

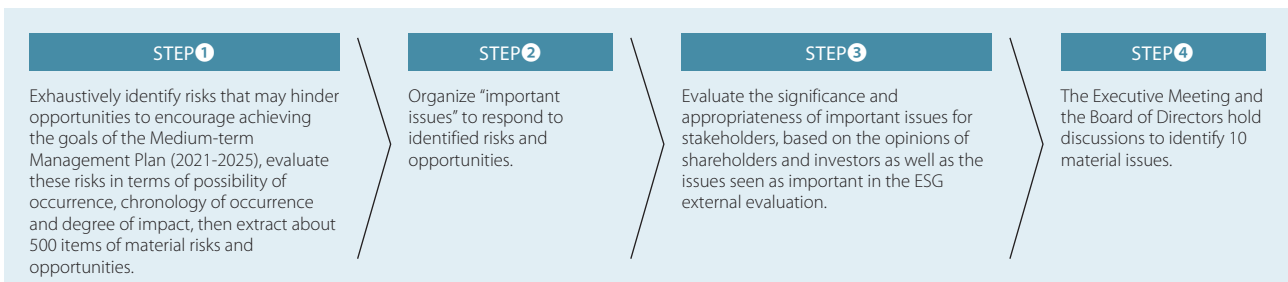
# Materiality for the Kansai Electric Power Group (Important issues)

Aiming to achieve sustainable growth of our Group and also contribute to the sustainable development of society through the pursuit of SDGs and the resolution of other global issues, along with the formulation of our new Medium-term Management Plan (2021-2025), we have identified the following 10 themes for the Group's materiality (important issues).

## SDGs associated with the identified materiality

E S G	Increase profitability by providing new value	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Promote zero-carbon efforts	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
S	Strengthen resilient business infrastructure on the condition of ensuring safety	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
	Achieve business innovation and enhance information security utilizing digital technologies	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	
	Earn trust in our business areas and contribute to regional revitalization	11 SUSTAINABLE CITIES AND COMMUNITIES		
	Promote diversity and build a safe and comfortable working environment	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	
	Appropriate risk management in supply chain	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Step up efforts to develop and secure human resources	8 DECENT WORK AND ECONOMIC GROWTH		
	Deepen bilateral communication with stakeholders	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		
G	Firmly establish governance and observe strict compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		

## Materiality identification process



We refer to the GRI standards (including aspects specific to power) as fundamental requirements that should be considered in reviews.

## Materiality for the Kansai Electric Power Group (Important issues)

### Risks and opportunities, and objectives and results of materiality (important issues)

Materiality	Risks	Opportunities	Boundary (extent included in total)	Main efforts and objectives	FY 2020 results
<b>Increase profitability by providing new value</b>	<ul style="list-style-type: none"> <li>Reduced energy demand due to declining population</li> <li>Intensification of domestic retail power sales</li> <li>Reduced competitiveness of existing business models due to market entry by businesses from other industries</li> <li>Intensification of customer acquisition competition in the FTTH and mobile marketplaces</li> <li>Intensification of competition to acquire the excellent real estate properties in Japan</li> <li>Country and market risks related to overseas business expansion</li> </ul>	<ul style="list-style-type: none"> <li>Expanded business opportunities by the liberalization of electricity and gas markets (advancement into areas outside Kansai)</li> <li>Increased interest in energy due to advancements in energy conservation</li> <li>Changes in electricity usage patterns due to technological innovations</li> <li>Enhancement of sales channels with expanded alliances</li> <li>Expansion of domestic infrastructure business resulting from 5G popularization</li> <li>Business opportunities resulting from domestic social issues, including medicine, caregiving and the aging of society</li> <li>Business opportunities resulting from the diversification of needs, including decentralization</li> </ul>	Consolidated base	<ul style="list-style-type: none"> <li>Revenue assurance</li> </ul>	<p>Ordinary profits — "More than 100 billion yen on average over 3 years (FY 2021-2023)" "More than 250 billion yen (FY 2025)"</p> <p>Equity ratio — "More than 20% (FY 2021-2023)" "More than 23% (FY 2025)"</p> <p>ROA — "More than 1.5% on average over 3 years (FY 2021-2023)" "More than 3.5% (FY 2025)"</p> <p>FCF — "Less than -50 billion yen on average over 3 years (FY 2021-2023)" "More than 200 billion yen (FY 2025)" Register a surplus across total income booked between FY 2021 and FY 2025</p> <ul style="list-style-type: none"> <li>Ordinary profits *153.8 billion yen*</li> <li>Equity ratio *20.9%*</li> <li>ROA *2.2%*</li> <li>FCF *-291.5 billion yen*</li> </ul>
<b>Promote zero-carbon efforts</b>	<ul style="list-style-type: none"> <li>Substantial revision of regulations and policies affecting existing businesses as a result of strengthening countermeasures for climate change issues</li> </ul>	<ul style="list-style-type: none"> <li>New revenue growth opportunities resulting from strengthening trends for ESG investment and decarbonization</li> <li>Expansion of renewable energy investment opportunities in Japan and abroad</li> <li>Revenue growth opportunities arising from establishing new markets</li> <li>Increased interest in energy due to advancements in energy conservation</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Group</li> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> <li>Kansai Electric Power Co., Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Advancement of efforts to control CO<sub>2</sub> emissions</li> <li>Further development and utilization of renewable energy sources</li> <li>Maintain and improve thermal efficiency of thermal power plants</li> <li>Reduce transmission and distribution loss</li> <li>Continuation of safe and stable operation of nuclear power plants</li> </ul>	<ul style="list-style-type: none"> <li>Keep the top spot for the amount of zero-carbon power generation in Japan. Halve CO<sub>2</sub> emissions associated with power generation in Japan in FY 2025 (compared to FY 2013)</li> <li>Achieve renewable energy installed capacity of "6 million kW by 2030s" and a capacity of "2 million kW or more new development in Japan and abroad"</li> <li>Achieve benchmark indicators* (A: 1.00, B: 44.3%) * Indicators based on the benchmark system of the Law Concerning the Rational Use of Energy</li> <li>Maintain and lower transmission and distribution loss rate</li> <li>Continue with safe and stable operation based on the operation plan (Zero unplanned stoppages)</li> </ul> <ul style="list-style-type: none"> <li>Retain the top spot for the amount of zero-carbon power generation in Japan (based on surveys and comparison of the Survey of Electric Power Statistics).</li> <li>Reduction of about 40% compared to FY 2013 (FY 2020 result: Approx. 30.40 million t-CO<sub>2</sub>).</li> <li>Achieved renewable energy installed capacity of "approx. 4.14 million kW" and a capacity of "0.61 million kW for new development"</li> <li>Achieved benchmark indicators* (A: 1.00, B: 44.3%)</li> <li>Transmission and distribution loss rate "5.1%"</li> <li>Safe and stable plant operation (Zero unplanned stoppages)</li> </ul>
<b>Strengthen resilient business infrastructure on the condition of ensuring safety</b>	<ul style="list-style-type: none"> <li>Continued aging of power supply facilities</li> <li>Facility troubles caused by natural disasters, including abnormal weather phenomena caused by climate change, typhoons, torrential rains, earthquakes and tsunamis</li> <li>Unplanned stoppages of large-scale power sources, including nuclear power</li> <li>Interruption of stable power supply due to insufficient measures against cyber attacks and infectious diseases</li> <li>Tight supply-demand situation due to severe weather (intense heat and cold)</li> </ul>	<ul style="list-style-type: none"> <li>Trust earned from customers and society by strengthening resilient business foundations and resulting business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Transmission and Distribution, Inc.</li> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining power supply quality</li> <li>Preparation for and handling of accidents and disasters</li> <li>Assure public security at power facilities</li> </ul>	<ul style="list-style-type: none"> <li>Annual average outage time per household "Maintaining the highest standard in the world"</li> <li>"Appropriate implementation" of renewal of transmission towers and concrete pillars (aging measures)</li> <li>Number of participants in comprehensive emergency response drills "800 or more"</li> <li>Active participation in disaster response training sponsored by external disaster response agencies</li> <li>Number of participants in education and lectures and number of trainings (preparation for nuclear power disasters)</li> <li>Number of injured ordinary citizens "None"</li> </ul> <ul style="list-style-type: none"> <li>Annual average outage time per household "8 minutes"</li> <li>Renewal of transmission towers and concrete pillars in a planned manner (aging measures)</li> <li>Number of participants in comprehensive emergency response drills "1,175"</li> <li>Participation in disaster response training sponsored by external disaster response agencies "12 sessions" (number of training sessions held), Number of participants in education and lectures (preparation for nuclear power disasters) "Approx. 5,400", Number of training sessions "Approx. 5,200 sessions"</li> <li>Number of injured ordinary citizens "6"</li> </ul>
<b>Achieve business innovation and enhance information security utilizing digital technologies</b>	<ul style="list-style-type: none"> <li>Interruption of stable power supply due to insufficient measures against cyber attacks</li> <li>Intensification of customer acquisition competition in the FTTH and mobile marketplaces</li> <li>Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development</li> </ul>	<ul style="list-style-type: none"> <li>Changes in electricity usage patterns due to technological innovations</li> <li>Expansion of domestic infrastructure business resulting from 5G popularization</li> <li>Improved productivity and creation of new value through the utilization of digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> <li>Kansai Electric Power Group</li> </ul>	<ul style="list-style-type: none"> <li>Cultivation of DX human resources</li> <li>Information security management</li> </ul>	<ul style="list-style-type: none"> <li>Promote development of DX human resources through specialist trainings, etc.</li> <li>Major information security incidents "0"</li> </ul> <ul style="list-style-type: none"> <li>Number of DX training participants "214"</li> <li>Major information security incidents "1"</li> </ul>
<b>Earn trust in our business areas and contribute to regional revitalization</b>	<ul style="list-style-type: none"> <li>Intensification of domestic retail power sales</li> <li>Country and market risks related to overseas business expansion</li> <li>Erosion of trust resulting from lack of communication with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Business opportunities resulting from the diversification of needs, including decentralization</li> <li>Business opportunities resulting from increased overseas energy demand</li> <li>Expanded business opportunities by the liberalization of electricity and gas markets (advancement into areas outside Kansai)</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Activities that serve communities</li> <li>Efforts to apply customer opinions</li> <li>Quality improvements made for customers</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable community development plans realized</li> <li>Implementation of continuous efforts</li> <li>Customer satisfaction rate "90.0% or more"</li> </ul> <ul style="list-style-type: none"> <li>Number of sustainable community plans realized "11"</li> <li>Number of reform cases based on customer feedback "140"</li> <li>Customer satisfaction rate "91.5%"</li> </ul>
<b>Promote diversity and build a safe and comfortable working environment</b>	<ul style="list-style-type: none"> <li>Intensification of personnel hiring competition due to shrinking labor force</li> <li>Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new value through the utilization of diverse personnel</li> <li>Increased productivity as a result of promoting workstyle innovation</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of diversity</li> <li>Creation of workplaces where working is easy</li> </ul>	<ul style="list-style-type: none"> <li>Accident frequency rate "0"</li> <li>Ratio of female managers and number of female senior managers "Increase to more than threefold those of FY 2018 by the end of FY 2030 (to 6.3% and 117 persons, respectively)"</li> <li>Female employment ratios "40% or more for office jobs and 10% or more for technical jobs"</li> <li>Accelerate employment of persons with disabilities</li> <li>Rate of paid leave utilization "90% or more"</li> <li>Cut total working hours "by 5% versus FY 2015, or 190 hours/year, which is equivalent to overtime hours per person," achieve male employee childrearing leave utilization rate of "90% or more," and enhance employee turnover prevention measures</li> </ul> <ul style="list-style-type: none"> <li>Accident frequency rate "0.28"</li> <li>Rate of female managers "2.6%," number of female senior managers "52"</li> <li>Female employment ratios "47% for office jobs and 10% for technical jobs"</li> <li>Employment rate of persons with disabilities "2.6%"</li> <li>Rate of paid leave utilization "95.5%"</li> <li>Overtime hours per employee "236 hours/year"</li> <li>Rate of male employee childrearing leave utilization "98%"</li> <li>Turnover rate "0.58%"</li> </ul>
<b>Appropriate risk management in supply chain</b>	<ul style="list-style-type: none"> <li>Damage to corporate value due to safety issues or serious compliance violations including the supply chain</li> </ul>	—	<ul style="list-style-type: none"> <li>Kansai Electric Power Co., Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of CSR-based Procurement Policy and promotion of their adoption by suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Questionnaire implementation rate regarding procurement activities of new suppliers (Sourcing and Procurement Division contracts) "100%"</li> <li>Implement questionnaire in FY 2019-2021 for the approximate top 200 business partners whose transaction amounts are among the highest with us</li> </ul> <ul style="list-style-type: none"> <li>Questionnaire implementation rate regarding procurement activities of new suppliers (Sourcing and Procurement Division contracts) "75%"</li> <li>Questionnaire implementation rate regarding procurement activities of business partners "42%"</li> </ul>
<b>Step up efforts to develop and secure human resources</b>	<ul style="list-style-type: none"> <li>Intensification of personnel hiring competition due to shrinking labor force</li> <li>Lost business opportunities due to slow business model reform and technological innovation as well as stagnation in expert personnel development</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new value through the utilization of diverse personnel</li> <li>Increased productivity as a result of promoting workstyle innovation</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Co., Inc.</li> <li>Kansai Transmission and Distribution, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Development of employee skills and abilities</li> <li>Strengthening of personnel hiring</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of human resource development to endure in the highly competitive environment</li> <li>Steady achievement of recruitment plan</li> <li>"Number of (planned) new hires: 450"</li> <li>Increase of mid-career recruitment</li> </ul> <ul style="list-style-type: none"> <li>Number of group training participants "30,547"</li> <li>Total training cost "1,540 million yen"</li> <li>Time spent on training per employee "37.6 hours"</li> <li>Training cost per employee "85,800 yen"</li> <li>Number of new hires "476"</li> <li>Number of mid-career recruits "28"</li> <li>To be further increased (FY 2022 recruitment plan "35")</li> </ul>
<b>Deepen bilateral communication with stakeholders</b>	<ul style="list-style-type: none"> <li>Risk of failure in gaining the understanding of stakeholders due to insufficient information disclosure resulting from an unsatisfactory response to social demands such as ESG, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Gain understanding of our business through timely and adequate information dissemination and communication with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Kansai Electric Power Group</li> </ul>	<ul style="list-style-type: none"> <li>Information release for and discussions with shareholders and investors (including ESG)</li> <li>Appropriate information releases at appropriate times</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of communication with stakeholders</li> <li>Improvement of ESG external evaluation</li> </ul> <ul style="list-style-type: none"> <li>"Timely and adequate information dissemination through various types of media to shareholders (investors), and dialogue with them"</li> <li>"Enrichment of disclosure content considering opinions of shareholders (investors)"</li> <li>"Continuously being selected as a component of DJSI Asia Pacific"</li> </ul>
<b>Firmly establish governance and observe strict compliance</b>	<ul style="list-style-type: none"> <li>Damage to corporate value due to safety issues or serious compliance violations including the supply chain</li> </ul>	—	<ul style="list-style-type: none"> <li>Kansai Electric Power Group</li> <li>Kansai Electric Power Co., Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Strict enforcement of compliance</li> <li>Promotion of Compliance Hotline utilization</li> <li>Maintaining and strengthening governance system</li> </ul>	<ul style="list-style-type: none"> <li>Major social compliance violations "0"</li> <li>Major environmental compliance violations "0"</li> <li>Number of consultations with Compliance Hotline and number of major compliance violations among these</li> <li>Steady annual implementation of effectiveness evaluation of the Board of Directors, etc. and continuous improvement based on the evaluation results</li> </ul> <ul style="list-style-type: none"> <li>Major social compliance violations "7"</li> <li>Major environmental compliance violations "1"</li> <li>Number of consultations with Compliance Hotline "74" and number of major compliance violations among these "1"</li> <li>"Building a new business management system, including transition to a company with a nominating committee, etc."</li> <li>"Implementation of questionnaires on the effectiveness of the Board of Directors, etc. by third-party organizations and utilization of evaluation results for further improvement"</li> </ul>