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GOVERNANCE

- ◆ Corporate Governance Systems
- ◆ Compliance
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Corporate Governance Systems

GOVERNANCE 

Basic concept on corporate governance

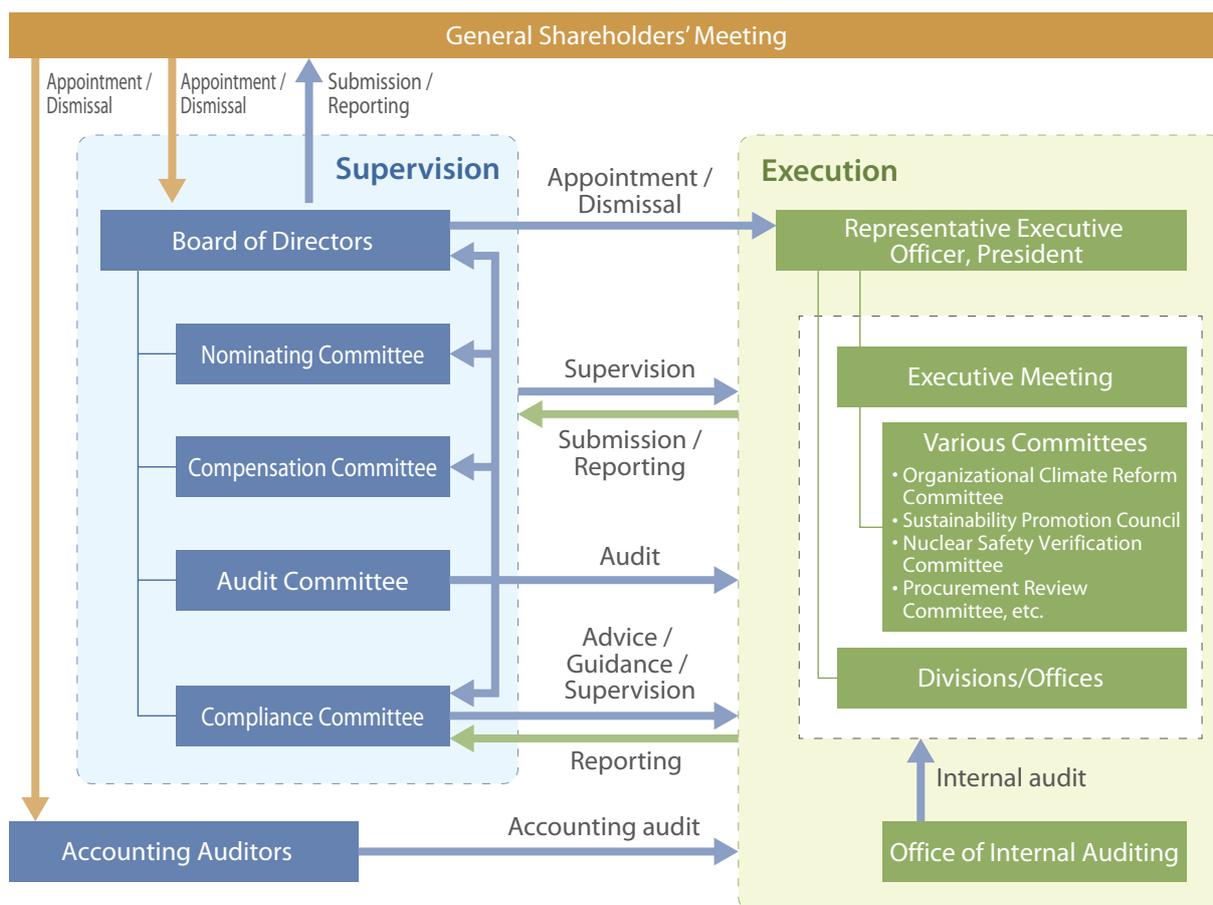
Based on the Kansai Electric Power Group Purpose & Values, the Group will continue to meet the expectations of all its stakeholders, thereby contributing to the sustainable improvement of corporate value and the sustainable development of society.

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.



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 electricity transmission and distribution utility.



Corporate governance systems

1. Supervision

● Board of Directors

◆ Structure

We pursue both diversity, such as gender, internationality, work history, and age, and an appropriate size in view of our business scale, business description, approach to managerial issues, and supervisory function in the Board of Directors, which has a well-balanced composition as a whole, consisting of independent outside directors (eight persons) with ample experience and knowledge cultivated as executives or professionals in a variety 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: to illuminate the future path of the Group, including our corporate strategy, develop an environment that supports appropriate risk-taking by executive officers, and 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. Moreover, for particularly important matters, the Board of Directors will provide special supervision that requires in-depth reporting. 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: Kazuko Takamatsu, Seiji Manabe and Kiyoshi Sono

● 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 remuneration, etc. for 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, Seiji Manabe and Noriyo Yahagi



● 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 audits the execution of duties by executive officers, directors, employees, and other parties in the Company or its subsidiaries, from the viewpoint of legality and appropriateness. In addition, the Committee reports and expresses its opinions on 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: Fumio Naito, Motoko Tanaka, Kiyoshi Sono, Yasuji Shimamoto and Nobuhiro Nishizawa

● 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 outside 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

All of our directors must be able to execute their duties under the Kansai Electric Power Group Purpose & Values with emphasis on sustainability, not to mention compliance.

Regarding the nomination of director candidates, the Nominating Committee makes decisions after deliberating comprehensively on whether the candidate's ability, experience, personality, insight, and other elements are suitable to take on management of the Company, and in light of diversity, including gender, internationality, work history and age, from the viewpoint of appropriate decision-making and effective supervision. Through the process, a certain number of individuals with sufficient management experience are appointed.

The Company has established its own judgment criteria for independency, as described below, in consideration of requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. For outside directors, we assess their independency using these criteria from the perspective of their expected role in strengthening the supervisory function of the Board of Directors. 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.

Directors	Management experience	Specifically expected knowledge and abilities						
		Legal affairs/ Governance	Finance/ Accounting	Environment/ Energy	Technologies/ Innovation	Customers/ Social engagement	Global business	Human resource development
Sadayuki Sakakibara	●	●		●	●		●	
Hiroshi Tomono	●	●		●	●		●	
Kazuko Takamatsu	●			●		●	●	●
Fumio Naito		●	●					
Seiji Manabe	●	●	●			●		●
Motoko Tanaka		●						●
Kiyoshi Sono	●	●	●			●	●	
Noriyo Yahagi						●		●
Nozomu Mori	●			●	●	●		●
Makoto Araki	●	●			●	●		
Hiroshi Ogawa		●		●				●
Yasuji Shimamoto	●	●		●	●			
Nobuhiro Nishizawa		●	●					

◆ 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 and provide opportunities for them to talk with our front-line staff to promote their understanding of our business.



● Concept of creating the skill matrix

With the Kansai Electric Power Group Purpose & Values as its ultimate overarching concept, the Company has announced that it will carry out business activities placing importance on the Values of Fairness, Integrity, Inclusion, and Innovation to achieve its Purpose of Serving and Shaping the Vital Platform for a Sustainable Society for the benefit of its customers and society, with dedication to safety and security. "Compliance" and "sustainability" are positioned as a perspective and stance to be possessed by all the directors. Under this philosophy, toward achieving the medium-term management plan, the Company has identified ten particularly important themes for its materiality. In order to perform management's supervisory function properly to solve and achieve these materiality themes, directors with management experience are expected to demonstrate their comprehensive knowledge of management strategy development, risk management, organization management, etc., and technical knowledge and skills required of the Board of Directors, as a whole, are identified as follows:

Legal affairs/ Governance	For fair business activities and sustainable corporate value enhancement, the skill and knowledge of supervising the status of compliance and the establishment of corporate governance, internal controls, and risk management systems and their operations are important.
Finance/Accounting	The skill and knowledge of supervising the correct financial reporting and maintenance of financial soundness, the promotion of growth investment for improving corporate value, financial strategies, capital policies, etc. are important.
Environment/Energy	In Energy Business and other group businesses, the skill and knowledge of supervising the promotion of environment-friendly businesses, such as zero carbon challenges, in view of social conditions, government policies, etc. are important.
Technologies/ Innovation	In order to underpin the business foundation of the Company and offer new values, the skill and knowledge of supervising the promotion of DX/innovation, etc. in view of the latest technological trends are important.
Customers/Social engagement	To gain the trust of various stakeholders and grow and evolve together, the skill and knowledge of supervising initiatives on PR, communication, marketing, local communities, etc. are important.
Global business	The skill and knowledge of supervising overseas business operations and profitability improvement in conformity with different cultures and business practices, and the building of good relationships with business partners, etc. are important.
Human resource development	For every single employee to maximize one's drive and capabilities to flourish, the skill and knowledge of supervising the initiatives to promote human capital development and DE&I, and to strengthen human capital base such as HR programs are important.



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 and our Commitment to Fair Competition. 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, 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.

◆ Organizational Climate Reform Committee

The Organizational Climate Reform Committee comprehensively forges ahead with organizational climate reform as well as measures to prevent recurrence of inappropriate handling of the power producer and supplier customer information and the violations of the Antimonopoly Act in the retail electricity business. The Committee's responsibilities include identifying and analyzing company-wide issues related to these incidents, formulating comprehensive measures for recurrence prevention, discussing and promoting specific measures for organizational climate reform and reinforcement of internal controls, and checking the implementation status of such measures.

◆ Internal Control Board

The Internal Control Board has been established to manage risks associated with the Group's business activities at an appropriate level and to achieve sustainable growth of the Group. The Board assesses the development and operation status of internal control systems, discusses comprehensive improvement measures, gives instructions for improvement of inadequacies, checks the improvement status, and provides support.

◆ Sustainability Promotion Council

To address sustainability-related issues, the 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 have also set up a Sustainability Promotion Council, which is chaired by Mr. Nozomu Mori, Executive Officer and President, and is composed of 23 members, to draw up comprehensive sustainability measures for the entire Group and check implementation status. At the same time, we perform concrete activities by developing comprehensive measures for the Group to contribute to the sustainable growth of society.

◆ Nuclear Safety Enhancement Committee / Nuclear Safety Verification Committee

Regarding nuclear safety, our principles associated with nuclear safety to be succeeded to our employees in future generations are clearly stated in the company proclamation, 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.

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 performance-based compensation as short-term incentives as well as stock-based compensation as medium- to long-term incentives, 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: performance-based compensation: stock-based compensation = 6:3:1" as a guide.

Remuneration determination process:

With the "Policy for determining remuneration, etc. for directors and executive officers" established and in accordance with this policy, the Compensation Committee, which is composed 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 is referred to as Performance-based Compensation I, determined based on the degree of achievement related to business performance, etc. in the previous fiscal year and Performance-based Compensation II, which will be determined based on the degree of achievement related to business performance, etc. in the current fiscal year. Performance-based Compensation I is paid regularly together with basic compensation, while Performance-based Compensation II will be paid as a bonus by resolution of the Compensation Committee, to be held in June 2025.

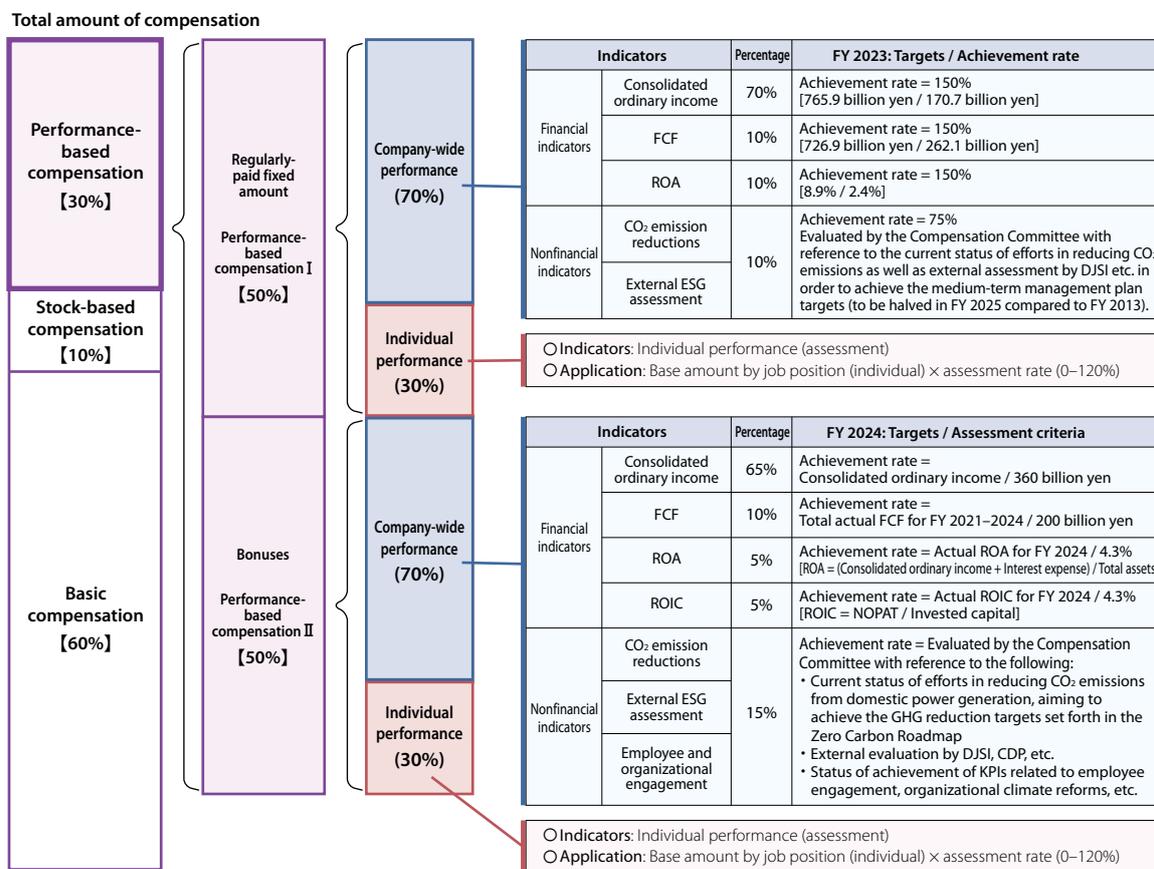
"Performance" consists of company-wide performance based on the results of respective indicators in conjunction with the financial targets of the medium-term management plan as well as the results of ESG and other initiatives, and individual performance based on the results of performance regarding the initiatives undertaken by respective divisions that respective directors are in charge of. The amount to be paid is calculated based on the base amount set for each job position and the degree of target achievement.



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**



Notes: 1 Base amount of performance-based compensation by job position (annual amount)
 • Director, Representative Executive Officer and President: 27.0 million yen • Director, Representative Executive Officer and Vice President: 20.1 million yen
 • Representative Executive Vice President: 18.6 million yen • Executive Vice President: 12.6 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 nonfinancial targets at the beginning of each fiscal year after confirming consistency between the plans and policies of each company and policies of the Group, confirming 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

The Company evaluates the effectiveness of the Board of Directors, etc. and takes proper steps to improve corporate governance every year, including operation of the Board of Directors to enhance the functions of the Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee.

(1) Overview of effectiveness evaluation for fiscal 2023

Evaluation/analysis method	Evaluation items
<ul style="list-style-type: none"> Conducted a survey targeting all directors (5-point scale and free answer) on the effectiveness of the Board of Directors, etc. in January 2024. A third-party organization was used for the survey to improve the transparency and objectivity of the evaluation. 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 30, 2024. 	<ol style="list-style-type: none"> Role/function of the Board of Directors Status of efforts for the business improvement plan Composition/size of the Board of Directors Operation of the Board of Directors Operation of the Nominating, Compensation, and Audit Committees Role of and support system for outside directors Relationships with shareholders, investors, etc. Improvement status of major issues in fiscal 2022

General comments on survey results for FY 2023

Continuing from the results of fiscal 2022 evaluation, the results of the analysis confirmed the strengths: substantive discussions regarding management strategy and other important medium- to long-term themes, which is the role of the Board of Directors, and providing sufficient information in advance and the agenda management by the Chairperson to support active discussions. In addition, because the results showed that the evaluation items associated with the improvement status for major issues of fiscal 2022 had generally improved according to approximately 85% of the directors, we have confirmed that the effectiveness of the Board of Directors, etc. has been steadily improving. Based on the results of the fiscal 2023 evaluation, the Company will focus on supervision of group governance and improvement of the operation of the Board of Directors in order to improve the effectiveness of the Board of Directors, etc.

(2) Main initiatives to enhance effectiveness and results of evaluation for fiscal 2023

Main issues for FY 2022	Main initiatives for FY 2023	Results of evaluation
① Further efforts toward organizational climate reform and stricter compliance	<ul style="list-style-type: none"> The Board of Directors thoroughly discussed on a monthly basis the progress of each of the recurrence prevention measures listed in the business improvement plan, including organizational climate reform and strengthening of internal controls, as matters for special supervision by the Board of Directors. Confirmed the status of penetration of various recurrence prevention measures and issues through dialogue between outside directors and employees at front-line workplaces, etc. (six times in fiscal 2023). 	<ul style="list-style-type: none"> The Board of Directors has been highly effective in exercising its supervisory function to reform the organizational climate and enhance compliance, with particular emphasis on the Company and Kansai Transmission and Distribution, Inc. In the future, the Board of Directors will further expand the scope of the above supervisory function to include strengthening internal controls at group companies, which is a priority issue. There is a general trend toward improvement, with higher evaluation and more positive comments. The efforts made in fiscal 2023 should be continued in the future to further improve the effectiveness of the Board of Directors, etc.
② Supervision of the Nominating and Compensation Committees by the Board of Directors	<ul style="list-style-type: none"> Organized reporting details necessary for supervision on the Board of Directors and shared them with each director. Based on this recognition, the status of the execution of duties by each committee was reported to the Board of Directors in a timely, appropriate, and substantial manner. 	
③ Information disclosure and explanation to shareholders, investors, etc.	<ul style="list-style-type: none"> Based on the results of the General Shareholders' Meeting and IR results, etc., enhanced discussions on how engagement with shareholders, investors, etc. were conducted. The capital costs and share prices were analyzed, and policies to improve asset efficiency, etc., were discussed several times, based on the premise of ensuring financial soundness. 	
④ Further improvement of the composition of the Board of Directors	<ul style="list-style-type: none"> Continued discussion by the Nominating Committee on the ideal composition of the Board of Directors, with a focus on the future business environment. (Including a review of the skill matrix) 	

(3) Major future issues and policies for future initiatives

Major future issues	Policies for future initiatives
Deliberation theme: Supervision of group governance	As part of the Company's efforts to fundamentally strengthen internal controls, the Board of Directors will make efforts to strengthen governance at group companies as priority theme for future Board of Directors and will hold regular deliberations on this topic.
Support for enhancing deliberations: Improve management of the Board of Directors	<p>In addition to group governance, the following measures will be taken to further enhance both the quality and quantity of deliberations on important issues such as medium- to long-term management strategies.</p> <ul style="list-style-type: none"> Create opportunities to mutual understanding among directors regarding the matters to be supervised by the Board of Directors and will realign them as necessary. The executive side will strive to present each agenda item in a clear and concise manner in order to ensure more effective deliberations.



● Operating status of fiscal 2023

◆ Board of Directors

Based on laws and regulations and the rules for 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, the composition of each committee, appointment and changes of executive officers, personnel measures for officers, and specific initiatives to achieve the medium-term management plan. Furthermore, progress on the medium-term management plan is regularly reported and deliberated, including quarterly financial results, operational status of internal control, and measures to support management awareness of capital costs, share prices, and other matters. In addition, during fiscal 2023, under the business improvement plan formulated in response to the breach of the Electricity Business Act due to the improper handling of the power producer and supplier customer information and violation of the Antimonopoly Act in connection with transactions of special-high voltage power and high voltage power service, the progress of various preventive measures and status of efforts for organizational climate reform to fundamentally strengthen internal control were thoroughly discussed in conjunction with the Board of Directors meetings as special supervision by the Board of Directors. For the resolutions and deliberations stated above, the Board of Directors held seven opinion exchange meetings between directors and one joint training session for directors and executive officers during fiscal 2023 with the aim of fulfilling discussions at the Board of Directors and strengthening corporate governance. In these opinion exchange meetings and the training session, a wide range of management issues and the direction of future growth strategies are discussed with the aim of realizing the Group's vision, including a review of the Company's business portfolio and Zero Carbon Roadmap.

The opinions obtained through these opinion exchange meetings and the training session are reflected in management through discussions at subsequent meetings of the Board of Directors.

Additionally, independent outside directors are actively striving to monitor the Company's status through prior briefing on board meetings; visiting front-line workplaces; and through dialogue with employees throughout the year.

◆ 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. For fiscal 2023, priority items discussed and opinions exchanged include the following:

- Operation of succession plan for Executive Officer and President, and development of successor candidates
- Director change proposals for the General Shareholders' Meeting
- Succession plan for outside directors
- Review of director nomination policy, etc. (including skill which the Board of Directors should be equipped with)

◆ Compensation Committee

The Committee decides on the policy and details of compensation of respective directors and executive officers, and deliberates on compensation for advisors. For fiscal 2023, priority items discussed and opinions exchanged 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.
- Establishment of a system for performance-based compensation and financial and nonfinancial targets.

◆ 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. Audit reports and opinions therein are provided to the Board of Directors and executive officers. Priority audits and other items conducted in fiscal 2023 include the following:

- Monitoring and verification of efforts to ensure compliance
- Monitoring and verification of business execution related to important management issues
- Monitoring and verification of group governance reforms
- Response to proceedings for damages against our former executives filed by the Company concerning problems such as receiving cash and gifts and remuneration for part-time service, etc., after resignation.

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).

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* ¹	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)	October, December, February, May, June	The Audit Committee members and the accounting auditor discuss and exchange opinions about KAM.* ²

*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 directors

Board of Directors, Nominating Committee, Compensation Committee, and Audit Committee meetings held in fiscal 2023 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% (15/15 attendances)	◎100% (10/10 attendances)	100% (6/6 attendances)	—
Takamune Okihara*	100% (15/15 attendances)	100% (10/10 attendances)	—	100% (14/14 attendances)
Atsuko Kaga*	87% (13/15 attendances)	—	100% (6/6 attendances)	—
Hiroshi Tomono*	93% (14/15 attendances)	—	—	◎93% (13/14 attendances)
Kazuko Takamatsu*	100% (15/15 attendances)	100% (10/10 attendances)	◎100% (6/6 attendances)	—
Fumio Naito*	100% (15/15 attendances)	—	—	100% (14/14 attendances)
Seiji Manabe*	100% (11/11 attendances)	100% (8/8 attendances)	100% (3/3 attendances)	—
Motoko Tanaka*	100% (11/11 attendances)	—	—	100% (11/11 attendances)
Nozomu Mori	100% (15/15 attendances)	—	—	—
Koji Inada	100% (15/15 attendances)	—	—	—
Makoto Araki	100% (11/11 attendances)	—	—	—
Yasuji Shimamoto	100% (15/15 attendances)	—	—	100% (14/14 attendances)
Nobuhiro Nishizawa	100% (15/15 attendances)	—	—	100% (11/11 attendances)

Notes:

- 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.
- ◎ represents the chairperson of the board/committee.
- * represents an independent outside director.

