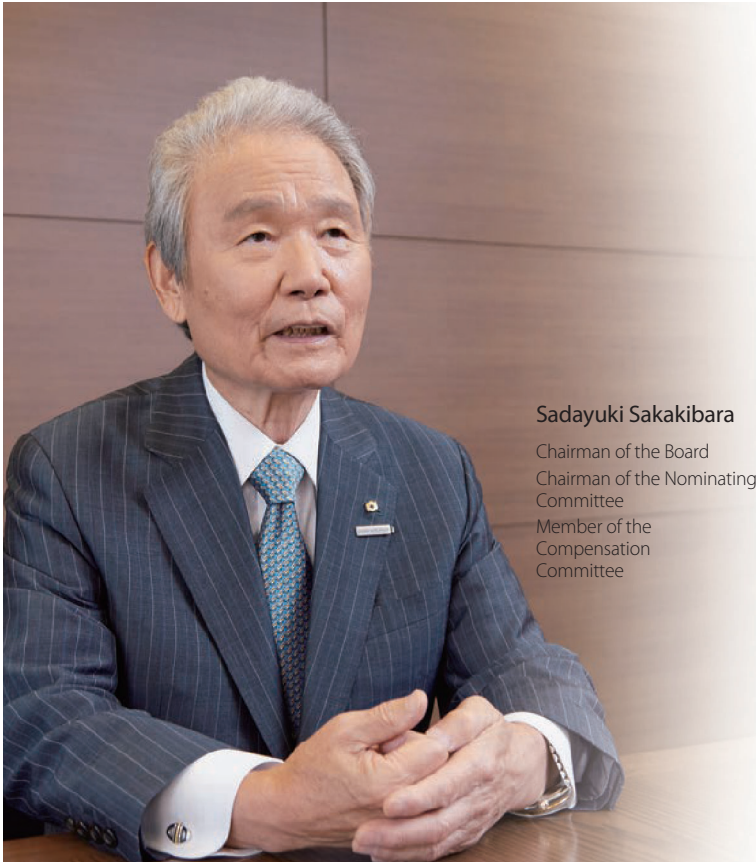


Corporate Governance / Message from the Chairman of the Board



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

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.

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.

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.