

Message from the President

In order to recreate ourselves into a corporate group worthy of the trust and needs of our customers and society, the entire Group will unite to make a full-fledged commitment to reform.

Nozomu Mori

Director, Representative Executive Officer, President

Introduction

Since the cash and gift receiving incident uncovered in 2019, the Company has been promoting a number of initiatives, including governance reforms under a new business management system that incorporates external and objective perspectives. The Group, however, has faced a series of inappropriate compliance-related incidents which have greatly undermined the trust that customers and society have placed in us. These incidents include the revelation in December 2022 that the Company accessed and used information on customers who had contracts with other retail electric power companies, and the acknowledgment by the Japan Fair Trade Commission in March 2023 that there had been acts of the Company against the Anti-Monopoly Act.

To prevent these kinds of incidents from occurring again in the future, we will not only enhance our education and training programs, but also fundamentally strengthen our internal controls, while making every effort to cultivate an organizational climate in which everyone in the Group can

Message from the President

openly discuss their thoughts and observations with one another. The management, including myself, will take the lead in implementing these reforms and will make every possible effort to restore the Group to be truly committed to compliance.

At the same time, responding to changes in our business environment is also an urgent task. Since 2022, the outlook of the energy market has remained uncertain due to soaring resource prices with the situation in Ukraine and growing uncertainty of securing resources. In this environment, the Group will continue to take all possible measures for facility maintenance and fuel procurement and fulfill its role of providing a safe and stable supply of energy to support people's lives and the economy. Furthermore, to achieve sustainable growth of the Group, we will take up the challenge of achieving zero carbon emissions and creating new value and services.

Actions under the Medium-term Management Plan (2021-2025)

In February 2021 we established the Kansai Electric Power Group Zero Carbon Vision 2050, with a view to achieving a sustainable society and in order to accelerate our decarbonization initiatives even more. In addition, in March of the same year we formulated the Kansai Electric Power Group Medium-term Management Plan (2021-2025), a five-year action plan, to overcome fierce competition and achieve our sustainable growth.

Under the plan, we continue delivering new value not only in our core business fields of energy, transmission & distribution, information & telecommunications, and life/business solutions, but also in wide-ranging fields around or between these business domains. Our aim is to provide a platform that offers various forms of infrastructure and services, and to contribute to the realization of a more sustainable society.

In financial terms, we have set the following targets:

- Minimum annual average for ordinary income of 100 billion yen for the three fiscal years 2021-2023, and 250 billion yen for fiscal 2025;
- Free cash flows of 200 billion yen or more in the final fiscal year of the plan, and for the five-year total to be in the black.

In fiscal 2022, the Company posted an ordinary loss and other very adverse income and expenses due to concerns about an economic recession caused by the situation in Ukraine and other factors, as well as increased uncertainty in the energy market. Although the energy market remains uncertain in the current fiscal year, we will steadily work to achieve the goals set forth in the plan. To do so, we will continue to strive for thorough compliance as our most important management task, while vigorously promoting the three key initiatives of seeking to achieve zero-carbon emissions, transforming into a service provider, and building a robust corporate constitution. By fiscal 2025, the final year of the plan, we are determined to put our Group on a stable growth trajectory and take the next leap forward.

Seeking to achieve zero-carbon emissions: Energy Transformation (EX)

With regard to the first key initiative of seeking to achieve zero-carbon emissions, the Group has pledged to reduce the CO₂ emissions associated with our business operations to zero by the year 2050 under our Zero Carbon Vision 2050, and we are taking up the challenge of implementing a range of initiatives in the dual aspects of energy supply and demand.

Although the energy market remains uncertain due to the recent surge in resource prices caused by the situation in Ukraine and other factors, the importance of decarbonization efforts has not changed in the slightest.

In Japan, the Cabinet approved the Basic Policy for the Realization of GX (Green Transformation) in February 2023, and the Japanese government has shown its resolve to vigorously promote efforts toward the realization of a decarbonized society. Based on our Zero Carbon Vision, we will work toward the goal of zero carbon emissions for both the Group and society as a whole.

We will mobilize Group resources to reduce CO₂ emissions from power generation, making the most of renewable energy for use as a primary power source and maximizing the use of nuclear power generation, and to reduce CO₂ emissions throughout society at households and industrial sectors through energy conservation and electrification. By fiscal 2025, the final year of the plan, we will achieve our goal of halving CO₂ emissions from power generation in the Group over the fiscal 2013 level, and we

Message from the President

will make steady strides toward our next reduction target for fiscal 2030.

Transforming into a service provider: Value Transformation (VX)

The second key initiative, transforming into a service provider, involves adopting a thoroughly customer-oriented approach and addressing their needs and challenges in order to transform ourselves into a corporate group that continues to provide new value to our customers.

In the energy business, we will not only deliver electricity and gas to residential and business customers, but also create new value and services by providing services that combine energy with electrification devices, storage batteries, e-mobility, etc., as well as VPP (virtual power plant) business that effectively utilizes societal resources. We are also developing businesses in a wide range of areas outside of energy, including data center operations, agriculture and food, while leveraging the strengths of our core business.

We will continue to discover business opportunities in diverse fields and will further accelerate our transformation into a service provider by focusing our energies on creating unprecedented and appealing value and services.

Building a robust corporate constitution: Business Transformation (BX)

The third key initiative, building a robust corporate constitution, is to establish a sound corporate structure in the ongoing challenging business environment. To accomplish this, we are reforming our cost structure, transforming our work through the use of digital technology, and changing the way we work in all of our business activities.

In cost structure reform, in addition to working to reduce repair costs by utilizing value analysis and other tools and to improve the efficiency of power supply and demand operations, we are working to strengthen our human capital base through investments in a digital transformation (DX) and reforms in work styles. We will continue to steadily promote these initiatives to build a robust corporate constitution.

Zero Carbon Vision 2050 and Zero Carbon Roadmap

In the Kansai Electric Power Group Zero Carbon Vision 2050, we have declared that we will reduce overall CO₂ emissions that accompany our business activities to zero by the year 2050. In March 2022, the Group formulated a Zero Carbon Roadmap clearly outlining the path to achieving this vision, and by promoting the initiatives set forth in the roadmap, the Group aims to reduce CO₂ emissions from power generation by half (reduction of over 25 million tonnes) by

fiscal 2025 compared to fiscal 2013, and to keep our CO₂ reduction rate at the industry-leading levels toward fiscal 2030.

In the area of energy supply, we have brought online all seven reactors in our nuclear power stations for nuclear power generation, an important non-fossil energy source. Maintaining the safe and stable operation of our nuclear power stations, we are accelerating the development of renewable energies in cooperation with other operators in Japan and overseas, with the goal of developing 9 GW scale of cumulative capacity by 2040. For thermal power generation, we are studying the feasibility of co-firing and exclusive firing of zero-carbon fuels such as hydrogen. We are also conducting a technological evaluation of CCUS* for its future introduction, by carrying out CO₂ separation and recovery tests at the Maizuru Power Station and cooperating in demonstration tests for CO₂ marine transport.

Regarding hydrogen, which is expected to be a next-generation fuel for power generation, we are engaged in various studies and demonstrations of its production, transport, and sale to customers. In the Himeji area, in order to establish a large-scale hydrogen supply chain, we will participate in overseas hydrogen production projects and study the feasibility of establishing a hydrogen receiving and storage base, as well as discuss and coordinate with local governments and neighboring companies with whom we may have opportunities to work together. These efforts will further accelerate our consideration of hydrogen utilization, with the aim of achieving a 30% share of the national market by 2050 in terms of volume handled.

* Carbon dioxide Capture, Utilization and Storage, where CO₂ is recovered from exhausted gases, stored, and reused in fuel production, etc.

Message from the President

Moreover, the Group will contribute to reducing CO₂ emissions of customers and society.

We promote electrification and energy conservation among our customers, not only in the home, but in a wide range of sectors, offering solutions in the use of renewable energy sources such as corporate PPA* and battery storage, and working to offset emissions with zero-carbon electricity through CO₂-free menus. We are also strengthening our efforts to electrify the mobility sector, where the use of electricity has been limited in the past. By working together with customers and society, we aim to reduce CO₂ emissions by more than 7 million tonnes by fiscal 2030.

For these initiatives, we must be bold, work tenaciously, and even more than that, create epoch-making innovations. Along with concentrating and demonstrating the Group's strengths, we will accelerate our initiatives toward carbon neutrality while seeking to collaborate with all our stakeholders, including customers, business partners, and local governments. As a leading company in zero-carbon energy, we are committed to achieving a decarbonized society by 2050.

Management philosophy in practice

Taking into account such factors as the cash/gift receiving incident, we renewed our management philosophy in March 2021. We recognized the need to return to what we aspire to

become and to revise the basis of our actions and decisions so that we can grow as a corporate group that is both trusted and needed by our customers and society as a whole.

The new management philosophy comprises two parts: our Purpose and our Values. The former details our Purpose of Serving and Shaping the Vital Platform for a Sustainable Society for the benefit of our customers and society, so as to continue to meet customers' and society's current expectations and to create those of the future. In the latter, the Values that we hold dear are Fairness, Integrity, Inclusion, and Innovation.

In response to the series of improprieties, our Group is now undertaking thorough measures to prevent their recurrence with the aim of rebuilding ourselves into a corporate group that truly upholds compliance. In doing so, we believe it is important that each and every member of the Group firmly understands and practices this management philosophy in their daily work.

Our management philosophy serves as a compass for compliance with laws and regulations, rules, social norms, and social conventions. In order to ensure that everyone in our Group puts this philosophy into practice in their own work, I myself and the management will take the lead in tenaciously promoting the philosophy throughout the Group.

Conclusion

Since our establishment in 1951, the Group has surmounted many challenges by leveraging our greatest strength: unity and solidarity. In response to the series of improprieties, the Group will make a collective effort to reform and reclaim our status as a corporate group that is both trusted and needed by our customers and society. In order to achieve sustainable growth in an increasingly challenging business environment, we are determined to become a corporate group that gives the opportunity to every one of our 30,000 employees to demonstrate their abilities to the fullest and to work with enthusiasm.

We are committed to doing our very best to live up to the expectations of our stakeholders, and we appreciate your continued and invaluable understanding and support for us.

* Power Purchase Agreements or PPA, long-term power purchase agreements that are concluded directly with power generators by companies and other entities that consume electricity.