

Compliance

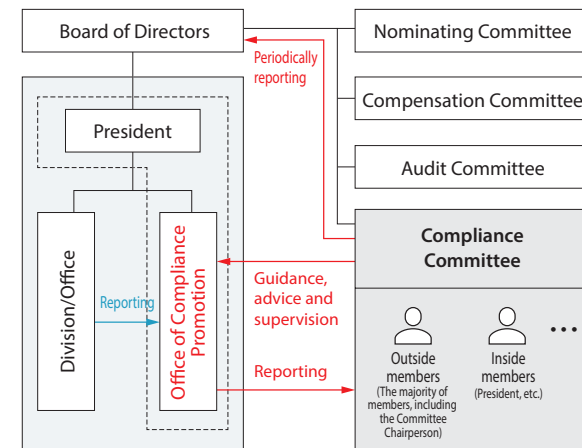
Compliance system

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

In fiscal 2020, we set the following basic policies for promoting compliance: "Steady implementation of items described in the business improvement plan, and dissemination of items to be reviewed" and "Continuous promotion and support of autonomous compliance." In addition, we selected three priority themes as stated below for promoting compliance that the entire Group should be aware of. These themes address:

"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

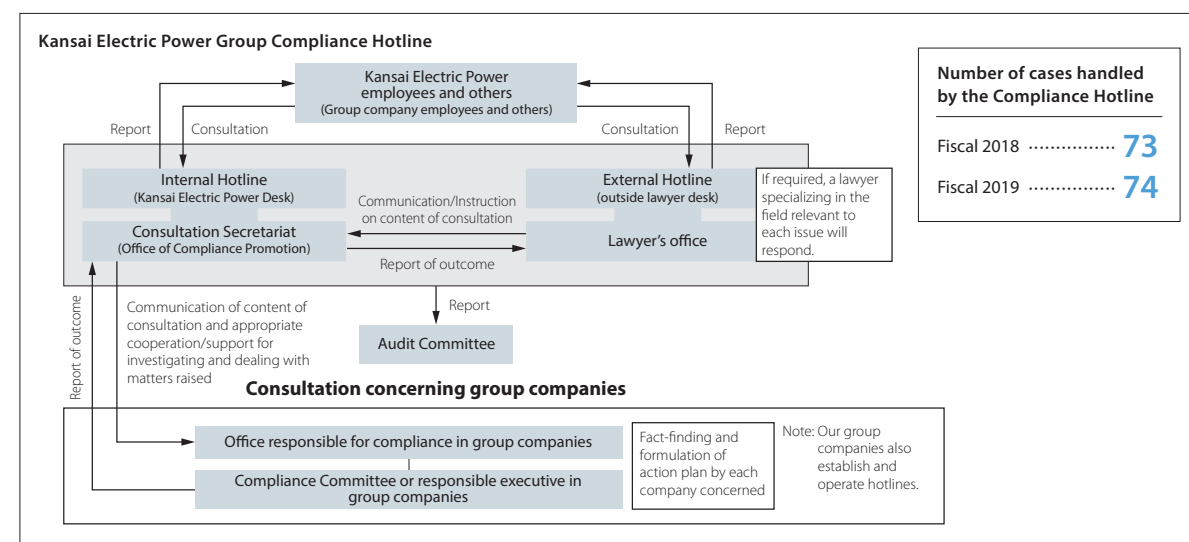
overseas. For example, we are clarifying matters to be observed strictly and prohibited acts, including exchanges of gifts and business entertainment conducted with improper intentions, by establishing in-house rules related to preventing the bribery of foreign official servants and others. We are also 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.