 2022

Meetings of the Compliance Committee are held regularly on a quarterly basis, and will also be held swiftly and flexibly when a particularly problematic event arises.

A total of 10 meetings were held in fiscal 2022, focusing on investigation reports on problematic events related to compliance, as well as the deliberation of a compliance promotion plan and compliance-related training.

Efforts to promote compliance

The Group assesses compliance risks every year and selects compliance risk items to be addressed. For those risks, we develop and implement concrete preventive measures as a compliance promotion plan every fiscal year.

For fiscal 2023, major items for promoting compliance that should be recognized and worked on by the entire Group are "rebuilding a mechanism to ensure compliance with laws and regulations, with an appropriate competitive environment and an organization to execute them," "further heightening sensitivity to compliance risks," "creating a workplace where it is easier for employees to speak out and where compliance issues are tackled on an organizational basis," and "carrying out flexible compliance promotion activities tailored to the workplace."

Going forward, we will steadily implement this plan and add new initiatives as needed.



► Compliance Promotion Plan for fiscal 2023

1. Rebuilding a mechanism to ensure compliance with laws and regulations, with an appropriate competitive environment and an organization to execute them

◆ Strengthening internal control and risk management systems and mechanisms

We will create mechanisms and rules to promote compliance, fundamentally strengthen risk management and internal controls groupwide, and rebuild the organization to centrally execute and promote them.

2. Further heightening sensitivity to compliance risks

◆ Provision of training

Effective compliance training that goes beyond the acquisition of knowledge to truly ensure and practice compliance in routine work is provided across the Group, including education for directors and employees at our group companies.

◆ Implementation of awareness-raising activities

We will raise employees' awareness of compliance through communication between outside members of the Compliance Committee and employees, introduction of internal and external case studies, and other measures.

◆ Ingraining compliance awareness into routine work

We will ensure that everyone is familiar with laws, regulations, and internal rules, so both superiors and subordinates understand the risks of problematic events related to compliance that may occur during routine work and share their awareness.

3. Creating a workplace where it is easier for employees to speak out and where compliance issues are tackled on an organizational basis

◆ Initiatives to create a workplace with high psychological safety

We will create a workplace with high "psychological safety" where subordinates feel free to consult with their superiors and express their opinions, enhancing communication between them.

◆ Initiatives to encourage employee opinions

We will promote communication between the compliance promotion manager and the compliance promotion staff at each site, and will also enhance communication between the head office and the workplaces.

◆ Initiatives to promote and utilize whistleblowing

We will create a system to lower the psychological hurdle for whistleblowing by introducing an internal leniency system and by other means, carrying out awareness-raising activities toward better understanding and increased use of our whistleblowing system.

4. Carrying out flexible compliance promotion activities tailored to the workplace

◆ Sharing workplace initiatives

To boost compliance activities at each base, information exchange meetings will be held among divisions and group companies according to the category and description of business, number of employees, work arrangements, etc.

◆ Awareness-raising activities on rules regarding gifts and hospitality

We will promote employees' understanding of the purpose of these rules through communication with each division, enhanced Q&A sessions, etc. and consider revising the Regulations on Handling of Gifts and Hospitality to make them easier to understand.

◆ Appropriate review of internal rules, etc.

We will urge periodic reviews (simplification, abolition, etc.) of internal rules and business operations that do not correspond with actual business situations, as they can result in a decline in normative consciousness and other undesirable outcomes.



Compliance Hotline

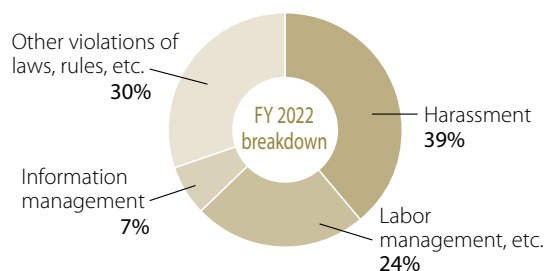
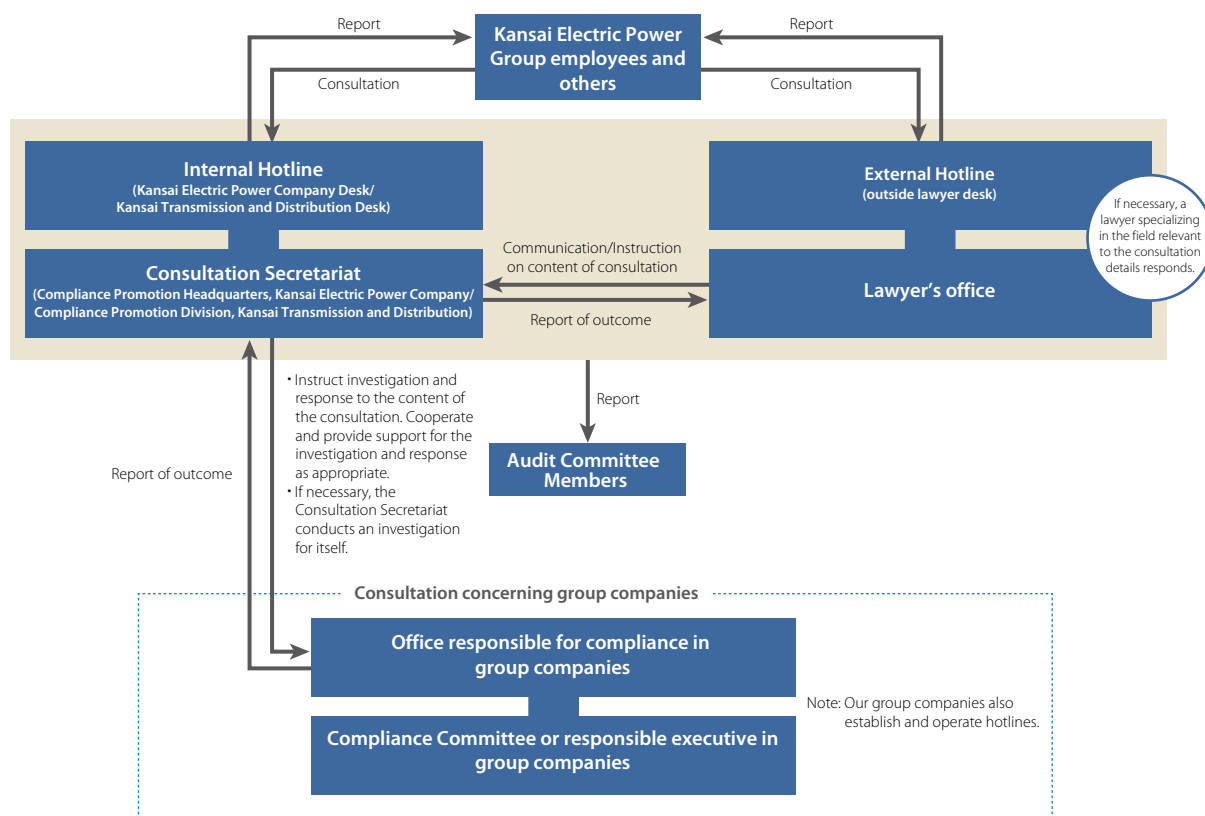
The Kansai Electric Power Group Code of Conduct stipulates how to report to and consult with the hotline when feeling doubt or discomfort related to compliance.

Our Compliance Hotline has been set up for consultation when people have doubts related to compliance in their workplaces, and in regard to various legal violations and improper work conduct. This hotline is available not only to officers and employees of our group companies and contractors but also to those retired or resigned from the above. The hotline is designed to prevent, detect early, and correct inappropriate behavior in terms of compliance. If required, a lawyer specializing in the field relevant to each issue will respond, and they can request the Compliance Committee or Audit Committee to take effective measures at their own discretion.

We are working to create an environment offering a more approachable service that can accept anonymous consultations and that allocates female consultants, for example, and are strictly prohibiting detrimental treatment of consulters due to having received consultation. Paying close attention to protecting the confidentiality of consulters, we disclose consulters' names only to the minimum parties required for fact-finding and taking action, and impose confidentiality obligations on them. In addition, we proceed with a fact-finding survey while confirming the intention of each consuler.

Considering the importance of using the hotline, with intranet, posters, leaflets, and various educational tools, we are continuously informing and encouraging each of our divisions and group companies to use the hotline.

◆ Kansai Electric Power Group Compliance Hotline



► Enhancement and improvement of the consultation desk, including introduction of an internal leniency system

Based on the Business Improvement Plan formulated in May 2023, we will further promote the use of the consultation desk by, for example, informing employees of the post-consultation process to lower their resistance toward using the system, and also introduce an internal leniency system. The internal leniency system allows consideration of lessening severity of the final disciplinary action for employees who voluntarily report compliance violations to the company. We will enhance and improve our consultation desk to detect legal violations and inappropriate business operations at an early stage and take measures as an organization.



Responding to compliance violations

Based on our business improvement plan formulated in fiscal 2019, the Company and Kansai Transmission and Distribution, Inc. have established a reporting system when a problematic event occurs, and stipulated the reporting rules for executives and employees in our internal rules.

In the relevant divisions, should respective division heads become aware of any information on major violations of laws and regulations (including omission of procedures stipulated by laws and regulations) or fraud and other compliance-related issues that affect the Company's and the Kansai Transmission and Distribution's credibility with the external stakeholders, they shall immediately report these matters to the Chief Compliance Officer (CCO). The CCO shall take appropriate measures and report on these matters to the Compliance Committee to receive guidance, advice and supervision.

When executives become aware of an event that causes or is likely to cause a compliance issue, they shall report it to the outside members of the Compliance Committee and the Chairperson of the Board of Directors. In the same situation, employees shall report to their superiors. If it is judged appropriate based on the details of the report, employees can report to the Compliance Hotline set up inside and outside the Company, instead of reporting to their superiors. When a report is received, the Hotline shall investigate and take action in cooperation with relevant divisions and related parties as necessary. If the investigation reveals a violation of laws and regulations, the relevant divisions and related parties shall promptly take corrective and preventive measures, and if necessary, report to the relevant administrative agency and announce the issue to the news media. The CCO shall also follow up with related divisions and parties as necessary, and check whether the corrective and recurrence prevention measures are functioning sufficiently, as well as checking if any compliance issue has reoccurred. If a compliance issue has reoccurred, the CCO can discuss necessary measures with relevant divisions as well as other related divisions.

► Examples of actions taken in past events of violation

◆ Unmet work experience requirements for construction management technical certification exam

On June 18, 2021, a report to the Compliance Hotline revealed that some employees in our group companies had taken construction management technical certification exams and obtained certification without satisfying the prescribed work experience requirements. Based on guidance and advice from the Compliance Committee, a third-party committee was established on July 30, 2021 for the purpose of conducting an objective and thorough investigation, inquiring into the cause, and providing recommendations on recurrence prevention measures.

The third-party committee investigated 3,372 current employees and 704 retired employees from 15 companies, including the Kansai Electric Power Company, as to the following three matters.

- ① Unmet work experience requirements for eligibility to receive the technical certification exam
- ② Existence and extent of properties where a person who did not satisfy work experience requirements was assigned as a chief engineer or supervisory engineer on site based on certification that was determined to be inadequate
- ③ The quality of construction work at properties where a person who did not satisfy work experience requirements was assigned as a chief engineer or supervisory engineer on site based on certification that was determined to be inadequate

Results from the investigation by the third-party committee and the subsequently formulated recurrence prevention measures were announced on December 20, 2022.



Compliance promotion in accordance with the characteristics of each division/ group company

▶ Promoting compliance in each company division and group company

By having each division and group company actively facilitate the functioning of PDCA cycles and promote compliance, we seek to have the idea that “compliance is a foundation of business” permeate and become established throughout the entire Group. Specifically, each division has created their own “compliance promotion plans” and is striving to implement, evaluate and improve their promotion efforts. When doing so, they are considering the Company’s basic policies and major themes, the business and work characteristics of their divisions, and compliance risks that could occur in the future along with changes in the business environment, unacceptable incidents that occurred in the past both inside and outside the Company, and other factors. Furthermore, considering our basic policies and major themes, each of our group companies is promoting compliance based on the characteristics and sizes of their businesses, as well as other real conditions.

▶ Supporting the efforts of each division and group company

In addition to leading the promotion of efforts of the Group as a whole, the Compliance Promotion Headquarters is supporting the efforts of each division and group company.

▶ Efforts to prevent overseas bribery

The Group is globally operating business in Asia, North America, Europe, and many other regions, and we believe that complying with local legislation and rules is a major premise for global business expansion.

In particular, as tightening of bribery regulations has become a global trend, we have established internal rules to prevent bribery of foreign public officials, etc., and clarified prohibited items such as gift-giving and entertainment with wrongful intentions as well as items to be observed. At the same time, we are continuously informing divisions involved in international transactions, including the International Business and Cooperation Division, through training and other means. We will continue to strive to prevent inappropriate bribery through these efforts.

▶ Results of a questionnaire for all employees regarding compliance awareness, etc.

The Company and Kansai Transmission and Distribution, Inc. conduct a “Sustainability questionnaire for all employees (conducted every year since fiscal 2006)” which includes a survey on compliance awareness. Utilizing the results of the survey, we will continue to work on correcting our corporate structure and fostering a sound organizational climate that emphasizes compliance.



Information security measures

► Policy and Concept

With increasing awareness of personal information and accelerating data utilization with widespread digitization, the Amended Act on the Protection of Personal Information imposes more stringent obligations on business operators that handle personal information. The Group believes that the proper protection of personal information is an important responsibility in order to earn the trust of customers and many other people in society, as well as to fulfill our mission as an enterprise. Fully recognizing the importance of personal information the Company and group companies obtain from our customers, etc. that we must handle carefully under principles of respect for the individual, we deal with personal information appropriately in consideration of rights as the right to privacy, in compliance with the Act on the Protection of Personal Information and other guidelines. With regard to information security, including proper handling of business and personal information, measures on an organizational, personnel, physical and technical level have been implemented. We seek to improve on these measures by incorporating internal and external events as well as reviewing the latest technology and knowledge as appropriate.

► System

Director responsible: Makoto Araki [Kansai Electric Power CISO (Executive Vice President)]

Deliberative body: Executive Meeting

Management office: Cyber Security Administration Group, Office of IT Strategy (Information Security Management Office)

► Efforts

The Group works to enhance information security. Our efforts include strengthening physical and technical measures such as entry/exit controls and access controls for information systems. Organizational and personnel measures such as reviewing internal rules, training employees, and training to defend against targeted email attacks are also ongoing.

Participation rate of
information security
training
(November 2022)

97.7%
(8,411 participants)

● Relevant data

		FY 2020	FY 2021	FY 2022
		17,715	17,235	17,808
Number of information security training participants	Kansai Electric Power Co., Inc.	8,269	8,084	8,411
	Kansai Transmission and Distribution, Inc.	9,446	9,151	9,397
Major information security incidents*		2	1	1

* Figures including values representing the Company, Kansai Transmission and Distribution, Inc., and group companies



power with heart

We wish to be a source of power for our customers and communities by serving them with sincerity and passion.