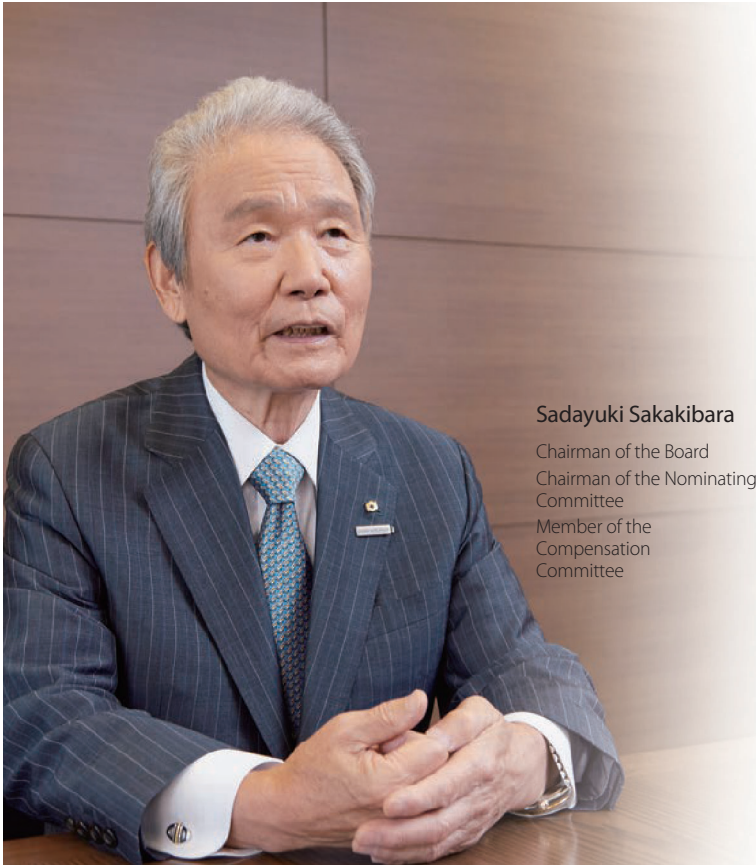


Corporate Governance / Message from the Chairman of the Board



Sadayuki Sakakibara
Chairman of the Board
Chairman of the Nominating Committee
Member of the Compensation Committee

Inaugurated as the Chairman of the Board

In this June, the Kansai Electric Power Co., Inc. transformed into a Company with a Nominating Committee, etc. As Chairman of the Board, I will monitor and supervise the execution of business operations by our executive officers, from an independent, external standpoint, and to make judgments as to whether these operations are appropriate, understandable and trustworthy for our shareholders, customers, local communities, employees and others, thereby endeavoring to build a solid governance system and ensure transparency.

Having assumed the position of Chairman, during visits to related parties I became acutely aware that Kansai Electric Power was under scrutiny from society. Yet many times I was also told: “I hope Kansai Electric Power Company will go back to the way it used to be as soon as possible.” I now feel that the atmosphere in our Company is charged with enthusiasm, and everyone is motivated to move toward the regeneration and revival of the Company.

It is not easy to regain trust that was once lost, but I will join hands with President Morimoto and other executive officers in forging ahead with the restoration of trust as well as the strong revival and regeneration of Kansai Electric Power Company.

How I perceive the issue of receiving gifts

Kansai Electric Power Company ran into problems regarding the receipt of cash and gifts, as well as compensation for retired officers, seriously damaging the trust of society and triggering a very severe situation.

A company that has an exceptionally strong commitment to public service through the provision of stable energy supply, which forms the basis of people’s lives and supports the economic activities of the country, cannot operate its business without the trust of society. It is therefore not an exaggeration to say that our Company is in a critical situation never experienced since its establishment.

Moreover, the trust that our employees hold toward the executives was severely damaged. People are an essential element in any company, thus a company cannot be rebuilt without the trust of its employees. I recognize that regaining the trust of stakeholders, including employees, is a pressing need.

For a company, there are five important issues that should be prioritized over all other management activities: safety, disaster mitigation, environment, corporate ethics and legal compliance. If this awareness had been instilled across our Company, things like the aforementioned issues would not have happened.

Kansai Electric Power Company upholds the *Maedaregake* Spirit – a spirit of consideration for and service to others – advocated by our first President Shiro Otagaki. This is a customer-oriented mindset and based on that management philosophy, our predecessors rose to the challenge of constructing the *Kuroyon* dam, which was said to be the most difficult project of the century. This willingness to take on challenges was thought to have been inherited to this day as part of our corporate DNA. However, looking at the present situation, I’m afraid that this part of our DNA may have faded and been forgotten.

We must go back to the philosophy at the time of our founding as a company and spread the customer-oriented mindset to every corner of the Company in order to help regain trust in Kansai Electric Power.

How recurrence prevention measures including governance reform are evaluated

Following an investigation by a Third Party Committee, Kansai Electric Power Company formulated a business improvement plan to prevent recurrence of the problem. Based on this plan, we transformed into a Company with a Nominating Committee, etc. by a resolution of the General Shareholders’ Meeting and as a company we have made a new start.

I believe that this corporate form of a Company with a Nominating Committee, etc. is an approach that enables excellent governance through a clear separation of business execution and supervision. Although not many listed companies have adopted this system in Japan, it has become the mainstream among large companies in Europe and the United States. Furthermore, of our 13 directors, outside directors form a majority. Of our three statutory committees, two of them – namely the Nominating Committee and the Compensation Committee – are composed solely of outside directors, including the chairman, enabling highly transparent and objective decision-making.

As for compliance, we have established a system that allows our Board of Directors to provide guidance and supervision, through reports from the Compliance Committee set up directly under the Board. Additionally, the adequacy of construction orders and contract procedures shall be strictly evaluated by the newly established Procurement Review Committee.

In this way, most of the recurrence prevention measures have already been implemented. Going forward, these new systems and mechanisms must function effectively, and I think we are now heading into a crucial period for these reforms.

Aiming for a highly effective Board of Directors

I would like to make the Board of Directors not just a formal and typical meeting structure, but instead a body where substantial discussions can be held every month with a sense of focus on the social perspective as well as the shareholder perspective, similar to a general meeting of shareholders.

Firstly, with the transition into a Company with a Nominating Committee, etc., it was decided that the majority of directors shall be made up of outside directors, and thus an Office of the Board of Directors was newly established as a supporting organization. The full-time staff at the new office not only assist with the operational aspects of the Board of Directors, but also with the input of necessary information to outside directors.

Upon request, as part of our efforts to ensure transparency and strengthen supervisory functions, outside directors may attend meetings where executive officers gather to discuss management issues. Additionally, I would like to set up opportunities to discuss important management issues only among outside directors and I aim to encourage executive officers to propose those issues as agenda items for the Board of Directors as necessary.

Furthermore, making full use of the effectiveness evaluation system, etc., I will do my utmost to carefully take the opinions of various stakeholders, including shareholders and employees, directly to the Board of Directors and reflect these opinions in our decision-making.

Toward realizing Kansai Electric Power’s growth strategy

Kansai Electric Power Company positions strengthening governance and restoring trust as its top management issues. In order for us to continue to serve our customers and communities, as well as meeting the expectations of our shareholders, I believe that we need to work to increase our corporate value and achieve sustainable growth.

Kansai Electric Power Company is now going through major environmental changes, as exemplified by decarbonization and the digital revolution. It is also essential to respond to anticipated future changes in our social structure brought about by the novel coronavirus.

I have faced critical situations on many occasions in my time spent as part of the management team in many companies. In such situations, what I value is innovation, namely change and creation. This means that we need to open up to new possibilities, with new ideas driving us toward our goals in all aspects of management, not just limited to technological development. This innovation can lead to creating a new business structure, strengthening competitiveness, and furthering the sustainable growth of the company.

What is important in advancing these efforts is people. Valuing people will lead above all to employees having the motivation to work and serve as a major driving force for corporate development.

Moving forward, I will have a proper discussion about Kansai Electric Power Company’s growth strategy at the Board of Directors and other meetings, drawing on my own experience and knowledge.

My aspirations for the future

As Chairman of the Board, I will mount an effort to instill the social perspective as well as the customer perspective in every corner of the executive side through deliberations at the Board of Directors.

I feel a rising awareness of improving compliance in our Company but still we must continue to change so people in society can say *Kansai Electric Power Company has changed*. Although it may take some time, I think we first need to move ahead with efforts so as our stakeholders can begin to see some changes in about two years.

While I am an independent outsider, I have the intention of being a productive member of Kansai Electric Power Company, and I will take the lead jointly with President Morimoto in pursuit of governance reform to ensure these problems will never happen again. I will seek sustainable growth for Kansai Electric Power Company with all my soul and strength.

Directors



Director
Member of the Audit Committee

Fumio Naito

Director
Member of the Nominating Committee

Kazuko Takamatsu

Director
Member of the Audit Committee

Shigeo Sasaki

Director
Member of the Compensation Committee
Member of the Audit Committee

Atsuko Kaga

Director
Member of the Nominating Committee
Member of the Compensation Committee

Takamune Okihara

Director
Chairman of the Audit Committee

Hiroshi Tomono

Director
Member of the Nominating Committee
Chairman of the Audit Committee

Tetsuya Kobayashi

Chairman and Director
Chairman of the Nominating Committee
Member of the Compensation Committee

Sadayuki Sakakibara



Director
Member of the Audit Committee

Yasushi Sugimoto

Director
Member of the Audit Committee

Susumu Yamaji

Director
Representative Executive Officer,
President

Takashi Morimoto

Director
Representative Executive Officer,
Vice President

Toyokazu Misono

Director
Representative Executive Officer,
Vice President

Koji Inada

Outside Directors and Independent Officers



Chairman and Director
Chairman of the Nominating Committee
Member of the Compensation Committee

Sadayuki Sakakibara

June 2002: Representative Director and President, Toray Industries, Inc.
June 2010: Representative Director and Chairman, Toray Industries, Inc.
June 2014: Chairman, Japan Business Federation
June 2014: Executive Chairman, Toray Industries, Inc.
June 2015: Chief Senior Advisor and Chief Senior Counselor, Toray Industries, Inc.
June 2017: Senior Advisor, Toray Industries, Inc.
May 2018: Honorary Chairman, Japan Business Federation (to present)
June 2018: Special Advisor, Toray Industries, Inc. (retired in June 2019)
June 2020: Chairman and Director of the Company (Outside Director) (to present)

Appointment reason

Based on his extensive experience, insight and independence as a corporate manager, Mr. Sakakibara has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Nominating Committee
Member of the Compensation Committee

Takamune Okihara

Apr. 2008: Deputy Chairman, Representative Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2010: Chairman, Representative Director, Mitsubishi UFJ Financial Group, Inc. (resigned in June 2014)
May 2014: Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2014: Outside Director of the Company (to present)
Apr. 2018: Senior Advisor, MUFG Bank, Ltd. (Changed bank name) (to present)

Appointment reason

Based on his extensive experience, insight and independence as a manager of a financial institution, Mr. Okihara has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Nominating Committee
Chairman of the Compensation Committee

Tetsuya Kobayashi

June 2007: President and Representative Director, Kintetsu Corporation
Apr. 2015: Chairman and Representative Director, Kintetsu Group Holdings Co., Ltd. (to present)
June 2015: Outside Director of the Company (to present)

Appointment reason

Based on his extensive experience, insight and independence as a corporate manager, Mr. Kobayashi has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Audit Committee

Shigeo Sasaki

May 2006: Superintending Prosecutor, Osaka High Public Prosecutors Office (retired in July 2007)
Aug. 2007: Registered as attorney-at-law (to present)
June 2019: Outside Audit & Supervisory Board Member of the Company
June 2020: Outside Director of the Company (to present)

Appointment reason

Based on his extensive experience, insight and independence as a lawyer, Mr. Sasaki has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Compensation Committee
Member of the Audit Committee

Atsuko Kaga

Apr. 1987: Director, Plus1 Co., Ltd. (retired in March 1989)
Apr. 2002: Assistant Professor, Graduate School of Engineering, Osaka University
Apr. 2007: Associate Professor, Graduate School of Engineering, Osaka University
Apr. 2009: Professor, Graduate School of Engineering, Osaka University (to present)
June 2019: Outside Audit & Supervisory Board Member of the Company
June 2020: Outside Director of the Company (to present)

Appointment reason

Based on her extensive experience, insight and independence as an academic expert, Ms. Kaga has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Chairman of the Audit Committee

Hiroshi Tomono

June 2005: Representative Director & President, Sumitomo Metal Industries, Ltd.
Oct. 2012: Representative Director & President & COO, Nippon Steel & Sumitomo Metal Corporation
Apr. 2014: Representative Director & Vice Chairman, Nippon Steel & Sumitomo Metal Corporation
Apr. 2015: Director & Advisor, Nippon Steel & Sumitomo Metal Corporation
June 2015: Advisor, Nippon Steel & Sumitomo Metal Corporation
Apr. 2019: Advisor, Nippon Steel Corporation (changed corporate name)
June 2020: Alumnus of Nippon Steel Corporation (to present)
June 2020: Outside Director of the Company (to present)

Appointment reason

Based on his extensive experience, insight and independence as a corporate manager, Mr. Tomono has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Nominating Committee

Kazuko Takamatsu

Apr. 2003: Representative Director, Sony Digital Network Applications, Inc.
Oct. 2008: VP, Senior General Manager of Environmental Center, Sony Corporation (retired in March 2012)
Apr. 2013: Executive Director and Secretariat, Japan Institute for Women's Empowerment & Diversity Management
Apr. 2020: Executive Director, Japan Institute for Women's Empowerment & Diversity Management (resigned in June 2020)
June 2020: Outside Director of the Company (current occupant of the position)

Appointment reason

Based on her extensive experience, insight and independence as a corporate manager, Ms. Takamatsu has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.



Director
Member of the Audit Committee

Fumio Naito

Apr. 1990: Assistant Professor, School of Business Administration, Kobe University
Apr. 1995: Professor, School of Business Administration, Kobe University
Apr. 2001: Professor, Graduate School of Business Administration, Kobe University
Apr. 2006: Honorary Professor, Kobe University (to present)
Apr. 2006: Professor, Faculty of Business Administration, Konan University (to present)
June 2020: Outside Director of the Company (to present)

Appointment reason

Based on his extensive experience, insight and independence as an academic expert, Mr. Naito has been appointed as an outside director to take on the role of strengthening the supervisory functions of the Board of Directors from the objective perspective of an external appointee.

Directors



Director
Representative Executive Officer, President

Takashi Morimoto

Apr. 1979: Entered The Kansai Electric Power Co., Inc.
June 2007: Executive Officer, Osaka South Branch Manager
June 2009: Executive Officer, Deputy General Manager of Customer Relations and Services Division
Nov. 2011: Executive Officer, General Manager of Office of Corporate Planning
Apr. 2012: Executive Officer, Deputy General Manager of General Planning Headquarters
June 2014: Executive Officer, Chief of General Planning Headquarters Executive Office, Deputy General Manager of General Planning Headquarters
June 2015: Managing Executive Officer, Acting General Manager of General Planning Headquarters (Planning and Administration Department), Chief of General Planning Headquarters Executive Office
June 2016: Representative Director, Executive Vice President of the Company
Mar. 2020: President & Representative Director of the Company
June 2020: Director, Representative Executive Officer and President of the Company (to present)

Appointment reason

Since being appointed as a director, Mr. Morimoto has been in charge of the Office of Corporate Planning, the Office of Energy and Environmental Planning, Interim Storage Promotion, the Office of Human Resources and Safety Management, the Office of Plant Siting and other posts. Since March 2020, he has demonstrated leadership as President & Representative Director, contributing to the increase in value of our Group. Based on his experience and insight, he has been appointed as a director.



Director
Representative Executive Officer, Vice President

Toyokazu Misono

Apr. 1981: Entered The Kansai Electric Power Co., Inc.
June 2011: Executive Officer, Deputy General Manager of Customer Relations and Services Division
June 2015: Managing Executive Officer, Acting General Manager of Customer Relations and Services Division
June 2018: Representative Director, Executive Vice President
June 2020: Representative Director & President of Kanden L-Heart Co., Inc. (to present)
June 2020: Director, Representative Executive Officer and Vice President of the Company (to present)

Appointment reason

Mr. Misono has extensive operational experience, primarily in the planning and sales divisions. Since being appointed as a director, he has served as General Manager of the Sales and Marketing Division and has been in charge of the Office of Human Resources and Safety Management, the Office of Plant Siting, the Office of Compliance Promotion and other posts, responsible for management of our Group. Based on his experience and insight, he has been appointed as a director.



Director
Representative Executive Officer, Vice President

Koji Inada

Apr. 1984: Entered The Kansai Electric Power Co., Inc.
June 2013: Executive Officer, Deputy General Manager of General Planning Headquarters
June 2015: Executive Officer, Acting Chief of General Planning Headquarters Executive Office, Deputy General Manager of General Planning Headquarters
June 2016: Managing Executive Officer, in charge of Office of Corporate Planning, in charge of Office of IT Strategy
June 2018: Director, Managing Executive Officer of the Company
June 2019: Representative Director, Executive Vice President
June 2020: Director, Representative Executive Officer and Vice President of the Company (to present)

Appointment reason

Mr. Inada has extensive operational experience, primarily in the IT and planning divisions. Since being appointed as a director, he has been in charge of the Office of Asset Optimization and Trading, the Office of IT Strategy, the Office of Corporate Planning, the Office of Energy and Environmental Planning, Interim Storage Promotion, and Compliance on Wheeling Service Guidelines under the Electricity Business Act, etc., and other positions of managerial responsibility for our Group. Based on his experience and insight, he has been appointed as a director.



Director
Member of the Audit Committee

Yasushi Sugimoto

Apr. 1978: Entered The Kansai Electric Power Co., Inc.
June 2007: Executive Officer, Tokyo Branch Manager
June 2010: Executive Officer, General Manager of Office of Accounting and Finance
June 2014: Director, Managing Executive Officer of the Company
June 2019: Audit & Supervisory Board Member of the Company
June 2020: Director of the Company (to present)

Appointment reason

Mr. Sugimoto has extensive operational experience, primarily in the financing and accounting division. Since being appointed as a director, he has been in charge of the Office of Nuclear Fuel Cycle (Nuclear Fuel Cycle Business), the Office of Accounting and Finance, as well as serving in positions such as General Manager of the Sourcing and Procurement Division. Since June 2019, he has been in charge of auditing of the Company as an Audit & Supervisory Board Member. Based on his experience and insight, he has been appointed as a director.



Director
Member of the Audit Committee

Susumu Yamaji

Apr. 1980: Entered The Kansai Electric Power Co., Inc.
June 2008: Executive Officer, Shiga Branch Manager
June 2010: Executive Officer, Deputy General Manager of Office of Business Opportunity Development
June 2016: Managing Executive Officer, General Manager of Gas Business Division
June 2020: Director of the Company (to present)
June 2020: Auditor of Kansai Transmission and Distribution, Inc. (to present)

Appointment reason

Mr. Yamaji has extensive operational experience, primarily in the secretarial and group business divisions. Since being appointed as a managing executive officer, he has served as General Manager of the Gas Business Division. Based on his experience and insight, he has been appointed as a director.

Corporate Governance Systems

Basic concept on corporate governance

Based on the Management Philosophy and Kansai Electric Power Group Vision, 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.

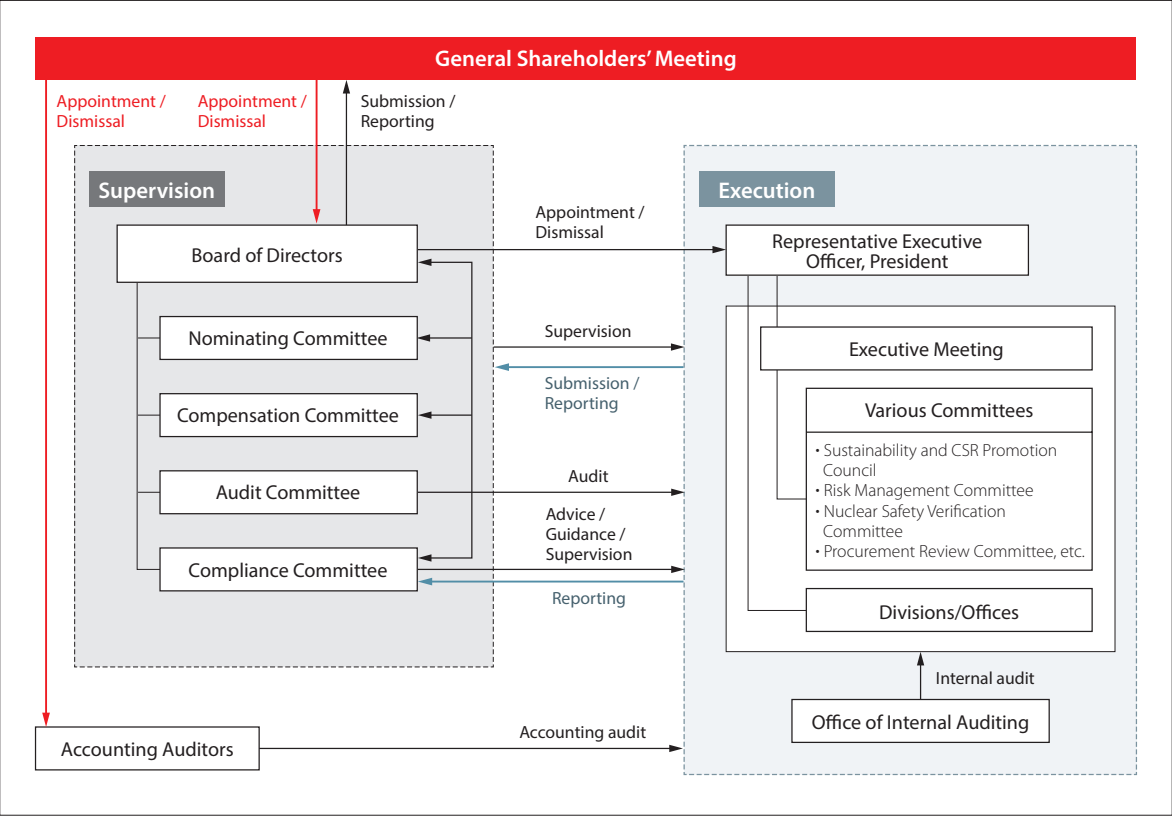
Recognizing that the most important management issue for achieving this goal is strengthening corporate governance, we have adopted the institutional design of a Company with a Nominating Committee, etc. since June 2020, which clearly separates execution and supervision for our corporate governance, with the aim of enhancing management transparency and objectivity in business management.

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.

Each one of our executive officers and employees will carry out business activities while ensuring integrity and a high level of transparency in accordance with our principles of Guidelines for Action, the Kansai Electric Power Group CSR Action Charter, and the President's Oath to Stakeholders. With explicitly defined authority and responsibilities, we will strive to maximize our corporate value by swiftly and flexibly making decisions and putting them into practice.

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.



Note: 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.

1. Supervision

Board of Directors

<Structure and operational status>

In light of the scale, content and managerial challenges of our business, as well as from the perspective of a supervisory function, taking into account diversity across gender and nationalities, the Board of Directors is a necessary and appropriate structure chaired by an independent outside director and comprised of independent outside directors with ample experience and knowledge cultivated as executives or professionals in a wide range of fields (eight persons) and inside directors who have expertise and abilities in each field of our businesses (three persons). Finally, there are two more inside directors who conduct audits taking advantage of specialized knowledge regarding our businesses.

The Board of Directors meeting is convened regularly once a month, complemented by additional meetings held when deemed necessary, where matters of essential importance in business management, including basic policies, are deliberated and decided. In addition, all directors and executive officers are supervised through regularly issued reports on the execution status of the duties incumbent upon them and other aspects of their performance.

In fiscal 2019, the Board of Directors meeting was held 16 times and the attendance status of respective officers as of April 1, 2020 was as follows.

Managerial Position	Name	Attendance numbers
President and Director	Takashi Morimoto	15
Director	Toyokazu Misono	16
Director	Koji Inada	16
Director	Takao Matsumura*	14
Director	Yasuji Shimamoto	15
Outside Director	Noriyuki Inoue	14
Outside Director	Takamune Okihara	16
Outside Director	Tetsuya Kobayashi	15
Outside Director	Hisako Makimura*	14
Audit & Supervisory Board Member	Yasuhiro Yashima	16
Audit & Supervisory Board Member	Yasushi Sugimoto*	14
Audit & Supervisory Board Member	Yukishige Higuchi	16
Outside Audit & Supervisory Board Member	Tsutomu Toichi	16
Outside Audit & Supervisory Board Member	Fumio Ohtsubo	16
Outside Audit & Supervisory Board Member	Shigeo Sasaki*	14
Outside Audit & Supervisory Board Member	Atsuko Kaga*	11

Note: In fiscal 2019, we held the Board of Directors meeting as a Company with an Audit & Supervisory Board.

* Mr. Takao Matsumura, Ms. Hisako Makimura, Mr. Yasushi Sugimoto, Mr. Shigeo Sasaki, and Ms. Atsuko Kaga assumed the post of Director/Audit & Supervisory Board Member on June 21, 2019. Since then, the Board of Directors meetings that they have been a part of have been held 14 times.

<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, which consists of independent outside directors only, 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 and operating a successor plan for the Executive Officer and President. When appointing the Executive Officer and President, its members interview candidates and, if necessary, utilize external evaluations from a third-party organization. Sufficient time and resources shall be spent on this appointment process, with the objectivity of the process ensured.

Chairperson: Sadayuki Sakakibara
Committee members: Takamune Okihara, Tetsuya Kobayashi and Kazuko Takamatsu

Compensation Committee

The Compensation Committee, which consists of independent outside directors only, 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, we use data from external specialized organizations and examples from other companies.

Chairperson: Tetsuya Kobayashi
Committee members: Sadayuki Sakakibara, Takamune Okihara and Atsuko Kaga

Audit Committee

The Audit Committee is chaired by the independent outside director and consists of four outside and two inside directors not concurrently serving as executive officers. For directors who make up the Audit Committee, those who have appropriate experience and abilities as well as necessary knowledge of finance, accounting and legal affairs shall be appointed.

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.

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 are engaged in auditing activities on a daily basis through their attendance at important meetings (other than Board of Directors meetings) to audit operations and assets of our key business offices.

Chairperson: Hiroshi Tomono
Committee members: Shigeo Sasaki, Atsuko Kaga, Fumio Naito, Yasushi Sugimoto and Susumu Yamaji

In fiscal 2019, the Audit & Supervisory Board meeting was held 18 times and the attendance status of respective Audit & Supervisory Board Members was as follows.

Managerial Position	Name	Attendance numbers
Audit & Supervisory Board Member	Yasuhiro Yashima	18
Audit & Supervisory Board Member	Yukishige Higuchi	18
Audit & Supervisory Board Member	Yasushi Sugimoto*	14
Outside Audit & Supervisory Board Member	Tsutomu Toichi	18
Outside Audit & Supervisory Board Member	Fumio Ohtsubo	18
Outside Audit & Supervisory Board Member	Shigeo Sasaki*	14
Outside Audit & Supervisory Board Member	Atsuko Kaga*	11

Note: In fiscal 2019, we held the Audit & Supervisory Board meeting as a Company with an Audit & Supervisory Board.
* Mr. Yasushi Sugimoto, Mr. Shigeo Sasaki, and Ms. Atsuko Kaga assumed the post of Audit & Supervisory Board Member on June 21, 2019. Since then, the the Audit & Supervisory Board meetings that they have been a part of have been held 14 times.

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>

Our directors shall conduct themselves in performing their duties with emphasis on compliance and be willing to put these into practice, in accordance with the basic orientation of business management and code of conduct specified in our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, the Kansai Electric Power Group CSR Action Charter, 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 and internationality, from the viewpoint of appropriate decision-making and effective supervision.

As for outside director candidates, we will 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.

We will assess the independence of outside directors, after confirming that the requirements for independent officers stipulated by the Tokyo Stock Exchange are met, as well as the details of transactions made between our Company and outside director him/herself or any company at which the outside director is/was operating business now or in the past.

If an outside director concurrently serves as an officer at another listed company, the number of concurrent positions should be 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.

<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>

Our executive officers shall conduct themselves in performing their duties and be willing to put them into practice with emphasis on compliance in accordance with the basic orientation of business management and code of conduct specified in our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision, the Kansai Electric Power Group CSR Action Charter, etc., and in adherence to the spirit of the President’s Oath to Shareholders. 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 committees 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 and CSR 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 CSR Action Charter. We have also set up a Sustainability and CSR Promotion Council to draw up comprehensive sustainability and CSR measures for the entire Group and check implementation status. At the same time, we perform concrete activities by developing comprehensive CSR measures for the Group to contribute to the sustainable growth of society.

<Risk Management Committee>

Risks associated with business activities are to be 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 is enhanced by the supervision of departments with specialized expertise on such risks that provide advice and guidance to the various operating divisions. Furthermore, a Risk Management Committee has been established to put risks under central management. The Committee Chairperson is appointed as the Risk Management Officer, and the Committee strives to manage risks associated with Group business activities at 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’s 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, a majority of which are outside experts. By building an examination mechanism from the perspective of outside experts, we ensure the appropriateness and transparency of procedures of construction orders and donations.

<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 the Internal Auditing Committee has been set up to audit the adequacy and effectiveness of the system and operational status on a regular basis, thus ensuring the adequacy of operations.

3. Effectiveness evaluation and response policies for the Board of Directors

The Board of Directors uses a third-party organization to conduct an annual questionnaire survey targeting all directors on the effectiveness of the Board of Directors. Based on the aggregated results of the questionnaire, the Board of Directors evaluates its effectiveness and takes proper steps to improve corporate governance, including operation of the Board of Directors.

In fiscal 2019, a questionnaire survey on the effectiveness of the Board of Directors was not conducted. Regarding the problem of receiving money and gifts, a Third Party Committee pointed out the failure of our corporate governance. Following this, we formulated a business improvement plan aiming to prevent recurrence and transformed to a Company with a Nominating Committee, etc. We further strengthen the supervisory function of the Board of Directors and clearly separate execution and supervision, as well as we construct an effective governance system that emphasizes an objective, external viewpoint.

4. Senior advisor/advisors (appointment/remuneration determination process and roles)

<Appointment/remuneration determination process>

From the perspective of ensuring objectivity, when appointing a senior advisor or advisor, etc. 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 shall decide the necessity of such appointment, job description, and remuneration after rigorous deliberation, and will disclose the commissioned duties and the total amount of remuneration of the advisor, etc.

<Roles>

The senior advisor or advisor, etc. shall contribute to the development of the Company mainly through activities in business communities and external activities, and shall not be involved in the business management of the Company.

5. Remuneration of directors and executive officers

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.

Details of the remuneration system for directors and executive officers are included in our Financial Statements for the (96th term) fiscal year ending in March 2020.

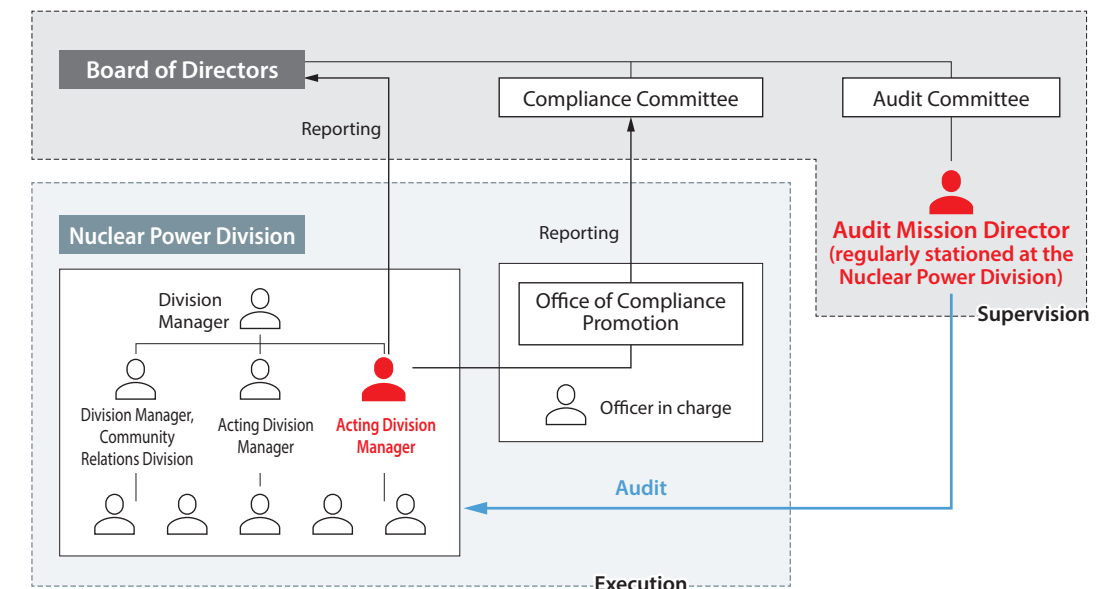
6. Management of subsidiaries

We try to instill in our subsidiaries the basic approaches to management and action standards that are embodied in, for example, our Management Philosophy, our Guidelines for Action, the Kansai Electric Power Group Vision and the Kansai Electric Power Group CSR Action Charter. 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. In addition, 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.

Restructuring of the Governance System at the Nuclear Power Division

In order to make the Nuclear Power Division an organization with sound governance and transparency, we have created the position of Acting Division Manager in charge of compliance, and appointed Audit Mission Directors who regularly work at the Division as staff members of the Audit Committee, thereby strengthening the supervision and audit functions of the Division.



Strengthening checks and support at the Nuclear Power Division

<Establishment of an Acting Division Manager, etc. in charge of compliance>

- In order to strengthen compliance checks and support, we have created the position of Acting Division Manager, responsible for compliance and administrative divisions. This Acting Division Manager is regularly stationed at the Nuclear Power Division. We have also appointed Audit Mission Directors who are also at the Nuclear Power Division as staff members of the Audit Committee to enhance the audit function of the Division. Furthermore, in order to strengthen the compliance promotion function of the Nuclear Power Division, the Compliance Promotion Group has been newly established. This group promotes compliance at the Nuclear Power Division in cooperation with the Office of Compliance Promotion.

<Participation of executives from other divisions in major meetings>

- In order to strengthen checks and support across our business as a whole, executives from other divisions, such as Corporate Planning, Accounting, Human Resources and Safety Management shall participate in major meetings held at the Division.

Efforts to create an open organization

<Holding the Board of Directors meetings, etc. at the Nuclear Power Division (Mihama Town, Fukui Prefecture)>

- The meetings of Board of Directors, Compliance Committee, Nuclear Safety Enhancement Committee and others will be held regularly at the Nuclear Power Division in Mihama Town to bridge the gap between executives and employees of the Division and executives of other divisions including those external to the Company. We will look into the specific timeline for meetings taking into account the impact of the novel coronavirus.

<Periodical dialogue of executives, including those external to the Company, with members of the Nuclear Power Division>

- To sweep away any sense of a closed organization, we will provide opportunities for outside directors and executives from other divisions to engage in dialogue with a wide range of people in the Division on a regular basis.

<Promoting personnel exchange with other divisions>

- To ensure that the people who will undertake the future of the nuclear power business think deeply from the "user's perspective" and keep taking action to and sweep away any sense of a closed organization, we will provide them with experiences working in divisions other than the nuclear power business or send them outside the company, as well as looking to hire more from various sectors other than the nuclear power business.

Messages from Outside Directors



As Chairman of the Nominating Committee

Chairman Sakakibara, Nominating Committee

The Nominating Committee is composed entirely of outside members and its responsibilities include the appointment and dismissal of directors, as well as formulating plans for the successor to the President. Retired executives' part-time engagements, etc., which has become a problem, shall be rigorously and objectively deliberated by this Committee regarding their necessity.

Changes in top management and appointment of a successor are important decisions that greatly affect corporate value. It is necessary to anticipate various scenarios and timelines, and to make a successor plan so that we can respond to changes in the future situation. With an emphasis on a transparent selection process and objective selection, I would like to draw up a plan so the most suitable successor will be selected, even following an unpredictable event.

The Committee also plays a role in examining the optimal composition of members for the Board of Directors. It is

important that the Board of Directors is composed of diverse human resources with different backgrounds, in terms of expertise, experience, gender, etc. From this point of view, I will strive to realize a well-balanced composition of the Board through visualizing the qualities of each director.

Along with the above, this Committee shall also provide directors with the knowledge and information necessary to fulfill their responsibilities. By also utilizing external organizations to conduct training, I will seek to increase the effectiveness of governance.

As Chairman of the Compensation Committee

Chairman Kobayashi, Compensation Committee



With the establishment of a policy for determining compensation for directors and executive officers, the Compensation Committee resolves compensation for individual directors and executive officers, and also plays a role in resolving and examining other matters related to compensation for officers.

For those who work for a company, compensation must include self-appraisal as well as encouragement to take the next steps. In particular, officer's compensation is an incentive for employees to make efforts. For these reasons, transparency and

objectivity are required to be incorporated in this content and system. As Chairman of the Compensation Committee, in determining compensation for officers, I would like to aim for a system that enables open discussions, always taking into account the balance among three parties: employees, officers and shareholders. Rebuilding the corporate governance system is also important. The issue of retired executives' compensation for part-time services, etc. is that those amounts were decided without the knowledge of employees and shareholders. From now on, post-retirement treatment and status-based compensation shall be regulated in order to improve objectivity and transparency.

Moreover, in recent years the compensation system for officers has been required to function properly not only in the short term but also over the medium to long term as an incentive. Changes in these trends are also gaining speed. Under these circumstances, I would like to build an appropriate compensation system at the appropriate level, by making thorough discussions at the Committee while constantly checking the general corporate trends and referring to concrete examples of other companies.

As Chairman of the Audit Committee

Chairman Tomono, Audit Committee



Based on the audit plan, the Audit Committee shall audit the execution of duties by directors and executive officers from the perspective of legality and appropriateness, and then prepare audit reports. The Audit Committee members attend board and other important meetings and conduct audits on a routine basis, for instance, investigation of the status of operations and property for our major business locations. In this context, each Audit Committee member is given voting rights as a member of the Board of Directors and is thus required to utilize various information obtained through audit activities for deliberation at

the Board of Directors in order to exert a more effective supervisory function. As Chairman of the Audit Committee, by establishing good communication with everyone involved in audit activities, I will be fully committed to developing an environment in which the Audit Committee can collect and share sufficient information to fulfill its responsibilities and for the expertise of each Audit Committee member to be effectively used. In addition, by linking collated information to concrete actions, I would like to create a structure that facilitates understanding of related parties about the need for reporting information so that related parties can move autonomously.

Kansai Electric Power Company is an organization like a huge flywheel, so it will not start rotating with just a little push. Presently I feel that it has begun rotating, driven by management's strong determination to change themselves after the Company came under fire from society. If we keep pushing together, the huge flywheel will rotate strongly. The driving force for rotating the flywheel is to accurately grasp what's actually happening on the ground. I want to do my bit to rotate the flywheel.

Compliance

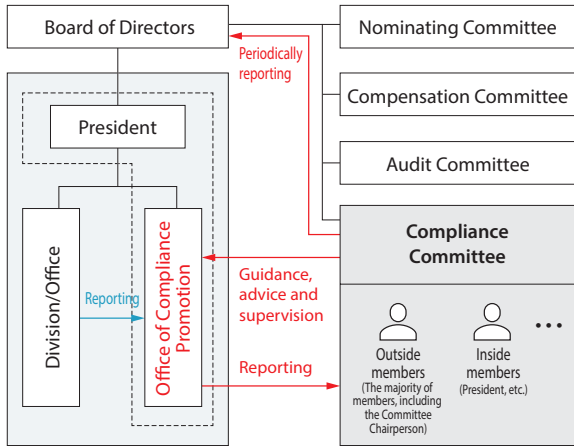
Compliance system

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 fiscal 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 Committee members, including the chairperson, are from outside the Company. (See page 08.)

The Office of Compliance Promotion was newly established as a business organization independent from the Office of General Administration in order to strengthen its promotion functions related to compliance. The Office is composed of employees with legal knowledge as well as employees with diverse work experience. Besides formulating and implementing the Group's compliance promotion plan and responding to problematic events, the Office reports on and brings up compliance-related events for discussion to the Compliance Committee. Then, with the guidance, advice and supervision of the Compliance Committee, the President and other executive officers are able to act and take concrete measures.

In addition, an executive in charge of the Office of Compliance Promotion reports on the status of compliance promotion to the Compliance Committee Chairperson every month, and in return he/she receives guidance, advice and supervision.



Efforts to promote compliance

"Breaking away from bad precedents," "Strict compliance with the Rules on Gifts, Reception and Entertainment" and "Promoting utilization of the Compliance Hotline." Based on these basic policies and priority themes, we will cultivate awareness of compliance across all Group employees.

Compliance Committee meetings held (as of the end of August)

<Agenda at the Meeting on May 18, 2020>
Future efforts and approaches for strengthening the compliance system as well as fostering and thoroughly promoting awareness; direction for reviewing basic policies to promote compliance, and other matters

<Agenda at the Meeting on June 12, 2020>
Status and progress report of the business improvement plan, direction for reviewing basic policies, etc. to promote compliance, and other matters

<Agenda at the Meeting on August 17, 2020>
Regarding the investigation report on executives' compensation for part-time engagements, etc. following retirement

Compliance Promotion Plan for fiscal 2020

1. Comprehensive review and dissemination of basic policies related to compliance promotion

In order to foster awareness of compliance from the "user's perspective," we will comprehensively review our basic policies and internal rules related to compliance promotion in line with the guidance, advice and supervision provided by the Compliance Committee. We will also review and verify the Rules on Gifts, Reception and Entertainment instituted in December 2019 to make them even more effective.

Additionally, in order to disseminate basic policies as well as the Rules on Gifts, Reception and Entertainment throughout the Group, we will launch awareness-raising activities through messages, disseminating information through in-house newsletters, etc., as well as taking advantage of training opportunities.

Rules on Gifts, Reception and Entertainment: Key points	
Exchange of gifts	<ul style="list-style-type: none">• Gifts may not be exchanged. However, novelties distributed at events and as a seasonal greeting shall be excluded.
Business entertainment	<ul style="list-style-type: none">• Business entertainment shall not be permitted. However, this does not apply to the case where approval has been obtained by the Company in advance and the entertainment takes the form of pay-your-own-way.
Report/response	<ul style="list-style-type: none">• In case of unavoidable circumstances resulting in the receipt of a gift or entertainment, these incidents shall be reported to the Company and necessary actions taken, such as returning the gift, etc.

2. Enhancement and promotion of the whistleblowing system

<Establishing reporting rules for executives and employees in the case of a problematic event>

Our internal rules clearly state that, when a problematic event occurs, the business location in which the problem occurred shall immediately report to the Office of Compliance Promotion, and the Office shall deal with said event from the perspective of social norms, etc., and report to the Compliance Committee to receive guidance, advice and supervision.

<Enhancement of whistleblowing and consultation systems>

Regarding whistleblowing and consultation from executives, employees and external parties, the Compliance Hotline shall respond as appropriate. Additionally, we have established a framework under which, if necessary, a lawyer specializing in the field relevant to each issue will respond and he/she can request the Compliance Committee or Audit Committee to take effective measures at his/her own discretion.

Moving forward, we will purposefully inform our executives and employees of these reporting rules to ensure their reporting of problematic events based on the whistleblowing system, as well as encouraging them to utilize the Compliance Hotline.

3. Implementation of training related to compliance, etc.

Looking toward the renewal of corporate management, we will strengthen training for executives to firstly improve themselves and adhere to an exceptionally high-level code of conduct. Specifically, opportunities for regular discussions with external experts will be periodically provided on a rough quarterly basis, and we will develop a dedicated curriculum on compliance designed for the post they are scheduled to assume. At the same time, we will further strengthen the existing training system for employees. Going forward, we will consider and implement training for compliance promotion staff as well as new training programs with referenced to those for public servants. Through these activities, we will strive to continuously raise compliance awareness across the Group.

4. Initiatives of each division and group company

As stated in the following section – Promoting compliance in each company division and group company – we will continue with our ongoing efforts.

5. Support for each division / group company by the Compliance Secretariat

As stated in the following section – Supporting the efforts of each division and group company – we will continue with our ongoing efforts.

The Group will continue to foster an organizational culture that emphasizes compliance. We are fully committed to regaining the trust of society through our prompt and steady implementation of measures to enhance compliance.

Results of questionnaire given to all employees on CSR (executed January 2020) [non-consolidated]

Are you acting with awareness of compliance on a daily basis?	Yes 96.9%
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Autonomous 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 fundamental 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 fundamental policies and major themes, each of our group companies is independently 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 efforts of the Group as a whole, our Office of Compliance Promotion is supporting the efforts of each division and group company. For example, through the Compliance Manual, the Office specifically explains 18 types of compliance guidelines formulated in accordance with laws, in-house rules, corporate ethics and other factors which all executives and employees of our Group must comply with or exercise caution about. In addition, with a focus on content related to major themes, the manual enhances educational discussion materials to contribute to the activities of each division and group company and also provides training related to compliance.

Global compliance efforts

Our Group will expand its business globally in Asia, North America, Europe and many other regions. Against this background, the Group considers it necessary to further ensure compliance by observing local ordinances and rules and meet social demands overseas as well. One of our compliance guidelines clearly stipulates "Compliance with international rules, and ordinances, etc. in the partners' countries." It keeps executives and employees of the Group informed that tightened bribery control is the global trend and that understanding and abundance of caution are required for risks posed by bribery when operating business globally.

Specifically, we will keep our minds on achieving thorough compliance as we continue striving to expand our businesses

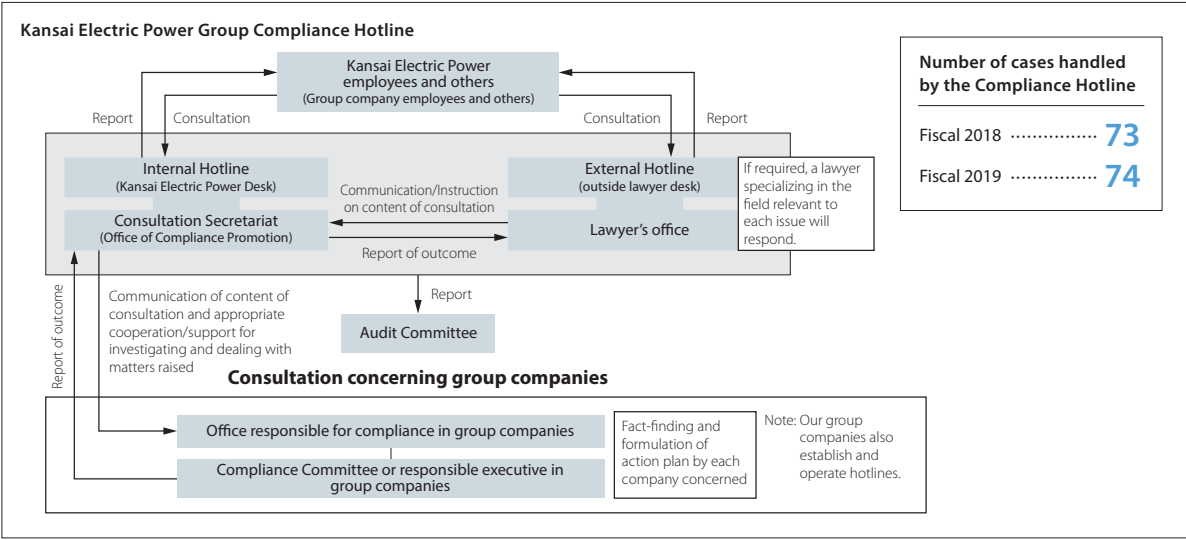
overseas. For example, we are clarifying matters to be observed strictly and prohibited acts, including exchanges of gifts and business entertainment conducted with improper intentions, by establishing in-house rules related to preventing the bribery of foreign official servants and others. We are also undertaking training, awareness-raising and other efforts with the theme of preventing foreign corruption in our divisions and group companies that conduct business overseas and other international transactions.

Compliance Hotline

Our Compliance Hotline is for consultations when people have doubts related to compliance about their workplaces or work tasks, including various legal violations and improper work conduct. This hotline is available not only to employees of our

group companies but also to our contractors. This system enables us to collect a wider range of risk information. If required, a lawyer specializing in the field relevant to each issue will respond, and he/she can request the Compliance Committee or Audit Committee to take effective measures at his/her own discretion. We are working to create an improved environment offering a more approachable service that can accept anonymous consultations and that allocates female consultants, for example.

The Hotline also provides compliance consultations to handle problems after investigating the facts, if necessary. No major violations have been confirmed from consultations with the Compliance Hotline. Yet, we are working to enhance and accelerate the use of our whistleblowing system, which is a goal we set in our fiscal 2020 compliance promotion plan.



Responding to compliance violations

Based on our business improvement plan formulated last year, we have established a reporting system when a problematic event occurs, and we have 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 credibility with the external stakeholders, they shall immediately report these matters to the General Manager of the Office of Compliance Promotion. The General Manager of the Office 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 Compliance Hotline 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 Hotline can be used to discuss necessary measures with relevant divisions as well as other related divisions.

Regarding compliance-related risk assessment

Each year the Kansai Electric Power Group assesses compliance-related risks, including anti-corruption, and selects compliance risk items to be addressed. We formulate and implement concrete preventive measures against these risks.

Risk Management

Our fundamental approach to risk management

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

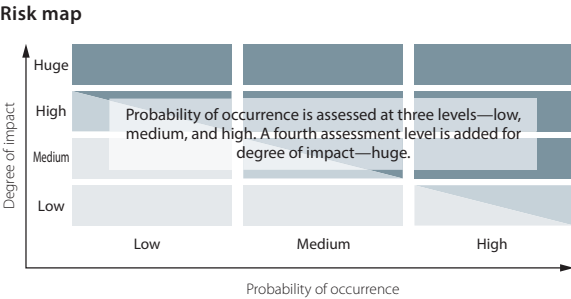
Risk management system

Risks associated with the Group's business activities are to be managed autonomously by each operating division based on the Kansai Electric Power Group Risk Management Rules. Risk management for risks considered to have cross-organizational importance, such as information security, management of subsidiaries, safety and health, market risk, reliability of financial reports, environment, disasters and compliance, is enhanced by the supervision of departments with specialized expertise on such risks that provide advice and guidance to the various operating divisions. Furthermore, with the Risk Management Committee established, we are striving to manage risks associated with the Group's business activities at an appropriate level under a system whereby the Chairperson of this committee is our Risk Management Officer.



The Risk Management Committee identifies key risks that could greatly affect the business activities of our Group from the perspectives of establishing business foundations to fulfill our duty to provide a safe and stable power supply and of responding appropriately to changes in the business environment. The Committee also ascertains and evaluates how these risks are being managed from a company-wide perspective to give operating divisions, as necessary, instructions for improvement based on the evaluation results. The gravities of risks are also evaluated in consideration of their degrees of impact and their possibilities of occurrence. By placing them on a map, we obtain an overview of the state of risk management and manage them accordingly. The risk evaluation results are also presented to our Executive Meeting and our Sustainability and CSR Promotion Council so that necessary risk measures are reflected in plans and policies for the entire Group with the aim of realizing sustainable growth into the future.

The Committee periodically reports its risk management findings to the Executive Meeting and the Board of Directors. If necessary, it improves the structure and system of risk management.



The main risks that may affect the operating results and financial position of the Group (the Company and its consolidated subsidiaries) are as follows.

- ① Changes in the environment surrounding the electric power business
- ② Fluctuations in total electricity sold and selling prices
- ③ Fluctuations in fuel costs and purchased electricity fees
- ④ Other businesses
- ⑤ Interest rate fluctuations
- ⑥ Operational risks
- ⑦ Information management
- ⑧ Compliance
- ⑨ Other: The Novel Coronavirus

① Changes in the environment surrounding the electric power business

The electric power business may experience drastic changes in the composition of power sources and intensifying competition from other business operators. Such changes depend on how the energy mix will be determined going forwards, future changes in the situation in consideration of the full liberalization of retail sales, and trends in detailed system design for future electric power systems.

The nuclear back-end business such as reprocessing of spent fuels is an ultra-long-term business involving uncertain outcomes, but operating risks are reduced by institutional measures taken by the government. The nuclear back-end cost burden may increase due to future system revisions and fluctuations in estimated future costs.

In addition, regarding the general contribution of the Nuclear Damage Compensation and Decommissioning Facilitation Corporation, our overall costs may increase due to changes in the total burden and contribution rate in the future.

Furthermore, as a leading “decarbonization” company, we will endeavor to reduce our environmental load, including addressing climate change issues. However, future trends of Japan’s environmental policy and international framework may affect the Group’s business operation in the future.

The Group’s business performance may be affected by the aforementioned changes in the environment surrounding the electric power business.

② Fluctuations in total electricity sold and selling prices

We will make the most of our capability to provide solutions that we have cultivated so far to deliver “safe, comfortable and convenient” not to mention economical energy services. However, total electricity sales may vary depending on the weather (especially temperature), which is the main variable factor in heating and cooling demand, economic trends, progress in energy conservation, changes in electricity usage brought by technological innovations, competition with other business operators and so on. Selling prices are also subject to change due to competition with other business operators and prices traded on the Japan Electric Power Exchange, which may affect the Group’s business performance.

③ Fluctuations in fuel costs and purchased electricity fees

The main thermal fuels in the electric power business are LNG, crude oil, coal and the like. For this reason, thermal fuel costs and purchased electricity fees fluctuate according to trends in crude oil prices, foreign exchange rates, price negotiations and other factors, which may affect the Group’s business performance.

However, the “fuel cost adjustment system,” which reflects fluctuations in crude oil prices and foreign exchange rates to electricity prices, enable us to adjust electricity prices when fluctuations in fuel prices are within a certain range. This mitigates the impact on the Group’s business performance.

Additionally, the Group’s business performance may be affected by fluctuations in thermal fuel costs and purchased electricity fees resulting from fluctuations in total electricity sales as well as increases/decreases in hydropower generation caused by fluctuations in annual rainfall and snowfall.

However, the impact on the Group’s business performance will be mitigated because certain adjustments are made based on “Drought Reserves” for increases/decreases in hydropower generation.

④ Other businesses

Toward sustainable growth, the Group demonstrates its comprehensive strengths in creating new businesses and services, including gas and other energy businesses, information and communications, lifestyle and business solutions, as well as our overseas electricity business. We operate various businesses in Japan and overseas to provide solutions across a wide range of issues for our customers and society. The Group’s business performance may be affected by laws and regulations, technological innovations, progress in competition with other business operators, fluctuations in crude oil prices, foreign exchange rates, etc., inherent risks associated with overseas business expansion, and other changes in the business environment.

⑤ Interest rate fluctuations

The balance of interest-bearing debt of the Group (consolidated) was 4,096,665 million yen (equivalent to 53.8% of total assets) as of March 31, 2020, and the Group’s business performance may be affected by future trends in market interest rates.

However, 89.2% (3,656,143 million yen) of the balance of interest-bearing debt is made up of long-term loans payable and long-term corporate bond funds, most of which are financed at fixed interest rates. Given the above, the impact of interest rate fluctuations on the Group’s business performance is considered to be limited.

⑥ Operational risks

The Group, which primarily operates an electric power business, owns electric power supply facilities and many other facilities. To ensure the safe and stable supply of electricity and other products and services, we are working on the buildup and maintenance of nuclear power and other facilities with top priority given to safety. However, when natural disasters such as typhoons and heavy rains (extreme weather caused by climate change, etc.), earthquakes and tsunamis, as well as cyber attacks, facility accidents and other incidents interrupt the buildup or operation of the Group’s facilities and the procurement of electricity and equipment from other companies, the Group’s business performance may be affected.

In addition, with regard to nuclear power, we have a higher ratio of nuclear power generation than other electric power companies. This means that, for example, if the nuclear power utilization rate varies by 1%, power generation costs will fluctuate by 3.7 billion yen (based on fiscal 2019 results). If the shutdown of a power plant is prolonged due to compliance with new regulatory standards or lawsuit outcomes, the Group’s business performance may be significantly affected by an increase in alternative thermal fuel costs and other factors.

⑦ Information management

The Group has worked to strengthen information security measures including our response to cyber attacks, establishing internal rules and providing training for employees. We implement strict management of customer information and all other important information that we handle in the course of our business. However, in the event of a problem such as an information leak, it may affect the Group’s business performance.

⑧ Compliance

In October 2019, we established a Third Party Committee consisting only of external members regarding the issue that some of our executives, etc. received cash and gifts from external sources. Said persons have fully cooperated with the investigation conducted by the Committee. On March 14, 2020, we received the results of the investigation report, followed by an order for business improvement based on the Electricity Business Act from the Ministry of Economy, Trade and Industry on March 29, 2020.

Noting the serious nature of these charges, at the Management Reform Committee established on March 14, 2020, the Group compiled recurrence prevention measures and submitted a business improvement plan on March 30, 2020. We are swiftly implementing necessary measures, taking steps such as holding a General Shareholders’ Meeting, etc. However, in the event of a failure in full realization of the required governance or allowing the re-occurrence of major non-compliance that undermines our social credibility, the Group’s business performance may be affected.

⑨ Other: The Novel Coronavirus

The Group’s business performance may be affected by the stagnation of economic activity resulting from the spread of the novel coronavirus and related fluctuations in total electricity sales, fluctuations in thermal fuel costs and purchased electricity fees due to trends in crude oil prices and other factors.

In addition, if the buildup or operation of the Group’s facilities or procurement of electricity and equipment from other companies is interrupted, the Group’s business performance may be affected.

Growth investment management

Regarding investment in growth for the Group’s domestic and international businesses, in addition to the investment appropriateness evaluations, we have established and operated a series of management processes including post-investment monitoring, as well as consideration and implementation of disinvestment/replanning measures. The internal committee (Growth Investment Committee), which consists of executives in charge of business promotion and

corporate divisions, deliberates and examines such processes based on their specialized knowledge. In these ways, we support appropriate decision-making for individual projects and take timely measures when risks manifest to manage investment risks suitably. We regularly report these states of growth investment management to the Executive Meeting, and we reform frameworks and methods for evaluation and management as necessary.

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

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

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

Supply chain management

CSR-based Procurement Policy

With safety as the highest priority and the ideal of cost reduction and stable procurement at the same time, the purchasing divisions of our Company are procuring materials and services that are outstanding in terms of safety, quality and price at appropriate times. We follow our Action Standards for Procurement Activities, which is comprised of seven items, including quality maintenance, consideration of the environment and human rights, and thorough compliance. Doing so, we undertake purchasing activities based on corporate social responsibility and endeavor to contribute to society and create value.

Since these purchasing activities are supported by our suppliers, who are valuable partners, we are using contract negotiations, supplier visits and other opportunities to work to explain our CSR-based Procurement Policy and deepen their understanding of our efforts.

<Action Standards for Procurement Activities>

1. Place the highest priority on safety.

By considering safety as a top priority, we shall implement a solid system that includes public safety and sanitation while preventing occupational accidents and occupational diseases.

2. Promote cost reduction efforts.

As a comprehensive energy company that seeks to become the first choice of energy consumers, we shall promote efforts to reduce the cost of items procured in an effort to maintain a stable and low-cost supply of energy.

3. Ensure the stable procurement of equipment, materials, and services while maintaining or improving quality and technical expertise.

We shall strive for stable procurement in order to ensure the optimal construction, maintenance, and operation of our facilities. Additionally, we shall implement efforts and measures to contribute to the maintenance and improvement of quality and technical expertise.

4. Establish strong partnerships.

We shall listen to the comments of our suppliers and take steps to communicate sincerely and courteously.

In order to contribute to the emergence of a sustainable society, we wish to grow and develop together by working to improve all procurement supply chains from our suppliers to our company. Toward this end, we shall establish strong relationships of mutual trust and understanding.

5. Contribute to society and always consider the health of the environment.

We shall promote green procurement of eco-friendly equipment, materials, and office supplies. We shall contribute to the emergence of a recycling-oriented society by working in cooperation with our

suppliers.

Moreover, we shall strive to revitalize the local economy and society at large by working with our suppliers.

6. Maintain the openness and transparency of all business transactions.

Regardless of whether our business transactions take place inside or outside Japan, we shall remain open to the public. Toward this end, we shall constantly investigate the possibility of introducing new products and technologies when we do business with new companies and when selecting suppliers.

We shall engage in just and fair business dealings according to the selection criteria outlined below.

Criteria for selecting suppliers: We shall select suppliers by considering economic and social factors including safety, quality, and level of technical expertise; attention to environmental considerations; willingness to maintain a relationship of trust; price; adherence to delivery/construction schedules; adherence to maintenance and management standards; provision of after-sales service; and adequacy of response to accidents and defects.

7. Fully comply with laws and regulations.

We shall comply with all relevant laws and regulations and their spirit while providing thorough training for employees of the Procurement Department.

In particular, we shall focus on careful observance of safety-related laws and regulations; respect for human rights (including prohibitions on child labor and forced labor); prevention of corruption; and strict management and protection of individual and confidential information as well as intellectual property.

Moreover, we shall never encourage the activities of antisocial forces and organizations that pose a threat to public safety and the social order.

Dissemination and implementation of our CSR-based Procurement Policy

The Sourcing and Procurement Division provides CSR-related training as part of our new employee training program, for the purpose of implementing the CSR-based Procurement Policy and promoting their adoption by suppliers. We also confirm how well CSR is being understood through regular skill checks.

We make use of supplier registration and other opportunities to explain our CSR-based Procurement Policy to our business partners, and conduct questionnaires to see how they address CSR-related tasks.

- CSR questionnaire implementation rate for new suppliers (Sourcing and Procurement Division contracts) 100%
→ Implementation rate of 100% is ongoing (implemented for all 22 newly registered suppliers in fiscal 2019).
- Implement CSR questionnaire in fiscal 2019-2021 for our top 200 business partners whose transaction amounts are among the largest.
→ Being implemented at a pace whereby the target may be achieved by the end of fiscal 2021 (101 companies completed out of 200 companies).

Information security initiatives

Fundamental policies

The Company believes that one key duty is to steadily advance information security efforts to ensure the safe and stable supply of power, and to protect the customer information in our possession. While further strengthening countermeasures against cyber attacks, which represent a growing threat to important infrastructure that supports society, we will continue promoting information security management based on the relevant laws, regulations and guidelines for cyber security management along with in-house rules. At the same time, in accordance with amendments to the Personal Information Protection Law, etc., we will revise our in-house rules and systems on a continual basis.

Information security promotion system for the entire Group

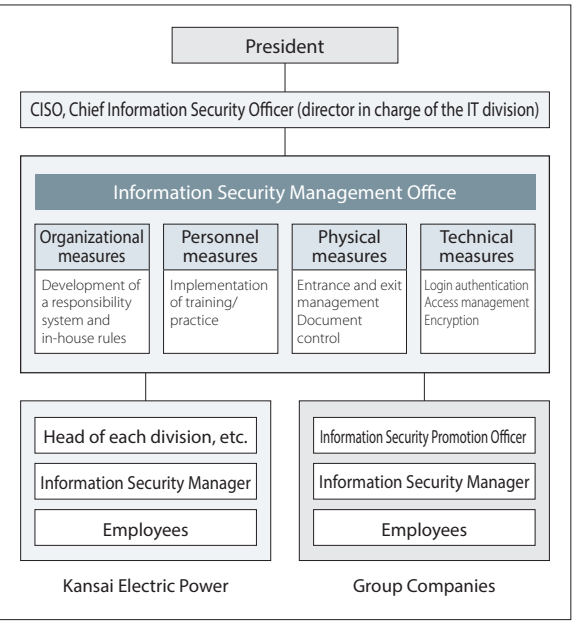
In our corporate information security promotion system, we have a Chief Information Security Officer (CISO) [director in charge of the IT division] and deploy Information Security Managers to promote specific efforts in each workplace.

In addition, our group companies are undertaking independent efforts based on the information security guidelines. With this and other guidance and support from our Company, we are raising the security level of the entire Group.

Director responsible: Toyokazu Misono [CISO (Director in charge of the IT division)]

Deliberative body: Executive Meeting

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



Efforts for cyber security measures

Our cyber security efforts have been focused mainly on Information Technology (IT) systems that are connected to external networks, such as the internet, with a focus on external disclosure systems and countermeasures against targeted email attacks. Now that these cyber attacks are spreading to all Operational Technology (OT) systems related to the provision of a stable power supply, we are also bolstering our efforts across OT systems.

Specifically, risk assessments are made for IT and OT systems, necessary technical measures are taken, and monitoring is carried out 24 hours a day, 365 days a year at dedicated IT and OT monitoring centers. In addition to an emergency response system established in preparation for incidents, we are continuing to provide drills for how to respond to cyber attacks as well as relevant training for employees.

We are gathering information about cyber attacks that occur outside our Company and the latest security information through, for example, the activities of the Japan Electricity Information Sharing and Analysis Center (JE-ISAC), which is an organization that undertakes the sharing and analysis of cyber attack information among electric power businesses. Moreover, countermeasures are reviewed as needed.



Company-wide training to respond to cyber attacks

Initiatives for protecting personal information

Amid rising awareness of personal information and accelerating data utilization with the progress of digitization, the Personal Information Protection Law imposes more stringent obligations on business operators that handle personal information.

The Company believes that the proper protection of personal information is an important responsibility in terms of earning the trust of customers as well as other people in society, in addition to helping fulfill our mission as an enterprise. From this viewpoint, we have developed in-house rules in compliance with the Personal Information Protection Law and other laws, regulations and guidelines. Moreover, we inform employees thoroughly about these issues through training, etc., and urge them to reaffirm the importance of proper handling and protection of personal information with regard to privacy and other rights.