

Compliance

GOVERNANCE



Compliance system

In order to promote compliance and strengthen internal controls throughout the Group, we have set up the Compliance Promotion Headquarters as a business execution function and the Compliance Committee directly under the Board of Directors, a voluntary committee with a management supervision function.

The Compliance Committee is independent from the President and other executive officers, and a majority of its members, including the Chairperson, are from outside the Company. (See page 116.)

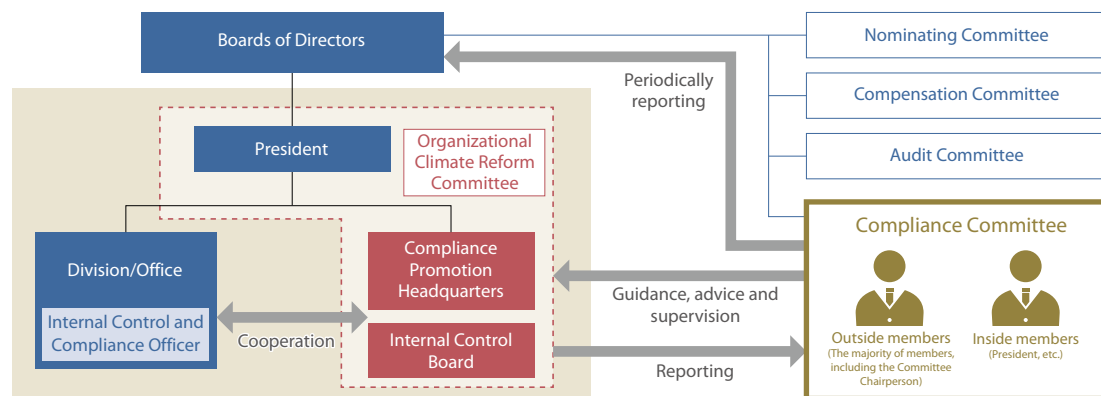
Also, the position of Chief Compliance Officer (CCO) was established as the officer with ultimate responsibility for compliance promotion. Additionally, the Internal Control Board was set up to deliberate internal controls, including risk management, for the entire Group*. In addition, aiming to enhance the effectiveness of internal controls at operating divisions, including front lines, each operating division 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 supervising and supporting group-wide compliance promotion activities and responding to problematic events, the Headquarters provides various compliance training programs, encourages legal compliance in cooperation with corporate divisions, conducts interviews and provides guidance on efforts made by each operating division, etc.

The Headquarters also 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 131 to 132 for details regarding risk management.

◆ Compliance system



● <Reference> Compliance Committee meetings held in fiscal 2024

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 seven meetings were held in fiscal 2024, focusing on investigation reports on problematic events related to compliance, as well as the deliberation of an internal control and compliance promotion plan and compliance-related training. The Compliance Committee reports to the Board of Directors on the execution of its duties each time the Committee meets.

Efforts to promote compliance

The Group assesses compliance risks every year and selects compliance risk items to be addressed.

In fiscal 2025, we will focus on enhancement of multifaceted communication, promotion of training and awareness-raising activities to ensure compliance, etc., and support for efficient business operations by incorporating generative AI, etc. to develop environments where employees can work with peace of mind.



► Specific initiatives to promote compliance

1. Enhancement of multifaceted communication

◆ Activities to promote understanding of organizational climate reform and internal control in front lines

Through communication with front-line employees, we provide support to deepen their understanding of organizational climate reform and internal control (including compliance), as well as to improve work quality, including reviewing rules and procedures.

◆ Implementation of dialogue activities between outside members of the Compliance Committee and employees

We will raise employees' awareness of compliance through communication between outside members of the Compliance Committee and employees.

2. Promotion of training and awareness-raising activities to ensure compliance, etc.

◆ Implementation of compliance 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. In addition, training related to compliance with laws and regulations will be provided.

FY 2024 results

Training title	Attendance	Implementation period
Compliance training	Executives, all employees, and each group company	2nd half of FY 2024
Risk management training (Training to raise risk sensitivity)	Personnel in charge of risk management (Each division and each or a part of group companies): 96 individuals	Nov. to Dec. 2024
Group company executive training (Companies Act training)	Presidents and executives of group companies: 247 individuals	Aug. and Sep. 2024 Jan. and Mar. 2025
Behavior restriction training	Executives, all employees, and managers in charge of behavior restrictions	Aug. and Oct. 2024
Antimonopoly Act training	Executives, all employees, and designated departments: 100 individuals	Oct. to Nov. 2024
Foreign public official bribery prevention training	Employees involved in overseas operations: 826 individuals	Mar. 2025

◆ Continuous delivery of messages from top management

Top management will deliver messages on a continual basis about fostering an open, free, and vibrant organizational climate with thorough compliance.

◆ Initiatives to promote and utilize whistleblowing

We will carry out awareness-raising activities across the entire Group toward better understanding and increased use of our whistleblowing system by a variety of means, including encouraging the use of the internal leniency system and providing information to lower the psychological hurdles for whistleblowing.

◆ Distribution of email newsletter

Once a month, we disseminate information to all employees and group companies aimed at strengthening internal control and raising compliance awareness (e.g., examples of improved departmental internal control and details regarding inappropriate incidents occurring within the Group or at other companies).

◆ Implementation of events for all employees

We hold events in which all employees can actively and casually participate to encourage them to "Become aware, Speak out, and Take action" (Quiz rally in 2022, Call for slogan in 2023, and "Spot the difference" game in 2024). We will continue to deploy tools and hold participatory events that inspire active thinking about compliance.

3. Support for efficient business operations by incorporating generative AI, etc.

We will introduce a workflow optimization framework that utilizes IT systems to reflect law amendments in internal standards, etc., and apply it to our group companies.



Compliance Hotline

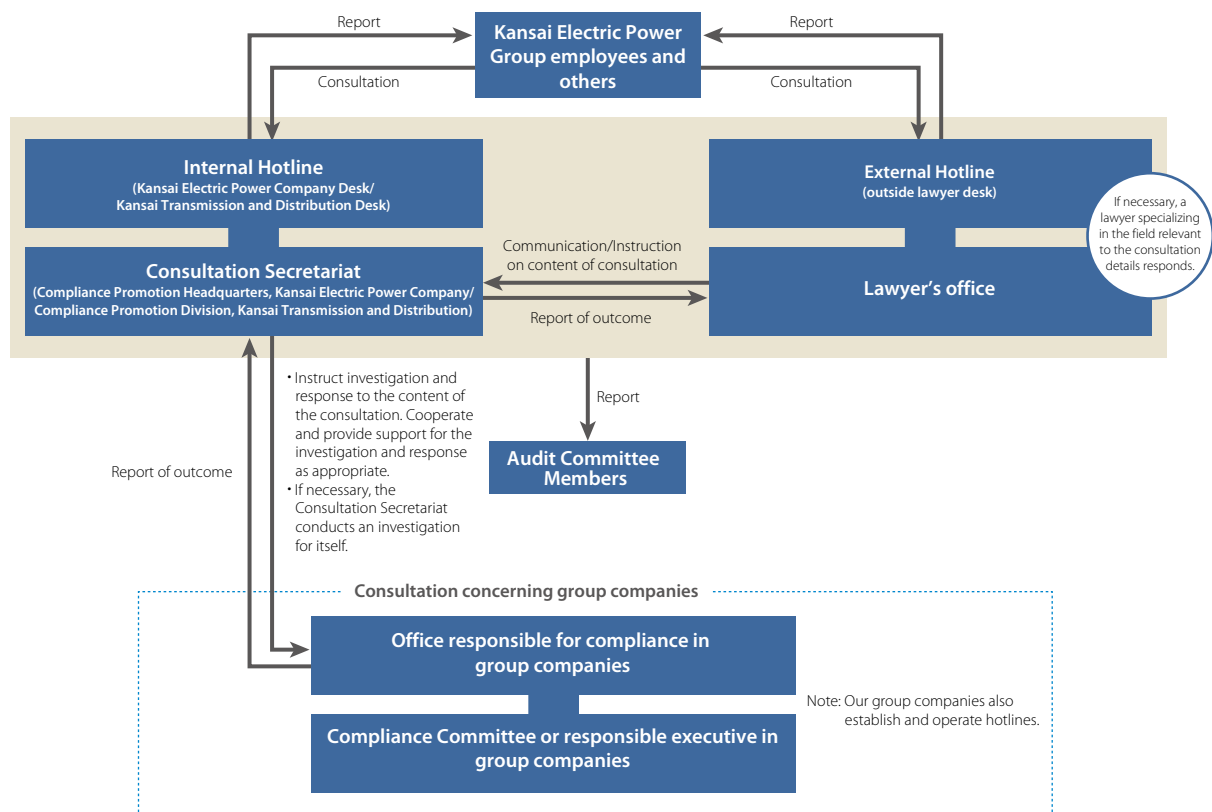
The Kansai Electric Power Group Code of Conduct stipulates how to report to and consult with the hotline when feeling doubt or discomfort related to compliance.

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.

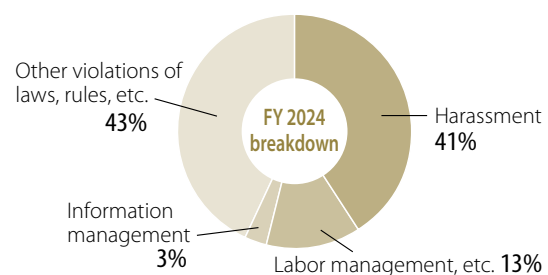
◆ Kansai Electric Power Group Compliance Hotline



Number of cases handled by the Compliance Hotline (including the number of cases handled by the Harassment Hotline)

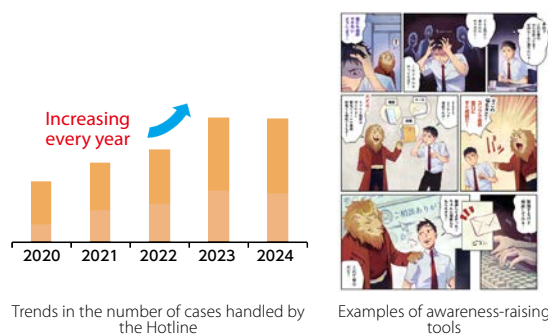
184
FY 2023

182
FY 2024



► 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 further promoted the use of the consultation desk by, for example, informing employees of use cases at the consultation desk and frequently asked questions with the use of cartoons to lower resistance toward using the system. We also introduced an internal leniency system in November 2023. 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

◆ Inappropriate incidents occurred at the Group subsidiaries

Improper handling* of pole transformers in the past was found at Kansai Transmission and Distribution, Inc. Following an objective investigation by the Kansai Electric Power's Compliance Committee, recurrence prevention measures formulated based on the investigation results and recommendations in the investigation report were announced on February 3, 2025. KANSO TECHNOS CO., LTD. was found to have misused expense reports, i.e., factually inaccurate transfer of expense charges and overcharges of contract fees, for the 2023 Comprehensive Study Project for Appropriate Subsea CCS Implementation for Marine Environmental Preservation, which was commissioned by the Ministry of the Environment. After an investigation was conducted by an outside counsel, the investigation results and recurrence prevention measures were announced on May 2, 2025.

* When repairing PCB-containing pole transformers, the company failed to take appropriate measures, including investigation, though it knew that some of the transformers exceeded the national standard for low-concentration PCB. Despite having known that for a long time, the company explained to the government, Osaka Prefecture, and other relevant parties that the problem was only discovered in 2018 under the direction of a specific head of the power distribution division.



► Promoting tax compliance

To ensure tax transparency, we have established the Kansai Electric Power Group Tax Policy and are working to instill tax compliance awareness across the Group and to enhance tax governance.

◆ Kansai Electric Power Group Tax Policy

1. Tax compliance

The Kansai Electric Power Group is committed to complying with applicable tax laws and regulations in all countries and regions where it operates its business, in accordance with the Kansai Electric Power Group Purpose & Values, the Kansai Electric Power Group Code of Conduct, and the Compliance Policy, and to properly file tax returns and pay taxes.

2. Tax governance

The Kansai Electric Power Group shall strive to enhance tax compliance awareness through training and awareness programs regarding appropriate accounting practices and tax filings under the direction of the director in charge of accounting. Should any significant tax-related issues arise, the Group shall report to the director in charge of accounting in a timely manner for appropriate handling.

3. Tax risk management

The Kansai Electric Power Group shall consult with external experts and tax authorities when it recognizes uncertainty in the interpretation of tax laws and regulations to reduce tax risks.

4. Tax planning

The Kansai Electric Power Group shall fully comply with applicable tax laws and regulations in the countries and regions where it operates its business and shall strive to ensure an appropriate level of taxation by utilizing legitimate tax incentives available under applicable laws and eliminating double taxation.

5. Relationship with tax authorities

The Kansai Electric Power Group shall strive to maintain a good relationship with tax authorities while filing and paying taxes properly. The Group shall sincerely respond to requests from tax authorities and, should any differences in opinion arise, engage in constructive dialogue to resolve them.

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 is autonomously striving to implement, evaluate, and improve their compliance 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. Cases of misconduct occurring in our Group are also shared to prevent recurrence.

► 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.

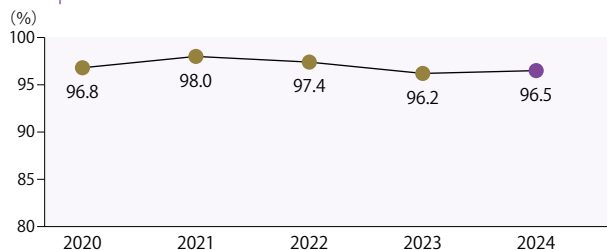
In particular, as tightening of bribery regulations has become a global trend, we have established internal rules to prevent bribery of foreign public officials, etc., and clarified prohibited items such as gift-giving and entertainment with wrongful intentions as well as items to be observed. At the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



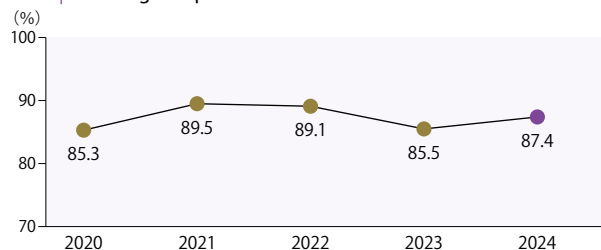
▶ Results of a questionnaire for all employees regarding compliance awareness, etc.

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. The percentages have been improved overall, proving that initiatives are effective. We will continue to work on fostering a sound organizational climate that emphasizes compliance.

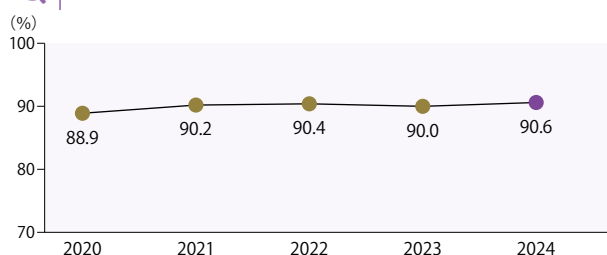
Q You always act with an awareness of compliance.



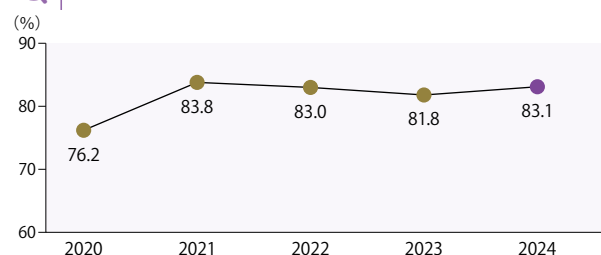
Q Your supervisor is taking the lead in fostering and ensuring compliance awareness.



Q You are doing your job with a sense of mission.



Q You find your job rewarding and are proud of it.



Survey period: November 5 to November 22, 2024

[How to read charts] The graph of secular change shows the transition of the total value of the percentages of “Strongly agree” and “Moderately agree” in all responses.

Respondents: All employees of the Kansai Electric Power Co., Inc. and Kansai Transmission and Distribution, Inc.

Number of respondents: 15,807 [Response rate: 93.0%]

